

VYTAS RESOURCES LIMITED

A.C.N. 644 572 403

FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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Director's Report

The directors present their report on the Company for the financial year ended 30 June 2023 and the prior year ended 30 June 2022.

Information on Directors

The names of each person who has been a director during the financial year and to the date of this report (unless otherwise stated) are:

Name:	Mr Philip Gardiner (appointed 18 August 2021)
Title:	Non Executive Director, Chairman
Qualifications, experience and expertise:	BSc. MBA Phil was a founding director of Macquarie Bank and formerly the Chair of the Sydney Futures Exchange, Barbecues Galore and the Wool Strategy Group (Ministry of Primary Industry and Fisheries).
Special responsibilities:	Phil is a member of the Audit & Risk and Remuneration & Nominations Committee.
Other current directorships:	None
Former directorships (last 3 years)	None
Interests in shares:	7,500,000
Interests in options:	15,000,000
Contractual rights to shares	Nil
Name:	Mr David Cornell (appointed 18 August 2021)
Title	Managing Director
Qualifications, experience and expertise:	BComm. CA David is an experienced mining executive, with 20 years' in the resources sector in a variety of roles including managing director and executive director of public and listed companies with Energy Minerals Australia, Vimy Resources and Asean Copper. David is a Chartered Accountant and has over a decade of experience working in science in the Department of Defence.
Other current directorships:	None
Former directorships (last 3 years)	Vimy Resources (ASX:VMY)
Interests in shares:	4,600,000
Interests in options:	Nil
Contractual rights to shares	Nil

Name: **Mr Phillip Bellamy (appointed 23 September 2020)**

Title Non Executive Director

Qualifications, experience and expertise: Dip AgTech, Dip Sust
Phil has over 30 years' experience in natural resource management in Western Australia and is a founding director of Vytas Resources. He was the founding director of Wheatbelt Timber Pty Ltd which provides solutions in soil science, water management and rehabilitated.

Special responsibilities Phil is a member of the Audit & Risk Committee and Remuneration & Nominations Committee.

Other current directorships: None

Former directorships (last 3 years) None

Interests in shares: 20,500,000

Interests in options: 15,000,000

Contractual rights to shares Nil

Name: **Ms Yaxi Zhan (appointed 29 November 2021 – resigned 6 February 2023)**

Title Non Executive Director

Qualifications, experience and expertise: (BEng (Mining), FINSIA, GDip (Finance and Investment))
Yaxi has 15 years experience in mining & resources in Australia and China. Yaxi currently serves as Managing Director of Accelerate Resources Limited (ASX: AX8).

Special responsibilities Yaxi served as a member of the Audit & Risk and Remuneration & Nominations Committee

Other current directorships: Accelerate Resources Limited (ASX AX8)

Former directorships (last 3 years) None

Interests in shares: Nil

Interests in options: Nil

Contractual rights to shares Nil

Name: **Mr Peter Nicholson (appointed 9 September 2023)**

Title Non Executive Director

Qualifications, experience and expertise: BEng (Mining), FINSIA, GDip Finance
Peter is an experience mining engineer with more than 25 years of experience covering operational and mine management roles, including holding the position of Managing Director of Ora Banda an ASX listed gold producer. Peter is currently a Senior Advisor to Appian Capital Advisory and served 13 years as Managing Director of Resource Capital Funds (RCF).

Special responsibilities Peter is a member of the Audit & Risk Committee and Remuneration & Nominations Committee.

Other current directorships: None

Former directorships (last 3 years)	None
Interests in shares:	500,000
Interests in options:	Nil
Contractual rights to shares	Nil

Company Secretary

The company secretary is Mr Jack Rosagro (appointed 1 November 2022). The previous company secretary was Mr Marcel Hilmer (appointed 9 June 2022).

Jack is a Chartered Company Secretary, a Fellow of Governance Institute of Australia and holds a Bachelor of Commerce majoring in Finance. He has 16 years' experience in capital markets, share registry, and governance.

