

James Bay Minerals Limited

ABN 90 659 846 901

Annual Report - 30 June 2023

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James Bay Minerals Limited
Directors' report
30 June 2023

The directors present their report of James Bay Minerals Limited (the 'Company', or the 'parent entity') and its controlled entities (collectively, the 'Group'), together with the financial statements, on the Company for the period ended 30 June 2023.

Directors

The following persons were directors of James Bay Minerals Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

Andrew Dornan – Executive Director (Appointed 18 April 2023)

Andrew has 18 years' experience within the resources and mining sector in senior commercial management roles. Andrew is a projects and mining commercial execution expert. Projects delivered are across various commodities including Iron Ore, Gold, Lithium, Copper, Energy and commercial building.

Mr Dornan holds a tertiary qualification in Business.

Daniel Loughnan – Non-Executive Director (Appointed 18 April 2023)

Daniel Loughnan commenced his career as an Accountant at a boutique accounting firm in Subiaco, then later at a national professional services firm in Perth's CBD. Daniel studied a Bachelor of Commerce, before undertaking his CPA and further studies with The Tax Institute which lead to being accepted as a Chartered Tax Advisor with The Tax Institute.

In 2010, Daniel founded Danpalo Group to provide premium taxation and accounting solutions for small to medium businesses and listed entities. Since that time, he has assisted in the growth of a wide range of clients across Australia.

Dean Ercegovic – Non-Executive Director*

Dean has over 20 years' experience in engineering and general contracting in the minerals resource industries throughout Australia, Canada and the USA. He began his mechanical engineering career as a field engineer, but quickly developed into a Project Manager leading teams in EPC execution.

He most recently was Executive Director and COO of Primero Group (PGX) which he co-founded in 2011 and exited 2023 after NRW purchased the business. Dean helped grow the business into a successful design, construct and operations service provider which focuses on in-house EPC services and is re-known for delivering multiple projects in the Lithium sector.

Gerard O'Donovan – Non-Executive Chair (Appointed 18 April 2023)

Gerard has extensive lithium and mine development with almost 15 years of experience in managing large-scale construction and mining development projects & operations across various commodities including lithium, copper and iron ore.

Mr O'Donovan is the CEO of ASX listed Battery Age Minerals (formerly Pathfinder Resources). Previously, he was the project manager of Pilbara Minerals Ltd's Pilgangoora Project, successfully leading the development, and bringing into operation, the Pilgangoora lithium-tantalum Stage 1 mine and processing facility. Mr O'Donovan has also worked with Atlas Iron, Fortescue Metals Group, Australian Premium Iron JV, and Rio Tinto's Winu Copper Gold Project.

Mr O'Donovan holds a Bachelor of Engineering (Civil & Structural, Honours) and has also carried out further studies in the fields of Sustainability, Circular Economy & Social Governance.

Judy Baker – Non-Executive Director*

Judy has 30 years' experience within mining organisations and of note TSX listed Canadian Lithium Companies at a Director level. Ms Baker spent 8 years as a Director of Nemaska Lithium and was the founding CEO / Director of Canada Lithium Corporation.

Ms Baker holds a Bachelor of Applied Science (Engineering and Mineral Resource Exploration) and an MBA.

Matthew Hayes (Appointed 01 June 2022, Resigned 19 April 2023)

Matthew has over 15 years' experience working in the mining sector across multiple service industries in corporate advisory and the capital markets. He was the founding CEO of Raisebook, Stocks Digitals capital raising arm and founding director of Wagtail Capital. Matt is RG146 accredited in securities and financial advice from Deakin University and is currently completing his diploma in Exploration Geoscience at Kalgoorlie School of Mines.

*To be gazetted in ASIC, although appointed

Principal activities

During the financial period the principal continuing activities of the consolidated entity is:
The exploration and evaluation of lithium resources in the James Bay region of Quebec, Canada.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$659,713.

Significant changes in the state of affairs

The Company was incorporated on 1 June 2022 as SC Lithium Pty Ltd with the issue of 1,000,000 founder shares.

On 7 March 2023, it incorporated its subsidiary, 1404100 B.C. Ltd in Canada. This subsidiary, in-turn entered into option agreements, between 19-21 March 2023 to acquire 100% interests in 3 projects, the Joule Property, Aero-Aqua Properties and Troilus Property.

