
DY6 METALS LTD
(FORMERLY MAGNETO MINERALS PTY LTD)

ACN: 663 592 318

GENERAL PURPOSE FINANCIAL REPORT

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

DY6 METALS LTD DIRECTORS' REPORT

The directors present their report on DY6 Metals Ltd ("the Company") for the financial period 3 November 2022 (date of incorporation) to 31 December 2022.

Directors

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

Daniel Smith
John Kay
Myles Champion (appointed 20 March 2023)
Nannan He (appointed 20 March 2023)

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

Company Secretary – John Kay (appointed 3 November 2022)

Principal Activities

The Company was incorporated as Magneto Minerals Pty Ltd on 3 November 2022 in the state of Western Australia as an early-stage mineral exploration and development company. On 8 December 2022, the Company changed its name to DY6 Metals Pty Ltd.

On 16 December 2022, the Company entered into a binding option agreement with the shareholders of Green Exploration Limited ("GEL"), a Malawian entity which holds title to three (3) granted exploration licences; EL0529 (Machinga), EL0518 (Salambidwe), EL0510 (Ngala Hills), and one (1) exploration licence application; APL0251 (Machinga South) (together the "Tenements") located in Malawi and prospective for rare earths and critical minerals ("Option Agreement").

Pursuant to the Option Agreement, the Company has the right (subject to the satisfaction of certain conditions) to acquire 100% of the issued shares of GEL, and in turn the Tenements.

Review of operations

The after-tax loss of the Company for the financial period ended 31 December 2022 was \$38,933.

Given the Company was only incorporated on 3 November 2022 this financial report does not include comparative financial information.

Significant Changes in the State of Affairs

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

Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial period that significantly affect or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years, except for the following:

- On 20 March 2023, Myles Champion and Nannan He were appointed as directors of the Company. 500,000 share options were issued to Mr Champion upon his appointment as a director at terms consistent with those described in Note 5b(iii).
- On 21 March 2023, the Company converted to a public company.
- On 21 March 2023, the Company issued 4,000,000 ordinary shares at \$0.14 each, raising \$560,000.

DY6 METALS LTD DIRECTORS' REPORT

Likely Developments and Expected Results of Operations

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

Dividends

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

Environmental regulations

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

Shares under option

The following unissued ordinary shares of the Company under option are on issue as at the date of this report:

6,000,000 options exercisable at \$0.25 expiring 4 years from date of issue.

Shares issued on the exercise of options

During the financial period ended 31 December 2022, there were nil shares of the Company issued upon the exercise of options.

Indemnifying officers and auditors

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

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The Company was not a party to any such proceedings during the period ended 31 December 2022.

DY6 METALS LTD DIRECTORS' REPORT

Information on Directors

Daniel Smith, B. A., FGIA – Non-Executive Director & Chairman

Mr Smith holds a Bachelor of Arts, is a Fellow of the Governance Institute of Australia, and has over 15 years' primary and secondary capital markets expertise. He is a director and co-founder of Minerva Corporate, a boutique corporate services and advisory firm. He has advised on and been involved in over a dozen IPOs/RTOs on the ASX, AIM and NSX.

Mr Smith is currently non-executive director for several companies on AIM/ASX operating in the resources sector and has been heavily involved in project origination and evaluation.

John Kay, LLB – Non-Executive Director

Mr Kay is an experienced corporate lawyer and corporate adviser and has advised on numerous IPOs and RTOs on the ASX.

Mr Kay currently operates a corporate advisory practice, Arcadia Corporate, which provides corporate advisory and capital raising services to listed and unlisted companies in the mining sector. Mr Kay has previously held a number of non-executive director and company secretarial roles for ASX listed mining and energy companies.

Myles Campion, BSc Geology (Hons), MSc Minex – Non-Executive Director (appointed 20 March 2023)

He has over 30 years' experience in the natural resources sector, including exploration geology, resource analysis, fund management, equities research and project and debt financing. Myles earned an M.Sc. in Minerals Exploration from the Royal School of Mines in London and B.Sc. Honors in Geology from University of Wales College Cardiff.

