MARONAN METALS LIMITED

ACN 156 269 993

INTERIM FINANCIAL REPORT

31 DECEMBER 2021

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DIRECTORS Russell Barwick

Simon Bird Richard Carlton Robert Rutherford

COMPANY SECRETARY Patrick Flint

PRINCIPAL AND REGISTERED

OFFICE

Level 15, 323 Castlereagh Street Sydney NSW 2000 Australia

Telephone: (02) 9281 1805

AUDITORS BDO

Level 9, Mia Yellagonga Tower 2

5 Spring Street Perth WA 6000

Company Information

The Company was incorporated and registered under the Corporations Act 2001 on 14 March 2012.

The Company is domiciled in Australia.

The directors of Maronan Metals Limited (the "Company") submit herewith the financial report for the half-year ended 31 December 2021. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

The names of the directors of the Company during or since the end of the half-year are as follows. Directors were in office for the entire period unless otherwise stated.

Russell Barwick appointed 14 March 2012
Simon Bird appointed 23 March 2021
Richard Carlton appointed 23 March 2021
Robert Rutherford appointed 14 March 2012

COMPANY SECRETARY

Patrick Flint appointed 14 March 2012

PRINCIPAL ACTIVITIES

The principal activity of the Company during the period was the identification and securing of prospective mineral tenements in Australia, and once secured the undertaking of exploration for and development of mineral resources.

RESULTS AND REVIEW OF OPERATIONS

The result of the Company for the half-year ended 31 December 2021 was a loss after tax of \$351,390 (2020: loss \$740,229).

During the period the Company continued reviewing funding and exploration and development options for the Maronan Project. The Company now plans a staged and more targeted exploration approach. Subject to securing the necessary funding, the Company will initially focus on the shallow, high value copper-gold and lead-silver potential with targeted drill tests, followed by a deep search for large tonnage, higher grade copper-gold and lead-zinc-silver extensions.

EVENTS SUBSEQUENT TO REPORTING DATE

No matter or circumstance has arisen 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 subsequent financial year(s).

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the period ended 31 December 2021 has been received and forms part of the Directors' report and can be found on the following page of the financial report.

Signed in accordance with a resolution of the directors.

On behalf of the Directors.

K Luther ford

Robert Rutherford Managing Director

16 February 2022 Perth, Western Australia



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DECLARATION OF INDEPENDENCE BY ASHLEIGH WOODLEY TO THE DIRECTORS OF MARONAN METALS LIMITED

As lead auditor for the review of Maronan Metals Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

- 1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- 2. No contraventions of any applicable code of professional conduct in relation to the review.

Ashleigh Woodley

Director

BDO Audit (WA) Pty Ltd

Perth, 16 February 2022

	Note 31 Dec 2021 31 D		31 Dec 2020 \$
Revenue			
Other income	_	-	<u>-</u>
		-	-
Expenditure			
Corporate and administration expenses		33,600	41,595
Exploration expenditure written off		25,142	356,111
Finance costs	3	292,648	342,523
Other expenditure	_	-	-
Total Expenditure	_	351,390	740,229
Loss before income tax		351,390	740,229
Income tax expense	_	-	-
Loss after income tax from continuing operations		351,390	740,229
Other Comprehensive income/(loss)			
Items that may be reclassified to profit or loss	_	-	
Total comprehensive loss for the period	_	351,390	740,229
Loss per Share			
Basic loss per share (dollar per share)		35,139	74,023
Diluted loss per share (dollar per share)		35,139	74,023

The accompanying notes form part of these financial statements.

	Note	31 December 2021	30 June 2021
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		10	10
Total current assets	_	10	10
Non-current assets			
Other receivables		10,000	10,000
Acquisition, exploration and evaluation			
expenditure		5,691,713	5,691,713
Total non-current assets	_	5,701,713	5,701,713
Total assets		5,701,723	5,701,723
LIABILITIES			
Current liabilities			
Trade and other payables		6,000	12,000
Borrowings	2	720,570	655,828
Total current liabilities	_	726,570	667,828
Non-current liabilities			
Borrowings	3	6,859,266	6,566,618
Total non-current liabilities	_	6,859,266	6,566,618
Total liabilities	_	7,585,836	7,234,446
Net liabilities	_	(1,884,113)	(1,532,723)
Equity			
Issued capital	4	10	10
Accumulated losses	5	(1,884,123)	(1,532,733)
Total equity/(deficit)		(1,884,113)	(1,532,733)
	_	(-,)	(-,,)

The accompanying notes form part of the financial statements.

2020	Issued capital		
	\$	\$	\$
Opening Balance 1 July 2020	10	(733,311)	(733,301)
Loss for the period	-	(740,229)	(740,229)
Balance as at 31 December 2020	10	(1,473,540)	(1,473,530)
2021	Issued capital	Accumulated losses	Total
	\$	\$	\$
Opening Balance 1 July 2021	10	(1,532,733)	(1,532,723)
Loss for the period	-	(351,390)	(351,390)
Balance as at 31 December 2021	10	(1,884,123)	(1,884,113)

The accompanying notes form part of the financial statements.

