



PIONEER
LITHIUM

**Pioneer Lithium Limited
and its subsidiary companies
ABN 90 633 888 891**

**Consolidated Financial Report
For the period ended 30 June 2023**

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These financial statements are consolidated financial statement of the Consolidated Entity consisting of Pioneer Lithium Limited and its subsidiaries.

The financial statements are presented in Australian Dollars.

Pioneer Lithium Limited is a company limited by shares, incorporated and domiciled in Australia. The company is registered under the Corporations Act 2001.

The financial report were authorised for issue by the directors on the date of the Directors' declaration. The directors have the power to amend and reissue the financial statements.

Corporate directory

Registered office	:	Level 50, 108 St Georges Tce, Perth WA 6000, Australia
Principal place of business	:	Level 50, 108 St Georges Tce, Perth WA 6000, Australia
Directors	:	Robert Martin - Executive Chairperson Nigel Broomham - Non-executive Director Agha Shahzad Pervez - Non-executive Director Gerard O'Donavan - Non-executive Director
Company secretary	:	Harry Spindler
Key management personnel	:	Clinton Booth - Chief Executive Officer Erik Petersen - Exploration Manager Canada
Website & e-mail	:	www.pioneerlithium.com.au info@pioneerlithium.com.au
Auditors	:	PKF Perth Level 5, 35 Havelock Street, West Perth WA 6005
Australian solicitors	:	Hamilton Locke Pty Ltd Level 48, 152-158 St Georges Terrace Perth WA 6000
Canadian solicitors	:	Osler, Hoskin & Harocurt LLP 1055 West Hastings Street Suite 1700 Vancouver BC V6E 2E9
ASX Listing code	:	PLN (<i>proposed</i>)

Director's report

Your Directors present their report on Pioneer Lithium Limited (**Company**) and its controlled entities (collectively referred to as **Consolidated Entity**) for the period from 16 November 2022 to 30 June 2023.

a) Directors

The following persons were the directors of the Company during the financial year and up to the date of this report:

	Appointed on	Resigned on
Robert Anthony Martin	16-November-2022	-
Nigel William Broomham	19-June-2023	-
Agha Shahzad Pervez	19-June-2023	-
Gerard Fachtna O'Donovan	19-June-2023	-
Bilal Ahmad	07-December-2022	19-June-2023
Sodun Kobala Vidhanage	07-February-2023	19-June-2023
David Dominic Pevcic	07-December-2022	07-February-2023

Secretaries

The following persons were the secretary of the Company during the financial year and up to the date of this report:

	Appointed on	Resigned on
Harry Michale Spindler	07-July-2023	-
Robert Anthony Martin	16-November-2022	07-July-2023

Experience and qualifications of the directors:

A brief description of your directors' experience and qualifications are noted below:

Robert Martin : Mr Robert Martin is a commercial businessman with over 25 years' Executive Chairperson experience across a broad range of sectors including mining, manufacturing, mining services and capital markets. Mr Martin previously operated a highly successful global mining services company which became a leading provider of products and services to the mining industry.

Mr Martin now runs a family office in Western Australia with a focus on investing and supporting emerging private and public businesses Mr Martin currently holds the positions of Non-Executive Chairman of Equinox Resources Limited (ASX: EQN) Non-Executive Chairman of Critical Resources Limited (ASX:CRR) Non-Executive Chairman for Battery Age Minerals Limited (ASX: BM8) and as Non-Executive, Non-Executive Director of Parkd Limited (ASX: PKD) Director of TSX-V listed Volt Carbon Technologies (TSX-V: VCT).

Nigel Broomham : Mr Broomham is a geologist with over 12 years industry experience, Non-executive Director including over 10 years in the battery metals sector, specifically in lithium and manganese. He is currently the General Manager Exploration for ASX listed lithium explorer, Battery Age Minerals (ASX: BM8).

Prior to joining Battery Age Minerals, Mr Broomham held leadership roles with ASX-50 lithium producer Pilbara Minerals (ASX: PLS) in exploration, resource development and mining production. Mr Broomham has also held several other leadership roles at Pilgangoora, including Mining Manager, lead of the Direct Shipping Ore development project and Production Superintendent. Earlier in his career, he has also worked at Mineral Resources Limited, Consolidated Minerals Manganese, Hancock Prospecting (Roy Hill) and Golder Associates.

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Agha Shahzad Pervez
Non-executive Director

: Mr Agha Shahzad Pervez is an experienced Chief Financial Officer, Company Secretary and Director, with over 10 years' experience in working with ASX listed companies.

