
CEARA LITIO MINERACAO EIRELI EPP

CNPJ: 28.173.958/0001-01

GENERAL PURPOSE FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

CEARA LITIO MINERACAO EIRELI EPP DIRECTORS' REPORT

The directors present their report on Ceara Litio Mineracao Eireli EPP ("the Company") for the financial year ending 31 December 2021.

Directors

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

- Marli Erminia da Silva Nicholls

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

Principal Activities

The Company is engaged in mineral exploration and evaluation activities in Brazil.

Review of operations

The after-tax loss of the Company for the financial year ended 31 December 2021 was \$6,730 (2020: Loss of \$14,803).

Significant Changes in the State of Affairs

There were no significant changes in the company's state of affairs during the financial year.

Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial year that significantly affect 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 occurred, except for the following:

- On 7 November 2021, the Company entered into a binding share sale agreement ("SSA") with Oceana Lithium Limited (formerly Ceara Metals 2050 Pty Ltd) ("Oceana"), whereby Oceana has the ability to acquire 100% of the issued capital of the Company. Oceana has plans to seek a listing on ASX by way of an initial public offer.

CEARA LITIO MINERACAO EIRELI EPP
DIRECTORS' REPORT

Likely Developments and Expected Results of Operations

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.

Dividends

No dividends were declared or recommended but not paid during the financial year.

Environmental regulations

The Company is required to carry out its activities in accordance with the Mining Laws and regulations in the areas in which it undertakes its exploration activities. The Company is not aware of any matter which requires disclosure with respect to any significant environmental regulation in respect of its operating activities.

Options

No options over issued shares or interests in the Company were granted during the financial period

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.

Indemnifying officers and auditors

During or since the end of the financial year, the Company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor. In addition, the Company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

Proceedings on Behalf of 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 ended 31 December 2021.

CEARA LITIO MINERACAO EIRELI EPP
DIRECTORS' REPORT

Auditor's Independence Declaration

The auditor's independence declaration as required under s307C of the Corporations Act 2001 has been received and can be found on page 5.

This directors' report is signed in accordance with a resolution of the Board of Directors:



Director

Dated this 24th day of May 2022

CEARA LITIO MINERACAO EIRELI EPP
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Ceara Litio Mineracao Eireli EPP, the directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 26, comply with International Financial Reporting Standards so as to present fairly the financial position of the Company as at 31 December 2021 and its performance as represented by the results of its operations, for the financial year ended on that date; and
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.



Director

Dated this 24th day of May 2022

**AUDITOR'S INDEPENDENCE DECLARATION UNDER
APES 110 CODE OF ETHICS FOR PROFESSIONAL ACCOUNTANTS
TO THE DIRECTORS OF CEARA LITIO MINERACAO EIRELI EPP**

I declare that, to the best of my knowledge and belief, during the financial year ended 31 December 2021, there have been no contraventions of any applicable code of professional conduct in relation to the audit.



SUAN-LEE TAN
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 25th day of May 2022.

CEARA LITIO MINERACAO EIRELI EPP
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Notes	2021 \$	2020 \$
Revenue		-	-
Administration expenses		-	(2,285)
Exploration and Evaluation expenses		(6,730)	(12,518)
Depreciation		-	-
Taxes and fees		-	-
Loss before income tax	2	(6,730)	(14,803)
Income tax expense	3	-	-
Loss for the year		(6,730)	(14,803)
Other comprehensive income			
Foreign currency translation		20,574	62,605
Total comprehensive income(loss) for the year		13,844	47,802
Loss for the year attributable to owners of the Company		(6,730)	(14,803)
Total comprehensive income/(loss) attributable to owners of the Company		13,844	47,802

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CEARA LITIO MINERACAO EIRELI EPP
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash at bank		3,332	(700)
Trade and other receivables	4	-	-
TOTAL CURRENT ASSETS		<u>3,332</u>	<u>(700)</u>
NON-CURRENT ASSETS			
Mineral exploration and evaluation	5	-	-
TOTAL NON-CURRENT ASSETS		<u>-</u>	<u>-</u>
TOTAL ASSETS		<u>3,332</u>	<u>(700)</u>
LIABILITIES			
Trade and other payables	6	96	100
Financial liabilities	7	225,468	235,276
TOTAL CURRENT LIABILITIES		<u>225,564</u>	<u>235,376</u>
NON-CURRENT LIABILITIES		<u>-</u>	<u>-</u>
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>225,564</u>	<u>235,376</u>
NET (LIABILITIES)		<u>(222,232)</u>	<u>(236,076)</u>
EQUITY			
Issued capital	8	23,139	24,147
Reserves		93,171	71,589
Accumulated losses		<u>(338,542)</u>	<u>(331,812)</u>
TOTAL DEFICIT		<u>(222,232)</u>	<u>(236,076)</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

