

MetalsGrove Mining Ltd

ABN 18 655 643 039

**Financial Report
for the Period from Incorporation
26 November 2021 to 31 December 2021**

METALSGROVE MINING LTD
FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021
DIRECTORS' REPORT

The Directors present their report, together with the financial statements, of MetalsGrove Mining Ltd ("the Company") since incorporation 26 November 2021 to 31 December 2021.

Directors

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

- Chi, Haidong – Director (appointed 07/01/2022)
- Sivasamy, Anbarasan – Director (appointed 26/11/2021)
- Beazley, Richard – Director (appointed 22/12/2021)

Principal activities and review of operations

During the period the Company identified several tenements to target for acquisition.

Operating results

The net loss after income tax for the period was \$128,092.

Dividends

No dividends were paid during the Period and no dividend has been declared for the period ended 31 December 2021.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial Period

The impact of the Coronavirus (COVID-19) pandemic is ongoing, therefore it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

In January 2022, the Company entered into agreements to acquire a 100% interest in the Woodie Woodie North Project, the Upper Coondina Project, the Edwards Creek Project, the Box Hole Project and the Bruce Project (together, the Projects):

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DIRECTORS' REPORT

The Woodie Woodie North Project and the Upper Coondina Projects (together, the WA Projects) are located in the Pilbara region of Western Australia. The Edwards Creek Project, the Box Hole Project and the Bruce Project (together, the NT Projects) are located in the Northern Territory and are the subject of a joint venture (NT Joint Venture).

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect, the Company's operations, the results of those operations, or the Company's state of affairs in the future financial years.

Future Developments

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

Environmental Regulation

The Company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name: Mr Anbarasan Sivasamy

Title: Director (appointed 26/11/2021)

Experience and expertise:

Mr Sivasamy is a mining professional more than 25 years of global experience. He has held Senior Management roles within large, medium and junior Mining companies in Australia, Africa, India and South East Asia.

He is the founder Director and CEO of MetalsGrove Mining Limited. He has held director roles with Tambourah Metals Ltd (ASX-TMB) and Pilgangoora Minerals. He also held senior management role with Aditya Birla Minerals (ASX-ABY) that is engaged in mining, processing & marketing copper in Australia that eventually was acquired by MetalsX Ltd. He is a director of OreMin Consultants which has been undertaking consulting engagements for many mining companies within Australia and overseas.

Mr Sivasamy is a skilled geologist. His professional contribution includes improving the efficiency of mining operations and optimising processing methods. During his working life prior to becoming an entrepreneur, he has identified a gold resource concession in Victoria which eventually had an estimated gold deposits of circa 1m ounces and discovered a copper sulphide deposit in Western Australia. He also identified 4 copper deposits in Queensland for further exploration and mining.

He holds a master's degree in Geology. He is a member of Australasian Institute of Mining and Metallurgy. He is a member of the Australia Institute of Company Directors.

Special responsibilities: None

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DIRECTORS' REPORT

Name: Mr Richard Beazley

Title: Director (appointed 22/12/2021)

Experience and expertise:

Founder and Director of both Altair Mining Consultancy and Hydrogen Energy Pty Ltd and the Interim CEO and Managing Director for Troy Resources (ASX-TRY). Mr Beazley is an experienced mining engineer with 35 years of experience with a strong corporate, operational and technical background in the resources industry. Throughout his career he has worked on projects throughout Australia, Africa and South America.

With Altair, he has driven and delivered valued outcomes for mining clients which in turn has led to strong market growth outside the mining industry to include oil and gas, renewables, infrastructure, manufacturing and security due to his corporate and operational expertise and his extensive network across the globe.

His former roles have included the Chief Operating Officer for Sandfire Resources NL (ASX-SFR), Managing Director Peak Resources Limited (ASX-PEK), General Manager Operations at Consolidated Minerals, General Manager Southern Cross Operations at St Barbara Limited (ASX-SBM) and Manager Mining Greenbushes at Sons of Gwalia Ltd (ASX-SGW).

Special responsibilities: None

Name: Mr. Haidong Chi

Title: Director (appointed 07/01/2022)

Experience and expertise:

Mr Chi is a one of the very early Co-founders of Kimberley Metals Group and KMG Mining Pty Ltd. Mr Chi has been the Managing Director of the company's business operations, liaising with key relevant stakeholders, driving strategic company growth, and responsible for the overall performance of the business for more than 10 years.

Mr Chi has a proven track of executive management skills and holds extensive experience in the commodity trading markets for the past 20 years. He also holds a Master's degree in Business Administration (MBA) from Peking University, and developing managerial skills in the business sectors.

Mr Chi has strong experience in market insights, strategic advice, business operations, financial performance, investments, and ventures. He has delivered valued outcomes and maintained positive relations with business partners, shareholders, and relevant authorities. Most recently Mr Chi was a Vice President of US Capital Holdings Group, a US based private equity investment company that specialises in assisting Chinese companies gain access to international capital markets.

