

GLOBAL LITHIUM RESOURCES PTY LTD

ABN 58 626 093 150

FINANCIAL REPORT

FOR THE PERIOD

11 MAY 2018 TO 30 JUNE 2019

GLOBAL LITHIUM RESOURCES PTY LTD

ABN 58 626 093 150

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GLOBAL LITHIUM RESOURCES PTY LTD

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DIRECTORS' REPORT FOR THE PERIOD 11 MAY 2018 to 30 JUNE 2019

The directors present their report, together with the financial statements, on the company for the period from incorporation 11 May 2018 to 30 June 2019.

Directors

The following persons were directors of the company from 11 May 2018 up to the date of this report, unless otherwise stated:

Edward Rigg (resigned 1 February 2021)
Dianmin Chen
Mingyan Wang (resigned 1 February 2021)
Jamie Wright (appointed 1 February 2021)
Warrick Hazeldine (appointed 1 February 2021)

Principal activities

During the period the principal continuing activities was to explore and evaluate lithium resource on exploration tenements held.

Dividends

No dividends paid during the period.

Review of operations

The loss for the company after providing for income tax amounted to \$9,819.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the period 11 May 2018 to 30 June 2019.

Matters subsequent to the end of the financial year

On 30 January 2020, 17,983,339 shares were issued at an issue price of \$0.075 per share raising a total of \$1,348,750.

On 5 May 2020, 4,300,000 shares were issued at an issue price of \$0.10 per share raising a total of \$430,000.

During the period 11 May 2018 to 30 June 2019 the company issued performance rights. The company did not meet the conditions of vesting for the performance rights and they lapsed on 30 June 2020. The company subsequently issued shares to the founding directors and Resource Potentials in the same quantum as the originally contemplated in the Shareholders Agreement.

On 30 September 2020, 3,750,000 shares were issued to Founding Directors pursuant to a special resolution in a general meeting. These are recorded at a deemed value at \$0.10 per share.

On 30 September 2020, 1,425,000 shares were issued to suppliers pursuant to a special resolution in a general meeting. These are recorded at a deemed value at \$0.10 per share.

Accordingly, Global Lithium successfully achieved the majority of the Vesting Conditions by rapidly generating a compliant JORC Resource of over 10 million tonnes within 13 months of ownership. The grade achieved was slightly under the Vesting Condition requirement, nonetheless, Global Lithium now holds a competitive grade JORC Resource in the one of the world's major lithium provinces with numerous high-quality targets for follow up exploration.

As the grade component of the Vesting Conditions was not achieved, the Performance Rights lapse and are incapable of vesting. The Shares are being proposed for issue in order to recognise the positive contribution of the Directors in being able to rapidly generate Global Lithium's maiden JORC Resource, without receiving any salary or payments from the Company.

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DIRECTORS' REPORT FOR THE PERIOD 11 MAY 2018 to 30 JUNE 2019

Effective from 1 February 2021, directors Edward Rigg and Minyan Wang have resigned as directors of the company, and Jamie Wright and Warrick Hazeldine have been appointed.

On 28 January 2021 it was resolved that the incoming directors be issued with performance rights at the price of \$0.0001 that vest:

- i) one third, but proportional between the upper and lower range, on the company achieving 15-25mt at a grade greater than or equal to 1% Li20 JORC compliant resource by December 2022,
- ii) one third, but proportional between the upper and lower range, on the company achieving 30-50mt at a grade greater than or equal to 1% Li20 JORC compliant resource by December 2023,
- iii) one third on the company achieving 30 day VWAP share price doubled from listing price, should the shares be listed, by 31 December 2023 or earlier.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the Company to date, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Likely developments and expected results of operations

The Directors expect that the Company will continue to carry on exploration and evaluation of the tenements.

Environmental regulation

The company is subject to environmental regulation under Australian Commonwealth and/or State law.

