

CRITICAL MINERALS GROUP LIMITED
A.C.N. 652 994 726

FINANCIAL REPORT
FOR THE PERIOD ENDED
31 DECEMBER 2021

CRITICAL MINERALS GROUP LIMITED
A.C.N. 652 994 726

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CRITICAL MINERALS GROUP LIMITED

A.C.N. 652 994 726

DIRECTORS' REPORT

Your directors present their report on Critical Minerals Group Ltd (“CMG” or the “Company”) and its controlled entities (“the Group”) for the financial period ended 31 December 2021. The financial period is from the date of 1 July 2021 to period end 31 December 2021.

The Group was formed on 31 March 2021, with the incorporation of Vanteq Minerals Pty Ltd. As at 30 June 2021, Vanteq Minerals Pty Ltd was the only company which existed in the Group. On 20 August 2021 a new parent entity was established being Critical Minerals Group Ltd and a further subsidiary was incorporated on 20 August 2021 being CMG 1 Pty Ltd. Prior to incorporation of Critical Minerals Group Limited shares were issued in Vanteq Minerals Pty Ltd and then subsequently issued in the same proportions in Critical Minerals Group Limited when Vanteq Minerals Pty Ltd was top-hatted. As a result, these consolidated financial statements of the Group represent a continuation of the financial statements of Vanteq Minerals Pty Ltd for the period ending 30 June 2021.

Critical Minerals Group Ltd is a company limited by shares, incorporated and domiciled in Australia and is an unlisted public company. The consolidated financial statements for the period ending 31 December 2021 comprise the Company and its controlled entities (together referred to as “the Group” or “Consolidated Entity”) and the Group’s interests in subsidiaries, which are outlined in Note 16 of the financial statements.

Directors and Company Secretary

The names of the directors in office at any time during, or since the end of, the financial period are:

Stuart McClure	appointed: 20 August 2021; ceased 6 May 2022
Scott Drelincourt	appointed: 20 August 2021
Alan Broome	appointed: 18 October 2021
James Finucan	appointed: 20 August 2021; ceased: 18 October 2021
Art Malone	appointed: 6 May 2022

The company secretary is Toni Myers, appointed on 20 August 2021.

Directors have been in office since the start of the financial period to the date of this report, unless otherwise stated.

Review of Operations and Principal Activities

The Consolidated Entity incurred a loss of \$388,347 for the period, resulting mainly from administration costs.

The principal activity of the Group during the financial period was the exploration and evaluation of mineral resources. There was no significant change in the Group’s state of affairs, other than those listed below.

Events Subsequent to Balance Date

Critical Minerals Group Limited is currently planning a material capital raise (the “offer”) with the offer expected to be completed by 13 May 2022. The offer is planned to include the issue of shares and options. The timing and amounts of the offer details are not yet finalised and as such are not able to be disclosed.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in future financial periods.

Likely Developments

CRITICAL MINERALS GROUP LIMITED

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DIRECTORS' REPORT

Apart from those events listed above in Events Subsequent to Balance Date, the likely developments in the operations of the Group and the expected results of those operations in future financial periods have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Environmental Issues

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory, except for those related to licences for mineral exploration.

Dividends and Share Options

No dividends were paid during the period and no recommendation is made as to the dividends. No options over issued shares or interests in the Group were granted during or since the end of the financial period and there were no options outstanding at the date of this report, other than those stated in the Events Subsequent to Balance Date as above.

Directors' and Auditor's Indemnification

No indemnities have been given or insurance premiums paid, during or since the end of the financial period, for any person who is or has been an officer or auditor of the Group.

Auditor's Independence Declaration

PKF Brisbane Audit is the auditor in accordance with the Corporations Act 2001. A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

Signed in accordance with a resolution of the Board of Directors:



Director

Dated this 6th May 2022

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

I declare that, to the best of my knowledge and belief, during the period ended 31 December 2021, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

PKF BRISBANE AUDIT



TIMOTHY FOLLETT
PARTNER

BRISBANE
6 MAY 2022

PKF Brisbane Audit ABN 33 873 151 348

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PKF Brisbane Pty Ltd. is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

CRITICAL MINERALS GROUP LIMITED

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2021**

		1 July 2021 to 31 December 2021	31 March 2021 to 30 June 2021
	Note	\$	\$
Revenue			
Interest		386	1
Expenses			
Administration costs		(26,070)	(2,202)
Professional and consulting fees	2	(262,317)	-
Interest expenses		(100)	-
Employee costs		(100,246)	-
Profit / (loss) before income tax, attributable to members		(388,347)	(2,201)
Tax expense	3	-	-
Profit / (loss) for the period, attributable to members		(388,347)	(2,201)
Other comprehensive income		-	-
Total comprehensive income for the period, net of tax, attributable to members		(388,347)	(2,201)

The accompanying notes form part of these financial statements.

