ACDC METALS LIMITED

ABN: 76 654 049 699

Financial Report For The Period Ended 30 June 2022

ACDC METALS LIMITED
AND CONTROLLED ENTITIES

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Your directors present their report on the consolidated entity (referred to herein as the Group) consisting of ACDC Metals Limited and its controlled entities for the financial period ended 30 June 2022.

General Information

Directors

The following persons were directors of ACDC Metals Limited during or since the end of the financial period up to the date of this report:

Andrew Shearer
Appointed 28 September 2021
Non-Executive Chairman

Mr. Shearer has over 25 years' experience in the finance and resource sectors, with an ability to combine both technical and financial experience in the assessment of investment opportunities. He has an extensive network of contacts from both the mining and finance communities, providing opportunities to develop new projects and source market information. Most recently Andrew held the position of Senior Resources Analyst at PAC Partners, a well-respected and trusted analyst and corporate advisor of companies with extensive experience in reporting accurately and concisely on findings with an ability to tailor reports to the target audience. Industry experience has included senior management and technical roles with Mount Isa Mines, Glengarry Resources and the South Australian Government. During the past three years, Mr. Shearer has also served as a Director of the following listed companies:

- Non-Executive Director of Andromeda Metals Limited (ASXADN) (commenced 27 October 2017-resigned 24 August 2022);
- Non-Executive Director of Investigator Resources Limited (ASX:IVR) (commenced 14 July 2020 – present); and
- Non-Executive Director of Resolution Minerals Limited (ASX:RML) (commenced 20 July 2020 –resigned 28 September 2022).
- Non-Executive Director of Okapi Resources Limited (ASX:OKR) (commenced 21 July 2020 – 10 May 2021)

Date of birth 19/01/1970.
Mr Shearer is regarded as an independent director of the Company.

Mark Saxon
Appointed 28 September 2021
Non-Executive Director

Mr Mark Saxon brings thirty years of experience in the resources industry, representing junior and senior companies in Australia, Canada and Europe. An Honours BSc graduate in Geology from the University of Melbourne, he received a Graduate Diploma of Applied Finance and Investment in 2007. He is a fellow of the Australasian Institute of Mining and Metallurgy and member of the Australian Institute of Geoscientists.
Mr Saxon's experience covers most facets of the exploration and mining business in a wide range of geological environments, with a particular focus on discovery, processing, marketing and the political context of critical raw materials. In recent years he was founder, Director and CEO of Tasman Metals Ltd (TSX.v) and Leading Edge Materials Corp (TSX.v). He is currently the CEO and a director of Medallion Resources Ltd (TSX.v) and American Aguila Gold Ltd (TSX.v).
In the last three years Mr Saxon has served as a director on the following listed companies:

- CEO and director of Mendallion Resources Limited (TSX).(1 July 2021 - present)
- CEO and a director of Anguila Copper Corp (TSXv)
- Greenland Minerals Limited (ASX) (1 August 2022 – present)

Date of Birth 16/2/1970.
Mr Saxon is not regarded as an independent director of the Company.

Ivan Gerard Fairhall
Appointed 15 August 2022
Non-Executive Director

Ivan Fairhall is nominated to join the Board as Non-Executive Director. Mr. Fairhall is a chartered engineer and mine finance professional with over 15 years of mining industry experience. Ivan is currently a Director and CEO of Mawson Gold Ltd (MAW:TSX), a gold-cobalt exploration and development company. Prior to this he was Senior Investment Manager at Greenstone Resources, a London based mining private equity fund with almost US$500m AUM, investing in development stage companies with robust projects that can be funded through to production standalone. Ivan was integral in sourcing, executing and managing a portfolio of Greenstone's investments, which covered the base, precious and non-exchange traded commodities across a global mandate. Ivan represented Greenstone both on public company boards and on project level steering groups. Previously he worked in design, construction and commissioning roles, and has considerable experience managing pre-development studies across the commodity and geographic spectrum.
Ivan brings to the ACDC board senior level mining experience across a broad suite of commodities from exploration through commissioning and into production, helping bridge technical considerations with corporate strategy
During the past three years, Mr. Fairhall has also served as a Director of the following listed companies:

- Director and CEO of Mawson Gold Ltd (MAW:TSX) (commenced 27 November 2021 - present)
- Non-Executive Director of Northern Vertex Corp (NEE:TSXV) (commenced 30 October 2019 – 16 February 2021)

