International Graphite Ltd

ACN 624 579 326

Annual Report

for the year ended 30 June 2023

YEAR HIGHLIGHTS

July 2022	Maiden drilling starts at Springdale
August	Collie pilot plant installed
September	First product from Collie test plant
October	New graphite discovery at Springdale Central
November	WA Premier opens Collie R&D facility
January 2023	CEO commences
March	DFS supports commercial micronising at Collie
April	Scoping study supports Collie BAM
May	$4.7m Australian Government grant
June	Strong assays from fourth discovery - Mason Bay
July	First bulk concentrate testwork results
September	Huge MRE uplift at Springdale

CORPORATE DIRECTORY

Board of Directors

Philip Hearse	Non-Executive Chairman
Andrew Worland	CEO/Managing Director
David Pass	Non-Executive Director
Matthew O'Kane	Non-Executive Director

Company Secretary
Robert Hodby

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Osborne Park, WA 6017

Securities Exchange
Australian Securities Exchange
Website: www.asx.com.au
ASX Code: IG6

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MESSAGE FROM THE CHAIRMAN

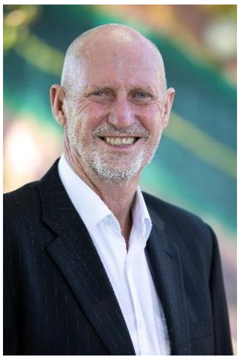 

Figure 1: Phil Hearse, Chairman

It has been a year of achievement for International Graphite and we have made great progress on our journey to become one of the western world's first producers of battery anode graphite.

Although 2022-23 has been volatile and unpredictable for equity markets, our mine-to-market business model positions the Company at the forefront of the world's developing battery minerals market.

We are seeing history in the making. The campaign against climate change continues to ramp up and the spotlight is on the transformative power of batteries to drive decarbonisation. EV sales are expected to keep breaking records. It is a tectonic shift that relies on having ready access to batteries and the materials needed to make them.

Securing a sovereign supply of critical battery minerals – including graphite – has become a top priority for nations around the globe including Australia. We have seen unprecedented government investment towards carbon reduction initiatives, from the US Inflation Reduction Act to funding programs across India and the EU. Battery manufacturers and OEMs are now searching for new graphite suppliers but with the proviso that emerging supply chains must lift the bar on environmental, social and governance (ESG) standards.

At International Graphite, we are driven by a bold vision to create a sustainable and reliable supply of battery graphite in one of the world's most attractive Tier One resource jurisdictions. Our two flagship projects are rapidly evolving. The multi-faceted downstream graphite a hub at Collie, in the heart of WA's Southwest Interconnected System power grid, will be underpinned by the secure and stable feed of graphite concentrate from our planned long-life graphite mine at Springdale, now the second biggest graphite deposit in Australia.

By taking control of the entire graphite production process, from mining to manufacturing, we aim to provide a high-quality product while minimising environmental impact and maximising social and economic value. Our pioneering approach aligns perfectly with Australia's new Critical Minerals Strategy, released in June 2023. The strategy sets out the Government's aspiration to grow Australia's critical minerals sector. In recognition of our ability to contribute to this goal, International Graphite was awarded a substantial A$4.7M Federal Government grant.

The new grant is in addition to our existing support from the Western Australian State Government which acknowledges our ability to introduce innovation to Collie, as it makes the economic and social transition from coal. In this way, we are planning to extract maximum value from our natural graphite resource while creating jobs and economic opportunities for our regional communities.

By investing in cutting-edge process, and working closely with government, community and industry partners, we are confident that we can meet and exceed the quality demands of battery manufacturers and secure outstanding returns for our shareholders.

I wish to express my sincere appreciation to my fellow Directors and management team for their hard work and commitment which has enabled us to achieve excellent progress this year. I am confident the effort being invested now will ensure we are uniquely placed to capitalise when capital markets inevitably turn.

Thank you all for sharing our vision.

Phil Hearse
Chairman and Founder

Figure 2: Board of Directors L-R Matthew O'Kane, Phil Hearse (Chairman), David Pass (Director & Chief Technical Officer), Andrew Worland (Managing Director & CEO)

OPERATIONS REVIEW

International Graphite continues to rapidly evolve as Western Australia's first fully integrated 'mine-to-market' producer of graphite battery anode materials (BAM), recording significant achievements in its first full financial year since listing on the Australian Securities Exchange (ASX) in April 2022.

The Company is in the early phases of development, spending $5,2m on exploration & evaluation at Springdale and $1.6m on midstream process development, including $759,000 on graphite processing equipment. The Company reported an operating loss for the 2022-23 financial year of $2,533,229 (2022: $2,055,940) after providing for income tax.

Figure 3: International Graphite project locations

International Graphite is developing several important graphite assets. The Company owns 100% of the Springdale Graphite Project, in Western Australia, located 25km from Hopetoun, on the south coast of Western Australia, and 30km from the world class Mt Catlin lithium and Ravensthorpe nickel mines. The project is within easy reach of the industrial centre of Collie, 200km south of Perth, where the Company intends to establish downstream processing facilities to treat graphite concentrates produced at Springdale. Graphite R&D facilities, including a pilot plant for micronising and spheroidising, have already been built.

The Company's vision, to establish a vertically integrated graphite operation, with a mine at Springdale producing graphite concentrates for downstream processing at Collie, was endorsed by a $4.7 million grant awarded by the Australian Critical Minerals Development Program[1] in May 2023. The funds will be used to advance feasibility studies for the proposed Springdale mine and progress separate facilities at Collie for graphite micronising and the production of battery anode material.

SPRINGDALE GRAPHITE PROJECT

An extensive drilling campaign was completed during the year resulting in a substantial Mineral Resource estimate increase being announced[2] subsequent to year end, in September 2023.
The 240% increase positions Springdale as the second biggest graphite deposit in Australia and one of the top 15 in the world, outside China.

