Fulcrum Lithium Ltd

and its controlled entities
ABN: 23 665 528 307

Financial Statements

For the Period Ended 30 June 2023

Fulcrum Lithium Ltd
and its controlled entities
ABN: 23 665 528 307

Contents
For the Period Ended 30 June 2023

	Page
Directors' Report	1
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	5
Consolidated Statement of Profit or Loss and Other Comprehensive Income	6
Consolidated Statement of Financial Position	7
Consolidated Statement of Changes in Equity	8
Consolidated Statement of Cash Flows	9
Notes to the Consolidated Financial Statements	10
Directors' Declaration	22
Independent Auditor’s Report	23

FULCRUM LITHIUM LTD
and its controlled entities
Directors' Report

The Directors present their report together with the consolidated financial statements of the Group, comprising Fulcrum Lithium Ltd ('Fulcrum' or 'the Company') and its controlled entities, for the period from 6 February 2023, being the date of incorporation of the Company, to 30 June 2023.

Directors

The names of each person who has been a Director of the Company during the period and to the date of this report are:

- Norman Alfred Seckold Appointed 6 February 2023
- Peter James Nightingale Appointed 6 February 2023
- Anthony Sgro Appointed 6 February 2023
- Foster Vance Wilson Appointed 6 February 2023

Directors have been in office since 6 February 2023 to the date of this report.

Principal activities

The principal activities of Fulcrum since its incorporation have been the acquisition of a number of lode claims focused on exploration for lithium in the state of Nevada, USA.

Operating results

The loss of the Group amounted to $17,309, after providing for income tax.

Review of operations

On 6 February 2023, Fulcrum was incorporated with the issue of 5 ordinary shares with an issue price of $0.01 per share.

On 10 March 2023, the Company incorporated Fulcrum Nevada LLC ('Fulcrum Nevada'), a wholly owned subsidiary incorporated in Nevada.

On 17 March 2023, the Company, via Fulcrum Nevada, acquired a 100% interest in Last Basin LLC ('Last Basin'), a Nevada corporation, which owned the Alkali Flats lithium exploration project in Nevada, by the issue of 48,000,000 ordinary shares for a total consideration of $412,103.

At the date of acquisition, Last Basin was the holder of 1,914 lode claims on Federal land, which include rights to explore, develop and mine all locatable subsurface minerals without payments of production royalties to the USA government.

In June 2023, Last Basin claim staked a further 362 lode claims at the Alkali Flats project, increasing the project to 2,276 lode claims being an area of approximately 190 km^2.

The Alkali Flats project is located in the Clayton Valley, the heart of Nevada's lithium belt hosting the only lithium producing mine in the USA (Albemarle Corporation's Silver Peak lithium brine mine) and on trend with significant lithium projects at various stages of development.

On 14 April 2023, the Company completed a placement of 26,000,000 ordinary shares at an issue price of $0.10 to raise $2,600,000 before costs.

On 20 July 2023, the Company incorporated Flasher LLC ('Flasher'), a Nevada corporation wholly owned by Fulcrum Nevada. Flasher has entered an agreement to acquire 327 lode claims, being approximately 27 km^2 and known as the Fairway lithium exploration project.

In August 2023, Last Basin claim staked 160 lode claims, being approximately 13 km^2 and known as the Summit lithium exploration project.

Significant changes in state of affairs

Other than as described in the Review of operations above, there have been no significant changes in the state of affairs of the Group during the period.

Dividends paid or recommended

No dividends were paid or declared during the period.

Future developments and results

Likely developments in the operations of the Group 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 Group.

Environmental issues

The operations and proposed activities of the Group are subject to State and Federal laws and regulations in the USA concerning the environment. As with most exploration projects and mining operations, the Group's activities are expected to have an impact on the environment, particularly if advanced exploration or field development proceeds. It is the Group's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all applicable environmental laws.

Subsequent events after the reporting date

On 20 July 2023, the Company incorporated Flasher LLC ('Flasher'), and on 31 July 2023, Flasher entered an agreement with Foster Wilson (a Company Director) to acquire the Fairway lithium exploration project for consideration totaling US$75,000 and, upon evidence that the Fairway project lode claims are registered under the name of Flasher, the issue of 7,100,000 ordinary Fulcrum shares. A Quitclaim Deed has been filed with the USA Bureau of Land Management ('BLM') to give effect to the registration of the Fairway project lode claims in the name of Flasher.