Shares under option

There were no unissued ordinary shares of the company under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of the company issued on the exercise of options during the period 11 May 2018 to 30 June 2019 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the period 11 May 2018 to 30 June 2019, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

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.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

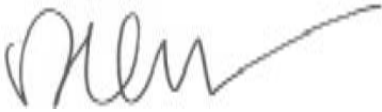
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**DIRECTORS' REPORT
FOR THE PERIOD 11 MAY 2018 to 30 JUNE 2019**

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Dianmin Chen
Director
11 February 2021
Perth WA

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF GLOBAL LITHIUM RESOURCES PTY LTD**

In relation to our audit of the financial report of Global Lithium Resources Pty Ltd for the period ended 30 June 2019, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



PKF PERTH



**SHANE CROSS
PARTNER**

11 FEBRUARY 2021
WEST PERTH,
WESTERN AUSTRALIA

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GENERAL INFORMATION FOR THE PERIOD 11 MAY 2018 to 30 JUNE 2019

General information

The financial statements cover Global Lithium Resources Pty Ltd as an individual entity. The financial statements are presented in Australian dollars, which is Global Lithium Resources Pty Ltd's functional and presentation currency.

Global Lithium Resources Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Suite 8
7 The Esplanade
Mt Pleasant WA 6153

Principal place of business

Level 30, Allendale Square
77 St Georges Terrace
Perth WA 6000
Level 30, Allendale Square

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD 11 MAY 2018 to 30 JUNE 2019**

	Note	2019
		\$
Sales		-
Loan Forgiven		18,265
Total Income		<u>18,265</u>
Administration expenses		1,461
Legal Fees		16,623
Option Fee Not Exercised		10,000
Total Expenses		<u>28,084</u>
Net Profit/(Loss) For The Period		(9,819)
Income tax expense	8	-
Other Comprehensive Income		<u>-</u>
Total Other Comprehensive Loss		<u>(9,819)</u>
		Cents
Earnings per share for profit from continuing operations attributable to the owners of Global Lithium Resources Pty Ltd		
Basic earnings per share	18	(0.28)

The accompanying notes form part of these financial statements.

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**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

	Note	2019 \$
Assets		
Current assets		
Cash & cash equivalents	3	1,768,259
Other assets		3,554
Total current assets		<u>1,771,813</u>
Non-current Assets		
Exploration and evaluation	4	1,243,769
Total non-current assets		<u>1,243,769</u>
Total assets		<u><u>3,015,582</u></u>
Liabilities		
Current liabilities		
Trade Creditor and Other Payables	5	113,401
Tenement Acquisition costs	6	625,000
Total current liabilities		<u>738,401</u>
Total liabilities		<u>738,401</u>
Net assets		<u><u>2,277,181</u></u>
Equity		
Issued Shares	9	2,287,000
Retained Earnings		<u>(9,819)</u>
Total equity		<u><u>2,277,181</u></u>

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 11 MAY 2018 TO 30 JUNE 2019

	Issued Capital \$	Retained Earnings \$	Total \$
Balance at 11 May 2018	-	-	-
Loss for the Period	-	(9,819)	(9,819)
Shares Issued During the Period	2,287,000	-	2,287,000
Dividends Paid During the Period	-	-	-
Balance at 30 June 2019	2,287,000	(9,819)	2,277,181

The accompanying notes form part of these financial statements.

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**STATEMENT OF CASH FLOWS
FOR THE PERIOD 11 MAY 2018 TO 30 JUNE 2019**

	Note	2019 \$
CASH FLOW FROM OPERATING ACTIVITIES		
Payments to suppliers and employees (inclusive of GST)		<u>(537,006)</u>
Net cash used in operating activities	17	<u>(537,006)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net loans to other entities		<u>18,265</u>
Net cash from financing activities		<u>18,265</u>
CASH FLOW FROM CAPITAL RAISING		
Net cash from equity raising		<u>2,287,000</u>
		<u>2,287,000</u>
Net increase/(decrease) in cash and cash equivalents		1,768,259
Cash and cash equivalents at 11 May 2018		<u>-</u>
Cash and cash equivalents at 30 June	3	<u>1,768,259</u>

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 11 MAY 2018 TO 30 JUNE 2019

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 all the years presented, unless otherwise stated.

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') and the Corporations Act 2001, 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').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Revenue recognition

The entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 11 MAY 2018 TO 30 JUNE 2019**

Note 1. Significant accounting policies – cont.

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.

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.

Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 11 MAY 2018 TO 30 JUNE 2019

Note 1. Significant accounting policies – cont.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year 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.

Provisions

Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 11 MAY 2018 TO 30 JUNE 2019

Note 1. Significant accounting policies – cont.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

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 reported 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 annual reporting period ended 30 June 2019. 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.