Date of birth: 21/12/1983
Mr Fairhall, upon his appointment, will be regarded as an independent director of the company

Richard Allen Boyce
Appointed 15 August 2022
Non-Executive Director

Richard Boyce is also nominated to join the board of ACDC as Non-Executive Director. Mr Boyce is a practicing Chartered accountant and tax agent for over 25 years. He holds a master's in financial planning, AICD member and one of Australia's foremost subject matter experts on Family Offices, Private Investment Capital and Governance. Richard has worked with leading high growth UHNW entrepreneurial families throughout the Asia. Richard is a former Private Client Tax Partner with EY, led the EY ASIA Pacific Family Office Practice and co-author of the EY Global Family Office Leading Practice Guide. He is an academic director of the global Family Firm Institute (FFI) based in Boston, a strategic consultant to Family Business Australia and NZ (FBANZ), Former Chair of RMIT University School of Accounting industry group, and current independent board member to UHNW generational family enterprises.
Richard brings to the ACDC Board extensive experience in governance, capital markets and financial management.
Current Board Roles:

- Boyce Family Office Pty Ltd – Executive Director (July 2000 to present – 22yrs)
- Daisy's Garden Supplies Pty Ltd - Director (February 2021 to present – 1.5yrs)
- Kyvalley Dairy Group Pty Ltd – Director (October 2016 – 5.8yrs)

Date of birth: 08/12/68
Mr Boyce, upon his appointment, will be regarded as an independent director of the company

Thomas Burrowes
Resigned 15 August 2022
Non-Executive Director

Mr. Burrowes has over 40 years' experience in the funds management and mineral industries, serving on 7 ASX listed mineral companies since 1987. He holds a B.Ec. (Hons) and an M.B.A. from The University of Melbourne.
After graduation Tom worked at Coopers & Lybrand, for a Member of Parliament, at the Eneabba mineral sands mine and at Metals Exploration Ltd. He then worked in mining analysis, funds management and was an institutional stockbroker in London, prior to completion of an M.B.A. His career as a director of ASX listed resources companies includes Carr Boyd Minerals (1987), VAM Ltd (operator of the Hillgrove gold/antimony mine) in 1988-90, Perseverance Corp 1989-90, Exec Chairman of Bendigo Mining (1992-1995), Exec Director of New Hampton Goldfields 1996-2000, CEO of Buka Minerals Ltd (2000-2003). He oversaw the IPO of Stellar Resources as Executive Chairman (2004-2009) remaining a non-executive director of Stellar until 2014. He was a non-executive director of Rimfire Pacific 2010-2015.
In parallel with these public company involvements, he has explored privately, mostly in Victoria and N.S.W., creating the Four Eagles Gold Project as new discovery. His company Providence Gold and Minerals Pty Ltd leans towards gold and mineral sands.
Mr Burrowes has not served as a director of a listed company in the past three years.
Date of birth 1 October 1954.
Mr Burrowes is regarded as an independent director of the Company.

Michael Hudson
Resigned 15 August 2022
Non-Executive Director

Mr Hudson is a geologist, explorationist, entrepreneur and Company Director. During the last 30 years he has developed and financed mineral exploration properties worldwide, including exploration to pre-feasibility projects with a focus on critical metals (cobalt, REE, graphite). He graduated from the University of Melbourne in 1990 with a B.Sc. (Hons 1st) in Geology and later received the Tolhurst Noall Prize for "Mining Investment Analysis" in Victoria, Australia for the FINSIA Graduate Diploma. Starting his career in Broken Hill in 1990 underground for three years with Pasminco Ltd, he spent ten years exploring or developing projects worldwide from exploration to pre-feasibility projects in Pakistan, Australia and Peru. Moving into the Canadian capital markets 20 years ago, he has raised more than A$200M for exploration and project development in Australia, Peru, Finland, Spain, Portugal, Sweden and Ireland. Discoveries or projects significantly advanced include: Broken Hill (The Pinnacles and Western A-Lode – zinc, lead), Pakistan (Duddar - zinc), Peru (San Martin- copper-silver, Accha/Bongara – zinc), Olary (Portia - gold, Benagerie Ridge – copper-gold), Sweden (Norra Kärr – heavy rare earths, Woxna – graphite, Vargbacken - gold) and Finland (Rompas-Rajapalot – gold-cobalt).
He is a Fellow of the Australasian Institute of Mining and Metallurgy and Member of both the Society for Economic Geologists and Australian Institute of Geoscientists.
Over the last 3 years Mr. Hudson has also served as a Director of the following listed companies:

