



BAYROCK

RESOURCES



Audited Financial Report

2024

Bayrock Resources Limited and controlled entities

ABN 93 649 314 894

Financial Report for the year ended 30 June 2024

Bayrock Resources Limited and controlled entities
Corporate directory
30 June 2024

Directors	Dr Ian J. Pringle Robert P. Thomson Ian J. Spence
Company Secretary	Kat Suen
Registered Office	C/o MNSA Pty Ltd Level 1, 283 George Street Sydney NSW 2000 Australia
Share Register	Computershare Level 17 221 St Georges Terrace Perth, Western Australia Australia Phone: +61 (0) 8 9323 2000
Auditor	MNSA Pty Ltd Level 1, 283 George Street SYDNEY NSW 2000
Solicitors	Steinepreis Paganin Level 14, QV1 Building 250 St Georges Terrace Perth, WA 6000 Australia
Bankers	National Bank Australia 333 George Street, Sydney, NSW 2000 Australia
Website	www.bayrockresources.com (under maintenance)

Bayrock Resources Limited and controlled entities
Directors' report
30 June 2024

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Bayrock Resources Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 30 June 2024.

Directors

The following persons were directors of Bayrock Resources Limited during the financial year ended 30 June 2024:

Dr Ian Pringle
Mr Gavin Taylor-Bullen
Mr Robert Thomson

Subsequent to year end, the following changes occurred:

Mr Ian J Spence was appointed as a director on 23 September 2024.
Mr Gavin Taylor-Bullen resigned as a director on 17 September 2024.

Principal activities

The principal activities of the Company are the exploration and evaluation of its mining tenements in Sweden. There were no significant changes in the nature of activities of the Company during the year. Subsequent to year end, the Company elected to relinquish its Northern Nickel Projects in Sweden and dissolve the holding entity NENAB.

Dividends

No Dividends were paid during the financial period.

Review of operations

The loss for the consolidated entity, after providing for income tax, amounted to \$1,511,865 (2023: \$ 454,581).

The Company continued fieldwork at the project areas during the first half of the reporting period, including drill testing and analysing nickel mineralisation at Lainejaur and Vuostok in June to September 2023.

On 1 July 2023, the Company issued the following ordinary shares at an issue price of \$0.03 per share:

- 34,137,178 shares were issued in full settlement of the QXR loan, including accrued interest and underwriting fees, with a total value of \$1,024,115.
- 2,000,000 shares were issued in lieu of directors' fees, representing a total value of \$60,000.
- 7,000,000 shares were issued to EMX Scandinavia AB as partial consideration for the acquisition of the Northern Nickel Line Project, with an implied value of \$210,000.
- 19,718,333 shares were issued pursuant to the non-renounceable rights issue announced on 5 May 2023, raising \$591,550. The rights issue was fully underwritten by QXR.

On 3 July 2023, the Company issued an additional 6,144,489 ordinary shares at \$0.03 per share, raising a further \$184,335 under QXR's underwriting of the non-renounceable rights issue.

Renewed Operating Cost Structure

As part of its strategic realignment, the Company has streamlined its activities post year end in Sweden to reflect the limited capital currently available for nickel-focused assets. In parallel, the Company has broadened its asset base through the addition of complementary copper assets in Norway in May 2025, which the directors consider to offer a more compelling risk-return profile in the current market.

The directors continue to actively review the Company's operating structure to ensure it remains lean, efficient and appropriately scaled, while preserving the capability to progress corporate and asset-level initiatives as recapitalisation efforts continue.

A number of practical cost optimisation measures have been implemented, including the transition to remote working, reductions in company secretarial fees during this lower activity period, suspension of the Company's website and related IT services, and the appointment of service providers (including auditor and share registry) more closely aligned with the Company's current stage and activity level.

Risks Overview

The Board is responsible for the Company's risk management and control framework. The material business risks that the Company faces that could influence the Company's future prospects, and how these are managed, are outlined below.

Exploration and development

The future value of the Company will depend on its ability to develop resources that are economically recoverable. Mineral exploration and development is a speculative undertaking that may be impeded by circumstances and factors beyond the control of the Company. The mineral Exploration Permits comprising the Projects are at various stages of exploration, there can be no assurance that future exploration of the Projects, or any mining projects that may be acquired in the future, will result in the discovery of an economic resource. Even if an apparently viable resource is identified, there is no guarantee that the required permits, consents and access arrangements will be granted or that it can be economically exploited.

This is managed where possible by the employment of competent personnel and reputable consultants with the relevant skills and experience to deal with these issues, extensive technical analysis and planning, and undertaking field exploration activities.

Ability to access funding

The Company operates in the battery metals mining assets, undertaking exploration and development activities. To fund this activity, the Company relies on access to debt and equity markets. The ability to access funding may be negatively impacted by factors such as the Company's capital structure and financial markets volatility. This may result in postponement of or reduction in planned capital expenditure, relinquishment of rights in relation to assets, an inability to take advantage of opportunities or otherwise respond to market conditions. Any of these outcomes could have a material adverse effect on the Company's financial position, its ability to expand its business and/or maintain its operations at current levels. The annual capital and operating budgeting processes are approved by the Board to ensure appropriate allocation of resources.

Commodity Prices and exchange Rates

The Company's projects are primarily prospective for Nickel and Cobalt resources. Commodity prices can fluctuate significantly due to factors beyond the control of the company. A significant decrease in commodity prices is likely to adversely affect sentiment and market support towards a mineral exploration company.

The company is exposed to foreign currency risks through exchange rate fluctuations. Foreign exchange risk arises from future commercial transactions and recognized financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risks are measured using sensitivity analysis and cash flow forecasting.

Cyber Security

The integrity, availability, and confidentiality of data within the Group's information and operational technology systems may be subject to intentional or unintentional disruption. Given the current size of the Group's business, the Company engages a third-party IT support company who have robust processes and technology. The Group also use a third-party secured data room for various interactions with lenders and consultants. The Group has no customer data so that aspect of cyber security risk is limited.