Mr Pervez currently holds the role of Executive Chairman for Viridis Mining and Minerals Limited (ASX:VMM), Executive Director and Chief Financial Officer of Equinox Resources Limited (ASX: EQN). Also holds the role of Chief Financial Officer for Battery Age Minerals Limited (ASX: BM8) and previously held the roles of CFO and Company Secretary at Resonance Health Limited (ASX: RHT).

Mr Pervez was instrumental in the corporate restructuring of RHT in 2017 and contributed to the significant growth of RHT's market capitalisation during his tenure.

Gerard O'Donovan
Non-executive Director

: Mr O'Donovan has a strong lithium and mine development background with close to 15 years demonstrated success in managing large scale construction and mining development projects and operations across various commodities including lithium, copper and iron ore. He is currently the Chief Executive Officer of Battery Age Minerals (ASX:BM8) and in past worked with Atlas Iron, FMG, Australian Premium Iron JV and Rio Tinto (Copper).

Mr O'Donovan has worked with a range of companies, most recently Pilbara Minerals, where as Project Manager, he was responsible for successfully leading the development and bringing into operation of the Pilgangoora lithium-tantalum Stage 1 mine and processing facility. Most recently Mr O'Donovan was employed as Integration Manager for the recently acquired Altura Lithium Operations he was responsible for integration and restart of the Altura asset within the broader Pilbara Minerals business.

b) **Meeting of the directors**

No meetings or sub-committee meetings were held during the financial period. All decisions have currently been resolved by circular resolution.

c) **Directors' interest in equity instruments of the Company**

The directors held the following interest in the equity instruments of the Company at the reporting date:

Director	Equity shares	Equity options (1)
Robert Anthony Martin	4,400,001	3,500,000
Nigel William Broomham	175,000	-
Agha Shahzad Pervez	1,800,000	1,500,000
Gerard Fachtna O'Donovan	175,000	-

(1) Equity options are exercisable at \$0.25 per share at any time within three years from the date of initial listing on the ASX.

d) **Employment and services contracts**

The Consolidated Entity has entered certain employment / services contracts with the directors and key management personnel. No remuneration was paid or payable under these contracts during the financial period. These are conditional upon successful completion of the IPO. The key terms of the contracts are noted below:

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Executive Chairperson – Robert Martin

- Salary - \$100,000 per annum (including statutory superannuation)
- Director options – 2,000,000 equity options exercisable @ \$0.25 and expiring 3 years from the date of official listing on the ASX
- Term – Indefinite and subject to three-month notice period

Non-executive Directors – Nigel Broomham, Gerard O’Donovan and Agha Pervez

- Salary - \$48,000 per annum (including statutory superannuation)
- Director options – 1,000,000 equity options exercisable @ \$0.25 and expiring 3 years from the date of official listing on the ASX
- Term – Indefinite and not subject to notice period

Chief Executive Officer – Clinton Booth

- Salary - \$331,500 per annum (including statutory superannuation)
- Performance rights – entitlement to up to 1,660,000 performance rights in the company subject to certain VWAP and operational performance conditions
- Term – Indefinite and subject to three-month notice period

Exploration Manager Canada – Erik Petersen

- Salary - C\$150,000 per annum plus health benefits up to C\$3,500 per annum.
- Term – Indefinite and subject to one-month notice period

e) Review of operations and financial results

The financial results and cash flows arising from the operations of the Consolidated Entity are included within the “Consolidated statement of profit or loss and other comprehensive income”, “Consolidated Statement of Financial Position” and the “Consolidated statement of cash flows”.

f) Significant change in state of affairs

The Company was incorporated on 16 November 2022. The Company was initially registered as a proprietary company and was converted into a public company on 28 April 2023.

Four subsidiary entities were incorporated in Canada to acquire exploration tenements in Canada.

g) Principal activities

The principal activity of the Consolidated Entity during the period was to engage in mineral exploration activity primarily focused on electric vehicle (EV) and critical minerals in Canada, including the identification of and review of potential complementary mineral projects.

h) Events arising since the end of the reporting period

- In July 2023, the Company issued 2,040,000 equity shares @ \$0.10 to raise \$204,000.
- On 3rd August 2023, the Company lodged its initial public offering (IPO) prospectus with Australian Securities and Investments Commission. The IPO is proposing to raise at least \$5,000,000 (excluding costs) by issuing 25,000,000 million equity shares to primarily fund the acquisition and development of exploration tenements in Canada. The minimum subscription was achieved in September 2023. The IPO offering is conditional upon successful listing of the Company in the Australian Securities Exchange (ASX). Successful completion of the IPO will also trigger the commitment to issue:
 - 4,000,000 equity options to the Lead Manager of the IPO
 - 5,000,000 equity options to the Directors (or their nominees); and
 - 1,660,000 performance rights to the Chief Executive Officer
- The option to acquire 90% interest in the Root Lake project was extended till 30 September 2023

i) Future developments, prospects and business strategies

Future developments, prospects and business strategies of the Consolidated Entity are commercially sensitive information. As disclosure of such information is likely to unreasonably prejudice the Consolidated Entity, this report has not elaborated on these matters.

j) Environmental issues

The Consolidated Entity's exploration activities in Canada are subject to the normal environmental protection regime.

