

Charger Metals NL

Interim Financial Report

From Date of Incorporation

27 November 2020 to 31 December 2020

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Corporate Directory

Managing Director

David Crook

Non-Executive Directors

Alan Armstrong
Terry Gardiner

Company Secretary/CFO

Jonathan Whyte

Principal & Registered Office

Units 32/33, 22 Railway Road
Subiaco WA 6008
T: +61 8 6146 5325

Auditors

Nexia Perth Audit Services Pty Ltd
Level 3, 88 William Street
Perth WA 6000

Directors' Report

Your Directors present their interim financial report on Charger Metals NL (the 'Company' and 'Charger') for the period commencing from date of incorporation 27 November 2020 to 31 December 2020.

Directors

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

- David Crook;
- Alan Armstrong; and
- Terry Gardiner.

Directors have been in office since incorporation to the date of this report unless otherwise stated.

Significant Changes in the State of Affairs

The Company was incorporated on 27 November 2020 with 1 ordinary fully paid share.

Other than the above, no significant changes in the Company's state of affairs occurred during the financial period.

Operating Results

The loss of the Company for the financial period after providing for income tax amounted to \$3,201.

Principal Activities and Review of Operations

The principal activity of the Company during the financial period was the entering into option agreements to acquire mineral exploration and evaluation tenements as well as seeking out further exploration, acquisition and joint venture opportunities.

Coates, Lake Johnson and Bynoe Projects

On 4 December 2020 the Company entered into an Option Agreement with Lithium Australia NL (Lithium Australia) to acquire a 70% interest in various tenements held by Lithium Australia located in Western Australia and the Northern Territory. Under the terms of the option agreement, which was subsequently varied on 16 April 2021 and which included the payment of a \$30,000 option fee, the Company will acquire the 70% interest by:

- Reimbursing Lithium Australia \$100,000 of exploration expenditure incurred by Lithium Australia in connection with the tenements;
- Issuing 9,600,000 fully paid ordinary shares in the Company to Lithium Australia; and
- Paying Lithium Australia or its nominee the deferred consideration (consisting of either \$200,000 or 2,000,000 fully paid ordinary shares in the Company) which is contingent on certain milestones being met in relation to the development of the tenements.

Coates North Project

On 4 December 2020 the Company entered into an Option Agreement with Mercator Metals Pty Ltd ('Mercator') to acquire an 85% interest in tenements held by Mercator located in Western Australia. Under the terms of the option agreement, which was subsequently varied on 16 April 2021 and which included the payment of a \$15,000 option fee, the Company will acquire the 85% interest by:

-
- i. Issuing 2,550,000 fully paid ordinary shares and 1,000,000 unlisted options in the Company to Mercator, exercisable at \$0.30 with an expiry date 3 years from the date of issue; and
 - ii. Paying Mercator or its nominee the deferred consideration (consisting of either \$200,000 or 2,000,000 fully paid ordinary shares in the Company) which is contingent on certain milestones being met in relation to the development of the tenement.

Completion of the acquisitions above is conditional upon the satisfactory completion of due diligence by the Company and the Company receiving listing approval from the ASX for its shares to be admitted to the Official List of the ASX.

Dividends Paid or Recommended

There have been no dividends paid or declared since the start of the financial period.

Events After Reporting Date

On 7 January 2021 the Company issued 8,000,000 fully paid ordinary shares at an issue price of \$0.05 per share to raise \$400,000.

On 8 February 2021 the Company issued 250,000 fully paid ordinary shares to Directors in the Company, for nil consideration. The Company also issued 3,400,000 unlisted options exercisable at \$0.30 per option with an expiry date 3 years from date of listing, to Directors, Officers and Advisors of the Company.

The Company continued activities throughout the period after the reporting date to progress its intended Initial Public Offering on the ASX.

No further matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Likely Developments and Expected Results of the Operations

The Company will continue its mineral exploration activity at and around its exploration projects with the object of identifying commercial resources.