Climate Change

The Group is likely to be subject to increasing regulations and costs associated with climate change and, specifically, management of carbon emissions. Strategic, regulatory and operational risks and opportunities associated with climate change and the energy transition are progressively being incorporated into Company policy, strategy and risk management processes and practices.

Significant changes in state of affairs

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

Environmental regulation

The consolidated entity is subject to and is compliant with all aspects of environmental regulation of its exploration and mining activities. The directors are not aware of any environmental law that is not being complied with.

Bayrock Resources Limited and controlled entities
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Matters subsequent to the end of the financial period

On 28th January 2025, the Company elected to relinquish its Northern Nickel Line projects due to its limited ability to raise the necessary capital to renew the projects amid depressed commodity prices. In conjunction with the relinquishment of the Northern Nickel Line projects, the Company also dissolved its wholly owned subsidiary, NENAB, in Sweden in November 2025.

On 17 September 2024, Gavin Taylor-Bullen resigned for personal reasons to pursue other business initiatives.

On 23 September 2024, Ian Spence was appointed Acting Managing Director.

In April 2025, the Company acquired a 100% working interest in two exploration tenements located in Norway from Caltron Advisory Pty Ltd for consideration of \$150,000, satisfied through the issue of 5,000,000 fully paid ordinary shares at a deemed issue price of \$0.03 per share, together with 5,000,000 options exercisable at \$0.03 per share with a term of three years from the date of issue. The Meraker and Sagvoll tenements are highly prospective copper exploration assets, offering the Company an attractive entry point with modest acquisition and capital expenditure requirements, while providing clear, scalable work programs capable of advancing the projects efficiently.

On 3 July 2025, the Company raised \$170,000 by way of a private placement through the issue of 5,666,666 ordinary shares at an issue price of \$0.03 per share, together with one free attaching option for each share issued, exercisable at \$0.03 per share and with a term of three years from the date of issue.

At the date of release of this report, the Company had raised \$513,144 by way of an unsecured convertible note (the "Note") with a face value of \$1. The Note bears no interest and matures 12 months from the subscription date, unless earlier converted in accordance with its terms.

The Note was structured to mandatorily convert upon the occurrence of either (i) an initial public offering ("IPO"), including a listing by way of a reverse takeover ("RTO"), or (ii) a third-party sale event (each, a "Conversion Event"). Upon the occurrence of a Conversion Event, the outstanding principal amount of the Note automatically converts into ordinary shares of the Company at a conversion price equal to a 25% discount to the IPO, RTO, or third-party sale price.

If a Conversion Event does not occur before the maturity date, the outstanding principal amount of the Note will convert into ordinary shares of the Company at \$0.03 per share.

Upon the Company's listing on a public stock exchange, the Note investors are entitled to receive one (1) free attaching option for each Note issued. Each option is exercisable at a 25% discount to the market price at the time of exercise and expires 24 months from the date of issue.

Contemporaneously with the Note, on 10 November 2025 the Company entered into a non-binding Letter of Intent ("LOI") with ECC Ventures 5 Corp. (TSX-V: ECC.P) ("ECC5"), a publicly listed capital pool company incorporated in Canada. The proposed transaction, if completed, will result in Bayrock becoming a publicly listed entity on the TSX Venture Exchange ("TSX-V") through a reverse takeover / qualifying transaction (the "Transaction"). The Bayrock Directors believe that a combination with ECC5 represents the most efficient pathway to achieving a public listing while maintaining Bayrock's operational and management control.

There are no other matters or circumstances that have arisen since 30 June 2024 that 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.

Bayrock Resources Limited and controlled entities
Directors' report
30 June 2024

Information on directors

Name: **Dr Ian J. Pringle**
Title: Non-Executive Director (previously Managing Director)
Qualifications: PhD (Geology) and Member of AusIMM
Experience and expertise: A geologist with several decades of successful experience in metals exploration. Dr Pringle has also been involved with numerous mining company start-ups, mine development, and mine operations in multiple jurisdictions internationally.

Other current directorships: None
Former directorships (last 3 years): Technical Director of Electric Metals (USA) Limited (TSXV: EML)
Special responsibilities: Member of the Audit and Risk Committee

Name: **Ian J. Spence (appointed 23 September 2024)**
Title: Non-Executive Director (Independent)
Qualifications: BSc Joint Hons Geology & Petroleum Geology, MSc Mineral Exploration & Mining Geology, Master of Business Administration

Experience and expertise:

- Over 30 years of extensive & varied 'hands on' international industry experience in the resources & resource related capital markets sectors
- Varied commercial strategic & operational leadership, technical & financial analytical skilled
- Held numerous highly successful value generating senior management & directorship roles (private & public) in multiple commodity, open cut & underground miners, explorers, discoverers & resource developers
- >10 years of experience in mining analytical & corporate advisory roles for international capital firms, funds, merchant banks & resource companies
- Directly involved with mineral deposit discoveries

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: Acting Managing Director

Name: **Robert P. Thomson**
Title: Non-Executive Director (Independent)
Qualifications: Bachelor of Engineering (Mining), MBA, and Fellow AusIMM
Experience and expertise: Rob has held senior operational and board positions in globally listed resources companies. Extensive operational experience in developing and managing mining operations across gold, copper, and nickel.

