

**VYTAS RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
(FORMERLY KNOWN AS VYTAS RESOURCES PTY LTD)
A.C.N. 644 572 403**

**FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

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Director's Report

The directors present their report on Vytas Resources Limited and its controlled entities (the Group) for the half-year ended 31 December 2021. Vytas Resources Limited (the Company) changed from a proprietary limited to a public unlisted company on 27 August 2021.

Information on Directors

The names of each person who has been a director since incorporation and to the date of this report are:

Name:	Mr Philip Gardiner (appointed 18 August 2021)
Title:	Non Executive Director, Chairman
Qualifications, experience and expertise:	BSc. MBA Phil has extensive experience in banking, agriculture and politics, He has been a founding director of Macquarie Bank, a non-executive director of Barbeques Galore, and has been the Chair of the Sydney Futures Exchange, the Wool Strategy Group (Ministry of Primary Industry and Fisheries) and is currently an Advisory Board Member for the Institute of Agriculture at UWA. Politically, Phil was the Member for the Agricultural Region, Legislative Council (Nationals WA) from 2009-2013.
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:	2,000,000
Interests in options:	None
Contractual rights to shares	None
Name:	Mr David Cornell (appointed 18 August 2021)
Title:	Managing Director
Qualifications, experience and expertise:	BComm. CA David has David has 20 years' experience in the resources sector in a variety of roles including as managing director and executive director of public and listed companies and executive management roles in operational and corporate levels.
Other current directorships:	Vimy Resources (ASX:VMY)
Former directorships (last 3 years)	Energy & Minerals Australia (ASX:EMA)
Interests in shares:	5,100,000
Interests in options:	None
Contractual rights to shares	None

Name: Mr Phillip Bellamy (appointed 23 September 2020)
 Title Non Executive Director
 Qualifications, experience and expertise: JP Dip AgTech, Dip Sust
 Phil has over 30 years' experience in natural resource management in Western Australia. He was the founding director Wheatbelt Timber Pty Ltd which provides specialised solutions in soil science, farm planning, water management, forestry and carbon accounting in farming, rehabilitated and natural systems. Phil has been involved in several start-up companies including Solar Sustain International which develops reverse osmosis technology. Phil is one of the founding directors of Vytas Resources.

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: 21,000,000

Interests in options: 15,000,000

Contractual rights to shares None

Name: Ms Yaxi Zhan (appointed 29 November 2021)

Title Non Executive Director

Qualifications, experience and expertise: AusIMM CPA Bsc MAcc

Yaxi has 15 years' experience in the mining & resources industry in Australia and China and currently serves as Managing Director of Accelerate Resources (ASX: AX8). Yaxi previously worked within the Sino Group and as well as Australian public listed and private exploration companies. She is an active member in various Chinese Australian business groups, promoting Australian and Chinese bilateral business relationships and trade.

Special responsibilities Yaxi is 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: None

Interests in options: None

Contractual rights to shares None

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

Company Secretary

The company secretary is Mr Henry Thong (appointed 18 August 2021).

Henry has over 25 years' experience in senior financial and governance roles in listed, private companies and government-owned utilities. Henry is principal of Keystone Advisors who provides executive services to start-up and emerging companies across multiple industries. Current directorships are Vietnam Industrial Investments.

Meetings of directors

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

	Attended	Held
Philip Gardiner	4	4
David Cornell	4	4
Phillip Bellamy	4	4
Yaxi Zhan	1	1

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

Principal Activities

The Group's principal activities are to develop its critical mineral strategy to support the global energy transition and low carbon goals.

The Group's maiden project was the Moora Silica project which was acquired to produce High Purity Quartz (HPQ) for the solar panel industry and other application.

The project portfolio was expanded to include the White Peaks and Ajana Projects High Purity Silicon (HPS). Vytas has a 25% interest in Silica Earth Resources Pty Ltd, which has an operating mining lease supplying HPS to the agricultural sector. Growth opportunities include high strength low carbon cement, soil amelioration and anodes for lithium batteries and green hydrogen.

