

First Lithium Pty Ltd

94 648 881 565

Financial Statements

For the Period Ended 31 December 2022

First Lithium Pty Ltd

94 648 881 565

Contents

For the Period Ended 31 December 2022

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First Lithium Pty Ltd

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Directors' Report

31 December 2022

The directors present their report on First Lithium Pty Ltd for the financial period ended 31 December 2022.

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:

Jason Jerome Ferris

Kevin Lee Christensen

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

Principal activities

The principal activity of First Lithium Pty Ltd during the financial period was to acquire and manage assets.

The following significant changes in the nature of the principal activities occurred during the financial year:

- During the period First Lithium entered into binding agreements to: (a) subscribe for shares in Intermin Mali Lithium Holdings Limited (a company incorporated under the laws of Mauritius with the Company No. 155537) (Intermin) under which First Lithium will subscribe for 10% of the issued shares in the capital of Intermin (the Intermin Subscription); and (b) to acquire the remaining 90% of the issued shares in the capital of Intermin (the Intermin Acquisition). Intermin owns 100% of the issued shares in the capital of Intermin Lithium SARL (a company incorporated under the laws of the Republic of Mali with the Company No. 41709192631669R) (Intermin Mali) (together with First Lithium and Intermin, the Group) which holds a 100% legal and beneficial interest in the mining permits located in the Republic of Mali: PR 18/910 (Faraba) and PR 18/930 (Gouna) (Mali Project)

2. Operating results and review of operations for the period

Operating results

The loss of the Company after providing for income tax amounted to \$ (157,804) (30 June 2022: loss \$26,491).

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

Company did not generate any revenue from its commercial activities during the period ended 31 December 2022.

3. Other items

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the period.

Directors' Report

31 December 2022

3. Other items

Events after the reporting date

Except for the matters referred in Note 16, there were no 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.

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.

Share options

No unissued shares or interests under option. There have been no unissued shares or interests under option in the Company during or since reporting date.

Indemnification and insurance of officers and auditors

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 First Lithium Pty Ltd. To the extent permitted by law, the Company has agreed to indemnify its auditor, PA Audit Pty Ltd, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify PA Audit Pty Ltd during or since the financial period.

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

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the period ended 31 December 2022 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:
Jason Jerome Ferris

Director:
Kevin Lee Christensen

Dated this18..... day ofMay..... 2023

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*
TO THE BOARD OF DIRECTORS OF
FIRST LITHIUM PTY LTD**

I declare that, to the best of my knowledge and belief, during the period ended 31 December 2022 there have been no contraventions of:

- (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.



PA AUDIT PTY LTD



KATHAL SPENCE
DIRECTOR
WEST PERTH, WA 6005

18 May 2023

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First Lithium Pty Ltd

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Statement of Profit or Loss and Other Comprehensive Income
For the 6 Month Period Ended 31 December 2022

		31 December 2022	30 June 2022
	Note	\$	\$
Other income	3	560	10
Administrative expenses		(208,415)	(37,854)
Loss before income tax		(207,855)	(37,844)
Income tax (expense)/benefit	4	50,051	11,353
Loss from continuing operations		(157,804)	(26,491)
Other comprehensive income, net of income tax			
Other comprehensive income,		-	-
Total comprehensive income for the period		(157,804)	(26,491)

The accompanying notes form part of these financial statements.

First Lithium Pty Ltd

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Statement of Financial Position**As At 31 December 2022**

		31 December 2022	30 June 2022
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	259,382	93,157
TOTAL CURRENT ASSETS		259,382	93,157
NON-CURRENT ASSETS			
Investment in shares	6	250,000	-
Deferred tax assets		61,404	11,353
TOTAL NON-CURRENT ASSETS		311,404	11,353
TOTAL ASSETS		570,786	104,510
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	163,580	3,000
Borrowing	8	-	128,000
TOTAL LIABILITIES		163,580	131,000
NET ASSETS		407,206	(26,490)
EQUITY			
Issued capital	9	591,501	1
Retained earnings		(184,295)	(26,491)
TOTAL EQUITY		407,206	(26,490)

The accompanying notes form part of these financial statements.

First Lithium Pty Ltd

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Statement of Changes in Equity
For the 6 Month Period Ended 31 December 2022
2022

	Ordinary Shares	Retained Earnings	Total
Note	\$	\$	\$
Balance at 1 July 2022	1	(26,491)	(26,490)
Loss attributable to members	-	(157,804)	(157,804)
Shares issued during the period	9 630,000	-	630,000
Share issue costs	(38,500)	-	(38,500)
Balance at 31 December 2022	591,501	(184,295)	407,206

2021

	Ordinary Shares	Retained Earnings	Total
Note	\$	\$	\$
Balance at 1 July 2021	-	-	-
Loss attributable to members	-	(26,491)	(26,491)
Shares issued during the period	9 1	-	1
Balance at 31 December 2021	1	(26,491)	(26,490)