In August 2023, Last Basin claim staked 160 lode claims, the Summit project. The lode claims have been filed with the BLM and are in the process of being recorded by the County Recorder's Office.

Other than the matters detailed above, no matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Directors

Norman A. Seckold (Executive Chairman)

Norman Seckold graduated with a Bachelor of Economics degree from the University of Sydney and has spent more than 40 years in the full time management of natural resource companies, both in Australia and overseas.

Mr. Seckold has been the Chairman of a number of publicly listed companies including Moruya Gold Mines (1983) N.L., which acquired the Golden Reward heap leach gold deposit in South Dakota, USA, Pangea Resources Limited, which acquired and developed the Pauper's Dream gold mine in Montana, USA, Timberline Minerals, Inc. which acquired and completed a feasibility study for the development of the MacArthur copper deposit in Nevada, USA, Perseverance Corporation Limited, which discovered and developed the Nagambie gold mine in Victoria, Valdora Minerals N.L., which developed the Rustler's Roost gold mine in the Northern Territory and the Ballarat East Gold Mine in Victoria, Viking Gold Corporation, which discovered a high grade gold deposit in northern Sweden, Mogul Mining N.L., which drilled out the Magistral and Ocampo gold deposits in Mexico and Bolnisi Gold N.L, which discovered and developed the Palmarejo and Guadalupe gold and silver mines in Mexico.

Mr. Seckold is currently Chairman of ASX-listed companies Alpha HPA Limited, Nickel Industries Limited, and Sky Metals Limited.

Interest in Shares 29,928,005 ordinary fully paid shares.

Peter J. Nightingale (Executive Director, CFO and Company Secretary)

Peter Nightingale graduated with a Bachelor of Economics degree from the University of Sydney and is a member of Chartered Accountants Australia & New Zealand. He has worked as a chartered accountant in both Australia and the USA.

As a director or company secretary Mr. Nightingale has, for more than 35 years, been responsible for the financial control, administration, secretarial and in-house legal functions of a number of private and public listed companies in Australia and the including Bolnisi Gold N.L. and Nickel Industries Limited. Mr. Nightingale is currently a director of ASX listed Alpha HPA Limited and Prospech Limited.

Interest in Shares 3,000,000 ordinary fully paid shares.

Anthony Sgro (Independent, Non-Executive Director)

Mr. Sgro is a Chemical Engineer, graduating from the University of Sydney. His studies included a thesis on Minerals Chlorination, which focused on the application of chlorination techniques to the extractive metallurgy of various minerals including titanium, nickel, chromium and tungsten ores. He also completed a Graduate Diploma in Marketing from Macquarie University School of Business.

In a career spanning 45 years, Mr. Sgro was involved in the technical and commercial aspects of supply of specialised equipment to the major process industries including oil and gas, petrochemical, chemical and mining industries, including equipment specification, material selection, commercial and technical aspects of large tenders, contract negotiation and contract management.

Mr Sgro is currently a director of ASX listed Alpha HPA Limited.

Interest in Shares 1,000,000 ordinary fully paid shares

Foster V. Wilson (Non-Executive Director)

Mr Wilson has over 40 years of experience, with a focus on lithium claystone and brine exploration projects, in roles ranging from reserve drilling and estimation, feasibility studies, mine permitting and development. He has worked in various capacities for Placer Dome Inc., Echo Bay Mines Ltd., American Bonanza Gold Corp. and various junior exploration companies.

Mr. Wilson currently serves as a director of TSX-V listed Alpha Lithium Corporation and Atomic Minerals Corp. and is President of Mesa Exploration Corporation.

Interest in Shares 14,112,000 ordinary fully paid shares

Meetings of directors

During the financial period, 3 meetings of Directors were held. Attendances by each Director during the period were as follows:

Directors' Meetings		
	Number eligible to attend	Number attended
Norman Seckold	3	3
Peter Nightingale	3	3
Anthony Sgro	3	3
Foster Wilson	3	1

Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during the reporting period or since the end of the financial year, for any person who is or has been an officer or auditor of Fulcrum Lithium Ltd.

Proceedings on behalf of company

No person has applied for leave of court under Section 237 of the *Corporations Act 2001* 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.

FULCRUM LITHIUM LTD
and its controlled entities
Directors' Report

Auditor's independence declaration

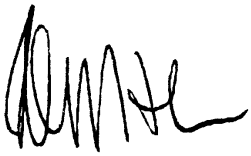
The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the period ended 30 June 2023 has been received and can be found on page 5 of the financial report.