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

k) Dividends

No dividends were paid or declared during the financial period or since the end of the financial period up to the date of this report.

l) Shares and equity options

As at the reporting date, 15,810,001 equity shares were issued.

On 15th April 2023, 13,750,000 equity options were issued to the then existing shareholders. These are exercisable at \$0.25 per share, and expire within three years from the date of initial listing on the ASX.

m) Indemnity of officers

During or since the end of the financial year, the Consolidated Entity has not, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer of the Company against a liability incurred as such by an officer.

n) Indemnity of auditors

The Company does not provide any indemnity to the auditor. The Company has not paid any insurance premium in relation to indemnifying the auditor.

o) Proceedings on behalf of the Company

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 Company was not a party to any such proceedings during the financial period.

p) Non-audit services provided by the auditor.

Details of the amounts paid or payable to the auditor (PKF Perth) for non-audit services provided during the financial year are outlined in Note 2 to the financial statements.

The directors are satisfied that the provision for non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

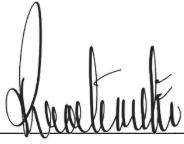
The directors are of the opinion that the services do not compromise the external auditor's independence requirements of the *Corporations Act 2001* due to the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethics Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

q) **Auditor's independence declaration**

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page immediately follows this report and forms part of this Directors' Report.

Signed in accordance with a resolution of the Board of Directors



Robert Martin
Executive Chairperson
Perth, 21 September 2023

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AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF PIONEER LITHIUM LIMITED

In relation to our audit of the financial report of Pioneer Lithium Limited for the period ended 30 June 2023, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PKF PERTH

A handwritten signature in black ink that reads "S Fermanis". The signature is written in a cursive style with a horizontal line underneath.

SIMON FERMANIS
PARTNER

21 September 2023
WEST PERTH,
WESTERN AUSTRALIA

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Director's declaration

In accordance with a resolution of the directors of Pioneer Lithium Limited, I state that:

In the directors' opinion:

- (a) the consolidated financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards and other mandatory professional reporting requirements as detailed above, and the *Corporations Regulations 2001*; and
 - (ii) giving 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
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*

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



Robert Martin
Executive Chairperson

Perth, 21 September 2023

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Consolidated statement of profit or loss and other comprehensive income

For the period ended 30 June 2023
(For the period from 16 November 2022 to 30 June 2023)

	Notes	2023
		\$
Continuing operations		
Income		-
Legal and professional fees		(27,140)
Exploration and evaluation expenses		(241,690)
Other expenses		(11,520)
Loss before tax	2	(280,350)
Income tax benefit / (expense)	3	-
Loss for the period after tax		(280,350)
Other comprehensive income		-
Total comprehensive loss for the period		(280,350)
Earnings per share		<u>Cents</u>
Basic and diluted loss	4	(3.95)

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

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Consolidated statement of financial position

As at 30 June 2023

	Notes	2023
		\$
ASSETS		
Current assets		
Cash and cash equivalents	5	32,789
Trade and other receivables	6	6,988
Prepayments		48,125
Total current assets		87,902
Non-current assets		
Exploration and evaluation assets	7	141,066
Total non-current assets		141,066
Total assets		228,968
LIABILITIES		
Current liabilities		
Trade and other payables	8	28,317
Total current liabilities		28,317
Total liabilities		28,317
NET ASSETS		200,651
EQUITY		
Issued capital	9	481,001
Accumulated losses		(280,350)
Total equity		200,651

The above 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 ended 30 June 2023

(For the period from 16 November 2022 to 30 June 2023)

	<i>Notes</i>	<i>Issued capital</i>	<i>Accumulated losses</i>	<i>Total equity</i>
		\$	\$	\$
Balance at incorporation date		-	-	-
Subscription to ordinary shares	9	481,001	-	481,001
Net loss for the period		-	(280,350)	(280,350)
Other comprehensive loss for the year		-	-	-
Total comprehensive loss for the period		-	(280,350)	(280,350)
Balance at 30 June 2023		481,001	(280,350)	200,651

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

Consolidated statement of cash flows

For the period ended 30 June 2023

(For the period from 16 November 2022 to 30 June 2023)