- Executive Chairman & Director of Mawson Gold Ltd (MAW:TSX) (commenced 30 March 2004– present)
- Executive Chairman and CEO of Hannan Metals Ltd (HAN:TSXV) (commenced 06 Jan 2017 - present)
- Non-Executive Director Sixty Six Capital Inc (SIX::CSE) (commenced 6 June 2018 - present)
- Non-Executive Chairman & Director Leading Edge Materials Corp (LEM:TSXV) (commenced 22 Feb 2012 to 04 May 2020)

Date of birth 18/12/1968.
Mr Hudson is regarded as an independent director of the Company.

Company Secretary

Tamara Barr
Appointed 28 September 2021

Tamara is a highly experienced ASX company secretary with over 16 years' experience practising as a Company Secretary and Corporate Governance Advisor across a variety of sectors and industries. She has worked predominantly in Australia, as well as in the UK and Europe, providing company secretarial advice and service to ASX listed, Public and NFP companies. Tamara is Managing Director of corporate services firm, Clear Sky Blue, were she works closely with boards to enhance their corporate governance procedures. Tamara is an Affiliated Member Company Secretary (GIA).
Date of Birth: 7/6/1985.

Dividends Paid or Recommended

No dividends have been declared or paid during the financial period

Review of Operations

Following listing of the Company, the Company proposes to focus and progress two complementary business activities in the resources industry.

Through the application of funds raised under the IPO, ACDC envisages parallel and complementary de-risking and development both of its heavy mineral sand projects and licenced rare earth element technology.

The first business activity or stream is the Company's resources stream.

ACDC has entered into binding agreements to acquire two pre-JORC resource stage mineral sand projects located in Victoria, Australia. The projects were discovered through drilling more than twenty years ago however have not been the subject of significant recent investment.

ACDC proposes to undertake drilling programs at each project to gain a fuller understanding of the size and grade of resources, their mineralogy and processing characteristics, and potential for development. Contingent on successful outcomes, ACDC will aim to complete JORC compliant mineral resource statements and progress through feasibility studies and pilot plant operation. The initial focus will be on both the Goschen Central Project and the Douglas Project.

The resource projects are potentially rich in rare earth elements (REE). In seeking to extract full value and achieve a high degree of resource efficiency, ACDC has entered into an agreement with Medallion Resources Ltd under which Medallion has granted the Company a licence to the Medallion Monazite technology for REE processing. Further detail regarding the status of the technology and the Company's intellectual property is set out below.

Subject to exploration results the Company plans to undertaking drilling of the heavy mineral sand projects at an appropriate drill density to confirm and expand the current non-JORC mineral resources and deliver data to enable independent JORC resource calculations. It is envisaged that the the drilling will provide samples for assay and mineralogical analysis to identify the mineral and metal distribution in the heavy mineral sand deposits. Beneficiation strategies and a detailed test program will then be developed in collaboration with research partners.

Samples collected will be utilised for bench scale beneficiation test work, with a key aim be to prepare a high grade concentrate of mineral sand monazite. This monazite concentrate will then be delivered to a suitable facility to undertake chemical digestion and process optimisation test work based on the proprietary Medallion Monazite Process. Planned testing will be undertaken using the Medallion Monazite Process on both
The aim of the drilling of the heavy mineral sand projects will be to provide ACDC with a much greater understanding of the grade distribution and mineral resources present. A potential next step will be then to undertake large diameter drilling to be targeted at the most suitable and representative locations (shallowest, highest grade) to provide larger samples of mineral sand required for both beneficiation and rare earth recovery pilot plant test work.

Risks
Typical junior exploration company risks to the Company's operations include but are not limited to:
•Exploration and development risks
•Operating risk
•Commodity and currency price volatility
•Title risk
•Permitting risk
•Land access risk
•Farm-in or joint venture risk
•Future capital requirements
•Pandemic risk
•Grant risk
•Unforeseen expenses
•Technology risks associated with the licensed technology

Industry standard and general economic risks are also applicable to the Company's operations.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

The lead auditor's independence declaration for the period ended 30 June 2022 has been received and can be found on page 5 of the Financial Report.

