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ACN 648 219 050

**2021
ANNUAL FINANCIAL REPORT**

from the date of registration to
30 June 2021

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The financial report is presented in Australian dollars.

Registered Office:
Level 3, 63 Pirie Street
ADELAIDE, SA 5000

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Corporate Information

Directors:

Glenn Davis
Non-Executive Chairman

Michael Schwarz
Managing Director

Gary Ferris
Non-executive Director

CFO/Company Secretary:

Jaroslav (Jarek) Kopias

Postal Address:

Level 3, 63 Pirie Street,
ADELAIDE SA 5000

Registered & Principal Office:

Level 3, 63 Pirie Street,
ADELAIDE SA 5000

Email: info@itechminerals.com.au
Website: www.itechminerals.com.au

Telephone: +61 61 2 5850 0000

Auditors:

Grant Thornton Audit Pty Ltd
Level 3
170 Frome Road
Adelaide SA 5000

Solicitors:

DMAW Lawyers
Level 10, 81 Flinders Street
ADELAIDE SA 5000

Home Stock Exchange:

Australian Securities Exchange
20 Bridge Street,
Sydney NSW 2000

Proposed ASX Code:

ITM – fully paid ordinary shares

Share Registry:

Automic Group
Level 5, 126 Phillip Street
SYDNEY NSW 2000
Tel: 1300 288 664

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Directors' Report

iTech Minerals Ltd (iTech or Company) Directors have pleasure in submitting their report on the Group for the year ended 30 June 2021.

DIRECTORS

The names of the directors in office at any time during the reporting period and since the end of the period are:

Glenn Davis (appointed 27 April 2021)
Michael Schwarz
Gary Ferris (appointed 27 April 2021)

Directors have been in office since the Company's registration on 24 February 2021 to the date of this report unless otherwise stated.

OPERATING RESULTS

The net loss of the Group for the period after providing for income tax amounted to \$29,507 primarily due to administrative costs incurred in the Company's formation and promotion.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the period were the issue of 10,833,334 founder and seed shares raising \$705,000 and entering into a binding Share Sale Deed (Deed) with Archer Materials Limited (Archer, ASX:AXE) and its subsidiary companies ahead of a proposed ASX listing. Upon satisfaction of conditions under the Deed, the Company will hold all shares in SA Exploration Pty Ltd, Archer Pastoral Company Pty Ltd and Pirie Resources Pty Ltd (Archer Companies) and primarily undertake industrial minerals (kaolin and halloysite) and battery mineral exploration in South Australia.

On 12 April 2021, the Company entered into a binding Deed to acquire all issued shares in the Archer Companies. The Archer Companies hold numerous exploration licences in the South Australia and New South Wales. As consideration for the acquisition of shares in the Archer Companies, the Company will issue 50,000,000 ordinary shares to Archer which it will in-specie distribute to Archer shareholders.

EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years other than the lodgement of the Company's IPO prospectus with ASIC on 16 August 2021.

LIKELY DEVELOPMENTS

The Group plans to move towards completion of a prospectus ahead of a proposed ASX listing.

ENVIRONMENTAL LEGISLATION

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

DIVIDENDS

There were no dividends paid or declared during the reporting period or to the date of this report.

UNISSUED SHARES UNDER OPTION

There are 3,000,000 unissued ordinary shares of iTech under option. All options are exercisable at 25 cents each on or before the fourth anniversary of the Company's listing on the ASX. During the reporting period, no ordinary shares were issued as a result of the exercise of an option.

INDEMNITIES GIVEN AND INSURANCE PREMIUMS PAID TO AUDITORS AND OFFICERS

Subsequent to the reporting period, the Company will pay a premium to insure officers of the Company. The officers of the Company covered by the insurance policy include all officers.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Company.

Details of the amount of the premium paid in respect of the insurance policies is not disclosed as such disclosure is prohibited under the terms of the contract.

The Company has not otherwise, during or since the end of the reporting period, except to the extent permitted by law, indemnified, or agreed to indemnify any current or former officer or auditor of the Company against a liability incurred as such by an officer or auditor.

PROCEEDINGS ON BEHALF OF THE GROUP

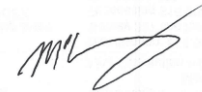
No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 (Cth) is set out on page 4 and forms part of this directors' report.