	<i>Notes</i>	<i>2023</i>
		\$
OPERATING ACTIVITIES		
Payments to suppliers & employees		(259,021)
Cash used in operating activities	5	(259,021)
INVESTING ACTIVITIES		
Acquisition of exploration & evaluation assets	7	(141,066)
Cash used in investing activities		(141,066)
FINANCING ACTIVITIES		
Subscription of shares	9	481,001
Prepaid costs of raising capital		(48,125)
Cash generated from financing activities		432,876
Net increase in cash & cash equivalents		32,789
Cash & cash equivalents at incorporation		-
Cash & cash equivalents at the end of the period	5	32,789

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

Notes to consolidated financial statements

For the period ended 30 June 2023

(For the period from 16 November 2022 to 30 June 2023)

1. Statement of significant accounting policies

a) Corporate information

These financial statements relate to Pioneer Lithium Limited (Company) and its controlled entities (collectively referred to as the Consolidated Entity) for the period from 16 November 2022 (date of incorporation) to 30 June 2023. The financial statement is approved by the Board of Directors on the date of Director's declaration. The Directors have the power to amend and reissue the financial statements.

Pioneer Lithium Limited is a public company with limited liability registered in Australia under the *Corporations Act 2001*. The company was incorporated on 16 November 2022.

Principal activity:

The principal activity of the Consolidated Entity during the period was to engage in mineral exploration activity primarily focused on electric vehicle (EV) and critical minerals in Canada, including the identification of and review of potential complementary mineral projects.

b) Consolidated Entity structure

This financial statement comprises the consolidated financial position and financial performance of the following legal entities:

	Country of incorporation	Date of acquisition	Extent of control
<i>Parent entity</i>			
Pioneer Lithium Limited	Australia	-	-
<i>Controlled entities:</i>			
Lauri Lake Resources Ltd	Canada	03/04/2023	100%
Root Lake Resources Ltd	Canada	03/04/2023	100%
LaGrande Resources Ltd	Canada	03/04/2023	100%
LaGrande Resources (Quebec) Ltd	Canada	26/04/2023	100%

c) Basis of preparation

The financial statements have been prepared on accrual basis of accounting applying the historical costs convention, unless specifically stated otherwise.

The financial statements are presented in Australian Dollars.

Statement of Compliance

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) issued by the Australian Accounting Standard Board (AASB) and the *Corporations Act 2001* as appropriate for for-profit oriented entities. The consolidated financial report of the Consolidated Entity complies with International Financial Reporting Standards (IFRSs) and Interpretations as issued by the International Accounting Standards Board (IASB).

For the purposes of preparing the financial statements, the Company is a for-profit entity.

New, revised or amended standards and interpretations adopted by the Consolidated Entity

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. There was no significant impact in the adoption of these standards.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2023. The Consolidated Entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Going concern basis of accounting

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Consolidated Entity is engaged in mineral exploration activities and has no revenue generating activity as yet. For the period ended 30 June 2023, the Consolidated Entity incurred a loss of \$280,350, and experienced a cash out flows of \$400,087 on operating and investing activities. As at 30 June 2023, the Consolidated Entity had cash & cash equivalent of \$32,789.

The Consolidated Entity's ability to continue as a going concern and meet its debt obligations and commitments as and when they fall due is depended on the Consolidated Entity's ability to raise sufficient working capital to ensure the continued implementation of the Consolidated Entity's exploration plan.

The Consolidated Entity has raised equity subsequent to the report date. Further, the prospectus for Initial Public Offering (IPO) to raise \$5,000,000 (before costs) was lodged with ASIC on 3rd August 2023. As at the date of approval of this financial report, the minimum subscription level has been achieved. In the opinion of the directors, this would enable the Consolidated Entity to carry on its exploration activities and pay its debts in the normal course of its business. Accordingly, this financial report has been prepared on a going concern basis.

d) Basis of consolidation***Subsidiaries:***

Subsidiaries are all 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 over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are deconsolidated from the date that control ceases.

All intra-Consolidated Entity balances and transactions, including unrealised gains / losses, are eliminated on consolidation.

All entities in the Consolidated Entity have an uniform financial year end of 30 June, and apply the same accounting policy.

e) Business combinations

The Consolidated Entity applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Consolidated Entity. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill.

f) Foreign currency translations and transactions*Translation of foreign operations*

The following principles are applied for translation of a foreign operation into the presentation currency:

- All assets and liabilities are translated at the reporting date exchange rate;
- Items of profit or loss and cash-flows are translated at the average exchange rate for the year;
- Items of equity (other than accumulated profits) are translated at the historic exchange rate (or the date of acquisition of subsidiary for pre-acquisition items);
- Accumulated profits from the date of acquisition up to the reporting date are cumulative translated from translation of each financial year's profit or loss; and
- The resulting exchange rate difference is recognised as a separate component of equity as "foreign currency translation reserve".