To the Board of Directors,

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit Director for the audit of the financial statements of ACDC Metals Limited for the financial year ended 30 June 2022, 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 audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis

MARK DELAURENTIS CA
Director

Dated Perth, Western Australia this 11th day of October 2022

ACDC METALS LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2022

	Group From 28 September 2021 to 30 June 2022 $
Continuing operations	
Revenue	-
Audit fees	(9,000)
ASIC fees	(2,169)
ASX Fees	(5,000)
Professional fees	(188,403)
Other expenses	(11,918)
Profit/(Loss) before income tax	(216,490)
Tax expense	-
Net Profit/(Loss) for the year	(216,490)

The accompanying notes form part of these financial statements.

ACDC METALS LIMITED AND CONTROLLED ENTITIES
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	Consolidated 30 June 2022 $
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	4	486,602
Trade and other receivables	5	9,795
TOTAL CURRENT ASSETS		496,397
TOTAL ASSETS		496,397
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	7	73,460
TOTAL CURRENT LIABILITIES		73,460
TOTAL LIABILITIES		73,460
NET ASSETS		422,937
EQUITY		
Issued capital	8	635,800
Reserves	11	3,627
Retained earnings		(216,490)
TOTAL EQUITY		422,937

The accompanying notes form part of these financial statements.

ACDC METALS LIMITED
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2022

	Ordinary $	Retained Earnings $	Convertible Note Reserve $	Total $
Consolidated Group				
Balance at 28 September 2021	-	-	-	-
Comprehensive income				
Profit for the period	-	(216,490)	-	(216,490)
Total comprehensive income for the year	-	(216,490)	-	(216,490)
Transactions with owners, in their capacity as owners, and other transfers				
Shares issued during the period	635,800	-	-	635,800
Issue of convertible notes	-	-	3,627	3,627
Total transactions with owners and other transfers	635,800	-	3,627	639,427
Balance at 30 June 2022	635,800	(216,490)	3,627	422,937

The accompanying notes form part of these financial statements.

ACDC METALS LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2022

	Note	Group From 28 September 2021 to 30 June 2022 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers		-
Payments to suppliers and employees		(189,198)
Net cash generated by operating activities		(189,198)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares		635,800
Proceeds from borrowings		40,000
Net cash provided by financing activities		675,800
Net increase in cash held		486,602
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of reporting period	4	486,602

The accompanying notes form part of these financial statements.

These consolidated financial statements and notes represent those of ACDC Metals Limited and Controlled Entities (the “consolidated group” or “group”).

The financial statements were authorised for issue on 5 October 2022 by the directors of the company.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

These general purpose consolidated financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accrual 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.

(a) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of ACDC Metals Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the Parent controls. 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.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Inter-company transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling Interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or the non-controlling interests’ proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:
(i) the consideration transferred at fair value;
(ii) any non-controlling interest (determined under either fair value or proportionate interest method); and
(iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of any identifiable assets acquired and liabilities assumed.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

Note 1: Summary of Significant Accounting Policies (continued)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable AASB Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139: Financial Instruments: Recognition and Measurement, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective note to the financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored and not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

(b) Income Tax

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

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year 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 or arising from a business combination.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which: (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, 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 and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

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, unless the deferred tax asset relating to temporary differences 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 accounting profit nor taxable profit (tax loss).

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.

Note 1: Summary of Significant Accounting Policies (continued)

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: (i) a legally enforceable right of set-off exists; and (ii) 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.

To the extent that uncertainty exists as it relates to the acceptability by a taxing authority of the company's tax treatments, the company estimates the probability of acceptance by the taxing authority and, where acceptance is not probable, recognises the expected value of the uncertainty in either income tax expense or other comprehensive income, as appropriate.

(c) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable accounting standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(d) Exploration and Development Expenditure

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development 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.

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

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area.

Costs of site restoration are provided for over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(e) Impairment of Assets

At 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 joint ventures 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 of disposal 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 (e.g. in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Note 1: Summary of Significant Accounting Policies (continued)

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

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(f) Intangible Assets Other than Goodwill

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates and adjusted on a prospective basis. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised

(g) Cash and Cash Equivalents

For the purpose of the statement of cash flow, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, high liquid investments with original maturities of three (3) months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts

(h) 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 Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(i) Comparative Figures

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

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(j) Trade and Other Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company. Interest, when charged by the lender, is recognised as an expense on an accrued basis.

