

Macarthur Lithium Pty Ltd

ABN: 73 609 482 180

Financial Statements

31 July 2021

Macarthur Lithium Pty Ltd

ABN: 73 609 482 180

Contents

For the 4 months Ended 31 July 2021

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Macarthur Lithium Pty Ltd

ABN: 73 609 482 180

Directors' Report

31 July 2021

The directors present their report on Macarthur Lithium Pty Ltd for the financial period 1 April 2021 to 31 July 2021.

1. General information

Information on directors

The names of each person who has been a director during the period and to the date of this report are:

Alan Joseph Phillips	Appointed Director on 05/02/2018
Cameron Hugh McCall	Appointed Director on 06/02/2018
Andrew Peter Bruton	Appointed Secretary on 02/09/2019 and resigned on 01/12/2020
Michael Peter Kale	Appointed Director on 20/08/2021
Mima Wirakara	Appointed Secretary on 01/12/2020

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

Principal activities

Macarthur Lithium Pty Ltd was incorporated on 24 November 2015 and is an Australian entity owned by Macarthur Australia Limited. The Principal activity of the Company during the financial period was exploration work at the Pilbara assets in the Pilbara region of Western Australia.

The Pilbara Assets includes an extensive portfolio of gold, copper, zinc and lithium exploration tenements that are located within 25km of Calidus Resources Limited's (Calidus) Warrawoona Gold Project.

No significant changes in the nature of the Company's activity occurred during the financial period.

2. Operating results and review of operations for the year

Operating results

The loss of the Company after providing for income tax amounted to \$ (65,553) (31 March 2021: \$ (102,954)).

Dividends paid or recommended

No dividends were paid or declared since the start of the financial period. No recommendation for payment of dividends has been made.

Review of operations

A review of the operations of the Company during the financial period and the results of those operations show a loss for the period of \$65,553 resulting in a deficiency of capital of \$341,944.

3. Other items

Significant change in state of affairs and events after the reporting date

During the period the Company undertook a series of strategic actions in response to changes in world economic conditions for gold, copper, zinc and lithium with a view to commercialisation of the project.

The Company has been converted to a public company and renamed Infinity Mining Limited (ASIC approved 24 August 2021) and proposes to undertake an initial public offering (IPO) and make an application for listing on the Australian Securities Exchange (ASX) in the coming months.

Following preliminary approval by the ASX for listing and prior to listing on the ASX, the Company proposes to enter into a binding agreement (Zanil Agreement) to acquire for the Central Goldfield assets of Zanil Pty Ltd (**Zanil**) and the Central Goldfield assets of Alec Pointon (**Pointon**).

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Directors' Report

31 July 2021

3. Other items

Future developments and results

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental issues

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

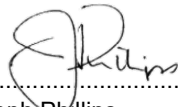
Indemnification and insurance of officers and auditors


The Company is intended to obtain directors' and officers liability insurance, to cover for the full term of the directors' and officers' appointment and for seven years following retirement or termination. In accordance with the letter of appointment for director, the Company is required to enter into a Director's Deed of Access and Indemnity with Dr Kale.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the period 1 April 2021 to 31 July 2021 has been received and can be found on page 3 of the financial report.

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

Director: 
Alan Joseph Phillips

Director: 
Cameron Hugh McCall

Dated 24 August 2021

Auditor's Independence Declaration

To the Directors of Macarthur Lithium Pty Ltd

I declare that, to the best of my knowledge and belief, during the 4 months ended 31 July 2021 there have been no contraventions:

- (i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Macarthur Lithium Pty Ltd.



Phillip Miller
Director
Vincents Assurance and Risk Advisory

Date: 24 August 2021

brisbane. sydney. melbourne. canberra. gold coast

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Macarthur Lithium Pty Ltd

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Statement of Profit or Loss and Other Comprehensive Income For the 4 months Ended 31 July 2021

		31 July 2021	31 March 2021
	Note	\$	\$
Other income	3	-	44,913
Depreciation and amortisation expense		-	(420)
Tenement expenses		(16,135)	(102,862)
Administrative expenses		(38,157)	(32,614)
Other expenses		(11,261)	(11,973)
Loss before income tax		(65,553)	(102,956)
Income tax expense	1(f)	-	-
Loss from continuing operations		(65,553)	(102,956)
Loss for the period		(65,553)	(102,956)
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss			
Items that will be reclassified to profit or loss when specific conditions are met			
Total comprehensive loss for the period		(65,553)	(102,956)

The accompanying notes form part of these financial statements.