CEARA LITIO MINERACAO EIRELI EPP
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Attributable to owners of the Company				
	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total \$
Balance at beginning of the period	33,131	(317,009)	-	(283,878)
Loss for the year	-	(14,803)	-	(14,803)
Total loss for the year	-	(14,803)	-	(14,803)
Other comprehensive income Foreign currency translation	(8,984)	-	71,589	62,605
Balance at 31 DECEMBER 2020	24,147	(331,812)	71,589	(236,076)
Balance at beginning of the period	24,147	(331,812)	71,589	(236,076)
Loss for the year	-	(6,730)	-	(6,730)
Total loss for the year	-	(6,730)	-	(6,730)
Other comprehensive income Foreign currency translation	(1,008)	-	21,582	20,574
Balance at 31 DECEMBER 2021	23,139	(338,542)	93,171	(222,232)

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CEARA LITIO MINERACAO EIRELI EPP
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Notes	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		-	-
Payments		(6,726)	(25,447)
Net cash flows used in operating activities	12	<u>(6,726)</u>	<u>(25,447)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for tenement and exploration costs		-	-
Net cash flows used in investing activities		<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Issued ordinary shares		-	-
Shareholder loans received		10,758	-
Net cash flows provided by financing activities		<u>10,758</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		4,032	(25,447)
Cash and cash equivalents at beginning of the financial year		(700)	25,913
Foreign currency translation		<u>-</u>	<u>(1,166)</u>
Cash and cash equivalents at the end of the financial year		<u>3,332</u>	<u>(700)</u>

The above Statement of Cashflows should be read in conjunction with the accompanying notes

CEARA LITIO MINERACAO EIRELI EPP NOTES TO THE FINANCIAL STATEMENTS

The financial statements and notes represent those of Ceara Litio Mineracao Eireli EPP (the Company), a company incorporated and domiciled in Brazil.

The financial statements were authorised for issue on 24 May 2022 by the directors of the company.

Note 1: Summary of Significant Accounting Policies

Basis of Preparation

These general-purpose financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The entity is a for-profit entity. These financial statements are presented in Australian Dollars (A\$), using the Reserve Bank of Australia: Brazilian Real (which is the Company's functional currency) exchange rate as at the balance date. This general purpose financial report has been prepared in accordance with the recognition and measurement aspects of all applicable IFRS.

Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, 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. The amounts presented in the financial statements have been rounded to the nearest dollar unless stated otherwise.

Going concern

At balance date, the company reported a net loss of \$6,730 and a net equity deficit of \$222,232.

The financial statements have been prepared on the basis of going concern which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Company continues to incur operating losses, net cash outflows from operating activities, has limited financial resources, and no assurances that sufficient funding, including adequate financing, will be available to enable it to continue its operations. These material uncertainties may cast a significant doubt on the validity of the going concern assumption.

The Company's ability to continue as a going concern is dependent upon its ability to obtain funding or financing necessary, from either shareholders or new investors, so as to continue operations.

If the going concern assumption was to no longer be appropriate then adjustments may be necessary to the carrying values of assets, liabilities, reported income and expenses and the statement of financial position classifications adopted in this financial report. Such adjustments could be material.

Note 1: Summary of Significant Accounting Policies (continued)

Accounting Policies

(a) 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 therefore 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 income 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).

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.

Note 1: Summary of Significant Accounting Policies (continued)

(a) Income tax (continued)

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.

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.

(b) 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 (ie 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 (ie 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 (ie 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.

Note 1: Summary of Significant Accounting Policies (continued)

(b) Fair Value of Assets and Liabilities (continued)

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 instrument, 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.

(c) Financial Instruments

Initial recognition and measurement

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

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are recognised as expenses in profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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

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

Note 1: Summary of Significant Accounting Policies (continued)

(c) Financial Instruments (continued)

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

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

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

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

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

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

The Company initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a Company of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;

Note 1: Summary of Significant Accounting Policies (continued)

(c) Financial Instruments (continued)

Financial liabilities

Financial instruments are subsequently measured at:

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

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

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

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

Impairment

The Company recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- contract assets;
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Company uses the following approaches to impairment, as applicable under AASB 9: Financial Instruments:

- the general approach
- the simplified approach
- the purchased or originated credit impaired approach; and
- low credit risk operational simplification.

Note 1: Summary of Significant Accounting Policies (continued)

(c) Financial Instruments (continued)

General approach

Under the general approach, at each reporting period, the Company assesses whether the financial instruments are credit-impaired, and if:

- the credit risk of the financial instrument has increased significantly since initial recognition, the Company measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or
- there is no significant increase in credit risk since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

- trade receivables or contract assets that result from transactions within the scope of AASB 15: Revenue from Contracts with Customers and which do not contain a significant financing component; and
- lease receivables.