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

Signed at Sydney this 29th day of September 2023



Norman A. Seckold



Peter J. Nightingale

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Fulcrum Lithium Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Fulcrum Lithium Ltd for the period ended 30 June 2023 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Adam Twemlow

Partner

Brisbane

29 September 2023

KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independed member firms of the KPMG global organisation. Liability limited by a scheme approved under Professional Standards Legislation.

FULCRUM LITHIUM LTD
and its controlled entities

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 JUNE 2023

	Notes	Period from 6 February 2023 to 30 June 2023
		$
Continuing operations		
Filing and incorporation costs		**(6,062)**
Other expenses from ordinary activities		**(20,661)**
Operating loss before financing income		**(26,723)**
Interest income		**9,414**
Interest expense		**-**
Net financing income/(expense)		**9,414**
Loss		**(17,309)**
Income tax expense	4	**-**
Loss for the period		**(17,309)**
Other comprehensive income		
Exchange differences on translation of foreign operations		**20,730**
Total comprehensive profit for the period		**3,421**
Basic and diluted loss per share (cents)	5	**(0.035) cents**

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

FULCRUM LITHIUM LTD
and its controlled entities
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	2023
		$
Current assets		
Cash and cash equivalents	6	1,539,214
Other assets	7	277,751
Total current assets		1,816,965
Non-current assets		
Exploration and evaluation expenditure	8	1,227,295
Total non-current assets		1,227,295
Total assets		3,044,260
Current liabilities		
Trade and other payables	9	28,736
Total current liabilities		28,736
Total liabilities		28,736
Net assets		3,015,524
Equity		
Issued capital	10	3,012,103
Reserves	11	20,730
Accumulated loss		(17,309)
Total equity		3,015,524

The above Consolidated Statement of Financial Position
should be read in conjunction with the accompanying notes.

FULCRUM LITHIUM LTD
and its controlled entities
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2023

Attributable to equity holders of the Company	Notes	Issued Capital $	Reserves $	Accumulated Losses $	Total $
Balance at 6 February 2023		**-**	**-**	**-**	**-**
Total comprehensive income for the period					
Loss for the year		**-**	**-**	**(17,309)**	**(17,309)**
Other comprehensive income		**-**	**20,730**		**20,730**
Total comprehensive profit/(loss) for the period		**-**	**20,730**	**(17,309)**	**3,421**
Transactions with owners, recorded directly in equity					
Contribution by and distribution to owners					
Ordinary shares issued		**3,012,103**	**-**	**-**	**3,012,103**
Transaction costs on issue of shares and options		**-**	**-**	**-**	**-**
Balance at 30 June 2023	10,11	**3,012,103**	**20,730**	**(17,309)**	**3,015,524**

The above Consolidated Statement of Changes in Equity
should be read in conjunction with the accompanying notes.

FULCRUM LITHIUM LTD
and its controlled entities
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2023

	Notes	2023
		$
Cash flows from operating activities		
Cash payments in the course of operations		**(258,137)**
Interest received		**9,414**
Net cash used in operating activities	13	**(248,723)**
Cash flows from investing activities		
Payments for exploration and development expenditure		(812,063)
Net cash used in investing activities		**(812,063)**
Cash flows from financing activities		
Proceeds from share issues		**2,600,000**
Net cash from financing activities		**2,600,000**
Net increase in cash held		**1,539,214**
Cash and cash equivalents at 6 February		**-**
Cash and cash equivalents at 30 June	6	**1,539,214**

The above Consolidated Statement of Cash Flows
should be read in conjunction with the accompanying notes.

FULCRUM LITHIUM LTD
and its controlled entities
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023

Fulcrum Lithium Ltd (the 'Company') is a for-profit company limited by shares, incorporated and domiciled in Australia. The consolidated financial statements as at 30 June 2023 and for the period from 6 February 2023 to 30 June 2023 comprise the Company and its controlled entities (together referred to as the 'Group').

Fulcrum Lithium Ltd was incorporated on 6 February 2023 and accordingly, this is the first financial report presented.

The financial report was authorised for issue by the Directors on 29 September 2023.