1404100 B.C may exercise the Project Options on receipt of a Conditional Admission Letter (on terms satisfactory to the Company) within one year from the date of the respective Acquisition Agreements. On the exercise of the Project Options, the Company will issue or grant (as applicable) the following to the vendors:

- (a) 9,000,000 shares (consideration shares)
- (b) 5,000,000 performance rights vesting upon the Company announcing a drill intercept of at least 20 meters with a grade of not less than 1% Li₂O at any of the projects (performance rights); and
- (c) a 3% net smelter royalty on minerals extracted from the projects (royalty)

On 27 March 2023, the Company completed the issue of 16,800,000 shares to wholesale investors at \$0.01 per share to raise \$168,000.

On 4 April 2023, the Company changed its name to James Bay Minerals Pty Ltd.

On 21 April 2023, the Company completed the issue of 100,000 shares to wholesale investors at \$0.01 per share to raise \$1,000.

On 18 May 2023, the Company completed the issue of 3,100,000 shares to wholesale investors at \$0.10 per share to raise \$310,000.

On 26 May 2023, the Company received advice from its In-Principle consultation with the ASX that the ASX was unaware of any reason for it not having the structure nor the resources suitable for a listed entity.

On 16 June 2023, the Company converted to a public company and changed its name from James Bay Minerals Pty Ltd to James Bay Minerals Limited.

There were no other significant changes in the state of affairs of the consolidated entity during the financial period.

Matters subsequent to the end of the financial period

On 7 July 2023, the Company issued 500,000 shares to Gerard O'Donovan under his letter of appointment.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The Company is seeking to submit a Prospectus and offer ordinary fully paid shares pursuant to a listing on the ASX in the coming months.

Performance rights

1404100 B.C may exercise the Project Options on receipt of a Conditional Admission Letter (on terms satisfactory to the Company) within one year from the date of the respective Acquisition Agreements. On the exercise of the Project Options, the Company will issue or grant (as applicable) the following to the vendors:

(a) 9,000,000 shares (consideration shares)

(b) 5,000,000 performance rights with \$0.00 exercise price vesting upon the Company announcing a drill intercept of at least 20 meters with a grade of not less than 1% Li₂O at any of the projects (performance rights); and

(c) a 3% net smelter royalty on minerals extracted from the projects (royalty)

Environmental regulation

The Group aims to pursue an exploration and evaluation program in line with its Principal Activities. Such exploration and evaluation activities will be subject to local, province-based and nationally-set environmental conditions relevant to James Bay in Quebec, Canada.

Risks

(30) Economic risks

General economic conditions, movements in interest and inflation rates, the prevailing global commodity prices and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

As with any exploration or mining project, the economics are sensitive to metal and commodity prices. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for minerals, technological advances, forward selling activities and other macro-economic factors. These prices may fluctuate to a level where the proposed mining operations are not profitable. Should the Company achieve success leading to mineral production, the revenue it will derive through the sale of commodities also exposes potential income of the Company to commodity price and exchange rate risks.

(b) Market conditions

The market price of the Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular.

Further, share market conditions may affect the value of the Company's quoted Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

© Force majeure

The Company's Projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, subversive activities or sabotage, fires, floods, explosions or other catastrophes.

(d) Government and legal risk

Changes in government, monetary policies, taxation and other laws can have a significant impact on the Company's assets, operations and ultimately the financial performance of the Company and its Shares. Such changes are likely to be beyond the control of the Company and may affect industry profitability as well as the Company's capacity to explore and mine.

The Company is not aware of any reviews or changes that would affect the Projects. However, changes in community attitudes on matters such as taxation, competition policy and environmental issues may bring about reviews and possibly changes in government policies. There is a risk that such changes may affect the Company's development plans or its rights and obligations in respect of its Projects. Any such government action may also require increased capital or operating expenditures and could prevent or delay certain operations by the Company.

(e) Litigation risks

The Company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company and its subsidiaries are not currently engaged in any litigation.

(f) Insurance risks

The Company intends to insure its operations in accordance with industry practice. However, the Company is subject to a number of operational risks and may not be adequately insured for certain risks, including industrial and transportation accidents, catastrophic accidents, changes in the regulatory environment, natural occurrences or technical failures. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

(g) Unforeseen expenditure risk

Expenditure may need to be incurred that has not been taken into account by the Company. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

(30)i) Infectious diseases

The outbreak of the coronavirus disease (COVID-19) is having a material effect on global economic markets. The global economic outlook is facing uncertainty due to the pandemic, which has had and may continue to have a significant impact on capital markets.

