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Coolabah Metals Limited
ACN: 652 352 228

Financial Report
for the Period from Incorporation
28 July 2021 to 31 December 2021

**COOLABAH METALS LIMITED
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**COOLABAH METALS LIMITED
CORPORATE DIRECTORY**

Directors

Non-Executive Chairman

Mr Stephen Woodham

Managing Director

Mr Cameron Provost

Non-Executive Director

Mr David Ward

Company Secretary

Mr Alan Armstrong

Registered and Principal Office

Level 11
216 St Georges Terrace
Perth Western Australia 6000

Telephone : +61 (8) 9481 0389
Facsimile : +61 (8) 9463 6103

Auditors

Hall Chadwick WA Audit Pty Ltd
283 Rokeby Road
Subiaco Western Australia 6008

Bankers

National Australia Bank Limited
Ground Floor, 100 St Georges Terrace
Perth Western Australia 6000

COOLABAH METALS LIMITED DIRECTORS' REPORT

The Directors present their report together with the financial statements of Coolabah Metals Limited (referred to hereafter as "the Company") for the period since incorporation 28 July 2021 to 31 December 2021.

Current Directors

The name and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire year unless stated otherwise.

Mr Stephen Woodham - Non-Executive Chairman (appointed 28 July 2021)
Mr Cameron Provost – Managing Director (appointed 28 July 2021)
Mr David Ward - Non-Executive Director (appointed 18 August 2021)
Mr Richard Maish – Non-Executive Director (appointed 28 July 2021; resigned 18 August 2021)

Mr Stephen Woodham Non-Executive Chairman

Mr Woodham has over 30 years' experience in the mining and exploration industry in Western Australia, New South Wales and overseas. His area of specialisation includes field logistics land access in rural and remote environments and company management. He also has an extensive track record of tenement acquisition, mining investment and commercial and cross-cultural negotiation.

Mr Woodham was a founding director of Centaurus Resources, YTC Resources (Aurelia), and managing director of Kingwest ASX:KWR) and Tellus Resources. Mr. Woodham is currently the Managing Director of ASX listed Locksley Resources (ASX:LKY)

Mr Cameron Provost Managing Director

Mr Provost has over 25 years' of diverse experience in executive management, company secretary and directorships crossing over various Limited and Proprietary Limited entities. His broad skillset and learnings include manufacturing, engineering, mining, water management, design & construction, general agriculture, project management, hospitality, gaming, accommodation, training, corporate governance & international patents.

Mr Provost is a graduate of Australian Institute of Company Directors.

Mr David Ward Non-Executive Director

Mr Ward is a geologist with over 25 years' experience in mineral exploration and mining in NSW, QLD and NT. He has extensive experience in a wide range of deposit styles and commodities with expertise in NSW geology, particularly intrusive related mineralisation. Previously in exploration and operational roles for several companies including Newcrest Mining, Clancy Exploration, Tellus Resources and Thomson Resources. David is currently the Chief Geologist for private company, Bacchus Resources Pty Ltd.

Mr Ward was a technical Director of Tellus Resources.

Interests in the Shares of the Company

As at the date of this report, the interests of the Directors in the securities of Coolabah Metals Limited were:

| Directors | Ordinary Shares held | Options held |
|-----------------|----------------------|--------------|
| Stephen Woodham | 2,175,001 | 2,200,000 |
| Cameron Provost | 500,000 | 1,000,000 |
| David Ward | 750,000 | 1,000,000 |

COOLABAH METALS LIMITED DIRECTORS' REPORT

Dividends

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

Principal Activities

The principal activity of the Company during the financial year was the evaluation of resource projects.

Operating Results for the Year

The operating result of the Company for the period was a loss of \$88,905.

Significant Changes in State of Affairs

Other than those disclosed in this annual report, no significant changes in the state of affairs of the Company occurred during the financial year.

Review of Operations

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

Significant Events after Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Directors' Meetings

The number of directors' meetings and the number of meetings attended by each of the directors of the Company for the time the director held office during the financial year are as follows:

| Director | No. eligible to attend | No. attended |
|-----------------|------------------------|--------------|
| Stephen Woodham | 1 | 1 |
| Cameron Provost | 1 | 1 |
| David Ward | 1 | 1 |

Indemnification of Officers

The Company currently has no insurance cover indemnifying officers against any liability arising out of their conduct whilst acting for the Company.

