ANNUAL REPORT 2023

EcoGraf™

ABN 15 117 330 757

EcoGraf is building a vertically integrated battery anode materials business to produce high purity graphite products for the lithium-ion battery and advanced manufacturing markets.

EXTRACT

Natural Graphite

High quality, long life Epanko and Merelani-Arusha Graphite Projects

UPGRADE

Battery Anode Material

High performance, low CO_2 battery anode material

RECYCLE

Anode Recycling

EcoGraf™ purification technology with sector leading ESG credentials

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EXTRACT UPGRADE RECYCLE

Chairman's Letter

Robert Pett
Independent Non-Executive Director and Chairman

> **We have made substantial investment and spent many years in developing our graphite assets and processing technology to fully exploit these opportunities and become a significant player in graphite supply, downstream processing and recycling.**

The future is electric for EcoGraf.

If we are to defeat or moderate climate change, the world needs to rapidly transition to clean renewable energy combined with green and sustainable manufacturing supply chains, to materially reduce the worlds carbon footprint. A major support pillar for this transition is battery storage and electric mobility.

Stimulated by future-looking policy changes and legislation in developed economies, an unprecedented growth in battery technology and manufacturing is taking place. For example, in the USA following the Inflation Reduction Act (IRA), $270 billion in planned clean energy projects have been announced with 30 battery factories either planned, under construction or operational.

Every battery has an anode and anodes are made from graphite.

Indeed, graphite represents about 50% of total minerals in a lithium-ion battery. Not just any graphite, but a shaped and highly purified graphite product with very strict chemical and physical specifications, enabling the anode to perform in the intense operating conditions of a battery in an Electric Vehicle.

The enormous growth in demand for battery anode graphite can be seen in the recent forecast by PwC. With demand growing from 200,000tpa in 2021 to 5,000,000tpa in 2035, supply shortages are looming.

These same policy and legislative changes are providing further imperatives for EV manufacturers in Europe and North America who are already selling a clean green future, to know their supply chains in fine detail and to ensure that they comply with legislation. All inputs must be ethically and sustainably produced and sourced from secure locations. For the battery graphite market this also means a diversification away from China, which until now, has dominated battery graphite supply.

In addition, similar policies are now being focused on recycling, aimed at closed-loop manufacturing systems within the battery supply chain.

This is a future full of opportunities for your Company.

EcoGraf does not come late to this party. We have made substantial investment and spent many years in developing our graphite assets and processing technology to fully exploit these opportunities and become a significant player in graphite supply, downstream processing and recycling.

This is encapsulated in the objectives of a clear integrated Business Plan

- To produce high quality natural flake graphite from our superior deposits in Tanzania, to supply traditional industrial markets and the growing demand for battery anode material, with ability to expand as demand increases.
- To establish graphite mechanical shaping capacity in Tanzania to access cheap, renewable hydroelectric power and favourable logistics to produce and export unpurified spherical graphite with a low carbon footprint along with graphite by-products, such as our greenRECARB for cleaner steel production.
- To utilise our patented, green purification processing technology, developed over many years, in purification plants located close to our customers in battery manufacturing hubs in North America, Europe and Asia.
- To utilise the same purification process for battery graphite recycling.

This integrated Business Plan is currently being executed.

In the USA following the Inflation Reduction Act (IRA), $270 billion in planned clean energy projects have been announced

INTERNATIONAL PATENT PENDING

The recent granting of patent protection in the USA for our green purification technology provides further impetus to this strategy

This business plan has received strong endorsement from major EV and battery manufacturers who are now fully focused on securing sustainable and reliable supply chains.

The Epanko Graphite Project, after some years of delay, is now ready for development with significantly improved economics, production profile and expansion capacity. Starting at 73,000tpa, this project has been subjected to rigorous bank due diligence and has pre-eminent ESG credentials, as well as the capacity to expand along with demand growth to 300,000tpa. The economic value of this project to your Company and the local Tanzanian economy, over more than a 40-year life, is profound.

With a radical shift in the investment environment in Tanzania, and multi-billion-dollar resource and infrastructure investment in the pipeline, together with the signing of a very positive framework and partnership agreement with the Tanzanian government, the pathway to development is clear.

The President of Tanzania has made it clear that her country is now “open for business”. The economics of our project show that graphite in Tanzania is indeed very good business. This is reflected in the very positive discussions now taking place on project financing, partnerships and offtake.

Mechanical Shaping in Tanzania is the second plank in our integrated business plan. To produce battery anode material (BAM), graphite is subjected to two stages of downstream processing. Firstly, mined graphite is put through a physical process of micronising and mechanical shaping to give the graphite the correct physical specifications and spherical shape which is necessary for later coating onto anodes. This is an energy intensive stage. The shaped material then goes through a second process of chemical purification to produce the highly purified graphite needed for battery anodes. EcoGraf has developed its own patented and eco-friendly process technology for this stage.

With the development of the Epanko Project imminent, EcoGraf is now in a position to locate the mechanical shaping in Tanzania with very significant advantages. A recent independent study shows, by accessing cheap, renewable Tanzanian hydro-electric power, not only results in operating cost savings of up to 50% for this energy intensive stage, but also significantly reduces the carbon footprint. Also, because in this stage there is only a 60% recovery of shaped material with the 40% reporting as fines, there are significant efficiency benefits and freight cost savings.

Purification can then be performed in smaller plants located near our customers in EV and battery manufacturing hubs around the world. This is exactly what our customers are looking for to secure their supply chains and in some cases are essential to secure subsidies. In the USA for example, there is a strong incentive for local processing. The recent granting of patent protection in the USA for our green purification technology provides further impetus to this strategy. EcoGraf is currently scoping potential locations for this stage and is building a demonstration plant with Australian government financial support to optimise and de-risk the process accordingly.

Recycling of battery minerals is gaining momentum. There are many players engaged in recycling of cathode minerals, the nickel, cobalt, lithium and manganese, but it is a clear field in the recycling of anode material. A significant amount of research and development has been conducted by EcoGraf to demonstrate that its patented purification process can be applied to recycle graphite from end-of-life batteries. Supported by legislative changes and sustainability programs in the EU and USA, the last leg in our business plan is for your Company to become a prominent player in closed-loop recycling of anode graphite.

This business plan has received strong endorsement from major EV and battery manufacturers who are now fully focused on securing sustainable and reliable supply chains. A recent co-operation agreement signed with POSCO International, supporting our graphite strategy and providing for battery anode material offtake, is a good example of this and is echoed in strong interest in offtake, partnerships and financing across the entire range of our graphite business.

EV and battery manufacturers looking to the future are focused on securing clean, sustainable supplies of ethically produced graphite with a low carbon footprint. We can deliver all that. But this is not enough. We live in a competitive world and our graphite output at all stages must be competitive. This means that we must capture all the efficiencies and cost savings we can across all stages of mining and processing.

We are truly fortunate to have one of the highest quality graphite deposits in the world as our primary supply. This quality is not only a function of superior mineralogy, facilitating ease of extraction and product quality, but also a function of a whole matrix of favourable economic parameters available to us, including mineability, low processing costs, low power costs and proximity to infrastructure.

Quality is fundamental to competitive graphite supply, which it has in common with all industrial minerals. It not only guarantees high quality end products, but also minimises production and processing costs all the way from the mine face to the final product.

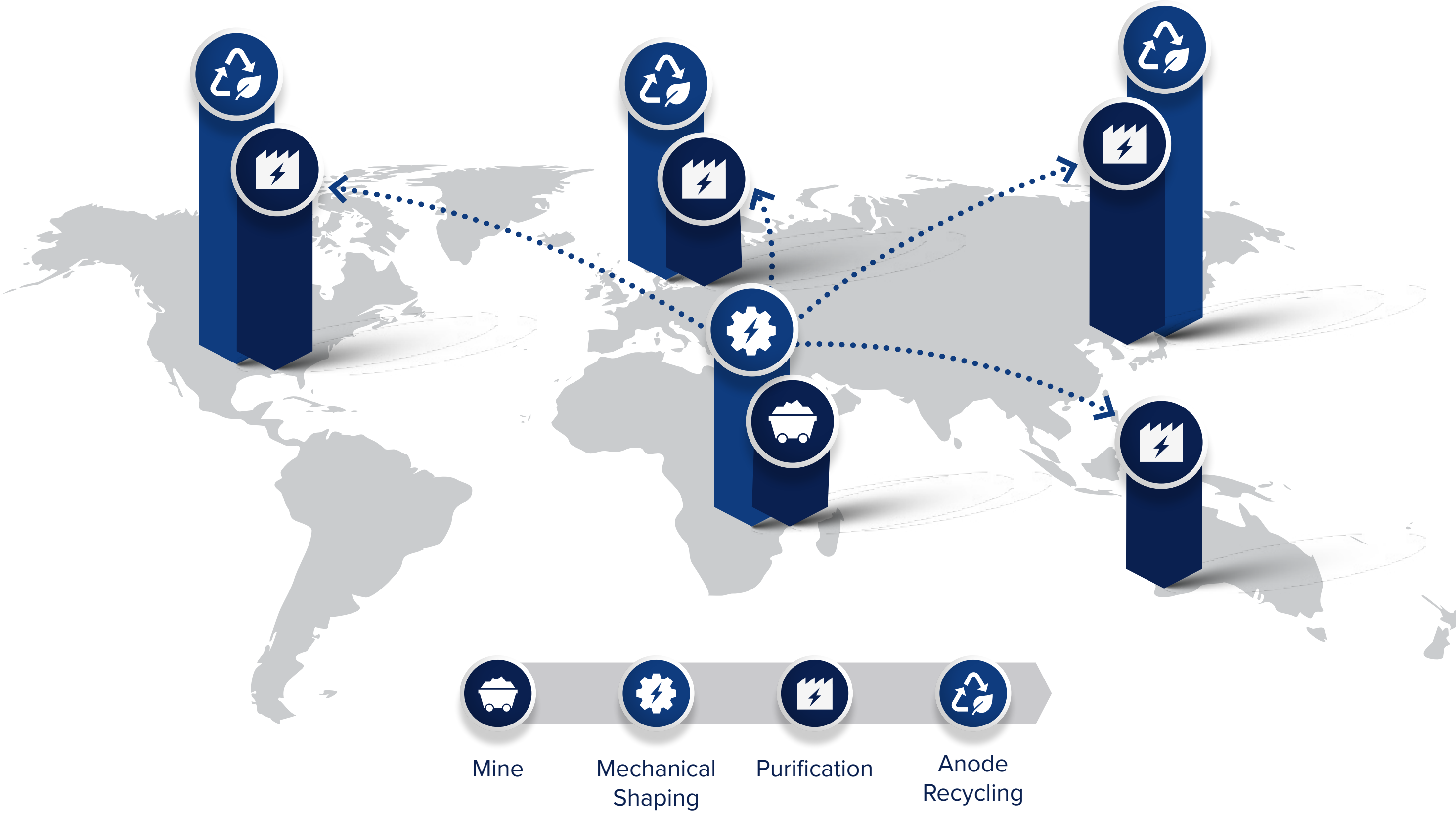
Our team is fully focused in maximising these advantages, streamlining our whole mining and processing chain so that our final products, including the much in demand battery anode material, is produced with the highest quality at the lowest cost and lowest carbon footprint.

In this coming year all the substantial investment already made in our assets and technology will come into play as our integrated business plan continues to be executed.

We have a talented team and a sound strategy. Our future is indeed electric!

Thanks to all for your support and your patience.

Review of Operations



Overview

EcoGraf is building a vertically integrated battery anode materials business to produce high purity graphite products for the lithium-ion battery and advanced manufacturing markets. Over US$30 million has been invested to date to create a highly attractive graphite mining and mineral processing business.

In Tanzania, the Company is developing the TanzGraphite natural flake graphite business, commencing with the Epanko Graphite Project, to provide a long-term, scalable supply of feedstock for EcoGraf™ battery anode material processing facilities, together with high quality large flake graphite products for specialised industrial applications.

Using its environmentally superior EcoGraf HFfree™ purification technology, the Company will upgrade the flake graphite to produce 99.95%C high performance battery anode material to supply electric vehicle, battery and anode manufacturers in Asia, Europe and North America as the world transitions to clean, renewable energy.

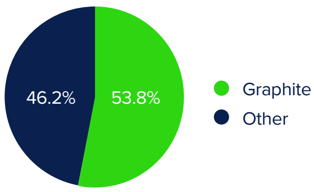
Battery recycling is critical to improving supply chain sustainability and the Company's successful application of the EcoGraf™ purification process to recycle battery anode material provides it with a unique ability to support customers to reduce CO_2 emissions and lower battery costs.

High growth lithium-ion battery market to drive demand

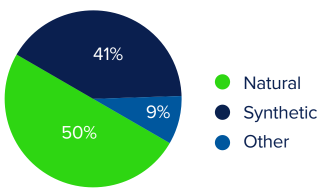
Demand for LiB forecast to grow +30% CAGR over next 10 years

Global graphite demand

World Bank reports graphite is the key raw material to decarbonise the economy - 53.8%

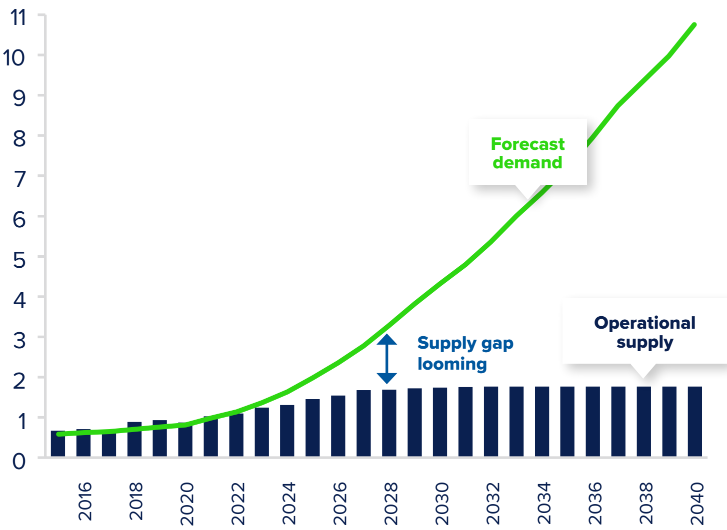


Natural graphite to increase from 35% to over 50% in anode by 2030



Million Tonnes

Natural flake graphite supply vs demand - significant supply shortages emerging as EV demand ramps up



Sources: World Bank Report, Minerals for Climate Change (https://www.worldbank.org), Benchmark Mineral Intelligence (www.https://www.benchmarkminerals.com/forecasts/natural-graphite)

Review of Operations

POSCO Cooperation Agreement

In May, EcoGraf entered into a non-binding Cooperation Agreement with POSCO International (POSCO), a multinational industrial company headquartered in South Korea.

The Cooperation Agreement follows a successful technical program between EcoGraf and POSCO to assess EcoGraf's graphite product performance and the on-going discussions between the parties about areas of collaboration to support the development of EcoGraf's vertically integrated battery anode materials (BAM) business.

POSCO wishes to secure reliable BAM for its end consumer, POSCO FUTURE M, a global manufacturer of natural graphite anodes for lithium-ion batteries in electric vehicles. The Cooperation Agreement recognises the demand for EcoGraf's BAM with discussions in progress with POSCO and other battery market participants regarding long-term offtake and investment arrangements.

The signing of the agreement with POSCO is a significant endorsement of the Company's progress and another positive step towards the successful development of Epanko, where EcoGraf recently completed a pre-development program that delivered a 22% increase in planned initial production to 73,000tpa and an attractive ungeared, pre-tax NPV_{10} of US$348m (A$511m).

There is growing recognition within the battery market of a looming natural graphite shortfall and in response, our team is evaluating options for a multi-stage expansion of Epanko, targeting 300,000tpa of production.

EcoGraf and POSCO have agreed to enter into definitive arrangements for the sale and purchase of EcoGraf's battery anode material products for an initial term of 10 years from the commencement of production. EcoGraf will support POSCO battery anode material requirements by supplying the following indicative volumes of product each year.

Terms to supply Battery Anode Material:

Year 1	Years 2-5	Years 6-10
7,500 – 12,500 tonnes per year	12,500 – 20,000 tonnes per year	20,000 – 40,000 tonnes per year

The parties have also agreed to collaborate in relation to the following key areas:

1. Establishing a global battery anode materials supply chain hub in Tanzania

- Development and expansion of the Epanko Graphite Mine.
- Development of the Merelani-Arusha Graphite Project.
- Development of battery anode material micronising and spheronizing facilities to supply unpurified spherical graphite for purification.
- Development of by-product fines, including EcoGraf's GreenRECARB, an induction and electric arc furnace recarburizer produced from the micronizing and spheronizing process.
- Engaging POSCO engineering, construction, financing and investment capabilities.