He started his career as an exploration and mining geologist in Australia covering base metals and gold, that included being the Project Geologist at LionOre responsible for the exploration, discovery and BFS completion of the Emily Ann Nickel Sulphide Mine.

Myles's financial experience ranges from Australian and UK equities research through to project and debt financing in London and Fund Manager for the OEIC Australian Natural Resources Fund for 5 years in Perth.

Myles has been the Executive Director of Europa Metals Ltd since August 2020 and is a Non-Executive Director at Katoro Gold PLC.

Nannan He, BSc, MSc, PhD - Non-Executive Director (appointed 20 March 2023)

Dr He has over 10 years' experience in geosciences, across chemical material trading, exploration and resources investment. Via her investment vehicle, Woodsouth Asset Management Pty Ltd, she has been actively examining exploration and resource projects worldwide and has built strong networks throughout the Southeast Asian market.

Dr He holds a PhD in Geochemistry from Curtin University, a MS in Geochemistry from Hokkaido University, and a BS in Mineral Resource Exploration from Jilin University.

**DY6 METALS LTD
DIRECTORS' REPORT**

Directors' Interests in Equities of the Company

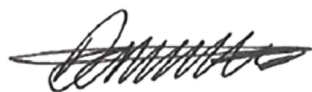
As at the date of this report, the interests of the Directors in the equities of the Company held directly or indirectly are as follows:

	Ordinary Shares	Share Options	Performance Rights
Daniel Smith	3,037,500	2,225,000	750,000
John Kay	3,105,000	2,140,000	750,000
Myles Campion	325,000	562,500	-
Nannan He	925,556	225,278	-

Auditor's Independence Declaration

The auditor's independence declaration as required under s307C of the Corporations Act 2001 has been received and can be found on page 6.

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



Daniel Smith

Director

Dated this 30th day of March 2023

**DY6 METALS LTD
DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of DY6 Metals Ltd, the directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 28, are in accordance with the Corporations Act and:
 - a. comply with Australian Accounting Standards which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - b. give a true and fair view of the financial position of the Company as at 31 December 2022 and its performance as represented by the results of its operations, for the financial period ended on that date.
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.



Daniel Smith


Director

Dated this 30th day of March 2023

**AUDITOR'S INDEPENDENCE DECLARATION UNDER
SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF DY6 METALS LTD**

I declare that, to the best of my knowledge and belief, during the financial period ended 31 December 2022, there have been:

- a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



SUANN-LEE TAN
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 30th day of March 2023.

DY6 METALS LTD
STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

	Notes	2022 \$
Revenue		-
Administration expenses		(7,336)
Share-based payments	5b	(31,597)
Taxes and fees		-
		<hr/>
Loss before income tax	2a	(38,933)
		<hr/>
Income tax expense	2b	-
		<hr/>
Loss for the period after tax		(38,933)
Other comprehensive income		
Foreign exchange translation		-
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Total comprehensive loss for the period		(38,933)
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Loss for the period attributable to owners of the Company		(38,933)
		<hr/>
Total comprehensive loss attributable to owners of the Company		(38,933)
		<hr/>

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

DY6 METALS LTD
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	2022 \$
ASSETS		
CURRENT ASSETS		
Cash at bank		121,538
Trade and other receivables	3	680
TOTAL CURRENT ASSETS		<u>122,218</u>
NON-CURRENT ASSETS		
Deferred exploration and evaluation costs	4	15,446
Intangibles		-
TOTAL NON-CURRENT ASSETS		<u>15,446</u>
TOTAL ASSETS		<u>137,664</u>
LIABILITIES		
TOTAL CURRENT LIABILITIES		<u>-</u>
TOTAL NON-CURRENT LIABILITIES		<u>-</u>
TOTAL LIABILITIES		<u>-</u>
NET ASSETS / (LIABILITIES)		<u>137,664</u>
EQUITY		
Issued capital	5a	145,000
Share option reserve	5b	31,597
Accumulated losses		(38,933)
TOTAL EQUITY / (DEFICIT)		<u>137,664</u>