The Company's Share price may be adversely affected by the economic uncertainty caused by COVID-19. Further measures to limit the transmission of the virus implemented by governments around the world (such as travel bans and quarantining) may adversely impact the Company's operations and may interrupt the Company carrying out its contractual obligations or cause disruptions to supply chains.

Shares under option

There were no unissued ordinary shares of James Bay Minerals Limited under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of James Bay Minerals Limited issued on the exercise of options during the period ended 30 June 2023 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 financial period, the Company did not pay a premium to insure either its directors or executives for any liability to the extent permitted by the Corporations Act 2001.

Indemnity and insurance of auditor

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

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During the financial period, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company


No person has applied 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.

Audi'or's independence declaration

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

This report is made in accordance with a resolution of directors, pursuant to the Corporations Act 2001.

On behalf of the directors


Daniel Coleman (Jul 7, 2023 14:04 GMT+8)

7 July 2023

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF JAMES BAY MINERALS LIMITED

I declare that, to the best of my knowledge and belief, during the period ended 30 June 2023 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

J. C. Luckins

J. C. Luckins
Director
Melbourne, 7 July 2023

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General information

The financial statements cover James Bay Minerals Limited and its controlled entity 1404100 B.C. Ltd. The financial statements are presented in Australian dollars, which is James Bay Minerals Limited's functional and presentation currency.

James Bay Minerals Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 1.1 Tully Road
East Perth WA 6004

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 7 July 2023. The directors have the power to amend and reissue the financial statements.

James Bay Minerals Limited
Statement of profit or loss and other comprehensive income
For the period ended 30 June 2023

	Note	Consolidated 2023 \$
Expenses		
Exploration and evaluation costs		(279,703)
Administration expenses		(302,510)
Investor relations and legal expenses		<u>(77,500)</u>
Loss before income tax expense		(659,713)
Income tax expense		<u>-</u>
Loss after income tax expense for the period attributable to the owners of James Bay Minerals Limited		(659,713)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation		<u>(7,590)</u>
Other comprehensive income for the period, net of tax		<u>(7,590)</u>
Total comprehensive income for the period attributable to the owners of James Bay Minerals Limited		<u><u>(667,303)</u></u>
		Cents
Basic earnings per share	14	(9.61)
Diluted earnings per share	14	(9.61)

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

James Bay Minerals Limited
Statement of financial position
As at 30 June 2023

	Note	Consolidated 2023 \$
Assets		
Current assets		
Cash and cash equivalents		285,736
Goods and services input tax credits		1,440
Total current assets		<u>287,176</u>
Total assets		<u>287,176</u>
Liabilities		
Current liabilities		
Trade and other payables	3	<u>465,479</u>
Total current liabilities		<u>465,479</u>
Total liabilities		<u>465,479</u>
Net liabilities		<u>(178,303)</u>
Equity		
Issued capital	4	489,000
Reserves		(7,590)
Accumulated losses		<u>(659,713)</u>
Total deficiency in equity		<u>(178,303)</u>

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

James Bay Minerals Limited
Statement of changes in equity
For the period ended 30 June 2023

Consolidated	Issued capital \$	Foreign currency translation reserve \$	Accumulated losses \$	Total deficiency in equity \$
Balance at incorporation - 1 June 2022	-	-	-	-
Loss after income tax expense for the period	-	-	(659,713)	(659,713)
Other comprehensive income for the period, net of tax	-	(7,590)	-	(7,590)
Total comprehensive income for the period	-	(7,590)	(659,713)	(667,303)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity (note 4)	489,000	-	-	489,000
Balance at 30 June 2023	<u>489,000</u>	<u>(7,590)</u>	<u>(659,713)</u>	<u>(178,303)</u>

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

James Bay Minerals Limited
Statement of cash flows
For the period ended 30 June 2023

	Note	Consolidated 2023 \$
Cash flows from operating activities		
Payments to suppliers (inclusive of GST)		(40,516)
Payments for exploration and evaluation costs		<u>(162,748)</u>
Net cash used in operating activities	13	<u>(203,264)</u>
Net cash from investing activities		<u>-</u>
Cash flows from financing activities		
Proceeds from issue of shares	4	<u>489,000</u>
Net cash from financing activities		<u>489,000</u>
Net increase in cash and cash equivalents		285,736
Cash and cash equivalents at the beginning of the financial period		<u>-</u>
Cash and cash equivalents at the end of the financial period		<u><u>285,736</u></u>

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

Note 1. Significant accounting policies

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 10 Consolidated Financial Statements

The consolidated entity has applied AASB 10 from 1 January 2013, which has a new definition 'f'cont'ol'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through i's 'po'er' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the inves'ee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

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 ('A'SB') 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 ('I'SB').