Environmental Regulations

The Company has a policy of complying with or exceeding its environmental performance obligations. The Board believes that the Company has adequate systems in place for the management of its environmental requirements. The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The Directors are not aware of any breach of environmental legislation for the financial period under review.

Shares and Options

No options over issued shares or interests in the Company or a controlled entity were granted during the financial period.

On 8 February 2021, 3,400,000 unlisted options exercisable at \$0.30 per option, with an expiry date 3 years from date of listing, were granted to Directors, Officers and Advisors of the Company. There are 3,400,000 unlisted options outstanding at the date of this report.

a) **Shares and Unlisted Options Held by Key Management Personnel**

| Key Management Personnel | Number of Shares | Number of Options |
|--------------------------|------------------|-------------------|
| David Crook | 550,001 | 500,000 |
| Alan Armstrong | 50,000 | 250,000 |
| Terry Gardiner | 250,000 | 650,000 |
| Jonathan Whyte | 100,000 | 200,000 |
| Total | 950,001 | 1,600,000 |

No shares were issued during or since the end of the period as a result of the exercise of an option over unissued shares or interests.

Indemnification of Officers

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 company.

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 period.

Auditor's Independence Declaration

The lead auditor's independence declaration for the period 27 November 2020 (being the date of incorporation) to 31 December 2020 has been received and can be found on page 6 of the interim financial report.

On behalf of the directors



David Crook
Managing Director
23 April 2021

Auditor's independence declaration under section 307C of the Corporations Act 2001

To the directors of Charger Metals NL,

I declare that, to the best of my knowledge and belief, in relation to the review for the period 27 November 2020 to 31 December 2020 there have been:

- (i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.



Nexia Perth Audit Services Pty Ltd



Muranda Janse Van Nieuwenhuizen
Director

Perth
23 April 2021

Statement of Profit or Loss and Other Comprehensive Income

From Date of Incorporation 27 November 2020 to 31 December 2020

| | Notes | 31 Dec 2020 \$ |
|-----------------------------------------------------------------------|-------|----------------------|
| Audit fees | 2 | (2,000) |
| Computer expenses | | (1,201) |
| Loss before income tax | | (3,201) |
| Income tax expense | 3 | - |
| Net loss for the period | | (3,201) |
| Other comprehensive income | | - |
| Total comprehensive loss for the period | | (3,201) |
| Total comprehensive loss attributable to owners of the Company | | (3,201) |
| Loss per share | | |
| - Basic and diluted | 4 | (3,201) |

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 31 December 2020

| | Notes | 31 Dec 2020 \$ |
|----------------------------------------|-------|----------------------|
| Current Assets | | |
| Cash and cash equivalents | 6 | 1 |
| Trade and other receivables | 7 | 4,105 |
| Total Current Assets | | 4,106 |
| Non-Current Assets | | |
| Exploration and evaluation expenditure | 8 | 54,850 |
| Total Non-Current Assets | | 54,850 |
| Total Assets | | 58,956 |
| Current Liabilities | | |
| Trade and other payables | 9 | 62,156 |
| Total Current Liabilities | | 62,156 |
| Total Liabilities | | 62,156 |
| Net Liabilities | | (3,200) |
| Equity | | |
| Issued capital | 11 | 1 |
| Retained earnings | | (3,201) |
| Total Equity | | (3,200) |

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

From Date of Incorporation 27 November 2020 to 31 December 2020

| | Notes | Issued Capital \$ | Retained Earnings \$ | Total \$ |
|--------------------------------------------------------------|-----------|----------------------|-------------------------|----------------|
| Balance as at Incorporation Date | | 1 | - | 1 |
| Loss for the period | | - | (3,201) | (3,201) |
| Other comprehensive income | | - | - | - |
| Total comprehensive income for the period | | - | (3,201) | (3,201) |
| Transactions with owners, recorded directly in equity | | | | |
| Total transactions with owners | | - | - | - |
| Balance as at 31 December 2020 | 11 | 1 | (3,201) | (3,200) |