2. Leveraging EcoGraf's proprietary graphite purification technology

- Locating EcoGraf™ battery anode material processing facilities near planned POSCO FUTURE M anode production developments to ensure logistical and operational efficiencies.
- Technical collaboration on customized purification technologies to de-risk the short-term supply chain risk in South Korea, Europe and North America.
- EcoGraf HFFree™ anode recycling capability.

EXTRACT

Duma TanzGraphite Natural Graphite Projects

The Epanko Graphite Project (Epanko or the Project) is a long life, highly profitable graphite project located approximately 370km from the city of Dar es Salaam in Tanzania. It is forecast to initially produce 73,000 tonnes of natural flake graphite products each year.

Rigorous evaluation conducted with prospective customers demonstrates that the unique geology of Tanzanian graphite delivers a superior battery anode material product that outperforms other global reference materials in mechanical shaping, purification and electrochemical benchmarking analysis.

Project development highlights:

- Completion of a pre-development program undertaken to build on the extensive Bankable Feasibility Study, completed in 2017 and which was subjected to rigorous due diligence by bank appointed Independent Engineers, SRK Consulting (UK) Limited (SRK Consulting). The results of the pre-development program position the Project as a world class new graphite development.
- Signing of the Framework Agreement with the Government of Tanzania for the development and operation of the Epanko Graphite Project.
- Completion of various value engineering programs to enhance and de-risk the development of Epanko.
- Execution of a non-binding Memorandum of Understanding with Tanzania Electric Supply Company (TANESCO) for the development of transmission infrastructure for the supply of grid power to Epanko.
- Selection of short-listed EPCM contractors for the Front End Engineering Design (FEED) phase. The FEED phase will progress engineering and design to support procurement activities on major equipment and construction packages in advance of the final investment decision.
- Drilling and evaluation to support detailed engineering design activities and expansion studies to achieve Epanko production of 300,000tpa.
- Update of environmental and social planning for the latest Equator Principles 4 global standards.

Multi-stage expansion target
300,000tpa

Forecast mine life
>40 years

Stage 1
Direct employment
300

Stage 1
indirect employment
4,500

Review of Operations

Twende Pamoja Haraka Moja Kwa Moja (let's accelerate straight ahead together!)

Stated by EcoGraf Managing Director Andrew Spinks during his Framework Agreement Ceremony speech and repeated in acknowledgment from President Dr Samia Suluhu Hassan

Epanko Framework Agreement

In April 2023 the Company signed a Framework Agreement with the Government of Tanzania for the development and operation of the Epanko Graphite Project

Signing of the Framework Agreement took place in the presence of Tanzanian President, Her Excellency Samia Suluhu Hassan, marking a major milestone in the Company's plans to develop a new world class natural graphite operation in Tanzania.

Summary of the Key Terms of the Framework Agreement:

- New joint venture entity Duma TanzGraphite has been incorporated to develop and operate Epanko, with an 84% interest held by EcoGraf and a 16% free-carried interest held by the Government.
- Existing Epanko licences, project approvals, environmental approvals, resettlement action plan and financial balances are to be transferred from the Company's wholly owned subsidiary TanzGraphite (TZ) Limited to Duma TanzGraphite. Those transfers will not be subject to any tax.
- A new Epanko life-of-mine Special Mining Licence will be issued to Duma TanzGraphite, a key requirement for project financiers.
- Government and EcoGraf will cooperate to secure financing for the development of Epanko.
- Government will facilitate consents and approvals for the development and operation of Epanko.
- Initial Board of Duma TanzGraphite consists of three EcoGraf appointees and two Government appointees. EcoGraf to appoint the Chairman and Chief Executive Officer.
- Duma TanzGraphite is not required to list on the Dar es Salaam Stock Exchange.

Ceremony at the State House of The United Republic of Tanzania, Dodoma and signing of the Duma TanzGraphite Framework Agreement

President Samia Suluhu accepted EcoGraf's invitation to be the guest of honour in her speech at the Framework Agreement ceremony

International Women's Day Invitation accepted by the Tanzania President

President Dr Samia Suluhu Hassan acknowledging EcoGraf and accepting the 'Guest of Honour' invitation to the 2024 TanzGraphite International Women's Day Event (PreIWD) in Dar Es Salaam.

Epanko Project Development

Excellent results from a pre-development program to build on the extensive Bankable Feasibility Study (BFS), completed in 2017 and which was subjected to rigorous due diligence by bank appointed Independent Engineers, SRK Consulting (UK) Limited (SRK Consulting).

In completing its 2017 Independent Engineer's Report, SRK noted that:

- all technical areas of the proposed Epanko development have been significantly advanced to conform with the requirements of international project financing standards; and
- the Environmental and Social Management Planning and supporting impact assessments conform to relevant Tanzanian legislation, International Finance Corporation (IFC) Performance Standards and World Bank Group Environmental, Health and Safety Guidelines.

The results of the pre-development program position the Project as a world class new graphite development, commencing with Stage 1 followed by proposed expansion to accommodate the rapid growth in demand forecast for battery graphite as part of the global transition to clean energy.

The pre-development program builds on the extensive BFS undertaken to prepare Epanko for construction.

Stage 1 KPIs

Input	Unit	2017	2023
Graphite Production	(Kt)	60,000	73,000
Operating Cost (C1-FOB)*	(US$/t sold)	509	508
Pre-Production Capital	(US$m)	88.9	134
NPV_{10}	(US$m)	211	348
IRR	%	38.9	36

* Includes corporate function costs

Significant international investment pipeline in Tanzania

Multi-billion dollar Government infrastructure program underway to expand Tanzania's energy, road, rail and port capacities.

EXTRACT UPGRADE RECYCLE

Review of Operations

Stage 1 Value Engineering Outcomes

As part of the pre-development program, EcoGraf completed various metallurgical evaluation studies to optimise the mine schedule and process flowsheet.

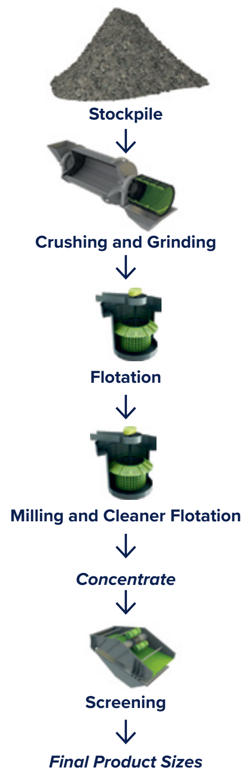
This program identified a number of value adding opportunities for the Stage 1 development, including:

Oxide first strategy

Oxide ore requires minimal drill and blasting, minimal crushing/primary milling and uses less reagents compared to fresh ore. Prioritising the oxide ore also defers the sulphide circuit and dedicated lined tailings cell that is proposed for processing of the fresh ore.

Single cleaner flotation stage

The 2017 BFS included an intermediate wet screen followed by two separate cleaner flotation circuits. Test work completed by the Company has confirmed that a single stream cleaner flotation circuit delivers similar performance to the dual stream circuit but eliminates the need for intermediate wet screening and provides economies of scale with a larger single circuit when compared to a dual circuit.



Flowsheet simplification to single cleaner flotation stage

'Oxide First' strategy aims to deliver a 22% increase in Stage 1 production capacity to 73,000tpa for minimal incremental capital cost whilst metallurgical test work supports simpler, single line flotation circuit, reducing capital cost and de-risking the flowsheet.

Products

Natural Flake Graphite – Jumbo +50 Mesh (+300µm) – 97.5% Grade*

Natural Flake Graphite – Large +80 Mesh (-180µm) – 96.5% Grade*

Natural Flake Graphite – Medium +100 Mesh (+150µm) – 96.0% Grade*

Natural Flake Graphite – Fine -100 Mesh (-150µm) – 95.5% Grade*

*Typical

Epanko mine site, Mahenge Tanzania

Grid Power

EcoGraf has entered into a non-binding Memorandum of Understanding with Tanzania Electric Supply Company (TANESCO) for the development of transmission infrastructure for the supply of grid power to Epanko.

Under the terms of the agreement, the parties will establish a Joint Technical Committee to coordinate and manage the design and construction of a 33kV transmission line from the nearby town of Mahenge to the Project. The line will be sized to meet future demand growth associated with the future expansion of Epanko.

The collaboration with TANESCO provides for Epanko to benefit from the supply of cost competitive, clean energy, with hydroelectric power comprising approximately 45% of Tanzania's energy supply and forecast to increase in the future as part of broader Government investment in hydro, solar, wind and biomass renewable energy generation. Independent Life Cycle Assessment (LCA) studies conducted for EcoGraf confirm electricity accounts for 45-55% of CO_2 emissions associated with its battery anode material products and Tanzanian grid power will deliver a significant competitive advantage as electric vehicle OEMs seek more sustainable supply chains.

FEED and Project Construction EPCM Arrangements

Following completion of the pre-development value engineering program a rigorous process is underway to select the EPCM contractor for the Front End Engineering Design (FEED) phase. The FEED phase will progress engineering design and support procurement activities on major equipment and construction packages in advance of the Final Investment Decision. Pleasingly we have seen strong interest from multiple EPCM contractors who have put forward detailed submissions in support of their tenders which is a testament to the quality of the Project.

A short-list of preferred contractors have been selected and the FEED phase will be awarded following negotiation of commercial terms and conditions for the FEED and Project execution phases. Following a Final Investment Decision by EcoGraf the EPCM contractor will complete detailed design, manage and expedite major equipment supply contracts, provide construction management services and support the successful commissioning of the Project.

Expanded Special Mining Lease, Drilling and Evaluation Program

As provided for in the Epanko Framework Agreement, the Epanko Special Mining Licence (SML) application has been submitted to the Tanzania Mining Commission and is progressing well, with active dialogue between the Company and the Government to ensure that it is approved in a timely manner. The SML application covers an expanded area of 18.9km^2 compared to 9.6km^2 for the existing Mining Licence. This expanded area covers a continuous 5.6km strike length of the Epanko Graphite VTEM anomaly. This will ensure the SML will be sufficient to allow mine planning for a multi-decade operation at a potentially significantly expanded capacity. The SML application has requested a 50-year life for the licence and is supported by the expanded mineralisation footprint and planned future increased in production capacity.

A drilling and evaluation program to support detailed engineering design and expansion studies is currently being undertaken. In particular, the extensive mineralisation to the south of the current western pit design will be evaluated with an RC program, targeting a significant increase in the resource base to support future expansion.

An order of magnitude study has been awarded to GR Engineering to evaluate the expansion of Epanko to approximately 300,000tpa, including an assessment of future expansion plant location options, economies of scale and infrastructure requirements.

Review of Operations

Development Funding

Financial modelling has been completed to update the proposed financing arrangements and prospective financier information, based on the pre-development program outcomes and is supported by graphite market studies prepared by independent consultants.

Due to the significant European offtake for Epanko, the Project has been granted eligibility for the German Government Untied Loan Guarantee (UFK) scheme, which provides long-term funding to facilitate the importation of critical raw materials into Germany. EcoGraf is advancing the UFK program, with the proposed Epanko loan arrangements remaining subject to satisfaction of lender credit criteria and approval processes.

In conjunction with the UFK discussions, the Company is also evaluating various government Export Credit Agency debt funding programs which are based on the country-of-origin for key Epanko equipment and services contracts and can provide a part of the total Project funding package.

Discussions with potential financiers on both debt and equity funding arrangements for Epanko are ongoing as part of the program to support the Company's Final Investment Decision.

Stakeholder engagement at Epanko traditional leader (Mbui Mlimba)

Positive Economic Impact

The Project has strong economics and will provide inter-generational economic and social benefits for the regional community near Mahenge in Tanzania and will support Tanzania's positive industrialisation progress.

Epanko is expected to operate for 40+ years and in that time is forecast to deliver direct economic benefits of over US$3 billion to Tanzania via employment, procurement, royalties, taxes and dividends. During Stage 1 over 95% of the 300 permanent staff will be Tanzanian, with an estimated 4,500 indirect jobs to be supported by the Epanko operation

Sector Leading ESG Credentials

Epanko's social and environmental planning programs were independently assessed in 2017 by KfW IPEX-Bank appointed SRK (UK) to comply with the Equator Principles, a globally recognised risk management framework adopted by leading financial institutions for assessing and managing social and environmental risks in new developments.

Achieving this standard and satisfying International Finance Corporation Performance Standards and World Bank Group Environmental, Health and Safety Guidelines is critical to securing international financing support for the new development and reflects EcoGraf's commitment to ensuring the highest level of Environmental, Social and Governance operating standards.

A refresh of the Resettlement Action Plan has commenced in preparation for mine development. An updated valuation report, as required by Tanzanian law, was prepared with the valuation report approved by the Chief Valuer of Tanzania. Updated field survey work commenced in June and has involved extensive engagement with the local community and key stakeholders including the District Commissioner and local Member of Parliament.

EcoGraf™ Battery Anode Material

The Company is developing a battery anode material business that will provide a new supply of high quality purified spherical graphite for the high growth lithium-ion battery sector, using its EcoGraf HFfree™ purification process developed in Australia and Germany.

Graphite dominates battery mineral demand by volume, with recent forecasts by PwC Strategy& in Germany that demand will rapidly grow from 200,000tpa in 2021 to almost 5 million tpa by 2035.

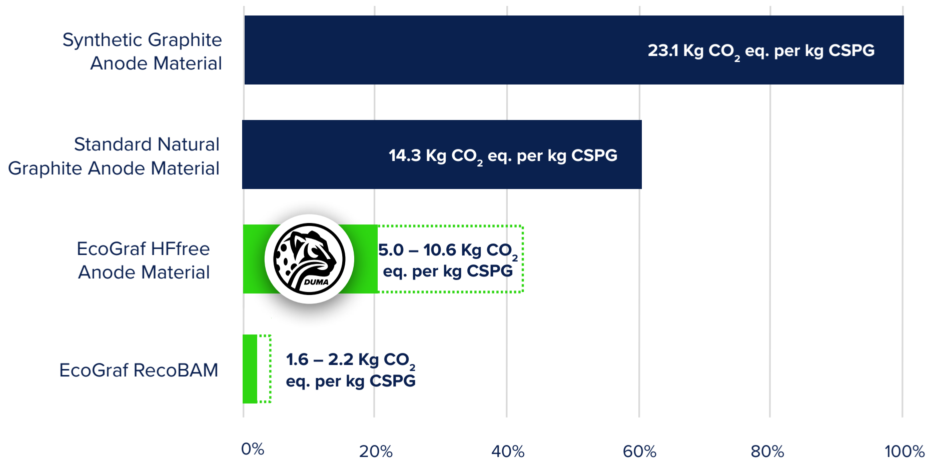
Supporting the positive outlook for the Company's graphite project developments are the recent announcements by the EU Commission and the US Government on policies and legislation to support new battery mineral supply chains. The biggest impact arises from release of US Department of Treasury Inflation Reduction Act guidance in March on new clean vehicle EV tax credit criteria that will shape future critical mineral supply chains into the US.

These new policies provide opportunities for EcoGraf to supply products for the high growth North American and European battery markets much sooner than previously expected, but require a greater focus on ensuring qualifying supply chains for these regions. As a result of these positive developments, anode and battery manufacturers are accelerating plans to establish additional capacity to comply with this legislation and in turn EcoGraf is adapting its development strategy to support their demand requirements.

This resulted in a change to the Company's plans for the initial 5,000tpa commercial demonstration BAM Facility in Western Australia, replacing it with a Product Qualification Facility which is expected to be commissioned early next year, while partnering discussions continue under the new legislation with prospective customers on development of a 20-25,000tpa commercial scale BAM Facility.

As part of optimising our graphite supply chain to support both industrial and battery markets, we believe there are benefits to undertaking mechanical shaping within an Export Processing Zone in Tanzania and our team is evaluating potential locations. Independent Life Cycle Assessment studies confirm there is a ~20% reduction in CO_2 emissions during the shaping process by using Tanzania's cost-competitive hydro-energy and the country's location provides an efficient logistics export-hub for global graphite markets.

Lowest carbon footprint



EcoGraf HFfree™ Global Warming Potential vs Existing Synthetic Supply (%)

Review of Operations

Global expansion driven by EV demand and legislation to encourage new and more sustainable supply chains

Recent activities:

- Optimisation of the process flowsheet, equipment testing and waste stream management.
- Grant of US patent.
- Award of grant funding of $2.9m under the Federal Government Critical Minerals Development Program towards a battery anode material Product Qualification Facility.
- Signing of a Cooperation Agreement with POSCO.