Macarthur Lithium Pty Ltd

ABN: 73 609 482 180

Statement of Financial Position As At 31 July 2021

		31 July 2021	31 March 2021
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	14,279	6,616
Trade and other receivables	6	7,524	6,959
TOTAL CURRENT ASSETS		21,803	13,575
NON-CURRENT ASSETS			
Property, plant and equipment	7	290	290
Exploration, evaluation and development assets	8	112,601	81,328
TOTAL NON-CURRENT ASSETS		112,891	81,618
TOTAL ASSETS		134,694	95,193
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	11,592	66,609
TOTAL CURRENT LIABILITIES		11,592	66,609
NON-CURRENT LIABILITIES			
Borrowings	10	465,013	304,942
TOTAL NON-CURRENT LIABILITIES		465,013	304,942
TOTAL LIABILITIES		476,605	371,551
NET LIABILITIES		(341,911)	(276,358)
EQUITY			
Issued capital	11	493,227	493,227
Retained earnings		(835,138)	(769,585)
TOTAL EQUITY		(341,911)	(276,358)

The accompanying notes form part of these financial statements.

Macarthur Lithium Pty Ltd

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Statement of Changes in Equity For the 4 months Ended 31 July 2021

2021

	Ordinary Shares	Retained Earnings	Total
	\$	\$	\$
Balance at 1 April 2021	493,227	(769,585)	(276,358)
Loss for the period	-	(65,553)	(65,553)
Transactions with owners in their capacity as owners			
Balance at 31 July 2021	493,227	(835,138)	(341,911)

2020

	Ordinary Shares	Retained Earnings	Total
	\$	\$	\$
Balance at 1 April 2020	493,227	(666,629)	(173,402)
Loss for the year	-	(102,956)	(102,956)
Transactions with owners in their capacity as owners			
Balance at 31 March 2021	493,227	(769,585)	(276,358)

The accompanying notes form part of these financial statements.

Macarthur Lithium Pty Ltd

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Statement of Cash Flows For the 4 months Ended 31 July 2021

	Note	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Exploration expenditure reimbursement		-	21,673
Payments to suppliers		(121,135)	(105,173)
Cashflow boost - pandemic assistance		-	23,270
Net cash provided by/(used in) operating activities	15	<u>(121,135)</u>	<u>(60,230)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payment of Exploration and Evaluation costs		<u>(31,273)</u>	<u>(11,604)</u>
Net cash provided by/(used in) investing activities		<u>(31,273)</u>	<u>(11,604)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from related party borrowings		<u>160,071</u>	<u>72,180</u>
Net cash provided by/(used in) financing activities		<u>160,071</u>	<u>72,180</u>
Net increase/(decrease) in cash and cash equivalents held		7,663	346
Cash and cash equivalents at beginning of year		<u>6,616</u>	<u>66,846</u>
Cash and cash equivalents at end of financial year	5	<u><u>14,279</u></u>	<u><u>67,192</u></u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the 4 months Ended 31 July 2021

The financial report covers Macarthur Lithium Pty Ltd as an individual entity. Macarthur Lithium Pty Ltd is a for-profit proprietary Company, incorporated and domiciled in Australia.

The functional and presentation currency of Macarthur Lithium Pty Ltd is Australian dollars.

The financial report was authorised for issue by the Directors on 16 August 2021.

Comparatives are consistent with prior years, unless otherwise stated.

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

Basis of Preparation

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

1 Summary of Significant Accounting Policies

(a) Revenue recognition

The Company's only source of revenue are other income items such as interest received, cost recoveries and government subsidies.

The Company recognises revenue when the amount can be readily measured, and it is probable that future economic benefit will flow to the Company. Interest income is recognised on a time proportion basis using the effective interest method.

(b) Exploration and development expenditure

Exploration and evaluation expenditures are accumulated separately for each area of interest and capitalised to exploration and evaluation assets. Such expenditures comprise net direct costs but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Expenditure in respect of any area of interest or mineral resource is carried forward provided that:

- the Company's rights of tenure to that area of interest are current;
- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively by its sale; or
- exploration and/or evaluation activities in the areas of interest have not yet 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 areas are continuing.

All other exploration and evaluation expenditure are expensed as incurred. Exploration and evaluation expenditure previously capitalised but which no longer satisfies the above policy is impaired and expensed to profit and loss.

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

Notes to the Financial Statements

For the 4 months Ended 31 July 2021

1 Summary of Significant Accounting Policies

(c) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Office Equipment	25%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(d) Impairment of non-financial 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. 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.

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

(e) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(f) Income Tax

Income tax on profit or loss for the year comprises current and deferred tax. Current tax is the expected tax paid or payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax paid or payable in respect of previous years.