During the reporting period, the Company incorporated Vytas Mining Pty Ltd to carry on exploration activities within the Group's silica-based minerals strategy and acquired a 100% interest in the Tambellup Kaolin Project via the acquisition of Halcyon Resources Pty Ltd ("Halcyon") for consideration of 22,120,000 ordinary shares in the Company at \$0.05 per share, amounting to \$1,106,000. Kaolin is used to produce High Purity Aluminium (HPA) and HPQ.

The Company plans to list on the Australian Securities Exchange (ASX) and is progressing with plans to lodge a full form prospectus with the ASX in 2022.

No other significant change in the nature of the Group's activities occurred during the period.

Environmental Issues

The Group 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 group.

Options and Securities

The Company issued 30 million Securities to the founders 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).

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceeding on behalf of the Group or intervene in any proceeding to which the Group is a party for the purposes of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the financial period.

Financial performance and position

This report is prepared for the half-year ended 31 December 2021.

The loss from operations of the Group for the half-year ended 31 December 2021 was \$1,215,466.

At 31 December 2021 the Group has \$328,408 cash at bank and raised \$285,000 capital through the issues of 5,700,000 shares at \$0.05 to sophisticated investors as part of a seed raise

After balance day events

The Group, comprising Vytas Resources Limited and its two wholly owned subsidiaries (Vytas Mining Pty Ltd and Halcyon Resources Pty Ltd) plans to list on the Australian Securities Exchange (ASX). The Group is progressing with plans to lodge a full form prospectus with the ASX in 2022.

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 half-year ended 31 December 2021 has been received and can be found on page 7.

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

A handwritten signature in black ink, appearing to read 'D. Cornell', with a stylized flourish at the end.

Mr David Cornell

Director

Dated this 7th day of April 2022

Auditor's Independence Declaration



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 half year 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 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 7 April 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year period ended 31 December 2021

	Note	6 mths ended 31 Dec 2021 \$	23 Sep 2020 (date of incorp) To 31 Dec 2020 \$
Revenue			
Other income		64	-
Expenses			
Consulting fees		12,175	-
Evaluation and exploration expenses		69,885	-
Employee benefits expense		-	-
Administrative expense		7,438	-
Share based payments		20,000	-
Depreciation		-	-
Interest and finance costs		32	-
Asset acquisition cost	2	1,106,000	-
Other expenses		-	-
Profit / (Loss) before income tax		(1,215,466)	-
Income tax expense	3	-	-
Loss for the period		(1,215,466)	-
Total comprehensive loss for the period		(1,215,466)	-

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

Consolidated Statement of Financial Position

As at 31 December 2021

	Note	Dec 2021 \$	Jun 2021 \$
Current assets			
Cash and cash equivalents	4	328,408	132,396
Trade and other receivables	5	8,057	1,363
Total current assets		<u>336,465</u>	<u>133,759</u>
Non-current assets			
Property, plant & equipment		-	-
Total non-current assets		<u>-</u>	<u>-</u>
Total assets		<u>336,465</u>	<u>133,759</u>
Current liabilities			
Trade and other payables	6	17,172	10,000
Total current liabilities		<u>17,172</u>	<u>10,000</u>
Total liabilities		<u>17,172</u>	<u>10,000</u>
Net assets		<u>319,293</u>	<u>123,759</u>
Equity			
Issued capital	7	1,568,506	157,506
Reserves		300	300
Accumulated losses		(1,249,513)	(34,047)
Total equity		<u>319,293</u>	<u>123,759</u>

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

Consolidated Statement of Changes in Equity

For the period ended 31 December 2021

	Issued Capital \$	Accumulated losses \$	Option Reserve \$	Total \$
Balance at 1 July 2021	157,506	(34,047)	300	123,759
Loss for the period	-	(1,215,466)	-	(1,215,466)
Total comprehensive (loss) for the period	-	(1,215,466)	-	(1,215,466)
Shares issued	1,411,000	-	-	1,411,000
Options issued	-	-	-	-
Balance at 31 December 2021	1,568,506	(1,249,513)	300	319,293
Incorporation date	-	-	-	-
Loss for the period	-	-	-	-
Total comprehensive (loss) for the period	-	-	-	-
Shares issued	481	-	-	481
Balance at 31 December 2020	481	-	-	481