Meetings of directors

The number of meetings of the Company's Board of Directors ("the Board") held during financial year ended 30 June 2023, and the number of meetings attended by each director were:

	<u>Attended</u>	<u>Held*</u>
Philip Gardiner	6	6
David Cornell	6	6
Phillip Bellamy	6	6
Yaxi Zhan	3	3
Peter Nicholson	-	-

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

Principal Activities

The Company's principal activities are as a Technology Materials business focused on developing Hydrogen On Demand and High Purity Materials. These materials may be sourced directly from the Company's 100% owned resource projects, ensuring security and continuity of supply over the long-term and include:

- Hydrogen On Demand
- High Purity Quartz (HPQ) – used in the manufacture of solar panels;
- High Purity Alumina (HPA) – essential for the production of Lithium Batteries; and
- High Purity Silicon (HPS) – used for the manufacture of silicon anodes which has potential to revolutionise the performance capacity of lithium batteries and facilitate green hydrogen production using non-beneficial water.

The Company comprises of Vytas Resources Limited and its wholly owned subsidiaries (Vytas Mining Pty Ltd, Guja Pty Ltd and Halcyon Resources Pty Ltd).

Environmental Issues

The Company is currently not subject to any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Dividends paid or recommended

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

Indemnification and Insurance of Officers and Auditors

No indemnities have been given or insurance premiums were paid during the financial period for any person who is or has been an officer or auditor of the Company.

Options and Securities

The Company issued 30 million Securities on 23 September 2020 as part of its incentive strategy. The Securities convert to ordinary shares on the achievement of (1) achieving a project NPV of \$200 million at bankable feasibility assessment (15 million shares) and (2) achieving a monthly free cash flow of \$2 million per month after production commences (15 million shares). No milestones were achieved during the financial period.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceeding on behalf of the Company or intervene in any proceeding to which the Company is a party for the purposes 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 financial period.

Financial performance and position

This report is prepared for the financial year from 1 July 2022 to 30 June 2023. The prior year is from date of incorporation 1 July 2021 to 30 June 2022.

The loss from operations of the Company for the financial year ended 30 June 2023 was (\$1,356,148). Prior Year (\$1,823,709)

At 30 June 2023 the Company has \$680,506 cash at bank.

Events subsequent to the end of the reporting period

The Company, raised \$1,838,230, at \$0.20 per share, in September 2023 to fund the development of the Company's projects and working capital.

Significant changes in state of affairs

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

Auditor's independence declaration

The lead auditor's independence declaration, as required under section 307C of the Corporations Act 2001 for the year ended 30 June 2023 has been received and can be found on page 8.

This Directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

Signed in accordance with a resolution of the board of directors.

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

Mr David Cornell

Director

Dated this 27th October 2023

AUDITOR'S INDEPENDENCE DECLARATION VYTAS RESOURCES LIMITED (FORMERLY VYTAS RESOURCES PTY LTD)

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Vytas Resources Limited.

As audit partner of Vytas Resources Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



Hall Chadwick Audit (WA) Pty Ltd
ABN 42 163 529 682



Nikki Shen
Director

Dated 27th October 2023

Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 30 June 2023

		Consolidated	
		Year Ended	Period Ended
		30 June 2023	30 June 2022
Note		\$	\$
Revenue			
	Other income – bank interest	2,589	118
Expenses			
	Consulting fees	295,806	261,048
	Exploration and evaluation expenses	976,804	-
	Wages and salaries	20,192	15,144
	Administrative expense	31,836	50,268
	Audit fees	18,100	6,140
	Share based payments	-	20,000
	Interest and finance costs	136	72
	Asset acquisition cost	-	1,106,000
2	Rent	15,862	29,700
	Profit / (Loss) before income tax	(1,356,148)	(1,823,709)
	Income tax expense	-	-
3		-	-
	Loss for the period	(1,356,148)	(1,823,709)
	Total comprehensive loss for the period	(1,356,148)	(1,823,709)

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

Statement of Financial Position

As at 30 June 2023

		Consolidated	
		2023	2022
		\$	\$
Note			
	Current assets		
	Cash and cash equivalents	4	680,056
	Trade and other receivables	5	33,022
	Total current assets		713,078
	Total assets		713,078
	Current liabilities		
	Trade and other payables	6	101,519
	Provisions		35,337
	Total current liabilities		136,855
	Non-Current liabilities		
	Loans	7	82,267
	Accrued Expenses		290,000
	Total non-current liabilities		372,267
	Total liabilities		509,122
	Net assets		203,956
	Equity		
	Issued capital	8	3,418,906
	Reserves	8	300
	Accumulated losses		(3,215,250)
	Total equity		411,450