Signed in accordance with a resolution of the Directors



Michael Schwarz
Managing Director

Adelaide
19 August 2021

Auditor's Independence Declaration


To the Directors of iTech Minerals Ltd

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of iTech Minerals Ltd for the period ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



B K Wundersitz
Partner – Audit & Assurance

Adelaide, 19 August 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the period from registration to 30 June 2021

	Notes	From registration date to 30 June 2021 \$
Income		-
Administration costs		(17,164)
Exploration expense		(2,343)
Employee benefits expense	12(a)	(10,000)
Profit / (loss) before tax		(29,507)
Income Tax (expense) / benefit		-
Loss for the period from continuing operations attributable to owners of the parent		(29,507)
Other Comprehensive income attributable to owners of the parent		-
Total Comprehensive loss for the period attributable to owners of the parent		(29,507)
Earnings Per Share from Continuing Operations		
Basic and diluted profit / (loss) – cents per share	3	(1.52)

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position
As at 30 June 2021

	Notes	30 June 2021 \$
ASSETS		
Current assets		
Cash and cash equivalents	4	579,945
Other current assets	5	133,158
Total current assets		<hr/> 713,103
TOTAL ASSETS		<hr/> 713,103
LIABILITIES		
Current liabilities		
Trade and other payables	6	93,335
Total current liabilities		<hr/> 93,335
TOTAL LIABILITIES		<hr/> 93,335
NET ASSETS		<hr/> 619,768
EQUITY		
Issued capital	7	649,275
Accumulated losses		(29,507)
TOTAL EQUITY		<hr/> 619,768

This statement should be read in conjunction with the notes to the financial statements.

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Consolidated Statement of Changes in Equity
For the period from registration to 30 June 2021

2021

	Share capital	Accumulated losses	Total equity
	\$	\$	\$
As at registration – 24 February 2021	1	-	1
Founder and seed shares	704,999	-	704,999
Share issue expenses	(55,725)	-	(50,225)
	<hr/>	<hr/>	<hr/>
Transactions with owners	649,275	-	654,775
	<hr/>	<hr/>	<hr/>
Comprehensive income:			
Total profit or loss for the reporting period	-	(29,507)	(29,507)
Total other comprehensive income for the reporting period	-	-	-
	<hr/>	<hr/>	<hr/>
Balance 30 June 2021	649,275	(29,507)	619,768

This statement should be read in conjunction with the notes to the financial statements.

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Consolidated Statement of Cash Flows
For the year ended 30 June 2021

	Notes	From registration date to 30 June 2021 \$
Operating activities		
Payments to suppliers and employees		(69,330)
Net cash used in operating activities	8	<u>(69,330)</u>
Investing activities		
Payments for capitalised exploration expenditure		-
Net cash used in investing activities		<u>-</u>
Financing activities		
Proceeds from issue of shares		705,000
Share Issue expenses		(50,225)
Net cash from financing activities		<u>654,775</u>
Net change in cash and cash equivalents		<u>579,945</u>
Cash and cash equivalents, beginning of reporting period		-
Cash and cash equivalents, end of period	4 (a)	<u>579,945</u>

This statement should be read in conjunction with the notes to the financial statements.

Notes to the consolidated financial statements For the year ended 30 June 2021

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements of the Group for the reporting year ended 30 June 2021 have been prepared in accordance with the requirements of the *Corporations Act 2001* (Cth), Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). iTech Minerals Ltd is an unlisted private company, registered and domiciled in Australia. iTech Minerals Ltd is a for profit entity for the purpose of preparing the financial statements.

The financial statements for the reporting year ended 30 June 2021 were approved and authorised by the Board of Directors on 19 August 2021.

The Financial Report has been prepared on an accruals basis, and is based on historical costs, modified by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The significant policies which have been adopted in the preparation of this financial report are summarised below.

a) Principles of consolidation

Subsidiaries

The Group financial statements consolidate those of the parent company and all of its subsidiary undertakings drawn up to 30 June 2021. Subsidiaries are all entities (including structured entities) over which the Group control. The Group controls an entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is fully transferred to the Group. They are deconsolidated from the date that control ceases. All subsidiaries have a reporting date of 30 June.

A list of controlled entities is contained in note 13 to the Financial Statements.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted, where necessary, to ensure consistency with the accounting policies adopted by the Group.

Profit or loss of subsidiaries acquired or disposed of during the reporting period are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

b) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors.

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

The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in the nature of the minerals targeted.

Operating segments that meet the quantitative criteria, as prescribed by AASB 8, are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

The Directors have considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the Board in allocating resources have concluded that at this time there are no separately identifiable segments based on the level of expenditure.

c) Finance income and expense

Finance income comprises interest income on funds invested, gains on disposal of financial assets and changes in fair value of financial assets held at fair value through profit or loss. Finance expenses comprise changes in the fair value of financial assets held at fair value through profit or loss and impairment losses on financial assets.

