

Lightning Minerals Limited
(formerly Nickel 1 Ltd)
ACN 656 005 122

Annual Report - 30 June 2022

Lightning Minerals Limited (formerly Nickel 1 Limited)
Corporate directory
30 June 2022

Directors	Peter McNeil Dr Karen Lloyd Francesco Cannavo Craig Sharpe
Company secretary	Justyn Stedwell
Registered office	Level 6 505 Little Collins Street Melbourne VIC 3000
Auditor	HLB Mann Judd (Vic Partnership) Level 9 575 Bourke Street Melbourne VIC 3000
Solicitors	Moray & Agnew Lawyers Level 6, 505 Little Collins Street Melbourne VIC 3000

Lightning Minerals Limited (formerly Nickel 1 Limited)

Directors' report

30 June 2022

The directors present their report, together with the financial statements, on Lightning Minerals Limited (referred to hereafter as the 'company') for the period from 13 December 2021, the date of the Company's incorporation, to 30 June 2022.

Directors

The following persons were directors of Lightning Minerals Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

Peter McNeil (appointed 9 August 2022)
Dr Karen Lloyd (appointed 8 April 2022)
Francesco Cannavo (appointed 13 December 2021)
Craig Sharpe (appointed 8 April 2022)
Phillip Grundy (appointed 13 December 2021, resigned 8 April 2022)
Justyn Stedwell (appointed 13 December 2021, resigned 8 April 2022)

Principal activities

The Company was incorporated on 13 December 2021 with the intention to raise capital through an Initial Public Offering ("IPO") on the Australian Securities Exchange ("ASX") and invest in exploration and evaluation projects predominately situated in Western Australia, Australia.

Dividends

No dividends were paid or proposed during the period

Review of operations

The Company made a loss for the period of \$58,533.

During the period the Company entered into agreements to acquire the Mailman Hill project for a total cost of \$192,000, including the issue of shares to the value of \$100,000, and the Mt Jewel project for a cost of \$60,000 including the issue of shares to the value of \$40,000.

During the period the Company raised seed capital of \$434,250 and issued shares for services provided by the lead manager of \$18,200.

Significant changes in the state of affairs

There were no other significant changes in the state of affairs of the Company during the financial period.

Matters subsequent to the end of the financial period

In July 2022 the Company entered into an agreement to acquire tenements in the Dundas Project for a total cost of \$500,000, including the issue of shares to the value of \$300,000 upon listing.

The Company also lodged its in-principle application with the ASX as part of preparing for its planned IPO, where it intends to raise between \$4.5 million and \$6 million, before costs.

On 14 September 2022 the Board approved resolutions to:

- Grant Performance Rights to the named individuals (or their associates) as follows:

Alex Biggs	2,000,000
Karen Lloyd	2,000,000
Francesco Cannavo	500,000
Craig Sharpe	500,000
Peter McNeil	500,000

The performance rights will vest and become exercisable at the later of (a) 12 months from the date of the Company's admission to the ASX; and (b) The Company's shares achieving a volume weighted average price per share of 25% greater than the Company's IPO subscription price, calculated over any 20 consecutive trading days. The performance rights have an expiry date of 5 years from their date of issue.

Lightning Minerals Limited (formerly Nickel 1 Limited)

Directors' report

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- Grant share options to the named individuals (or their associates) as follows:

Alex Biggs	500,000
Karen Lloyd	1,400,000
Francesco Cannavo	1,400,000
Craig Sharpe	1,400,000
Peter McNeil	500,000

Share options are exercisable at \$0.25 and expire 5 years from the date of the Company's admission to the ASX. These options vested immediately on grant date.

- Ratify an Executive Employment Agreement with Alex Biggs to appoint Mr Biggs as Chief Executive Officer of the Company.
- Ratify Director Service Agreements with each of the Directors.

On 7 September 2022 the Company registered its change of name to Lightning Minerals Limited.

Other than the matters noted above, the Board is not aware of any matter or circumstance not otherwise dealt with in these financial statements that has significantly or may significantly affect the operation of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial periods.

Likely developments and expected results of operations

As noted above the Company intends to complete an IPO to raise between \$4.5 million and \$6 million to pursue exploration, development and production activities on the projects it has acquired and to acquire further suitable projects for exploration as opportunities arise.