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[1] ASX Announcement 18 May 2023 and 1 June 2023
[2] ASX Announcement 12 September 2023

The result takes the previous estimate of 15.3Mt @ 6.0% Total Graphitic Carbon (TGC) to 49.3Mt @ 6.5% TGC and is the culmination of more than 20,500 metres of exploration and infill drilling undertaken during the financial year. The drill program was specifically designed to upgrade surety in the existing estimate, from Inferred to Indicated status, and to expand the resource by exploring promising new target areas identified in a 2019 airborne electromagnetic geophysical (AEM) survey. To date, only approximately 10% of the Company's landholdings and 20% of exploration targets have been investigated.

Exploration and Resource Drilling

A total of 12 diamond drill (DD) holes and 261 reverse circulation (RC) drill holes were completed at Springdale during the financial year with four new graphite discoveries at Springdale Central, Mason Bay, Springdale Far West and Springdale South. These are the first of seven high priority exploration targets highlighted by the AEM, and all within a 2.5km radius of the historic Mineral Resource.

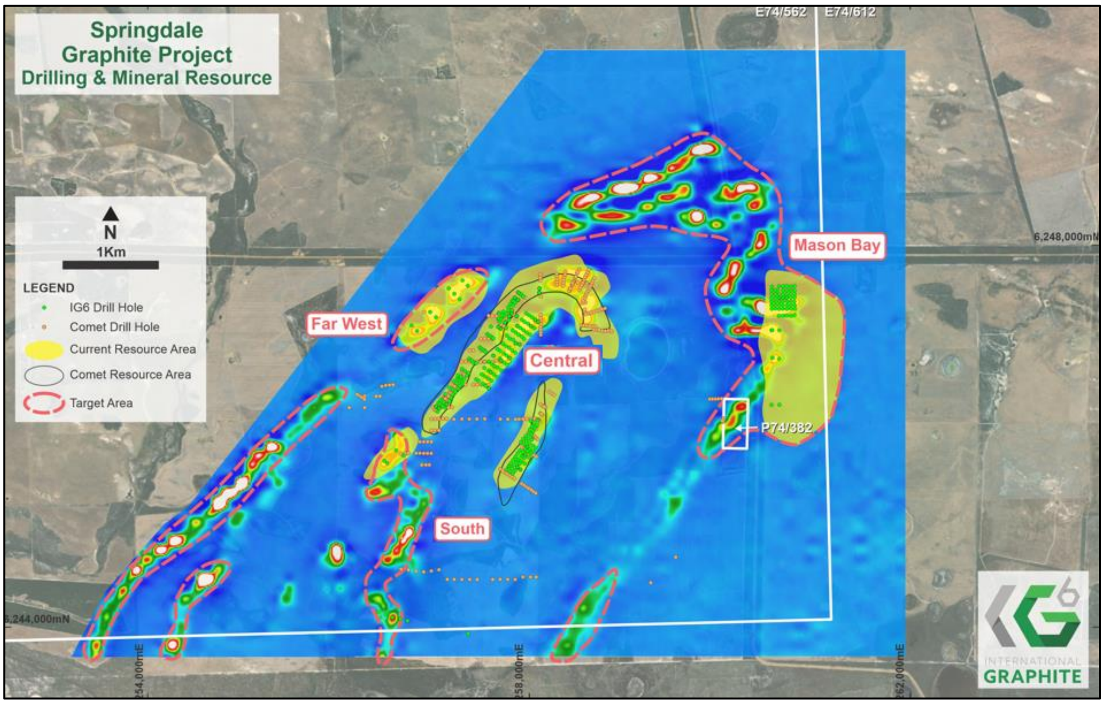

Figure 4: Airborne electromagnetic survey (AEM) image resource areas and new targets at Springdale

The new JORC 2012 compliant Mineral Resource estimate was prepared by independent consultancies OMNI GeoX Pty Ltd and Trepanier Pty Ltd and includes drilling undertaken before International Graphite acquired the project, which amounted to 32 diamond holes and 129 RC / AC holes for 9,533 metres. Combined drilling to date totals 44 diamond drill holes, 390 RC / AC holes for 30,107 metres at an average depth of 69 metres per hole.

The new Indicated and Inferred Mineral Resources are shown in Table 1 and Table 2 below. Table 3 presents a comparison with the historic resource and Table 4 details the new September 2023 Mineral Resource by oxidation profile. All figures presented in Tables 1 to 6 are rounded to one decimal place.

Table 1: Springdale JORC 2012 Mineral Resource estimate (using 2% TGC cut-off)

Classification	Springdale Graphite Project – September 2023		
	Tonnes (Mt)	Graphite (TGC%)	Contained Graphite (Mt)
Indicated	11.5	7.5	0.9
Inferred	37.8	6.1	2.3
Total	**49.3**	**6.5**	**3.2**

Table 2: Springdale JORC 2012 Mineral Resource estimate (using 5% TGC cut-off)

Classification	Springdale Graphite Project – September 2023		
	Tonnes (Mt)	Graphite (TGC%)	Tonnes (Mt)
Indicated	7.9	9.3	0.7
Inferred	20.1	8.5	1.7
Total	**28.0**	**8.7**	**2.4**

Table 3: Springdale JORC 2012 Mineral Resource estimate (using 2% TGC cut-off) – changes to previous estimate

	2018 Estimate			2023 Estimate			Change		
	Tonnes (Mt)	Graphite (TGC%)	Contained Graphite (Mt)	Tonnes (Mt)	Graphite (TGC%)	Contained Graphite (Mt)	Tonnes (Mt)	Graphite (TGC%)	Contained Graphite (Mt)
Indicated	-	-	-	11.5	7.5	0.9	N/A	N/A	N/A
Inferred	15.6	6.0	0.9	37.8	6.1	2.3	142%	2%	148%
Total	**15.6**	**6.0**	**0.9**	**49.3**	**6.5**	**3.2**	**216%**	**8%**	**240%**

Table 4: Springdale JORC 2012 Mineral Resource by oxidation (using 2% TGC cut-off)