Interest income is recognised as it accrues in profit or loss, using the effective interest rate method. All income is stated net of goods and services tax (GST).

d) Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Where it is not probable to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

e) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivables. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method, less provision for impairment. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

f) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the reporting period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently amortised cost using the effective interest rate method.

Trade and other payables are stated at amortised cost.

g) Income Tax

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set-off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

The Group and its wholly-owned Australian resident subsidiaries have formed a tax-consolidated group. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

h) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of presentation in the statement of cash flows, 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

i) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax effect and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

j) Share-based payments

The Group has provided payment to related parties in the form of share-based compensation, whereby related parties render services in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value of share options is determined using a Black and Scholes methodology depending on the nature of the option terms. The fair value in relation to performance rights is calculated using a Monte Carlo simulation.

The Black and Scholes option pricing model takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The Monte Carlo simulation used in pricing the performance rights takes into account the target share price resulting from meeting the KPI, the term of the right, the share price at grant date and expected price volatility of the underlying share and the risk free interest rate for the term of the option.

The fair value of the options and performance rights granted is adjusted to reflect market vesting conditions but excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options and performance rights that are expected to become exercisable / vested. At each reporting date, the entity revises its estimates of the number of options and performance rights that are expected to become exercisable / vested.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant parties become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

k) Employee benefits

The Group provides post-employment benefits through various defined contribution plans.

A defined contribution plan is a superannuation plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. The

Group contributes to several plans and insurances for individual employees that are considered defined contribution plans. Contributions to the plans are recognised as an expense in the period that relevant employee services are received.

Short-term employee benefits are current liabilities included in employee benefits, measured at the undiscounted amount that the Group expects to pay as a result on the unused entitlement. Annual leave is included in 'other long-term benefit' and discounted when calculating the leave liability as the Group does not expect all annual leave for all employees to be used wholly within 12 months of the end of the reporting period. Annual leave liability is still presented as a current liability for presentation purposes under AASB 101 *Presentation of Financial Statements*.

l) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

m) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends of economic data, obtained both externally and within the Group.

i) Key estimates – impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

ii) Share-based payment transactions

The Group measures the cost of equity-settled transactions with management and other parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of share options is determined by the Board of Directors with reference to quoted market prices or using the Black-Scholes valuation method taking into account the terms and conditions upon which the equity instruments were granted. The fair value of performance rights is calculated using a Monte Carlo simulation. The assumptions in relation to the valuation of the equity instruments are detailed in note 10. 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 expenses and equity.

n) Adoption of the new and revised accounting standards

In the current year, there are no new and/or revised Standards and Interpretations adopted in these Financial Statements affecting presentation or disclosure and the reported result or financial position other than:

Amendments to AASB 3: Definition of a Business The amendment to AASB 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Amendments to AASB 1 and AASB 8 Definition of Material The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

o) Recently issued accounting standards to be applied in future accounting periods

There are no accounting standards that have not been early adopted for the year ended 30 June 2021 but will be applicable to the Group in future reporting periods.

2. INCOME TAX EXPENSE

	From registration date to 30 June 2021 \$
The prima facie tax loss before income tax is reconciled to the income tax (benefit) / expense as follows:	
Net gain / (loss)	(29,507)
Income tax rate	30%
Prima facie tax benefit on loss from activities before income tax	(8,852)
Non-deductible amounts	-
Tax effect of temporary differences not brought to account as they do not meet the recognition criteria	(6,939)
Deferred tax asset not realised as recognition criteria not met	15,791
Subtotal	<u>-</u>
Deferred tax assets have not been recognised in respect of the following:	
Total tax losses	<u>52,637</u>
Deferred tax asset not recognised	<u>15,791</u>

A net deferred tax asset of \$15,791 has not been recognised as it is not probable that within the immediate future that taxable profits will be available against which temporary differences and tax losses can be utilised.

The Group is subject to income taxes in Australia. Significant judgement is required in determining the provision of income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

3. EARNINGS PER SHARE

The weighted average number of shares for the purpose of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	From registration date to 30 June 2021 #
Weighted average number of shares used in basic earnings per share	1,947,504
Weighted average number of shares used in diluted earnings per share	1,947,504
Profit / (loss) per share – basic and basic (cents)	(1.52)

There were 3,000,000 options outstanding at the end of the period that have not been taken into account in calculating diluted EPS due to their effect being anti-dilutive.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

	30 June 2021
	\$
Cash at bank and in hand	579,945
Cash and cash equivalents	<u>579,945</u>

(a) Reconciliation of cash at the end of the period.