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

From Date of Incorporation 27 November 2020 to 31 December 2020

| | Notes | 31 Dec 2020 \$ |
|-----------------------------------------------------------|-------|----------------------|
| Cash Flows from Operating Activities | | |
| Payments to suppliers and employees | | - |
| Net cash flows used in operating activities | | - |
| Cash Flows from Investing Activities | | |
| Payments for exploration and evaluation | | - |
| Net cash flows used in investing activities | | - |
| Cash Flows from Financing Activities | | |
| Proceeds from issue of shares | | 1 |
| Net cash flows generated from financing activities | | 1 |
| Net increase in cash and cash equivalents | | 1 |
| Cash and cash equivalents as at incorporation date | | - |
| Cash and cash equivalents at the end of the period | 6 | 1 |

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

From Date of Incorporation 27 November 2020 to 31 December 2020

Note 1. Statement of Significant Accounting Policies

The interim financial report of Charger Metals NL ('the Company') for the financial period ended 31 December 2020 was approved for issue in accordance with a resolution of Directors on 23 April 2021. The Directors have the power to amend and reissue the financial statements.

This interim financial report includes the financial statements and notes of Charger Metals NL.

The Company is a no liability company, incorporated and domiciled in Australia.

Basis of Preparation

The accounting policies set out below have been consistently applied to all periods presented.

Statement of Compliance

The interim financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001 as appropriate for profit oriented entities.

Basis of Measurement

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

New, Revised or Amending Accounting Standards and Interpretations Adopted

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any impact on the financial performance or position of the Company.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. No significant impact is expected from the adoption of the new, revised or amended Accounting Standards.

Going Concern

The financial statements have been prepared on the going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. As at 31 December 2020 the Company had net liabilities of \$3,200 and cash on hand of \$1.

The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective areas of interest. Ultimate exploitation of the assets will depend on raising necessary funding in the future. Should the Company be unable to raise additional funds, there is a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern. On 7 January 2021 the Company issued 8,000,000 fully paid ordinary shares at an issue price of \$0.05 per share to raise \$400,000.

As at 31 December 2020 there has been no adjustment in the interim financial report relating to the recoverability and classification of the asset carrying amounts, or the amounts and classification of liabilities that might be necessary, should the Company be unable to raise capital as and when required, and the exploitation of the areas of interest not be successful, or the Company not continue as a going concern.

Notes to the Financial Statements (continued)

From Date of Incorporation 27 November 2020 to 31 December 2020

Rounding of Amounts

The Company is an entity to which ASIC Corporations Instrument 2016/191 applies and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest dollar.

Current and Non-Current Classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

Goods and Services Tax ('GST') and Other Similar Taxes

Revenue, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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 tax authority is included in other receivables or other 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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Key Estimates, Judgments and Assumptions

The preparation of financial statements requires management to make judgments and estimates relating to the carrying amounts of certain assets and liabilities. Actual results may differ from the estimates made. Estimates and assumptions are reviewed on an ongoing basis. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are disclosed in the relevant notes.

Coronavirus (COVID-19) Pandemic

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

Notes to the Financial Statements (continued)

From Date of Incorporation 27 November 2020 to 31 December 2020

Note 2. Auditor's Remuneration

During the financial period the following fees were paid or payable for services provided by Nexia Perth Audit Services Pty Ltd, the auditor of the Company:

| | 31 Dec 2020 \$ |
|-------------------------------------|----------------------|
| Auditor's Remuneration | |
| Review of financial statements | 2,000 |
| Total Auditor's Remuneration | 2,000 |