Other current directorships: Technical Director of Pacific Nickel Mines Ltd (ASX: PNM), and Non-Executive Director of Southern Palladium Limited (ASX: SPD)
Former directorships (last 3 years): Managing Director of Theta Gold Mines Ltd (ASX: TGM), Non-Executive Chairman of Aeramentum Resources Limited
Special responsibilities: Chairman of the Audit and Risk Committee, Member of the Nomination and Remuneration Committee

Name: **Gavin J. Taylor-Bullen (resigned 17 September 2024)**
Title: Non-Executive Director (Independent)
Qualifications: B.Comm (Marketing)
Experience and expertise: Gavin is currently a director of Helix Geotech, a manufacturer of slim line bore hole radar (BHR) hardware and software technology. Served as CEO of Focus Subsea and prior to that was a senior consultant within the Corporate Advisory Practice of BDO Australia.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: Chairman of the Nomination and Remuneration Committee

Bayrock Resources Limited and controlled entities
Directors' report
30 June 2024

Company secretary

Daniel Smith of Minerva Corporate Pty Ltd acted as Company Secretary during the financial year ended 30 June 2024 and was responsible for the Company's corporate administration and regulatory compliance during that period. Mr Smith has extensive experience as a company secretary for companies listed on the ASX, AIM and NSX. Mr Smith subsequently resigned as Company Secretary on 1 August 2025 and replaced by Ms Kat Suen. Ms Suen is a CPA accountant over 30 years of finance and corporate experience.

Shares issued on exercise of options

There were no shares issued on the exercise of options during the accounting period to 30 June 2024, as the Company has not yet issued any options.

Indemnity and insurance of officers

The Company has indemnified its directors and officers for liabilities and costs incurred in their capacity as a director or an officer, for which they may be held personally liable; except where there is gross negligence or wilful misconduct.

The Company obtained a Directors & Officers Liability policy cover from an authorised insurer. Such insurance contracts insure against certain liability (subject to specific exclusions) persons who are or have been directors or executive officers of the parent entity.

Directors have not included details of the nature of the liabilities covered, or the amount of the premium paid, as such disclosure is prohibited under the terms of the insurance contract.

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Auditor's independence declaration

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

This report is made in accordance with a resolution of the Company's directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Robert Thomson
Director

25 February 2026
Sydney NSW Australia



**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF
THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF BAYROCK RESOURCES LIMITED AND CONTROLLED ENTITIES
ABN 93 649 314 894**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Bayrock Resources Limited and controlled entities.

As the auditor for the audit of the financial report of Bayrock Resources Limited and controlled entities for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- i. the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.

MNSA PTY LTD
MNSA Pty Ltd

Mark Schiliro
Director

Sydney

25th February 2026

Bayrock Resources Limited and controlled entities

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General information

The financial statements cover Bayrock Resources Limited as a consolidated entity consisting of Bayrock Resources Limited and the entities it controlled at the end of, or during, the financial period. The financial statements are presented in Australian dollars, which is the functional and presentation currency of Bayrock Resources Limited.

Bayrock Resources Limited is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its Registered Office at the time of this report is:

Bayrock Resources Limited
Level 1, 283 George Street,
Sydney NSW 2000
Australia

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

Bayrock Resources Limited and controlled entities
Consolidated statement of profit or loss and other comprehensive income
For the period ended 30 June 2024

	Note	2024 \$	2023 \$
Expenses			
Administration and Legal Expenses	4	(121,029)	(300,167)
Depreciation		(1,631)	(1,631)
Employee Benefits		(139,800)	(152,783)
Impairment of exploration and evaluation assets	10	(1,249,405)	-
Loss before income tax expense from continuing operations		<u>(1,511,865)</u>	<u>(454,581)</u>
Income tax expense	5	-	-
Loss after income tax expense for the period		<u>(1,511,865)</u>	<u>(454,581)</u>
Other comprehensive income			
Exchange differences on translation of foreign operations		3,279	416
Total comprehensive loss for the period		<u>(1,508,586)</u>	<u>(454,165)</u>
Loss for the period attributable to owners of the Company		<u>(1,511,865)</u>	<u>(454,581)</u>
Total comprehensive loss attributable to owners of the Company		<u>(1,508,586)</u>	<u>(454,165)</u>
Basic/diluted (loss) per share (cents per share)	6	(1.17)	(0.88)

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

Bayrock Resources Limited and controlled entities
Consolidated statement of financial position
As at 30 June 2024

	Note	2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	7	51,118	496,996
Other receivables		6,212	3,511
Prepayments	8	15,568	15,577
Total Current Assets		<u>72,898</u>	<u>516,084</u>
Non-current assets			
Property, plant and equipment	9	2,695	4,326
Exploration and evaluation assets	10	1,824,079	3,153,022
Total Non-current Assets		<u>1,826,774</u>	<u>3,157,348</u>
Total Assets		<u>1,899,672</u>	<u>3,673,432</u>
Liabilities			
Current liabilities			
Trade and other payables	11	377,315	820,867
Borrowings	12	-	916,115
Total Current Liabilities		<u>377,315</u>	<u>1,736,982</u>
Non-current liabilities			
Trade and other payables	11	-	275,957
Total Non-current Liabilities		<u>-</u>	<u>275,957</u>
Total Liabilities		<u>377,315</u>	<u>2,012,939</u>
Net Assets		<u>1,522,357</u>	<u>1,660,493</u>
Equity			
Issued capital	13	4,049,538	2,679,088
Reserves	14	3,279	-
Accumulated losses	15	(2,530,460)	(1,018,595)
Total Equity		<u>1,522,357</u>	<u>1,660,493</u>

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

Bayrock Resources Limited and controlled entities
Consolidated statement of changes in equity
For the period ended 30 June 2024

	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total Equity \$
Balance at 1 July 2022	1,832,543	(564,159)	(271)	1,268,113
Loss for the period	-	(454,581)	-	(454,581)
Exchange differences on translation of foreign operations	-	145	271	416
Total comprehensive loss for the period	-	(454,436)	271	(454,165)
Funds received for share issue	591,545	-	-	591,545
Shares issued during the period	255,000	-	-	255,000
Balance at 30 June 2023	<u>2,679,088</u>	<u>(1,018,595)</u>	-	<u>1,660,493</u>
Balance at 1 July 2023	2,679,088	(1,018,595)	-	1,660,493
Loss for the period	-	(1,511,865)	-	(1,511,865)
Exchange differences on translation of foreign operations	-	-	3,279	3,279
Total comprehensive loss for the period	-	(1,511,865)	3,279	(1,508,586)
Shares issued during the period	1,478,450	-	-	1,478,450
Shares issue costs	(108,000)	-	-	(108,000)
Balance at 30 June 2024	<u>4,049,538</u>	<u>(2,530,460)</u>	<u>3,279</u>	<u>1,522,357</u>