The above figures are reconciled to cash at the end of the financial period as shown in the statement of cash flows as follows:

Cash and cash equivalents	<u>579,945</u>
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5. OTHER CURRENT ASSETS

Other current assets include the following:

	30 June 2021
	\$
Prepaid IPO costs	127,107
Other current assets	6,051
Total other current assets	<u>133,158</u>

No receivables are considered past due and / or impaired.

6. TRADE AND OTHER PAYABLES

	30 June 2021
	\$
Trade creditors	82,335
Accrued expenses	11,000
Total trade and other payables	<u>93,335</u>

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

7. ISSUED CAPITAL

	30 June 2021	
	\$	
(a) Issued and paid up capital		
Fully paid ordinary shares		654,775
	Number	\$
(b) Movements in fully paid shares		
Balance at registration on 24 February 2021	100	1
Capital issued	10,833,233	704,999
Capital raising costs	-	(50,225)
Balance as 30 June 2021	<u>10,833,334</u>	<u>654,775</u>

The share capital of iTech Minerals Ltd consists only of fully paid ordinary shares. All shares are eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of iTech Minerals Ltd.

The shares do not have a par value and the Company does not have a limited amount of authorised capital.

In the event of winding up the Company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

(c) Capital management

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure accordingly. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company's capital is shown as issued capital in the statement of financial position.

8. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

Operating activities	From registration date to 30 June 2021
	\$
Profit / (loss) after tax	(29,507)
Net change in working capital	(39,823)
Net cash used in operating activities	<u>(69,330)</u>

9. AUDITOR'S REMUNERATION

Operating activities	From registration date to 30 June 2021
	\$
Audit services:	
Auditors of iTech Minerals – Grant Thornton Audit Pty Ltd	11,000
Audit services remuneration	<u>11,000</u>

There were no other services provided to the Group by Grant Thornton during the period.

10. COMMITMENTS AND CONTINGENCIES

Exploration commitments

The Group currently does not have exploration commitments as it is in the process of acquiring exploration licences in the South Australia and New South Wales as detailed below.

Contingent liabilities and assets

On 12 April 2021, the Company entered into a binding Deed to acquire all issued shares in the Archer Companies. The Archer Companies hold numerous exploration licences in the South Australia and New South Wales. As consideration for the acquisition of shares in the Archer Companies, the Company will issue 50,000,000 ordinary shares to Archer which it will in-specie distribute to Archer shareholders.

11. RELATED PARTY TRANSACTIONS

The Company's related party transactions include its key management personnel.

(a) *Transactions with key management personnel*

Transactions with key management personnel are made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash (all amounts are exclusive of GST).

The following transactions occurred with KMP:

	From registration date to 30 June 2021 \$
Payment for professional services to entities associated with KMP as listed below.	10,000
Payables for professional services at reporting date	47,041

Transactions with key management personnel are made at normal at market rates. Outstanding balances are unsecured and are repayable in cash.

Glenn Davis

DMAW Lawyers, a law firm of which director Glenn Davis is a principal, invoiced the Company for pre-IPO fees (included in other current assets) totalling \$40,388 during the period. This amount is outstanding at 30 June 2021 and has been included in trade and other payables.

Jarek Kopias

Kopias Consulting, a business of which Jarek Kopias is a Director, was paid consulting fees in relation to professional services provided in the period totalling \$10,000. The total amount of fees due to Kopias Consulting as at 30 June 2021 was \$6,652.

(b) *Share holdings of key management personnel*

The number of ordinary shares of iTech Minerals Ltd held, directly, indirectly or beneficially, by each Director and Company Secretary, including their personally-related entities as at balance date:

2021 – 30 June Directors and Company Secretary	Held at Registration	Movement during period ¹	Options exercised	Held at 30 June 2021
G Davis	-	750,000	-	750,000
M Schwarz	-	2,750,000	-	2,750,000
G Ferris	-	750,000	-	750,000
J Kopias	-	750,000	-	750,000
Total	-	5,000,000	-	5,000,000

¹ Movement represents issue of founder shares during the reporting period.

(c) *Option holdings of key management personnel*

The number of options over ordinary shares in iTech Minerals Ltd held, directly, indirectly or beneficially, by each specified Director and Company secretary, including their personally-related entities as at balance date, is as follows:

Directors and Company Secretary	Held at Registration	Movement during period ¹	Exercised	Held at 30 June 2021	Vested and exercisable at 30 June 2021
2021 – 30 June					
M Schwarz	-	2,000,000	-	2,000,000	2,000,000
J Kopias	-	1,000,000	-	1,000,000	1,000,000
Total	-	3,000,000	-	3,000,000	3,000,000

¹ Movement represents issue of founder options during the reporting period.