Derecognition

Derecognition of financial assets

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

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (continued)

(d) 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 considering external sources of information 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 (eg in accordance with the revaluation model in IAS 16 : Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. 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 (eg in accordance with the revaluation model in IAS 16: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other 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.

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

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.

Note 1: Summary of Significant Accounting Policies (continued)

(d) Employee Benefits

Short-term employee benefits

Provision is made for the Company's (including the parent's) obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Company's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures. Upon the remeasurement of obligations due to changes in assumptions for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense in the periods in which the changes occur.

The Company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(e) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred for more than one year is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Note 1: Summary of Significant Accounting Policies (continued)

Revenue and Other Income (continued)

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax.

(f) Cash and Cash Equivalents

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

(g) Mineral Exploration and Evaluation Expenditure

The Company has adopted a policy of writing off exploration and evaluation expenditure as incurred, unless a mineral resource has been estimated for the area of interest. The Directors believe that this policy results in the carrying value of exploration expenditure more appropriately reflecting the definition of an asset. The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas of interest. All costs carried forward are in respect of areas of interest in the exploration and evaluation phases and accordingly, production has not commenced. Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount, in particular when the mineral resource in the specific area has not led to the discovery of commercially viable quantities of mineral resources and the company has decided to discontinue such activities in the specific area.

(h) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

(i) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Note 1: Summary of Significant Accounting Policies (continued)

(j) Goods and Services Tax (GST) or Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of GST/VAT, except where the amount of GST incurred is not recoverable from the relevant tax authority.

Receivables and payables are stated inclusive of the amount of GST/VAT receivable or payable. The net amount of GST/VAT recoverable from, or payable to, the relevant tax authority is included as part of receivables or payables in the statement of financial position.

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

(k) 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 Company.

Key estimates

i) Impairment

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

(l) New Accounting Standards for Application in Future Periods

The Directors have reviewed all of the new and revised Standards and Interpretations issued by the IASB that are relevant to the Company's operations and effective for annual reporting periods commencing on or after 1 January 2021. It has been determined by the Directors that there is no expected impact, material or otherwise, of the new and revised Standards and Interpretations on the Company and, therefore, no change is expected in the future to accounting policies.

CEARA LITIO MINERACAO EIRELI EPP
NOTES TO THE FINANCIAL STATEMENTS

Note 2: Profit /(Loss)before Income Tax

Profit/(loss) before income tax from continuing operations includes the following expenses

	2021	2020
	\$	\$
Expenses		
Rental expenses	-	773
Geo analysis	-	-
Geology	6,730	12,518
Laboratory	-	-
	<u> </u>	<u> </u>

Note 3: Income Tax

	2021	2020
	\$	\$
Income tax expense	-	-
	<u> </u>	<u> </u>

Note 4: Trade and Other Receivables

	2021	2020
	\$	\$
Current		
Other debtors	-	-
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

The carrying amounts of trade and other receivables are assumed to be the same as their fair values, due to their short-term nature.

Note 5: Mineral Exploration and Evaluation

	2021	2020
	\$	\$
Non-current		
Mineral exploration and evaluation costs	-	-
	<u> </u>	<u> </u>

CEARA LITIO MINERACAO EIRELI EPP
NOTES TO THE FINANCIAL STATEMENTS

Note 6: Trade and Other Payables

	2021	2020
	\$	\$
Current		
Trade and other payables	96	100
	<u>96</u>	<u>100</u>

Note 7: Financial liabilities

	2021	2020
	\$	\$
Current		
Loans from related parties – non-interest bearing & unsecured	225,468	235,276
	<u>225,468</u>	<u>235,276</u>

Note 8: Issued Capital

	2021	2020
	Number	Number
	\$	\$
Ordinary shares fully paid	10,000	10,000
	<u>23,139</u>	<u>24,147</u>

Movements in ordinary share capital:

	2021	2020
	Number	Number
	\$	\$
Beginning of the period	10,000	10,000
Issued during the year:	-	-
Foreign currency translation	(1,008)	(8,982)
End of the year	<u>10,000</u>	<u>10,000</u>
	<u>23,139</u>	<u>24,147</u>

Note 9: Commitments

The Company has no capital or other commitments.

Note 10: Contingent Liabilities and Contingent Assets

There are no contingent liabilities or contingent assets

CEARA LITIO MINERACAO EIRELI EPP
NOTES TO THE FINANCIAL STATEMENTS

Note 11: Events after the Reporting Period

No matters or circumstances have arisen since the end of the financial year that significantly affect 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 occurred, except for the following:

- On 7 November 2021, the Company entered into a binding share sale agreement (“SSA”) with Oceana Lithium Limited (formerly Ceara Metals 2050 Pty Ltd) (“Oceana”), whereby Oceana has the ability to acquire 100% of the issued capital of the Company. Oceana has plans to seek a listing on ASX by way of an initial public offer.