1 Basis of Preparation

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001.*

These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial assets which are measured at fair value.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Going Concern

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

For the period ended 30 June 2023 the Group has incurred a loss and has accumulated losses of $17,309 as at 30 June 2023. The Group used $248,723 of cash in operations, in addition to $812,063 of cash for exploration and evaluation expenditure for the period ended 30 June 2023. Subsequent to period end, the Group has continued to expend its available resources on its existing and new exploration projects.

The Directors have prepared cash flow projections for the period from 1 July 2023 to 30 September 2024 that support the ability of the Group to continue as a going concern. These cash flow projections assume the Group continues substantial exploration activities in the areas of interest, which will require additional funding from shareholders or other parties that is yet to be secured at the date of this report.

The Group have successfully raised funding during the current period, however future projected cash inflows from funding are inherently uncertain until secured.

The Group's trade and other payables at 30 June 2023 of $28,736 include accruals and creditors. The Group has sufficient funds available to enable repayment of the outstanding amounts without adversely impacting the Group's ability to continue as a going concern. Further, the Group has the ability to significantly reduce all discretionary expenditure until such time that there are sufficient funds to continue with the exploration and evaluation activities as planned in the cash flow projections.

The ongoing operations of the Group are dependent upon the Group raising additional funding from shareholders or other parties and continuing to significantly reduce discretionary expenditure until additional funding has been secured. These conditions give rise to a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

In the event that the Group does not obtain additional funding, the achievement of which is inherently uncertain, it may not be able to continue its operations as a going concern and therefore may not be able to release its assets, including capitalised exploration and evaluation expenditure of $1,227,295, and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the consolidated financial report.

2 Summary of Significant Accounting Policies

(a) Basis of consolidation

Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control
When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation
Intra-group balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

(b) Foreign operations

The assets and liabilities of foreign operations are translated to Australian dollars at foreign exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in the foreign currency translation reserve ('FCTR'), a separate component of equity.

Foreign exchange gains and losses arising from a monetary item receivable or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in the FCTR.

Any references to functional currency, unless otherwise stated, are to the functional currency of the Company, Australian dollars.

When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income and are presented within equity in the FCTR.

(c) Exploration and development expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves and active and significant operations in, or in relation to, the area on interest are continuing. As the asset is not available for use it is not depreciated or amortised.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the period in which the decision to abandon that area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

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.

2 Summary of Significant Accounting Policies (cont'd)

(d) Income tax

Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; or
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(e) Goods and services tax (GST)

Revenue, 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.

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

2 Summary of Significant Accounting Policies (cont'd)

(f) 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 normal operating cycle; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the normal operating cycle; 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.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

(h) Financial instruments

Non-derivative financial assets

Recognition and initial measurement

The Group initially recognises trade receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Classification and subsequent measurement
On initial recognition, a financial asset is classified as measured at:

- amortised cost;
- fair value through other comprehensive income – equity investment; or
- fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

2 Summary of Significant Accounting Policies (cont'd)

(h) Financial instruments (cont'd)

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as fair value through profit or loss:

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value through OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. The Group has trade receivables with embedded derivatives for provisional pricing. These receivables are generally held to collect but do not meet the SPPI criteria and as a result must be held at FVTPL.

Non-derivative financial liabilities

Financial liabilities are measured at amortised cost.

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Other financial liabilities comprise trade and other payables.

(i) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(j) Impairment of non-financial assets

At the end of each reporting period, the Group determines whether there is any evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets that have suffered an impairment loss.

2 Summary of Significant Accounting Policies (cont'd)

(k) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

(l) Finance income

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

(m) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided not to early adopt these Standards.

3 Critical Accounting Estimates and Judgments

Group management make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key Judgments - capitalisation of exploration and evaluation expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the Directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at $1,227,295.

Key Estimates – recognition of deferred tax assets

Availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised. Refer to Note 4.

4 Income Tax Expense

	Period from 6 February 2023 to 30 June 2023 $
Current tax expense	
Current year	**1,568**
Tax losses not recognised	**(1,568)**
	-
Deferred tax expense	
Current year	**(5,000)**
De-recognition of temporary differences	**5,000**
	-
Numerical reconciliation of income tax expense to prima facie tac payable	
Loss before tax	**(17,309)**
Prima facie income tax benefit at the Australian tax rate of 25%	**(4,327)**
Increase in income tax expense due to:	
Non-deductible expenses	**895**
Effect of DTA for tax losses not brought to account	**(1,568)**
Effect of deferred tax assets not brought to account	**5,000**
	-
Deferred tax assets have not been recognised in respect of the following items	
Deductible temporary differences (net)	**5,000**
Tax losses	**(1,568)**
	3,432