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

DY6 METALS LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

	Issued Capital	Accumulated Losses	Share Option Reserves	Total
	\$	\$	\$	\$
Balance at beginning of the period	-	-	-	-
Loss for the period	-	(38,933)	-	(38,933)
Total loss for the period	-	(38,933)	-	(38,933)
Other Comprehensive Income	-	-	-	-
Ordinary shares issued during the period	145,000	-	-	145,000
Share options issued	-	-	31,597	31,597
Balance at 31 December 2022	145,000	(38,933)	31,597	137,664

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

DY6 METALS LTD
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

	Notes	2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		-
Payments		(8,016)
Net cash flows used in operating activities	9	<u>(8,016)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation expenditure		(15,446)
Net cash flows used in investing activities		<u>(15,446)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issued ordinary shares		145,000
Net cash flows provided by financing activities		<u>145,000</u>
Net increase in cash and cash equivalents		121,538
Cash and cash equivalents at beginning of the financial period		<u>-</u>
Cash and cash equivalents at the end of the financial period		<u>121,538</u>

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

DY6 METALS LTD
NOTES TO THE FINANCIAL STATEMENTS

The financial statements and notes represent those of DY6 Metals Ltd (formerly Magneto Minerals Pty Ltd) ("the Company").

The financial statements were authorised for issue on 30 March 2023 by the directors.

Note 1: Summary of Significant Accounting Policies

Basis of Preparation

These general-purpose financial statements have been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. These financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar unless stated otherwise.

Going concern

The Company reported a net loss for the period ended 31 December 2022 of \$38,933 and had net assets as at that date of \$137,664. The financial statements have been prepared on the basis of going concern which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Directors have determined the going concern basis to be appropriate on the basis of the recently completed capital raise of \$560,000 subsequent to period-end. Furthermore, the Company is well advanced with its plans to list on the ASX by way of an initial public offering ("IPO") to raise a minimum of \$5 million. To-date, the Company has received strong cornerstone investor support and interest for the IPO, and accordingly, expects to be able to secure sufficient funding to enable it to continue its operations for at least the next twelve months from the date of this report.

Note 1: Summary of Significant Accounting Policies (continued)

Accounting Policies

(a) Income tax

The income tax expense (income) for the period comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- a) the initial recognition of goodwill; or
- b) the initial recognition of an asset or liability in a transaction which:
 - i) is not a business combination; and
 - ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Note 1: Summary of Significant Accounting Policies (continued)

(a) Income tax (continued)

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where:

- i) a legally enforceable right of set-off exists; and
- ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Fair Value of Assets and Liabilities

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Note 1: Summary of Significant Accounting Policies (continued)

(c) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

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

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

Note 1: Summary of Significant Accounting Policies (continued)

(c) Financial Instruments (continued)

Financial assets

Financial assets are subsequently measured at:

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

Measurement is on the basis of two primary criteria:

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

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

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

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (continued)

(c) Financial Instruments (continued)

Financial liabilities

Financial instruments are subsequently measured at:

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

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

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

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

Impairment

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

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

Loss allowance is not recognised for:

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

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

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

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

Note 1: Summary of Significant Accounting Policies (continued)

(c) Financial Instruments (continued)

General approach

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

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

Simplified approach

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

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

Derecognition

Derecognition of financial assets

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

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (continued)

(d) Impairment of Assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

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

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Note 1: Summary of Significant Accounting Policies (continued)

(e) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Equity-settled compensation

Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options and performance rights are determined using the Black-Scholes and/or binomial pricing models respectively. The number of performance rights and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

Note 1: Summary of Significant Accounting Policies (continued)

(f) Revenue and Other Income

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

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

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

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

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

(g) Cash and Cash Equivalents

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

(h) Mineral Exploration and Evaluation Expenditure

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered 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 or loss in the period in which the decision to abandon the area is made.

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

Note 1: Summary of Significant Accounting Policies (continued)

(i) Trade and Other Receivables

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

(j) Trade and Other Payables

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

(k) Goods and Services Tax (GST)

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

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 ATO is included as part of receivables or payables in the statement of financial position. Cashflows are presented on a gross basis. The GST components of cash flows arising from financing and investing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(l) Foreign currency translation

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at the reporting date exchange rates of monetary assets, and liabilities denominated in foreign currencies are recognised in the profit or loss.