Note 1: Summary of Significant Accounting Policies (continued)

(k) Trade and Other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowances for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is sued when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganisation and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivables is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of impairment loss is recognised in the statement of comprehensive income within impairment losses – financial assets. When a trade receivable for which an impairment allowance has been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against impairment losses – financial assets in the statement of comprehensive income.

(l) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements 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.

Key Estimates

(i) Impairment of deferred exploration costs

The Group's accounting policy for exploration expenditure results in some items being capitalised for an area of interest where it is considered likely to be recoverable in the future where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. Management is required to make certain estimates and assumptions as to future events and circumstances, which may change as new information becomes available. If a judgement is made that recovery of a capitalised expenditure is unlikely, the relevant amount will be written off to the income statement.

Key Judgements

(i) Exploration and evaluation expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that 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.

(m) Going Concern

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

The Company incurred a loss for the year of $216,490 and net cash outflows from operating activities of $189,198.

These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern. In the event the above matters are not achieved, the Company will be required to raise funds for working capital from debt or equity source.

The ability of the Company to continue as a going concern is principally dependent upon the ability of the Company to secure funds by raising capital from equity markets and managing cashflow in line with available funds.

The directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Company's history of raising capital to date, the directors are confident of the Company's ability to raise additional funds as and when they are required.

Should the Company be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements.

Note 2 Parent Information

	30 June 2022 $
The following information has been extracted from the books and records of the financial information of the parent entity set out below and has been prepared in accordance with Australian Accounting Standards.	
STATEMENT OF FINANCIAL POSITION	
ASSETS	
Current Assets	496,397
Non-current Assets	-
TOTAL ASSETS	496,397
LIABILITIES	
Current Liabilities	73,460
Non-current Liabilities	-
TOTAL LIABILITIES	73,460
EQUITY	
Issued Capital	635,800
Retained earnings	(216,490)
TOTAL EQUITY	419,310
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	
Net income/(loss)	(216,490)

Note 3 Auditor's Remuneration

	Group 30 June 2022 $
Remuneration of the auditor for:	
— auditing or reviewing the financial statements	9,000
— due diligence services	-
	9,000

Note 4 Cash and Cash Equivalents

	Note	Group 30 June 2022 $
Cash at bank and on hand		486,602
		486,602

Reconciliation of cash

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	486,602
Bank overdrafts	-
	486,602

Note 5 Trade and Other Receivbales

	Group 30 June 2022 $
CURRENT	
GST Receivables	9,795
Total current trade and other receivables	9,795

(a) Provision For Impairment of Receivables

The Company applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

(b) Credit risk

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 10. The main source of credit risk to the company is considered to relate to the class of assets described as 'trade and other receivables'.

(c) Financial assets classified as loans and receivables

	Group 30 June 2022 $
Trade and other receivables	
- Total Current	9,795
- Total Non-Current	-
	9,795

Note 6 Interests in Subsidiaries

(a) **Information about Principal Subsidiaries**

The subsidiaries listed below have share capital consisting solely of ordinary shares or ordinary units which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of subsidiary	Principal place of business	Ownership interest held by the Group 30 June 2022	Proportion of non-controlling interests 30 June 2022
ACDC Metals Operations Pty Ltd	Australia	100%	-
ACDC Metals Technology Pty Ltd	Australia	100%	-

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

Note 7 Trade and Other Payables

	Group 30 June 2022 $
CURRENT	
Loans [1]	38,867
Sundry payables and accrued expenses	34,593
	73,460

(a) Financial liabilities at amortised cost classified as trade and other payables

Trade and other payables	
- Total Current	73,460
- Total Non-Current	-
	73,460

[1] Terms of Loans

Principal Sum	$40,000
Interest:	No interest is payable
Conversion:	The lender may elect to convert the outstanding monies at a deemed conversion price of $0.01 per share, at any time at least 5 Business Days prior to Maturity Date.

Subsequent to the reporting period, $40,000 was converted, resulting in 400,000 fully paid ordinary shares being issued.

Note 8 Issued Capital

	Group 30 June 2022 $
31,900,000 fully paid ordinary share	635,800
	635,800

The Group has authorised share capital amounting to 31,900,000 ordinary shares.