Oxidation Profile	Classification	Tonnes (Mt)	Graphite (TGC%)	Contained Graphite (Mt)
Oxide	Indicated	3.6	6.9	0.3
	Inferred	5.4	6.1	0.3
	Total	**9.0**	**6.4**	**0.6**
Transition	Indicated	2.4	8.0	0.2
	Inferred	7.0	6.9	0.5
	Total	**9.4**	**7.2**	**0.7**
Fresh	Indicated	5.5	7.7	0.4
	Inferred	25.3	5.9	1.5
	Total	**30.8**	**6.2**	**1.9**
Combined	Indicated	11.5	7.5	0.9
	Inferred	37.7	6.1	2.3
	Total	**49.3**	**6.5**	**3.2**

Table 5: Springdale JORC 2012 Mineral Resource (using 2% TGC cut-off)

	Springdale Main			Mason Bay			Total		
	Tonnes (Mt)	Graphite (TGC%)	Contained Graphite (Mt)	Tonnes (Mt)	Graphite (TGC%)	Contained Graphite (Mt)	Tonnes (Mt)	Graphite (TGC%)	Contained Graphite (Mt)
Indicated	8.8	7.6	0.7	2.7	7.1	0.2	11.5	7.5	0.9
Inferred	36.2	6.1	2.2	1.5	6.0	0.1	37.7	6.1	2.3
Total	**45.0**	**6.4**	**2.9**	**4.3**	**6.7**	**0.3**	**49.3**	**6.5**	**3.2**

Table 6: Springdale JORC 2012 Mineral Resource (using 5% TGC cut-off)

	Springdale Main			Mason Bay			Total		
	Tonnes (Mt)	Graphite (TGC%)	Contained Graphite (Mt)	Tonnes (Mt)	Graphite (TGC%)	Contained Graphite (Mt)	Tonnes (Mt)	Graphite (TGC%)	Contained Graphite (Mt)
Indicated	5.9	9.6	0.6	2.0	8.3	0.2	7.9	9.3	0.7
Inferred	19.0	8.6	1.6	1.1	6.9	0.1	20.1	8.5	1.7
Total	**24.9**	**8.8**	**2.2**	**3.1**	**7.8**	**0.3**	**28.0**	**8.7**	**2.4**

Metallurgy

Laboratory flotation tests on sample composites from drill hole SGRC 0098 taken from 14-20m at Mason Bay returned a sample head grade of 20.5% TGC. The results, which were consistent with previous testwork on samples from within the existing Springdale Mineral Resource, showed[3]:

- Graphite concentrates of >97% TGC could be produced using conventional flotation.
- Results exceeded the typical benchmark of 95% TGC.
- Flotation concentrate exhibited consistent grade distribution within size fractions.
- The concentrates produced were "fine", at less than 75 micron, and considered to be highly amenable to micronising.
- Impurities were low with silica <1.0%.

Bulk pilot scale metallurgical testwork has also commenced with ALS Metallurgy in Perth, using RC chips from the 2022-2023 Springdale drilling campaign[4]. Approximately 1.5 tonnes of ore from both the existing Mineral Resource and new discoveries at Springdale Central and Mason Bay, has been collated and will be processed through ALS' pilot concentrate production facilities to produce up to approximately 150kg of graphite concentrate.

[3] ASX Announcement 21 February 2023
[4] ASX Announcement 13 July 2023

Permitting

Permitting for the future Springdale mine progressed during the year with a number of environmental surveys completed or in train. Baseline data is expected to be collated in early 2024 which will support applications for Government approval which are expected to be lodged shortly thereafter.

COLLIE DOWNSTREAM PROCESSING

International Graphite is pushing forward with the development of an advanced manufacturing centre for graphite products at Collie.

Collie Graphite BAM Facility

A Scoping Study[5] was released in May 2023 showing outstanding economic projections for the proposed Collie Graphite BAM Facility. The projections were based on a plant capable of processing up to 40kt/y of graphite concentrates with estimates prepared for the production of two separate products – uncoated spheroidised purified graphite (USPG) and coated spheroidised purified graphite (CSPG).

Financial forecasts for the Scoping Study included the purchase of graphite concentrates from third party sources, although the Company expects concentrate feedstock will ultimately come from its own Springdale operations. The Scoping Study will be updated to reflect this once development plans for Springdale are sufficiently advanced.

Highlights of the Scoping Study:

CSPG facilities

- Annual average revenue approximately US$172M and EBITDA of US$100M.
- Output of up to 18.6kt/y of CSPG with 17kt/y of micronised by-products.
- Total capital cost to produce CSPG estimated at US$222M (A$317M) including contingency.
- Annualised operating cost approximately US$3,175 per tonne of CSPG produced. This includes the cost of concentrate feed net of micronised by-product credits (assuming sales pricing of US$500-800/t by-product).
- Pre-tax - pre finance NPV10 (pre-tax discount rate 10%) and IRR of approximately US$626M (A$894M) / 41%.

USPG facilities

- Annual average revenue approximately US$95M and EBITDA of US$43M.
- Output of up to 20kt/y of USPG and 17kt/y of micronised by-products.
- Total capital cost to produce USPG estimated at US$87M (A$124M) including contingency.
- Annualised operating cost approximately US$2,029 per tonne of USPG produced. This includes the cost of concentrate feed net of micronised by-product credits (assuming sales pricing of US$500-800/t by-product).
- Pre-tax – pre finance NPV10 and IRR of approximately US$290M (A$412M) / 48%.

The Scoping Study was completed to the Association for the Advancement of Engineering (AACE) Class 5 standard with a level of accuracy of ± 35%.

For the purposes of the Scoping Study, the Collie Graphite BAM Facility will comprise:

- Graphite concentrates, at a nominal grade of 95% C (fixed carbon), purchased and road freighted from the Port of Fremantle to the proposed Collie site for processing.
- Micronising of graphite to produce a material of suitable size for spheroidisation shaping mills.
- Shaping and classification of graphite to produce spherical graphite and a micronised graphite by-product.