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

Bayrock Resources Limited and controlled entities
Consolidated statement of cash flows
For the period ended 30 June 2024

	Note	2024 \$	2023 \$
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(278,654)	(91,232)
Net cash used in operating activities	16	<u>(278,654)</u>	<u>(91,232)</u>
Cash flows from investing activities			
Acquisition of exploration and evaluation assets		-	(960,000)
Exploration and evaluation costs		(351,559)	(341,959)
Net cash used in investing activities		<u>(351,559)</u>	<u>(1,301,959)</u>
Cash flows from financing activities			
Proceeds from shares issue		184,335	-
Funds received for shares issue		-	591,545
Funds received from secured loans		-	996,145
Net cash provided by financing activities		<u>184,335</u>	<u>1,587,690</u>
Net (decrease)/increase in cash held		(445,878)	194,499
Cash at the beginning of the financial period		496,996	302,497
Cash at the end of the financial period	7	<u>51,118</u>	<u>496,996</u>

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

Bayrock Resources Limited and controlled entities
Notes to Consolidated Financial Statements
30 June 2024

Note 1. Summary of material accounting policies

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements and notes represent those of Bayrock Resources Limited and Controlled Entity (the Consolidated Group or Group). Bayrock Resources Limited is a company limited by shares, incorporated and domiciled in Australia.

The separate financial statements of the Parent Entity, Bayrock Resources Limited have also been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue on 25 February 2026 by the directors of Bayrock Resources Limited.

Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar unless stated otherwise.

Accounting Policies

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Bayrock Resources Limited ('company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year ended on said date. Bayrock Resources Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

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

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

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Bayrock Resources Limited and controlled entities
Notes to Consolidated Financial Statements
30 June 2024

Note 1. Summary of material accounting policies (continued)

Principles of consolidation (continued)

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

Going Concern

The Group experienced operating losses of \$1,511,865 (2023: \$454,581) and negative cash flows from operations of \$278,654 (2023: \$91,232) during the period ended 30 June 2024.

At 30 June 2024, the Group has net current liabilities amounting to \$304,417 (30 June 2023: \$1,220,898).

The Group's cash position at the balance date was \$51,118, which is insufficient to fund the Group's forecast operational cash outflows through to 28 February 2027. Accordingly, the Group's ability to continue as a going concern is dependent on its ability to raise additional capital and/or complete a whole or partial sale of its interests in mineral exploration assets.

Should fundraising be unsuccessful, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will be able to realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report.

The Directors note the Group's established track record of identifying strategic opportunities and successfully raising capital from existing shareholders and strategic investors. Based on this history and ongoing discussions, the Directors have a reasonable expectation that the Group will be able to secure sufficient funding and, accordingly, believe it is appropriate to prepare the financial report on a going concern basis.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in Australian dollars, which is the functional and presentation currency of Bayrock Resources Limited.

Foreign currency transactions

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

Foreign operations

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

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

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue is recognised when the consolidated entity fulfils its performance obligations to its customers and the revenue can be measured. Revenue is measured as the fair value of the consideration received or recoverable.

Note 1. Summary of material accounting policies (continued)

Revenue recognition (continued)

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Bayrock Resources Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Note 1. Summary of material accounting policies (continued)

Current and non-current classification

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

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting date; 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 date. All other assets are classified as non-current.

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

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

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 provision for impairment

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Plant and equipment	3-7 years
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 1. Summary of material accounting policies (continued)

Exploration and evaluation assets

Expenditure incurred in the exploration for and evaluation of mineral resources is accounted for in accordance with AASB 6 – Exploration for and Evaluation of Mineral Resources. Exploration and evaluation costs include acquisition costs of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, sampling and assays, and associated activities. Such costs are capitalised where the rights to tenure of the area of interest are current and it is expected that costs will be recouped through successful development, exploitation or sale of the area of interest. Accumulated exploration and evaluation assets are assessed for impairment at each reporting date. When an area of interest is abandoned, any accumulated costs in relation to that area are written off in the period the decision to abandon is made. Once technical feasibility and commercial viability of extracting a mineral resource are demonstrable, capitalised amounts are reclassified as development assets and amortised over the life of the mine on a units-of-production basis. Disclosures include carrying values, movements and significant judgement applied in capitalisation and impairment assessments. The ultimate recoupment of costs carried forward or exploration and evaluation expenditure is dependent on the successful development and commercial exploitation or sale of respective tenements.

Trade and other payables

Trade and other payables are initially measured at fair value and subsequently measured at cost using the effective interest method.

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Leases

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

The entity has not adopted AASB 16 Leases because it does not have any lease contracts or arrangements that fall within the scope of the standard.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 1. Summary of material accounting policies (continued)

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. 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 currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Fair value measurement

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

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.

Note 1. Summary of material accounting policies (continued)

Business combinations

The Company assesses its business combination transactions under AASB 3- Business Combinations. In defining whether an acquisition meets the relevant definition criteria of the purchase of a business, the Company makes reference to whether the three elements of a business as per the Standards are met - whether the acquiree possesses the relevant Input, Process, and Output in paragraphs B7 of Appendix B of AASB 3.

In the case where the definition of a business is not met, the Company accounts for an acquisition as an asset purchase and therefore measures the transaction in line with the relevant policies for the classification of asset being purchased. In respect of the acquisition of Nickel Exploration Norrland AB through Swedish Nickel Pty Ltd, and Metalore Pty Ltd; the Company has determined that these acquisitions are asset purchases with the underlying assets meeting the definition of Exploration and Evaluation assets. All transaction costs and consideration have been capitalized to Exploration and Evaluation assets accordingly.