Note 2. Critical accounting judgements, estimates and assumptions

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. 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.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 11 MAY 2018 TO 30 JUNE 2019**

Note 3: Current assets - cash and cash equivalents	2019 \$
Cash at bank	768,259
Cash on deposit	1,000,000
	<u>1,768,259</u>

Note 4: Exploration and evaluation	2019 \$
Marble Bar Project	
Opening balance	-
Additions	1,243,769
Write-offs/impairments	-
Balance at 30 June	<u>1,243,769</u>

- (i) On 20 May 2019, the Company executed a Sale & Purchase Agreement ("SPA") with BCI Exploration Pty Ltd ("BCIE") for the purchase of the Marble Bar Project Tenements.

Clause 4.3(a) of the SPA required the Company to pay BCIE the amount of \$508,978.52 at Completion in order to settle Tranche 1 of the Marble Bar Project Tenement Acquisition. Completion occurred on 6 June 2019 at the BCIE office at Level 1, 15 Rheola Street West Perth, Western Australia. Tranche 2 of \$625,000 is due on 6 June 2020.

Further amounts totalling \$1,125,000 are contingent on the satisfaction of certain events – see note 7.

- (ii) During the year the Company incurred costs as it commenced drilling the tenement to determine and evaluate the resource.

Note 5: Current liabilities - trade and other payables	2019 \$
Trade payables	113,401
	<u>113,401</u>

Note 6: Current liabilities – deferred purchase payment	2019 \$
Deferred purchase payment – see note 4	625,000
	<u>625,000</u>

Note 7: Contingent liabilities – deferred purchase payment	2019 \$
Contingent Tenement Acquisition costs	1,125,000
	<u>1,125,000</u>

Contingent Deferred Tenement Acquisition costs payable to BCI Minerals Limited consists of the following:

- (a) \$625,000 payable at the earlier of:

- (i) the date that a pre-feasibility study is completed; &
- (ii) the date that a decision to mine is made; and

- (b) \$500,000 payable upon the first sale of any minerals extracted from the Marble Bar Lithium Project.

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**NOTES TO THE FINANCIAL STATEMENTS
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Note 8: Income Tax (expense)/benefit

2019

\$

Recognised in the income statement:

Current tax (expense) / benefit

-

Deferred tax (expense) / benefit

-

Total income tax (expense) / benefit

-

Reconciliation between tax expense and pre-tax net profit

Profit/ (loss) before income tax

(9,819)

Income tax calculated at 27.5%

2,700

Deferred tax asset (recouped)/ not brought to account

(2,700)

Income tax expense on pre-tax net profit

-

Weighted average rate of tax

27.5%

Note 9: Issued Shares

2019

\$

2019

Shares

Balance at 11 May 2018

-

-

Shares Issued

2,287,000

53,950,000

Balance at 30 June

2,287,000

53,950,000

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 can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 10 : Performance Rights

**2019
Performance
rights**

Balance at 1 July

-

Performance rights issued

3,750,000

Balance at 30 June

3,750,000

Performance Rights means the right to acquire ordinary shares in the Company at no cost subject to achievement of the Vesting Conditions;

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 11 MAY 2018 TO 30 JUNE 2019**

Note 10 : Performance Rights – cont.

- (a) a JORC Resource signed off by an independent Competent Person of 10 million tonnes grading equal to or greater than 1.2% Li₂O by 30 June 2020; and
- (b) remaining associated with the Company as either a Director or a Shareholder at the time of achievement of (a).

Each Founding Director, or any associated entity of the Founding Director, has been issued with 1,250,000 Performance Rights as set in the Shareholders Agreement.

Resource Potentials has entered into a Service Agreement with Global Lithium Resources Pty Ltd and can earn Performance Rights upon achieving milestones;

- (c) Tranche 1 of 712,500 performance rights will be issued upon the commencement of the maiden drill program:
- (d) Tranche 2 of 712,500 performance rights will be issued on a date that is the earliest of:
 - i. a successful ASX listing of the Principal;
 - ii. a takeover of the Principal;
 - iii. the Principal achieving a maiden resource estimate for the Marble Bar Project; or
 - iv. the completion of 8,000 meters of drilling on the Marble Bar Project by the Principal.

Note 11 : Related Parties & Other Transactions

There were no related party transactions during the year.

In the Shareholders Agreement it is agreed that Argonaut will provide office facilities and account managing services to Global Lithium Resources Pty Ltd. From time-to-time Argonaut may pay expenses on behalf of Global Lithium Resources Pty Ltd. Global Lithium Resources Pty Ltd will reimburse these expenses.