Special responsibilities: None

METALSGROVE MINING LTD
FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021
DIRECTORS' REPORT

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the period ended 31 December 2021, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Mr Anbarasan Sivasamy	1	1
Mr Richard Beazley	1	1
Mr. Haidong Chi	1	1

Held: represents the number of meetings held during the time the director held office.

Options

No options over issued shares or interests in the Company or a controlled entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Indemnity and insurance of officers

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

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 any part of those proceedings.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on the next page and forms part of the Directors' Report for the period ended 31 December 2021.

METALSGROVE MINING LTD
FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021
DIRECTORS' REPORT

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

A handwritten signature in black ink, consisting of stylized, overlapping loops and a long horizontal stroke extending to the right.

Anbarasan Sivasamy

Director

10th March 2022

METALSGROVE MINING LTD
FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021
AUDITOR'S INDEPENDENCE DECLARATION

Auditor's Independence

METALSGROVE MINING LTD
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2021

		26 November 2021 to 31 December 2021 \$
Expenses		
Formation Costs		(1,322)
Share based payments	6	(115,658)
Consultancy Fees		(5,850)
LOSS BEFORE INCOME TAX EXPENSE		(122,830)
Income tax expense		-
LOSS FROM CONTINUING OPERATIONS FOR THE PERIOD		(122,830)
Other comprehensive income, net of tax		-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(122,830)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

METALSGROVE MINING LTD
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

		2021
	Notes	\$
CURRENT ASSETS		
Cash and cash equivalents	2	495,865
Trade and other receivables	3	1,966
TOTAL CURRENT ASSETS		497,831
TOTAL ASSETS		497,831
CURRENT LIABILITIES		
Trade and other payables	4	3,403
TOTAL CURRENT LIABILITIES		3,403
TOTAL LIABILITIES		3,403
NET ASSETS		494,428
EQUITY		
Issued capital	5	501,600
Reserves	6	115,658
Accumulated losses		(122,830)
TOTAL EQUITY		494,428

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

METALSGROVE MINING LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2021

	Note s	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
Incorporated on the 26 November 2021		-	-	-	-
Profit/(Loss) for the Period		-	-	(122,830)	(122,830)
Other comprehensive loss		-	-	-	-
Total Comprehensive Loss for the Period		-	-	(122,830)	(122,830)
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs	5	501,600	-	-	501,600
Issue of options	6	-	115,658	-	115,658
Balance as at 31 December 2021		501,600	115,658	(122,830)	494,428

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

METALSGROVE MINING LTD
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2021

	2021
Notes	\$
CASH FLOWS FROM OPERATING ACTIVITIES	
Payment to Suppliers and employees	(4,235)
NET CASH USED IN OPERATING ACTIVITIES	(4,235)
CASH FLOWS FROM OPERATING ACTIVITIES	
NET CASH USED IN OPERATING ACTIVITIES	-
CASH FLOWS FROM FINANCING ACTIVITIES	
Net proceeds from issue of shares	500,100
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	500,100
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD	495,865
Cash and cash equivalents at beginning of financial period	-
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	495,865
2	

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

1. CORPORATE INFORMATION & STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

The Company was incorporated on 26 November 2021.

The nature of the operations and principal activities of the Company are the proposed acquisition of several exploration tenements with a view to list on the ASX.

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'), as applicable for for-profit oriented entities. These financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The following are the accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

New and amended standards adopted by the Company

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

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

a) Going concern

The financial statements has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

METALSGROVE MINING LTD

NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2021

The entity's ability to continue as a going concern is dependent on the success of the Public Offer. The Directors believe that the entity will continue as a going concern. As a result, the financial statements have been prepared on a going concern basis. However, should the Public Offer be unsuccessful, the entity may not be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the entity not continue as a going concern.

The directors believe that there are reasonable grounds to believe that the Company will continue as a going concern, after consideration of the following factors:

- The company is pursuing an initial public offering to the Official List of the Australian Securities Exchange to raise funds to continue commercialisation of the business;
- The Working Capital of the company can support the company daily activities until completion of Initial public offering.
- The Company continues to keep costs at a minimum in order to conserve cash reserves for the financial period ended 30 June 2022.