Indemnity and Insurance of Auditor

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

During the financial year, 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 for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company or any part of those proceedings.

Share Options

At the date of this report, Coolabah Metals Limited has 7,050,000 ordinary shares under option. These options were issued on 20 August 2021 with an exercise price of \$0.25 and an expiry of 31 March 2025.

Environmental Regulation

The Directors are mindful of the regulatory regime in relation to the impact of the organisation's activities on the environment. There have been no known breaches of any environmental regulation by the Company during the financial year.

**COOLABAH METALS LIMITED
DIRECTORS' REPORT**

Future Developments

Further information, other than as disclosed in this report, about likely developments in the operations of the Company and the expected results of those operations in future years, has not been included in this report as disclosure of this information would be likely to result in unreasonable prejudice to the Company.

Non-Audit Services

During this financial year, no fees were paid to Hall Chadwick for non-audit services.

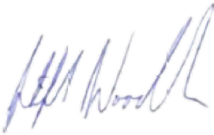
The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Auditor Independence

Section 307C of the Corporations Act 2001 requires our auditors, Hall Chadwick to provide the Directors of the Company with an Independence Declaration in relation to the audit of this financial report. The Directors have received the Independence Declaration which has been included within this financial report.

Signed in accordance with a resolution of the directors:



**Mr Stephen Woodham
Non-Executive Chairman**

Dated this 22nd day of April 2022

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 Coolabah Metals 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
HALL CHADWICK WA AUDIT PTY LTD


CHRIS NICOLOFF CA
Director

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

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COOLABAH METALS LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2021

| | Note | 2021 \$ |
|-------------------------------------------------------|------|-----------------|
| Revenue | | - |
| Administration expenses | | (4,155) |
| Consulting and corporate advisory fees | | (50,000) |
| Exploration and evaluation expenses | | (34,750) |
| | | - |
| Profit/(loss) before income tax | | (88,905) |
| Income tax expense | | - |
| | | - |
| Net profit/(loss) for the year | | (88,905) |
| Other comprehensive income | | - |
| | | - |
| Total comprehensive income/(loss) for the year | | (88,905) |
| | | - |

The accompanying notes form part of these financial statements

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COOLABAH METALS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

| | Note | 2021 \$ |
|----------------------------------|------|-----------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | | 705,407 |
| Trade and other receivables | | 12,184 |
| TOTAL CURRENT ASSETS | | <u>717,591</u> |
| TOTAL ASSETS | | <u>717,591</u> |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Trade and other payables | 4 | 127,875 |
| TOTAL CURRENT LIABILITIES | | <u>127,875</u> |
| TOTAL LIABILITIES | | <u>127,875</u> |
| NET ASSETS / (DEFICIT) | | <u><u>589,716</u></u> |
| EQUITY | | |
| Issued capital | 5 | 678,621 |
| Accumulated losses | | (88,905) |
| TOTAL EQUITY | | <u>589,716</u> |

The accompanying notes form part of these financial statements

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**COOLABAH METALS LIMITED
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

| | Note | 2021 \$ |
|---------------------------------------------------------------------|------|------------|
| Cash flows from operating activities | | |
| Payments to suppliers and employees | | (4,094) |
| Payments for exploration expenses | | (10,500) |
| Net cash flows from/(used in) operating activities | | (14,594) |
| Cash flows from financing activities | | |
| Proceeds from borrowings | | - |
| Proceeds from applications for shares in the Company (net of costs) | | 720,001 |
| Net cash flows from financing activities | | 720,001 |
| Net (decrease)/ increase in cash and cash equivalents | | 705,407 |
| Cash and cash equivalents at the beginning of the year | | - |
| Cash and cash equivalents at the end of the year | | 705,407 |

The accompanying notes form part of these financial statements

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COOLABAH METALS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2021

| | Issued Capital | Accumulated Losses | Total |
|-------------------------------------------------------------------------------|----------------|-----------------------|-----------------|
| | \$ | \$ | \$ |
| Incorporated on the 28 July 2021 | 1 | - | 1 |
| Loss for the year | - | (88,905) | (88,905) |
| Other comprehensive income | - | - | - |
| | 1 | (88,905) | (88,904) |
| Transactions with equity holders in their capacity as owners | | | |
| Issue of shares (net of costs) | 678,620 | - | 678,620 |
| Total transactions with equity holders in their capacity as owners | 678,620 | - | 678,620 |
| Balance at 31 December 2021 | 678,621 | (88,905) | 589,716 |

The accompanying notes form part of these financial statements

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COOLABAH METALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

1. CORPORATE INFORMATION

This financial report of Coolabah Metals Limited ("Company") was authorised for issue in accordance with a resolution of the directors on 22 April 2022.