Goods and Services Tax ('GST')

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

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

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

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

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Bayrock Resources Limited and controlled entities
Notes to Consolidated Financial Statements
30 June 2024

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

Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may indicate the existence of impairment triggers. Where such indicators are identified, the recoverable amounts of the relevant assets are reassessed using value-in-use calculations, which incorporate key assumptions and estimates.

Impairment of Northern Nickel Line Project

In April 2024, the Company elected to relinquish its Northern Nickel Line project due to its limited ability to raise the capital required to renew the project in an environment of depressed commodity prices. Accordingly, the carrying amount of the Northern Nickel Line project, recognised within Exploration and Evaluation assets, was fully impaired during the reporting period, resulting in an impairment expense of \$1,249,405.

No impairment has been recognised in respect of the Lainejaur project at the end of the reporting period.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into one operating segment, being exploration and mining operations. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Types of products and services

The principal products and services of this operating segment are the exploration and mining operations predominately in Sweden.

The Group's non-current assets are located into the following geographic regions:

	Australia	Sweden
	\$	\$
2024		
Non-current assets		
Property, plant and equipment	2,695	-
Exploration and evaluation assets	-	1,824,079
Total non-current assets	<u>2,695</u>	<u>1,824,079</u>
2023		
Non-current assets		
Property, plant and equipment	4,326	-
Exploration and evaluation assets	-	3,153,022
Total non-current assets	<u>4,326</u>	<u>3,153,022</u>

Non-current assets are allocated based on their physical location.

Note 4. Expenses

	2024	2023
	\$	\$
Audit fees	(16,785)	(35,000)
IPO costs - Professional, Consultants and legal fees	-	(161,345)
Legal fees - other	-	(13,792)
Rent	-	(9,000)
Others	(104,244)	(81,030)
	<u>(121,029)</u>	<u>(300,167)</u>

Bayrock Resources Limited and controlled entities
Notes to Consolidated Financial Statements
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Note 5. Income tax

	2024	2023
	\$	\$
a) The prima facie income tax benefit on pre-tax accounting loss reconciles to the income tax amount in the financial statements as follows:		
Loss from ordinary activities	(1,511,865)	(454,581)
Prima facie income tax benefit calculated at 25% of taxable loss	(377,966)	(113,645)
Non-deductible items		
Movement in unrecognised temporary differences	296,074	23,622
Taxable losses not recognised	81,892	90,023
Income tax expense	-	-
b) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised.	2,738,880	1,018,740
Potential tax benefit at 25%	684,720	254,685
The benefit of these tax losses will only be obtained if:		
<ul style="list-style-type: none"> • the Group derives future assessable income of a nature and amount sufficient to utilise these losses; • the Group continues to comply with the conditions for deductibility imposed by tax legislation; and • no changes in tax legislation adversely affect the Group's ability to utilise the losses. 		

Note 6. Loss Per Share

	2024	2023
	Cents	Cents
Basic/diluted (loss) per share (cents per share)	(1.17)	(0.88)
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic/diluted loss per share	129,000,000	51,561,644

Note 7. Cash and Cash Equivalents

	2024	2023
	\$	\$
Cash at bank	51,118	496,996

Note 8. Prepayments

Prepaid insurance	15,568	15,577
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Note 9. Property, Plant and Equipment

Plant and equipment at cost	6,645	6,645
accumulated depreciation	(3,950)	(2,319)
Total property, plant and equipment	2,695	4,326

Bayrock Resources Limited and controlled entities
Notes to Consolidated Financial Statements
30 June 2024

Note 9. Property, Plant and Equipment (continued)

	2024	2023
	\$	\$
Movement in property, plant and equipment		
Balance at the beginning of the year	4,326	5,957
Additions	-	-
Depreciation Expense	(1,631)	(1,631)
Balance at the end of the year	<u>2,695</u>	<u>4,326</u>

Note 10. Exploration and evaluation assets

Opening balance	3,153,022	2,234,720
Additions for Lainejaur Project	4,100	305,136
Expensed for Northern Nickel Line Project	(83,638)	613,166
Impairment of Northern Nickel Line Project	(1,249,405)	-
Balance at the end of the year	<u>1,824,079</u>	<u>3,153,022</u>

Note 11. Trade and Other Payables

Current		
Trade creditors	145,281	115,450
Accruals	35,744	30,417
Directors fees Payable	180,000	108,597
Superannuation Payable	15,400	11,403
Other Payables	890	-
Annual Advance Royalty	-	125,000
Eurasian Minerals Sweden AB (Northern Nickel Line Projects acquisition)	-	430,000
	<u>377,315</u>	<u>820,867</u>
Non-current		
Annual Advance Royalty	-	<u>275,957</u>

Note 12. Borrowings - secured

In the last financial year, the Company had entered into a number of loan agreements with QX Resources Limited (QXR). On 1 July 2023, all outstanding loans and accrued interest owing to QXR were settled in full through the issue of 30,537,177 fully paid ordinary shares at an issue price of \$0.03 per share, resulting in total consideration of \$916,115.

The settlement was completed on the first day of the financial year and therefore no borrowings or interest-bearing liabilities in relation to QXR were outstanding at any time during the year ended 30 June 2024. As a result, no interest expense was recognised in respect of these facilities during the current reporting period.

Following settlement, all security charges and encumbrances previously held by QXR over the assets of the Company and its subsidiaries were released and removed. The Company had no secured borrowings as at 30 June 2024.