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

Statement of Changes in Equity

For the financial year ended 30 June 2023

	Issued Capital	Option Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
At 1 July 2021	157,506	300	(34,047)	123,759
Loss for the period			(1,823,709)	(1,823,709)
Total comprehensive (loss) for the period	157,506	300		
Options issued (net of costs)	-	-	-	-
Shares issued (net of costs)	2,111,400	-	-	2,111,400
Balance at 30 June 2022	2,268,906	300	(1,857,756)	411,450
At 1 July 2022	2,268,906	300	(1,857,756)	411,450
Carried Adjustment	-	-	(1,346)	(1,346)
Loss for the period	-	-	(1,356,148)	(1,356,148)
Total comprehensive (loss) for the period	2,268,906	300	(3,215,250)	(946,044)
Options issued (net of costs)	-	-	-	-
Shares issued (net of costs)	1,150,000	-	-	1,150,000
Balance at 30 June 2023	3,418,906	300	(3,215,250)	203,956

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

Statement of Cash Flow

For the financial year ended 30 June 2023

		Consolidated	
		2023	2022
Note		\$	\$
	Operating activities		
	Receipts from customers	32,569	-
	Payments to suppliers and employees	(1,214,601)	(339,533)
	Interest received	2,589	24
	Finance costs paid	(136)	(16)
	Income tax paid	-	-
	Net cash flows used in operating activities	(1,179,579)	(370,567)
	Investing Activities		
	Payments for property, plant & equipment	-	-
	Net cash flows used in investing activities	-	-
	Financing activities		
	Proceeds from issue of shares	1,150,000	947,806
	Proceeds from seed raise	-	-
	Net cash flows from financing activities	1,150,000	947,806
	Net change in cash and cash equivalents	(29,579)	577,239
	Cash and cash equivalents at the beginning of the financial period	709,635	132,396
	Cash and cash equivalents at end of the financial period	680,056	709,635

The above Statement of Cash Flow should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the period ended 30 June 2023

This report is prepared for the financial year ended 30 June 2023 and prior financial year ended 30 June 2022.

Vytas Resources Limited is a for profit public company limited by shares incorporated and domiciled in Australia. The functional and presentation currency of Vytas Resources Limited is Australian dollars. The Company changed from a proprietary limited to a public unlisted company on 27 August 2022. The financial report was approved by the directors as at the date of the director's report.

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

Going Concern

These financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

The Company incurred a loss for the financial year ended 30 June 2023 of \$1,356,148 (prior year: \$1,823,709), net cash outflows used in operating activities was \$1,179,579 (prior year: \$370,567). As at 30 June 2023, the Company had \$680,056 (prior year: \$709,635) in cash and cash equivalents.

The Company, raised \$1,838,230 in September 2023 to fund the development of the Company's projects and working capital.

Notes to the Financial Statements (cont'd)

Summary of Significant Accounting Policies

New Standards and interpretations not yet adopted

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. Any significant impact on the accounting policies of the Company from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

Principles of Consolidation

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

i. Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group is exposed to variable returns from another entity and has the ability to affect those returns through its power over the entity.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree;
less
- the net recognised amount of the identifiable assets acquired and liabilities assumed.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill.

If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

The consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate

Notes to the Financial Statements (cont'd)

used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. Any significant impact on the accounting policies of the Company from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

Principles of Consolidation

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

ii. Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group is exposed to variable returns from another entity and has the ability to affect those returns through its power over the entity.

The Group measures goodwill at the acquisition date as:

- a) the fair value of the consideration transferred; plus
- b) the recognised amount of any non-controlling interests in the acquiree; plus
- c) if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree;

less

- d) the net recognised amount of the identifiable assets acquired and liabilities assumed.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill.

If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

The consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Notes to the Financial Statements (cont'd)

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

iii. Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as non-controlling interests. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

A list of controlled entities is contained in Note 12 Interest in Subsidiaries of the financial statements.

iii) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

iv. Transactions eliminated on consolidation

All intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Notes to the Financial Statements (cont'd)

Trade and other receivables

Trade and other receivables are recorded at amounts due less any allowance for doubtful debts. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense. Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the period and is measured at the amount expected to

be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

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

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

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

Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial period that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Revenue and Other Income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Interest revenue is recognised using the effective interest rate method.

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

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

Notes to the Financial Statements (cont'd)

Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of GST. 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.