On disposal of a foreign operation, the deferred cumulated gains / losses in foreign currency translation reserve is transferred to accumulated profits of the Consolidated Entity.

Foreign currency transactions

Each entity within the Consolidated Entity recognises foreign currency transactions in their functional currency applying the exchange rate prevailing on the date of the transactions. Foreign currency denominated monetary items in the balance sheet are restated at the reporting date exchange rate, with the resulting gain or loss recognised in the profit or loss statement.

However, the exchange gains or losses arising from the restatement of long term intra-Consolidated Entity loan balances are recognised in the foreign currency translation reserve through the other comprehensive income.

g) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

Interest

Interest is recognised using the effective interest method.

h) Employee benefits

Employee benefits such as salary and wages are measured at the rate at which the Consolidated Entity expects to settle the liability and recognised during the period over which the employee services are being rendered.

Provision is made for the Consolidated Entity's liability for employee benefits arising from services rendered by employees to reporting date.

i) Leases

Minimum lease payments for operating leases are expensed over the period of the lease on a straight-line basis.

j) Income taxes

The income tax expense / (revenue) for the year comprises current income tax expense / (income) and deferred tax expense / (income). Current and deferred income tax expense / (income) is charged or credited directly to other comprehensive income instead of the profit or loss when the tax relates to items that are credited or charged directly to other comprehensive income.

Current tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities / (assets) are therefore measured at the amounts expected to be paid to / (recovered from) the relevant taxation authority.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Deferred tax

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

k) Indirect taxes

Revenues, expenses and assets are recognised net of the amount of indirect taxes, except where the amount of indirect taxes incurred is not recoverable from the relevant tax authority. In these circumstances, the tax 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 indirect tax component.

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

l) Earnings per share*Basic earnings per share*

Basic earnings per share is determined by dividing the net profit/(loss) after income tax attributable to members of the Consolidated Entity, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

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.

m) Classification of current and non-current assets and liabilities*Assets*

Cash and cash equivalents, and other assets which are expected to be realised or consumed within the normal operating cycle or within the next 12 months from the reporting date are classified as current assets. All other assets are classified as non-current.

Liabilities

Liabilities which are expected to be settled within the Consolidated Entity's normal operating cycle, or within the next 12 months from the reporting date, or over which the Consolidated Entity does not have an unconditional right to defer settlement beyond the 12 months period from the reporting date are classified as current liabilities. All other liabilities are classified as non-current.

n) Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Consolidated Entity becomes party to the contractual provisions of the financial instrument. A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred and no longer controlled by the Consolidated Entity. A financial liability is removed from the Statement of Financial Position when the obligation specified in the contract is discharged or cancelled or expires.

The Consolidated Entity's financial instruments primarily consists of (a) cash and cash equivalents; (b) trade and other receivables; and (c) trade and other payables.

Measurement principles:

The Group applies the following principle to measure its financial instruments at each reporting date:

- Cash and cash equivalent at its fair value. The fair value is the same as its face value as these balances are held in demand deposit accounts of financial institutions;
- Other financial instruments at its amortised costs.

o) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of cash flow statements, bank overdrafts and credit cards are considered as part of the Consolidated Entity's cash flows.

p) Trade and other receivables

Trade receivables have less than 90-day terms and are recognised and carried at original cost less an allowance for any uncollectible amounts. An assessment of recoverability of trade and other receivables is performed by the Consolidated Entity at each reporting date. An allowance account is initially used to provide for doubtful receivables. Where objective evidence exists to suggest non-recoverability, then the receivable is written off against the allowance account.

The movements in the allowance accounts are recognised in the Statement of Profit or Loss, either as a gain or loss.

q) Trade and other payables

Trade and other payables of the Consolidated Entity usually represents liabilities for goods and services provided to the Consolidated Entity prior to the reporting date that remain unpaid. These liabilities are carried at amortised costs and not discounted due to their short settlement cycle.

r) Exploration and evaluation of mineral resources

Exploration and evaluation expenditure and earn-in expenditure, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Consolidated Entity has obtained the legal rights to explore an area are recognised in the statement of profit or loss and other comprehensive income.

Exploration and evaluation assets are only recognised if the rights of interest are current and either:

- The expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- Activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Impairment exists when the carrying amount of capitalised exploration and evaluation expenditure relating to an area of interest exceeds its recoverable amount. The asset is then written down to its recoverable amount. Any impairment losses are recognised in the statement of profit and loss and other comprehensive income.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation expenditure to mining property and development assets within property, plant and equipment and depreciated over the life of the mine.

