COSMOS EXPLORATION LIMITED

ABN 27 648 890 126

FINANCIAL REPORT

FOR THE PERIOD ENDED

30 JUNE 2021

DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on Cosmos Exploration Limited (**the Company**), for the period ended 30 June 2021. The Company was incorporated on 22 March 2021. References to the results of the Company in this financial report for the period ended 30 June 2021 refer to the period 22 March 2021 to 30 June 2021.

Directors

The names of the Directors in office at any time during, or since the end of, the period are:

John Young (Non-Executive Chairman) – appointed 26 May 2021
Jeremy Robinson (Managing Director) – appointed 22 March 2021
Cameron Henry (Non-Executive Director) – appointed 26 May 2021
Shaun Hardcastle (Non-Executive Director) – appointed 26 May 2021
Oonagh Malone (Company Secretary) – appointed 22 March 2021

Principal Activities

The principal activities of the Company are mining and mineral exploration.

No significant change in the nature of these activities occurred during the period.

Review of Operations

The Company was incorporated on 22 March 2021 as a wholly owned subsidiary of RareX Ltd. During the period, the Company has undertaken activities in relation to an initial public offering to list on the Australian Securities Exchange and conducted exploration activities in relation to tenements of RareX Ltd which are planned to transfer to the Company as part of the initial public offering.

Significant Changes in the State of Affairs

The Company was incorporated on 22 March 2021 as a wholly owned subsidiary of RareX Ltd.

Other than the above, no significant changes in the Company's state of affairs occurred during the period.

Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial period that significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Dividends

No dividends have been paid or declared by the Company.

Environmental Regulation

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

DIRECTORS' REPORT

Options

No options over issued shares or interests in the Company were granted during or since the end of the financial period, and there were no options outstanding as at the date of this report.

No shares were issued during or since the end of the period as a result of the exercise of an option over unissued shares or interests.

Indemnification of Officers

To the extent permitted by law, the Company indemnifies every person who is or has been:
• an Officer against any liability to any person (other than the Company) incurred while acting in that capacity and in good faith; and
• an Officer of the Company, against costs and expenses incurred by that person in that capacity in successfully defending legal proceedings and ancillary matters.

The Company has entered into a Deed of Indemnity, Access and Insurance with each of its Directors and the Company Secretary. Under the Deeds of Indemnity, Access and Insurance the Company will indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Deeds of Indemnity, Access and Insurance also provide for the right to access Board papers and other Company records.

No indemnification has been obtained for the auditors of the Company.

Proceedings on Behalf of 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 period.

Information on Current Directors

Mr John Young, B.AppSc(Geology), MAusIMM
Non-Executive Chairman – Appointed 26 May 2021
Mr Young has a Bachelor of Applied Science (Geology) and is a member of AusIMM. Mr Young is a highly experienced geologist who has worked on exploration and production projects encompassing gold, uranium and specialty metals, including tungsten, molybdenum, tantalum and lithium. Mr Young's corporate experience includes appointments as Chief Executive Officer of Marenica Energy Limited and CEO and Director of Thor Mining PLC. Mr Young was Exploration Manager of Pilbara Minerals Ltd (ASX: PLS) from June 2014 until August 2015, appointed Technical Director in September 2015 and transitioned to Non-Executive Director in July 2017 until his resignation on 20 April 2018. Mr Young was also the Managing Director of Bardoc Gold Limited (ASX: BDC) from May 2017 to April 2019 and remains a Non-Executive Director. Mr Young is also a Non-Executive Director of AIM listed Mosman Oil and Gas Ltd and Trek Metals Ltd (ASX: TKM).

Mr Jeremy Robinson, BComm
Managing Director – Appointed 22 March 2021
Mr Robinson is an experienced mining executive having held senior roles at Mungana Goldmines Limited and Apex Minerals Limited. Mr Robinson holds a Bachelor of Commerce from the University of Western Australia majoring in Corporate Finance, Investment Finance and Marketing.

