

BELARAROX LIMITED

(FORMERLY BELARAROX PTY LTD)

ACN 649 500 907

Financial Report for the period:

16 April 2021 (date of incorporation) to 30 June 2021

BelaraRox Limited
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For the period ended 30 June 2021

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General information

These financial statements present the financial information for BelaraRox Limited (the "Company") as at and for the period from 16 April 2021 (date of incorporation) to 30 June 2021. The financial statements are presented in Australian dollars, which is BelaraRox Limited's functional and presentation currency.

BelaraRox Limited is a public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

C/- Pitcher Partners
Level 11, 12-14 The Esplanade
Perth WA 6000

Principal place of business

C/- Pitcher Partners
Level 11, 12-14 The Esplanade
Perth WA 6000

The financial statements were authorised for issue, in accordance with a resolution of Directors, 26 August 2021. The Directors have the power to amend and reissue the financial statements.

BelaraRox Limited
Statement of profit or loss and other comprehensive income
For the period ended 30 June 2021

		16 April 2021	
		-	
	Note	30 June 2021	
		\$	
Interest income		-	
Expenses			
Exploration expense		(45,436)	
Legal, professional and consulting expenses		(23,725)	
Directors fees		(23,157)	
Share-based payments	7	(2,257)	
Other expenses		(26,032)	
Loss before income tax expense		<u>(120,607)</u>	
Income tax expense	2	<u>-</u>	
Loss after income tax for the period attributable to the owners of BelaraRox Limited		<u>(120,607)</u>	(131)
Other comprehensive income for the period, net of tax		<u>-</u>	
Total comprehensive loss for the period attributable to the owners of BelaraRox Limited		<u><u>(120,607)</u></u>	(131,1)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

BelaraRox Limited
Consolidated statement of financial position
As at 30 June 2021

	Note	2020 \$
Assets		
Current assets		
Cash and cash equivalents	3	563,861
GST receivable		7,474
Prepayments		15,000
Total current assets		<u>586,335</u>
Non-current assets		
Exploration and evaluation expenditure	4	<u>112,500</u>
Total non-current assets		<u>112,500</u>
Total assets		<u>698,835</u>
Liabilities		
Current liabilities		
Trade and other payables	5	<u>102,185</u>
Total current liabilities		<u>102,185</u>
Net assets		<u>596,650</u>
Equity		
Issued capital	6	715,000
Share-based payment reserve	7	2,257
Accumulated losses		<u>(120,607)</u>
Total equity		<u>596,650</u>

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

BelaraRox Limited
Statement of changes in equity
For the period ended 30 June 2021

	NOTE	Issued capital \$	Share-based payment reserve \$	Accumulated losses \$	Total equity \$
Balance at 16 April 2021 (date of incorporation)		-	-	-	-
Loss after income tax expense for the period		-	-	(120,607)	(120,607)
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	-	(120,607)	(120,607)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	6	602,500	-	-	602,500
Share-based payments	7/8	112,500	2,257	-	114,757
Balance at 30 June 2021		715,000	2,257	(120,607)	596,650

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

BelaraRox Limited
Statement of cash flows
For the period ended 30 June 2021

	Note	16 April 2021 – 30 June 2021 \$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)		(38,639)
Interest received		<u>-</u>
Net cash provided by operating activities	13	<u>(38,639)</u>
Cash flows from financing activities		
Proceeds from issue of shares	6	<u>602,500</u>
Net cash provided by financing activities		<u>602,500</u>
Net increase in cash and cash equivalents		563,861
Cash and cash equivalents at the beginning of the financial period		<u>-</u>
Cash and cash equivalents at the end of the financial period	3	<u><u>563,861</u></u>

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

BelaraRox Limited
Notes to the financial statements
For the period ended 30 June 2021

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to the period presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') as 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').