Coolabah Metals Limited is a public non-listed company, incorporated and domiciled in Australia.

The Company was incorporated on 28 July 2021 and as such there are no comparatives for the periods ended 31 December 2020 and 30 June 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets.

(b) Going Concern

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

The Company incurred a loss for the period of \$88,905 and net cash inflows of \$705,407.

As at 31 December 2021, the Company has a working capital surplus of \$589,716.

The ability of the Company to continue as a going concern is principally dependent upon the ability of the Company to secure funds by raising capital from equity markets and managing cashflow in line with available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern. In the event the above matters are not achieved, the Company will be required to raise funds for working capital from debt or equity sources.

The directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

Planning commenced for an initial public offering on the ASX in late Q2/early Q3 2022, with the proposed \$6m raise to fund exploration.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate.

COOLABAH METALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

(c) New and Amended Accounting Policies Adopted by the Company

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

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

(d) Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision makers to make decisions about resources to be allocated to the segments and assess their performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues.

Operating segments have been identified based on the information presented to the chief operating decision makers – being the Board of Directors.

Information about other business activities and operating segments that do not meet the quantitative criteria set out in AASB 8 "Operating Segments" are combined and disclosed in a separate category called "other".

(e) Exploration and Evaluation Assets

Exploration and evaluation costs are expensed in the period they are incurred apart from mineral acquisition costs, which are capitalised and carried forward where right to tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Where an area of interest is abandoned or the directors decide that it is not commercial, any accumulated mineral acquisition costs in respect of that area are written off in the financial period the decision is made.

Each area of interest is also reviewed at the end of each accounting period and capitalised costs written off to the extent it is deemed that they will not be recoverable in the future. Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

(f) Cash and Cash Equivalents

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

Presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

(g) Trade and Other Payables

Liability for trade creditors and other amounts are carried at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed.

COOLABAH METALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

(h) Trade and other receivables

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

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

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

(i) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a current liability until extinguished on conversion or redemption as the maturity date is within 12 months. The corresponding interest on convertible notes is expensed to profit or loss.

(j) Contributed Equity

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.

(k) Revenue Recognition

The Company recognises revenue as follows:

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

COOLABAH METALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

(l) Income Tax

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 reporting 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 income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the financial 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 at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity.

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 tax authority.

(m) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

COOLABAH METALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Company intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

(n) Impairment of Assets

At the end of each reporting period, the directors assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Accounting Standard.

Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

COOLABAH METALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

(o) Goods and Services Tax (“GST”)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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

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

(p) Employee Benefits

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

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

(q) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company. In the opinion of the directors, there are no critical accounting estimates or judgments in this financial report. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

COOLABAH METALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

3. SEGMENT INFORMATION

The Company has identified its operating segments based on the internal reports that are used by the Board (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by the Board based on the phase of operation within the mining industry. For management purposes, the Company has organised its operations into two reportable segments on the basis of stage of development as follows:

- Development assets; and
- Exploration and evaluation assets, which includes assets that are associated with the determination and assessment of the existence of commercial economic reserves.

The Board as a whole will regularly review the identified segments in order to allocate resources to the segment and to assess its performance.

The Board considers that it has only operated in one segment, being mineral exploration.

4. TRADE AND OTHER PAYABLES

| | 2021 |
|-----------------|----------------|
| | \$ |
| Trade creditors | 127,875 |
| | <u>127,875</u> |

All trade creditors are unsecured, non interest bearing and are due and payable within 12 months.

5. CONTRIBUTED EQUITY

| | 2021 | |
|--------------------------------------|-------------------|----------------|
| | \$ | |
| Ordinary shares | | |
| Issued and fully paid | <u>678,621</u> | |
| | <i>No.</i> | <i>\$</i> |
| Movement in ordinary shares on issue | | |
| Issue of Incorporation Share | 1 | 1 |
| Issue of founders shares | 6,200,000 | 620 |
| Issue of Seed Shares @ 2c | 1,000,000 | 20,000 |
| Issue of Seed Shares @ 10c | 7,000,000 | 700,000 |
| Share issue costs | - | (42,000) |
| At 31 December 2021 | <u>14,200,001</u> | <u>678,621</u> |

Share Options

At 31 December 2021, Coolabah Metals Limited had 7,050,000 options on issue with an exercise price of \$0.25 and an expiry of 31 March 2025.