The assets and liabilities of any foreign operations are translated into Australian dollars using the exchange rates at the reporting date. Monetary assets and liabilities denominated in foreign currency at the reporting date are translated to the functional currency at the exchange rate at that date. The income and expenses of foreign operations are translated into Australian dollars at the average exchange rates for the period. Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are recognised to form part of a net investment in a foreign operation and are recognised in other comprehensive income and are presented in the foreign currency translation reserve in equity.

Note 1: Summary of Significant Accounting Policies (continued)

(m) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key estimates

i) Impairment

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

ii) Share-based payments

The Group measures the cost of equity settled transactions with employees and directors by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes or Binomial option pricing model, using the assumptions detailed in Notes 5b and 5c.

(n) New Accounting Standards for Application in Future Periods

The Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB – Australian Accounting Standards Board that are relevant to the Company's operations and effective for annual reporting periods commencing on or after 1 January 2022. It has been determined by the Directors that there is no expected impact, material or otherwise, of the new and revised Standards and Interpretations on the Company and, therefore, no change is expected in the future to accounting policies.

DY6 METALS LTD
NOTES TO THE FINANCIAL STATEMENTS

Note 2a: Profit /(Loss) before Income Tax

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

	2022
	\$
Expenses	
ASIC fees	498
ASX fees	5,000
Other expenses	1,838
	<u>7,336</u>

Note 2b: Income Tax

Current tax	2022
	\$
Income tax expense	<u>-</u>

Note 3: Trade and Other Receivables

	2022
Current	\$
Other debtors – GST Refundable	680
	<u>680</u>

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

Note 4: Deferred Evaluation and Exploration Costs

	2022
	\$
Non-current	
Deferred exploration and evaluation costs	15,446
	<u>15,446</u>

The recoverability of deferred exploration and evaluation costs is dependent upon the successful development and commercial exploitation, or alternately the sale of the areas of interest.

DY6 METALS LTD
NOTES TO THE FINANCIAL STATEMENTS

Note 5a: Issued Capital

	2022	
	Number	\$
Ordinary shares fully paid	8,500,000	145,000

Movements in ordinary share capital:

	2022	
	Number	\$
Beginning of the period	-	-
Issued during the period:	8,500,000	145,000
Balance at end of the period	8,500,000	145,000

Note 5b: Share option reserve / Share-based payments

This reserve is used to recognise the fair value of options issued.

	2022	
	Number	\$
Share options	5,500,000	31,597

Movements in options:	2022	
	Number	\$
Beginning of the period	-	-
Issued as part of seed capital raised (i)	1,250,000	-
Issued to founding shareholders (ii)	2,750,000	-
Issued as Directors remuneration (iii)	1,500,000	31,597
Balance at end of the period	5,500,000	31,597

All options are exercisable at \$0.25 each and expire four (4) years from their date of issue.

- (i) The directors or their related entities received 115,000 options from seed capital raised.
- (ii) The directors or their related entities received 2,750,000 options as founding members.
- (iii) These options were valued using a Black-Scholes valuation model and the expense recognised in full at their issue date is \$31,597. The valuation model inputs used to determine the fair value at the grant date as follows:

Grant date – 28 December 2022
Exercise Price - \$0.25
Share Price at grant date - \$0.05
Expected volatility – 100%
Risk-free rate – 3.25%
Expiry date – 28 December 2026
Vesting terms - immediately

DY6 METALS LTD
NOTES TO THE FINANCIAL STATEMENTS

Note 5c: Performance Rights/ Share-based payments

	2022	
	Number	\$
Performance rights	1,500,000	-

Movements in performance rights:

	2022	
	Number	\$
Beginning of the period	-	-
Issued to Directors (i)	1,500,000	-
Balance at end of the period	1,500,000	-

On 28 December 2022, the Company issued 1,500,000 performance rights to the directors which expire 5 years from the issue date. Each performance right will convert into one (1) ordinary share of the Company in three (3) equal tranches upon the achievement of the milestones set out below, before the expiry date.