CRITICAL MINERALS GROUP LIMITED

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Note	31 December 2021 \$	30 June 2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	282,332	5,175
Other receivables	5	16,996	192
TOTAL CURRENT ASSETS		<u>299,328</u>	<u>5,367</u>
NON-CURRENT ASSETS			
Exploration and evaluation assets	6	39,933	2,586
TOTAL NON-CURRENT ASSETS		<u>39,933</u>	<u>2,586</u>
TOTAL ASSETS		<u>339,261</u>	<u>7,953</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	102,294	-
Related party loans		-	10,044
TOTAL CURRENT LIABILITIES		<u>102,294</u>	<u>10,044</u>
NON-CURRENT LIABILITIES			
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>102,294</u>	<u>10,044</u>
NET ASSETS / (LIABILITIES)		<u>236,967</u>	<u>(2,091)</u>
EQUITY			
Issued capital	9	627,515	110
Accumulated losses		(390,548)	(2,201)
TOTAL EQUITY		<u>236,967</u>	<u>(2,091)</u>

The accompanying notes form part of these financial statements.

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2021**

	Note	Issued Capital	Retained earnings / (Accumulated losses)	Total
		\$	\$	\$
Balance at 1 July 2021		110	(2,201)	(2,091)
Profit / (loss) for the period		-	(388,347)	(388,347)
Other comprehensive income for the period		-	-	-
Total comprehensive income for the period		-	(388,347)	(388,347)
Transactions with owners, in their capacity as owners:				
Shares issued	9	627,405	-	627,405
Balance at 31 December 2021		627,515	(390,548)	236,967

	Note	Issued Capital	Retained earnings / (Accumulated losses)	Total
		\$	\$	\$
Balance at 31 March 2021		-	-	-
Profit / (loss) for the period		-	(2,201)	(2,201)
Other comprehensive income for the period		-	-	-
Total comprehensive income for the period		-	(2,201)	(2,201)
Transactions with owners, in their capacity as owners:				
Shares issued		110	-	110
Balance at 30 June 2021		110	(2,201)	(2,091)

The accompanying notes form part of these financial statements.

CRITICAL MINERALS GROUP LIMITED

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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

		For the 6-month period ended 31 Dec 2021 \$	For the 3-month period ended 30 June 2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		-	1
Payments to suppliers and employees		(303,143)	(2,394)
Interest received		386	-
Interest paid		(100)	-
Net cash provided by / (used in) operating activities	11	(302,857)	(2,393)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation		(37,347)	(2,586)
Net cash provided by / (used in) investing activities		(37,347)	(2,586)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		627,405	110
(Repayment)/proceeds from related party loans		(10,044)	10,044
Net cash provided by / (used in) financing activities		617,361	10,154
Net increase / (decrease) in cash held		277,157	5,175
Cash at beginning of financial period		5,175	-
Cash at end of financial period	4	282,332	5,175

The accompanying notes form part of these financial statements.

CRITICAL MINERALS GROUP LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

1 Statement of Significant Accounting Policies

The financial statements cover Critical Minerals Group Ltd (“CMG” or “the Company”). Critical Minerals Group Ltd is a company limited by shares, incorporated and domiciled in Australia and is an unlisted public company. The consolidated financial statements for the period ending 31 December 2021 comprise the Company and its controlled entities (together referred to as “the Group” or “Consolidated Entity”) and the Group’s interests in subsidiaries. The Company is a for-profit entity and primarily is involved in the development of vanadium batteries, copper and gold projects.

The consolidated financial statements were approved by the Board and authorised for issue on 6 May 2022.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the *Corporations Act 2001*.