Historical cost convention

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

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 consolidated ent'ty'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.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 11.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of James Bay Minerals Limite' ('comp'ny' 'r 'parent ent'ty') as at 30 June 2023 and the results of all subsidiaries for the period then ended. James Bay Minerals Limited and its subsidiaries together are referred to in these financial statements as t'e 'consolidated ent'ty'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the 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 transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Note 1. Significant accounting policies (continued)

Foreign currency translation

The financial statements are presented in Australian dollars, which is James Bay Minerals Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

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 consolidated entity'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 consolidated entity'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.

Trade and other receivables

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

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

Trade and other payables

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

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.

Note 1. Significant accounting policies (continued)

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.

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.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of James Bay Minerals Limited, excluding any 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 financial 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 income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

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

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

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

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

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

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.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Going concern

For the period ended 30 June 2023, the Company and its controlled entities incurred a net loss of \$659,713 during the period ended 30 June 2023 and, as of that date the Company and its controlled entities total liabilities exceeded its total assets by \$178,303.

Notwithstanding this, the directors have prepared a cash flow forecast that demonstrates that the Company will have adequate cash reserves to pay its debts, as and when it falls due based upon the following assumptions:

a) that the Company will successfully complete its forthcoming IPO process, which is expected to raise proceeds between \$5m and \$6m; and

b) Notwithstanding the first assumption, that amounts paid to directors and their related parties as at 30 June 2023 totalled \$235,000, of which \$100,000 is expected to settle through the issue of new shares prior to the issue of the Prospectus, and said directors have written to the Company pledging to not call upon those loans until such point in time that the Company can repay them without jeopardising its working capital position.

Such assumptions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern, and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements (supporting this financial information) do not include any adjustments relating to the recoverability and classification of assets and liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and carry-forward losses only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Presently the consolidated entity has incurred losses from its operations in all tax jurisdictions that may be potentially available to be applied against assessable income in the future. Given the uncertainty as to when or if this occurs, the directors have decided not to recognise any deferred tax assets that may be represented by those losses.

Exploration and evaluation costs

The directors have elected to expense all costs associated with the exploration and evaluation of their projects.

Mine rehabilitation provision

The consolidated entity has considered whether a provision for rehabilitation of any tenements is required. The directors do not consider that such a provision is necessary due to the fact that rehabilitation is being undertaken on a progressive basis. Whilst the consolidated entity is in an exploration phase it cannot reliably estimate scope and costs of rehabilitation work that will need to be undertaken.

Note 3. Current liabilities - trade and other payables

	Consolidated 2023 \$
Trade payables	154,279
Accrued expenses	76,200
Accrued director fees (note 6)	235,000
	<hr/> 465,479 <hr/>

Refer to note 5 for further information on financial instruments.

Note 4. Equity - issued capital

	Consolidated 2023 Shares	2023 \$
Ordinary shares - fully paid	21,000,000	489,000

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
As at incorporation	01/06/2022	1,000,000	\$0.01	10,000
Grant and issue of founder shares	03/03/2023	16,800,000	\$0.01	168,000
Issue of shares	21/04/2023	100,000	\$0.01	1,000
Issue of shares	18/05/2023	3,100,000	\$0.10	310,000
Balance	30 June 2023	21,000,000		489,000

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 consolidated entity'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 consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 5. Financial instruments

Financial risk management objectives

The Group's material financial instruments are its cash and trade payables and they have one material risk, being liquidity risk. This risk is managed and monitored by the Board through the use of cash flow forecasting analysis.

Liquidity risk

As at 30 June 2023 all of its financial instruments had contractual maturities less than 60 days and had fair values that approximated their carrying values.