Note 3. Income Tax Expense

| | 31 Dec 2020 \$ |
|-------------------------------------------------------------------------|----------------------|
| a) The components of tax benefit comprise: | |
| Current tax | - |
| Deferred tax | - |
| | - |
| b) Reconciliation of income tax to prima facie tax payable | |
| Accounting loss before tax | (3,201) |
| Income tax (benefit)/expense @ 26% | (832) |
| Add/(deduct) tax effect of: | |
| • Non-deductible expenses | - |
| • Movement in deferred tax positions not recognised | 832 |
| • Revenue losses not recognised | - |
| Income tax (benefit)/expense attributable to entity | - |
| c) The following deferred tax balances have not been recognised: | |
| Deferred Tax Assets @ 26% | - |
| Carried forward revenue losses | - |
| Carried forward capital losses | - |
| Provisions and accruals | 832 |
| | 832 |

Accounting Policy

The charge for current income tax expense is based on the profit for the period adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the reporting date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on either accounting profit or taxable profit or loss.

Notes to the Financial Statements (continued)

From Date of Incorporation 27 November 2020 to 31 December 2020

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Key Estimates, Judgments and Assumptions

Judgement is required in assessing whether deferred tax assets and liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from temporary differences, are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised.

Change in Corporate Tax Rate

There has been a legislated change in the corporate tax rate that will apply to future income years. The impact of this reduction in the corporate tax rate has been reflected in the unrecognised deferred tax positions and the prima face income tax reconciliation above.

Note 4. Loss Per Share

The following reflects the income and share data used in the calculations of basic and diluted earnings per share (EPS):

| | 31 Dec 2020 \$ |
|---------------------------------------------------------------------------------------------------------------------|-----------------------|
| a) Reconciliation of earnings to loss | |
| Loss used to calculate basic and diluted EPS | (3,201) |
| | |
| | 31 Dec 2020 No. |
| b) Weighted average number of shares outstanding during the period | |
| Weighted average number of ordinary shares outstanding during the period used in calculating basic and dilutive EPS | 1 |

Notes to the Financial Statements (continued)

From Date of Incorporation 27 November 2020 to 31 December 2020

Note 5. Related Parties

Names and positions held of the Company's key management personnel in office at any time during the financial period are:

| Key Management Personnel | Position |
|--------------------------|------------------------|
| David Crook ¹ | Managing Director |
| Alan Armstrong | Non-Executive Director |
| Terry Gardiner | Non-Executive Director |
| Jonathan Whyte | Company Secretary |

Note:

1. Consulting agreement with OreSource Pty Ltd ATF OreSource Trust of which Mr Crook is the Trustee.

Nil remuneration was paid to key management personnel during the period.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated:

- There were no loans to key management personnel at the end of the period.

Note 6. Cash and Cash Equivalents

| | 31 Dec 2020 \$ |
|----------------------------------------|----------------------|
| Cash at bank and in hand | 1 |
| Total Cash and Cash Equivalents | 1 |

Accounting Policy

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 7. Trade and Other Receivables

| | 31 Dec 2020 \$ |
|------------------------------------------|----------------------|
| Current | |
| GST receivable | 4,105 |
| Total Trade and Other Receivables | 4,105 |

Accounting Policy

Other receivables are recognised at amortised cost, less any provision for impairment.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for expected credit losses is raised when some doubt as to collection exists.

Provision for Impairment of Receivables

Current trade and term receivables are non-interest bearing loans and generally on 30-day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A

Notes to the Financial Statements (continued)

From Date of Incorporation 27 November 2020 to 31 December 2020

provision for expected credit losses is recognised when there is objective evidence that an individual trade or term receivable is impaired.

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

Note 8. Exploration and Evaluation Expenditure

| | 31 Dec 2020 \$ |
|-------------------------------------------------------|----------------------|
| Movement in Carrying Value: | |
| Balance at the beginning of the period | - |
| Exploration expenditure capitalised during the period | 54,850 |
| Carrying Amount at the End of the Period | 54,850 |

Accounting Policy

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Company has obtained the legal rights to explore an area are recognised in the statement of profit or loss and other comprehensive income.