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

Except for the statement of cash flows, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The Group was formed on 31 March 2021, with the incorporation of Vanteq Minerals Pty Ltd. As at 30 June 2021, Vanteq Minerals Pty Ltd was the only company which existed in the Group. On 20 August 2021 a new parent entity was established being Critical Minerals Group Ltd and a further subsidiary was incorporated on 20 August 2021 being CMG 1 Pty Ltd. Prior to incorporation of Critical Minerals Group Limited shares were issued in Vanteq Minerals Pty Ltd and then subsequently issued in the same proportions in Critical Minerals Group Limited when Vanteq Minerals Pty Ltd was top-hatted. As a result, these consolidated financial statements of the Group represent a continuation of the financial statements of Vanteq Minerals Pty Ltd for the period ending 30 June 2021.

Therefore, the comparative financial information presented in this financial report is for Vanteq Minerals Pty Ltd for the period of incorporation 31 March 2021 to 30 June 2021. The current financial period being 1 July 2021 to 31 December 2021 represents the group operations of Critical Minerals Group Ltd and all its subsidiaries for the entire financial period.

These financial statements for the current period are not comparable to the prior period in respect of the previous period being prepared for a 3-month period from incorporation to 30 June 2021 and the current financial period from 1 July 2021 to 31 December 2021.

Going Concern

Notwithstanding the Group reporting an operating loss after tax of \$388,347 for the period ended 31 December 2021 and a net current asset position of \$197,034 as at 31 December 2021, the financial statements have been prepared on a going concern basis as the Group’s directors are of the opinion that there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due and payable.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

1 Statement of Significant Accounting Policies (cont'd)

The Group's ability to continue as a going concern is dependent on the planned capital raising offer being successful (refer Events Subsequent to Balance Date note). The Directors believe that the current cash resources of the Group will not be sufficient to fund the planned execution of the Group's principal activities and working capital requirements. Following completion of the offer, and under the minimum subscription raised, the Group expects to have access to sufficient cash at bank to fund the planned execution of forecasted principal activities and working capital requirements. The Directors have determined that these funds will be sufficient to allow for the exploration and evaluation activities in accordance with its current plans and to provide the necessary working capital to meet its commitments for a period of at least 12 months from the offer. The Group may also look to complete future equity offerings in order to raise additional capital as the business progresses.

If the Group is unable to raise sufficient capital as contemplated by the offer, there is a material uncertainty as to whether the Group will be able to continue as a going concern, and therefore, whether it will be able to realise its assets and discharge its liabilities in the normal course of business at the amounts as stated in the Statement of Financial Position.

The Statement of Financial Position does not include adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either purchase or sell the asset (i.e. trade date accounting adopted).

Financial instruments are initially measured at fair value plus transactions 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 instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties. Where available, prices quoted in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

1 Statement of Significant Accounting Policies (cont'd)

Principles of consolidation

The consolidated financial statements incorporate all assets, liabilities and results of the parent ("Critical Minerals Group Limited") and all the subsidiaries.

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The parent controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 16.

Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Transactions eliminated on consolidation

All balances and transactions, arising from transactions between entities within the group are eliminated in preparing the consolidated financial statements.

Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external and internal sources of information. 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 amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that Standard.

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

1 Statement of Significant Accounting Policies (cont'd)

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.

Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

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).

Income Tax

The income tax expense (revenue) for the period 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. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax assets and deferred tax liability balances during the period as well as unused tax losses. Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside 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 and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Issued Capital

Ordinary shares are classified as equity.

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

1 Statement of Significant Accounting Policies (cont'd)

Exploration and Evaluation Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each separately identifiable area of interest. These costs are only carried forward where the right of tenure for the area of interest is current and to the extent that they are expected to be recouped through the successful development and commercial exploitation of the area, or alternatively sale of the area, or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Exploration and evaluation expenditure assets acquired in a business combination are recognised at their fair value at the acquisition date.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, the exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining development.

Accumulated costs in relation to an abandoned area are written off in full against the result in the period in which the decision to abandon the area is made.

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.

Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If after expenditure is capitalised information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in the Statement of Profit or Loss in the period when the new information becomes available.