Impairment

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount at the reporting date.

Exploration and evaluation assets are assessed for impairment in respect of cash generating units, which are no larger than the area of interest to which the assets relate.

s) **Provisions**

Provisions are recognised when the Consolidated Entity has a present obligation (legal or constructive) at the reporting date as a result of a past event, it is probable that settlement of that obligation would require an outflow of economic resources and a reliable estimate of the amount of the obligation can be made.

If the effect of the time value of money is material, then the provisions are discounted.

t) **Contributed equity**

Contributions from the equity holders against issue of ordinary shares are classified as equity.

u) **Critical accounting estimates and judgements**

In applying the Accounting Standards, the Consolidated Entity is required to make certain estimates and judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. The assumptions made in making such estimates and judgements are based generally based on past historical experiences and other relevant factors considered reasonable under the circumstances. The actual results may differ from these estimates and judgements.

The assumptions applied in making these critical accounting estimates and judgements are reviewed at each reporting date.

The following items involve significant estimates and judgements:

(i) Deferred tax assets

Deferred tax assets of the Consolidated Entity will be realised through reduction of future tax liabilities. This invariably assumes that the Consolidated Entity will have sufficient taxable profits in the future against which these tax benefits will be realised.

The Consolidated Entity makes uses of budgets and forecasts to make a reasonable estimate of the future taxable profits and realisation of the deferred tax assets.

(ii) Recoverable amount of exploration and evaluation assets

The Consolidated Entity is required to make an assessment as to whether an indicator for impairment exists in relation to carrying amount of the exploration and evaluation assets. Should such an indicator exist, then an assessment of impairment is made accordingly.

The Consolidated Entity reviews right to tenements, up to date geological data, and financial viability of each area of interest in this regard.

2. Profit and loss items

	<i>Notes</i>	2023 \$
<i>Included within loss for the period are:</i>		
Exploration expenditure - LaGrande Project	7	11,162
Exploration expenditure - Root Lake Project	7	230,528
		<u>241,690</u>
 <i>Remuneration to PKF Perth for:</i>		
Audit services		15,000
Non-audit in relation to prospectus		5,900
		<u>20,900</u>

3. Income tax

	2023 \$
<i>Factors affecting income tax expense for the year</i>	
Profit/(loss) before tax	(280,350)
Tax @25%	(70,088)
Accrued expense	3,750
Less tax effect of tax losses not brought to account	66,338
Income tax expense	-
 <i>Components of income tax expense comprise:</i>	
Current tax	-
Deferred tax	-

Income tax benefit due to timing differences not brought to account. Deferred tax liability is reduced to nil by benefits attributable to tax losses not brought to account. The potential tax benefit will only be obtained if

- i. The entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- ii. The entity continues to comply with the conditions for deductibility imposed by tax legislation; and
- iii. No changes in tax legislation adversely affect the entity in realising the benefit from the deductions for the losses.
- iv. Assuming tax rates are equivalent/similar.

4. Loss per share

		2023
Loss from continuing operations used in computation of basic and diluted EPS	[\$]	(280,350)
Weighted average number of ordinary shares outstanding during the year used in calculating the basic and dilutive EPS	Nos.	7,101,587

Equity options excluded from the calculation of diluted earnings per share (that could potentially dilute basic earnings per share in the future) because they are anti-dilutive for each of the years presented. Nos. 13,750,000

5. **Cash and cash equivalents**

	2023
	\$
<i>Cash and cash equivalent comprise of:</i>	
Cash at bank	32,789
	<u>32,789</u>
 <i>Reconciliation of loss to operating cash outflows:</i>	
Loss for the period	(280,350)
<i>Movement in working capital items:</i>	
Trade and other receivables	(6,988)
Trade and other payables	28,317
Cash used in operating activities	<u>(259,021)</u>

There were no material non-cash transactions undertaken during the year

6. **Trade and other receivables**

	2023
	\$
<i>Trade and other receivables comprise of:</i>	
GST receivable	6,988
	<u>6,988</u>

The Consolidated Entity does not expect any credit losses to be incurred in relation to the GST receivable.

7. **Exploration and evaluation assets**

	2023
	\$
<i>Exploration & evaluation assets relate to:</i>	
Lauri Lake Project, Canada	141,066
	<u>141,066</u>

During the financial period, the Consolidated Entity has been engaged in three distinct exploration and evaluation activities:

a) **Lauri Lake Project, Canada**

The Company has exercised the option to purchase 100% of the Lauri Lake Project for a consideration of \$126,000 CAD [A\$ 141,066].