Note 12 : Key management personnel

Global Lithium Resources Pty Ltd is a start-up entity and during the period 11 May 2018 to 30 June 2019 it did not engage any personnel and did not pay any remuneration.

Note 13 : Operating Segments

Identification of reportable segments

The Company has identified one reportable segment, being the financial investment industry, based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Board reviews financial information on the same basis as presented in the financial statements and has therefore determined the operating segment on this basis.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Company.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Company

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 11 MAY 2018 TO 30 JUNE 2019

Note 13 : Operating Segment – cont.

as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Geographic Segment

The Company operates from one geographic location, being Australia, from where its investing activities are managed.

Note 14. Commitments

Under the terms of the Marble Bar Project Tenements held by the company, the company has commitments to spend \$124,000 on these tenements.

There are no other commitments.

Note 15 : Financial Instruments

Financial Risk Management Policies

The Company's financial instruments consist mainly of deposits with banks, short-term investments and accounts receivable and payable.

The main purpose of non-derivative financial instruments is to raise finance for Company investments.

Derivatives are not used by the Company for hedging purposes. The Company does not speculate in the trading of derivative instruments.

i. Treasury Risk Management

Senior Executives of the Company meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The Senior Executives overall risk management strategy seeks to minimise potential adverse effects on financial performance.

The Senior Executives operate under the guidance of the Board of Directors. Risk Management initiatives are addressed by the Board when required.

ii. Financial Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk.

Interest rate risk

Interest rate risk is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates. All of the entity's exposure to interest rate risk is limited to cash and cash equivalents, convertible notes and financial liabilities.

At 30 June 2019, the Company does not have any material interest rate risk exposure.

Liquidity risk

The Company manages liquidity risk by monitoring forecast cash flows.

Market risk

Market risk is the risk that the value of the Company's investments will fluctuate as a result of changes in market prices.

At 30 June 2019, the Company does not have any market risk exposure

Net fair values of financial assets and liabilities

Assets and liabilities included in the Statement of Financial Position are carried at amounts that

GLOBAL LITHIUM RESOURCES PTY LTD

ABN 58 626 093 150

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 11 MAY 2018 TO 30 JUNE 2019

Note 15 : Financial Instrument - cont.

approximate their fair values. Please refer to Note 1 for the methods and assumptions adopted in determining net fair values for investments.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognise financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

Credit risk is reviewed regularly by the Senior Executives.

The Senior Executives ensure that the Company deals with:

- Only banks and financial institutions with an "A" rating;
- All potential customers are rated for credit worthiness taking into account their size, market position and financial standing.

The credit risk for counterparties included in trade and other receivables at 30 June 2019 is detailed below:

	2019
	\$
Trade and Other Receivables	<u>3,554</u>

Price risk

The Company does not have any exposure to price risk.

iii. Net Fair Values

The net fair values of:

- Assets and other liabilities approximate their carrying value.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date

As at 30 June 2019, the carrying amounts of all financial assets and liabilities approximated their fair values.

iv. Sensitivity Analysis

Interest rate risk, foreign currency risk and price risk

The Company has performed sensitivity analysis relating to its exposures to interest rate risk and price risk at balance date and has determined that increases and decreases are not material to the Company.

Interest rate exposure

The entity's exposure to interest rate risk and the effective weighted interest rate for classes of financial assets and liabilities is set out below:

GLOBAL LITHIUM RESOURCES PTY LTD

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 11 MAY 2018 TO 30 JUNE 2019**

Note 15 : Financial Instrument - cont.

2019	Note	Weighted average interest rate	Fixed interest maturing in:			Total
			Floating interest	1 year or less	Non-interest bearing	
			\$	\$	\$	\$
<i>Financial assets</i>						
Cash and cash equivalents	3	0.86%	1,768,259	-	-	1,768,259
Trade and other receivables		-	-	-	3,554	3,554
			1,768,259	-	3,554	1,771,813
<i>Financial liabilities</i>						
Trade and other payables and liabilities	5-6	-	-	-	738,401	738,401
			-	-	738,401	738,401

Note 16 : Matters subsequent to the end of the financial year

On 30 January 2020, 17,983,339 shares were issued at an issue price of \$0.075 per share raising a total of \$1,348,750.