Bayrock Resources Limited and controlled entities
Notes to Consolidated Financial Statements
30 June 2024

Note 13. Issued Capital

	2024	2023
	\$	\$
129,000,000 fully paid ordinary shares (2023: 60,000,000)	4,049,538	2,679,088

a) Movement in ordinary share capital		Number of shares	Issue price	Share capital
2023				
1 July 2022	Balance at the beginning of year	50,000,000		1,832,543
5 May 2023	Share issue in lieu of loan repayment	10,000,000	0.0255	255,000
	Fund received for share issue			591,545
30 June 2023	Balance at end of year	60,000,000		2,679,088
2024				
1 July 2023	Balance at the beginning of year	60,000,000		2,679,088
1 July 2023	Share issue in lieu of loan repayment	34,137,178	0.03	1,024,115
1 July 2023	Share issue in lieu of directors fees	2,000,000	0.03	60,000
1 July 2023	Consideration shares	7,000,000	0.03	210,000
1 July 2023	Rights issue at 3 cents per share – fund received last financial year	19,718,333		-
3 July 2023	Fund received for share issue	6,144,489	0.03	184,335
	Shares issue costs			(108,000)
30 June 2024	Balance at end of year	129,000,000		4,049,538

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

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

The consolidated entity may consider raising capital as and when an opportunity to invest in a business or a company is determined as value accretive to the Company at the time of such investment. The consolidated entity is not actively pursuing additional investments in the short term, as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial period.

Bayrock Resources Limited and controlled entities
Notes to Consolidated Financial Statements
30 June 2024

Note 14. Reserves

	2024	2023
	\$	\$
Foreign Currency Translation Reserve	3,279	-

Note 15. Accumulated Losses

Accumulated (losses) at the beginning of the accounting period	(1,018,595)	(564,159)
Loss after income tax expense for the period	(1,511,865)	(454,581)
Exchange differences on translation of foreign operations	-	145
Accumulated (losses) at the end of the accounting period	(2,530,460)	(1,018,595)

Note 16. Reconciliation of profit or loss after income tax to net cash from operating activities

Loss after income tax expense for the period	(1,511,865)	(454,581)
Adjustments for:		
Depreciation	1,631	1,631
Impairment of exploration and evaluation assets	1,249,405	-
Non-cash item related to investing activities	428,419	-
Borrowing expenses capitalised	-	(133,500)
Change in operating assets and liabilities:		
Decrease/(increase) in other receivables	(2,692)	116,815
Increase in trade payables	29,830	98,345
Increase in other payables	(473,382)	280,058
Net cash used in operating activities	(278,654)	(91,232)

Note 17. Financial Instruments

Financial risk management objectives

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The consolidated entity's activities expose it to a variety of risks, including capital markets risk, foreign currency risk, commodity price risk, interest rate risk, credit risk, and liquidity risk. The consolidated entity's overall risk management initiatives focus on the unpredictability of financial markets and seeks to mitigate the potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses various methods to measure the impact of different types of risk, to which, it is exposed.

The carrying amounts of the consolidated entity's financial instruments at the reporting date are nil.

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through exchange rate fluctuations. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Bayrock Resources Limited and controlled entities
Notes to Consolidated Financial Statements
30 June 2024

Note 17. Financial Instruments (continued)

Commodity price risk

The consolidated entity is exposed to the volatility of commodity price cycles, and is especially exposed to the pricing fluctuations of nickel, cobalt and copper.

Interest rate risk

The consolidated entity is not exposed to any significant interest rate risk.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity is not exposed to any significant credit risk.

Liquidity Risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments. There are no bank borrowings at the balance date.

Vigilant liquidity risk management requires the Consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

Note 18. Contingent Liabilities

The consolidated entity has no contingent liabilities.

Note 19. Contingent Assets

The consolidated entity has no contingent assets.

Note 20. Related Party Transactions

Parent entity

Bayrock Resources Limited is the parent entity.

Key management personnel

Disclosures relating to key management personnel are set out in note 21 below.

Transactions with related parties

During the reporting period, the Company temporarily leased office space at Level 4, 425 Elizabeth Street, Surry Hills NSW 2010, which was provided free of charge by Ian J. Pringle & Associates Pty Ltd, an entity related to the Managing Director, Dr Ian Pringle.

As at 30 June 2024, directors' fees and superannuation remained payable to key management personnel of \$195,400 (2023: \$120,000) - refer to note 11.

There were no other transactions with related parties made during the financial period or in existence at the reporting date apart from those mentioned in note 21.

Loans to/from related parties

There were no loans to or from related parties made during the financial period or in existence at the reporting date.

Bayrock Resources Limited and controlled entities
Notes to Consolidated Financial Statements
30 June 2024

Note 21. Remuneration/Emolument Payments to Directors

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Board has also drawn on external sources of information to ensure non-executive directors' fees and payments are appropriate and in line with the market.

Details of the nature and amount of each element of the emoluments of each of the directors of Bayrock Resources Limited during the period ended 30 June 2024 (2023: 120,000) are set out below.

30 June 2024	Directors' Fees	Superannuation contribution
	\$	\$
Non-Executive Directors:		
Dr Ian Pringle	40,000	4,400
Gavin Taylor-Bullen	40,000	4,400
Robert Thomson	40,000	4,400
Total Key Management Personnel	120,000	13,200

During the financial year, the consolidated entity made nil payments to its directors.

There are no other key management personnel of the consolidated entity.

Note 22. Auditor Remuneration

The audit fees payable to MNSA Pty Limited for the audit or review of the financial statements for the period ended 30 June 2024 was \$17,000. (2023: \$35,000 paid to Nexia Sydney Audit Pty Ltd).