COOLABAH METALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

6. DIRECTORS AND EXECUTIVE DISCLOSURES

(a) Remuneration of Key Management Personnel

No remuneration was paid to key management personnel during the 31 December 2021 reporting period.

7. SHARE BASED PAYMENTS

Coolabah Metals Limited issued 7,050,000 options during the 31 December 2021 reporting period with an exercise price of \$0.25 and an expiry of 31 March 2025. As the value of shares at the date of issue were \$0.0001, the issue had nil impact on the financials for the 31 December 2021 reporting period.

8. RELATED PARTY DISCLOSURE

Amounts Receivable from Related Parties

Related party loans from the Company to Directors amounted to \$187. All amounts have been received by the Company subsequent to year end, such that the amounts receivable from related parties as at the date of this report amount to Nil.

Coolabah Metals Limited issued 4,200,000 options during the 31 December 2021 reporting year to directors with an exercise price of \$0.25 and an expiry of 31 March 2025.

9. CASHFLOW INFORMATION

| | 2021 \$ |
|-----------------------------------------------------------------------------------------|--------------------------|
| Reconciliation from the net loss after tax to the net cash flows from operations | |
| Net profit/(loss) for the year | (88,905) |
| <i>Changes in assets and liabilities:</i> | |
| Trade and other receivables | (12,184) |
| Trade and other payables | 127,875 |
| Accrued share issue costs | (41,380) |
| Movement in borrowings | - |
| Net cash from operating activities | (14,594) |

10. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise receivables, payables and cash which arise directly from its operations.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Company through regular reviews of the risks.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk, and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

COOLABAH METALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

Risk Exposures and Responses

Interest rate risk

The Company generates income from interest on surplus funds. At reporting date, the Company had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

| | 2021 |
|---------------------------|----------------|
| | \$ |
| Financial Assets | |
| Cash and cash equivalents | 705,407 |
| Net exposure | <u>705,407</u> |

Interest rate sensitivity analysis

The Company has no material interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company's potential concentration of credit risk consists mainly of cash deposits with banks. The Company's short term cash surpluses are placed with banks that have investment grade ratings. The maximum credit risk exposure relating to the financial assets is represented by the carrying value as at the reporting date. The Company considers the credit standing of counterparties when making deposits to manage the credit risk.

Liquidity risk

The responsibility with liquidity risk management rests with the Board of Directors. The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate working capital is maintained. The Company's policy is to ensure that it has sufficient cash reserves to carry out its planned exploration activities over the next 12 months.

Fair values

Fair values of financial assets and liabilities are equivalent to carrying values due to their short terms to maturity.

11. COMMITMENTS

The Company had no commitments as at 31 December 2021.

12. EVENTS AFTER REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

13. CONTINGENT LIABILITIES

The Company has no contingent liabilities as at 31 December 2021.

**COOLABAH METALS LIMITED
DIRECTORS' DECLARATION**

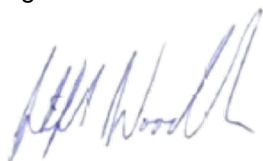
In accordance with a resolution of the directors of Coolabah Metals Limited, I state that:

1. In the opinion of the directors:

- (a) the financial statements and notes are 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 performance for the period ended on that date.
 - (ii) complying with Australian Accounting Standards, International Financial Reporting Standards as issued by the International Accounting Standards Board and *Corporations Regulations 2001*.
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Board of Directors:



Mr Stephen Woodham
Non Executive Chairman

Dated this 22nd day of April 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COOLABAH METALS LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Coolabah Metals 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 2.

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.

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Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) in the financial report which indicates that the Company incurred a net loss of \$88,905 during period ended 31 December 2021. As stated in Note 2(b), these events or conditions, along with other matters as set forth in Note 2(b), 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 2, 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
HALL CHADWICK WA AUDIT PTY LTD


CHRIS NICOLOFF CA
Director

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

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