The Company was incorporated on 16 April 2021 and hence the reporting period is from incorporation to 30 June 2021. As this is the Company's first financial report, no comparatives have been included. The Company converted to a public company limited by shares on 20 August 2021 as disclosed in Note 15.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Going concern

The financial statements have been prepared on a going concern basis, which assumes the continuity of normal business activities 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 \$120,607.

Based on the Company's future cashflow forecast, the Company will require additional funding in the next 12 months to enable it to continue its normal business activities and to ensure the realisation of assets and extinguishment of liabilities as and when they fall due.

The Company is currently in process of undertaking an Initial Public Offering ("IPO") in order to raise up to \$5,000,000 through the issue of 25,000,000 fully paid ordinary shares at an issue price of \$0.20 per share. The directors are confident that the IPO will be completed and funds received in order to ensure it has sufficient working capital available over the next 12 months.

Should the IPO not proceed, further equity or debt funding will need to be undertaken.

These conditions indicate a material uncertainty that may cast significant doubt about the Company'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 report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

Share-based payment transactions for the acquisition of goods and services

Share-based payment arrangements in which the Company receives goods or services in exchange for its own equity instruments are accounted for as equity-settled share-based payment transactions. The Company measures the value of equity instruments granted at the fair value of the goods and services received, unless that fair value cannot be measured reliably. If the fair value of the goods or services received cannot be reliably measured, the transaction is measured by the by reference to the fair value of the instruments granted.

The number of share options and performance rights expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

BelaraRox Limited
Notes to the financial statements
For the period ended 30 June 2021

Note 1. Significant accounting policies (continued)

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Exploration and evaluation expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- Such costs are expected to be recouped through successful development and exploitation or from sale of the area:
or
- Exploration and evaluation activities in the area have not, at reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Costs incurred, excluding acquisition costs, prior to Company having rights to tenure are expensed as incurred.

Accumulated costs in respect of areas of interest which are abandoned are written off in full against profit in the year in which the decision to abandon the area is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Impairment of assets

At each reporting date the Company assesses whether there is any indication that an asset may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Any excess of the asset's carrying value over its recoverable amount is expensed to profit and loss.

Note 1. Significant accounting policies (continued)

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

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.

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 grouped based on days overdue. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Equity and reserves

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.

The share-based payment reserve records the value of share-based payments.

Asset acquisition

Where an acquisition does not meet the definition of a business combination the transaction is accounted for as an asset acquisition. The consideration transferred for the acquisition of an asset comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Company. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs with regards to the acquisition are capitalised. Identifiable assets acquired and liabilities assumed in the acquisition are measured at their fair value at the acquisition date.

BelaraRox Limited
Notes to the financial statements
For the period ended 30 June 2021

Note 1. Significant accounting policies (continued)

Goods and Services Tax ('GST') and other similar taxes

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the reporting period ended 30 June 2021. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 July 2021 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Company has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Company may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the Company's financial statements.

Critical accounting estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. Information about estimates and judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are:

- 1) The Company measures the cost of equity-settled transactions with suppliers and employees by reference to the fair value of the goods or services received provided this can be estimated reliably. If a reliable estimate cannot be made the value of the goods or services is determined indirectly by reference to the fair value of the equity instrument granted. The fair value of the equity instruments granted is determined using an appropriate valuation/option pricing model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

BelaraRox Limited
Notes to the financial statements
For the period ended 30 June 2021

Note 2. Income tax expense

	2021
	\$
Current tax expense	-
Deferred tax expense	-
	<u>-</u>
Loss before income tax expense	(120,607)
Tax at statutory tax rate of 30%	(36,182)
Effect of changes in unrecognised temporary differences and unused tax losses	36,182
Income tax expense	<u>-</u>

Note 3. Cash and cash equivalents

	2021
	\$
Cash at bank	563,861
Petty cash	-
	<u>563,861</u>

Note 4. Exploration and evaluation expenditure

	2021
	\$
Opening balance	-
Acquisition during the period (i)	112,500
Closing balance	<u>112,500</u>

(i) On 24 June 2021, the Company executed a Tenement Sale and Purchase Agreement ("Agreement") with Michlange Pty Ltd and Kenex Pty Ltd to acquire 100% of the beneficial interest in a portfolio of Tenements, collectively referred to as the "Coolgardie" area of interest, within the Coolgardie region of Western Australia. Refer Note 8 for further details.