Product Qualification Facility

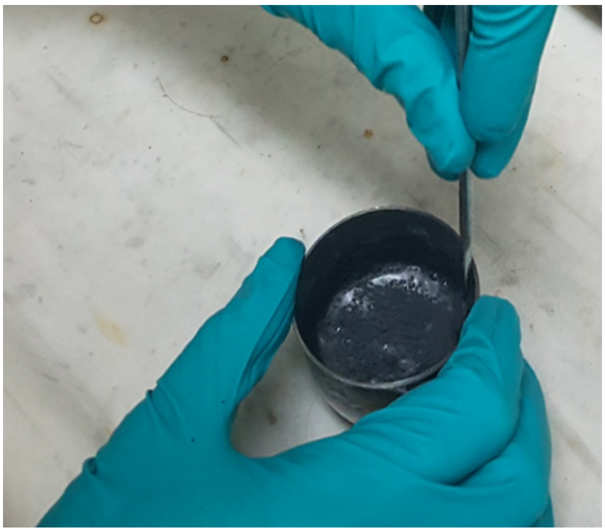
EcoGraf has been awarded grant funding of $2.9m under the Federal Government $48.9m Critical Minerals Development Program. The funds will be applied towards the Company's planned battery anode material Product Qualification Facility, which will support product testing activities and offtake discussions with prospective anode, battery and electric vehicle customers in Europe, North America and Asia. Federal Minister for Resources and Northern Australia, the Hon. Madeleine King MP announced the award of the grant on 18 May 2023, stating that the successful projects would speed up development of Australia's critical minerals sector and assist Australia and export partners lower emissions and meet net-zero commitments by 2050.

Following award of the grant, EcoGraf has entered into a Commonwealth Standard Grant Agreement with the Department of Industry, Science and Resources, through which the Commonwealth Government provides grant funding for up to 50% of eligible project expenditures and EcoGraf has received the first payment under the funding arrangement.

Detailed planning and procurement activities are underway to support the establishment of the new Product Qualification Facility, which is expected to be commissioned early next year and is a key step to secure offtake arrangements for the development of the Company's planned commercial scale purification facilities in major global battery markets.

As a vertically integrated battery anode materials business, EcoGraf's planned commercial purification facilities will source high purity graphite feedstock from its long-life Epanko Graphite Project in Tanzania. Prospective customers have shown strong interest in the Company's plans to provide a new source of environmentally superior battery anode material and EcoGraf is delighted that the Commonwealth Government has chosen to support its product qualification facility initiative, which is backed by the Company's application for the Australian patent for its EcoGraf HFfree™ purification process. Protection of EcoGraf's investment in proprietary processing, innovation and new technology provides an important competitive advantage and the development of Australian technologies supported by patents strongly aligns with the core principles of the Australian Government's Critical Minerals Strategy.

The Company will continue its product development program to maximise the value of its products and support the global transition to clean energy, given graphite is the major raw material required.



Review of Operations

Intellectual Property

The Company has sought to protect its intellectual property assets through the use of patents and trademarks.

During the year EcoGraf received notice from the US Patent and Trademark Office (USPTO) that its patent application, filed on 1 November 2022, entitled "Method of Producing Purified Graphite" (US application number 17/626,425) had been examined and received a 'Notice of Allowance' in the USA, with the US patent subsequently granted on 18 July 2023.

The US patent provides protection for the Company's processing technology which has significant strategic value, as any products made (outside of the US) by a patented process (patented in the US), would be an infringement when imported into the US.

This is a very important step in the proposed commercialisation of EcoGraf HFfree™ technology, providing protection in the US of the patented methodology until about November 2042. The commercialisation of the technology will also comply with US Treasury IRA guidance on new clean vehicle credit criteria to strengthen critical mineral supply chains.

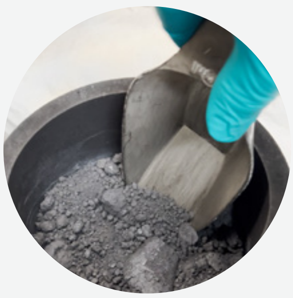
Patent submissions have also been made in other key planned battery manufacturing regions, including the EU, Korea, Malaysia, Vietnam, East Africa, South Africa and Australia.

The EcoGraf HFfree™ purification process was developed by the Company in Australia in 2017 and has since been refined through extensive testing and analysis conducted in Australia, Europe and Asia.

On 8 November 2021 the Company reported that the International Preliminary Examining Authority acting under the Patent Co-operation Treaty had deemed all 25 of the EcoGraf patent claims as novel and inventive. Based on this positive examination and finding, in December 2021 the Australian Government, through IP Australia, confirmed acceptance of the Company's patent application 2021261902 "Method of producing purified graphite" and published it in the Australian Journal of Patents as part of a 3-month exposure period during which oppositions can be raised to the proposed grant of a patent.

Oppositions were lodged with IP Australia by two parties, triggering a process of evidential review with IP Australia to hold a hearing on the matter later this year.

International Preliminary Examining Authority acting under the Patent Co-operation Treaty has deemed all 25 of the EcoGraf patent claims as novel and inventive.



Tanzanian Mechanical Shaping Study

EcoGraf has undertaken a Mechanical Shaping Study to evaluate the benefits of establishing an in-country micronising and spheronising facility, based on the use of Tanzania's clean, low cost, hydro power and logistical efficiencies for transport to major battery markets in North America and Europe.

RECYCLE

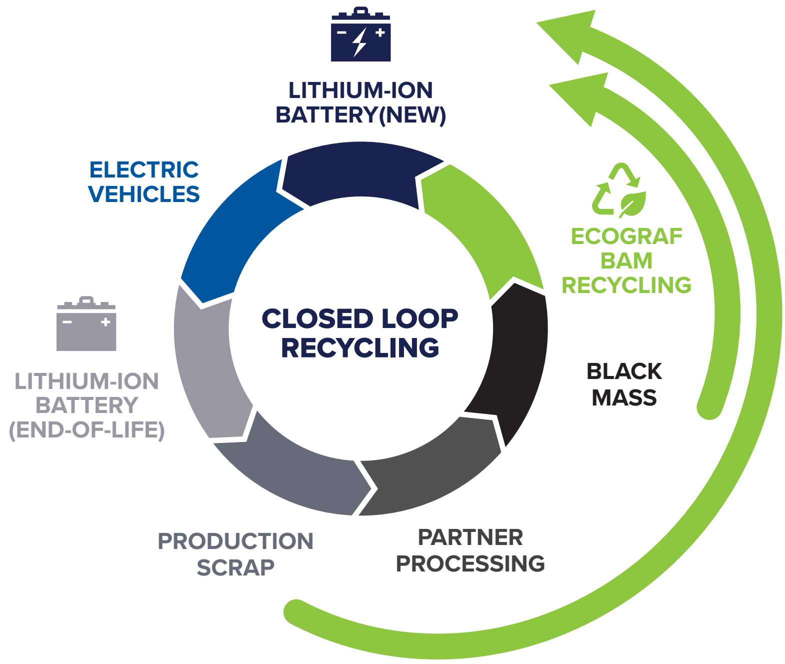
EcoGraf™ Anode Material Recycling

The Company's anode recycling programs are supported by legislative developments to promote closed-loop manufacturing systems within the battery supply chain.

EcoGraf is leveraging its proprietary EcoGraf HFfree™ purification process to recover and re-use anode materials, with an initial focus on production scrap from anode cell and battery manufacturing.

Key advances made during the year include:

- evaluation of feedstock supplies with battery manufacturers and electric vehicle OEM's to support their sustainability programs in the EU and US; and
- encouraging testwork to develop a universal process flowsheet for the treatment of recycled anode scrap utilising EcoGraf's HFfree™ purification process.



Anode scrap recycling: graphite product before purification containing Si and Cu impurities and graphite product after EcoGraf purification

Review of Operations

Christer Mhingo, Duma TanzGrapite Director communicating to the community during recent meetings

Epanko community engagement meeting

Environmental, Social and Governance

EcoGraf is committed to ensuring strong environmental, social and governance standards across all areas of its operations. Its diversified battery anode material business is founded on a vision to support the global transition to clean, renewable energy through innovation and sustainability.

The Company has implemented a comprehensive Corporate Governance Plan that provides a framework for the effective strategic direction and management of its business activities and includes the following:

Charters and Codes	Policies
• Board Charter • Code of Conduct • Audit and Risk Committee Charter • Nomination and Remuneration Committee Charter	• Performance Evaluation Policy • Continuous Disclosure Policy • Risk Management Policy • Trading Policy • Diversity Policy • Shareholder Protection Policy • Whistle-blower Protection Policy • Anti-Bribery and Anti-Corruption Policy

The charters, codes and policies have been developed under the guidance of the ASX Corporate Governance Council's 4th Edition of the Corporate Governance Principles and Recommendations, the Corporations Act 2001 and independent external advice.

Collectively, they reinforce and promote a culture of good corporate citizenship across the organisation in relation to strategic oversight, stakeholder relations, regulatory compliance, business conduct, personal behaviours and risk management.

A copy of the Corporate Governance Plan, the annual Corporate Governance Statement and the EcoGraf Constitution are available on the Company's website at: **www.ecograf.com.au**.

In terms of environmental performance, EcoGraf is a leader within its sector and environmental sustainability is critical to the successful development of its businesses and a key priority in its planning and development decisions.

The Company has led the way within the graphite market in developing a new, highly effective and more eco-friendly battery anode material purification process that can also be applied to recycle battery anodes.

Review of Operations

EcoGraf participates in various research and economic development forums to encourage the discovery of new clean energy technologies

Key environmental aspects of each of the Company's businesses include:

EcoGraf™ Natural Flake Graphite

- Completion of the Epanko bankable feasibility study in accordance with the Equator Principles (an internationally recognised risk management framework, adopted by financial institutions, for determining, assessing and managing environmental and social risk in projects);
- Independent review by SRK Consulting confirming that environment and social planning satisfies the International Finance Corporation Performance Standards and the World Bank Group Environmental, Health and Safety Guidelines;
- Environmental and social planning update for the latest Equator Principles 4 global development standards;
- Funding program with international financial institutions linked to stringent environmental and social performance; and
- Power sourced through Tanzania's sustainable hydro-facilities.

EcoGraf™ Battery Anode Material

- Development of EcoGraf HFfree™ processing technology to address the industry's use of hydrofluoric acid in the manufacture of battery anode material;
- Proposed new state-of-the-art facility engineered to achieve leading international operating standards;
- Use of Life Cycle Assessment analysis to support global CO_2 reduction initiatives; and
- Implementation of a zero-waste operating strategy, focussed on an active product development program to value-add all by-product material produced during the mechanical shaping and purification of graphite feedstock and to recycle purification process water and reagents.

EcoGraf™ Lithium-Ion Anode Recycling

- Successful application of the EcoGraf™ purification technique to recover carbon anode material from lithium-ion battery production waste and end-of-life batteries;
- Opportunity to support global battery recycling initiatives to reduce CO_2 emissions from the manufacture of electric vehicles and to lower battery life cycle costs; and
- Enabling electric vehicle and battery manufacturers to adopt closed-loop supply chains to maximise production efficiencies and meet stringent legislative requirements for recycling.

Social responsibility is also fundamental to the success of EcoGraf and a key priority in its corporate and project development activities. The Company maintains a strong commitment to stakeholder engagement and actively participates in community and regional development initiatives.

In Tanzania, development of the Epanko Graphite Project will deliver inter-generational economic and social benefits over an estimated 40+ years of operation. Nationally, it is forecast that Stage 1 will contribute over US$3 billion to the Tanzanian economy through employment, procurement, royalties, taxes and dividends, with over 95% of the permanent staff to be recruited locally. This will also provide the opportunity for other benefits through training and development, construction of new community facilities and support for local businesses and community organisations.

An extensive Resettlement Action Plan has been developed for the Epanko Graphite Project that includes a comprehensive community investment package consisting of new and improved housing, upgraded road infrastructure, new school, medical dispensary, church, related community infrastructure and assistance with the establishment of sustainable micro-enterprises among village family groups.

EcoGraf™ participates in various research and economic development forums in Australia and Europe to encourage the discovery of new clean energy technologies that can accelerate the achievement of global climate change goals and provide new areas of economic growth and future career opportunities.

Promoting sector leading environmental, social and corporate governance practices is a key focus for the Company as it continues to expand its operations and generate sustainable long-term shareholder value.

Drilling Team,
Tanzania2023

Directors' Report

Board of Directors and Executive Management

Robert Pett *Independent Non-Executive Director and Chairman*

Robert Pett is a minerals economist with over 30 years' experience working in exploration and mining. During this time, he has worked internationally in the resources sector at senior levels both in Australia and Africa. He has been involved with listed companies at all levels, from grass-roots exploration through to mine development, production and financing of more than ten mining projects globally including East and West Africa and the construction of the Golden Pride Gold Mine in Tanzania.

He was founding Chairman of Resolute Mining Limited (gold mines and exploration Africa and Australia), Sapphire Mines Limited (gemstone mining and exploration), Reliance Mining Limited (nickel mining Kambalda), Senex Energy Limited (petroleum production and exploration) and director of several other mining and exploration companies operating in Africa, Asia and Australia in gold, base metals, petroleum and uranium.

Robert has also had an active involvement in education and community activities including over 10 years' service to Murdoch University Western Australia as Senator and Chairman of their Resources (Finance) Committee.

Andrew Spinks *Managing Director*

Andrew Spinks is a geologist with over 25 years' professional experience in Australia, Asia and Africa on a range of commodities including speciality and industrial minerals.

Andrew has worked in a range of diverse roles across exploration through to successful project developments and has held a number of board positions on both ASX and TSX.V listed companies.

Andrew was co-founder of TanzGraphite Pty Ltd and has been Managing Director of EcoGraf since its acquisition.

John Conidi *Independent Non-Executive Director*

John Conidi is a Certified Practicing Accountant. He has over 20 years' experience developing, acquiring and managing businesses in the technology and healthcare sectors. In his role as Managing Director of Capitol Health Limited, he drove its sustained expansion, increasing its market capitalisation significantly.

John has extensive interests in the graphite sector. He is an experienced investor specialising in technology and resources and is the Chairman of 333D Limited.

Keith Jones *Independent Non-Executive Director*

Keith Jones is a Chartered Accountant with 40 years' experience in the financial markets and resource industry in Australia.

He has worked across all levels in the corporate arena and acted as expert and advisor for numerous resource companies in roles encompassing project analysis, valuation, transaction advisory and governance.

Keith is the former Chairman of Deloitte Australia, current Chairman of ASX listed Coda Minerals Limited and former Board member of Gindalbie Metals Limited and Ora Banda Mining Limited.

Dale Harris *Chief Operating Officer*

Mr Harris is an engineer with over 30 years' industry experience across the resources, mineral processing and engineering sectors, with a demonstrated track record in successful project delivery and operational performance.

During a career of almost 20 years with Rio Tinto, Mr Harris held progressively more senior roles in Australia and overseas in the areas of business planning and analysis, project development, construction and commissioning, mining and mineral processing operations, business development, asset management, integrated planning, automation and business improvement.

He was subsequently appointed Managing Director of Gindalbie Metals Limited and then Chief Executive Officer of its Karara Mining Joint Venture, successfully turning-around the ramp-up of its multi-billion-dollar mid-west magnetite mining and beneficiation development. More recently, Mr Harris was a Director of global engineering group Hatch, where he was responsible for leading the Perth office during a period of significant expansion and growth. During this time Dale and the Hatch team worked with clients across multiple sectors on the development, construction, optimisation and management of complex battery minerals, bulk commodity and base metal projects in Australia and overseas.

Howard Rae *Chief Financial Officer and Joint Company Secretary*

Howard Rae is a Chartered Accountant with over 20 years' experience in acquiring, developing, financing and operating a range of businesses in Australia, Canada, Asia, Africa and Europe.

His career includes Chief Financial Officer roles with a number of successful ASX listed companies active internationally in the precious and base metals, steel-making materials and industrial minerals sectors, together with directorships of several unlisted and not-for-profit organisations.

During this time, he's been responsible for new business development, joint ventures, structuring and negotiating corporate, project and infrastructure funding transactions, sales and marketing, risk management and implementing business improvement programs.

Karen Logan *Joint Company Secretary*

Karen Logan is a Chartered Secretary with extensive compliance, capital raising, merger and acquisition, IPO and backdoor listing experience in a diverse range of industries including resources, technology, media, health care and life science. She has assisted a substantial number of private start-ups and established businesses transition to being publicly-listed companies for over 15 years.