Note 6. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated 2023 \$
Director fees	<u>235,000</u>

Note 7. Remuneration of auditors

During the financial period the following fees were paid or payable for services provided by , the auditor of the company:

	Consolidated 2023 \$
<i>Audit services -</i>	
Audit of the financial statements	12,500
<i>Non audit services-</i>	
Investigating Accountants Report	<u>12,500</u> <u>25,000</u>

Note 8. Contingent liabilities

1404100 B.C may exercise the Project Options on receipt of a Conditional Admission Letter (on terms satisfactory to the Company) within one year from the date of the respective Acquisition Agreements. On the exercise of the Project Options, the Company will issue or grant (as applicable) the following to the vendors:

- (a) 9,000,000 shares (consideration shares)
- (b) 5,000,000 performance rights vesting upon the Company announcing a drill intercept of at least 20 meters with a grade of not less than 1% Li2O at any of the projects (performance rights); and
- (c) a 3% net smelter royalty on minerals extracted from the projects (royalty)

Note 9. Commitments

The Company will complete the acquisitions of the following assets at admission to ASX:

- (a) 100% interest in the LaGrande Project located in Quebec, Canada. LaGrande Project has three key prospects; (Joule, Aqua, Aero)
- (b) 100% interest in the Troilus Project located in Quebec, Canada,

These projects will require work over a 3-year period.

- Joule has 205 number of claims with \$27,675 required work and \$34,850 required fees;
- Aqua has 63 number of claims with \$8,505 required work and \$10,710 required fees;
- Aero has 89 number of claims with \$11,637 required work and \$14,362 required fees;
- Troilus has 80 number of claims with \$96,000 required work and \$5,860 required fees.

Note 10. Related party transactions

Parent entity

James Bay Minerals Limited is the parent entity.

Note 10. Related party transactions (continued)

Key management personnel

Disclosures relating to key management personnel are set out in note 6.

Transactions with related parties

There were no transactions with related parties during the financial period.

Receivable from and payable to related parties

Andrew Dornan is the director of Dornan Group Pty Ltd, which at 1 July 2022 have entered into a consultancy agreement to James Bay Minerals Limited. The consulting services was agreed based on normal market terms, with \$7,500 per month from 1 July 2022 to 31 December 2022; and \$15,000 per month from 1 January 2023 to 30 June 2023 for all the services provided to the Company. As at 30 June 2023, outstanding payable to Dornan Group Pty Ltd amounts to \$135,000. (note 3)

Furthermore, settlement of liabilities owed to directors through the issue of 500,000 shares amounting to \$100,000.

There were no trade receivables from related parties at the reporting date.

Loans to/from related parties

There were no loans to or from related parties at the reporting date.

Note 11. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2023 \$
Loss after income tax	(659,713)
Total comprehensive income	(659,713)

Statement of financial position

	Parent 2023 \$
Total current assets	287,176
Total assets	287,176
Total current liabilities	465,479
Total liabilities	465,479
Equity	
Issued capital	489,000
Foreign currency reserve	(7,590)
Accumulated losses	(659,713)
Total deficiency in equity	(178,303)

Note 12. Events after the reporting period

On 7 July 2023, the Company issued 500,000 shares to Gerard O'Donovan under his letter of appointment.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 13. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2023 \$
Loss after income tax expense for the period	(659,713)
Adjustments for:	
Foreign exchange differences	(7,590)
Change in operating assets and liabilities:	
Increase in goods and services input tax credits	(1,440)
Increase in trade and other payables	465,479
Net cash used in operating activities	<u>(203,264)</u>

Note 14. Earnings per share

	Consolidated 2023 \$
Loss after income tax attributable to the owners of James Bay Minerals Limited	<u>(659,713)</u>
	Cents
Basic earnings per share	(9.61)
Diluted earnings per share	(9.61)

Shares contingently issuable upon the vesting and exercise of other equity instruments have not been included in the calculation of dilutive earnings per share as the Group is in a loss position, and their effect would be anti-dilutive.

James Bay Minerals Limited
Directors' declaration
30 June 2023

In the directors' opinion:

- 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;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to the Corporations Act 2001.

On behalf of the directors


Daniel Coughlin (Jul 7, 2023 14:04 GMT+8)

7 July 2023

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James Bay Minerals Limited
Independent auditor's report to members

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of James Bay Minerals Limited (the Company) and its controlled entities (together, the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- i. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial 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 are independent of the Group 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.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report which indicates that the Group incurred a net loss of \$659,713 during the period ended 30 June 2023 and, as of that date the Group's total liabilities exceeded its total assets by \$178,303. As stated in Note 2, these events or conditions, along with other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the period ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 has 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 these financial statements 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 independent auditor's report.


William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136



J. C. Luckins
Director
Melbourne, 7 July 2023

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