- (i) Milestone 1 – the announcement or announcements by the Company to ASX that tenement application APL0251 has been granted as an exploration licence within two years from date of settlement of the acquisition of Green Exploration Limited.
- (ii) Milestone 2 – the announcement or announcements by the Company to ASX that completion of at least 2,000m of drilling has occurred on the Tenements within two years from the date of settlement of the acquisition of Green Exploration Limited.
- (iii) Milestone 3 – the announcement or announcements by the Company to ASX that the Company has delineated a JORC or NI43-101 compliant Mineral Resource on the Tenements of a minimum of 5Mt and meeting a minimum grade level.

These performance rights were valued at \$200,000 using a binomial valuation model which assumes a 100% probability of achieving milestones 1 and 2, and 0% probability of achieving milestone 3. Given the proximity of the issue date to 31 December 2022, the different performance milestones described above, the total expense being recognised over the life of expected achievement of each milestone (2 years), \$nil expense has been recognised for the period ended 31 December 2022. The \$200,000 will be expensed over the next two financial years.

Note 6: Commitments

The Company has no capital or other commitments at balance date.

Note 7: Contingent Liabilities and Contingent Assets

There are no contingent liabilities or contingent assets at balance date.

DY6 METALS LTD
NOTES TO THE FINANCIAL STATEMENTS

Note 8: Events after the Reporting Period

No matters or circumstances have arisen since the end of the financial period that significantly affect or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years, except for the following:

- On 20 March 2023, Myles Campion and Nannan He were appointed as directors of the Company. 500,000 share options were issued to Mr Campion upon his appointment as a director at terms consistent with those described in Note 5b(iii).
- On 21 March 2023, the Company converted to a public company.
- On 21 March 2023, the Company issued 4,000,000 ordinary shares at \$0.14 each, raising \$560,000.

Note 9: Cash Flow Information

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

	2022
	\$
Net loss after income tax	(38,933)
Add/Less non-cash items	
Share-based payments	31,597
Changes in assets and liabilities:	
Movement in trade and other receivables	(680)
Movement in trade and other payables	-
	<u>(8,016)</u>

Note 10: Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks; accounts receivable and payables.

The totals for each category of financial instruments, measured in accordance with AASB 139: Financial Instruments: Recognition and Measurement as detailed in the accounting policies, are as follows:

	2022
	\$
FINANCIAL ASSETS	
Cash and cash equivalents	121,538
Trade and other receivables	680
	<u>122,218</u>
FINANCIAL LIABILITIES	
Trade and other payables	-
Loans from related parties	-
	<u>-</u>

Note 10: Financial Risk Management (continued)

Financial Risk Management Policies

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

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

Specific Financial Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments are credit risk, liquidity risk, and market risk relating to interest rate risk and other price risk. There have been no substantive changes in the types of risks the Company is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company. The Company's objective in managing credit risk is to minimise the credit losses incurred, mainly on trade and other receivables and loans. There is no significant credit risk exposure on available-for-sale financial assets and held-to-maturity investments.

Credit risk is managed through maintaining procedures that ensure, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness and their financial stability is monitored and assessed on a regular basis.

Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

Credit risk exposures

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

Note 10: Financial Risk Management (continued)

b. Liquidity risk

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

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

c. Market risk

i) Interest rate risk

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

ii) Other price risk

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors (other than those arising from interest rate risk) for securities.

Note 11: Fair Value Measurements

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

Note 12: Related Parties Transactions

Transactions and outstanding balances with related parties

Transactions between related parties are on normal commercial terms and conditions no more favorable than those available to other parties (i.e. at arm's length) unless the terms and conditions disclosed below state otherwise.

Other than the share options and performance rights issued to directors described in Notes 5a and 5b respectively, there were no significant transactions with related parties during the period.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DY6 METALS LTD****Audit Opinion**

We have audited the accompanying financial report, being a general purpose financial report, of DY6 Metals Ltd (the Company) which comprises the statement of financial position as at 31 December 2022, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- i. gives a true and fair view of the Company's financial position as at 31 December 2022 and of its performance for the period then ended; and
- ii. complies with International Financial Reporting Standards.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities with the Code.

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

Responsibility of the Directors for the Financial Report

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

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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DY6 METALS LTD (CONTINUED)**

Auditor's Responsibility for the Audit of the Financial Report

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

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



SUAN-LEE TAN
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 30th day of March 2023.