Directors' Report

Directors' Interests and Other Directorships

As at the date of this report, the interests (directly or indirectly held) of the directors in the shares and performance rights of the Company are:

Director	Term of office	Interest in ordinary shares[1]	Interest in performance rights over ordinary shares	Australian listed company directorships	Former directorships (last 3 years)
Independent Non-Executive Director & Chairman					
Robert Pett	Director since 9 November 2015 Chairman since 9 November 2015	3,454,615	1,750,000	None	None
Executive Director					
Andrew Spinks	Director since 20 July 2012 Managing Director since 22 April 2015	11,998,822	3,224,008	None	None
Independent Non-Executive Directors					
John Conidi	Director since 4 May 2015	3,019,402	1,750,000	333D Limited *(appointed 25 March 2015)*	None
Keith Jones	Director since 23 May 2023	85,000	Nil	Coda Minerals Limited *(appointed 26 April 2018)*	Ora Banda Mining Limited *(April 2019 - September 2022)*

1 Securities interest in EcoGraf – as notified by the directors to the Australian Securities Exchange ("ASX") in accordance with s.205G(1) of the Corporations Act 2001.

Directors' Meetings

The number of meetings of the Company's Board and of each Board committee held during the year ended 30 June 2023, and the number of meetings attended by each director were:

Director	Directors' meetings in person and by resolution		Audit & Risk Committee meetings in person and by resolution	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Robert Pett	6	6	4	4
Andrew Spinks	6	6	-	-
John Conidi	6	6	4	4
Keith Jones	1	1	1	1

Operating and Financial Review

The information reported in this operating and financial review should be read in conjunction with the review of operations on pages 6 to 23.

Principal Activities

EcoGraf is building a vertically integrated battery anode materials business to produce high purity graphite products for the lithium-ion battery and advanced manufacturing markets. Over US$30 million has been invested to date to create a highly attractive graphite mining and mineral processing business.

In Tanzania, the Company is developing the TanzGraphite natural flake graphite business, commencing with the Epanko Graphite Project, to provide a long-term, scalable supply of feedstock for EcoGraf™ battery anode material processing facilities, together with high quality large flake graphite products for specialised industrial applications.

Using its environmentally superior EcoGraf HFfree™ purification technology, the Company will upgrade the flake graphite to produce 99.95%C high performance battery anode material to supply electric vehicle, battery and anode manufacturers in Asia, Europe and North America as the world transitions to clean, renewable energy.

Battery recycling is critical to improving supply chain sustainability and the Company's successful application of the EcoGraf™ purification process to recycle battery anode material provides it with a unique ability to assist customers to reduce CO_2 emissions and lower battery costs. Natural graphite is forecast to remain the major raw material in the lithium-ion battery, supporting the Company's scale-up and expansion plans.

Operating Results and Financial Position

The loss after income tax incurred by the consolidated entity for the year ended 30 June 2023 was $7,299,000 (2022: loss $7,505,000). This loss is largely attributable to downstream processing activities, net of research and development tax credits and interest received.

The consolidated entity continued to undertake exploration and development activities at the Epanko Graphite Project, resulting in an increase in exploration and evaluation asset to $22,975,000 (2022: $18,403,000).

At 30 June 2023, net assets of the consolidated entity was $58,896,000 (2022: $63,418,000) and cash reserves of $38,606,000 (2022: $46,728,000 including term deposits at bank) with no debt.

Dividends

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report (2022: Nil).

Material Business Risk

The Company continually assesses and manages various business risks that could have a material impact on its operating and financial performance. The following table summarises key areas of material business risk to which the Company is exposed and the related mitigation strategies that it has adopted.

Risks	Mitigation strategies
Market risk	
The risk that changes in demand, pricing and technology could adversely impact the volume and pricing for the Company's natural flake, battery anode material and recycled battery anode products.	The Company rigorously evaluates each product market relevant to its planned project developments, including commissioning independent market reviews and long-term forecasts. This information is regularly updated and informs the Company's product development and placement strategies. Development plans are based on securing long-term offtake agreements with geographically diversified, tier 1 counterparties, underpinned by broader cooperation commercial and technical arrangements that build strong, long-term relationships to maximise volume and pricing outcomes. EcoGraf also engages in extensive research and development to refine its processing technologies and develop new products. This work is conducted with leading research organisations that have the expertise to assist the Company continually improve product performance and production technologies to sustain value-in-use relative to competing products.

Directors' Report

Risks	Mitigation strategies
Funding risk	
The risk of delay and loss of shareholder value due to insufficient debt and equity funding for the Company's business activities and development plans.	The Company has a demonstrated history of raising equity capital to fund its business activities and at 30 June 2023 had cash resources of $38.6 million. It has implemented a robust business planning and reporting framework to manage expenditures, which includes Board approval and oversight of the annual plan and budget, together with an Audit & Risk Committee to monitor internal control, reporting, external audit and risk management programs. As part of assessing the feasibility of its project developments, the Company prepares detailed financial models and determines its preferred mix of debt and equity funding to support a final investment decision based on forecast project cash flows. The process of securing debt capital is managed by EcoGraf personnel experienced in corporate and project financing, with support from external financial advisors and specialist consultants, who provide advice and transaction guidance to assist the Company evaluate and progress various funding options.
Environmental, social and governance risk	
The risk of financial and reputational loss, resulting from business interruption, delay, additional cost and stakeholder action due to adverse environmental, social and governance incidents.	The Company maintains a strong commitment to high standards of environmental, social and governance practice. In Tanzania it works closely with local communities and the Government to ensure responsible development and has received independent confirmation that its Epanko environmental and social planning meets the International Finance Corporation Performance Standards and the World Bank Group Environmental, Health and Safety Guidelines. EcoGraf is currently completing additional Epanko environmental and resettlement activities in compliance with Equator Principles 4 as part of its pre-development program. The Resettlement Action Plan includes new and improved housing, upgraded road infrastructure, a new school, medical dispensary and church, related community infrastructure and assistance with the establishment of sustainable micro-enterprises among village family groups. These programs are conducted with support from leading Tanzanian and international environmental and social planning consultants, together with independent review from consultants appointed by international financial institutions engaged for the purposes of obtaining project finance. Duma TanzGraphite Limited, in which the Government of Tanzania has a 16% shareholding, actively engages with the community surrounding Epanko to support health and social initiatives, whilst its employment, training and procurement programs prioritize Tanzanian residents and service providers. EcoGraf has established a comprehensive Corporate Governance Plan and annually releases a Corporate Governance Statement on its compliance with ASX Corporate Governance Principles. Matters of corporate governance, code of conduct and related policy implementation are a standing item at each Board meeting. The Company's Board and Board Committees are comprised of a majority of independent non-executive directors, who regularly review the effectiveness of the Company's governance systems to protect the interests of shareholders and other stakeholders as its business activities and external operating environment evolve over time.
Operating risk	
The risk of accident, error or failure in mining, processing, mechanical shaping and purification activities leading to potential health and safety incidents, reduced production levels and additional costs, impacting personnel welfare and financial performance.	EcoGraf undertakes comprehensive feasibility study and planning programs, using the expertise of recognised specialists in various technical disciplines, prior to making a decision to proceed with a project development.

Risks	Mitigation strategies
	At Epanko, following completion of the feasibility study, the Company has engaged consultants to assist with project execution and operational readiness planning. It has added internal expertise through the appointment of key project delivery personnel and is finalising arrangements for the appointment of an EPCM contractor to conduct front-end engineering and design works, followed by management of the project execution phase. The Epanko mining plan and process flowsheet have been determined following extensive testwork and are based on simple, well-established processes and commonly used equipment in the graphite mining sector. The selection of EPCM approach for project delivery enables the Company's owner's team to benefit from external expertise whilst retaining control of the construction program and developing the internal systems and capabilities to assist with commissioning and operation. Operational readiness planning is focused on the development of operating procedures, the selection of systems and the recruitment and training of skilled personnel necessary to safely and successfully execute the operational phase at Epanko. Downstream purification to produce battery anode material was initially commenced at benchtop scale with extensive research and development, prior to progressing to small pilot scale, with input from leading Australian Government research organisations and German graphite expertise. Scale-up risk is being mitigated through a Product Qualification Facility which is jointly funded via a grant awarded to EcoGraf under the Australian Federal Government's Critical Minerals Development Program. The new facility will enable testing at higher capacities to de-risk commercial phase planning and to support product qualification programs and offtake discussions with prospective anode, battery and electric vehicle manufacturers in Europe, North America and Asia.
Country risk	
The risk of changes in political, regulatory, economic and social conditions that could adversely impact the Company's operating activities.	EcoGraf is advancing towards development of new graphite mining operations in Tanzania and is also evaluating the development of downstream purification facilities for key global battery markets. Tanzania has a long history of political and social stability, which has supported the development of an active exploration and mining sector. However, in July 2017 a range of changes were made to its mining legislation that have caused the Company significant delay in commencing construction of Epanko due to regulatory uncertainty and restrictions that impacted on its international project financing arrangements. Following the appointment of current President Samia Suluhu Hassan in March 2021 Tanzania has revitalised its efforts to attract foreign investment in the mineral sector. The Company has entered into a Framework Agreement with the Government of Tanzania under which Epanko will be developed and operated through an incorporated joint venture, via Duma TanzGraphite Limited, which is owned 84% by EcoGraf and 16% by the Government. This aligns the interests of each party and provides greater certainty for project financiers. EcoGraf's downstream purification operations are planned to be located in stable jurisdictions that are actively expanding their critical mineral processing industries to support the lithium-ion battery market. The Company is in discussions with prospective partners who can co-develop these new facilities and provide additional operating and technical expertise in each new market region to manage development risk. EcoGraf has benefited from strong Australian Government support through Austrade, Export Finance Australia and other foreign Government embassies, trade and investment groups that are working to facilitate the establishment of new, more sustainable critical mineral supply chains to support the global transition to clean energy.

Directors' Report

Forward looking statements

This report may contain references to forecasts, estimates, assumptions and other forward-looking statements. Although the Company believes that its expectations, estimates and forecast outcomes are based on reasonable assumptions, it can give no assurance that they will be achieved. They may be affected by a variety of variables and changes in underlying assumptions that are subject to risk factors associated with the nature of the business, which could cause actual results to differ materially from those expressed in this report. Investors should rely upon their own enquiries before deciding to acquire or deal in the Company's securities.

Significant Changes in State of Affairs

Significant changes in the state of affairs of the consolidated entity during the year (if any) are contained in the review of operations and financial statement sections of this report.

Significant Events After the Balance Date

No matters or circumstances have arisen since 30 June 2023 that have significantly affected or may significantly affect:

- the consolidated entity's operations in future financial years;
- the results of those operations in future financial years; or
- the consolidated entity's state of affairs in future financial years.

Future Developments, Prospects and Business Strategies

Likely future developments in the activities of the Company are referred to in the review of operations section of this report.

Environmental Issues

The Company's operations are subject to environmental regulation under the laws of the Commonwealth of Australia and Republic of Tanzania. The directors believe that the Company has adequate systems in place for environmental management and are not aware of any breach of environmental requirements as they apply to the Company.

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 purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Indemnifying Directors and Officers

The Company has entered into an agreement to indemnify all directors and officers against any liability arising from a claim brought by a third party against the Company. The Company has paid premiums to insure each director and officer against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director and officer of the Company, other than as a result of conduct involving a willful breach of duty in relation to the Company. The agreement contains a prohibition on disclosure of the amount of the premium and the nature of the liabilities under the policy.

Indemnification of Auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, RSM Australia Partners, as part of the terms of its audit engagement agreement, against claims by third parties arising from the audit (for an unspecified amount). No payments have been made to indemnify RSM Australia Partners to the date of this report.

Non-Audit Services

The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The directors ensure that:

- non-audit services are reviewed and approved to ensure that the provision of such services does not adversely affect the integrity and objectivity of the auditor, and
- audit services do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The total remuneration for audit and non-audit services provided during the prior and current financial years is set out in note 17 of the consolidated financial statements.

Auditor's Independence Declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001*, is set-out on page 40 of this report.

Rounding

The amounts contained in this report and in the consolidated financial statements have been rounded to the nearest $1,000 (unless otherwise stated) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the legislative instrument applies.

Corporate Governance

The directors of EcoGraf are responsible for the corporate governance of the Company and have applied ASX Corporate Governance Principles in a manner that is appropriate to the Company's circumstances.

The Company's corporate governance statement is available on the Company's website at **www.ecograf.com.au.**

Remuneration Report (Audited)

1. INTRODUCTION

The following sections provide details of the remuneration paid to key management personnel by the Company and its controlled entities for the year ended 30 June 2023. It forms part of the directors' report and has been audited in accordance with section 308C of the *Corporations Act 2001.*

Key management personnel are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the consolidated entity and include:

- non-executive directors, and
- executive directors and senior executives (collectively "executives").

Directors' Report

Key management personnel	Position	Tenure during the year
Non-executive directors		
Robert Pett	Non-Executive Chair	Full financial year
John Conidi	Non-Executive Director	Full financial year
Keith Jones	Non-Executive Director	23 May 2023-30 June 2023
Executive directors		
Andrew Spinks	Managing Director	Full financial year
Senior executives		
Dale Harris	Chief Operating Officer	4 July 2022-30 June 2023
Howard Rae	Chief Financial Officer & Joint Company Secretary	Full financial year

2. REMUNERATION GOVERNANCE FRAMEWORK

The remuneration structure adopted by the Company has been designed to promote alignment between the objectives and interests of shareholders, directors and executives. Accordingly, as the Company's key assets have not yet reached the operational phase, a greater emphasis is placed on rewarding performance through the award of equity in the Company which preserves cash resources and is linked to the creation of shareholder value.

2.1 Remuneration principles

Key principles that guide decisions about key management personnel (KMP) remuneration are:

- **Fairness:** provide a fair level of reward to all employees
- **Transparency:** establish transparent links between reward outcomes and performance
- **Alignment:** promote mutually beneficial outcomes by aligning employee, customer and shareholder interests, and
- **Culture:** drive leadership performance and behaviours that promote safety, diversity and employee engagement.

2.2 Remuneration governance

At its Annual General Meeting on 29 November 2022 the Company received a first strike vote of 25.76% against the adoption of its 2022 remuneration report. Feedback received from shareholders was that the objection to the resolution was not specifically related to the remuneration arrangements, but instead investor concern over the decline in the Company's share price following deferral of the proposed Australian battery anode material facility development, which occurred due to the release in mid-2022 of legislation in the US and Europe on new critical minerals supply chains.

In response to the first strike, the Company has sought to increase its shareholder communications through more regular and detailed ASX updates, periodic reports, presentations and shareholder information sessions. It has also reviewed the composition of the Board and appointed an additional independent non-executive director, Mr Keith Jones, a highly regarded Australian public company director and chairperson, with significant expertise in finance, corporate governance and project development.

Mr Jones was appointed a director on 23 May 2023 and the Company has subsequently established a separate Nomination and Remuneration Committee comprised only of its three non-executive directors, with Mr Jones as its chairperson. The Nomination and Remuneration Committee operates under a designated Charter, a copy of which is contained in the Corporate Governance Plan available on the Company's website.

The Company has also undertaken a process with external consultants to review its remuneration arrangements for the year ending 30 June 2024 to ensure they remain effective and appropriate for the nature of its business activities and align with the interests of shareholders and current market practices. Further details will be set out in the Notice of Annual General Meeting.

2.3 Use of remuneration consultants

From time to time the directors may seek independent external advice on the appropriateness of the remuneration arrangements for key management personnel. During the year ended 30 June 2023, the Board engaged The Reward Practice Pty Ltd to undertake a review of executive incentive arrangements. No remuneration recommendations, as defined by the *Corporations Act*, were provided by the consultant.

3. EXECUTIVE KMP REMUNERATION ARRANGEMENTS

A combination of fixed and variable reward is provided to executives, based on their responsibility within the Company in relation to the achievement of its strategic objectives and capacity to contribute to the generation of long-term shareholder value.

The components of executive KMP remuneration consist of fixed remuneration and variable equity-based short and long-term incentive arrangements. The following table presents a summary of remuneration components for executive KMP for the year ended 30 June 2023.

	Fixed remuneration	Equity-based, variable / at risk remuneration	
Purpose	Provide fair remuneration to recognise executive responsibilities and impact on the business.	Assist the attraction, retention and incentivisation of executives in a cash efficient manner, and Enable the Company to develop its graphite businesses and grow long-term shareholders value.	
How the remuneration is delivered and assessed?	**Cash** Remuneration level is reviewed annually by the Board and may be adjusted based on the practices adopted by similar companies and changes in responsibilities and scope.	**STI** (100% performance rights) Awarded annually based on performance against KPIs. See 3.1 for further details.	**LTI** (100% performance rights) Performance rights may be granted to executives which will vest based on achievement of the Company's long-term objectives.

