



# **METALSTECH LIMITED**

**Financial Report**  
**For the period ended 30 June 2016**

Director's Report	3
Auditors Independence Declaration	7
Financial Report	
Statement of Profit or Loss and Other Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12
Director's Declaration	22
Independent Auditor's Report	23

**METALSTECH LIMITED**  
**DIRECTOR'S REPORT**  
**FOR THE PERIOD ENDED 30 JUNE 2016**

---

The directors present their report, together with the financial report of MetalsTech Limited ("MetalsTech") for the period from incorporation (being 25 May 2016) to 30 June 2016 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards and for the purpose of the preparation of the Investigating Accountants Report for inclusion in a prospectus.

**Directors**

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

Mr. Gino D'Anna (appointed 25 May 2016)  
Mr. Russell Moran (appointed 25 May 2016)  
Mrs. Rachel D'Anna (appointed 25 May 2016)

Directors were in office for this entire period unless otherwise stated.

**Principal activities**

The principal activity of the company during the financial year was lithium exploration.

**Financial results**

The financial results of the company for the period ended 30 June 2016 are:

	<b>30-June-16</b>
Cash and cash equivalents (AUD \$)	293,416
Net assets (AUD \$)	428,993
Total revenue (AUD \$)	-
Net loss after tax (AUD \$)	(680,344)

**Review of operations**

The company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

**Significant changes in state of affairs**

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

#### **After balance date events**

Following the end of the financial year MetalsTech has completed a seed capital raising of \$805,000 by issuing 8,050,000 ordinary shares at an issue price of \$0.10 per share (\$490,000 was receipted by the company prior to 30 June 2016).

On 21 September 2016, MetalsTech entered into an agreement to acquire 100% of the share capital of LiGeneration Pty Ltd ("LiGeneration"). MetalsTech issued 3,600,000 fully-paid ordinary shares in full consideration for the acquisition of LiGeneration.

The Company is currently in the process of an Initial Public Offering ('IPO'). At the signing date of this financial report this process is still in progress. The fundraising under this prospectus is expected to raise up to \$4,000,000 with a further \$3,000,000 available in the case of oversubscriptions.

Other than the above, there have been no other matters or circumstances which have arisen since 30 June 2016 that have significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2016, of the company, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2016, of the company.

#### **Information on directors**

Name	Gino D'Anna
Title	Executive Director and Company Secretary
Qualifications	Bachelor of Commerce (Honours)
Experience	Mr D'Anna is a founder and Executive Director of the Company. Mr D'Anna has significant primary and secondary capital markets experience and has extensive experience in resource exploration, public company operations and administration and financial management.
	Mr D'Anna has particular experience in Canadian Government and First Nations relations in the mining sector. Mr D'Anna was a founding shareholder and founding Executive Director of Atrum Coal (ASX: ATU) which is developing the Groundhog Anthracite Project, located in British Columbia, Canada.
	Mr D'Anna is currently a Director of BC Anthracite NL, Non-Executive Director of Metals Australia Limited (ASX: MLS) and K2fly Limited (ASX: K2F) and Director of Lac Grande Gold Pty Ltd.
Special Responsibilities	None
Name	Russell Moran
Title	Non-Executive Director
Qualifications	N/A
Experience	Mr Moran is a co-founder and Executive Chairman of the Company. He is an experienced natural resources and technology investor with experience across bulk commodities, base metals and mining and engineering services sectors. He is the Founder and former Executive Director of Canadian anthracite mine developer Atrum Coal (ASX: ATU) and has significant experience in Canadian exploration and resource development.

**METALSTECH LIMITED**  
**DIRECTOR'S REPORT**  
**FOR THE PERIOD ENDED 30 JUNE 2016**

---

	Mr Moran is currently Chairman of Oceanic Dental Pty Ltd and BC Anthracite NL, and Non-Executive Director K2 Technology Pty Ltd and K2fly Limited (ASX: K2F).
Special Responsibilities	None
Name	Rachel D'Anna
Title	Non-Executive Director
Qualifications	Diploma of Business Administration
Experience	Mrs D'Anna has in excess of 7 years experience in business administration, accounting and financial administration having worked within local government organisations and in the private sector.
Special Responsibilities	None

**Likely developments and expected results of operation**

The company expects to maintain the present status and level of operations.