The value of the exploration expenditure is dependent upon:

- The continuance of the rights to tenure of the areas of interest;
- The results of future exploration; and
- The recoupment of costs through successful development and exploitation of the areas of interest or alternatively by their sale.

b) Root Lake Project, Canada

The Consolidated Entity acquired the option to purchase 90% of the Root Lake Project for consideration of \$205,000 CAD [A\$ 230,529]. Upon successful completion, the Company will acquire 90% of the project for stage payments amounting to \$550,000 CAD [A\$627,000], equity shares in the Company worth \$575,000 CAD [A\$655,500], and 2% Net Smelter Royalty. Subsequent to the year end, the option to purchase has been extended to September 30, 2023.

The expenditure incurred on the project during the period did not meet the criteria for capitalisation and hence, it has been expensed in the Statement of Profit or Loss.

c) LaGrande Lake Project, Canada

The Consolidated Entity acquired the option to purchase 100% of the LaGrande Lake Project for consideration of \$10,000 CAD [A\$ 11,162]. Upon successful completion, the Company will acquire 100% of the project for in consideration for the issue of 750,000 equity shares in the Company.

The expenditure incurred on the project during the period did not meet the criteria for capitalisation and hence, it has been expensed in the Statement of Profit or Loss.

8. Trade and other payables

	2023
	\$
<i>Trade and other payables comprise of:</i>	
Trade payables and accruals	28,317
	28,317

These payables usually have 30 to 60 days settlement terms.

9. Contributed equity

	Nos.	Amount	
		\$	
Fully paid ordinary shares	15,810,001	432,876	
Options over the ordinary shares	13,750,000	-	
		432,876	
		432,876	
	Per share	Nos.	Amount
	\$		\$
<i>Movement in ordinary shares:</i>			
16/11/2022 - Issued at incorporation for cash consideration	1.00	1	1
31/12/2022 - issued for cash consideration	0.02	5,250,000	105,000
15/04/2023 - issued for cash consideration	0.02	8,500,000	170,000
30/06/2023 - issued for cash consideration	0.10	2,060,000	206,000
		15,810,001	481,001
		15,810,001	481,001

Ordinary shares have no par value and participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. Every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

	Per option \$	Nos.	Amount \$
<i>Movement in options over ordinary shares:</i>			
15/04/2023 - Options exercisable @\$0.25 and expiring 3 years from the date of listing on ASX	-	13,750,000	-
		13,750,000	-

These options were issued to each shareholder as at 15/04/2023 in proportion to their existing shareholding.

Capital management policy

The Company has no debt. The directors consider issued capital as capital.

The objective in relation to management of capital is to ensure that the Company retain sufficient liquidity to meet its working capital requirements, while continuing with its exploration activities. The directors will reassess the policy the next financial year upon successful completion of its initial public offering.

10. **Commitments and contingencies**

As at the date of this report there are no commitments, claims or contingent liabilities that are expected to materially impact, either individually or in aggregate the company's financial position or results from operations, other than as set out below.

a) **Root Lake Project, Canada**

The Consolidated Entity acquired the option to purchase 90% of the Root Lake Project for a consideration of \$205,000 CAD [A\$ 230,529]. Upon satisfaction of due diligence, the Company will acquire 90% of the project for stage payments amounting to \$550,000 CAD [A\$627,000], equity shares in the Company worth \$575,000 CAD [A\$655,500], and 2% Net Smelter Royalty. Subsequent to the year end, the option to purchase has been extended to September 30, 2023.

The option has not been exercised up to the date of approval of this financial report by the directors.

b) **LaGrande Lake Project, Canada**

The Consolidated Entity acquired the option to purchase 100% of the LaGrande Lake Project for a consideration of \$10,000 CAD [A\$ 11,162]. Upon satisfaction of due diligence, the Company will acquire 100% of the project for stage payments through issue of 750,000 equity shares in the Company.

The option has not been exercised up to the date of approval of this financial report by the directors.

c) **Lauri Lake Project, Canada**

During the period, the Company acquired the Lauri Lake Project in Ontario, Canada. In consideration for acquiring the claims, the Company agreed to granting a 1.5% net smelter royalty.

11. **Operating segments**

Identification of reportable segments

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the executive management to make decisions about resources to be allocated to the segments and assess their performance.

Operating segments are identified by Management based on the mineral resource and exploration activities in Canada. The reportable segments are based on aggregated operating segments determined by the similarity of the economic characteristics, the nature of the activities and the regulatory environment in which those segments operate.

The Consolidated Entity operates in one business segment being exploration & evaluation of mineral assets. For the current financial period, the business activities are undertaken in Canada, and the corporate level activities are undertaken in Australia.