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

Consolidated Statement of Cash Flow

For the period ended 31 December 2021

	Note	6 mths ended Dec 2021 \$	23 Sep 2020 (date of incorp) to 31 Dec 2020 \$
Operating activities			
Receipts from customers		-	-
Payments to suppliers and employees		(89,021)	-
Interest received		64	-
Finance costs paid		(32)	-
Income tax paid		-	-
Net cash flows used in operating activities	8	(88,988)	-
Investing Activities			
Payments for property, plant & equipment		-	-
Net cash flows used in investing activities		-	-
Financing activities			
Proceeds from issue of shares		285,000	481
Net cash flows from financing activities		285,000	481
Net change in cash and cash equivalents		196,012	481
Cash and cash equivalents at the beginning of financial period		132,396	-
Cash and cash equivalents at end of financial period		328,408	481

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

Notes to the Consolidated Financial Statements

For the period ended 31 December 2021

This report is prepared for the half-year ended 31 December 2021.

These are the financial statements and notes of Vytas Resources Ltd (Vytas Resources or the Company) and its controlled entities (the Group). 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 2021.

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 consolidated 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 Group incurred a loss for the period ended 31 December 2021 of \$1,215,466 out of which, \$1,106,000 relates to a non-cash asset acquisition cost. Net cash outflows used in operating activities was \$88,988. During the period, the Group raised capital of \$285,000 and had \$328,408 in cash and cash equivalents.

Summary of Significant Accounting Policies

New Standards and interpretations not yet adopted

The Group 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 Group 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 Group.

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).

Notes to the Consolidated Financial Statements (cont'd)

Principles of Consolidation (cont'd)

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 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.

ii. 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

Notes to the Consolidated Financial Statements (cont'd)

Principles of Consolidation (cont'd)

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.

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of: (i) the consideration transferred; (ii) any non-controlling interest; and (iii) the acquisition date fair value of any previously held equity interest, over the acquisition date fair value of net identifiable assets acquired.

Goodwill is tested for impairment annually and is allocated to the company's cash-generating units or groups of cash-generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

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.

Notes to the Consolidated Financial Statements (cont'd)

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 Group prior to the end of the financial period that are unpaid and arise when the Group 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 Group 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 Group is entitled to it.

Notes to the Consolidated 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 Consolidated Financial Statements (cont'd)

2. Acquisition of Subsidiary

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 believe 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:

	Dec 2021	23 Sep 2020 (date of incorp) to 31 Dec 2020
Prima facie tax payable/ (benefit) on profit / (loss) before income tax at 26%	(316,021)	-
Tax effect of non-deductible expenses	287,560	-
Tax effect of allowable expenses	-	-
Tax effect of unrecognised tax losses utilised	28,461	-
	<u>-</u>	<u>-</u>

Notes to the Consolidated Financial Statements (cont'd)

3. Income tax (cont'd)

Deferred tax assets not brought to account of about \$144,000, the benefits of which will only be realised if the conditions for deductibility set out in the accounting policy of Note 1 Income Tax have been fulfilled if:

- i. the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- ii. the Group continues to comply with conditions for deductibility imposed by law; and
- iii. no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the loss.