5 Loss per Share

The calculation of basic and diluted loss per share at 30 June 2023 was based on the loss attributable to ordinary shareholders of $17,309 and a weighted average number of ordinary shares outstanding during the period ended 30 June 2023 of 48,902,783, calculated as follows:

Net loss for the period	**17,309**

	2023 Number
Weighted average number of ordinary shares (basic and diluted)	
Issued ordinary shares at the beginning	**-**
Effect of shares issue	**48,902,783**
Weighted average number of ordinary shares at 30 June	**48,902,783**

6 Cash and Cash Equivalents

	2023 $
Cash at bank	**1,539,214**

7 Other Assets

Withholding tax on deposits recoverable	**4,423**
Prepayments	**273,266**
GST receivable	**62**
	277,751

8 Exploration and Evaluation Assets

	2023 $
Alkali Flats project	**1,227,295**
Carrying amount at the beginning of the period	**-**
Additions [1]	**1,277,295**
Foreign currency translation movement	**-**
Balance carried forward	**1,277,295**

[1] On 17 March 2023, the Company, acquired a 100% interest in Last Basin LLC ('Last Basin'), a Nevada corporation, which owned the Alkali Flats lithium exploration project in Nevada, by the issue of 48,000,000 ordinary shares for a total consideration of $412,103. This acquisition of exploration and evaluation assets forms part of the additions during the period. The transaction has been recorded as an acquisition of assets and the assets have been recorded based on underlying costs incurred which are reflective of their fair value.

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

9 Trade and Other Payables

Trade creditors	**8,736**
Accruals	**20,000**
	28,736

10 Issued Capital

	2023 Nº	2023 $
Fully paid ordinary shares		
Balance at the beginning of the period	**-**	**-**
Movement in ordinary shares		
Issued ordinary shares 6 February 2023	**5**	**-**
Issued ordinary shares 17 March 2023	**48,000,000**	**412,103**
Issued ordinary shares 14 April 2023	**26,000,000**	**2,600,000**
	74,000,005	**3,012,103**

On 6 February 2023, the Company was incorporated and 5 ordinary shares were issued for $0.01 per share.

On 17 March 2023, the Company issued 48,000,000 ordinary shares for $412,103 as consideration for the acquisition of Last Basin LLC in the USA.

On 17 April 2023, the Company issued 26,000,000 ordinary shares at an issue price of $0.10 per share raising $2,600,000.

Terms and conditions – Shares

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the shareholders meetings. In the event of winding up of the Company, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

11 Reserves

	2023 $
Foreign Currency Translation reserve	**20,730**
Balance at the beginning of the period	**-**
Currency translation differences	**20,730**
Balance at end of period	**20,730**

12 Financial Risk Management

The Group is exposed to a variety of financial risks through its use of financial instruments.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Group is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk

Financial instruments used

The principal financial instruments used by the Group are summarised as follows:

	2023 $
Financial Assets	
Held at amortised cost	
Withholding tax on deposits recoverable	**4,423**
GST receivable	**62**
Cash and cash equivalents	**1,539,214**
	1,543,699
Financial Liabilities	
Financial Liabilities at amortised cost	**8,736**

Objectives, policies and processes

The Board of Directors has the overall responsibility for the establishment of the Company's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, liquidity risk, credit risk and the use of derivatives.

Risk management policies and systems will be reviewed regularly to reflect changes in market conditions and the Group's activities.

Mitigation strategies for specific risks faced are described below:

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due.

The Group's financial liabilities include trade and other payables and are due in less than one year.

Ultimate responsibility for liquidity management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate funding where possible and monitoring of future rolling cash flow forecasts of its operations, which reflect management's expectations of expected settlement of financial assets and liabilities.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents and deposits held.

The credit risk for liquid funds and other short-term financial assets is considered negligible since the counterparties are reputable banks and governmental bodies with high quality external credit ratings.

12 Financial Risk Management (cont'd)

Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which transactions are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily the AUD and USD.

	2023 $
13 Statement of Cash Flows	
Reconciliation of cash flows from operating activities	
Loss for the period	**(17,309)**
Adjustments for:	
Foreign currency	**17,602**
Changes in assets and liabilities	
Increase in other assets	**(277,751)**
Increase in trade and other payables	**28,735**
Net cash used in operating activities	**(248,723)**

14 Auditors' Remuneration

Remuneration of the auditor, KPMG for auditing the financial statements	**20,000**

15 Contingencies

In the opinion of the Directors, the Group did not have any contingencies at 30 June 2023.