Environmental regulation

The Company is subject to and is compliant with all aspects of environmental regulation of its exploration and mining activities. The directors are not aware of any environmental law that is not being complied with.

The Company is subject to the reporting requirements of both the Energy Efficiency Opportunities Act 2006 and the National Greenhouse and Energy Reporting Act 2007.

The Energy Efficiency Opportunities Act 2006 requires the Company to assess its energy usages, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including what action the Company intends to take as a result. Due to this Act, the Company has registered with the Department of Resources, Energy and Tourism as a participant entity and reports the results from its assessments.

The National Greenhouse and Energy Reporting Act 2007 require the Company to report its annual greenhouse gas emissions and energy use. The Company has previously implemented systems and processes for the collection and calculation of data.

Lightning Minerals Limited (formerly Nickel 1 Limited)

Directors' report

30 June 2022

Information on directors

Name:	Peter McNeil
Title:	Non-executive Chair
Qualifications:	BSc in Geology, MSc in Geochemistry
Experience and expertise:	<p>Mr McNeil has a B.Sc. in geology, an M.Sc. in geochemistry, forty years continuous experience as a mineral exploration geologist and thirty-one years of corporate-commercial experience; he has excellent technical, commercial, finance (capital raisings & IPOs), general legal (contracts, joint ventures & RTOs) and stakeholder liaison (indigenous landowners, JV partners and shareholders).</p> <p>Technical evaluation & field experience includes exploring for gold, porphyry copper-gold -molybdenum, polymetallic skarns (zinc –silver –gold), VHMS deposits (zinc – lead- silver –gold) and minor nickel, manganese and lithium. Mining experience (as Technical Director) includes oversight related to the development and operation of 2 small gold mines in PNG, a gold mine in Tasmania and a silver mine in Queensland.</p> <p>Mr McNeil was previously Chairman, MD or a director of three ASX listed companies (Frontier Resources Ltd, Coppermoly Ltd (ASX:COY) and Macmin Silver Ltd) and three TSX-V listed companies (New Guinea Gold Corp, South Pacific Minerals Corp and VanGold Ltd) in addition to one public unlisted exploration company (Torque Mining Ltd) and has raised and/or assisted raising approx. US\$190M (including JV partner contributions) and expended it on mineral exploration.</p> <p>Mr McNeil was a member of the Australian Institute of Geoscientists for approximately 25 years (currently being reinstated) & Society of Economic Geologists (for 32 years to 2020).</p>
Name:	Dr Karen Lloyd
Title:	Non-executive director
Qualifications:	BSc (Hons) Geology, MBA, PhD (Mining and Metallurgical Engineering), FAusIMM
Experience and expertise:	<p>Dr Lloyd is a geologist, mineral economist and mining engineer with 26 periods' international resource industry experience gained with some of the major mining, consulting and investment houses globally. She specialises in mineral asset valuation and provides consulting and advisory in support of project finance for merger and acquisition activity. She has been responsible for multi-disciplinary teams covering precious metals, base metals, industrial minerals and bulk commodities globally. Her PhD research at the WA School of Mines was focused on the market risk premium for gold project transactions on the Australian Securities Exchange.</p> <p>Dr Lloyd is currently appointed as Non-Executive Director of public unlisted junior mining exploration company, K2O Potash Corp. Ltd., and Tungsten Metals Group Ltd, which is a tungsten refining company.</p> <p>Dr Lloyd is a Fellow of the AusIMM and has the appropriate relevant qualifications, experience, competence and independence to be considered a 'Specialist' and 'Competent Person' under the VALMIN (2015) and JORC (2012) Codes, respectively.</p>
Name:	Francesco Cannavo
Title:	Non-Executive Director
Qualifications:	
Experience and expertise:	<p>Mr Cannavo is an experienced public company director and entrepreneur with significant business and investment experience across a number of industries, including mining and natural resources. He has a strong network of investors and industry contacts throughout the Asia-Pacific region and has extensive experience in capital raises, investments and initial public offerings.</p> <p>Mr Cannavo has been instrumental in assisting several listed and unlisted companies achieve their growth strategies through the raising of capital and the acquisition of assets. He is currently a Non-Executive Director of mining exploration companies Golden Mile Resources Ltd (ASX:G88) and Western Mines Group Ltd (ASX:WMG).</p>

Lightning Minerals Limited (formerly Nickel 1 Limited)**Directors' report****30 June 2022**