Exploration and evaluation assets are only recognised if the rights of interest are current and either:

- The expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- Activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

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

An impairment exists when the carrying amount of capitalised exploration and evaluation expenditure relating to an area of interest exceeds its recoverable amount. The asset is then written down to its recoverable amount. Any impairment losses are recognised in the statement of profit or loss and other comprehensive income.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation expenditure to mining property and development assets within property, plant and equipment and depreciated over the life of the mine.

Costs of site restoration are provided over the life of the facility 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 clauses of the mining permits. Where applicable, such costs are determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Key Estimates, Judgments and Assumptions

Impairment of exploration and evaluation assets and investments in and loans to subsidiaries

The ultimate recoupment of the value of exploration and evaluation assets, the Company's investment in subsidiaries, and loans to subsidiaries is dependent on the successful development and commercial exploitation, or alternatively, sale, of the exploration and evaluation asset.

Notes to the Financial Statements (continued)

From Date of Incorporation 27 November 2020 to 31 December 2020

Impairment tests are carried out on a regular basis to identify whether the asset carrying values exceed their recoverable amounts. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

The key areas of judgement and estimation include:

- Recent exploration and evaluation results and resource estimates;
- Environmental issues that may impact on the underlying tenements; and
- Fundamental economic factors that have an impact on the planned operations and carrying values of assets and liabilities.

Carrying Value of Exploration and Evaluation Assets

The Company assessed the carrying value of its exploration expenditure for indicators of impairment and concluded that impairment testing of the project was not triggered.

Note 9. Trade and Other Payables

| | 31 Dec 2020 \$ |
|---------------------------------------|----------------------|
| Current | |
| Trade payables | 45,156 |
| Accrued expenses | 17,000 |
| Total Trade and Other Payables | 62,156 |

Accounting Policy

Trade and other payables represent the liability outstanding at the end of the reporting period for good and services received by the consolidated group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

Note 10. Financial Risk Management

The Company's financial instruments consists mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable.

Financial Risk Management Policies

a) Treasury Risk Management

The Board meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The Board's overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

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

Notes to the Financial Statements (continued)

From Date of Incorporation 27 November 2020 to 31 December 2020

b) Financial Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments are liquidity risk, credit risk and price risk.

i. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

| Financial Asset & Financial Liability Maturity Analysis | | | |
|---------------------------------------------------------|---------------|-------------|--------------|
| | Within 1 Year | 1-5 Years | Over 5 Years |
| | 31 Dec 2020 | 31 Dec 2020 | 31 Dec 2020 |
| | \$ | \$ | \$ |
| Financial Assets | | | |
| Cash and cash equivalents | 1 | - | - |
| Trade and other receivables | 4,105 | - | - |
| Total Financial Assets | 4,106 | - | - |
| Financial Liabilities | | | |
| Trade payables | 45,156 | - | - |
| Total Financial Liabilities | 45,156 | - | - |

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investment securities. The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Company does not have any material credit risk exposure to any single receivable or Company of receivables under financial instruments entered into by the Company.

Credit risk related to balances with banks and other financial institutions are managed in accordance with approved Board policy. The Company's current investment policy is aimed at maximising the return on surplus cash, with the aim of outperforming the benchmark within acceptable levels of risk return exposure and to mitigate the credit and liquidity risks that the Company is exposed to through investment activities.

Notes to the Financial Statements (continued)

From Date of Incorporation 27 November 2020 to 31 December 2020

The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

| | 31 Dec 2020 \$ |
|----------------------------------|----------------------|
| Cash and cash equivalents | |
| A-Rated | 1 |

iii. Price risk

- Commodity price risk

The Company is not directly exposed to commodity price risk. However, there is a risk that the changes in prevailing market conditions and commodity prices could affect the viability of the project.