(a) **Ordinary Shares**

	Group 30 June 2022 No.	Group 30 June 2022 $
At the beginning of the reporting period	-	-
Shares issued during the year	31,900,000	635,800
At the end of the reporting period	31,900,000	635,800

On 1 November 2021, 25,800,000 fully paid ordinary shares were issued at $0.001 per share, raising a total of $25,800, net of capital raising costs.

On 8 December 2021, 6,020,000 fully paid ordinary shares were issued at $0.10 per share, raising a total of $602,000, net of capital raising costs.

On 16 December 2021, 80,000 fully paid ordinary shares were issued at $0.10 per share, raising a total of $8,000, net of capital raising costs.

Note 9 Operating Segments

The Company has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision makers in assessing performance and determining the allocation of resources.

Operating segments are determined on the basis of financial information reported to the Board.

Management currently identified the Company as having only one operating segment, being the mining exploration acitivites in the Cosmo Newberry region of Western Australia. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from the segment are equivalent to the financial statements of the Company.

Note 10 Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 9: *Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:

	Note	Group 2022 $
Financial Assets		
Cash and cash equivalents	4	486,602
Trade and other receivables	5	9,795
Total Financial Assets		496,397
Financial Liabilities		
Financial liabilities at amortised cost		
— Trade and other payables	7	73,460
Total Financial Liabilities		73,460

Financial Risk Management Policies

The directors are responsible for Fatfish Group Limited's risk management strategy and management is responsible for implementing the directors' strategy. A risk management program focuses on the unpredictability of finance markets and seeks to minimise potential adverse effects on financial performance. Fatfish Group uses different methods to measure difference types of risk to which it is exposed. These methods include sensitivity analysis in the case on interest rate and market risk. ACDC Group does not use derivatives.

The consolidated entity's financial instruments consists of deposits with banks and accounts receivables and payables. The main purpose of non-derivative financial instruments is to raise finance for group operations.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and other price risk (commodity and equity price risk). There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds ad derivative financial instruments is limited as the counterparties are banks with high credit rating assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represent the Group's maximum exposure to credit risk.

b. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations
• preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
• monitoring undrawn credit facilities;
• obtaining funding from a variety of sources;
• maintaining a reputable credit profile;
• managing credit risk related to financial assets;
• only investing surplus cash with major financial institutions; and
• comparing the maturity profile of financial liabilities with the realisation profile of financial assets

The following table details the Group's remaining contractual maturity for its financial liabilities and financial assets.

Financial liability and financial asset maturity analysis

Consolidated Group	Within 1 Year 2022 $	1 to 5 years 2022 $	Over 5 years 2022 $	Total 2022 $
Financial liabilities due for payment				
Trade and other payables	73,460	-	-	73,460
Total expectedoutflows	73,460	-	-	73,460

Note 10: Financial Risk Management (continued)

Consolidated Group	Within 1 Year 2022 $	1 to 5 years 2022 $	Over 5 years 2022 $	Total 2022 $
Financial Assets - cash flows realisable				
Cash and cash equivalents	486,602	-	-	486,602
Trade, term and loans receivables	9,795	-	-	9,795
Total anticipated inflows	496,397	-	-	496,397
Net (outflow) / inflow on financial instruments	422,937	-	-	422,937

No financial assets have been pledged as security.

c. Market Risk

i. Interest rate risk

The Group's exposure to market risk primarily consists of financial risks associated with changes in interest rates as detailed below. As the level of risk is low, the Group does not use any derivatives to hedge its exposure.

The Group is exposed to interest rate risks as it holds funds at variable interest rates.

Interest rate Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates, exchange rates and commodity and equity

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Group	
Year ended 30 June 2022	**Profit $**	**Equity $**
+/- 0.75% in interest rates	3,650	3,650

Fair Values

The Directors consider that the carrying amounts of financial assets and liabilities recorded at cost less any accumulated impairments in the financial statements approximates their fair values.

The fair values of financial assets and liabilities are determined as follows:

- Other financial assets and financial liabilities are determined in accordance with general accepted pricing models.

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group.

	Note	2022	
Consolidated Group		**Carrying Amount $**	**Fair Value $**
Financial assets at amortised cost:			
Cash and cash equivalents	4	486,602	486,602
Trade and other receivables:	5	9,795	9,795
Total financial assets		496,397	496,397
Financial liabilities at amortised cost			
Trade and other payables	7	73,460	73,460
Total financial liabilities		73,460	73,460

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.