3.1 Equity-based incentive arrangements

On 25 November 2020 shareholders approved the adoption of the Company's Incentive Performance Rights Plan, which is designed to assist with the recruitment, reward, retention and incentivisation of key personnel who possess the skills and experience to enable the Company to develop its graphite businesses and grow long-term shareholder value.

The Company is at a critical stage in its growth as it advances its key natural flake graphite and battery anode material projects to development and operations. The international graphite industry is also evolving rapidly to support the demand for lithium-ion batteries in electric vehicles and the retention of specialised skills is essential to the Company's future success.

To achieve this outcome, the Company believes that rewarding performance through equity arrangements is the most effective incentive structure because it preserves the Company's cash reserves and aligns the interests of KMP with those of shareholders. The equity-based structure includes STI and LTI components.

Short-term incentive (STI)

Under the STI plan, eligible participants can earn performance rights for the achievement of key performance outcomes each year. The amount, if any, of short-term incentive awarded is determined after the end of each year, by assessing the individual's performance against the applicable key measures and then applying the resulting percentage score to the short-term incentive remuneration opportunity.

For example, an individual with a fixed annual remuneration of $350,000, a short-term incentive opportunity of 40% and an annual performance score of 75% will be entitled to an STI award of $105,000 = $350,000 X 40% x 75%.

The STI award is settled through the grant of performance rights, with the number determined by dividing the award amount by the volume weighted average price of the Company's shares during the applicable financial year. Upon exercise, each performance right will entitle the eligible participant to receive one ordinary share in the Company.

Directors' Report

The grant of performance rights for the STI award, if any, occurs after the end of the financial year and the Board measures the short-term performance of executive KMP through the achievement of outcomes across four key areas as outlined in the following table:

KPI category and weighting		KPI areas of assessment
Business development	30%	Effective advancement of the Company's graphite businesses towards construction and operations, including completion of studies, early works programs, entering into contractual arrangements with constructors, operators, suppliers and customers, securing support from financiers and obtaining positive Government cooperation.
Financial management	20%	Delivery against annual financial budgets, including effective cost control whilst achieving business objectives, accessing working capital on a timely and cost-effective basis and protecting the Company from financial loss.
Organisational development	20%	Building organisational capacity and resilience, through effective human resource management, establishing appropriate operating structures to support planned expansion, developing a positive corporate reputation with stakeholders and overcoming adverse external impacts on the business.
Innovation and continuous improvement	30%	Driving on-going progress in process and product development, leveraging partnerships with Government and commercial organisations to explore new technologies and markets that will add value and identifying opportunities to continuously enhance and grow the business.

For the year ended 30 June 2023, the STI opportunity for executive KMP was 40% of their fixed remuneration and was set by reference to the practices adopted by similar companies.

Long-term incentive (LTI)

The LTI incentive arrangements involve the offer of performance rights to eligible participants which are subject to pre-determined performance conditions that are required to be achieved prior to vesting. The performance conditions are set to promote achievement of the Company's key strategic objectives over the long term, with a target rolling performance period of 3-5 years. The LTI opportunity for executive KMP is currently 100% of their fixed remuneration and is set by reference to the practices adopted by similar companies.

As the Company's battery minerals mining, processing and recycling businesses are in the development phase, the Board considers it appropriate to measure the long-term performance of KMPs across a combination of key project milestones and growth of shareholder value.

4. EXECUTIVE REMUNERATION OUTCOMES

4.1 Financial performance

The table below sets out information about the Company's results and movements in shareholder value for the past five years up to and including the current financial year. The historic numbers have not been assessed and adjusted for the impact of the new accounting standards.

	30 June 2023	30 June 2022	30 June 2021	30 June 2020	30 June 2019
Net loss after tax ($'000)	(7,299)	(7,505)	(5,514)	(2,769)	(3,340)
Share price at end of year ($)	0.14	0.25	0.57	0.07	0.12
Basic loss per share (cents)	(1.62)	(1.67)	(1.40)	(0.91)	(1.19)

4.2 Fixed remuneration outcomes

Following the review of executive KMP remuneration levels against relevant market conditions and scope of roles, the following table outlines fixed remuneration changes (inclusive of superannuation) for executive KMP during the financial year.

	Fixed remuneration 30 June 2023	Fixed remuneration 30 June 2022
Andrew Spinks	$355,875	$355,875
Dale Harris	$450,000	-
Howard Rae	$400,000	$400,000

4.3 Equity-based variable/at risk remuneration outcomes

A total of 326,868 performance rights were issued to executive KMP during the financial year in relation to STI awards for the performance period to 30 June 2022 as set out below:

Executives	Position	Maximum STI % of Fixed Remuneration (FR)	Performance score	STI award value	Number of performance rights
Andrew Spinks	Managing Director	40% of FR	75%	$106,762	164,275
Howard Rae	Chief Financial Officer	40% of FR	72%	$105,669	162,593

Terms of these performance rights are set out below:

Grant date	Expiry date	Fair value per Performance Right at grant date
21 February 2023	21 February 2028	$0.22

A total of 3,702,557 performance rights were issued to executive KMP under LTI arrangements during the year ended 30 June 2023, the terms and conditions of which are set-out below:

Grant date	Expiry date	Vesting milestones	Fair value per Performance Right at grant date
Executives, including Managing Director			
21 February 2023	21 February 2028	30% of Performance Rights vest upon achieving the 20-day VWAP of the Company's Shares being equal to or greater than $0.60.	$0.19
		30% of Performance Rights vest upon achieving the 20-day VWAP of the Company's Shares being equal to or greater than $0.80.	$0.18
		20% of the Performance Rights vest upon commissioning of the Company's battery anode material product qualification facility.	$0.22
		20% of the Performance Rights vest upon the commencement of construction of the Company's: (a) Epanko Graphite Project; or (b) commercial scale Battery Anode Material Facility	$0.22

Section 8.2 contains further details of the performance rights granted to KMP during the year. The fair value of the performance rights at grant date is independently determined using an option pricing model.

5. EXECUTIVE KMP EMPLOYMENT AGREEMENTS

The remuneration and other conditions of employment of executives are formalised in employment contracts that specify duties and obligations to be fulfilled and provide for an annual review of remuneration. Executive KMP termination notice periods and payment provisions are as follows:

	Resignation	Termination for cause	Termination in case of death, disablement, redundancy or notice without cause	Termination payment
Andrew Spinks	6 months	None	1 month	3 months
Dale Harris	3 months	None	3 months	3 months
Howard Rae	3 months	1 month	3 months	3 months

6. NON-EXECUTIVE DIRECTOR REMUNERATION

6.1 Fees

Non-executive director fees are set to attract and retain persons with the experience and skills necessary to oversee the Company's business activities and to guide its growth and development into a successful mining and mineral processing company.

The current fee is $110,000 per annum (inclusive of superannuation) for the role of Chairperson and $90,000 per annum (inclusive of superannuation) for other non-executive directors. Non-executive directors may be paid additional amounts for special duties or exertions (consultancy services outside of director's duties) and are entitled to be reimbursed for reasonable out-of-pocket expenses incurred in the course of their duties.

6.2 Maximum aggregate amount

Total fees payable to all non-executive directors, excluding amounts for special exertion or the reimbursement of reasonable business expenditures, must not exceed $300,000 per annum, in accordance with the approval provided by shareholders in 2010.

6.3 Equity grants to non-executive directors

From time to time, the Board may approve the grant of equity to non-executive directors. Considering the higher risk associated with the pre-production stage of the Company's activities and the need to attract and retain specialist director skills and experience to guide it through project implementation and into successful operations, 1,000,000 performance rights were issued to non-executive directors during the year ended 30 June 2023 (2022: Nil).

The terms and conditions of each grant of Performance Rights granted during the reporting period are set out below:

Grant date	Expiry date	Vesting conditions	Value per Performance Right at grant date
Non-executive directors			
29 November 2022[1]	29 December 2027	30% of Performance Rights vest upon achieving the 20-day VWAP of the Company's Shares being equal to or greater than $0.60.	$0.27
		30% of Performance Rights vest upon achieving the 20-day VWAP of the Company's Shares being equal to or greater than $0.80.	$0.26
		40% of Performance Rights vest upon achieving the 20-day VWAP of the Company's Shares being equal to or greater than $1.00.	$0.25

1 *Date of shareholders' approval.*

Section 8.2 contains further details of the performance rights granted to KMP during the year. The fair value of the performance rights at grant date is independently determined using an option pricing model.

7. STATUTORY REMUNERATION DISCLOSURES

Details of the remuneration of the key management personnel of the consolidated entity are set out in the following table.

		Short-term benefits		Post-employment	Long-term benefits	Share-based payments[1]			
		Salary/ Fees $	Fees for special duties or exertion $	Super-annuation $	Long Service Leave expense $	STI $	LTI $	Total $	% linked to performance
Non-executive directors									
Robert Pett	2023	99,322	-	10,678	-	-	12,963	122,963	11%
	2022	99,917	-	10,083	-	-	-	110,000	0%
John Conidi	2023	80,000	-	-	-	-	12,963	92,963	14%
	2022	80,000	-	-	-	-	-	80,000	0%
Keith Jones	2023	8,465	-	931	-	-	-	9,396	0%
	2022	-	-	-	-	-	-	-	0%
Executives									
Andrew Spinks	2023	341,473	-	27,500	2,747	36,141	150,314	558,175	33%
	2022	329,092	-	27,500	6,488	213,349	-	576,429	37%
Dale Harris	2023	417,107	-	25,192	617	-	53,883	496,799	11%
	2022	-	-	-	-	-	-	-	0%
Howard Rae	2023	377,956	-	27,000	4,078	35,770	160,689	605,493	32%
	2022	359,825	-	27,000	2,823	213,349	-	602,997	35%
Total remuneration	**2023**	**1,324,323**	**-**	**91,301**	**7,442**	**71,911**	**390,812**	**1,885,789**	**25%**
	2022	**868,834**	**-**	**64,583**	**9,311**	**426,698**	**-**	**1,369,426**	**31%**

1 Includes the non-cash value of performance right and loan share equity remuneration arrangements during the financial year under AASB Share-based payments.

8. ADDITIONAL DISCLOSURES RELATING TO SHARES AND PERFORMANCE RIGHTS

8.1 Number of shares

	Balance at 1 July 2022	Balance at date of appointment	Movement during the year	Balance at 30 June 2023
Non-executives				
Robert Pett	3,454,615 [1]	-	-	3,454,615
John Conidi	3,019,402 [2]	-	-	3,019,402
Keith Jones	-	-	85,000 [5]	85,000
Executives				
Andrew Spinks	11,998,822 [3]	-	-	11,998,822 [3]
Dale Harris	-	-	-	-
Howard Rae	3,150,000 [4]	-	-	3,150,000 [4]
Total	**21,622,839**	**-**	85,000	**21,707,839**

1 Includes 2,000,000 shares issued under the former non-executive director share plan
2 Includes 1,000,000 shares issued under the former non-executive director share plan
3 Includes 2,000,000 shares issued under the former employee share plan
4 Includes 3,000,000 shares issued under the former employee share plan
5 Movement represents purchase of shares

8.2 Number of incentive performance rights

	Balance at 30 June 2022		Granted during the year		Balance at 30 June 2023	
	STI	LTI	STI	LTI	STI	LTI
Non-executives						
Robert Pett	-	1,250,000	-	500,000	-	1,750,000
John Conidi	-	1,250,000	-	500,000	-	1,750,000
Keith Jones	-	-	-	-	-	-
Executives						
Andrew Spinks	320,825	1,775,000	164,275[1]	963,908	485,100	2,738,908
Dale Harris	-	-	-	1,744,862	-	1,744,862
Howard Rae	320,825	1,775,000	162,593[1]	993,787	483,418	2,768,787
Total	**641,650**	**6,050,000**	**326,868**	**4,702,557**	**968,518**	**10,752,557**

1 Short-term incentive for the year ended 30 June 2022, which was granted on 21 February 2023

There were no performance rights held by key management personnel which were exercised, forfeited or cancelled during the year ended 30 June 2023.

8.3 Loans to key management personnel

There were no loans granted to key management personnel during the year ended 30 June 2023 (2022: Nil).

8.4 Other transactions with key management personnel

There were no other transactions with key management personnel of the consolidated entity, including their personally related parties during the year ended 30 June 2023 (2022: Nil).

END OF REMUNERATION REPORT

Shares under Performance Rights

Unissued ordinary shares in the Company under performance rights, with no exercise price, at the date of this report are as follows:

Date of grant	Expiry date	Number of Performance Rights
20 January 2021	19 January 2026	5,675,000
8 December 2021	7 December 2027	320,825
8 December 2021	7 December 2026	500,000
29 November 2022[1]	29 December 2027	1,000,000
21 February 2023	21 February 2028	164,275
21 February 2023	21 February 2028	3,952,557
Total		**11,612,657**

1 Date of shareholders' approval.

Shares Issued on the Vesting of Performance Rights

During the financial year and up to the date of the report, the following ordinary shares of the Company were issued on exercise of Performance Rights granted by the Company:

Date of grant	Number of Performance Rights exercised
8 December 2021	320,825
20 January 2021	1,775,000
21 February 2023	162,593
Total	**2,258,418**

Shares Under Options

There are no unissued ordinary shares in the Company under options at the date of this report.

Signed in accordance with a resolution of the directors made pursuant to s298 (2) of *Corporations Act 2001*.

Andrew Spinks
Managing Director

Perth, 29 September 2023

Auditor’s Independence Declaration

RSM Australia Partners

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AUDITOR’S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of EcoGraf Limited for year ended 30 June 2023, 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.

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 29 September 2023

TUTU PHONG
Partner

FINANCIAL STATEMENTS

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2023

	Note	2023 $'000	2022 $'000
Revenue			
Interest income		1,289	191
Other income	3	1,039	504
		2,328	695
Expenses			
Accounting and audit		(218)	(153)
Consultants and contractors	4	(4,493)	(4,669)
Employee benefits		(2,374)	(1,618)
Depreciation	9	(17)	(11)
Directors fees		(199)	(190)
Exploration and evaluation expensed		(561)	(309)
Information systems and technology		(57)	(27)
Listing and compliance		(245)	(204)
Office rental and outgoings		(201)	(159)
Other		(394)	(324)
Share-based payments expense	19	(625)	(483)
Travel and accommodation		(231)	(57)
Foreign exchange differences		(12)	4
		(9,627)	**(8,200)**
Loss before income tax		**(7,299)**	**(7,505)**
Income tax expense	5	-	-
Loss after income tax for the year		**(7,299)**	**(7,505)**
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		1,698	-
Other comprehensive income for the year		**1,698**	**-**
Total comprehensive loss for the year, net of income tax		**(5,601)**	**(7,505)**
Total comprehensive loss attributable to the ordinary equity holders of the Company		**(5,601)**	**(7,505)**
Loss per share attributable to the ordinary equity holders of the Company			
Basic loss per share (cents per share)	16	(1.62)	(1.67)
Diluted loss per share (cents per share)	16	(1.62)	(1.67)

The above statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2023

	Note	2023 $'000	2022 $'000
Assets			
Current assets			
Cash and cash equivalents	6	38,606	6,728
Other financial assets - term deposits at bank	6	-	40,000
Other receivables	7	137	258
Prepayments		320	295
Total current assets		**39,063**	**47,281**
Non-current assets			
Exploration and evaluation assets	8	22,975	18,403
Property, plant and equipment	9	53	47
Total non-current assets		**23,028**	**18,450**
Total assets		**62,091**	**65,731**
Liabilities			
Current liabilities			
Trade and other payables	10	1,603	2,126
Deferred revenue	11	1,044	-
Employee provisions		244	155
Total current liabilities		**2,891**	**2,281**
Non-current liabilities			
Other payables	10	263	-
Employee provisions		41	32
Total non-current liabilities		**304**	**32**
Total liabilities		**3,195**	**2,313**
Net assets		**58,896**	**63,418**
Equity			
Contributed equity	12	99,834	99,834
Reserves	13	11,203	8,426
Accumulated losses		(52,141)	(44,842)
Total equity		**58,896**	**63,418**

The above statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2023

	Contributed equity $'000	Accumulated losses $'000	Foreign currency translation reserve $'000	Loan share reserve $'000	Share-based payments reserve $'000	Total $'000
Balance at 30 June 2021	**99,837**	**(37,337)**	**-**	**(1,512)**	**9,342**	**70,330**
Loss for the year	-	(7,505)	-	-	-	(7,505)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	**-**	**(7,505)**	**-**	**-**	**-**	**(7,505)**
Transactions with owners in their capacity as owners						
Share plan shares cancelled/ released	-	-	-	113	-	113
Share-based payments expense	-	-	-	-	483	483
Share issue cost	(3)	-	-	-	-	(3)
Balance at 30 June 2022	**99,834**	**(44,842)**	**-**	**(1,399)**	**9,825**	**63,418**
Loss for the year	-	(7,299)	-	-	-	(7,299)
Other comprehensive income	-	-	1,698	-	-	1,698
Total comprehensive loss for the year	**-**	**(7,299)**	**1,698**	**-**	**-**	**(5,601)**
Transactions with owners in their capacity as owners						
Share plan shares cancelled/ released	-	-	-	454	-	454
Share based payment expense	-	-	-	-	625	625
Balance at 30 June 2023	**99,834**	**(52,141)**	**1,698**	**(945)**	**10,450**	**58,896**

The above statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2023

	Note	2023 $'000	2022 $'000
Operating Activities			
Research and development tax credit received		1,039	504
Government grant		1,149	-
Payments to suppliers and employees		(9,912)	(6,492)
Net cash flows used in operating activities	14	**(7,724)**	**(5,988)**
Investing Activities			
Payments for exploration and evaluation		(2,100)	(165)
Interest received		1,289	138
Purchase of property, plant and equipment		(17)	-
Proceeds from maturity of term deposits		40,000	10,000
Net cash flows from investing activities		**39,172**	**9,973**
Financing Activities			
Capital raising costs for issue of shares		-	(3)
Repayment of share plan loans		454	113
Net cash flows from financing activities		**454**	**110**
Net increase in cash and cash equivalents held		31,902	4,095
Cash and cash equivalents at beginning of the year		6,728	2,633
Foreign exchange movement on cash and cash equivalents		(24)	-
Cash and cash equivalents at end of the year	6	**38,606**	**6,728**
Add: Other financial assets - term deposits at bank		-	40,000
Cash and cash equivalents and other financial assets - term deposits at end of the year	6	**38,606**	**46,728**

The above statement should be read in conjunction with the accompanying notes.