Name:	Craig Sharpe
Title:	Non-executive director
Qualifications:	
Experience and expertise:	<p>Mr Sharpe is an investment professional with over 25 periods' experience. He holds a bachelor of commerce degree specialising in Economics and Finance. In 2005 he completed an MBA at Monash University.</p> <p>Mr Sharpe has worked across many areas of the finance industry. This includes FX, institutional, retail, corporate and management. He spent a period of time in senior management roles running private client businesses. Over the 25 periods he has advised and worked with many companies in relation to IPO's, equity raisings and strategy. More recently, Mr Sharpe has spent the last 11 periods at Macquarie and Bell Potter.</p>
Name:	Justyn Stedwell
Title:	Non-executive Director (resigned 8 April 2022)
Experience and expertise:	Justyn is a qualified Company Secretary and has served on a number of ASX listed company boards.
Name:	Phil Grundy
Title:	Non-executive Director (resigned 8 April 2022)
Qualifications:	
Experience and expertise:	Phil is a qualified lawyer who has worked with, and served on, a number of ASX listed boards.

Company secretary

Justyn Stedwell is a professional Company Secretary, with over 12 periods' experience as a Company Secretary of ASX-listed companies in various industries including biotechnology, agriculture, mining and exploration, information technology and telecommunications. Justyn's qualifications include a Bachelor of Commerce (Economics and Management) from Monash University, a Graduate Diploma of Accounting at Deakin University and a Graduate Diploma in Applied Corporate Governance at the Governance Institute of Australia. He is currently Company Secretary at several ASX-listed companies.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the period ended 30 June 2022, and the number of meetings attended by each director were:

	Full board	
	Attended	Held
Alexander Biggs	-	-
Peter McNeil	-	-
Dr Karen Lloyd	3	4
Francesco Cannavo	7	7
Craig Sharpe	4	4
Justyn Stedwell	1	3
Phil Grundy	3	3

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Lightning Minerals Limited
Directors' report
30 June 2022

Shares under option

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

Grant date	Expiry date	Exercise price	Number under option
14 September 2022	5 years from date of the Company's admission to ASX	25 cents	5,200,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Performance rights

Performance rights at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number
14 September 2022	On or before the date that is 5 years from the date of issue	Nil	5,500,000

These performance rights will vest and become exercisable on the later of:

- a) 12 months from the date of the Company's admission to the official list of the ASX; and
- b) the Company's shares achieving a volume weighted average price per share of 25% greater than the Company's IPO subscription price, calculated over any 20 consecutive trading days on which the shares are recorded on ASX.

No holder of the performance rights had or has any right by virtue of the performance rights to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options

No shares have been issued from the exercise of options.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial period, the company has not paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial period, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

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 company, or to 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 part of those proceedings.

Officers of the company who are former partners of HLB Mann Judd

There are no officers of the company who are former partners of HLB Mann Judd.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

HLB Mann Judd was appointed auditor during the period and continues in office in accordance with section 327 of the Corporations Act 2001.

Lightning Minerals Limited (formerly Nickel 1 Limited)
Directors' report
30 June 2022

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Francesco Cannavo
Director

19 September 2022
Melbourne

Auditor's independence declaration

As lead auditor for the audit of the financial report of Lightning Minerals Ltd, formerly Nickel1 Ltd ("the Company") for the period ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



HLB Mann Judd
Chartered Accountants

Melbourne
19 September 2022



Jude Lau
Partner

hlb.com.au

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HLB Mann Judd (VIC Partnership) is a member of HLB International, the global advisory and accounting network

Lightning Minerals Limited (formerly Nickel 1 Limited)
Statement of profit or loss and other comprehensive income
For the period from 13 December 2021 to 30 June 2022

	13 December 2021 to 30 June 2022
Note	\$
Revenue from continuing operations	-
Expenses	
Exploration and evaluation expenses	(16,158)
Professional fees	(42,375)
	<hr/>
Loss before income tax expense from continuing operations	(58,533)
Income tax expense	3 <hr/> -
Loss after income tax expense for the period	(58,533)
Other comprehensive income	
Other comprehensive income for the period, net of tax	<hr/> -
Total comprehensive loss for the period	<hr/> (58,533) <hr/>

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

Lightning Minerals Limited (formerly Nickel 1 Limited)
Statement of financial position
As at 30 June 2022