Note 12: Cash Flow Information

Reconciliation of cash flows from operating activities with loss for the year

	2021	2020
	\$	\$
Net profit/(loss)	(6,730)	(14,803)
Changes in assets and liabilities:		
Movement in trade and other receivables	-	-
Movement in trade and other payables	(4)	(10,644)
Net cash flows used in operating activities	<u>(6,726)</u>	<u>(25,447)</u>

CEARA LITIO MINERACAO EIRELI EPP
NOTES TO THE FINANCIAL STATEMENTS

Note 13: Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks; accounts receivable and payable; and loans made to related parties and investment loans.

The totals for each category of financial instruments, measured in accordance with IAS 39: Financial Instruments: Recognition and Measurement as detailed in the accounting policies, are as follows:

	2021	2020
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents	3,332	(700)
Trade and other receivables	-	-
	<u>3,332</u>	<u>(700)</u>
FINANCIAL LIABILITIES		
Trade and other payables	96	100
Loans from related parties	225,468	235,276
	<u>225,564</u>	<u>235,376</u>

Financial Risk Management Policies

The Board's overall risk management strategy seeks to assist the Company in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board on a regular basis. These include the credit risk policies and future cash flow requirements.

Senior executives meet on a regular basis to analyse financial risk exposure in the context of the most recent economic conditions and forecasts.

Specific Financial Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments are credit risk, liquidity risk, and market risk relating to interest rate risk and other price risk. There have been no substantive changes in the types of risks the Company 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 Company. The Company's objective in managing credit risk is to minimise the credit losses incurred, mainly on trade and other receivables and loans. There is no significant credit risk exposure on available-for-sale financial assets and held-to-maturity investments.

Note 13: Financial Risk Management (continued)

Credit risk is managed through maintaining procedures that ensure, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness and their financial stability is monitored and assessed on a regular basis. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the statement of financial position.

b. Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company is not currently exposed to any significant liquidity risk on the basis that the realisable value of financial assets is greater than the financial liabilities due for settlement. The Company manages its liquidity risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- 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.

c. Market risk

i) Interest rate risk

Exposure to interest rate risk arises on interest-bearing financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect either the future cash flows (in the case of variable interest instruments) or the fair value financial instruments (in the case of fixed rate instruments).

ii) Other price risk

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors (other than those arising from interest rate risk) for securities. The Company's exposure to other price risk arises mainly from available-for-sale financial assets. Such risk is managed through diversification of investments across industries and geographical locations.

CEARA LITIO MINERACAO EIRELI EPP
NOTES TO THE FINANCIAL STATEMENTS

Note 14: Fair Value Measurements

The net fair value of financial assets and financial liabilities of the Company approximates their carrying amount as presented on the statement of the financial position.

Note 15: Related Parties Transactions

Transactions and outstanding balances with related parties

Transactions between related parties are on normal commercial terms and conditions no more favorable than those available to other parties (ie at arm's length) unless the terms and conditions disclosed below state otherwise. The following transactions occurred with related parties:

Loan from related parties

As detailed in Note 7, the Company has a loan payable to a related party, being a director of the Company of \$225,468. The loan is unsecured and is non-interest bearing.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CEARA LITIO MINERACAO EIRELI EPP****Audit Opinion**

We have audited the accompanying financial report, being a general purpose financial report, of Ceara Litio Mineracao Eireli EPP (the Company) which comprises the statement of financial position as at 31 December 2021, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial report of the Company, in all material respects:

- i. gives a true and fair view of the Company's financial position as at 31 December 2021 and of its performance for the year then ended; and
- ii. complies with International Financial Reporting Standards.

Basis of 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 independence 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 with the Code.

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

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.

Emphasis of Matter – Material Uncertainty regarding Going Concern

In addition, we draw attention to Note 1 of the financial report, which indicates that the company is dependent upon the ongoing support of its members or new investors in order to fund its working capital and discharge its liabilities in the ordinary course of business. These conditions 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 realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. Our audit opinion is not modified in this regard.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CEARA LITIO MINERACAO EIRELI EPP (CONTINUED)**

Responsibility of the Directors for the Financial Report

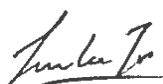
The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with International Financial Reporting Standards as described in Note 1 of the financial report. The directors' responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, making accounting estimates that are reasonable in the circumstances.

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 intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility 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 include the economic decisions of the users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standard Board website at www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our audit report.



SUANN-LEE TAN
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 25th day of May 2022.