[5] ASX Announcement 26 April 2023

- Purification of spherical graphite to produce UPSG to a minimum grade of 99.95% fixed carbon. The purification flowsheet is based on a non-HF chemical purification process comprising a multi-stage caustic bake, wash and acid leach.
- Coating of USPG to produce CSPG based on a carbon pitch coating flowsheet.
- Waste, water treatment and recycling facilities.
- Products will be bagged, packaged and loaded into sea containers, then trucked to Fremantle for export.
- The full process flowsheet development, with material assumptions, risks, cautionary statement and forward looking statements disclosure, are detailed in the Company's ASX Announcement dated 26 April 2023 and available at www.internationalgraphite.com.au/investors.

A 20 hectare site has been selected for the BAM facility on private land in the Coolangatta industrial estate at Collie[6]. The property is strategically located 5km north-east of the town centre, is well serviced and only metres from the existing power transmission network. The Company has signed an exclusive non-binding memorandum of understanding for an option agreement on a lease term of up to 40 years. The option may be exercised at any time within two years and full details of the commercial lease will be progressed during this period.

Collie R&D and Graphite Micronising Facility

International Graphite's Collie R&D Facility was officially opened by Western Australian Premier Mark McGowan on 25 November 2023.

Located in the Collie light industrial area, the facility houses the Company's pilot scale micronising, spheroidising and purification equipment. Micronising and spheroidising testwork was undertaken during the financial year with the resulting graphite product shown to be consistently sized and shaped to suit high quality battery anode materials. The pilot plant is one of the first operations of its size to produce micronised and spheroidised material for battery anodes in Australia.

Expansion of the R&D facilities is underway with construction works approval received from the Western Australian Department of Water and Environmental Regulation in August 2024.[7]

The Company has recently taken delivery of new, custom-built graphite micronising equipment, which was ordered from North America, in November 2022[8]. The larger plant is capable of producing between 100tpa and 200tpa of micronised graphite products providing sufficient sample product to introduce the International Graphite brand to world markets, secure customer sales agreements for micronised material, and inform commercial scale investment decisions.

The new qualification-scale equipment will also be used for micronising testwork on graphite concentrates prepared from drill core material from Springdale. This will assist in the qualification of the Springdale graphite material. Additional spheroidising equipment may be added to the plant to progress the BAM testwork program.

Definitive Feasibility Study for Micronising

A Definitive Feasibility Study for a 4,000tpa commercial micronising operation in Collie was released in March 2023.[9] The study recommended a significant increase in proposed production rates, compared with a feasibility study prepared in 2020.

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[6] ASX Announcement 17 May 2023
[7] ASX Announcement 24 August 2023
[8] ASX Announcement 24 November 2022
[9] ASX Announcement 15 March 2023

The DFS was completed by Battery Limits Pty Ltd to an Association for the Advancement of Cost Engineering (AACE) Class 3 level of accuracy. Its key findings included:

- Nominal plant capacity of 4,000tpa with micronising mills capable of producing up to 5,000tpa of micronised product, depending on final mesh specifications.
- Sales prices and operating costs vary depending on the grade of feedstock and grade and sizing of finished products. The DFS assumes products will be manufactured in various sizes and at both 95% and 99% graphite purity. The average operating cost, including the cost of importing concentrate feed to Collie, is estimated at US$1,980 per tonne for micronised product with the average sales prices for micronised product, based on independent market sources, currently exceeding US$3,000 per tonne. The qualification process will be used to confirm, refine and optimise the final product mix.
- The existing R&D premises at Collie will be expanded to accommodate the proposed new micronising facility.
- Installed capital cost, including contingency (15%), is estimated at A$12.5M.
- Equipment manufacture and installation is expected to take 10 months from ordering.
- The micronising plant will facilitate market development for micronised products including micronised by-products from future planned Collie BAM facilities.

Purified micronised graphite is sold as a conductive additive to battery cathodes, as an intermediate product in the production of purified spheroidised graphite, or in a wide range of industrial applications. Micronised and spheroidised graphite, purified to >99.95%, is first step in the production of conductive material suitable for lithium-ion battery anodes.

Initially, commercial operations would treat third party graphite concentrates, with the goal of processing concentrates from the Company's 100% owned Springdale project once the mine at Springdale is developed. A final investment decision for the Collie graphite micronising facility will be made during product qualification operations.

CORPORATE AND FINANCE

International Graphite had $2.7M cash on hand as at 30 June 2023.

Critical Minerals and Collie Government Funding

The Australian Government awarded the Company $4.7M, in May 2023, as part of a $50 million injection designed to accelerate the development of sovereign critical minerals projects. The Critical Minerals Development Program grant, administered by the Federal Department of Industry, Science and Resources, is being used to advance feasibility studies for the proposed graphite mine at Springdale and battery anode material manufacturing plant at Collie, as well as contributing to construction of the planned Collie graphite micronising facility. The first instalment of $1.9M was received in June 2023.

A further two payments of $0.33M each were received during the financial year from the Western Australian State Government under the Company's $2M Financial Assistance Agreement with the Collie Futures Industry Development Fund. The payments are linked to the successful achievement of scheduled milestones for the development of the Company's Collie operations.

Leadership Appointments

The Company has strengthened its operational team with several key executive appointments. Andrew Worland was appointed Managing Director and Chief Executive Officer on 1 January 2023, after almost four years on the Company's Board.

David Pass was appointed Chief Technical Officer formalising the role to meet expanding technical demands as the Company establishes its R&D and processing facilities. David has been providing process design, metallurgical and graphite markets advice as a Director on the International Graphite Board since the Company's formation. He is recognised as an expert in graphite primary and downstream processing in Africa, Australia and Europe.

Major Shareholder Support

In July 2023, International Graphite agreed to contribute to the refinancing of its major shareholder Comet Resources to support reinstatement of Comet shares for trading on the ASX.

Comet owns 40,000,000 shares, or approximately 24% of International Graphite's issued share capital. The shares are subject to ASX escrow until 7 April 2024.

International Graphite is a party to a secured convertible loan (Loan) contributing $250,000 in its own right and agreeing to act as security trustee on behalf of the investors who are also party to the Loan.