Segment results and allocation of resources are as follows:

30 June 2023	Canada	Australia	Total
<i>Profit or loss statement items:</i>	\$	\$	\$
Exploration and evaluation expenses	(241,690)	-	(241,690)
All other expenses	-	(38,660)	(38,660)
Loss before tax	(241,690)	(38,660)	(280,350)
<i>Assets & liabilities:</i>			
Exploration and evaluation assets	141,066	-	141,066
Unallocated net asset items	-	-	64,586
Net assets	141,066	-	205,651

12. **Related party and key management personnel information**

a) **Parent and controlled entity relationship**

The relationship between the Company and its controlled entities are noted in Note 1.

b) **Key management personnel**

The directors of the Company constitute the key management personnel of the Consolidated Entity.

c) **Related party transactions and balances**

- There were no transactions undertaken with related parties (other than equity subscriptions made by the key management personnel in their capacity as owners of the Company);
- No remuneration is paid or payable to the key management personnel during the financial period.

13. **Financial risk management policy**

a) **Risk exposure**

The Consolidated Entity's financial instrument and their risk exposures are noted below:

	Carrying Amount	Fair value	Risk exposure
	\$	\$	
Cash and cash equivalents	32,789	32,789	Credit risk
Trade and other receivables	6,988	6,988	Credit risk
Trade and other payables	(28,317)	(28,317)	Liquidity risk

The fair value of the financial instruments are not materially different from their carrying amount as:

- Cash & cash equivalents are demand deposits held in bank; and
- Receivable and payable balances have a short maturity cycle of less than 90 days.

b) **Credit risk**

Credit risk is the risk that the counterparty to the financial instrument may default on their obligation to settle the dues.

The Consolidated Entity does not actively monitor the credit risk exposure as:

- Cash and cash equivalents are held in financial institutions with very high credit rating; and
- Receivables relate to GST refund due from the Commonwealth of Australia.

c) **Liquidity risk**

Liquidity risk is the risk that the Consolidated Entity may not hold sufficient cash balance to settle its debt obligations as and when they fall due.

All trade payables are due and settled between 30 to 90 days from the date of invoice.

The Consolidated Entity monitors the cash position through the use of budgets and forecasts to ensure that sufficient liquidity is maintained at all times.

d) **Foreign currency risk**

The exploration activities of the Consolidated Entity are based in Canada. The funding for these projects occurs in Australian dollars. As activities of the Consolidated Entity increase in the future, the Group will have material exposure to AUD/CAD exchange rate at transactional level.

14. **Events arising since the end of the reporting period**

- In July 2023, the Company issued 2,040,000 equity shares @ \$0.10 to raise \$204,000.
- On 3rd August 2023, the Company lodged its initial public offering (IPO) prospectus with Australian Securities and Investments Commission. The IPO is proposing to raise at least \$5,000,000 (excluding costs) by issuing 25,000,000 million equity shares to primarily fund the acquisition and development of exploration tenements in Canada. The minimum subscription was achieved in September 2023. The IPO offering is conditional upon successful listing of the Company in the Australian Securities Exchange (ASX). Successful completion of the IPO will also trigger the commitment to issue:
 - 4,000,000 equity options to the Lead Manager of the IPO
 - 5,000,000 equity options to the Directors (or their nominees); and
 - 1,660,000 performance rights to the Chief Executive Officer
- The option to acquire 90% interest in the Root Lake project was extended till 30 September 2023.

15. **Parent entity disclosures**

	2023 [\$]
Financial position	
Total current assets	39,777
Total assets	228,968
Total current liabilities	28,317
Total liabilities	28,317
NET ASSETS	200,651
EQUITY	
Issued capital	481,001
Accumulated losses	(280,350)
Total equity	200,651
Financial performance	
Loss for the period	(280,350)
Other comprehensive loss for the period	-
Total comprehensive loss for the period	(280,350)

Commitments and contingencies

The commitments of the Company are consistent with the commitments of the Consolidated Entity noted in Note 10.



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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
PIONEER LITHIUM LIMITED**

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Pioneer Lithium Limited (the "Company"), 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, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the accompanying financial report of Pioneer Lithium Limited is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the period ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

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

Independence

We are independent of the consolidated entity 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 (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.

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

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



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

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

Responsibilities of Directors' for the Financial Report

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

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

PKF PERTH

A handwritten signature in black ink that reads "Simon Fermanis". The signature is written in a cursive style with a horizontal line underneath the name.

SIMON FERMANIS
PARTNER

21 September 2023
WEST PERTH,
WESTERN AUSTRALIA

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