	Note	2022 \$
Assets		
Current assets		
Cash and cash equivalents	4	334,865
Trade and other receivables		3,000
Prepayments		37,741
Total current assets		<u>375,606</u>
Non-current assets		
Exploration and evaluation	5	<u>252,000</u>
Total non-current assets		<u>252,000</u>
Total assets		<u>627,606</u>
Liabilities		
Current liabilities		
Trade and other payables	6	52,507
Deferred consideration	7	<u>70,000</u>
Total current liabilities		<u>122,507</u>
Total liabilities		<u>122,507</u>
Net assets		<u><u>505,099</u></u>
Equity		
Issued capital	8	563,632
Accumulated losses		<u>(58,533)</u>
Total equity		<u><u>505,099</u></u>

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

Lightning Minerals Limited (formerly Nickel 1 Limited)
Statement of changes in equity
For the period from 13 December 2021 to 30 June 2022

	Note	Issued capital \$	Accumulated Losses \$	Total equity \$
Balance at 13 December 2021		-	-	-
Loss after income tax expense for the period		-	(58,533)	(58,533)
Other comprehensive income for the period, net of tax		-	-	-
		<hr/>	<hr/>	<hr/>
Total comprehensive loss for the period		-	(58,533)	(58,533)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	8	563,632	-	563,632
		<hr/>	<hr/>	<hr/>
Balance at 30 June 2021		<u>563,632</u>	<u>(58,533)</u>	<u>505,099</u>

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

Lightning Minerals Limited (formerly Nickel 1 Limited)
Statement of cash flows
For the period from 13 December 2021 to 30 June 2022

	13 December 2021 to 30 June 2022
	Note \$
Cash flows from operating activities	
Payments to suppliers and employees	(25,973)
Net cash used in operating activities	15 (25,973)
Cash flows from investing activities	
Payments for exploration and evaluation	(42,000)
Net cash used in investing activities	(42,000)
Cash flows from financing activities	
Proceeds from issue of shares	431,250
Share issue transaction costs	(28,412)
Net cash provided by financing activities	402,838
Net increase in cash and cash equivalents	334,865
Cash and cash equivalents at the beginning of the financial period	-
Cash and cash equivalents at the end of the financial period	4 <u><u>334,865</u></u>

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

Note 1. 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 periods presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

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 2.

Going concern

During the period the Company incurred losses of \$58,533. As at 30 June 2022 the Company has cash assets of \$334,865 and net current assets of \$253,099. The Company has acquired number of exploration projects, and accordingly will be required to meet expenditure obligations to maintain its holdings. The Company will therefore require additional cash resources to meet its obligations within the next 12 months.

The Company is currently preparing to launch an Initial Public Offering on the ASX in order to raise between \$4.5 million and \$6 million before costs. The funds will be used to meet its statutory obligations and to explore and evaluate the projects acquired.

Notwithstanding this, there exists a material uncertainty that may cast doubt on the Company's ability to continue as a going concern, should the IPO not be completed. The directors are confident that the IPO will complete and have accordingly prepared the financial statements on a going concern basis. Accordingly, they do not include any adjustments relating to recoverability or classification of assets, or the amount and classification of liabilities that might be necessary should the Company not continue as a going concern.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 1. Significant accounting policies (continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

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

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

A liability is classified as current when: it is either expected to be settled in the Company's 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.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the period in which the decision is made.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 1. Significant accounting policies (continued)

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

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.

Dividends

Dividends are recognised when declared during the financial period and no longer at the discretion of the company.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

Impact of COVID-19

The directors are aware of the ongoing impact of COVID-19 on the capital markets and on operations in Western Australia, where the Company has acquired a number of exploration tenements. Western Australia operates with few restrictions on movement and labour at the current time. The Company will continue to monitor COVID-19 restrictions and impacts on an on-going basis, and develop work practices accordingly. The directors do not expect any significant impacts on operations or capital raising at this time.