The Loan matures in 12 months, accrues interest at 8% per annum in cash and has a mandatory conversion into new Comet shares if Comet's shares are requoted on the ASX at the lower of $0.09 per share or a 10% discount to the next capital raise. Upon conversion of the Loan and Comet Shareholder approval, a 1 for 2 option to acquire a share will be issued by Comet with an exercise price of $0.20 and an expiry of 3 years.

ESG AND SUSTAINABILITY

International Graphite is building its operations on exemplary environmental, social and governance (ESG) performance. The vertically integrated business model will provide product oversight from mine to customer, ensuring the Company maintains control of its ESG practices along the complete supply chain.

Graphite plays a critical role in our ability to achieve global climate goals providing an essential ingredient for the production of lithium-ion batteries in electric vehicles, renewable energy storage and other green technologies.

Strong collaborative relationships are a strategic priority based on the understanding that effective engagement results in better decision-making and more effective, sustainable outcomes for both the business and community.

Stakeholder Consultation and Community Participation

The Company has actively engaged all levels of government during the year including Federal, State and local parliamentarians and government agencies, the Shires of Collie and Ravensthorpe, landowners and communities, to raise awareness of the Company's aspirations, discuss the potential impacts of the Company's planned mining and processing activities, and the importance of graphite to Australia's battery industry.

A comprehensive Stakeholder Engagement and Community Relations Strategy has been developed to guide the Company and help strengthen and safeguard its social license to operate. International Graphite is continuing to build positive relationships with stakeholders, and to establish its place in the Springdale and Collie communities.

Encouraging the Future STEM Workforce
International Graphite is encouraging a future STEM workforce as key partner in one of Australia's most innovative science education programs.

Developed by the University of WA and Australian National University, the award-winning Einstein- First Project is expected to "revolutionise" science education in Australian schools. A companion program -

Quantum Girls - aims to train 200 female teachers to teach quantum science and quantum computing to girls aged 11 to 15, thereby helping to address the critical shortage of women in STEM careers.

The partnership with International Graphite was announced on World Quantum Day, in May, ahead of Einstein-First's national launch by Australia's Chief Scientist Dr Cathy Foley, in Canberra, in June. Funding provided by International Graphite over the next three years will be invested in the Hopetoun/Ravensthorpe community, near Springdale.

It will be used to provide training and support materials for teachers, activity equipment for schools, and new learning videos, particularly around climate change. Modern quantum physics is driving groundbreaking innovation in renewable energy, medical technology, computing and space.
The project was officially launched at schools in Ravensthorpe and Hopetoun in August 2023.

"The support and vision of International Graphite is a very important part of our programs, and a wonderful example of a company really making a difference to society"
Distinguished Professor Susan M. Scott, Australian National University, Canberra

Hopetoun Business of the Year Awards
The Fitzgerald Business Network, which represents business across the Shire of Ravensthorpe, conducted its inaugural business awards with support from International Graphite. The awards foster innovation, entrepreneurship and economic growth in Hopetoun, which is the residential community supporting Springdale.

Collie Sports Connection
Sport is an important contributor to communities. International Graphite is supporting the Collie Eagles Football Club and assisting Collie star hockey player Brayden Dalton, to play in the national country men's hockey championships, which took out the Australian national title in August. Brayden was selected to represent Australia.

Investor Relations

Building strong brand awareness and relationships in the investor market is a priority for the Company. During the year, members of the executive team presented and/or attended investor events and conferences in Perth, Busselton, Sydney, Melbourne, London, Berlin, Hong Kong, Singapore and Washington.

Media coverage was generated in a range of outlets servicing target audiences and syndicated internationally, including ABC Radio, 7News, The West Australian, Australian Mining, Australia's Mining Monthly, Australian Mining News, Australian Resources, PV Magazine, Investing.com, InnovationAus.com, AuManufacturing, Collie River Valley Bulletin, National Resources Review, MiningNews.Net, Business News, Community Spirit, Esperance Weekender.

CEO interviews were also conducted with MiningNews.Net, Small Caps, Proactive Investor, Stockhead, BullsNBears, The Market Herald, Chapter One Advisors, Ausbiz, Australian Resources and Investment Magazine, Fat Tail Commodities, Paydirt, and Investing News Network.

ESG Reporting

International Graphite has committed to reporting on its ESG performance and has implemented a software system to track and evaluate its progress. A baseline assessment of ESG readiness, using the principles of the World Economic Forum reporting framework, is currently being finalised.

DIRECTORS' REPORT

The Directors present their report on International Graphite Limited (the Company) for the financial year ended 30 June 2023 and the auditor's report thereon.

Directors
The names of the Directors who held office during the reporting year or since the end of the reporting year and up to the date of this report are:

Philip Hearse, appointed 21 February 2018
Andrew Worland, appointed 7 May 2019
David Pass, appointed 9 July 2021
Matthew O'Kane, appointed 5 April 2022

Company Secretary
Robert Hodby was appointed as Company Secretary on 20 July 2021.

Principal Activities
The principal activities of the Company are the development of a Western Australian vertically integrated 'mine to market' graphite business focussing on the exploration and development of the Springdale Graphite Project in Hopetoun, Western Australia and the development of commercial downstream processing facilities in Collie, Western Australia that would treat third party concentrates and concentrates from the Springdale Graphite Project to produce industrial and battery products including battery anode materials for the global lithium-ion battery industry.

Review of Operations
A review of the Company's exploration projects and activities during the year is discussed in the Operations Review section included in this Annual Report.

The operating loss of the Company for the financial year after providing for income tax amounted to $2,533,229 (2022: $2,055,940).

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Corporate and Significant Changes in Affairs
Other than disclosed in this Financial Report, there have been no significant changes in the affairs of the Company.

Likely Developments and Expected Results of Operations
The Company will continue with its principal activities.

Safety and Environment Regulation
The Company is aware of its safety and environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work.

Proceedings on behalf of the Company
No persons have applied for leave pursuant to s.237 of the Corporation Act 2001 to bring, or intervene in, proceedings on behalf of the Company.