	Notes	31 Dec 2021 \$	30 Jun 2021 \$
4	Cash and cash equivalents	328,408	132,396
5	Trade and other receivables		
	GST receivable	7,309	598
	Sundry debtors	749	765
		8,057	1,363
6	Trade and other payables		
	Sundry creditors	17,172	10,000
7	Issued Capital	No.	\$
	Opening balance	-	-
	Founder shares	48,100,000	481
	Shares issued for purchase of investment	2,500,000	25
	Issues to seed investors	3,140,000	157,000
	Balance at end 30 June 2021	53,740,000	157,506
	Movement in shares – period ended 30 June 2021	No.	\$
	Opening balance	53,740,000	157,506
	Shares issued to acquire subsidiary (note 2)	22,120,000	1,106,000
	Share based payment	200,000	20,000
	Issues to seed investors	5,700,000	285,000
	Closing Balance	81,760,000	1,568,506

Notes to the Consolidated Financial Statements (cont'd)

7. Issued Capital (cont'd)

	No.	\$
Movement in options- period ended 31 December 2021		
Opening balance	30,000,000	300
No issue in the period	-	-
Closing Balance	<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.

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.

Notes to the Consolidated Financial Statements (cont'd)

7. Issued Capital (cont'd)

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 Group's contractual maturity for its financial assets and liabilities

December 2021	Carrying amount	Contractual cash flows	Less than 1 year
	\$	\$	\$
Financial assets			
Cash and cash equivalent	328,408	328,408	328,408
Trade and other receivable	8,057	8,057	8,057
Financial liabilities			
Trade and other payables	(17,172)	(17,172)	(17,172)
Net cashflow	319,293	319,293	319,293

Fair Value

Due to their short-term nature, the carrying amount of the financial assets and financial liabilities is assumed to be approximate to their fair value

June 2021	Carrying amount	Contractual cash flows	Less than 1 year
	\$	\$	\$
Financial assets			
Cash and cash equivalent	132,396	132,396	132,396
Trade and other receivable	1,363	1,363	1,363
Financial liabilities			
Trade and other payables	(10,000)	(10,000)	(10,000)
Net cashflow	123,759	123,759	123,759

Notes to the Consolidated Financial Statements (cont'd)

	2021 \$	2020 \$
8 Cash flow information		
	(1,215,466)	-
Reconciliation of Cash Flow from Operations with Loss after income tax expense		
Non-cash flows in profit		
Asset acquisition cost	1,106,000	-
Share based payments	20,000	-
Changes in assets and liabilities (Increase)/decreased in trade and other payables	7,172	-
Increase/(decrease) in trade and other receivables	(6,694)	-
	<hr/>	<hr/>
Cash flows used in operations	(88,988)	-

9 Transactions with related parties

Mr Philip 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 issued

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.

10 Contingencies

The Company had no material contingent assets or liabilities at 31 December 2021.

11 Investment assets

During the period, the Company purchased a 25% stake in Soil Earth Resources Pty Ltd ("SER") for consideration of 2,500,000 shares in the Company. The market value of the consideration at the time of acquisition was \$25. SER is a private unlisted company with tenements in Western Australia which may form part of the Company's strategy. The directors have fully impaired the value of this investment to \$0 as at 31 December 2021.

Notes to the Consolidated Financial Statements (cont'd)

12 Interest in subsidiaries

In September 2021, the Company incorporated Vytas Mining Pty Ltd to carry on exploration activities within the Company's silica-based minerals strategy.

On 30 November 2021, the Company acquired a 100% on Halcyon Resources Pty Ltd ("Halcyon") for consideration of 22,120,000 shares in the Company. Under the terms of the share purchase agreement with Accelerate Resources Limited ("AX8"), the Company undertakes to list the Company in 2022 and a director of AX8 has been invited to the Board of the Company to jointly develop the assets of Halcyon. Failure to complete an Initial Public Offering in 2022 will allow AX8 the ability to re-acquire Halcyon for \$1.

13 Events Subsequent to Reporting Date

The Group, comprising Vytas Resources Limited and its two wholly owned subsidiaries (Vytas Mining Pty Ltd and Halcyon Resources Pty Ltd) plans to list of the Australian Securities Exchange (ASX). The Group is progressing with plans to lodge a full form prospectus with the ASX in 2022.

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 31 December 2021 and of its performance for the half 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 line extending to the right.

Mr David Cornell

Director

Dated this 7th day of April 2022

Independent Auditor's Report



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 31 December 2021, 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 half year ended 31 December 2021, 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 31 December 2021 and of its performance for the period 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 7 April 2022