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the 6 Month Period Ended 31 December 2022

		31 December 2022	30 June 2022
Note		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
	Payments to suppliers and employees	(47,835)	(34,854)
	Interest received	560	10
10	Net cash provided by/(used in) operating activities	<u>(47,275)</u>	<u>(34,844)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
6	Purchase of investments	<u>(250,000)</u>	-
	Net cash used in investing activities	<u>(250,000)</u>	-
CASH FLOWS FROM FINANCING ACTIVITIES:			
	Proceeds from issue of shares	502,000	1
	Capital raising cost	(38,500)	-
	Proceeds from borrowings	-	128,000
	Net cash provided by financing activities	<u>463,500</u>	<u>128,001</u>
	Net increase in cash and cash equivalents held	166,225	93,157
	Cash and cash equivalents at beginning of period	93,157	-
5	Cash and cash equivalents at end of financial period	<u><u>259,382</u></u>	<u><u>93,157</u></u>

Notes to the Financial Statements

For the 6 Month Period Ended 31 December 2022

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

The principal activity of the Company for the period ended 31 December 2022 was to acquire and manage assets.

The functional and presentation currency of First Lithium Pty Ltd is Australian dollar.

The financial report was authorised for issue by the Directors on 18 May 2023.

1 Basis of Preparation

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

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

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

(b) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Notes to the Financial Statements

For the 6 Month Period Ended 31 December 2022

2 Summary of Significant Accounting Policies

(b) Income Tax

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(c) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(d) 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.

(e) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Notes to the Financial Statements

For the 6 Month Period Ended 31 December 2022

2 Summary of Significant Accounting Policies

(e) Financial instruments

Financial assets

Amortised cost

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income

Equity instruments

The Company has a number of strategic investments in listed and unlisted entities over which they do not have significant influence nor control. The Company has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to retained earnings and is not reclassified to profit or loss.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss (refer to hedging accounting policy for derivatives designated as hedging instruments.)

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

The Company's financial assets measured at FVTPL comprise derivatives [insert details of other financial assets carried at FVTPL] in the statement of financial position.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

Notes to the Financial Statements

For the 6 Month Period Ended 31 December 2022

2 Summary of Significant Accounting Policies

(e) Financial instruments

Financial assets

- debt investments measured at FVOCI

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Notes to the Financial Statements

For the 6 Month Period Ended 31 December 2022

2 Summary of Significant Accounting Policies

(e) Financial instruments

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables, bank and other loans and lease liabilities.

(f) 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.

(g) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

(h) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the Group 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. After initial measurement, trade payables are subsequently measured at amortised cost using the effective interest rate method.

(i) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 31 December 2022, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

Notes to the Financial Statements

For the 6 Month Period Ended 31 December 2022

2 Summary of Significant Accounting Policies

(j) New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Company where the standard is relevant:

Standard Name	Effective date for entity	Impact
AASB 2020 1 Amendments to Australian Accounting Standards – Classifications of Liabilities as Current or Non Current	Annual reporting periods beginning on or after 1 January 2023	These amendments are not expected to materially impact to Company's financial statements.
AASB 2020 6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non current – Deferral of Effective Date		
AASB 2021 2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates [amends AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2]	Annual reporting periods beginning on or after 1 January 2023	These amendments are not expected to materially impact to Company's financial statements.
AASB 2021 6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards		
AASB 2021 5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction [AASB 1 and AASB 112]	Annual reporting periods beginning on or after 1 January 2023	This amendment is not expected to materially impact to Company's financial statements.

Notes to the Financial Statements

For the 6 Month Period Ended 31 December 2022

3 Revenue and Other Income

	2022 \$	2021 \$
Other Income		
- Interest income	560	10
Total other income	560	10

4 Income Tax Expense

(a) The major components of tax expense (income) comprise:

	2022 \$	2021 \$
Current income tax	-	-
Deferred tax expense/(benefit)		
- Origination of temporary differences and tax losses	(50,051)	(11,353)
Total income tax expense/(benefit)	(50,051)	(11,353)

(b) Reconciliation of income tax to accounting loss:

	2022 \$	2021 \$
Prima facie tax payable on loss from ordinary activities before income tax at 25% (2021: 30%)	(51,964)	(11,353)
Add:		
Tax effect of:		
- other non-allowable items	21	-
- Change in tax rate	1,892	-
Income tax expense/(benefit)	(50,051)	(11,353)

5 Cash and Cash Equivalents

	2022 \$	2021 \$
Cash at bank and in hand	259,382	93,157
Total cash and cash equivalents	259,382	93,157

(a) Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	2022 \$	2021 \$
Cash and cash equivalents	259,382	93,157
Balance as per statement of cash flows	259,382	93,157