Note 5. Trade and other payables

	2021
	\$
Trade payables (i)	63,257
Accruals	38,928
	<u>102,185</u>

(i) Included within trade payables is \$43,009 (GST inc.) owing to related parties. Refer to Note 12 for further information.

BelaraRox Limited
Notes to the financial statements
For the period ended 30 June 2021

Note 6. Equity - issued capital

	2021	2021
	Number	\$
Ordinary shares - fully paid	10,750,000	715,000

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Opening balance	16-Apr-21	-	-	-
Issue of shares - seed capital	9-Jun-21	2,500,000	0.001	2,500
Issue of shares - consideration shares for asset acquisition (Note 8)	24-Jun-21	2,250,000	0.050	112,500
Issue of shares - seed capital	28-Jun-21	6,000,000	0.100	600,000
Less: Capital raising costs		-		-
Closing balance	30-Jun-21	10,750,000		715,000

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

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.

Note 7. Share-based payments reserve

	2021
	\$
Opening balance	-
Share-based payments	2,257
Closing balance	2,257

Nature of reserve

This reserve records the value of equity instruments issued to directors, employees and suppliers as recognition for services provided.

On 25 June 2021, 4,000,000 performance rights were issues to key management personnel under the Company's Long-Term Incentive Plan (the "Plan")

The purpose of the Plan was to assist in the reward, retention, and motivation of key management personnel by aligning their interest more closely with the interest of the Company.

BelaraRox Limited
Notes to the financial statements
For the period ended 30 June 2021

It also provides key management personnel with the opportunity to share in any future growth in value of the Company.

Originally, it was agreed to issue Series A and Series B performance rights with a share price target of \$0.30 and \$0.40 respectively. Key management personnel then subsequently agreed to performance rights as per the below outlined conditions. Whilst this change was to the detriment of key management personnel, the Company and key management personnel agreed to vary the terms of performance rights ultimately issued as they wanted to set a greater stretch target for company growth and shareholder wealth, without additional performance rights being granted which could result in shareholder dilution.

The performance rights were issued in two equal tranches, each with their own performance conditions.

Series A performance rights will vest on satisfaction of all of the following performance conditions

a) fully paid ordinary shares of the Company being quoted on the Australian Securities Exchange ("ASX") on or before 31 March 2022; and

b) within 36 months of the date of quotation on the ASX, the shares achieving a share price of at least \$0.35 each over a 20 consecutive trading day period.

Series B performance rights will vest upon:

a) satisfaction of all of the above outlined performance conditions for Series A; and

b) within 48 months of the date of quotation on the ASX, the shares achieving a share price of at least \$0.45 each over a 20 consecutive trading day period.

Set out below is a summary of the options granted under the plan to key management personnel.

<i>Recipient</i>	<i>Number of instruments granted</i>	
	Series A	Series B
Neil Warburton	375,000	375,000
Arvind Misra	1,500,000	1,500,000
Michelle Stokes	125,000	125,000
	<u>2,000,000</u>	<u>2,000,000</u>

The fair value of the performance rights granted during the period was determined through the use of a monte carlo simulation, utilising the following inputs:

	Series A	Series B
Share price	\$0.20	\$0.35
Exercise Price (refer to commentary above for basis of input)	\$0.35	\$0.45
Interest rate	0.009%	0.755%
Share price volatility	106.35%	87.180%
Time to maturity (years)	3	4
Dividend yield	0	0
Fair value per performance right	0.16854	0.14200
Number of performance rights granted	<u>2,000,000</u>	<u>2,000,000</u>
Total fair value of share-based payment	<u>\$337,080</u>	<u>\$284,000</u>
Share-based payment expense recognised in the period	<u>\$1,368</u>	<u>\$889</u>

The total fair value of share-based payment is recognised over the expected vesting period for Series A and Series B, which is 3 and 4 years respectively from the expected date of the quotation of shares on the ASX.