DIRECTORS' REPORT (CONTINUED)

Performance Rights
A total of 13,900,000 performance rights are on issue at the date of this report:

Type	Number	Expiry date
IG6PRA	3,000,000	29/12/2026
IG6PRB	-	-
IG6PRC	2,000,000	29/12/2026
IG6PRD	3,000,000	29/12/2026
IG6PRE	2,000,000	29/12/2026
IG6PRF	2,400,000	29/12/2026
IG6PRG	1,500,000	29/12/2026

The holders of such options do not have the right, by virtue of the performance right, to participate in any share or other interest issue of any other body corporate or registered scheme.

The vesting terms of the performance rights can be found in Note 16.

Share Options
A total of 14,250,000 share options are outstanding at the date of this report:

Type	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
OPT01	3,200,000	01/04/2022	01/04/2027	$0.30	$0.06609/option
OPT02	4,800,000	01/04/2022	01/04/2027	$0.40	$0.05108/option
OPT03	6,250,000	01/04/2022	01/04/2025	$0.30	$0.04389/option

The holders of such options do not have the right, by virtue of the option, to participate in any share or other interest issue of any other body corporate or registered scheme.

Shares issued on the exercise of Options
There were no shares were issued on the exercise of options.

Shares Options that expired/lapsed
No share options expired or lapsed during or since the end of the financial year.

Directors and Company Secretary (including the Director's qualifications and interests at the date of this report)

Philip Hearse
MBA, BASc

Non-Executive Chairman

Phillip founded International Graphite in 2018. He is a metallurgist with more than 40 years' experience in diverse and challenging projects around the world. His extensive career has taken him from operational and technical roles at Broken Hill, Bougainville Copper, Queensland Nickel (QNI) and Gove Alumina to senior executive and managerial positions in engineering and operating companies.

	Phillip is owner and Managing Director of Battery Limits Pty Ltd, one of Australia's leading graphite metallurgy and process engineering firms that has assisted many listed public companies develop bankable feasibility studies for graphite mines and concentrators and generated significant downstream processing intellectual property and end use market knowledge. Phillip holds a Master of Business Administration from UK's Hull University and a Bachelor of Applied Science in Primary Metallurgy from the University of South Australia and is a Fellow of the Australasian Institute of Mining and Metallurgy. The Board considers that Philip is not an independent Director.
Interest in securities	Ordinary Shares 17,340,364[10] Options 2,400,000
Directorships held in other listed entities	During the past three years, Phil has been a director of the following ASX listed companies: Blackearth Minerals NL – resigned 16 November 2020
Andrew Worland (BCom, FGIA)	Managing Director / CEO Andrew is a mining executive and experienced ASX/TSX Director with over two decades of experience working in senior finance, corporate and project management and marketing roles in the Western Australian mining sector. Andrew has held the positions of Chairman, CEO and Company Secretary of several listed and unlisted companies. His commodity experience includes exploration, development and operations in lead, zinc, nickel, cobalt, gold, iron ore, molybdenum, copper and uranium. Andrew has a Bachelor of Commerce with a major in Finance and Marketing from the University of Western Australia and is a qualified chartered company secretary. The Board considers that Andrew is not an independent Director.
Interest in securities	Ordinary Shares 2,940,000[11] Options 2,000,000 Performance Rights 5,000,000
Directorships held in other listed entities	During the past three years, Andrew has been a director of the following ASX listed companies: Besra Gold Inc – resigned 13 December 2022

[10] Comprising:
(a) 12,737,326 Shares held by JUAD Pty Ltd ATF Hayes Hearse Superannuation Fund (an entity controlled by Phillip Hearse);
(b) 2,037,001 Shares held directly by Phillip Hearse;
(c) 2,066,037 Shares held by Robyn Hearse (spouse of Phillip Hearse); and
(d) 500,000 Shares held by Battery Limits Pty Ltd (an entity controlled by Phillip Hearse and his spouse).

[11] Comprising:
(a) 2,780,000 Shares held directly by Andrew Worland; and
(b) 160,000 Shares held by Badlands Super Pty Ltd (an entity controlled by Andrew Worland).

DIRECTORS' REPORT (CONTINUED)

David Pass
(BSc)

Chief Technical Officer / Director

David is a metallurgist with 30 years' experience in the mining industry with mix of operational processing, process design, project, due diligence skills and management.

David is Chief Executive Officer of Battery Limits and an acknowledged expert in graphite primary and downstream processing and has led several studies in graphite project development to definitive feasibility level. Previously, he worked with Moly Mines in a senior role where he managed the Spinifex Ridge molybdenum/copper project development and iron ore operations.

David holds a Bachelor of Science in Metallurgy from Murdoch University and is a member of the Australian Institute of Mining and Metallurgy.

The Board considers that David is not an independent Director.

Ordinary Shares	3,165,000[12]
Options	1,200,000
Performance Rights	1,200,000

Directorships held in other listed entities

During the past three years, David has not been a director of any other ASX listed companies.

Matthew O'Kane
(BEcon & Fin, MBA, CPA, GradDip Mineral Exploration Geoscience)

Non-Executive Director

Matthew is an experienced mineral industry executive and company director with 25 years' experience in the mining, commodities, and automotive sectors.

Matthew has held senior leadership roles in Australia, the USA and Asia, in both developed and emerging markets, from start-up companies through to MNC's. He has served on the board of mining companies in Canada, Hong Kong and Australia.

The Board considers that Matthew is not an independent Director.

Interest in securities

Ordinary Shares	Nil
Options	1,200,000[13]

Directorships held in other listed entities

During the past three years, Matthew has been a director of the following ASX listed companies:

- Comet Resources Limited – appointed 12 November 2019
- Reach Resources Limited – appointed 20 May 2021
- Roto-Gro International Limited – resigned 19 October 2021
- Pursuit Minerals Limited – resigned 28 April 2021

[12] Comprising:
(a) 3,040,000 Shares held directly by David Pass.
(b) 125,000 Shares held by Maria Theresa Pass (David Pass' spouse)
[12] 1,200,000 Options held by Ming Jung Cha spouse of Matthew O'Kane

DIRECTORS' REPORT (CONTINUED)

Robert Hodby
(BCom, CPA, AGIA)

Company Secretary

Robert holds a Bachelor of Commerce from Murdoch University and is a member of CPA Australia and the Governance Institute of Australia with over 20 years industry experience in financing and administration of public and listed companies gathered at both operational and corporate levels.