Cash flows in the statement of cash flows are included on a gross basis and the GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Issued Capital

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

Exploration and Evaluation Expenditure

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

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

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

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

Notes to the Financial Statements (cont'd)

2. Acquisition of Subsidiary (Prior Year)

On 30 November 2021, Vytas Resources acquired 100% of the ordinary share capital and voting rights of Halcyon Resources Pty Ltd at a consideration of 22,120,000 ordinary shares in the Company at \$0.05 per share, amounting to \$1,106,000. Goodwill is calculated as the difference between the fair value of consideration transferred less the fair value of the identified net assets of the acquired. However, as Halcyon Resources is not carrying on a business, this is considered as an asset acquisition instead of a business acquisition. Details of the transactions are as follows:

	Fair value
	\$
Fair value of consideration transferred	1,106,000
Fair value of identifiable assets and liabilities held at acquisition date:	
Capitalised exploration expenditure	876,775
Loan payable	(887,582)
	<u>(10,807)</u>
Fair value of identifiable assets and liabilities assumed	-
Asset acquisition cost	<u>1,106,000</u>
Management believes it to be prudent to fully expense the acquisition cost of \$1,106,000.	

3. Income Tax

There are no current or deferred tax expenses during the period. The prima facie tax expense / (credit) on profit / (loss) from ordinary activities before income tax is reconciled to income tax is:

	June 2023	June 2022
	\$	\$
Prima facie tax payable/ (benefit) on profit / (loss) before income tax at 25%	(339,037)	(455,927)
Tax effect of non-deductible expenses	-	276,500
Tax effect of allowable expenses	-	-
Tax effect of unrecognised tax losses	339,037	179,427
	<u>-</u>	<u>-</u>

Deferred tax assets are not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in the accounting policy of Note 1 Income Tax, as at period end, are satisfied. The tax loss carried forward amounted to about \$670,037 subject to the impact of R&D rebates.

Notes to the Financial Statements (cont'd)

	June 2023 \$	June 2022 \$
4 Cash and cash equivalents	680,056	132,396
Reconciliation of cash flow from operations to (loss)/profit after income tax		
Operating profit/loss after income tax	(1,356,148)	(1,823,709)
Add back non-cash item		
Exploration & evaluation assets written off		
Non-cash changes in assets and liabilities	(1,347)	57,595
Decrease/(increase in receivables	10,891	(42,550)
Increase/(decrease) in payables	227,025	189,830
Increase/(decrease) in operating loans	(60,000)	142,267
Cash flow from operations	<u>(1,179,579)</u>	<u>(370,567)</u>
5 Trade and other receivables		
GST Receivable	23,846	23,785
Sundry Debtors	9,176	20,128
	<u>33,022</u>	<u>43,913</u>
6 Trade and other payables		
Accruals	-	15,992
Trade and sundry creditors	101,519	168,695
	<u>101,519</u>	<u>184,687</u>
7 Loans		
Term debt	<u>82,267</u>	<u>142,267</u>

The debt is due for payment in September 2024.
There is no interest payable.

Notes to the Financial Statements (cont'd)

8	Issued Capital	Number	\$
	Movement in shares – period ended 30 Jun 2022		
	Opening Balance	53,740,000	157,506
	Shares issued for purchase of investment	22,120,000	1,106,000
	Share based payments	404,000	40,400
	Issues to seed investors	12,500,000	965,000
	Closing Balance 30 June 2022	<u>88,764,000</u>	<u>2,268,906</u>
	As at 1 July 2022	88,764,000	2,268,906
	Shares issued for purchase of investment	-	-
	Share based payments	-	-
	Issues to seed investors	5,750,000	1,150,000
	Closing Balance 30 June 2023	<u>94,514,000</u>	<u>3,418,906</u>
	Movement in options – period ended 30 June 2022	Number	\$
	Opening balance		
	Founder performance options	30,000,000	300
	Closing Balance 30 June 2022	<u>30,000,000</u>	<u>300</u>
	As at 1 July 2022		
	Opening balance		
	Founder performance options	30,000,000	300
	Closing Balance 30 June 2023	<u>30,000,000</u>	<u>300</u>

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Financial risk management objectives

The Company'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 Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Capital risk management

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders. The capital structure of the Company consists of equity comprising issued capital and accumulated losses. Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is to maintain sufficient current working capital position to meet the requirements of the Company to meet exploration programs and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

Price risk

The Company is not exposed to any significant price risk.