Accordingly, the directors believe that the Company will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

Should the Company not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements or raise additional capital through equity or debt raisings and that the financial reports does not include any adjustments relating to the recoverability and classification or recorded asset amounts or liabilities that might be necessary should the Company not continue as a going concern and meet its debts as and when they become due and payable. The directors plan to continue the Company's operations on the basis as outlined above and believe there will be sufficient funds for the Company to meet its obligations and liabilities for at least twelve months from the date of this report.

b) Reporting basis and conventions

The financial information has been prepared on an accruals basis and is based on historical costs.

c) Cash and cash equivalents

Cash and cash equivalents include Cash in Bank.

d) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost when the Company becomes obliged to make payments resulting from the purchase of goods and services. The amounts are non-interest-bearing, unsecured and are usually paid within 30 days of recognition.

e) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown as a deduction from the equity proceeds.

f) Goods and Services Tax (GST)

Revenues, expenses, and assets are recognised net of the amount of GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

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 taxation authority is included with other receivables or payables in the Consolidated Statement of Financial Position.

g) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

Deferred income tax is provided on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences

METALSGROVE MINING LTD

NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2021

can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred tax assets and liabilities are reassessed at each statement of financial position date and reduced to the extent that it is no longer probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

h) Share Based Payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date of which they are granted. The fair value is determined using a Black-Scholes option pricing model, using the assumptions detailed in Note 6 – Share based payments.

i) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements 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.

– Impairment

The Company assesses impairment of all assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved and probable reserves and mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

METALSGROVE MINING LTD**NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2021**

Capitalised exploration and evaluation expenditure that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

2. Cash and Cash Equivalents

	2021
	\$
Commonwealth Bank A/c #2956	495,865
	<hr/> 495,865 <hr/>

3. Trade and Other receivables

	2021
	\$
Other receivable	1,500
GST Collected	466
	<hr/> 1,966 <hr/>

4. Trade and Other Payables

	2021
	\$
Trade Creditors	1,403
Accruals	2,000
Balance as at 31 December 2021	<hr/> 3,403 <hr/>

5. ISSUED CAPITAL

	No. of shares	2021
		\$
Fully Paid Ordinary Shares of \$0.01	10,000	100
Fully Paid Ordinary Shares of \$0.001	1,500,000	1,500
Fully Paid Ordinary Shares of \$0.10	5,000,000	500,000
	<hr/> 6,510,000 <hr/>	<hr/> 501,600 <hr/>

METALSGROVE MINING LTD**NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2021****6. SHARE BASED PAYMENTS**

The Company granted 4,500,000 options to founders on 22 December 2021. The fair value of share options have been valued using a Black-Scholes methodology, taking into account the terms and conditions upon which the options were granted. A summary of the inputs used in the valuation of the options is as follows:

Exercise Price	\$0.30
Share price on grant date	\$0.10
Grant date	22/12/2021
Expected volatility	80%
Expiry Date	21/12/2024
Expected Dividends	Nil
Risk free interest rate	0.47%
Value per option	\$0.02570
Number of options	4,500,000
Total Value	\$115,658

7. CONTINGENT LIABILITIES AND ASSETS

The Board is not aware of any other circumstances or information which leads them to believe there are any material contingent liabilities or assets outstanding as at 31 December 2021.

8. EVENTS AFTER BALANCE DATE

The impact of the Coronavirus (COVID-19) pandemic is ongoing up to 31 December 2021, therefore it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

METALSGROVE MINING LTD

NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2021

In January 2022, the Company entered into agreements to acquire a 100% interest in the Woodie Woodie North Project, the Upper Coondina Project, the Edwards Creek Project, the Box Hole Project and the and the Bruce Project (together, the Projects):

The Woodie Woodie North Project and the Upper Coondina Projects (together, the WA Projects) are located in in the Pilbara region of Western Australia. The Edwards Creek Project, the Box Hole Project and the Bruce Project (together, the NT Projects) are located in the Northern Territory and are the subject of a joint venture (NT Joint Venture).

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect, the Company's operations, the results of those operations, or the Company's state of affairs in the future financial years.

9. FINANCIAL INSTRUMENTS

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity'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 consolidated entity. The consolidated entity 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, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Credit risk

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity is not exposed to any significant interest rate risk at reporting period.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

METALSGROVE MINING LTD

NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2021

10. RELATED PARTY TRANSACTIONS

The Company granted 4,500,000 options to Directors during the period. Refer to note 6 for further information.

11. CAPITAL AND OTHER COMMITMENTS

No capital or other commitments recognised at the reporting date.

METALSGROVE MINING LTD
DIRECTORS' DECLARATION

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 the 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 entity's financial position as at 31 December 2021 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

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



Anbarasan Sivasamy

Director

10th March 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METALSGROVE MINING LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of MetalsGrove Mining Limited ("the Company"), which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a. the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 31 December 2021 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report which indicates that the Company incurred a net loss of \$122,830 during period ended 31 December 2021. 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 this respect of this matter.

Other Information

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 31 December 2021 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 Note 1, the directors also state in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

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 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 has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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.



HALL CHADWICK WA AUDIT PTY LTD



CHRIS NICOLOFF CA

Director

Dated this 22nd day of March 2022
Perth, Western Australia

To the Board of Directors,

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit Director for the audit of the financial statements of MetalsGrove Mining Limited for the period ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully


HALL CHADWICK WA AUDIT PTY LTD


CHRIS NICOLOFF CA
Director

Dated this 22nd day of March 2022
Perth, Western Australia