During his time, he has held numerous executive and project management positions as well as CFO, Board and Company Secretarial roles with a number of companies involved in the resource and energy.

Meetings of Directors and Committees

During the financial year two meetings of Directors were held. Attendances by each Director during the year are stated in the following table.

	Number Eligible to Attend	Number Attended
Philip Hearse	2	2
Andrew Worland	2	2
David Pass	2	2
Matthew O'Kane	2	2

In addition to the formal board meetings, directors meet informally several times a month to discuss strategy, Company and management performance.

Refer page 16 for dates of appointment and resignation.

DIRECTORS' REPORT (CONTINUED)

Indemnification of Directors and Auditors
The Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

- except as may be prohibited by the *Corporations Act 2001* a Director or Officer of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Director or officer of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

Non-Audit Services
The Board of Directors is satisfied that the provision of non-audit services during the year as disclosed in Note 6 is compatible with the general standard of independence for auditors. The Directors are satisfied that non-audit services did not compromise the external auditor's independence for the following reasons: all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and the nature of the services provided do not compromise the general principles relating to auditor independence under all relevant independence rules.

Auditor's Independence Declaration
Section 307C of the Corporations Action 2001 requires our auditors, Armada Audit and Assurance Pty Ltd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence declaration is set out on page 25 and forms part of this Directors' Report for the year ended 30 June 2023.

Remuneration Report (Audited)
The information in this remuneration report has been audited as required by s308(3C) of the *Corporations Act 2001*.

Key Management Personnel ("KMP")
KMP have authority and responsibility for planning, directing and controlling the activities of the Company. KMP comprise the Directors of the Company and key executive personnel:

KMP	Position	Tenure During the Year
Executive Directors		
Phillip Hearse	Executive Chairman	1 July 2022 – 28 February 2023
Andrew Worland	Managing Director/CEO[14]	1 January 2023 onward
David Pass	Chief Technical Officer	31 January 2023 onward
Non-executive Directors		
Philip Hearse[15]	Non-Executive Chairman	1 March 2023 – 30 June 2023
Andrew Worland	Non-executive Director	1 July 2022 – 31 December 2022
David Pass	Non-executive Director	1July 2022 – 30 January 2023
Matthew O'Kane	Non-executive Director	Full Financial Year

[14] Andrew Worland transitioned from Non-Executive Director to CEO/Managing Director on 1 January 2023
[15] Philip Hearse stepped down as Executive Chairman to Non-Executive Chairman on 1 January 2023

DIRECTORS' REPORT (CONTINUED)

Remuneration Policy
The remuneration policy of International Graphite Limited has been designed to align director objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. By providing components of remuneration that are indirectly linked to share price appreciation (in the form of options and/or performance rights), executive, business and shareholder objectives are aligned. The Board of International Graphite Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the Company, as well as create goal congruence between directors and shareholders. The Board's policy for determining the nature and amount of remuneration for Board members is as follows:

Managing Director and Other KMP
The remuneration policy and the relevant terms and conditions has been developed by the Board of Directors. In determining competitive remuneration rates, the Board reviews local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. Reviews are performed to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

The Company is an exploration and development entity, and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, directors and senior executives are paid market rates associated with individuals in similar positions, within the same industry.

Executive Chairman Services Agreement
On 8 February 2023 the Company entered into an executive consultancy agreement pursuant to which the Company engaged JUAD Pty Ltd (ACN 009 287 281) (Contractor) and Phillip Baden Hearse (Nominated Person) to perform the role of Executive Chairman to the Company (Consulting Agreement).

For the period 1 July 2022 to 28 February 2022 Juad received $20,833 (exclusive of GST) per month for the executive services of Mr. Hearse. The Company and Mr. Hearse agreed to terminate these arrangements effective 28 February 2023.

CEO/Managing Director Executive Services Agreement
The Company has entered into an executive services agreement with Andrew Worland.
Effective 1 January 2023, Mr Worland receives a cash salary of $300,000 per annum plus superannuation. In addition Mr Worland also received long term incentives by way of 6,000,000 performance rights exercisable within four years from date of issue on satisfaction of the following conditions:

- 1,000,000 exercisable upon the completion of a definitive feasibility study to a AACE Class 3 standard for the Springdale Graphite Project.
- 1,000,000 exercisable upon the completion of a definitive feasibility study to a AACE Class 3 standard for commercial scale graphite micronising facilities at Collie to produce micronised graphite as a final product for battery and industrial uses or for further downstream processing for battery anode materials. In March 2023 the Company released a definitive feasibility study in support of a graphite micronising facility at Collie. The release of this study met the vesting criteria for the 1,000,000 performance rights. This class of performance rights vested at 30 June 2023 and were exercised and converted to ordinary shares on 24 July 2023.

DIRECTORS' REPORT (CONTINUED)

Remuneration Report (continued)

- 1,000,000 exercisable upon the completion of a definitive agreement with an end user for the offtake of purified spherical graphite / battery anode material, or the provision of technology to facilitate the completion of coating of purified spherical graphite at the Company's Collie facilities to the Board's satisfaction, acting reasonably.
- 1,000,000 exercisable upon the completion of a definitive standard feasibility study to a AACE Class 3 standard for commercial scale battery anode materials production facilities at Collie.
- 2,000,000 exercisable upon the Company's daily weighted average ASX share price exceeding $1.00 per share for 20 consecutive days.

In each case above where performance rights are to be issued based upon completion of a definitive feasibility study (DFS) in items a), b) and d), each of the studies would be required to meet the objectives of providing a basis for detailed design and construction of the project defined by the relevant DFS such that the project can be constructed and operated in a technically, environmentally and economically sound and viable manner to the Board's satisfaction, acting reasonably.
The agreement may be terminated by the Company with six months' notice or by Mr Worland with three months notice, or the case of a material breach or misconduct immediately.