CRITICAL MINERALS GROUP LIMITED

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

1 Statement of Significant Accounting Policies (cont'd)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the reporting period ended 31 December 2021. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 July 2021 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Group has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Group may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the Group's financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

	For the 6- month period ended 31 December 2021 \$	For the 3-month period ended 30 June 2021 \$
2 Professional and Consulting Fees		
Other professional and consulting fees	182,317	2,202
Legal expenses	80,000	-
	<u>262,317</u>	<u>2,202</u>
3 Income Tax Expense		
Prima facie tax payable/(receivable) on profit before income tax at 26%	(100,970)	(573)
Add:		
Tax effect of:		
Tax losses not recognised as a deferred tax asset	100,970	573
	<u>-</u>	<u>-</u>
4 Cash and Cash Equivalents		
Cash at bank	282,332	5,175
	<u>282,332</u>	<u>5,175</u>
5 Other Receivables		
GST receivable	16,996	192
	<u>16,996</u>	<u>192</u>
6 Exploration and Evaluation Assets		
Exploration and evaluation	39,933	2,586
Reconciliations of the written down values at the beginning and end of the current and previous financial period are set out below		
		Total
Balance as at 30 June 2021		2,586
Additions – shares issued for tenements acquired (Note 9)		20,000
Other additions		17,347
Balance as at 31 December 2021		<u>39,933</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

	For the 6- month period ended 31 December 2021 \$	For the 3-month period ended 30 June 2021 \$
7 Tax		
Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1 occur:		
Tax losses: operating losses	100,970	573
8 Trade and Other Payables		
Trade and other payables	102,294	-
9 Issued Capital		
Fully paid ordinary shares	627,515	110
	627,515	110

Ordinary shareholders participate in dividends in proportion to the number of shares held. At shareholder's 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.

Capital Management

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market.

There have been no changes in the strategy adopted by management to control the capital of the Group during the period.

	No.	\$
Movements in issued capital		
Fully paid ordinary shares:		
Number of shares 1 July 2021	10,000,000	110
Shares issued to founders	500,000	5
Shares issued in seed capital	6,335,000	635,500
Share issue costs of seed capital	-	(38,100)
Shares issued for tenement acquisition	100,000	20,000
Convertible note issued	250,000	10,000
At the end of the reporting period	17,205,000	627,515

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

	For the 6- month period ended 31 December 2021 \$	For the 3-month period ended 30 June 2021 \$
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10 Key Management Personnel and Related Party Transactions

Shareholdings – Ordinary shares

The number of shares held by each director (or previous director), including their personally related parties, in the Group are set out below:

IGS Capital Pty Ltd – Stuart McClure	4,610,000	5,000,000
Broseley Investments Pty Ltd – Thomas Northcott	5,010,000	5,000,000

Other transactions with Key Management Personnel:

Transactions with key management personnel and their related parties were made on normal commercial terms and conditions and at market rates.

11 Cash Flow Information

Reconciliation of cash flow from operations with profit / (loss) after income tax

Profit / (Loss) after income tax	(388,347)
Non-cash and non-operating items in profit	10,044

Changes in operating assets and liabilities:

(Increase) / Decrease in trade and other receivables	(16,804)
Increase / (Decrease) in trade and other payables	102,294
Increase / (Decrease) in related party loan	(10,044)
Net cash inflow / (outflow) from operating activities	<u>(302,857)</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

	For the 6- month period ended 31 December 2021 \$	For the 3-month period ended 30 June 2021 \$
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12 Financial Risk Management

The Group's financial instruments consist mainly of accounts with banks, other receivables and trade and other payables.

The totals for each category of financial instruments, measured in accordance with accounting policies in Note 1 to these financial statements are as follows:

Financial Assets

Cash and cash equivalents	282,332	5,175
Other receivables	16,996	192
Total Financial Assets	<u>299,328</u>	<u>5,367</u>

Financial Liabilities

Total payables	102,294	-
Related party payables	-	10,044
Total Financial Liabilities	<u>102,294</u>	<u>10,044</u>

Financial Risk Management Policies

The directors' overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These included the credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risk the Group is exposed to through its financial instruments is liquidity risk.

Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group manages this risk through preparing forward-looking cash flow analyses in relation to its operational, investing and financing activities and obtaining funding from a variety of sources. An undiscounted contractual maturity analysis for financial liabilities is noted below.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 December 2021

12 Financial Risk Management (cont'd)

Trade payables are expected to be paid as follows:

	31 December 2021 \$
Less than 6 months	102,294
	<u>102,294</u>

Net Fair Values

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

	As at 31 December 2021		As at 30 June 2021	
	Carrying Amount \$	Net Fair Value \$	Carrying Amount \$	Net Fair Value \$
Financial Assets				
Cash and cash equivalents	282,332	282,332	5,175	5,175
Other receivables	16,996	16,996	192	192
Total Financial Assets	<u>299,328</u>	<u>299,328</u>	<u>5,367</u>	<u>5,367</u>
Financial Liabilities				
Trade payables	102,294	102,294	-	-
Related party payables	-	-	10,044	10,044
Total Financial Liabilities	<u>102,294</u>	<u>102,294</u>	<u>10,044</u>	<u>10,044</u>

CRITICAL MINERALS GROUP LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 December 2021

13 Events Subsequent to Balance Date

Critical Minerals Group Limited is currently planning a material capital raise (the “offer”) with the offer expected to be completed by 13 May 2022. The offer is planned to include the issue of shares and options. The timing and amounts of the offer details are not yet finalised and as such are not able to be disclosed.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in future financial periods.