16 Key Management Personnel Remuneration

No remuneration was paid to key management personnel during the period.

17 Related Parties

The Group's main related parties are as follows:

Key management personnel who comprise the Board of Directors.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

Transactions with related parties

On 17 March 2023, the Company, acquired a 100% interest in Last Basin LLC ('Last Basin'), a Nevada corporation, which owned the Alkali Flats lithium exploration project in Nevada, by the issue of 48,000,000 ordinary shares to Norman Seckold and Foster Wilson, for a total consideration of $412,103. This acquisition of exploration and evaluation assets forms part of the additions during the period. The transaction has been recorded as an acquisition of assets and the assets have been recorded based on underlying costs incurred which are reflective of their fair value. Refer to Note 8 for further details.

18 Subsequent Events after the reporting date

On 20 July 2023, the Company incorporated Flasher LLC ('Flasher'), and on 31 July 2023, Flasher entered an agreement with Foster Wilson (a Company Director) to acquire the Fairway lithium exploration project for consideration totaling US$75,000 and, upon evidence that the Fairway project lode claims are registered under the name of Flasher, the issue of 7,100,000 ordinary Fulcrum shares. A Quitclaim Deed has been filed with the USA Bureau of Land Management ('BLM') to give effect to the registration of the Fairway project lode claims in the name of Flasher.

In August 2023, Last Basin claim staked 160 lode claims, the Summit project. The lode claims have been filed with the BLM and are in the process of being recorded by the County Recorder's Office.

Other than the matters detailed above, no matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

19 Controlled Entities

Fulcrum Lithium Ltd is an Australian incorporated public company.

As at 30 June 2023 the Company wholly owned the following entities incorporated in the USA:

- Fulcrum Nevada LLC
- Last Basin LLC

20 Parent Entity

Since incorporation on 6 February 2023 the parent entity of the Group was Fulcrum Lithium Ltd.

	Company 2023 $
Result of the parent entity	
Net (loss)/profit	(13,727)
Other comprehensive income	-
Total comprehensive profit/(loss)	(13,727)
Financial position of the parent entity at year end	
Current assets	1,816,965
Non-current assets	1,210,147
Total assets	3,027,112
Current liabilities	28,736
Non-current liabilities	-
Total liabilities	28,736
Net assets	2,998,376
Equity	
Share capital	3,012,103
Accumulated losses	(13,727)
Total equity	2,998,376

21 Segment Reporting

The Group's chief operating decision maker has considered the requirements of AASB 8, Operating Segments, and has concluded that, during the period ended 30 June 2023, the Group operated as a mineral exploration entity within the geographical segment of USA.

22 Statutory Information

The registered office of the Company is:

Level 2, 66 Hunter Street
Sydney NSW 2000

FULCRUM LITHIUM LTD
and its controlled entities

DIRECTORS' DECLARATION

In the opinion of the Directors of Fulcrum Lithium Ltd:

a) the consolidated financial statements and notes for the period ended 30 June 2023 set out on pages 6 to 21 are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the period from 6 February 2023 to 30 June 2023; and

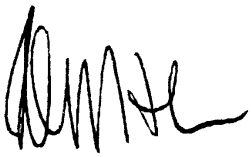
   (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This report has been signed in accordance with a resolution of the Directors and is dated 29 September 2023:



Norman A. Seckold



Peter J. Nightingale

Independent Auditor's Report

To the shareholders of Fulcrum Lithium Ltd

Opinion

We have audited the ***Financial Report*** of Fulcrum Lithium Ltd (the ***Company***) and its controlled entities (the ***Group***).

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

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

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2023
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the then period ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the period end or from time to time during the financial period.

Basis for opinion

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

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation. Liability limited by a scheme approved under Professional Standards Legislation.

Material uncertainty related to going concern

We draw attention to Note 1, under the heading "(d) Going Concern" in the financial report. The conditions disclosed in Note 1 indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. Our opinion is not modified in relation to this matter.

Other Information

Other Information is financial and non-financial information in Fulcrum Lithium Ltd's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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. They 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 the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our Auditor's Report.

KPMG

Adam Twemlow

Partner

Brisbane

29 September 2023