**Director's Meetings**

The following directors' meetings (including meetings of committees of directors) were held during the year and the number of meetings attended by each of the directors during the year were:

2016	Directors' meetings eligible to attend	Directors' meetings attended
<b>Directors</b>		
Gino D'Anna	-	-
Russell Moran	-	-
Rachel D'Anna	-	-

**Shares under option**

Unissued ordinary shares of MetalsTech Ltd under option at the date of this report are as follows:

Expiry date	Exercise price	Balance at start of year	Issued during the year	Cancelled/ lapsed during the year	Balance at end of the year
24 May 16	\$0.25	-	9,600,000	-	9,600,000

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

**Environmental regulation**

The company's operations are not regulated by any significant environmental regulation under a law.

**Dividends paid, recommended and declared**

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

**Proceedings on behalf of the company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for

the purposes of taking responsibility on behalf of the Group for all or part of those proceedings.

**Indemnification of officers**

No indemnities have been given or insurance premiums paid, during or since the end of the period, for any person who is or has been an officer of the company.

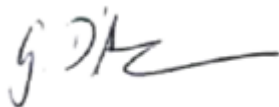
**Indemnification of auditors**

No indemnities have been given or insurance premiums paid, during or since the end of the period, for any person who is or has been an auditor of the company.

**Auditor's independence declaration**

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 can be found on page 7.

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

A handwritten signature in dark ink, appearing to read 'G. D'Anna', with a long horizontal stroke extending to the right.

**Gino D'Anna**  
**Executive Director**  
**24 November 2016**



**METALSTECH LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 JUNE 2016**

---

	Notes	30-June-16 AUD \$
<b>Revenue</b>		
Sales income		-
		-
<b>Expenses</b>		
Administration Expenses		640
Audit Fees		7,000
Corporate Compliance		421
Directors Benefits Expense	12	618,992
Directors and Consulting Fees		42,000
Project Due Diligence Expenses		11,039
Foreign Exchange Loss		252
		<b>680,344</b>
<b>Loss from continuing operations before income tax</b>		
Income tax expense		-
<b>Loss from continuing operations after income tax</b>		<b>680,344</b>
Other comprehensive income, net of tax		-
<b>Total other comprehensive loss for the period</b>		<b>680,344</b>

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



**METALSTECH LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2016**

---

	Notes	30-June-16 AUD \$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	4	293,416
Trade and other receivables	5	4,643
<b>Total Current Assets</b>		<b>298,059</b>
<b>Non-Current Assets</b>		
Prepayment	6	184,134
<b>Total Non-Current Assets</b>		<b>184,134</b>
<b>TOTAL ASSETS</b>		<b>482,193</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	7	53,200
<b>Total Current Liabilities</b>		<b>53,200</b>
<b>TOTAL LIABILITIES</b>		<b>53,200</b>
<b>NET ASSETS</b>		<b>428,993</b>
<b>EQUITY</b>		
Share capital	8	490,345
Reserves	9	618,992
Accumulated losses	10	(680,344)
<b>TOTAL EQUITY</b>		<b>428,993</b>

The Statements of Financial Position is to be read in  
conjunction with the accompanying notes.

**METALSTECH LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 JUNE 2016**

	<b>Issued Capital</b>	<b>Reserves</b>	<b>Accumulated Losses</b>	<b>Total Equity</b>
	<b>AUD \$</b>	<b>AUD \$</b>	<b>AUD \$</b>	<b>AUD \$</b>
<b>Balance at incorporation</b>	-	-	-	-
<b>Comprehensive income:</b>				
Loss after income tax expense for the period	-	-	(680,344)	(680,344)
<b>Total comprehensive loss for the period</b>	-	-	<b>(680,344)</b>	<b>(680,344)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Capital raising	490,345	-	-	490,345
Share-based payment – performance rights	-	23,792	-	23,792
Share-based payment – options	-	595,200	-	595,200
<b>At 30 June 2016</b>	<b>490,345</b>	<b>618,992</b>	<b>(680,344)</b>	<b>428,993</b>

The Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

**METALSTECH LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 JUNE 2016**

---

	Notes	30-June-16 AUD \$
<b>Cash flows from operating activities</b>		
Payment to suppliers and employees (include GST)		(12,198)
<b>Net cash flows from operating activities</b>	4(b)	<b>(12,198)</b>
<b>Cash flows from investing activities</b>		
Prepaid acquisition costs for exploration assets		(184,134)
<b>Net cash flows from investing activities</b>		<b>(184,134)</b>
<b>Cash flows from financing activities</b>		
Proceeds from application funds held in trust		490,000
<b>Net cash flows from financing activities</b>		<b>490,000</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>293,668</b>
Cash and cash equivalents at beginning of period		-
Exchange rate adjustments		(252)
<b>Cash and cash equivalents at the end of the period</b>	4(a)	<b>293,416</b>

The Statement of Cash Flows is to be read in conjunction with the accompanying notes.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

***a) Basis of preparation of the financial report***

In the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of MetalsTech Limited. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the owners of MetalsTech Limited.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for for-profit oriented entities.

***Historical Cost Convention***

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

***Critical accounting estimates***

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

***Comparative information***

This report presents the financial information for the 2 month period ended 30 June 2016. Given the Company was incorporated on the 25 May 2016 there are no comparatives for this reporting period.

***Functional and presentation currency***

The functional currency of the company is measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Australian dollars, which is the entity's functional currency.

***b) Going concern***

For the period ended 30 June 2016 the company has incurred a net loss of AUD\$708,108, experienced net cash outflows from operations of AUD\$12,198 and net cash outflows from investing activities of AUD\$184,134. As at 30 June 2016 the cash balance is at \$293,416.

The Directors have reviewed the cash flow requirements in the next 12 months and recognise that the ability of the company to continue as a going concern is dependent upon the success of the fundraising under the prospectus to continue to fund its operational activities.

These conditions indicate a material uncertainty that may cast a significant doubt about the company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Director believes there are sufficient funds to meet the company's working capital requirements as at the date of this report.

The financial statements have been prepared on the basis that the company is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- Completion of a seed capital raising post year end for \$805,000 by issuing 8,050,000 ordinary shares at \$0.10 per share
- Expected successful completion of the fundraising under the prospectus to raise up to \$4,000,000 with a further \$3,000,000 available in the case of oversubscriptions

Should the company not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the company not continue as a going concern.

***c) New, revised or amending Accounting Standards and Interpretations adopted***

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the company from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

**d) Income tax**

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the statement of financial position date.

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

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary difference can be utilised. The amount of benefits brought to account or which may be released in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**e) Exploration and evaluation expenditure**

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest.

These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

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

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

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

Costs incurred on identifiable areas of interest where the Company has not been granted rights to tenure as at reporting date are capitalised when the Company are confident that it is probable the Company will be granted rights in the near future. If the Company is subsequently not granted rights to tenure, costs capitalised to affected areas of interest are written off in the profit and loss in the year in which this decision is known.

**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 within borrowings in current liabilities in the statement of financial position.

**g) Trade and other payables**

Trade and other payables represent the liabilities at the end of the reporting period for goods and services received by the company that remain unpaid.

Trade payables are recognised at their transaction price. Trade payables are obligations on the basis of normal credit terms.

***h) Issued Capital***

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

***i) Current and non-current classification***

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

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

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

***j) Fair value measurement***

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**NOTE 2: ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT OPERATIVE AT 30 JUNE 2016**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2016. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

**NOTE 3: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial period are discussed below.

*Provision for impairment of receivables*

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the aging of receivables historical collection rates and specific knowledge of the individual debtors financial position.

*Share-based payments*

The valuation of share-based payment transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using valuation methods including the Black Scholes valuation model and the Binomial – barrier up and in model taking into account the terms and conditions upon which the instruments were granted.

**NOTE 4: CASH AND CASH EQUIVALENTS**

**(a) Reconciliation to cash at the end of the period**

	<b>30-June-16</b>
	<b>AUD \$</b>
Cash at bank and in hand	293,416
	<b>293,416</b>

**(b) Reconciliation of net loss after income tax to net cash flows used in operating activities**

	<b>30-June-16</b>
	<b>AUD \$</b>
<b>Net loss after income tax</b>	(680,344)
<b>Adjustments for:</b>	
Directors benefits expense	618,992
<b>Changes in assets and liabilities:</b>	
(Increase)/decrease in trade and other receivables	(4,046)
Increase/(decrease) in trade and other payables	53,200
<b>Net cash flows used in operating activities</b>	<b>(12,198)</b>