(ii) Term receivables reprice to market interest rates every three months, ensuring carrying amounts approximate fair value.

Note 11 Reserves

a. **Convertible Note Reserve**

The convertible note reserve records the movement on the fair value of the convertible note

	Group 30 June 2022 $
Balance at beginning of reporting period	-
Fair value movements during the year	3,627
	3,627

Note 12 Events Subsequent to Reporting Period

Other than the following, the directors are not aware of any significant events since the end of the reporting period.

On 19 August 2022, 1 million shares were issued at $0.10 per share, raising a total of $100,000.

On 23 August 2022, the Company conducted a share buyback, reducing the share capital by 16,350,000 and paid up capital by $8,151.

On 1 September 2022, the Company entered into a variation and extension to the binding Heads of Agreement with Ora Plata Pty Ltd, extending its deadline to 31 December 2022.

On 16 September 2022, $40,000 in convertible notes were converted to shares, issuing 400,000 fully paid ordinary shares.

Note 13 Commitments/ Contingency

The Company entered into an agreement to acquire 80% legal and beneficial interest in EL5278 Goshen Central during the financial year.

Listed below is the consideration for EL 5278.

1. 6,000,000 fully paid ordinary shares (Consideration Shares); and
2. 1,500,000 performance rights which will convert into 1,500,000 Shares upon the delineation of an Inferred Mineral Resource (reported in accordance with JORC Code 2012) of at least 10Mt of heavy mineral sands (HM) concentrate @ 2.0% HM or greater at the Goschen Central Project, as signed off by a competent person, on or before the date that is 5 years from the date of issue of the Performance Rights (Performance Milestone)

Upon the Company completing a DFS at the Goschen Central Project, the parties will form an unincorporated joint venture using the AMPLA Model Exploration JV Agreement V2 2010 for the purpose of carrying out joint venture activities at Goschen Central.

The Company will hold 80% of the unincorporated joint venture whilst Providence Gold and Minerals Pty Ltd will hold 20%.

At commencement of the joint venture, the Company will be the JV Manager.

Listed below are the conditions of the agreement:

1. Receipt of all required regulatory approvals, including but not limited to, the conditional approval of the Australian Securities Exchange for the admission of ACDC Metals to the Official List of the ASX (on customary terms)
2. The Company undertaking a capital raising and receiving valid applications for at least $5,000,000 worth of Shares under the capital raise.

Listed below are the termination clauses:

1. by mutual written consent of ACDC and Oro Plata
2. by either party if:
   (a) do not execute the Definitive Agreement
   (b) other party has breached or is in default of any material term of this Letter
3. by the Company, if the Company determines that the results of its due diligence investigation are not satisfactory to it in all material respects.
4. by Providence Gold and Minerals Pty Ltd, if the IPO and successful ASX listing of the Company is not achieved by 31 August 2022.

Note 14 Company Details

The registered office of the company is:
ACDC Metals Limited
Level 6, 111 Collins Street
Melbourne Vic 3000

The principal places of business are:
ACDC Metals Limited

Level 6, 111 Collins Street

Melbourne Vic 3000

ACDC METALS LIMITED AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of ACDC Metals Limited, the directors of the company declare that:

1. the financial statements and notes, as set out on pages 6 to 21, are in accordance with the Corporations Act 2001 and:
   (a) comply with Australian Accounting Standards applicable to the entity, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
   (b) give a true and fair view of the financial position as at 30 June 2022 and of the performance for the period ended on that date of the consolidated group;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
3. the directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.

Director

Dated this 11 October 2022

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ACDC METALS LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of ACDC Metals Limited ("the Company"), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a. the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. 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 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* (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(m) in the financial report, which indicates that the Company incurred a net loss of $216,490 during the year 30 June 2022. As stated in Note 1(m), these events or conditions, along with other matters as set forth in Note 1(m), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2022, 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 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 Note 1, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Company'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 Company or to cease operations, or has 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 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement 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 Company'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 Company'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 Company 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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, related safeguards.

Hall Chadwick

Mark Delaurentis

HALL CHADWICK WA AUDIT PTY LTD

MARK DELAURENTIS CA
Director

Dated Perth, Western Australia this 11th day of October 2022