EXTRACT UPGRADE RECYCLE

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

1. Company Information

The consolidated financial statements of EcoGraf Limited and its subsidiaries (collectively, “the consolidated entity” or "the Group") for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the directors on 29 September 2023.

EcoGraf Limited (“the Company” or “the parent”) is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. It has activities in Australia and Tanzania, with the country of domicile being Australia and the registered office located in Australia.

The nature of the operations and principal activities of the consolidated entity are described in the directors’ report. Information on the consolidated entity’s structure is provided in note 23 and details of other related party relationships is provided in note 21.

2. Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on a historical cost basis.

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

These consolidated financial statements are presented in Australian dollars. All amounts have been rounded to the nearest thousand, unless otherwise stated in accordance with ASIC Corporations (Rounding In Financial/Directors’ Reports) Instrument 2016/191.

3. Other Income

	2023 $’000	2022 $’000
Research and development tax credit	1,039	504
	1,039	**504**

4. Consultants and Contractors

	2023 $’000	2022 $’000
Downstream processing research, development and engineering	2,823	3,090
Legal	789	582
Investor relations	379	278
Other	502	719
	4,493	**4,669**

5. Income Tax

	2023 $'000	2022 $'000
a) Reconciliation between Tax Expense and Loss before Income Tax		
Loss before Income Tax	(7,299)	(7,505)
At Australia's statutory income tax rate of 30% (2022: 30%)	(2,190)	(2,252)
Amounts not deductible/ (assessed) for income tax	505	(6)
Over-provision of prior year current income tax	699	-
Deferred tax asset not recognised	986	2,258
Income tax expense	-	-
b) Deferred Income Tax		
Deferred income tax at balance date relates to the following:		
Deferred tax asset		
Tax losses available to offset against future taxable income	15,237	12,713
Blackhole expenditure available for future deduction	665	715
Other temporary differences	75	-
	15,977	13,428
Deferred tax liabilities		
Exploration and evaluation assets	(5,944)	(5,521)
	(5,944)	(5,521)
Deferred tax recognised in equity		
Foreign exchange translation differences recognised in equity	187	-
	187	-
Net deferred tax	10,220	7,907
Deferred tax asset not recognised	(10,220)	(7,907)
	-	-

The benefit of deferred tax assets not brought to account will only be recognised if:

- Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- The conditions for deductibility imposed by tax legislation continue to be complied with; and
- No changes in tax legislation adversely affect the consolidated entity in realising the benefit.

c) Tax losses

At the reporting date, the Group has unrecognised tax losses of $50,789,000 (2022: $42,376,000) that are available for offset against future taxable profits. Tax losses in Australia and Tanzania do not expire.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

6. Cash and Cash Equivalents and Other Financial Assets

	2023 $'000	2022 $'000
Cash at bank and on hand	38,606	6,728
	38,606	**6,728**
Other financial assets - term deposits at bank	-	40,000
	-	**40,000**

7. Other Receivables

	2023 $'000	2022 $'000
Goods and services tax receivable	26	162
Other receivables	70	-
Interest on term deposit	-	55
Security deposits	41	41
	137	**258**

8. Exploration and Evaluation Assets

	2023 $'000	2022 $'000
Opening balance at the beginning of the year	18,403	18,238
Capitalised expenditure at cost	2,898	165
Foreign exchange movement on exploration and evaluation asset	1,674	-
Balance at 30 June	**22,975**	**18,403**

Judgements and estimates

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

Epanko project

All expenditures related to this project are capitalized, as these expenditures are expected to be recovered through successful development of the project, particularly in light of the recent signing of the Framework and Shareholder Agreement with the Government of Tanzania to develop the project.

All other projects

All exploration and evaluation expenditures associated with other projects have been expensed in the period in which they are incurred.

9. Property, Plant and Equipment

	Plant & equipment $'000	Motor Vehicles $'000	Office equipment and furniture $'000	Total $'000
At cost	18	79	84	181
Accumulated depreciation	(16)	(60)	(52)	(128)
Net carrying amount at 30 June 2023	**2**	**19**	**32**	**53**
Movement in the carrying amounts				
Balance at 30 June 2021	**4**	**23**	**28**	**55**
Additions	-	-	9	9
Disposals	(1)	(1)	(4)	(6)
Depreciation expense	(1)	(5)	(5)	(11)
Balance at 30 June 2022	**2**	**17**	**28**	**47**
Additions	-	-	20	20
Disposals	-	-	(3)	(3)
Depreciation expense	(1)	(4)	(12)	(17)
Foreign exchange movement on property, plant and equipment	1	6	(1)	6
Balance at 30 June 2023	**2**	**19**	**32**	**53**

10. Trade and Other Payables

	2023 $'000	2022 $'000
Current		
Trade payables	1,369	1,947
Accrued expenses	184	179
Other payables	50	-
	1,603	**2,126**
Non-current		
Other payables	**263**	**-**

11. Deferred revenue

	2023 $'000	2022 $'000
Government grant received in advance	**1,044**	**-**

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

12. Contributed Equity

	2023 $'000	2022 $'000
450,333,459 (2022: 450,333,459) fully paid ordinary shares	99,834	99,834

	$'000	No. of shares
a) Ordinary shares		
Balance at 30 June 2021	**99,837**	**449,833,459**
Incentive performance rights plan shares issued – September 2021	-	100,000
Incentive performance rights plan shares issued – November 2021	-	400,000
Capital raising costs	(3)	-
Balance at 30 June 2022	**99,834**	**450,333,459**
Balance at 30 June 2023	**99,834**	**450,333,459**

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

13. Reserves

	2023 $'000	2022 $'000
Share-based payments reserve	10,450	9,825
Loan plan share reserve	(945)	(1,399)
Foreign currency translation reserve	1,698	-
	11,203	**8,426**
Movement in share-based payment reserve		
Balance at beginning of year	9,825	9,342
Share-based payments expense	625	483
Balance at end of year	**10,450**	**9,825**
Movement in loan plan share reserve		
Balance at beginning of year	(1,399)	(1,512)
Plan shares expired/ released	454	113
Balance at end of year	**(945)**	**(1,399)**
Movement in foreign currency translation reserve		
Balance at beginning of year	-	-
Foreign currency translation differences	1,698	-
Balance at end of year	**1,698**	**-**

Share-based payments reserve

The reserve recognises the value of equity provided as remuneration to employees and also to other parties as compensation for services provided to the consolidated entity.

Loan plan share reserve

The reserve represents the non-cash nominal value of loan shares on issue to employees and is deducted from equity.

Foreign currency translation reserve

The foreign currency translation reserve arises on the consolidation of the Group's overseas subsidiaries in Tanzania.

14. Cash Flow Information

	2023 $'000	2022 $'000
Reconciliation of cash flow from operations with loss for the year		
Loss for the year	(7,299)	(7,505)
Adjustments for:		
Interest income	(1,289)	(191)
Depreciation	17	11
Loss on disposal of fixed asset	-	(3)
Share based payment expense	625	483
Changes in assets and liabilities:		
(Increase)/ decrease in Other receivables and prepayments	104	218
(Decrease)/ increase in Trade and other payables	(978)	1,015
Increase / (decrease) in Employee provisions and payables	52	(16)
Revenue received in advance	1,044	-
Net cash flows used in operating activities	**(7,724)**	**(5,988)**

15. Expenditure Commitments, Contingent Assets/ Contingent Liabilities

Mineral tenements

In order to maintain current rights of tenure to exploration tenements, the consolidated entity is required to outlay rentals and to satisfy minimum expenditure requirements of $2,581,934 (2022: $1,797,559) over the next 12 months, in accordance with agreed work programs submitted over the Company's exploration licences. Financial commitments for subsequent periods are contingent upon future exploration results.

There are no contingent assets or liabilities at 30 June 2023 or 30 June 2022.

16. Loss Per Share

	2023	2022
Data used in the basic loss per share computations:		
Loss for the year (A$'000)	(7,299)	(7,505)
Weighted average number of ordinary shares	450,333,459	450,164,144
Basic and diluted loss per share (cents)	(1.62)	(1.67)

Loss per share is calculated by dividing the loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

17. Auditor's Remuneration

	2023 $	2022 $
Audit and review of the financial reports:		
- Group	46,280	53,500
- Controlled entities	15,000	-
	61,280	**53,500**
Fees for assurance services that are required by legislation to be provided by the auditor	28,825	2,000
Total fees to RSM Australia Partners	**90,105**	**55,500**

18. Segment information

Information reported to the chief operating decision maker (CODM) for the purpose of resource allocation and assessment of segment performance focuses on the geographical location of the Group's principle activities, which are located in Tanzania and Australia.

	Australia $'000	Tanzania $'000	Consolidated $'000
2023 Results			
Segment income	2,328	-	2,328
Segment expenses			
Accounting and audit	(210)	(8)	(218)
Consultants and contractors	(4,163)	(330)	(4,493)
Employee benefits	(2,374)	-	(2,374)
Depreciation	(11)	(6)	(17)
Directors fees	(199)	-	(199)
Exploration and evaluation expensed	-	(561)	(561)
Information systems and technology	(57)	-	(57)
Listing and compliance	(245)	-	(245)
Office rental and outgoings	(187)	(14)	(201)
Other	(377)	(17)	(394)
Share-based payments	(625)	-	(625)
Travel and accommodation	(226)	(5)	(231)
Foreign exchange (loss)/ gain	(19)	7	(12)
Segment results	(6,365)	(934)	(7,299)

	Australia $'000	Tanzania $'000	Consolidated $'000
2022 Results			
Segment income	695	-	695
Segment expenses			
Accounting and audit	(147)	(6)	(153)
Consultants and contractors	(4,533)	(136)	(4,669)
Employee benefits	(1,618)	-	(1,618)
Depreciation	(4)	(7)	(11)
Directors' fees	(190)	-	(190)
Exploration and evaluation expensed	-	(309)	(309)
Information systems and technology	(25)	(2)	(27)
Listing and compliance	(204)	-	(204)
Office rental and outgoings	(157)	(2)	(159)
Other	(252)	(72)	(324)
Share-based payments	(483)	-	(483)
Travel and accommodation	(56)	(1)	(57)
Foreign exchange gain/(loss)	(17)	21	4
Segment results	(6,991)	(514)	(7,505)

	Australia $'000	Tanzania $'000	Consolidated $'000
2023 Assets			
Property, plant and equipment	24	29	53
Exploration and evaluation assets	-	22,975	22,975
Segment non-current assets	24	23,004	23,028
Unallocated assets:			
Cash and cash equivalents			38,606
Other receivables			137
Prepayments			320
Total assets			**62,091**
2023 Liabilities			
Segment liabilities	(2,430)	(765)	(3,195)
Total liabilities			**(3,195)**

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

	Australia $'000	Tanzania $'000	Consolidated $'000
2022 Assets			
Property, plant and equipment	21	26	47
Exploration and evaluation assets	-	18,403	18,403
Segment non-current assets	21	18,429	18,450
Unallocated assets:			
Cash and cash equivalents			6,728
Other financial assets - term deposits at bank			40,000
Other receivables			258
Prepayments			295
Total assets			**65,731**
2022 Liabilities			
Segment liabilities	(2,281)	(32)	(2,313)
Total liabilities			**(2,313)**

19. Share-based payments

Share-based payment expense recorded by the Group during the year was $624,686 (2022: $482,691).

Incentive Performance Rights Plan

The shareholder approved Incentive Performance Rights Plan is designed to assist with the recruitment, reward, retention and incentivisation of key personnel who possess the skills and experience to enable the Company to develop its graphite businesses and grow long-term shareholders value.

To achieve this outcome, the Company believes that incentivising and rewarding performance and the achievement of key objectives through equity arrangements is the most effective remuneration structure because it preserves the Company's cash reserves and aligns the interests of personnel with those of all shareholders.

Short-Term Incentive

Under the short-term incentive arrangements, eligible participants may earn performance rights for the achievement of pre-determined key performance measures each year. The amount, if any, is made after the end of each year, and determined by multiplying the individual's assessed key performance score by the applicable percentage of their fixed annual remuneration. The number of performance rights, if any, to be earned under the short-term incentive is calculated by dividing the short-term incentive amount by the volume weighted average price of the Company's shares during the applicable financial year.

Long-Term Incentive

The long-term incentive arrangements involve the offer of performance rights to eligible participants which are subject to pre-determined performance conditions that should be achieved prior to vesting. The performance conditions are set to promote achievement of the Company's key strategic objectives. Subject to the achievement of the specified performance conditions, upon exercise each performance right will entitle the eligible participant to receive one ordinary share in the Company. The number of performance rights offered to an individual is determined by reference to equity incentives offered by similar companies and the potential for the individual, through their position, skills and experience, to create long-term shareholder value.

Set out below are the number and movement of performance rights granted under the plan:

2023

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
20 Jan 2021	19 Jan 2026	Nil	7,450,000	-	-	-	7,450,000
8 Dec 2021	07 Dec 2027	Nil	641,650	-	-	-	641,650
8 Dec 2021	07 Dec 2026	Nil	1,000,000	-	-	(500,000)	500,000
29 Nov 2022[1]	29 Dec 2027	Nil	-	1,000,000	-	-	1,000,000
21 Feb 2023	21 Feb 2028	Nil	-	326,868	-	-	326,868
21 Feb 2023	21 Feb 2028	Nil	-	3,952,557	-	-	3,952,557
			9,091,650	**5,279,425**	-	**(500,000)**	**13,871,075**
Weighted average remaining contractual life of outstanding performance rights			3.9 years				3.5 years
Weighted average exercise price			$nil	$nil	$nil	$nil	$nil

1 *Date of shareholders' approval.*

2022

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
20 Jan 2021	19 Jan 2026	Nil	7,950,000	-	-	(500,000)	7,450,000
08 Dec 2021	07 Dec 2027	Nil	-	641,650	-	-	641,650
8 Dec 2021	07 Dec 2026	Nil	-	1,000,000	-	-	1,000,000
			7,950,000	**1,641,650**	-	**(500,000)**	**9,091,650**
Weighted average remaining contractual life of outstanding performance rights			4.6 years				3.9 years
Weighted average exercise price			$nil	$nil	$nil	$nil	$nil

The performance rights granted during the year included 326,868 performance rights issued under short-term incentive arrangement to key management personnel, and 4,952,557 performance rights issued under long-term incentive arrangements to key management personnel and employees.