**NOTE 5: TRADE AND OTHER RECEIVABLES**

	<b>30-June-16</b>
	<b>AUD \$</b>
GST receivable	4,298
Sundry receivables	345
	<b>4,643</b>



**METALSTECH LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2016**

**NOTE 6: PREPAYMENTS**

	<b>30-June-16</b>
	<b>AUD \$</b>
Prepayments	184,131
	<u>184,131</u>
Reconciliation:	
Balance at the beginning of the year	-
Deposits and acquisition costs for exploration assets	184,131
Balance at the end of the year	<u>184,131</u>

**NOTE 7: TRADE AND OTHER PAYABLES**

	<b>30-June-16</b>
	<b>AUD \$</b>
Trade and other payables	46,200
Accrued expenses	7,000
	<u>53,200</u>

**NOTE 8: ISSUED CAPITAL**

	<b>30-June-16</b>
	<b>AUD \$</b>
34,480,000 fully paid ordinary shares (a)	490,345
	<u>490,345</u>

**(a) Movements in Ordinary Shares**

<b>DATE</b>	<b>DETAILS</b>	<b>ISSUE AUD (\$)</b>
<b>Balance at incorporation</b>	<b>Opening balance</b>	-
June 2016	Issue of shares	345
June 2016	Application funds for shares	490,000
<b>30 June 2016</b>	<b>Closing balance</b>	<b>490,345</b>

**Capital management**

When managing capital, management's objective is to ensure the company continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. This is achieved through the monitoring of historical and forecast performance and cash flows.

NOTE 9: RESERVES

	30-June-16
	AUD \$
Share-based payments reserve	
Balance at incorporation	-
Valuation of performance shares	23,792
Valuation of founders options	595,200
Balance at the end of the period	<u>618,992</u>

NOTE 10: ACCUMULATED LOSSES

	30-June-16
	AUD \$
Balance at incorporation	-
Loss after income tax expense for the period	680,344
Balance at the end of the period	<u>680,344</u>

NOTE 11: REMUNERATION OF AUDITORS

During the financial period the following fees were paid or payable for services provided by BDO Audit (WA) Pty Ltd, the auditor of the company:

	30-June-16
	AUD \$
<i>Audit services - BDO Audit (WA) Pty Ltd</i>	
Audit of the financial statements	7,000
	<u>7,000</u>

**NOTE 12: SHARE-BASED PAYMENTS**

**(a) Performance shares**

MetalsTech Ltd issued 2,750,000 performance shares to directors. These performance shares were issued in eight classes, each with different performance milestones. Each performance share will convert into 1 ordinary share of MetalsTech Ltd upon achievement of the performance milestone.

The company has assessed each class as being probable of being achieved and have therefore recognised an expense over the expected vesting period. The details of each class are tabled below:

Class	Number	Grant Date	Exercise Price	Expiry Date of Milestone Achievements	Underlying Share Price	Total Fair Value
1	343,750	24/05/16	Nil		\$0.10	-
2	343,750	24/05/16	Nil		\$0.10	-
3	343,750	24/05/16	Nil		\$0.10	\$8,322
4	343,750	24/05/16	Nil		\$0.10	\$7,903
5	343,750	24/05/16	Nil		\$0.10	\$7,567
6	343,750	24/05/16	Nil		\$0.10	-
7	343,750	24/05/16	Nil		\$0.10	-
8	343,750	24/05/16	Nil		\$0.10	-

**Performance Milestones:**

- **Class 1:** 343,750 Performance Rights will convert into Shares upon the achievement of a JORC or NI 43-101 Inferred Resource of >15,000,000 tonnes grading >1% Li<sub>2</sub>O across any of the Company's Projects;
- **Class 2:** 343,750 Performance Rights will convert into Shares upon the achievement of a JORC or NI 43-101 Indicated Resource of >15,000,000 tonnes grading >1% Li<sub>2</sub>O across any of the Company's Projects;
- **Class 3:** 343,750 Performance Rights will convert into Shares upon:
  - (i) the Company successfully completing an initial public offering on the ASX; and
  - (ii) the Volume Weighted Average Price (**VWAP**) of the Company's Shares as traded on the ASX over 10 days being equal to or exceeding 60 cents;
- **Class 4:** 343,750 Performance Rights will convert into Shares upon the VWAP of the Company's Shares as traded on the ASX over 10 days being equal to or exceeding 90 cents;
- **Class 5:** 343,750 Performance Rights will convert into Shares upon the VWAP of the Company's Shares as traded on the ASX over 10 days being equal to or exceeding \$1.20;
- **Class 6:** 343,750 Performance Rights will convert into Shares upon the Company completing a positive pre-feasibility study (**PFS**) on any of the Company's Projects;
- **Class 7:** 343,750 Performance Rights will convert into Shares upon the Company completing a positive bankable feasibility study (**BFS**) on any of the Company's Projects; and
- **Class 8:** 343,750 Performance Rights will convert into Shares upon the Company executing a binding offtake agreement with respect to any of the Projects.