Deferred income tax is recognised, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, as well as unused tax losses. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted

by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or when the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Notes to the Financial Statements

For the 4 months Ended 31 July 2021

1 Summary of Significant Accounting Policies

(f) Income Tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(i) Deferred Tax Balances

Deferred income tax balances have not been recognised as it has not yet become probable that they will be recovered and utilised.

(ii) Tax consolidation legislation

The Company and its Australian incorporated parent are a tax-consolidated group for income tax purposes. As a consequence, all members of the tax-consolidated group are taxed as a single entity.

(g) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(h) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 1 April 2020, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

(i) Going concern

Notwithstanding the Company's deficiency in net assets (\$341,911), the financial report has been prepared on the going concern basis. This basis has been adopted as the Company has received a guarantee of continuing financial support from Macarthur Minerals Limited (ultimate parent Company) to allow the Company to meet its liabilities and it is the belief of the Directors that such financial support will continue to be made available (Note 11(b)). It is the intention of the Board of Directors to undertake an Initial Public Offer (IPO) and float the Company on the Australian Stock Exchange (ASX) during the remainder of the current financial year. (Note 17)

(j) Fair Value of Assets and Liabilities

The Company 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 Company 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.

Notes to the Financial Statements

For the 4 months Ended 31 July 2021

1 Summary of Significant Accounting Policies

(j) Fair Value of Assets and Liabilities

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).

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.

(k) Critical accounting estimates and judgements

The preparation of the financial report requires that management make judgements, estimates and assumptions that affect the reported amounts in the financial report and disclosure of contingent assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and best available current information, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The estimates and judgements that affect the application of the Company's accounting policies and disclosures and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below.

(i) Exploration and Evaluation Expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits are likely and is based on assumptions about future events or circumstances.

Recoverable value of exploration assets is based on the assessment of current economic conditions.

(ii) Deferred tax assets

The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax asset.

2 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

Notes to the Financial Statements

For the 4 months Ended 31 July 2021

2 Critical Accounting Estimates and Judgments

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

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

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Key judgments - capitalisation of exploration and evaluation expenditure

The Company capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at \$ 112,601.

3 Revenue and Other Income

	31 July 2021	31 March 2021
	\$	\$
Other Income		
- Cashflow boost - pandemic assistance	-	23,270
- Exploration expenditure reimbursement	-	21,643
	<u>-</u>	<u>44,913</u>

4 Result for the Year

The result for the year includes the following specific expenses:

Other expenses:

Depreciation expense	<u>-</u>	<u>420</u>
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5 Cash and Cash Equivalents

Cash at bank and in hand	11,556	3,893
Other cash and cash equivalents	2,723	2,723
	<u>14,279</u>	<u>6,616</u>

Notes to the Financial Statements

For the 4 months Ended 31 July 2021

6 Trade and Other Receivables

	31 July 2021	31 March 2021
	\$	\$
CURRENT		
GST receivable	7,524	6,959

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

7 Property, plant and equipment

PLANT AND EQUIPMENT		
Office equipment		
At cost	1,810	1,810
Accumulated depreciation	(1,520)	(1,520)
Total office equipment	290	290

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial period:

	Office Equipment \$	Total \$
Period ended 31 July 2021		
Balance at the beginning of period	290	290
Balance at the end of the period	290	290

	Office Equipment \$	Total \$
Year ended 31 March 2021		
Balance at the beginning of year	710	710
Depreciation expense	(420)	(420)
Balance at the end of the year	290	290

Notes to the Financial Statements

For the 4 months Ended 31 July 2021

7 Property, plant and equipment

(a) Movements in carrying amounts of property, plant and equipment

8 Exploration, evaluation and development assets

	31 July 2021	31 March 2021
	\$	\$
Exploration and evaluation	112,601	81,328
	Exploration and evaluation	Total
	\$	\$
Balance 1 April 2021		
Balance at beginning of the period	81,328	81,328
Expenditure incurred	31,273	31,273
Balance at end of the period	112,601	112,601
Balance 1 April 2020		
Balance at beginning of the year	69,724	69,724
Expenditure incurred	11,604	11,604
Balance at end of the year	81,328	81,328

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

The recoverable amount of development expenditure is determined as the higher of its fair value less costs to sell and its value in use.