Performance rights issued under short-term incentive arrangement were vested and exercisable immediately with $nil exercise price and expire on 21 February 2028.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

Vesting conditions attached to performance rights issued during the year are as follows:

Performance rights granted	Vesting Conditions
1,000,000 performance rights granted on 29 Nov 2022[1]	30% vests on achieving the 20-day VWAP of the Company's Shares being equal to or greater than A$0.60 30% vests on achieving the 20-day VWAP of the Company's Shares being equal to or greater than A$0.80 40% vests on achieving the 20-day VWAP of the Company's Shares being equal to or greater than A$1.00
3,952,557 performance rights granted on 21 Feb 2023	30% vests on achieving 20-day VWAP of the Company's Shares being equal to or greater than $0.60 30% vests on achieving 20-day VWAP of the Company's Shares being equal to or greater than $0.80 20% vests on commissioning of the Company's battery anode material product qualification facility 20% vests on commencement of construction of the Company's: (a) Epanko Graphite Project; or (b) commercial scale Battery Anode Material Facility

1 Date of shareholders' approval.

On 16 June 2023, vesting conditions attached to 500,000 performance rights granted on 8 December 2021 were modified to align to the conditions associated with performance rights granted on 21 February 2023 and the Company's business objectives.

As vesting conditions attached to the performance rights are market and non-market conditions, the fair value at grant date has been independently determined using various pricing models such as trinomial and Black Scholes option pricing models. These models take into account the exercise price, the term of the performance right, the share price at grant date, expected price volatility of the underlying share and the risk-free rate for the term of the performance right. Model inputs for performance rights granted during the year are as follows:

Grant date	29 Nov 2022[1]	21 Feb 2023
Expiry date	29 Dec 2027	21 Feb 2028
Number of performance rights	1,000,000	3,952,557
Share price at grant date	$0.295	$0.220
Exercise price	Nil	Nil
Expected volatility	100%	100%
Dividend yield	Nil	Nil
Risk-free interest rate	3.35%	3.62%

1 Date of shareholders' approval.

500,000 performance rights granted to an employee on 8 December 2021 were cancelled due to an employee resignation during the year.

No performance right vested during the financial year ended 30 June 2023.

Share Plans

Plan shares are issued to directors and employees in recognition of their performance with the Company and as incentive remuneration under the respective director and employee share plans (together the "Share Plans"). The terms and conditions of the Share Plans are identical, other than in respect of who is eligible to participate in each plan. Plan shares are issued at the discretion of the Board.

Under the Share Plans, eligible directors and employees are offered plan shares in the Company at prices determined by the Board, which has the discretion to impose conditions on the shares issued under the Share Plans and may also grant a loan, in the form of a non-cash credit facility, to a participant for the purposes of subscribing for plan shares. Shares issued via loan facility may not be granted at less than the volume weighted average price of the Company's shares during the five trading days up to and including the date of acceptance and are escrowed as security until the loan has been fully repaid, via cash payment and/or the sale of the plan shares. If the loan is repaid by the sale of shares, any surplus on sale is remitted to the participant and any shortfall is borne by the consolidated entity.

Set out below are the plan shares on issue and the weighted average exercise price (WAEP) at the end of the financial year:

		2023		2022	
Grant date	Expiry date	Number	WAEP	Number	WAEP
13 July 2017	22 Dec 2022	-	-	1.000.000	0.230
22 Dec 2017	22 Dec 2022	-	-	7,750,000	0.151
13 Jul 2017	12 Jul 2023	1,000,000	0.230	-	-
22 Dec 2017	12 Jul 2023	2,750,000	0.151	-	-
22 Dec 2017	22 Jun 2024	2,000,000	0.151	-	-
		5,750,000		**8,750,000**	

During the year, the repayment date of non-recourse loans relating to plan shares were extended in order to maximise the likelihood of the Company receiving the benefit of the cash funds receivable upon repayment. These extensions have been treated as a modification with a resulting share-based payment expense. Model inputs for the valuation of the modification are as follows:

Modification date	13 Jul 2022	23 Nov 2022	23 Nov 2022	22 Dec 2022	22 Jun 2023
Extended term (years)	0.44	0.63	0.63	0.5	1
Number of loan shares	1,000,000	1,000,000	2,750,000	2,000,000	2,000,000
New expiry date	22 Dec 2022	12 Jul 2023	12 Jul 2023	22 Jun 2023	22 Jun 2024
Share price at grant date	$0.250	$0.320	$0.320	$0.245	$0.145
Exercise price	$0.228	$0.228	$0.151	$0.151	$0.151
Expected volatility	100%	100%	100%	100%	100%
Dividend yield	Nil	Nil	Nil	Nil	Nil
Risk-free interest rate	2.565%	3.17%	3.17%	3.23%	4.1%
Value prior to modification ($'000)	22	97	467	188	-
Value subsequent to modification ($'000)	75	140	514	221	87
Impact of modification ($'000)	53	43	47	33	87

There were no plan shares issued during the year ended 30 June 2023 (2022: Nil).

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

20. Directors and Key Management Personnel Disclosures

a) Names and positions of key management personnel in office at any time during the financial year:

Robert Pett	Non-Executive Chairman
John Conidi	Non-Executive Director
Keith Jones	Non-Executive Director
Andrew Spinks	Managing Director
Howard Rae	Chief Financial Officer and Joint Company Secretary
Dale Harris	Chief Operating Officer

b) Key management personnel remuneration

Aggregate compensation of key management personnel of the consolidated entity:

	2023 $	2022 $
Short term employee benefits	1,324,323	868,834
Post-employment benefits	91,301	64,583
Long term employee benefits	7,442	9,311
Share-based payments (non-cash)	462,723	426,698
	1,885,789	**1,369,426**

Detailed information about the remuneration received by key management personnel is provided in the remuneration report on pages 31 to 38.

21. Related Party Disclosures

Transactions between related parties are on normal commercial terms.

Ultimate parent

EcoGraf Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 23.

Key management personnel

Disclosures relating to key management personnel are set out in note 20 and the remuneration report in the directors' report.

Transactions with related parties

There were no related party transactions during the year ended 30 June 2023 (2022: Nil)

22. Controlled Entities

All controlled entities are included in the consolidated financial statements. The parent entity does not guarantee to pay the deficiency of its controlled entities in the event of a winding up of any controlled entity. The financial year end of the controlled entities is the same as that of the parent entity.

During the year, the Group incorporated Duma TanzGraphite Limited ("Duma'), a new Tanzanian company in which EcoGraf's subsidiary, EcoGraf (UK) Pty Ltd, holds an 84% interest and the Government of Tanzania holds a 16% free carried interest. Duma was incorporated to develop and manage the Epanko Graphite Project ("the Project").

The Framework and Shareholders Agreements, signed on 17 April 2023, specify the key rights and obligations of the parties with respect to the development and management of the Project.

23. Consolidated Entity Information

Information about subsidiaries

The financial statements of the consolidated entity include the following subsidiaries:

	Country of incorporation	Percentage owned (%) 2023	Percentage owned (%) 2022
Tanzanian Exploration Company Pty Ltd	Australia	100	100
TanzGraphite Pty Ltd	Australia	100	100
TanzGraphite (AUS) Pty Ltd	Australia	100	100
EcoGraf (Australia) Pty Ltd	Australia	100	100
HFfree Pty Ltd (previously Westoz Technologies Pty Ltd)	Australia	100	100
Innogy Limited	Australia	100	100
Innogy Minerals Holdings Pty Ltd	Australia	100	100
Innogy Minerals (UK) Pty Ltd	United Kingdom	100	100
EcoGraf (UK) Pty Ltd	United Kingdom	100	-
EcoGraf (Mauritius) Limited	Mauritius	100	100
EcoGraf (Tanzania) Limited	Tanzania	100	100
TanzGraphite (TZ) Limited	Tanzania	100	100
Innogy Minerals (TZ) Limited	Tanzania	100	100
Frontier Minerals (TZ) Limited	Tanzania	100	100
Duma TanzGraphite Limited	Tanzania	84	-

24. Parent Information

EcoGraf Limited	2023 $'000	2022 $'000
Current assets	38,960	47,236
Non-current assets	22,356	18,463
Total assets	**61,316**	**65,699**
Current liabilities	(2,379)	(2,249)
Non-current liabilities	(41)	(32)
Total liabilities	**(2,420)**	**(2,281)**
Net assets	**58,896**	**63,418**
Equity		
Contributed equity	99,834	99,834
Share based payment reserve	10,450	9,825
Loan share reserve	(945)	(1,399)
Accumulated losses	(50,443)	(44,842)
Total equity	**(58,896)**	**63,418**
Loss of the parent entity	(14,316)	(7,505)
Total comprehensive loss of the parent entity	(14,316)	(7,505)

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity did not have any guarantees at 30 June 2023 or 30 June 2022.

Contingent liabilities

The parent entity did not have any contingent liabilities at 30 June 2023 or 30 June 2022.

Capital commitments

The parent entity did not have any capital commitments at 30 June 2023 or 30 June 2022.

Significant accounting policies

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost.

25. Financial Instruments

The consolidated entity is exposed to a variety of financial risks, including market risk, credit risk and liquidity risk.

The consolidated entity's financial instruments consist of cash and deposits with banks, accounts receivable and accounts payable. No trading in any financial instruments is undertaken.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in note 27. Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

The main risks arising from the consolidated entity's financial instruments are foreign currency risk, interest rate risk, liquidity risk and credit risk. The Board determines policies for managing each of these risks and they are summarised below.

Foreign currency risk

The consolidated entity operates internationally and undertakes certain transactions denominated in foreign currency resulting in exposure to foreign currency risk through foreign exchange rate fluctuations. Foreign exchange risk also arises as a result of controlled entities of the Company with functional currencies other than Australian Dollars, the Company's functional currency.

The Group currently does not engage in any hedging or derivative transactions to manage foreign currency risk.

The carrying amount, in Australian Dollars of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Cash and cash equivalents		Trade and other payables	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
USD	20	19	521	63
EUR	-	-	13	9
TZS	4	3	2	15
GBP		-	91	107
ZAR	-	-	16	-
Total	**24**	**22**	**643**	**194**

The financial impact of a 10% change in the Australian Dollar exchange rate on the consolidated entity is as follows:

	Appreciation in AUD exchange rate			Depreciation in AUD exchange rate		
	% change	Effect on loss before tax $'000	Effect on equity $'000	% change	Effect on loss before tax $'000	Effect on equity $'000
2023	10%	29	29	10%	(29)	(29)
2022	10%	12	12	10%	(12)	(12)

Interest rate risk

The consolidated entity's exposure to market risk for changes in interest rates arises from holding cash and deposits. Funds held in operating accounts and term deposits earned variable interest at rates ranging between 0% to 4.54% (2022: 0% to 3.01%), depending on the type of bank account and cash balance. The consolidated entity does not have interest-bearing loans or borrowings.

The interest-bearing financial instruments held by the consolidated entity are:

	2023 $'000	2022 $'000
Cash and cash equivalents	38,606	6,728
Other financial assets - term deposits at bank	-	40,000
	38,606	46,728

A change of 1% in the variable interest rate at the reporting date would have an impact on the consolidated entity profit and loss and equity of $408,000 (2022: $467,000) assuming all other variables remain constant.

Liquidity risk

Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as and when they fall due. The consolidated entity manages liquidity risk by maintaining adequate cash reserves, by continuously monitoring actual and forecast cash flows and by matching the maturity profiles of its financial assets and liabilities.

The following table sets out the contractual maturity of the consolidated entity's financial instrument liabilities based on undiscounted cash flows.

	Carrying amount $'000	Contractual cash flows $'000	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000
2023					
Trade and other payables	1,866	1,866	1,603	-	263
2022					
Trade and other payables	2,126	2,126	2,126	-	-

Credit risk management

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the consolidated entity. The consolidated entity is exposed to credit risk from its bank deposits and other receivables as disclosed in the statement of financial position. The consolidated entity does not have any significant credit risk exposure to any single counterparty or any consolidated entity of counterparties having similar characteristics.

The credit risk on liquid funds is managed through the use of counterparty banks with acceptable credit-ratings assigned by international credit-rating agencies (S+P Australian AA-, Tanzanian B).

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

Holdings by geographical region	Australia $'000	Tanzania $'000	Total $'000
Cash and cash equivalents	38,581	25	38,606

The maximum exposure to credit risk at the reporting date is the carrying value disclosed in note 6.

Fair value measurement

The carrying amounts of Other receivables and Trade and other payables are assumed to approximate their fair values due to their short-term nature.

26. Events After Balance Date

There have been no events that have arisen between 30 June 2023 and the date of this report or any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to materially affect the operations of the Group, the results of those operations or the state of affairs of the Group, in future financial years.

27. Significant Accounting Policies

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2023. Subsidiaries are entities that are controlled by the Company. Control is achieved when the Company is exposed to, or has rights to, variable returns from its involvement with its subsidiaries and has the ability to affect those returns through its capacity to direct the activities of its subsidiaries.

Specifically, the consolidated entity controls a subsidiary if, and only if, the consolidated entity has:

- power over the subsidiary (i.e., existing rights that give it the current ability to direct the relevant activities of the subsidiary);
- exposure, or rights, to variable returns from its involvement with the subsidiary;
- the ability to use its power over the subsidiary to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the consolidated entity has less than a majority of the voting or similar rights of an subsidiary, the consolidated entity considers all relevant facts and circumstances in assessing whether it has power over a subsidiary, including:

- the contractual arrangement(s) with the other vote holders of the subsidiary;
- rights arising from other contractual arrangements;
- the consolidated entity's voting rights and potential voting rights.

The consolidated entity re-assesses whether or not it controls an entity if facts and circumstances indicate that there is a change to the elements of control. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the consolidated entity gains control until the date the consolidated entity ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to align to their accounting policies with the consolidated entity. All consolidated entity assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the consolidated entity are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

b) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the consolidated entity operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax is recognised for all taxable temporary differences, except:

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

c) Exploration and evaluation expenditure

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development of an area of interest, or by its sale, or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves.

Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written-off in the year in which the decision is made.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then transferred to mine properties and development.

Payments for exploration and evaluation expenditure are recorded net of any government grants.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

d) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Property, plant and equipment is recorded at the value directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the amounts recoverable on the basis of net cash flows that are expected to be received from the employment and subsequent disposal of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the profit and loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all property, plant and equipment is depreciated on a straight-line basis over their useful lives, commencing from the time the asset is held ready for use as follows:

Plant and equipment	2–5 years
Motor vehicles	5 years
Office furniture and equipment	4 - 8 years

Residual values of the assets and their useful lives are reviewed and if necessary adjusted, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the profit and loss component of the statement of comprehensive income.

e) Impairment of non-financial assets

At each reporting date, the consolidated entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss component of the consolidated statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

f) Foreign currency transactions and balances

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian Dollars, which is the Company's functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency 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 year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Subsidiaries

On consolidation, the assets and liabilities of foreign operations are translated into Australian Dollars at the exchange rate prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. Exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

g) Operating segments

Operating segments are presented on the same basis as the internal reports provided to the chief operating decision maker who is responsible for the allocation of resources to operating segments and for assessing their performance.

h) Employee benefits

Provision is made for the consolidated entity's liability for employee benefits arising from services rendered by employees up to reporting date. Short term employee benefits have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Long term employee benefits have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees and directors.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using pricing models that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, and the risk-free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification had not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If a non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation.

If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If an equity-settled award is cancelled, it is treated as if it has vested on the date of cancellation and any remaining expense is recognised immediately, unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date. If a new replacement award is substituted for the cancelled award, the cancelled and new award are treated as if they were a modification.

i) 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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

j) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

i. Financial assets at fair value through profit or loss

Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

ii. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

iii. Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime expected credit losses (ECL) for financial assets. The expected credit losses are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

k) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of 3 months or less.

l) Revenue

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the consolidated entity expects to be entitled in exchange for those goods or services.

Other revenue is recognised when it is received or when the right to receive payment is established. All revenue is stated net of the amount of goods and services tax (GST).

m) Other income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Research and development tax credits, are recognised where they can be reliably measured and it is certain that the credit will be received.

n) Goods and services tax (GST)/ Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of GST/VAT, except where the amount of GST/VAT incurred is not recoverable from the relevant tax authorities. In these circumstances the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST/VAT.

The net amount of GST/VAT recoverable from, or payable to, the tax authorities is included as part of receivables or payables.

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

o) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to the owners of EcoGraf Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

p) Government grants

Government grants are recognised where they can be reliably measured, it is certain that the grant will be received, and all attached conditions will be satisfied. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs for which it is intended to compensate, are expensed. When the grant relates to an asset, it is offset against the capitalised amount and recognised as income in equal amounts over the expected useful life of the related asset (when the asset is depreciated).

q) Leases policy

The consolidated entity assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Consolidated entity as a lessee

The consolidated entity applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The consolidated entity recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The consolidated entity recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives. If ownership of the leased asset transfers to the consolidated entity at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (e) Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the consolidated entity recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the consolidated entity and payments of penalties for terminating the lease, if the lease term reflects the consolidated entity exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

r) Trade and other payables

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

s) Current and non-current classification

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

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

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

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

t) Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and generated internally by the consolidated entity.