Notes to the Financial Statements (cont'd)

Interest rate risk

The Company is not exposed to any significant interest rate risk.

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 does not have any material credit risk exposure to any single receivable or Company of receivables under financial instruments entered into by the Company.

Liquidity Risk

Vigilant liquidity risk management requires the Company to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The following tables detail the Company's contractual maturity for its financial assets and liabilities: -

	Carrying amount \$	Contractual cash flows \$	Less than 1 year \$
Financial assets			
Cash and cash equivalent	680,056	680,056	680,056
GST receivable	9,176	9,176	9,176
Financial liabilities			
Trade and other payables	(426,855)	(426,855)	(136,855)
Loans	(82,267)	(82,267)	-
Net cashflow	180,110	180,110	552,377

Notes to the Financial Statements (cont'd)

9 Related party transactions

Transactions with related parties:

Mr Phillip Bellamy is currently a Director of the Company. The Company issued 15 million Performance Shares on the following terms:

Issue date 23 September 2020

Expiry: 6 years from the date of issue

Performance hurdles:

- (1) 7,500,000 ordinary shares where the bankable feasibility study demonstrates a NPV of \$200 million
- (2) 7,500,000 ordinary shares where a free cash flow of \$2 million per month is achieved.

Mr Philip Gardiner is currently a Director of the Company. The Company issued 15 million Performance Shares on the following terms:

Issue date 23 September 2020

Expiry: 6 years from the date of issue

Performance hurdles:

- (1) 7,500,000 ordinary shares where the bankable feasibility study demonstrates a NPV of \$200 million
- (2) 7,500,000 ordinary shares where a free cash flow of \$2 million per month is achieved.

Mr David Cornell is currently a Director of the Company. The Company paid \$70,000 to Element Capital Management, a related party of Mr Cornell, and accrued an invoice of \$192,000 for services rendered (plus GST).

Accelerate Resources Limited is a substantial shareholder of the Company and the Managing Director, Ms Yaxi Zhan is a Non-Executive Director of the Company. The Company acquired 100% of the ordinary share capital and voting rights of Halcyon Resources Pty Ltd in November 2021 from Accelerate Resources Limited. See Note 2 for details of the transaction.

10 Contingencies and Commitments

The Company had no material contingent assets or liabilities at 30 June 2023.

The Company has minimum expenditure commitments on its tenements of \$288,000 for the year ending 30 June 2024.

11 Investment assets

During the year ended 30 June 2023, the Company made no material asset acquisitions.

During the reporting period the Company incorporated Guja Pty Ltd to carry on exploration activities within the Group's silica-based minerals strategy.

Notes to the Financial Statements (cont'd)

12 Events Subsequent to Reporting Date

The Company, raised \$1,838,230 in September 2023 to fund the development of the Company's projects and working capital.

Declaration by Directors

The directors declare that the financial statements and notes are in accordance with the Corporations Act 2001:

- (a) Comply with Accounting Standards and the Corporations Regulations 2001, and other mandatory professional reporting requirements;
- (b) As stated in Note 1, the financial statements also comply with International Financial Reporting Standards; and
- (c) Give a true and fair view of the financial position of the entity as at 30 June 2023 and of its performance for the year ended on that date.

In the directors' opinion there are reasonable grounds to believe that Vytas Resources Ltd will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

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

Mr David Cornell

Director

Dated this 27th October 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VYTAS RESOURCES LIMITED (FORMERLY VYTAS RESOURCES PTY LTD)

Report on the Financial Report

Opinion

We have audited the accompanying consolidated financial report of Vytas Resources Limited (the company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 30 June 2023, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company.

In our opinion, the consolidated financial report of Vytas Resources Limited and its controlled entities is in accordance with the Corporations Act 2001, including:

- i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
- ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

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 Responsibility section of our report.

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

Independence

We are independent of the entity in accordance with 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.

Directors' Responsibilities for the Financial Report

The Directors of the company are responsible for the preparation of the consolidated 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 consolidated 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 consolidated financial report, the Directors are responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the Directors either intend to liquidate the entity or to cease operations, or have 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 consolidated financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the consolidated financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We 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 entity'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 entity to cease to continue as a going concern.

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

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the 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.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. 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 Audit (WA) Pty Ltd
ABN 42 163 529 682



Nikki Shen
Director

Dated 27th October 2023