9 Trade and Other Payables

CURRENT

Trade payables	11,592	66,470
Other payables	-	140
	11,592	66,610

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

Notes to the Financial Statements

For the 4 months Ended 31 July 2021

10 Borrowings

Related party payables

	31 July 2021	31 March 2021
	\$	\$
NON-CURRENT		
Unsecured liabilities:		
Macarthur Minerals Ltd	154,067	50,727
Macarthur Iron Ore Pty Ltd	41,489	41,489
Macarthur Australia Limited	269,457	212,726
Total non-current borrowings	465,013	304,942

11 Issued Capital

(2021: 488,397) Ordinary shares

493,227	493,227
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(a) Ordinary shares

	No.	No.
At the beginning and end of the reporting period	488,397	488,397

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

(b) Capital Management

The key objectives of the Company when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. The Company defines capital as its equity and net debt.

There has been no change to capital risk management policies during the year.

The Company manages its capital structure and makes funding decisions based on the prevailing economic environment and has a number of tools available to manage capital risk. These include maintaining a diversified debt portfolio, the ability to adjust the size and timing of dividends paid to shareholders and the issue of new shares.

The Board monitors a range of financial metrics including return on capital employed and gearing ratios. A key objective of the Company's capital risk management is to maintain compliance with the covenants attached to the Company's debts. Throughout the year, the Company has complied with these covenants.

12 Key Management Personnel Remuneration

No remuneration paid to the key management personnel of Macarthur Lithium Pty Ltd during the period.

Notes to the Financial Statements

For the 4 months Ended 31 July 2021

13 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 July 2021 (31 March 2021:None).

14 Related Parties

(a) The Company's main related parties are as follows:

The ultimate parent entity, which exercises control over the Company, is Macarthur Minerals Limited which is incorporated in Australia and owns 100% of Macarthur Lithium Pty Ltd.

Key management personnel - refer to Note 12.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

15 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	31 July 2021	31 March 2021
	\$	\$
Loss for the period/year	(65,553)	(102,956)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	-	420
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(565)	(6,959)
- increase/(decrease) in trade and other payables	(55,017)	49,265
Cash out flows from operations	<u>(121,135)</u>	<u>(60,230)</u>

16 Events Occurring After the Reporting Date

The financial report was authorised for issue on 19 August 2021 by the board of directors.

a. Australian Securities and Investment Commission (ASIC) amendments

The Company resolved to convert the existing share capital comprising 488,397 ordinary shares each fully paid into a larger number making a total of 22,562,422 shares (subject to the consent of ASIC).

The Company has been converted to a public company and renamed Infinity Mining Limited (ASIC approved 24 August 2021) and proposes to undertake an initial public offering (IPO) and make an application for listing on the Australian Securities Exchange (ASX) in the coming months.

b. Binding agreements to acquire assets

Following preliminary approval by the ASX for listing and prior to listing on the ASX, the Company proposes to enter into a binding agreement (Zanil Agreement) to acquire for the Central Goldfield assets of Zanil Pty Ltd (**Zanil**) and the

Notes to the Financial Statements

For the 4 months Ended 31 July 2021

16 Events Occurring After the Reporting Date

Central Goldfield assets of Alec Pointon (**Pointon**).

Except for the above, no other matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

17 Statutory Information

The registered office and principal place of business of the company is:

Macarthur Lithium Pty Ltd
Suite G03
555 Coronation Drive
TOOWONG 4066

Macarthur Lithium Pty Ltd

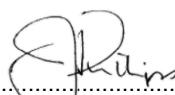
ABN: 73 609 482 180

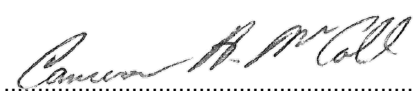
Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended 31 July 2021 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, which, as stated in basis of preparation Note to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position and performance of the Company;
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 with the continuing support of creditors.

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

Director 
Alan Joseph Phillips

Director 
Cameron Hugh McCall

Dated 24 August 2021

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF MACARTHUR LITHIUM PTY LTD

Opinion

We have audited the financial report of Macarthur Lithium Pty Ltd (the Company), which comprises the statement of financial position as at 31 July 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and directors' declaration.

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

- a) gives a true and fair view of the Company's financial position as at 31 July 2021 and of its financial performance for the year then ended; and
- b) complying with the Australian Accounting Standards and *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the 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 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 report.

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

Material uncertainty related to going concern

We draw attention to Note 1(i) in the financial report, which indicates 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.

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*.

The directors' responsibility also includes such internal control as the directors determines is necessary to enable to preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The directors are responsible for overseeing the Company's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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.

We communicate with those charged with governance 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.

Vincent's Assurance & Risk Advisory

Phillip Miller
Director
Brisbane, QLD

Dated: 24 August 2021