Key estimates — impairment

The consolidated entity assesses impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value- in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Recoverability of exploration and evaluation costs

The consolidated entity assesses the recoverability of the carrying value of capitalised exploration and evaluation costs at each reporting date (or at closer intervals should the need arise). In completing this assessment, regard is had to the consolidated entity's intentions with regard to proposed future exploration and development plans for individual exploration areas, to the success or otherwise of activities undertaken in individual areas in recent times, to the likely success of future planned exploration activities and to any potential plans for divestment of individual areas. Any required adjustments to the carrying value of capitalised exploration are completed based on the results of this assessment.

Share-based payments

Refer to note 19 for estimates applied in determining the share-based payments expense.

u) New accounting standards and interpretations

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

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

28. Standards Issued But Not Yet Effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2023 reporting periods and have not been early adopted by the consolidated entity.

The following standards issued but not yet effective are relevant to the Group. When these standards are is first adopted for the year ending 30 June 2024, there will be no material impact on the transactions and balances recognised in the financial statements.

Standard or Pronouncement	Description	Who does it affect?	Effective date
AASB 2020-1 Amendments to Australian Accounting Standards – Classifications of Liabilities as Current or Non-Current **AASB 2020-6** Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date	This narrow-scope amendment to AASB 101 Presentation of Financial Statements clarifies that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period, and also clarifies the definition of settlement of a liability. For example, a liability must be classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. AASB 2020-6 defers the mandatory effective date of amendments that were originally made in AASB 2020-1 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2023 instead of 1 January 2022.	All entities	Annual reporting periods beginning on or after 1 January 2023.
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	This amending Standard impacts a number of standards: - AASB 7: clarifying that information about measurement bases for financial instruments is expected to be material to an entity's financial statements; - AASB 101: requiring entities to disclose their *material accounting policy information rather than their significant accounting policies;* - AASB 108: clarifying how entities should distinguish changes in accounting policies and changes in accounting estimates. - AASB 134: identifying material accounting policy information as a component of a complete set of financial statements, and - AASB Practice Statement 2, providing guidance on how to apply the concept of materiality to accounting policy disclosures.	All entities	Annual reporting periods beginning on or after 1 January 2023.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

Standard or Pronouncement	Description	Who does it affect?	Effective date
AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	AASB 2021-5 amends the initial recognition exemption in AASB 112 Income Taxes such that it is not applicable to leases and decommissioning obligations – transactions for which companies recognise both an asset and liability and that give rise to equal taxable and deductible temporary differences.	All entities	Annual reporting periods beginning on or after 1 January 2023

Directors' Declaration

In the directors' opinion:

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes, are in accordance with the *Corporations Act 2001* and:

    a) Comply with accounting standards and the Corporations Regulations 2001, and

    b) Give a true and fair view of the financial position at 30 June 2023 and of the performance for the year ended on that date.

2. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

3. 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.

4. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

Andrew Spinks
Managing Director

Perth, 29 September 2023

Auditor's Report

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ECOGRAF LIMITED

Opinion

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

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the 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* (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.

RSM

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
Exploration and Evaluation Assets Refer to Note 8 in the financial statements	
The Group has capitalised exploration and evaluation expenditure with a carrying value of $22,975,000 as at 30 June 2023. We considered this to be a key audit matter due to the significant management judgments involved in assessing the carrying value of the asset including: • Determination of whether the expenditure can be associated with finding specific mineral resources, and the basis on which that expenditure is allocated to an area of interest; • Determination of whether exploration activities have progressed to the stage at which the existence of an economically recoverable mineral reserve may be assessed; and • Assessing whether any indicators of impairment are present, and if so, judgments applied to determine and quantify any impairment loss.	Our audit procedures included: • Assessing the Group's accounting policy for compliance with accounting standards; • Obtaining management's reconciliation of capitalised exploration and evaluation expenditure by area of interest and agreeing it to the general ledger; • Assessing whether the Group's right to tenure of each area of interest is current; • Agreeing a sample of additions to supporting documentation and testing that the amounts are capital in nature and relate to the area of interest; • Assessing and evaluating management's assessment of whether indicators of impairment existed as at 30 June 2023; • Enquiring with management and reviewing budgets and other supporting documentation as evidence that active and significant operations in, or relation to, the area of interest will be continued in the future; • Assessing management's determination that exploration and evaluation activities have not yet reached a stage where the existence or otherwise of economically recoverable reserves may be reasonably determined; and • Assessing the disclosures in the financial statements.

EXTRACT UPGRADE RECYCLE

Auditor's Report

Share-based payments Refer to Note 19 in the financial statements	
The Group has in place equity-based incentive arrangements consisting of performance rights and loan shares. Management have accounted for these equity instruments in accordance with AASB 2 Share-based Payment. We have considered this to be a key audit matter because: • The complexity of the accounting associated with these instruments and management's estimation in determining the fair value of these instruments; • Management judgement is required to determine the probability of meeting the vesting conditions of the instruments and the inputs used in the valuation model to value these instruments; and • The recognition of the share-based payment expense is complex due to the variety of vesting conditions attached to these instruments.	Our audit procedures included: • Assessing the Group's accounting policy for compliance with Australian Accounting Standards; • Obtaining an understanding of the terms and conditions of the instruments accounted for during the year; • Assessing the completeness of these instruments at reporting date; • Assessing the appropriateness of management's valuation methodology used to determine the fair value of the instruments accounted for during the year; • Critically assessing management's determination of the vesting probability of each instrument; • Recalculating the amount of share-based payment expense recognised for the year ended and the reserve movement during the year; and • Assessing the disclosures in the financial statements.

Other Information

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 2023 but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of 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 Corporation 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/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of EcoGraf Limited, for the year ended 30 June 2023, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 29 September 2023

Shareholder Information

Details of securities as at 27 September 2023

Capital structure

Securities	Number
Fully paid ordinary shares	452,591,877
Performance rights subject to vesting conditions and expiry	11,612,657

Top 20 holders of ordinary shares

The 20 largest registered holders of fully paid ordinary shares were:

Rank	Name	Number of Ordinary Shares held	% of issued capital
1	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	120,271,706	26.57
2	CITICORP NOMINEES PTY LIMITED	40,533,630	8.96
3	MR ANDREW PETER SPINKS	11,644,522	2.57
4	DR PETER DENNETT MEIER & MRS LYNETTE SUZANNE MEIER	10,883,340	2.40
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,611,045	1.46
6	BCV NOMINEES PTY LTD	5,245,825	1.16
7	REINDEER INVESTMENTS PTY LIMITED	3,257,692	0.72
8	MR KOSTA TRAJKOVSKI & MRS SUSANNE TRAJKOVSKI	3,233,904	0.71
9	CORNWALL HOLDINGS PTY LTD	3,179,615	0.70
10	PHELPS HILL INVESTMENTS PTY LTD	3,077,418	0.68
11	LAX CONSULTING PTE LTD	3,039,318	0.67
12	MR NICHOLAS BOLGER	2,641,501	0.58
13	MRS LORRAINE ATKINSON	2,632,500	0.58
14	GUNPIN PTY LTD	2,500,000	0.55
15	BNP PARIBAS NOMS PTY LTD	2,412,829	0.53
16	MR NICOLA CONIDI & MRS GIANNINA CONIDI	2,401,417	0.53
17	NICK CONIDI PTY LTD	2,310,031	0.51
18	GR ENGINEERING SERVICES LIMITED	2,068,904	0.46
19	DIZZY HOGAN PTY LTD	2,019,402	0.45
20	DR DANIEL HAUSTEAD	1,842,415	0.41
	Total	**231,807,014**	**51.22**

Shareholder Information

Distribution of Listed Securities

A distribution schedule of fully paid ordinary shares:

Range	Holders	Number of Shares	%
100,001 and Over	409	361,879,215	79.96
10,001 to 100,000	2,173	73,253,964	16.19
5,001 to 10,000	1,241	9,761,556	2.16
1,001 to 5,000	2,564	7,061,869	1.56
1 to 1,000	934	635,273	0.14
Total	**7,321**	**452,591,877**	**100.00**

Unmarketable parcels

Holdings less than a marketable parcel of ordinary shares (being 4,545 shares as at 27 September 2023):

Holders	Number of Shares
3,173	6,090,592

Unquoted securities

Unquoted securities on issue were as follows:

Class	Expiry Date	Number of Rights	Number of Holders
Performance rights	19 January 2026	5,675,000	7
Performance rights	7 December 2026	500,000	1
Performance rights	7 December 2027	320,825	1
Performance rights	29 December 2027	1,000,000	2
Performance rights	21 February 2028	164,275	1
Performance rights	21 February 2028	3,952,557	4
		11,612,657	

The Performance rights are subject to performance milestones and were issued under the Incentive Performance Rights Plan.

Voting Rights

The voting rights attaching to ordinary shares are:

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Performance rights do not carry any voting rights.

On-Market Buy Back

There is no current on-market buy-back.

Summary of Tenements

Mineral tenements

Consolidated entity's 100% interest:

Licence	Area (km²)	Project	Location (Region/Country)
PL 7907/2012[1]	26.42	Arusha-Merelani	Manyara, Tanzania
PL 10092/2014	23.23	Arusha-Merelani	Manyara, Tanzania
PL 10872/2016	2.60	Arusha-Merelani	Manyara, Tanzania
PL 11081/2017	2.08	Arusha-Merelani	Manyara, Tanzania
PL 11082/2017	20.77	Arusha-Merelani	Manyara, Tanzania
PL 11143/2017	2.62	Arusha-Merelani	Manyara, Tanzania
PL 11196/2018	46.72	Arusha-Merelani	Manyara, Tanzania
PL 11386/2019	6.73	Arusha-Merelani	Manyara, Tanzania
ML 548/2015	9.62	Epanko	Ulanga, Tanzania
PL 17824/2021[2]	35.31	Epanko	Ulanga, Tanzania
PL 9331/2013	2.76	Epanko	Ulanga, Tanzania
PL 10388/2014	2.57	Epanko	Ulanga, Tanzania
PL 10390/2014	2.81	Epanko	Ulanga, Tanzania
PL 17823/2021[2]	4.50	Epanko	Ulanga, Tanzania
PL 11598/2021	23.45	Epanko	Ulanga, Tanzania
PL 11600/2021	2.49	Epanko	Ulanga, Tanzania
PL 19373/2022[2]	299.00	Golden Eagle	Manyara, Tanzania
PL 20188/2022[2]	299.66	Golden Eagle	Manyara, Tanzania
PL 11668/2021	229.48	Northern Frontier	Kagera, Tanzania
PL 11667/2021	299.90	Northern Frontier	Kagera, Tanzania
PL 11837/2022	297.36	Northern Frontier	Kagera, Tanzania
PL 11841/2022	298.26	Northern Frontier	Kagera, Tanzania
PL 11915/2022	299.63	Northern Frontier	Kagera, Tanzania
PL 19369/2022[2]	299.57	Northern Frontier	Kagera, Tanzania
PL 19362/2022[2]	216.32	Northern Frontier	Kagera, Tanzania
PL 19368/2022[2]	288.27	Northern Frontier	Kagera, Tanzania
PL 21914/2022[2]	182.96	Northern Frontier	Kagera, Tanzania
PL 11838/2022	298.40	Southern Frontier	Ulanga, Tanzania
PL 11839/2022	299.63	Southern Frontier	Ulanga, Tanzania
PL 11840/2022	288.87	Southern Frontier	Ulanga, Tanzania
PL 19350/2022[2]	277.57	Western Frontier	Katavi, Tanzania
PL 19352/2022[2]	287.33	Western Frontier	Katavi, Tanzania
PL 19353/2022[2]	287.59	Western Frontier	Rukwa, Tanzania
PL 19354/2022[2]	288.86	Western Frontier	Rukwa, Tanzania
PL 19355/2022[2]	294.85	Western Frontier	Rukwa, Tanzania

1 Tenement conversion in progress
2 Application in progress

Mineral Resources and Ore Reserves Information

Governance and Internal Control

EcoGraf Limited ensures that all Mineral Resource Estimates are subject to appropriate levels of governance and internal controls. Estimation procedures are well established and are subject to systematic internal peer review and external technical review undertaken by competent and qualified professionals. These reviews have not identified any material issues. EcoGraf Limited also periodically reviews this governance framework to ensure it remains appropriate for the requirements of its business activities.

Mineral Resources and Ore Reserves Estimates are reported on an annual basis in accordance with the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ('JORC Code'). Mineral Resource Estimates are quoted inclusive of Ore Reserves. Competent Persons named are Members or Fellows of The Australasian Institute of Mining and Metallurgy and/or The Australian Institute of Geoscientists and qualify as Competent Persons as defined under the JORC Code.

Epanko Graphite Project Mineral Resources Estimate

	30 June 2023[1]		
Classification	Tonnage (Mt)	Grade (%TGC)	Contained Graphite (Kt)
Measured	21.5	7.7	1,650
Indicated	41.7	7.6	3,165
Inferred	65.1	7.2	4,690
Total	**128.2**	**7.4**	**9,510**

1 *February 2023 Mineral Resources Estimate for the Epanko Deposit>5.5% TGC*

	30 June 2022[1]		
Classification	Tonnage (Mt)	Grade (%TGC)	Contained Graphite (Kt)
Measured	7.5	9.8	739
Indicated	12.8	10.0	1,280
Inferred	10.4	9.9	1,031
Total	**30.7**	**9.9**	**3,050**

1 *March 2017 Mineral Resources Estimate for the Epanko Deposit>8% TGC*

Epanko Graphite Project Ore Reserves Estimate

	30 June 2023[1]		
Classification	Tonnage (Mt)	Grade (%TGC)	Contained Graphite (Kt)
Proven	5.7	8.4	483
Probable	5.9	8.2	488
Total	**11.7**	**8.3**	**971**

Mineral Resources and Ore Reserves Information

	30 June 2022[1]		
Classification	**Tonnage (Mt)**	**Grade (%TGC)**	**Contained Graphite (Kt)**
Proven	5.7	8.4	483
Probable	5.9	8.2	488
Total	**11.7**	**8.3**	**971**

1 Mineral Reserves are quoted from blocks where the TGC grade is greater than 5%.

Merelani–Arusha Graphite Project Mineral Resources Estimate

	30 June 2023		
Classification	**Tonnage (Mt)**	**Grade (%TGC)**	**Contained Graphite (Kt)**
Measured	7.4	6.7	500
Inferred	10.3	6.3	650
Total	**17.7**	**7.4**	**1,150**

	30 June 2022		
Classification	**Tonnage (Mt)**	**Grade (%TGC)**	**Contained Graphite (Kt)**
Measured	7.4	6.7	500
Inferred	10.3	6.3	650
Total	**17.7**	**7.4**	**1,150**

Notes to the Mineral Resource Estiimate and Ore Reserve tables above
- *The Epanko and Merelani-Arusha Graphite Projects are located in Tanzania.*
- *Totals may not sum due to rounding.*
- *Mt = 1,000,000 tonnes.*
- *Tonnage figures have been rounded to the nearest 1,000 and % TGC grades have been rounded to 1 decimal place.*

Competent Persons' Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr. Andrew Spinks, a Competent Person, who is a Member of The Australasian Institute of Mining and Metallurgy and is employed by EcoGraf Limited. Mr. Spinks has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Spinks consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources is based on information compiled by Mr. David Williams, a Competent Person, who is a Member of The Australasian Institute of Mining and Metallurgy and is employed by CSA Global Pty Ltd, an independent consulting company. Mr. Williams has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Williams consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Mineral Resources and Ore Reserves Information

The information in this report that relates to Ore Reserves has been compiled by Mr. Steve O'Grady who is a Member of The Australasian Institute of Mining and Metallurgy. Mr. O'Grady is employed by Intermine Engineering and produced the Ore Reserve estimate based on data and geological information supplied by Mr. Williams. Mr. O'Grady has sufficient experience that is relevant to the estimation, assessment, evaluation, and economic extraction of the Ore Reserve that he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. O'Grady consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Corporate Directory

Directors

Robert Pett Non-Executive Chairman
Andrew Spinks Managing Director
John Conidi Non-Executive Director
Keith Jones Non-Executive Director

Company Secretary

Howard Rae and Karen Logan

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Perth WA 6000

Stock Exchange Listings

Australian Securities Exchange
ASX Code: EGR

Frankfurt Stock Exchange (Börse Frankfurt)
FSE Code: FMK

OTCQX Stock Exchange
OTCQX Code: ECGFF

ASX: EGR **FSE:** FMK **OTCQX:** ECGFF

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