	Note	31 December 2021 \$	31 December 2020 \$
Cash flows from operating activities Payments to suppliers and employees		<u>-</u>	-,
Net cash outflows from operating activities			
Cash flows from investing activities Payments for exploration expenditure Payments for property, plant and equipment		- -	-
Net cash outflows from investing activities		<u>-</u>	<u>-</u> ,
Cash flows from financing activities Proceeds from share issue Share issue cost		- -	- -
Net cash inflows from financing activities			<u> </u>
Net increase in cash and cash equivalents held		-	-
Cash and cash equivalents at the beginning of the period		10	10
Cash and cash equivalents at the end of the period	•	10	10

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General information

Maronan Metals Limited (the Company) is a company limited by shares incorporated and domiciled in Australia, and which was incorporated on 14 March 2012.

The nature of the operations and principal activity of the Company is to acquire interests (directly and indirectly) and manage mineral exploration projects.

(b) Basis of preparation

This interim financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The interim financial report does not include all of the information required for a full annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report. It is recommended that this interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2021.

This interim financial report was approved by the Board of Directors on 16 February 2022. The Directors have the authority to amend and reissue the interim financial report.

Statement of significant accounting policies

The accounting policies applied by the Company in this interim financial report are the same as those applied by the Company in its financial report as at and for the year ended 30 June 2021.

For the period ended 31 December 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current reporting period. There is no material impact of the new and revised Standards and Interpretations on the Company.

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the period ended 31 December 2021. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to Company accounting policies.

Going concern

As disclosed in the financial statements, the Company incurred a loss of \$351,390 for the half-year ended 31 December 2021 (31 December 2020: \$740,229). As at that date, the Company had net current liabilities of \$726,560 (30 June 2021 \$667,818). The ability of the entity to continue as a going concern is dependent on the financial support of its shareholder to fund its working capital requirements and/or successfully raising capital by way of an IPO on the ASX.

This condition indicates a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

The entity has prepared the financial statements on a going concern basis based on the Company's parent entity agreeing to provide funding through to an IPO expected within the 12 months following the date of this report.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

2. BORROWINGS - CURRENT

	31 December 2021	30 June 2021
	\$	\$
Loan from parent entity, Red Metal Limited	720,570	655,828

Since 1 July 2020, Red Metal Limited has paid administration and exploration costs totalling \$720,570 on behalf of the Company. The loan is unsecured, interest free and repayable by 30 June 2022.

3. BORROWINGS – NON-CURRENT

	31 December 2021	30 June 2021
	\$	\$
Loan from parent entity, Red Metal Limited	6,859,266	6,556,618

On 8 April 2019, the Company entered into a sale and purchase agreement with its parent company Red Metal Limited to acquire the Maronan Project for consideration of \$7,004,000. The purchase consideration was funded by way of an interest free unsecured loan payable by the Company to Red Metal Limited by 8 April 2029. For accounting purposes, the loan was initially recognised at present value (being \$5,691,713) using an effective interest rate of 10% and an expected repayment date of April 2021. The loan is subsequently measured at amortised cost using the effective interest method and the expected repayment date has been extended to April 2022, resulting in a notional interest expense for the half year ended 31 December 2021 of \$292,648 (31 December 2020: \$342,523).

4. ISSUED CAPITAL

(a) Issued capital

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(b) Movements in share capital

	31 December 2021	31 December 2021	30 June 2021	30 June 2021
	Number	\$	Number	\$
Balance at beginning of period Issued during the period: Nil	10	10	10	10
Share issue costs	<u> </u>	-	-	
Balance at end of period	10	10	10	10

5. EVENTS SUBSEQUENT TO BALANCE DATE

Since the end of the financial period and to the date of this report, no matter or circumstance has arisen which has 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 the subsequent financial period.

6. COMMITMENTS AND CONTINGENCIES

Mineral exploration commitments

The Company holds an exploration tenement in Queensland, Australia. In order to maintain current rights of tenure to the exploration tenement, the Company is required to comply with tenement obligations specified by the State Government, including completion of activities-based work programs which are assessed over the life of the tenement. There are no set annual expenditure amounts. If tenement obligations are not met it may result in the tenement right of tenure being removed or the tenement area being reduced.

7. KEY MANAGEMENT PERSONNEL DISCLOSURES

The Company has agreed to appoint Mr Richard Carlton as managing director of the Company commencing on the date that the Company is admitted to the official list of the ASX. The Company has also agreed to issue Mr Carlton 4 million options (exercisable at 25 cents and expiring 3 years from the date of issue) immediately prior to the Company's admission to the official list of the ASX.

8. SEGMENT INFORMATION

During the period the Company operated predominantly in the mining industry in Australia.

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

In the opinion of the directors:

- (a) the financial statements and notes of Maronan Metals Limited for the financial period ended 31 December 2021 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2021 and of its performance, as represented by the results of its operations, changes in equity and cash flows, for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- (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.

This declaration is signed in accordance with a resolution of the Board of Directors.

Robert Rutherford Managing Director

Klutherford

16 February 2022 Perth, Western Australia



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Maronan Metals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Maronan 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, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Company does not comply 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 half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity.* Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.



Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

Ashleigh Woodley

Director

Perth, 16 February 2022