As a result, a total of \$2,257 was recognised in relation to performance rights as share-based payments within the statement of profit or loss for the period ended 30 June 2021.

BelaraRox Limited
Notes to the financial statements
For the period ended 30 June 2021

Note 8. Asset Acquisition

On 24 June 2021, the Company executed a Tenement Sale and Purchase Agreement ("Agreement") with Michlange Pty Ltd and Kenex Pty Ltd (the "Vendors") to acquire 100% of the beneficial interest in a portfolio of Tenements held or applied for by both parties, collectively referred to as the "Coolgardie area of interest". The Coolgardie area of interest is located within the Coolgardie region of Western Australia.

Under the terms of the Agreement, consideration of \$112,500 was agreed and satisfied through the issue of 2,250,000 fully paid ordinary shares in the Company to Michlange Pty Ltd at a deemed issue price of \$0.05 per share. These shares were issued on 24 June 2021. No consideration was paid to Kenex Pty Ltd.

The acquisition was completed through the following:

Purchase consideration	\$
Cash payment	-
Share-based consideration - issued 24 June 2021	112,500
	<hr/>
	112,500
	<hr/> <hr/>
Net assets acquired	\$
Exploration and evaluation assets	112,500
	<hr/>
	112,500
	<hr/> <hr/>

Note 9. Financial instruments

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.

Market risk

Foreign currency risk

The Company is not exposed to any significant foreign exchange risk.

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.

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.

BelaraRox Limited
Notes to the financial statements
For the period ended 30 June 2021

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

	Carrying amount	Contractual cash flows	Less than 1 year
	\$	\$	\$
<i>Financial assets</i>			
GST receivable	7,474	7,474	7,474
	7,474	7,474	7,474
<i>Financial liabilities</i>			
Trade and other payables	(63,257)	(63,257)	(63,257)
	(55,783)	(55,783)	(55,783)

Fair value

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

Note 10. Contingent liabilities

The Company did not have any contingent assets or liabilities as at 30 June 2021.

Note 11. Commitments

In order to maintain current rights of tenure to exploration tenements, the Company will be required to outlay certain amounts to meet minimum expenditure requirements. As at the date of this report, a number of tenements remain in 'pending' status and a minimum expenditure amount cannot be quantified.

Note 12. Related party transactions

Transactions and balances with related parties

On 24 June 2021, the Company executed a Tenement Sale and Purchase Agreement ("Agreement") with Michlange Pty Ltd and Kenex Pty Ltd to acquire 100% of the beneficial interest in a portfolio of Tenements held or applied for by both parties, collectively referred to as the "Coolgardie area of interest". Michlange Pty Ltd is a related party of Mr Neil Warburton, Chairman of the Company. Kenex is a related party of Ms Michelle Stokes, a Non-executive Director of the Company. Refer to Note 7 for further details.

On 25 June 2021, the Company granted 4,000,000 Performance Rights to its Directors as part of a Long-Term Incentive Plan. Further details including the recipients and the fair value of Performance Rights issued is included within Note 7.

Other transactions with related parties, including their nature and amounts owing at 30 June 2021, are set out below.

Key management personnel or their related party	Nature of transactions	Transaction value (GST Exc)	Payable Balance (GST Inc.)
<i>Michlange Pty Ltd / Neil Warburton</i>	Non-Executive Chairman fees (i)	4,167	4,583
<i>Kenex Pty Ltd / Michelle Stokes</i>	Exploration expenditure incurred	36,759	24,136
<i>Anarak Pty Ltd / Arvind Misra</i>	Managing Director Fees (ii)	18,990	14,289

(i) Mr Warburton is currently Non-Executive Chairman of the Company. Under the terms of his letter of appointment, Mr Warburton will be paid \$50,000 per annum inclusive of statutory superannuation for these services.