DIRECTORS' REPORT

Mr Cameron Henry,
Non-Executive Director - Appointed 26 May 20201
Mr Henry is the founding Managing Director of ASX-listed engineering firm, Primero Group Limited (ASX: PGX), where he has led the Company's strategic and operational direction resulting in its successful listing on the ASX in 2018 and rapid growth globally. Mr Henry has over 20 years of industry experience in the development and delivery of minerals processing, energy and infrastructure projects across Australia, Indonesia, North and South America. Mr Henry has been a member of the Australian Institute of Company Directors since 2013 and was previously Non-Executive Director of Titan Minerals Limited (ASX: TTM) until 15 July 2019.

Mr Shaun Hardcastle, LLB, BA
Non-Executive Director – Appointed 26 May 2021
Mr Hardcastle has over 10 years' experience as a corporate and finance lawyer and extensive experience in corporate governance, risk management and compliance. He has been involved in a broad range of cross-border and domestic transactions including joint ventures, corporate restructuring, project finance, resources and asset/equity sales and acquisitions. Mr Hardcastle has practiced law both in Australia and overseas and is a partner at HWL Ebsworth Lawyers. Mr Hardcastle is currently a Non-Executive Director of ASX listed Schrole Group Limited (ASX: SCL). Mr Hardcastle was also previously Non-Executive Director of Hawkstone Mining Limited (ASX: HWK) until 14 July 2020 and Bunji Corporation Limited (ASX: BCL) until 28 April 2020.

Directors' Meetings

During the period, no meetings of Directors were held.

Company Secretary

The following person held the position of company secretary at the end of the financial period:

Ms Oonagh Malone – Appointed 22 March 2021
Ms Malone is a principal of a corporate advisory firm which provides company secretarial and administrative services. Ms Malone has over 10 years' experience in administrative and company secretarial roles for listed companies and is a member of the Governance Institute of Australia. Ms Malone currently acts as company secretary for ASX-listed New Century Resources Limited, Caprice Resources Limited, Carbine Resources Limited, European Cobalt Limited, Hawkstone Mining Limited and African Gold Limited. Ms Malone is a Non-Executive Director of Carbine Resources Limited.

Indemnity and insurance of auditor

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

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

DIRECTORS' REPORT

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 4.

No officer of the Company is or has been a partner/director of any auditor of the Company.

This Directors' Report is signed in accordance with a resolution of the Board of Directors:



Jeremy Robinson
Managing Director

Dated this 13th day of August 2021

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Australia

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF COSMOS EXPLORATION LIMITED

As lead auditor of Cosmos Exploration Limited for the period ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 13 August 2021

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2021

	Note	2021
		$
Revenue		-
Administration expenses		(23,165)
Consultants & management expenses		(2,387)
Exploration expenses		(97,002)
Transaction costs	5	(19,323)
Total expenses		(141,877)
Loss before income tax		(141,877)
Income tax expense		-
Loss after income tax for the period		(141,877)
Total comprehensive loss for the period		(141,877)
Loss attributable to:		
Member of the Company		(141,877)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021
		$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents		1
Trade and other receivables		2,796
TOTAL CURRENT ASSETS		2,797
TOTAL ASSETS		2,797
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	7	16,269
Provisions		2,387
Amount due from related company	8	126,017
TOTAL LIABILITIES		144,673
NET ASSETS		(141,876)
EQUITY/(DEFICIENCY IN EQUITY)		
Contributed equity	10	1
Accumulated losses		(141,877)
TOTAL EQUITY/(DEFICIENCY IN EQUITY)		(141,876)

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2021

	Note	Ordinary Share Capital	Accumulated Losses	Total
		$	$	$
Opening Balance at 22 March 2021 (date of incorporation)		-	-	-
Loss after income tax for the period		-	(141,877)	(141,877)
Total comprehensive loss for the period		-	(141,877)	(141,877)
Transactions with owners, in their capacity as owners				
Share issues	10	1	-	1
Balance at 30 June 2021		1	(141,877)	(141,876)

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2021

	Note	2021
		$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Payments to suppliers and employees		(126,017)
Net cash from operating activities	11	(126,017)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash from investing activities		-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares		1
Proceeds from loan from parent entity		126,017
Net cash from financing activities		126,018
Net increase in cash held		1
Opening cash and cash equivalents		-
Cash and cash equivalents at end of period		1

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

The financial statements and notes represent those of Cosmos Exploration Limited, which is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 13th August 2021 by the directors of Cosmos Exploration Limited.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. These financial statements are presented in Australian dollars.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for for-profit oriented entities.