**METALSTECH LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2016**

**NOTE 12: SHARE-BASED PAYMENTS (continued)**

The total expense arising from share based payment transactions recognised during the period in relation to the performance shares issued was \$23,792. This amount has been included in Directors benefits expense.

**(b) Options**

The following options were issued to Directors during the period:

Grant Date	Expiry Date	Exercise Price	Balance at start of the period Number	Issued during the period Number	Exercised during the period Number	Cancelled or Expired during the period Number	Balance at end of the period Number
<b>2016</b>							
24 May 2016	24 May 2021	\$0.25	-	9,600,000	-	-	9,600,000
			-	9,600,000	-	-	9,600,000
Weighted average remaining contracted life of options (Years)							5.00 Years
Weighted average exercise price							\$0.25

Fair values at grant date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The fair value of the options issued during the period were based on the following:

Type of Options:	Directors
Number of options issued	9,600,000
Exercise price	\$0.25
Share price at date granted	\$0.10
Risk free rate	1.86%
Volatility factor	100%
Valuation	6.2c

**NOTE 12: COMMITMENTS**

The company had no commitments as at 30 June 2016.

**NOTE 13: CONTINGENT LIABILITIES**

The company had no contingent liabilities as at 30 June 2016.

**NOTE 14: EVENTS SUBSEQUENT TO REPORTING DATE**

Following the end of the financial year MetalsTech has completed a seed capital raising of \$805,000 by issuing 8,050,000 ordinary shares at an issue price of \$0.10 per share.

On 21 September 2016, MetalsTech entered into an agreement to acquire 100% of the share capital of LiGeneration Pty Ltd ("LiGeneration"). MetalsTech issued 3,600,000 fully-paid ordinary shares in full consideration for the acquisition of LiGeneration.

The Company is currently in the process of an Initial Public Offering ('IPO'). At the signing date of this financial report this process is still in progress. The fundraising under this prospectus is expected to raise up to \$4,000,000 with a further \$3,000,000 available in the case of oversubscriptions.

Other than the above, there have been no other matters or circumstances which have arisen since 30 June 2016 that have significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2016, of the company, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2016, of the company.

**NOTE 15: COMPANY DETAILS**

The registered office and principal place of business of the company is:  
Suite 1 108 Hay Street  
Subiaco WA 6008

**METALSTECH LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2016**

---

In the directors' opinion:

- the company is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the *Corporations Act 2001* requirements to prepare and distribute financial statements to the owners of MetalsTech Limited;
- the attached financial statements and notes thereto comply with the *Corporations Act 2001*, the Accounting Standards as described in note 1 to the financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.



**Gino D'Anna**  
**Executive Director**  
**24 November 2016**

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF METALSTECH LIMITED**

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF METALSTECH LIMITED**



## INDEPENDENT AUDITOR'S REPORT

To the members of MetalsTech Limited

### Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report of MetalsTech Limited, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### Directors' Responsibility 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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members.

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.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with International Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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



### **Independence**

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

### **Opinion**

In our opinion the financial report of MetalsTech Limited is in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the period ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*

### **Emphasis of matter**

Without modifying our opinion, we draw attention to Note 1(b) in the financial report which describes the events and conditions which give rise to 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 discharge its liabilities in the normal course of business.

### **Basis of accounting**

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

**BDO Audit (WA) Pty Ltd**

A handwritten signature in blue ink, appearing to read 'Dean Just', is written over a faint, stylized 'BDO' logo.

**Dean Just**

**Director**

Perth, 24 November 2016

## DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF METALSTECH LIMITED

As lead auditor of MetalsTech Limited for the period ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



**Dean Just**

Director

**BDO Audit (WA) Pty Ltd**

Perth, 24 November 2016