- Equity price risk

Equity price risk arises from equity securities held. Material investments are managed on an individual basis and all buy and sell decisions are approved by the board.

iv. Interest rate risk exposure analysis

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Company does not use derivatives to mitigate these exposures.

| | Weighted Average Effective Interest Rate 31 Dec 2020 % | Floating Interest Rate 31 Dec 2020 \$ | Non-Interest Bearing 31 Dec 2020 \$ |
|------------------------------------|--------------------------------------------------------------------|------------------------------------------------|----------------------------------------------|
| Financial Assets | | | |
| Cash at bank & on hand | - | - | 1 |
| Trade and other receivables | - | - | 4,105 |
| Total Financial Assets | | - | 4,106 |
| Financial Liabilities | | | |
| Trade payables | - | - | 45,156 |
| Total Financial Liabilities | | - | 45,156 |

Fair Value

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 may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement 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 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.

Notes to the Financial Statements (continued)

From Date of Incorporation 27 November 2020 to 31 December 2020

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

- a) Cash and short-term investments – the carrying amount approximates fair value because of their short term to maturity;
- b) Trade receivables and trade creditors – the carrying amount approximates fair value; and
- c) Other assets and liabilities approximate their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form.

Note 11. Issued Capital

| | 31 Dec 2020 \$ |
|----------------------------------------------|-----------------------|
| 1 fully paid ordinary share | 1 |
| | |
| | 31 Dec 2020 No. |
| a) Ordinary Shares – Number of Shares | |
| Balance as at Incorporation Date | 1 |
| Shares issued during the period | - |
| Total at the end of the period | 1 |
| | |
| | 31 Dec 2020 \$ |
| b) Ordinary Shares – Value of Shares | |
| Balance as at Incorporation Date | 1 |
| Shares issued during the period | - |
| Total at the end of the period | 1 |

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. The fully paid ordinary shares have no par value.

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

c) Capital Management

The Directors' primary objective is to maintain a capital structure that ensures the lowest cost of capital to the Company. At reporting date the Company has no external borrowings. The Company is not subject to any externally imposed capital requirements.

Accounting Policy

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. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

Notes to the Financial Statements (continued)

From Date of Incorporation 27 November 2020 to 31 December 2020

Key Estimates, Judgments and Assumptions

The Company measures the cost of equity settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of share options is determined by an external valuer using an appropriate valuation model.

Note 12. Events After Reporting Date

On 7 January 2021 the Company issued 8,000,000 fully paid ordinary shares at an issue price of \$0.05 per share to raise \$400,000.

On 8 February 2021 the Company issued 250,000 fully paid ordinary shares to Directors in the Company, for nil consideration. The Company also issued 3,400,000 unlisted options exercisable at \$0.30 per option, with an expiry date 3 years from the date of issue, to Directors, Officers and Advisors of the Company.

The Company continued activities throughout the period after the reporting date to progress its intended Initial Public Offering on the ASX.

The impact of the COVID-19 pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No further matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Note 13. Contingent Assets and Liabilities

The Company is unaware of any contingent assets or liabilities that may have a material impact on the Company's financial position.

Directors' Declaration

For the Period Ended 31 December 2020

The Directors of the Company declare that:

The financial statements, notes and additional disclosures included in the Directors' report are in accordance with the Corporations Act 2001 and:

- a) comply with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- b) give a true and fair view of the financial position as at 31 December 2020 and of the performance for the period ended on that date of the Company;
- c) the financial statements are in compliance with International Financial Reporting Standards, as stated in Note 1 to the financial statements.

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.

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



David Crook
Managing Director

23 April 2021

Independent Auditor's Review Report to the members of Charger Metals NL

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying interim financial report of Charger Metals NL (the "Company"), which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the interim period 27 November 2020 to 31 December 2020, notes comprising a summary of accounting policies, other explanatory notes, and the directors' declaration of the Company at the period end or from time to time during the interim period.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Charger Metals NL is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the period ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Material Uncertainty In Relation to Going Concern

Without modifying our review conclusion, we draw attention to Note 1 to the interim financial report, which indicates that the Company will require further funding in the next fifteen months from the period end, to fund its planned exploration and administration expenditure. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

Directors' Responsibility for the Interim Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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



Nexia Perth Audit Services Pty Ltd



Muranda Janse Van Nieuwenhuizen
Director

Perth
23 April 2021