Historical cost convention

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

The Company's parent entity, RareX Limited, includes the Company in its consolidated financial statements, which are prepared in accordance with Australian Accounting Standards and also comply with the IFRS as issued by the IASB.

Going Concern

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

The Directors are satisfied the Company is a going concern, notwithstanding it incurred a total comprehensive loss of $141,877 for the year ended 30 June 2021, and net cash outflows from operating activities of $126,017.

The ability of the entity to continue as a going concern is dependent upon the success of the fundraising under the prospectus and the continued financial support from its parent RareX Ltd.

Based upon the following rationale, the Directors of Cosmos Exploration Limited believe that the entity is a going concern as:

a) the entity is receiving financial support from its parent, RareX Ltd, until the initial public offering has been completed;
b) the entity is conducting a capital raise under a prospectus to raise $5m; and
c) the entity has not incurred any debt nor will it until it has conducted a capital raise.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Should the Company be unsuccessful in raising funds via the prospectus, there is a material uncertainty that exists that may cast significant doubt as to whether the Company will be able 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.

Accordingly, the Directors believe that the Company will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets and liabilities that might be necessary if the Company does not continue as a going concern.

Accounting Policies

a. **Accounting Principles**

The financial statements incorporate all of the assets, liabilities and results of the Cosmos Exploration Limited. The Company has no subsidiaries.

b. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown as borrowings in current liabilities on the statement of financial position.

c. **Trade and Other Receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any expected credit loss.

d. **Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the Company that remain unpaid at the end of the reporting period. Due to their short-term nature they are measured at amortised cost and are not discounted. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

e. **Provisions and Employee Benefits**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free corporate bond rate relative to the expected life of the provision is used as a discount rate. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled with 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. Liabilities for annual leave expected to be settled within 12 months of the reporting date are recognised in the current provision for the employee benefits. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable. For annual leave, expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(ii) Long Service Leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

f. **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.

g. **Income Tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets, liabilities and their carrying amounts for financial statements purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Tax consolidation legislation

The Company's parent, RareX Limited and its wholly-owned Australian controlled entities formed a tax consolidated group on 1 July 2008. However, they continue to account for their own current and deferred tax amounts. The consolidated entity has applied the stand alone taxpayer approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 Income Taxes.

Members of the tax consolidated group have not entered into a tax funding agreement and as no current tax assets or liabilities or deferred tax assets are recognised in relation to tax losses or unused tax credits, no contributions or distributions are required to be made under AASB Int 1052 Tax Consolidation Accounting.

h. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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 ATO is included as part of receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from financing and investing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

i. **Borrowings and Borrowing Costs**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are derecognised when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of finance leases, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset, which are capitalised until the asset is ready for its intended use or sale.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

j. **Financial Instruments**

Recognition, initial measurement and recognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial instruments (except for trade receivables) are measured initially at fair value adjusted by transactions costs, except for those carried "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss. Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted. Subsequent measurement of financial assets and financial liabilities are described below.

Trade receivables (if applicable) are initially measured at the transaction price if the receivables do not contain a significant financing component in accordance with AASB 15.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement

Financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- amortised cost;
- fair value through other comprehensive income (FVOCI); and
- fair value through profit or loss (FVPL).

Classifications are determined by both:

- The contractual cash flow characteristics of the financial assets; and
- The entities business model for managing the financial asset.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Financial assets at fair value through other comprehensive income

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling the financial asset.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI.

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 Financial Instruments: Presentation and are not held for trading.

Financial assets at fair value through profit or loss (FVPL)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

k. **Financial liabilities**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, gains and losses arising on changes in fair value are recognised in profit or loss.

l. **Comparative Figures**

No comparative figures are available as these are the first financial statements since incorporation.

m. **Current and non-current classification**

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

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

n. **Segment Reporting**

Operating segments are now reported in a manner that is consistent with the internal reporting to the Chief Operating Decision Maker, which has been identified by the Company as the Managing Director and other members of the Board of Directors.