New Accounting Standards and Interpretations not yet mandatory or early adopted

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 2022. The Company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

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.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis of the accounting policies previously outlined (i.e. position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves). Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Lightning Minerals Limited (formerly Nickel 1 Limited)
Notes to the financial statements
30 June 2022

Note 3. Income tax expense

	2022 \$
<i>Income tax expense</i>	
Current tax	-
Deferred tax	-
	<hr/>
Aggregate income tax expense	<hr/> <hr/> -
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>	
Loss for the period	(58,533)
Tax at the statutory tax rate of 30%	(17,560)
Deferred tax assets not recognised	17,560
	<hr/>
Income tax expense	<hr/> <hr/> -
<i>Tax losses</i>	
Deferred tax assets arising from losses carried forward	50,883
Deferred tax assets arising from losses at 30%	15,265

Note 4. Current assets - cash and cash equivalents

	2022 \$
Cash at bank	<hr/> <hr/> 334,865

Note 5. Non-current assets - exploration and evaluation

	2022 \$
Exploration and evaluation - at cost	<hr/> <hr/> 252,000

Lightning Minerals Limited (formerly Nickel 1 Limited)
Notes to the financial statements
30 June 2022

Note 5. Non-current assets - exploration and evaluation (continued)

Reconciliations

Reconciliations of the written down values during the current period are set out below:

	Exploration and evaluation \$
Balance at 13 December 2021	-
Additions- Mailman Hill project acquisition	192,000
Additions – Mt Jewel acquisition	60,000
	<hr/>
Balance at 30 June 2022	252,000
	<hr/> <hr/>

Note 6. Current liabilities - trade and other payables

	2022 \$
<i>Unsecured</i>	
Trade payables	38,896
Accrued expenses	13,611
	<hr/>
	52,507
	<hr/> <hr/>

Note 7. Current liabilities – deferred consideration

	2022 \$
Deferred consideration – Mailman Hill acquisition	70,000
	<hr/> <hr/>

The amount is payable to the vendor upon completion of the IPO, or at the end of 12 months from the date of acquisition, whichever is sooner.

Note 8. Equity - issued capital

	2022 Shares	2022 \$
Ordinary shares - fully paid	10,132,000	563,632
	<hr/> <hr/>	<hr/> <hr/>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Initial seed capital	13/12/2021	3,250,000	0.001	3,250
Initial seed capital	7/4/2022	1,000,000	0.001	1,000
Seed investment	4/5/2022	4,300,000	0.10	430,000
Issue of shares to lead manager	4/5/2022	182,000	0.10	18,200
Acquisition of exploration and evaluation assets	20/5/2022	1,400,000	0.10	140,000
Cost of capital raise				(28,818)
		<hr/>		<hr/>
Balance	30 June 2022	10,132,000		563,632
		<hr/> <hr/>		<hr/> <hr/>

Lightning Minerals Limited (formerly Nickel 1 Limited)
Notes to the financial statements
30 June 2022

Note 8. Equity - issued capital (continued)

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

Note 9. Equity - dividends

Dividends

No dividends were paid during the financial period.

Note 10. Remuneration of auditors

During the financial period the following fees were paid or payable for services provided by HLB Mann Judd, the auditor of the company, its network firms and unrelated firms:

	2022
	\$
<i>Audit services</i>	
Audit or review of the financial statements	<u>10,450</u>

Note 11. Contingent assets

There are no contingent assets at 30 June 2022.

Note 12. Contingent liabilities

There are no contingent liabilities at 30 June 2022.

Note 13. Commitments

At 30 June 2022 the tenements acquired by the Company are being transferred to the Company. Upon completion of the transfers the Company will have annual expenditure commitments on granted tenements of \$70,330, totalling \$281,320 over the remaining 4 years of the tenement grants.

Lightning Minerals Limited (formerly Nickel 1 Limited)
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30 June 2022

Note 14. Events after the reporting period

In July 2022 the Company entered into an agreement to acquire tenements in the Dundas Project for a total cost of \$500,000, including the issue of shares to the value of \$300,000 upon listing.

The Company lodged its in-principle application with the ASX as part of preparing for its planned IPO, where it intend to raise between \$4.5 million and \$6 million, before costs.

On 14 September 2022 the Board approved resolutions to:

- Grant Performance Rights to the named individuals or their nominees as follows:

Alex Biggs	2,000,000
Karen Lloyd	2,000,000
Francesco Cannavo	500,000
Craig Sharpe	500,000
Peter McNeil	500,000

The performance rights vest and become exercisable at the later of (a) 12 months from the date of the Company's admission to the ASX and (b) The Company's shares achieving a volume weighted average price per share of 25% greater than the Company's IPO subscription price, calculated over any 20 consecutive trading days. The performance rights have an expiry date of 5 years from their date of issue.