Note 23. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

Name of controlled entity	Country of incorporation	Class of shares	Ownership interest 2024	Ownership interest 2023
			%	%
Subsidiaries				
Metalore Pty Ltd	Australia	Ordinary	100	100
Swedish Nickel Pty Ltd (i)	Australia	Ordinary	100	100
(i) Subsidiary of Swedish Nickel Pty Ltd Nickel Exploration Norrland AB	Sweden	Ordinary	100	100

Bayrock Resources Limited and controlled entities
Notes to Consolidated Financial Statements
30 June 2024

Note 24. Parent Entity Information

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

a) Summary financial information

Statement of Profit or (Loss) and other comprehensive income

	Parent 2024 \$	Parent 2023 \$
Loss after income tax expense for the period	(1,503,852)	(454,001)
Total comprehensive loss	<u>(1,503,852)</u>	<u>(454,001)</u>

Statement of Financial Position

Current assets	<u>48,457</u>	<u>511,325</u>
Non-current assets		
Plant and equipment	2,696	4,326
Due from Metalore Pty Ltd	1,817,053	1,813,106
Due from Swedish Nickel Pty Ltd	7,738	942,634
Total non-current assets	<u>1,827,487</u>	<u>2,760,066</u>
Total assets	<u>1,875,944</u>	<u>3,271,391</u>
Current liabilities	<u>349,115</u>	<u>1,608,471</u>
Total liabilities	<u>349,115</u>	<u>1,608,471</u>
Net assets	<u>1,526,829</u>	<u>1,662,920</u>
Equity		
Issued capital	4,049,537	2,679,088
Accumulated losses	(2,522,708)	(1,016,168)
Total equity	<u>1,526,829</u>	<u>1,662,920</u>

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1.

Note 25. Commitments

There are no lease commitments at the end of the financial year ended 30 June 2024 (2024: Nil).

Note 26. Tenements

Tenements acquired by the consolidated entity during the prior financial period are set out below:

Description	Country	Tenement number	Expiry date	Interest owned	Interest owned
				2024 %	2023 %
Lainejaur	Sweden	No 20	28 June 2026	100	100
Northern Nickel Line					
Vuostok	Sweden	No 101	27 February 2025	100	100
Nottrask	Sweden	No 101	27 February 2025	100	100
Skogstrask	Sweden	No 101	30 March 2025	100	100
Fiskeltrask	Sweden	No 101	27 February 2025	100	100
Kukasjarvi	Sweden	No 101	27 February 2025	100	100

Bayrock Resources Limited and controlled entities
Notes to Consolidated Financial Statements
30 June 2024

Note 27. Financial Risk Management

Financial Risk Management Policies

The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board on a regular basis. These include the credit risk policies and future cash flow requirements.

Board of Directors meet on a regular basis to analyse financial risk exposure in the context of the most recent economic conditions and forecasts.

Financial risk management objectives

The Company's activities in relation to financial risk are currently limited to the operation of its bank account held in Australian dollars. The board of directors set up operation of the account requiring two authorised signatories for any payments, meaning that no single person can effect a transaction from end to end on their own.

Foreign currency risk

The Company incurs some of its expenses in Swedish Kroner (SEK), exposing it to foreign currency risk through foreign exchange rate fluctuations. The carrying value of financial instruments that are held in a currency other than the entities functional currency are as follows (expressed in Australian dollars):

	2024	2023
	\$	\$
Financial Liabilities		
Trade payables	20,961	466

The sensitivity of profit or loss to changes in the exchange rates arises mainly from SEK dollar-denominated financial instruments. A 10 percent increase in the AUD/SEK exchange rate would increase post-tax profit by \$2,096 while a 10 percent decrease in the AUD/SEK exchange rate would decrease post-tax profit by \$2,096.

Interest rate risk

The Company main interest rate risk arises from cash and cash equivalents and deposits with banks.

Interest rate risk - Sensitivity analysis for variable and short term fixed rate instruments

At 30 June 2024, the Group had no variable or short-term interest-bearing financial instruments. As a result, changes in interest rates would not have affected post-tax profit or equity, and no sensitivity analysis has been presented.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by maintaining adequate cash reserves from funds raised by the Company in various capital raisings and continuously monitoring forecast and actual cash flows. The contractual maturities of the Group's financial liabilities, including estimated interest payments are as follows:

	Carrying amount	Contractual cash flows	Less than 1 year	1-2 year	More than 2 years
	\$	\$	\$	\$	\$
2024					
Trade and other payables	377,315	377,315	377,315	-	-
2023					
Current liabilities					
Trade and other payables	820,867	820,867	820,867	-	-
Secured loan	916,115	916,115	916,115	-	-
Non-current liabilities					
Trade and other payables	275,957	275,957	-	131,428	144,529

The Company has adequate cash reserves for its current level of activities.

Bayrock Resources Limited and controlled entities
Notes to Consolidated Financial Statements
30 June 2024

Note 27. Financial Risk Management (Continued)

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a capital base sufficient to allow future exploration and development of the Group's current projects and evaluation of potential acquisitions. The Group has raised capital through the issue of equity and borrowings to fund its administration, exploration and evaluation activities and does not have any external borrowings at balance date. The Group may raise additional capital through the issue of new shares or debt finance to fund exploration, development and/or asset acquisition, should the Group require additional capital to carry out those activities. There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments that are not traded in an active market (for example, investments in unlisted subsidiaries) is determined using valuation techniques.

The Group holds the following financial instruments:

	2024	2023
	\$	\$
Financial assets		
Cash and cash equivalents	51,118	496,996
Trade and other receivables	6,212	3,511
Prepayments	15,568	15,577
	<hr/>	<hr/>
	72,898	516,084
Financial liabilities		
<i>Current liabilities</i>		
Trade and other payables	377,315	820,867
Borrowings	-	916,115
<i>Non-current liabilities</i>		
Trade and other payables	-	275,957
	<hr/>	<hr/>
	377,315	2,012,939

Note 28. Events subsequent to reporting date

On 28th January 2025, the Company elected to relinquish its Northern Nickel Line projects due to its limited ability to raise the necessary capital to renew the projects amid depressed commodity prices. In conjunction with the relinquishment of the Northern Nickel Line projects, the Company also dissolved its wholly owned subsidiary, NENAB, in Sweden in November 2025.

On 17 September 2024, Gavin Taylor-Bullen resigned for personal reasons to pursue other business initiatives.

On 23 September 2024, Ian Spence was appointed Acting Managing Director.