The Company has identified its operating segment based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. For the current reporting period, the Company's sole activity was mineral exploration and resource development wholly within Australia, which is its only reportable segment.

The reportable segment is represented by the financial statements forming this financial report.

o. **Critical Accounting Estimates and Judgements**

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

p. **New and amended accounting standards**

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

Conceptual Framework for Financial Reporting (Conceptual Framework)

The Company has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Company's financial statements.

q. **New Accounting Standards and Interpretations not yet mandatory or early adopted**

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Company have not been applied in preparing these financial statements. The Company has not elected to adopt any new Accounting Standards or Interpretations prior to their applicable date of implementation.

There are no standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

NOTE 2: SEGMENT INFORMATION

The Company's operations are in one reportable business segment, being the exploration for nickel, copper and gold. The Company operates in one geographical segment, being Australia.

NOTE 3: FINANCIAL RISK MANAGEMENT

The Directors provides principles for overall risk management, as well as policies covering specific areas and oversees the Company's risk profile.

Financial risk management objectives

The Directors monitor and manage the financial risk relating to the operations of the Company. The Company's activities include exposure to market risk, fair value interest rate risk and price risk, credit risk, liquidity risk and cash flow interest rate risk. The overall risk management strategy focuses on the unpredictability of the finance markets and seeks to minimise the potential adverse effects on the financial performance of the Company. Risk management is carried out under the direction of the Board of Directors.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

Market price risk

The Company is involved in the exploration and development of mining tenements for minerals, including nickel, copper and gold. Should the Company successfully progress to a producer, revenues associated with mineral sales, and the ability to raise funds through equity and debt, will have some dependence upon commodity prices.

Credit risk

The Company is not materially exposed to changes in market interest rates with reference to its cash and cash equivalents balance.

The Company does not presently have customers and consequently does not have credit exposure to outstanding receivables. The Company may in the future be exposed to interest rate risk should it borrow funds for acquisition and development.

Fair value of financial instruments

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Company at balance date are recorded at amounts approximating their carrying amount.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

NOTE 3: FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Directors. The Directors have determined an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements.

Financing arrangements

There are no unused borrowing facilities at the reporting date, however, the Company's parent, Rarex Ltd, has committed to provide financial support to the Company in order to allow it to meet its liabilities and financial commitments.

Remaining contractual maturities

The following table details the Company's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

2021	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	1,806	-	-	-	1,806
Accrued expenses	-	14,463	-	-	-	14,463
Total non-derivatives		16,269	-	-	-	16,269

Cash flow and interest rate risk

The Company's operating cash flows are not materially exposed to changes in market interest rates.

NOTE 4: INCOME TAX

	2021
	$
(a) Income tax expense	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

NOTE 4: INCOME TAX (CONTINUED)

(b) Numerical reconciliation between tax expense and before income tax loss

Loss before income tax	(141,877)
Income tax calculated at 27.5%	(39,016)
Tax effect of:	
- Capital raising expenditure	(1,063)
Future income tax benefit not brought to account	40,079
Income tax benefit	-

(c) Unrecognised deferred tax assets

Tax losses	35,445
Other timing differences	4,634
Deferred tax assets not brought to account.	40,079

The Company has not recognised any deferred tax assets or liabilities.
These benefits will only be obtained if:

(i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefits from the deduction for the losses to be realised;
(ii) the Company continues to comply with the conditions for deductibility imposed by tax legislation; and
(iii) no changes in tax legislation adversely affect the Company in realising the benefit from the deduction for the losses.

(d) Franking credits

The Company has no franking credits available.

NOTE 5: LOSS BEFORE INCOME TAX

Transaction costs

During the period, $19,323 of transactions costs in relation to the formation, initial public offering and listing of the Company have been expensed to the Statement of Profit or Loss and Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

NOTE 6: AUDITOR'S REMUNERATION

	2021
	$
Remuneration of the auditor for:	
Audit or review of the financial report of the Company and controlled entities:	10,000

NOTE 7: TRADE AND OTHER PAYABLES

	2021
Unsecured liabilities:	$
Trade payables	1,806
Accrued expenses	14,463
	16,269

NOTE 8: AMOUNTS DUE TO RELATED COMPANIES

This note provides information about the contractual terms of the Company's intercompany loan from its parent entity.