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Notes to the financial statements
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(ii) Mr Misra was engaged as Managing Director of the Company on 19 May 2021. Under the terms of his Managing Director Consulting Agreement, Mr Misra is entitled to remuneration of \$1,500 per day (Exc. GST) for services performed prior to the completion of an Initial Public Offering ("IPO"). After completion of an IPO, Mr Misra's remuneration will increase to \$12,990 per month (Exc. GST).

Note 13. Reconciliation of cash flows from operating activities.

	2021
	\$
Loss after income tax expense for the period	(120,607)
<i>Adjustment for non-cash items:</i>	
Share-based payment expense	2,257
<i>Adjustments for:</i>	
(Increase)/decrease in receivables	(7,474)
(Increase)/decrease in other current assets	(15,000)
Increase/(decrease) in trade and other payables	102,185
Net cash provided by operating activities	<u><u>(38,639)</u></u>

During the period, the Company issued 2,250,000 fully paid ordinary shares as consideration for the acquisition of the Coolgardie area of interest, resulting in a non-cash movement of \$112,500 within both investing and financing activities in the Statement of Cashflows.

Note 14. Remuneration of auditors

	2021
	\$
<i>Payable to BDO Perth:</i>	
Audit services	<u>6,000</u>
Total remuneration	<u><u>6,000</u></u>

Note 15. Events after the reporting period

On 1 July 2021, Mr Stephen Lowe was appointed as a Non-Executive Director to the Company. Mr Lowe's background is in business management and taxation. His appointed was made in order to strengthen and expand the combined expertise of the board of Directors of the Company.

On 8 July 2021, the Company submitted an application to the Australian Securities and Investment Commission ("ASIC") in order to change company type from a proprietary company limited by shares, to a public company limited by shares. This change was gazette by ASIC on 20 July 2021. The Company converted to a public company limited by shares on 20 August 2021.

On 9 July 2021, the Company submitted an In-Principle Advice to the Australian Securities Exchange ("ASX") in connection with its suitability for admission to the official list of the ASX. The Company is current working towards an Initial Public Offering which is expected to take place in August 2021.

On 13 July 2021, Mr Lowe agreed to the receipt of 250,000 performance rights offered in accordance with the Company's Long-Term Incentive Plan. These performance rights were split equally between Series A and Series B performance rights, on the same terms and conditions as those already issued under the Plan. Further details on the terms and conditions of the Plan are disclosed within Note 7.

On 14 July 2021, the Company received notice from the Department of Mines, Industry Regulation and Safety that several Tenements associated with the Coolgardie area of interest and that were included as part of the Tenement Sale and Purchase Agreement (refer to Note 8 for further details) had been granted. The Company and the Vendors are currently working through conditions and endorsements associated with their grant.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

BelaraRox Limited
Directors' declaration
For the period ended 30 June 2021

In the Directors' opinion:

- the attached financial statements and notes comply with Accounting Standards;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the period ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors.

On behalf of the Directors



Arvind Misra
Managing Director
26 August 2021

INDEPENDENT AUDITOR'S REPORT

To the members of BelaraRox Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of BelaraRox Limited (the Entity), which comprises the statement of financial position as at 30 June 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 period then ended, and notes to the financial report, including a summary of significant accounting policies, and the declaration by those charged with governance.

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of the Entity as at 30 June 2021, and its financial performance and its cash flows for the period then ended in accordance with Australian Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 Entity in accordance with 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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material uncertainty related to going concern

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

Responsibilities of management and those charged with governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.



In preparing the financial report, management is responsible for assessing the Entity'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 management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's responsibilities for the audit of the Financial Report

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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Dean Just', is written over the BDO logo.

Dean Just

Director

Perth, 24 August 2021