In April 2025, the Company acquired a 100% working interest in two exploration tenements located in Norway from Caltron Advisory Pty Ltd for consideration of \$150,000, satisfied through the issue of 5,000,000 fully paid ordinary shares at a deemed issue price of \$0.03 per share, together with 5,000,000 options exercisable at \$0.03 per share with a term of three years from the date of issue. The Meraker and Sagvoll tenements are highly prospective copper exploration assets, offering the Company an attractive entry point with modest acquisition and capital expenditure requirements, while providing clear, scalable work programs capable of advancing the projects efficiently.

On 3 July 2025, the Company raised \$170,000 by way of a private placement through the issue of 5,666,666 ordinary shares at an issue price of \$0.03 per share, together with one free attaching option for each share issued, exercisable at \$0.03 per share and with a term of three years from the date of issue.

Bayrock Resources Limited and controlled entities
Notes to Consolidated Financial Statements
30 June 2024

Note 28. Events subsequent to reporting date (continued)

At the date of release of this report, the Company had raised \$513,144 by way of an unsecured convertible note (the “Note”) with a face value of \$1. The Note bears no interest and matures 12 months from the subscription date, unless earlier converted in accordance with its terms.

The Note was structured to mandatorily convert upon the occurrence of either (i) an initial public offering (“IPO”), including a listing by way of a reverse takeover (“RTO”), or (ii) a third-party sale event (each, a “Conversion Event”). Upon the occurrence of a Conversion Event, the outstanding principal amount of the Note automatically converts into ordinary shares of the Company at a conversion price equal to a 25% discount to the IPO, RTO, or third-party sale price.

If a Conversion Event does not occur before the maturity date, the outstanding principal amount of the Note will convert into ordinary shares of the Company at \$0.03 per share.

Upon the Company’s listing on a public stock exchange, the Note investors are entitled to receive one (1) free attaching option for each Note issued. Each option is exercisable at a 25% discount to the market price at the time of exercise and expires 24 months from the date of issue.

Contemporaneously with the Note, on 10 November 2025 the Company entered into a non-binding Letter of Intent (“LOI”) with ECC Ventures 5 Corp. (TSX-V: ECC.P) (“ECC5”), a publicly listed capital pool company incorporated in Canada. The proposed transaction, if completed, will result in Bayrock becoming a publicly listed entity on the TSX Venture Exchange (“TSX-V”) through a reverse takeover / qualifying transaction (the “Transaction”). The Bayrock Directors believe that a combination with ECC5 represents the most efficient pathway to achieving a public listing while maintaining Bayrock’s operational and management control.

There are no other matters or circumstances that have arisen since 30 June 2024 that 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.

**Bayrock Resources Limited and controlled entities
Consolidated Entity Disclosure Statement
30 June 2024**

Basis of preparation

This consolidated entity disclosure statement has been prepared in accordance with the s295(3A)(a) of the *Corporations Act 2001* and includes the required information for Bayrock Resources Limited and the entities it controls in accordance with AASB 10 Consolidated Financial Statements.

Tax residency

S295(3A)(vi) of the *Corporations Act 2001* defines tax residency as having the meaning in the *Income Tax Assessment Act 1997*. The determination of tax residency may involve judgement as there are different interpretations that could be adopted and which could give rise to different conclusions regarding residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency

Current legislation and judicial precedent has been applied, including having regard to the Tax Commissioner's public guidance.

Foreign tax residency

Where appropriate, independent tax advisers have been engaged to assist in the determination of tax residency to ensure applicable foreign tax legislation has been complied with.

Trust and partnerships

Australian tax law generally does not contain residency tests for trusts and partnerships and these entities are typically taxed on a flow-through basis. Additional discourses regarding the tax status of trusts and partnerships have been included where relevant.

Entity name	Entity type	Trustee, partner or participant in joint venture	Country of Incorporation	% of Share Capital	Australian or Foreign Tax Resident	Foreign Tax Jurisdiction(s) of Foreign Residents
Bayrock Resources Limited	Body Corporate	N/A	Australia	N/A	Australian	N/A
Metalore Pty Ltd	Body Corporate	N/A	Australia	100%	Australian	N/A
Swedish Nickel Pty Ltd	Body Corporate	N/A	Australia	100%	Australian	N/A
Nickel Exploration Norrland AB	Body Corporate	N/A	Sweden	100%	Foreign	Sweden

Bayrock Resources Limited and controlled entities
Directors' declaration
30 June 2024

Directors' Declaration

In accordance with a resolution of the directors of Bayrock Resources Limited and controlled entities, the directors of the Company declare that:

1. The financial statements and notes, as set out on pages 9 to 31, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - b. give a true and fair view of the financial position as at 30 June 2024 and of the performance for the year ended on that date of the Company and Consolidated Group.
 - c. the attached Consolidated Entity Disclosure Statement required by s295 (3A) of the *Corporation Act 2001* is true and correct.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Directors



Robert Thomson
Director

25 February 2026
Sydney NSW Australia



**INDEPENDENT AUDITOR'S REPORT TO THE OWNERS OF
BAYROCK RESOURCES LIMITED AND CONTROLLED ENTITIES
ABN 93 649 314 894**

Report on the Financial Report

Opinion

We have audited the financial report of Bayrock Resources Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information and the director's declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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.

Emphasis of Matter related to going concern

We draw attention to Note 1 in relation to Going Concern in the financial report, which indicates that the Group incurred losses of \$1,511,865 for the year ended 30 June 2024 (2023: \$454,581) and recorded net operating cash outflows of \$278,654 (2023: \$91,232). As at 30 June 2024, the Group had net current liabilities of \$304,417 (2023: net current liabilities of \$1,220,898).

As disclosed in Note 1, the Group's ability to continue as a going concern is dependent upon its ability to raise additional capital or realise value from its mineral exploration assets. These conditions, along with other matters set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, 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.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/media/apzlw0y/ar3_2024.pdf. This description forms part of our auditor's report.

MNSA PTY LTD

MNSA Pty Ltd

Mark Schiliro

Director

Sydney

25th February 2026