	2021
Current	$
Loan from RareX Ltd	126,017

The loans are unsecured, repayable on demand and are not interest bearing. Due to the short-term nature of the liabilities, their carrying value is assumed to be the same as their fair value.

NOTE 9: INTERESTS IN SUBSIDIARIES

The Company has no subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

NOTE 10: ISSUED CAPITAL

(a) Share capital	**2021**
	$
Fully paid ordinary shares	1
Total share capital	1

The issued capital was allotted on incorporation of the Company on 22nd March 2021.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

(b) Movements in ordinary share capital:

Date	**Details**	**Number of shares**	**Issue Price**	**$**
21 March 2021	Shares issued on incorporation	1	$1.00	1
30 June 2021	Balance as at 30 June 2021	1		1

NOTE 11: CASH FLOW INFORMATION

Reconciliation of cash flow from operations with loss after income tax

	2021
	$
Loss after income tax expense for the period	(141,877)
Changes in operating assets and liabilities:	
Movement in trade and other receivables	(2,796)
Movement in provisions	2,387
Movement in trade and other payables	16,269
Net cash used in operating activities	(126,017)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

NOTE 12: RELATED PARTY TRANSACTION

	2021
	$
(a) Transactions with related parties	
(i) On incorporate of the Company, one ordinary share was issued to RareX Ltd (parent entity)	1
(ii) RareX Ltd (parent entity) has allocated the following expenditure to the Company via intercompany loans:	
a. 15% of salary and super paid to Jeremy Robinson	10,939
b. 50% of office rent	4,909
c. 50% of telephone costs	221
	16,069

(b) Payable to related parties	
Loans from RareX Ltd (parent entity)	
Beginning of period	-
Movements	126,017
End of Period	126,017

(c) Terms and conditions

All transactions with related parties were made on normal commercial terms and conditions and are interest free.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

NOTE 13: FINANCIAL INSTRUMENTS

Maturity profile of financial instruments

The following table details the Company's exposure to interest rate risk and the maturity profile of financial liabilities:

	Non-interest bearing ($)
As at 30 June 2021	
Financial liabilities	
Amounts due from related companies	126,017

Risk and sensitivity

Refer to Note 3 for details on the Company's approach to financial risk management. At present, the Company is not exposed to foreign exchange risk or commodity price risk. Other than the loan from its parent entity, it does not have any borrowings, nor does it have exposure to equity securities price risk.

The Company does not presently have customers and consequently does not have credit exposure to outstanding receivables. Trade and other receivables are neither past due nor impaired.

The Company is not exposed to changes in market interest rates.

The Directors are confident that the funding requirements of the Company and liquidity risk can be fulfilled and managed through the continuous support from its parent entity.

NOTE 14: CAPITAL AND LEASING COMMITMENTS

The Company has no capital or leasing commitments.

NOTE 15: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company has no contingent liabilities or contingent assets.

NOTE 16: EVENTS AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial period that significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

DIRECTORS' DECLARATION

In the Directors' Opinion:

(a) the attached financial statements and the notes thereto of the Company are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2021 and of their performance for the period ended on that date; and

(ii) complying with Accounting Standards;

(b) the attached financial statements and the notes thereto of the Company are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; and

(c) 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 section 295(5)(a) of the Corporations Act 2001.

On behalf of the Board of Directors



Jeremy Robinson
Managing Director
Dated this 13th day of August 2021

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INDEPENDENT AUDITOR'S REPORT

To the members of Cosmos Exploration Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cosmos Exploration Limited (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

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

(i) Giving a true and fair view of the Company's financial position as at 30 June 2021 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 Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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Material uncertainty related to going concern

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

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' report, 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 on the other information obtained prior to the date of this auditor's report, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or 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 the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

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

This description forms part of our auditor's report.

BDO Audit (WA) Pty Ltd



Jarrad Prue

Director

Perth, 13 August 2021