- Issue share options to the named individuals or their nominees as follows:

Alex Biggs	500,000
Karen Lloyd	1,400,000
Francesco Cannavo	1,400,000
Craig Sharpe	1,400,000
Peter McNeil	500,000

Share options are exercisable at \$0.25 and expire 5 years from the date of the Company's admission to the ASX. The options vested immediately on grant date.

- Ratify an Executive Employment Agreement with Alex Biggs to appoint Mr Biggs as Chief Executive Officer of the Company.
- Ratify Director Service Agreements with each of the Directors.

On 7 September 2022 the Company registered its change of name to Lightning Minerals Limited.

Other than the matters noted above, the Board is not aware of any matter or circumstance not otherwise dealt with in these financial statements that has significantly or may significantly affect the operation of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial periods.

Note 15. Reconciliation of profit after income tax to net cash from operating activities

	2022
	\$
Loss after income tax expense for the period	(58,533)
Change in operating assets and liabilities:	
Increase/(decrease) in trade and other payables	32,560
Net cash used in operating activities	<u>(25,973)</u>

Lightning Minerals Limited (formerly Nickel 1 Limited)
Notes to the financial statements
30 June 2022

Note 16. Share-based payments

As part of the acquisition of the exploration assets the Company issued shares to the vendors. Shares were issued at the same time as the shares issued for seed capital. Accordingly, the issue price was determined to be \$0.10, consistent with the price of the shares issued in exchange for seed capital. The shares issued were as follows:

	2022 Number of Shares	2022 \$
Mailman Hill project	1,000,000	100,000
Mt Jewel Project	400,000	40,000
	<u>1,400,000</u>	<u>140,000</u>

Note 17. Financial Instruments

The company's activities expose it to minimal amount of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and ageing analysis for credit risk.

Risk management is carried out by the Board of Directors ("the Board"). This includes the identification of risks, analysis of the risks and taking appropriate actions to manage the impact of the risk.

Market risk

Interest rate risk

The Company's exposure to interest rate risk is through its holding of cash in the bank account. Minimal action is required to mitigate the risk at this time as the cash is held in an accessible transaction account to meet costs as required.

Credit risk

The Company's credit risk is limited to the cash held at the bank account. The risk has been managed by placing funds at a reputable bank with an A+ rating.

Liquidity risk

Liquidity risk is that the Company is unable to meet its financial obligations on time. As it currently stands the Company's current financial obligations relate to the acquisition of tenements and IPO costs to be incurred. The current funds available are sufficient for its current levels of expected expenditure, and the Company's focus is on the raising of IPO funds to implement its future expenditure plans. The directors will monitor cash levels, expenditure levels and commitment requirements to ensure liquidity risk is minimized.

All of the Company's liabilities are payable within 12 months of the balance date.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value and none of the company's financial instruments are recorded at fair value post initial recognition.

Note 18. Key management personnel disclosures

Compensation

None of the directors and other KMP received compensation during the period.

Note 19. Related party disclosures

Key management personnel disclosures

Disclosures relating to key management personnel are set out in note 18.

Receivable from related party

An amount of \$3,000 is receivable from one of the Directors as at year end.

Lightning Minerals Limited (formerly Nickel 1 Limited)

Directors' declaration

30 June 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the financial period 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

On behalf of the directors



Francesco Cannavo
Director

19 September 2022
Melbourne

Independent Auditor's Report to the Members of Lightning Minerals Ltd (formerly Nickel1 Ltd)

Opinion

We have audited the financial report of Lightning Minerals Ltd, formerly Nickel1 Ltd ("the Company") which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the 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:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its financial performance for the period then ended; and
- (b) complying with Australian Accounting Standards 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.

Material Uncertainty Regarding Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Company incurred a net loss of \$58,533 during the period ended 30 June 2022. As at 30 June 2022 the Company has cash assets of \$334,865 and net current assets of \$253,099. The Company has acquired number of exploration projects, and accordingly will be required to meet expenditure obligations to maintain its holdings. The Company will therefore require additional cash resources to meet its obligations within the next 12 months. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the period ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related 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 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 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 the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



HLB Mann Judd
Chartered Accountants

Melbourne
19 September 2022



Jude Lau
Partner