On 5 May 2020, 4,300,000 shares were issued at an issue price of \$0.10 per share raising a total of \$430,000.

During the period 11 May 2018 to 30 June 2019 the company issued performance rights. The company did not meet the conditions of vesting for the performance rights and they lapsed on 30 June 2020. The company subsequently issued shares to the founding directors and Resource Potentials in the same quantum as the originally contemplated in the Shareholders Agreement.

On 30 September 2020, 3,750,000 shares were issued to Founding Directors pursuant to a special resolution in a general meeting. These are recorded at a deemed value at \$0.10 per share.

On 30 September 2020, 1,425,000 shares were issued to suppliers pursuant to a special resolution in a general meeting. These are recorded at a deemed value at \$0.10 per share.

Accordingly, Global Lithium successfully achieved the majority of the Vesting Conditions by rapidly generating a compliant JORC Resource of over 10 million tonnes within 13 months of ownership. The grade achieved was slightly under the Vesting Condition requirement, nonetheless, Global Lithium now holds a competitive grade JORC Resource in the one of the world's major lithium provinces with numerous high-quality targets for follow up exploration.

As the grade component of the Vesting Conditions was not achieved, the Performance Rights lapse and are incapable of vesting. The Shares are being proposed for issue in order to recognise the positive contribution of the Directors in being able to rapidly generate Global Lithium's maiden JORC Resource, without receiving any salary or payments from the Company.

GLOBAL LITHIUM RESOURCES PTY LTD

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 11 MAY 2018 TO 30 JUNE 2019

Note 16 : Matters subsequent to the end of the financial year – cont.

Effective from 1 February 2021, directors Edward Rigg and Minyan Wang have resigned as directors of the company, and Jamie Wright and Warrick Hazeldine have been appointed.

On 28 January 2021 it was resolved that the incoming directors be issued with performance rights at the price of \$0.0001 that vest:

- i) one third, but proportional between the upper and lower range, on the company achieving 15-25mt at a grade greater than or equal to 1% Li20 JORC compliant resource by December 2022,
- ii) one third, but proportional between the upper and lower range, on the company achieving 30-50mt at a grade greater than or equal to 1% Li20 JORC compliant resource by December 2023,
- iii) one third on the company achieving 30 day VWAP share price doubled from listing price, should the shares be listed, by 31 December 2023 or earlier.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the Company up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Note 17 : Reconciliation of profit after income tax to net cash from operating activities

	2019
	\$
Profit/(loss) after income tax	(9,819)
Non-cash flows in profit after income tax:	
Loans forgiven	(18,265)
	<u>(28,084)</u>
Changes in assets and liabilities:	
(Increase)/decrease in other current assets	(1,247,323)
(Decrease)/increase in payables	738,401
Cash flows from operations	<u>(537,006)</u>

Note 18: Earnings per share

	2019
	\$
<i>Earnings per share for profit from continuing operations</i>	
Loss after income tax	<u>(9,819)</u>

Cents

Basic earnings per share	(0.28)
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Shares

Weighted Average Ordinary Shares	3,547,397
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GLOBAL LITHIUM RESOURCES PTY LTD

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DIRECTORS' DECLARATION

In the opinion of the Directors of Global Lithium Resources Pty Ltd ("the Company"):

1. the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
2. 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;
3. the attached financial statements and notes give a true and fair view of the entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
4. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Dianmin Chen

Dated at Perth this 11th day of February 2021

INDEPENDANT AUDIT REPORT

TO THE MEMBERS OF

GLOBAL LITHIUM RESOURCES PTY LTD

Report on the Financial Report

Opinion

We have audited the financial report of Global Lithium Resources Pty Ltd (the “Company”), which comprises the statement of financial position as at 30 June 2019, 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 statements, including a summary of significant accounting policies, and the directors’ declaration.

In our opinion, the accompanying financial report of Global Lithium Resources Pty Ltd, is in accordance with the Corporations Act 2001, including:

- i) Giving a true and fair view of the Company’s financial position as at 30 June 2019 and its performance for the period ended on that date; and
- ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the 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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code

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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 30 June 2019, 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 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 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 have no realistic alternative but to do so.

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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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, actions taken to eliminate threats or safeguards applied.



PKF PERTH

SHANE CROSS
PARTNER11 FEBRUARY 2021
WEST PERTH,
WESTERN AUSTRALIA