14 Company Details

The registered office of the Group is:

Critical Minerals Group Limited
Level 7, 50 Cavill Avenue, Surfers Paradise QLD 4217

The principal place of business is same as above.

15 Auditor Remuneration

The auditor of the Group is PKF Brisbane Audit.

	For the 6- month period ended 31 December 2021	For the 3- month period ended 30 June 2021
	\$	\$
Amounts received or due for audit of the financial report of the Group	2,000	3,000
	<u>2,000</u>	<u>3,000</u>

Controlled Entities

16

Name of entity	Country of Incorporation	Class of Share	Equity (%)*
Parent entity			
Critical Minerals Group Ltd	Australia	Ordinary	100%

The Consolidated Financial Statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with accounting policy described in Note 1.

Name of entity	Country of Incorporation	Class of Share	Equity (%)*
Vanteq Minerals Pty Ltd	Australia	Ordinary	100%
CMG 1 Pty Ltd	Australia	Ordinary	100%

*Percentage of voting power is in proportion to ownership

17 Commitments and contingencies

The Company does not have any material commitments, including leases or contingencies at balance date, except for a month to month operating lease on office space.

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18. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	2021 \$	2020* \$
Profit / (Loss) after income tax	<u>(102,294)</u>	<u>(2,201)</u>
Total comprehensive income / (loss)	<u>(102,294)</u>	<u>(2,201)</u>

Statement of financial position

	2021 \$	2020* \$
Total current assets	<u>76,907</u>	<u>5,367</u>
Total assets	<u>600,349</u>	<u>7,953</u>
Total current liabilities	<u>63,567</u>	<u>10,044</u>
Total liabilities	<u>63,567</u>	<u>10,044</u>
Equity		
Issued capital	627,515	110
Retained profits	<u>(90,732)</u>	<u>(2,201)</u>
Total equity	<u><u>536,783</u></u>	<u><u>(2,091)</u></u>

*Comparative information relates to Vanteq Minerals Pty Ltd as described in Note 1.

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity and some of its subsidiaries are party to a deed of cross guarantee under which each company guarantees the debts of the others. No deficiencies of assets exist in any of these subsidiaries.

Contingent liabilities

The parent entity had no contingent liabilities as at 31 December 2021 and 31 December 2020.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 31 December 2021 and 31 December 2020.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 1, except for investments in subsidiaries which are accounted for at cost less any impairment in the parent.

CRITICAL MINERALS GROUP LIMITED

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DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes, as set out on pages 4 to 20 are in accordance with the *Corporations Act 2001* including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the financial period ended on that date; and
- (b) there are reasonable grounds to believe that the Group 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.

Chairman

A handwritten signature in black ink, appearing to be 'D. G. ...', written over a horizontal line.

Dated this 6th May 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRITICAL MINERALS LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report, of Critical Minerals Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the 6 month period ending 31 December 2021, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity, comprising the company and the entities it controlled at the period end or from time to time during the period.

In our opinion the financial report of Critical Minerals Limited is in accordance with the *Corporations Act 2001*, including:

- a) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the period 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 Responsibility for the Audit of the Financial Report section of our report.

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 report, which indicates that the consolidated entity incurred a net loss of \$388,347 during the period ended 31 December 2021 and, as of that date, the consolidated entity had a net current asset position of \$197,034 and a net asset position of \$236,967. As stated in Note 1, these events or conditions, along with other matters set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Independence

We are independent of the consolidated entity 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.

PKF Brisbane Audit ABN 33 873 151 348

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Directors' Responsibilities 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 and for 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 consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.

PKF BRISBANE AUDIT

A handwritten signature in black ink, appearing to read 'Tim Follett', is positioned above the printed name.

TIM FOLLETT
PARTNER

BRISBANE
6 May 2022