12. EMPLOYEE REMUNERATION

(a) *Employee benefits expense*

Expenses recognised for employee benefits are analysed below:

	From registration date to 30 June 2021 \$
Salaries / contract payments for Directors and employees	10,000
Employee benefits expense	-
	10,000

(b) *Share based employee remuneration*

As at 30 June 2021 the Company maintained an option plan for employee and director remuneration and issued 3,000,000 for options during the current period.

Share options and weighted average exercise prices are as follows:

	Number of shares	Weighted average exercise price (\$)
Outstanding at registration	-	-
Granted as remuneration during 2020/21	3,000,000	\$0.25
Forfeited / expired	-	-
Outstanding as at 30 June 2021	3,000,000	\$0.25

Fair value of options granted

The fair value at grant date of the Director options has been determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The table below outlines the inputs used in the Black and Scholes fair value calculation for the options:

	Range of values
Exercise price	\$0.25
Option life	4.0 years from date of admission to ASX
Underlying share price	\$0.001
Expected share price volatility	142%
Risk free interest rate	0.40%
Weighted average fair value	\$0.00

13. INVESTMENTS IN CONTROLLED ENTITIES

Controlled Entities

The Company has the following subsidiaries:

Name of Subsidiary	Country of Registration	Class of Shares	Percentage held	
			2020	2021
iTech Kaolin Pty Ltd ¹	Australia	Ordinary	0%	100%

¹ Registered on 19 April 2021.

14. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks and accounts receivable and payable.

Financial risk management policy

Risk management is carried out by the Managing Director under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate and credit risk.

a) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate working capital is maintained for the coming months. Upcoming capital needs and the timing of raisings are assessed by the board. Financial liabilities are expected to be settled within 12 months.

b) Foreign exchange risk

Foreign exchange risk arises from the possibility that the Group might encounter fluctuations in the exchange rate from the time a contract is executed to the time of settlement.

The Group manages foreign exchange risk by monitoring forecast foreign cash flows and ensuring that where appropriate foreign currency is purchased to meet future foreign cash flow needs.

The Group does not actively hedge currency and assesses the appropriateness of future foreign currency contracts on a case by case basis.

c) Interest rate risk

The Group's exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result in changes in market interest rates. Cash is the only asset affected by interest rate risk as cash is the Group's only financial asset exposed to fluctuating interest rates.

The Group is exposed to interest rate risk on cash balances and term deposits held in interest bearing accounts. The Board constantly monitors its interest rate exposure and attempts to maximise interest income by using a mixture of fixed and variable interest rates, whilst ensuring sufficient funds are available for the Group's operating activities. The Group's net exposure to interest rate risk at 30 June 2021 approximates the value of cash and cash equivalents.

d) Net fair values of financial assets and financial liabilities

Fair value represents 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.

The net fair values of financial assets and liabilities are determined by the Group based on the following:

- i) Monetary financial assets and financial liabilities not readily traded in an organised financial market are carried at book value.
- ii) Non-monetary financial assets and financial liabilities are recognised at their carrying values recognised in the statement of financial position.

The carrying amount of financial assets and liabilities is equivalent to fair value at reporting date.

15. PARENT ENTITY INFORMATION

There are no transactions that occurred outside of iTech Minerals Ltd (the parent entity) during the reporting period.

16. OPERATING SEGMENTS

The Directors have considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources have concluded that at this time there are no separately identifiable segments.

17. EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years other than the lodgement of the Company's IPO prospectus with ASIC on 16 August 2021.

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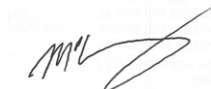
Directors' Declaration

In accordance with a resolution of the directors of iTech Minerals Ltd, the Directors of the Company declare that:

- a) the consolidated financial statements and notes of iTech Minerals Ltd are in accordance with the *Corporations Act 2001* (Cth), including:
 - i. giving a true and fair view of its financial position as at 30 June 2021 and of its performance for the financial period ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001 (Cth); and
- b) there are reasonable grounds to believe that iTech Minerals Ltd will be able to pay its debts as and when they become due and payable.

Note 1 confirms that the consolidated financial statements comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



Michael Schwarz
Managing Director

Adelaide
19 August 2021

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Independent Auditor's Report

To the Members of iTech Minerals Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of iTech Minerals Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the period ended on that date; and
- b complying with Australian Accounting Standards – Reduced Disclosure Requirements 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 are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (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.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's Director's report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001*. The Directors' responsibility also includes 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 Group'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 Group 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 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 at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

Grant Thornton.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



B K Wundersitz
Partner – Audit & Assurance

Adelaide, 19 August 2021