Notes to the Financial Statements

For the 6 Month Period Ended 31 December 2022

6 Investment in shares

	2022	2021
	\$	\$
Investment in shares	250,000	-
Total	250,000	-

During the period First Lithium entered into binding agreements to: (a) subscribe for shares in Intermin Mali Lithium Holdings Limited (a company incorporated under the laws of Mauritius with the Company No. 155537) (Intermin) under which First Lithium will subscribe for 10% of the issued shares in the capital of Intermin (the Intermin Subscription); and (b) to acquire the remaining 90% of the issued shares in the capital of Intermin (the Intermin Acquisition). Intermin owns 100% of the issued shares in the capital of Intermin Lithium SARL (a company incorporated under the laws of the Republic of Mali with the Company No. 41709192631669R) (Intermin Mali) (together with First Lithium and Intermin, the Group) which holds a 100% legal and beneficial interest in the mining permits located in the Republic of Mali: PR 18/910 (Faraba) and PR 18/930 (Gouna) (Mali Project).

7 Trade and Other Payables

	2022	2021
	\$	\$
Accrued expense	163,580	3,000
Total trade and other payables	163,580	3,000

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.

8 Borrowings

	2022	2021
Note	\$	\$
Funds received in advance	-	128,000
Total borrowings	-	128,000

(a) Funds received in advance

Amounts received for shares pending allotment.

9 Issued Capital

	2022	2021
	\$	\$
16,125,000(30 June 2022: 1) Ordinary shares	630,001	1
Share issue costs	(38,500)	-
Total	591,501	1

Notes to the Financial Statements

For the 6 Month Period Ended 31 December 2022

9 Issued Capital

(a) Ordinary shares

	2022 No.	2021 No.
At the beginning of the reporting period	1	-
Shares issued during the period		
Ordinary share	16,124,999	1
At the end of the reporting period	16,125,000	1

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.

10 Cash Flow Information

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

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

	2022 \$	2021 \$
Loss for the period	(157,804)	(26,491)
Cash flows excluded from loss attributable to operating activities		
Non-cash flows in loss:		
Changes in assets and liabilities:		
- increase in deferred tax asset	(50,051)	(11,353)
- increase in trade and other payables	160,580	3,000
Cashflows from operations	(47,275)	(34,844)

11 Key Management Personnel Disclosures

There was no remuneration paid to key management personnel of the Company for the period ended 31 December 2022.

12 Auditors' Remuneration

	2022 \$	2021 \$
Remuneration of the auditor for:		
- auditing the financial statements	1,800	3,000
Total	1,800	3,000

Notes to the Financial Statements

For the 6 Month Period Ended 31 December 2022

13 Related Parties

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

Key management personnel - refer to Note 11.

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.

(b) Transactions with related parties

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

	2022	2021
	\$	\$
J2J Investments Pty Ltd ATF Girande Subscription Unit Trust (Director related entity of Jason Ferris)		
- Consultancy fee	106,848	-
Pooky Corporation Pty Ltd ATF Garfield Family Trust (Director related entity of Lee Christensen)		
- Consultancy fee	76,932	-
	183,780	-

14 Financial Risk Management

	2022	2021
	\$	\$
Financial assets		
Held at amortised cost		
Cash and cash equivalents	259,382	93,157
Total financial assets	259,382	93,157
Financial liabilities		
Financial liabilities measured at amortised cost	163,580	131,000
Total financial liabilities	163,580	131,000

15 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2022 (30 June 2022: None).

16 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year 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.

First Lithium Pty Ltd

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Notes to the Financial Statements

For the 6 Month Period Ended 31 December 2022

17 Statutory Information

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

First Lithium Pty Ltd

Level 11, 216 St Georges Terrace

PERTH WA 6000

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 4 to 18, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards - Simplified Disclosure Standard; and
 - b. give a true and fair view of the financial position as at 31 December 2022 and of the performance for the year ended on that date 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.

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

Director
Jason Jerome Ferris

Director
Kevin Lee Christensen

Dated 18 May 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
FIRST LITHIUM PTY LTD
ABN: 94 648 881 565

Opinion

We have audited the financial report of First Lithium Pty Ltd (the "Company") which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flow for the sixteen month period then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- giving a true and fair view of the Company's financial position as at 31 December 2022 and of its performance for the period then ended; and
- complying with Australian Accounting Standards - Simplified Disclosures and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
FIRST LITHIUM PTY LTD
ABN: 94 648 881 565**

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 - Simplified Disclosures and the *Corporations Act 2001*. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a 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 intend to liquidate the Company and its controlled entities or to cease operations, or have no realistic alternative but to do so.

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 skepticism 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 directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

FIRST LITHIUM PTY LTD

ABN: 94 648 881 565

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 and its controlled entities to cease to continue as a going concern; and

- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



PA AUDIT PTY LTD



**KATHAL SPENCE
DIRECTOR**

WEST PERTH, WA 6005

18 May 2023

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