David Pass
Mr. Pass was appointed Chief Technical Officer on 31 January 2023. Mr. Pass is CEO of Battery Limits Pty Ltd (refer 'Other Transactions with KMP' in this Remuneration Report). His time attributable to Company business is billed at $235/hour.

Non-Executive Chairman & Consulting Agreement
The Company has entered into a non-executive consultancy agreement pursuant to which the Company engaged JUAD Pty Ltd (ACN 009 287 281) (Contractor) and Phillip Baden Hearse (Nominated Person) to perform the role of Non-Executive Chairman to the Company (Consulting Agreement).

Effective 1 March 2023, Juad receives $5,000 (exclusive of GST) per month. In addition, in consideration for any Consulting Services provided by the Contractor, the Contractor is entitled to a fee of $1,800 for each full day that the Contractor is required to perform the Consulting Service. The Company may terminate the agreement without cause with 90 days' notice (or payment in lieu). Mr Hearse can terminate with 90 days' notice. The agreement is otherwise on standard terms for agreements of this nature.

During the financial year, the Company did not engage any remuneration consultants. The Board's remuneration policies are outlined below:

Fixed Remuneration
All executives receive a base cash salary which is based on factors such as length of service and experience as well as other fringe benefits. If entitled, all executives also receive a superannuation guarantee contribution required by the government, and do not receive any other retirement benefits.

Short-term Incentives (STI)
Under the Company's current remuneration policy, executives can from time to time receive short-term incentives in the form of cash bonuses. No short-term incentives were paid in the current financial year. The Board is responsible for assessing whether Key Performance Indicators ("KPI's") are met. The Board considers market rates of salaries for levels across the Company, which have been based on industry data provided by a range of industry sources.

DIRECTORS' REPORT (CONTINUED)

Remuneration Report (continued)

Long-term Incentives (LTI)
Executives are encouraged by the Board to hold shares in the Company, and it is therefore the Company's objective to provide incentives for participants to partake in the future growth of the Company and, upon becoming shareholders in the Company, to participate in the Company's profits and dividends that may be realised in future years.

Non-Executive Directors
The Board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. In determining competitive remuneration rates, the Board review local and international trends among comparative companies and the industry generally. Typically, the Company will compare non-executive remuneration to companies with similar market capitalisations in the exploration and resource development business group.

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 on 30 November 2022.

Incentive Option Plan
KMP are entitled to participate in the Company's Performance Rights and Options Plan which is designed to give each option holder an interest in preserving and maximising shareholder value. Such grants are determined by an informal assessment of an individual's performance, level of responsibilities and the importance of his/her position and contribution to the Company. The vesting of the securities is determined at the Board's discretion.

Incentive options issued during the year are detailed in Note 18 of the financial statements.

Relationship between Remuneration of KMP and Earnings
During the Company's exploration and development phases of its business, the Board anticipates that the Company will retain earnings (if any) and other cash resources for the exploration and development of its resource projects. Accordingly, the Company does not currently have a policy with respect to the payment of dividends and returns of capital. Therefore, there was no relationship between the Board's policy for determining, or in relation to, the nature during the current and previous financial years.

Relationship between Remuneration of KMP and Shareholder Wealth
As discussed above, the Company is currently undertaking exploration activities and does not expect to be undertaking profitable operations (other than by way of material asset sales, none of which is currently planned) until sometime after the successful commercialisation, production and sales of commodities from its projects. Accordingly, the Board does not consider earnings during the current and previous financial years when determining the nature and amount of remuneration of KMP.

Statutory performance indicators
The Board aims to align executive remuneration to the Company's strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the Company's financial performance over the last five years as required by the *Corporations Act 2001*. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMP. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

DIRECTORS' REPORT (CONTINUED)

Remuneration Report (continued)

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the KMP of the Company:

2023

KMP	**Short-Term Benefits**			**Post-Employment Benefits**	**Long-Term Benefits**	**Equity-Settled Share-Based Payments**			
	Salary, Fees and Leave $	**Profit Share and Bonuses $**	**Other $**	**Super-annuation $**	**Other $**	**Performance Rights $**	**Options $**	**Total $**	**Equity as a % of remuneration**
Philip Hearse	192,097	-	-	-	-	-	-	192,097	-
Andrew Worland	174,000	-	-	13,750	-	386,382		574,132	67%
David Pass*	48,000	-	-	-	-	34,009	-	82,009	41%
Matthew O'Kane*	48,000	-	-	-	-	33,541	-	81,541	41%
	462,097	**-**	**-**	**13,750**	**-**	**453,932**	**-**	**929,779**	58%

*938 of share-based payments to David Pass and $469 to Matthew O'Kane relates to performance rights approved by the board on 28 June 2023 subject to shareholder approval at which time these performance rights will be remeasured.

2022

KMP	**Short-Term Benefits**			**Post-Employment Benefits**	**Long-Term Benefits**	**Equity-Settled Share-Based Payments**			
	Salary, Fees and Leave $	**Profit Share and Bonuses $**	**Other $**	**Super-annuation $**	**Other $**	**Shares[16] $**	**Options[17] $**	**Total $**	**Equity as a % of remuneration**
Philip Hearse	125,842	-	-	-	-	-	136,986	262,828	52%
Andrew Worland	39,000	-	-	-	-	100,000	114,168	253,168	85%
David Pass	38,323	-	-	-	-	-	68,501	106,824	64%
Matthew O'Kane	11,200	-	-	-	-	-	68,501	79,701	86%
Neil Robert Rinaldi	-	-	-	-	-	-	-	-	-
Matthew Bull	11,000	-	-	-	-	-	-	11,000	-
Brent Coxon	15,000	-	-	-	-	-	-	15,000	-
	240,365	-	-	-	-	100,000	388,156	728,521	67%

[16] Refer to Note 17(a)

[17] Refer to Note 21

KMP Equity Holdings

Fully Paid Ordinary Shares of the Company Held by Each KMP

2023 KMP	Balance at start of year (or appointment) No.	Purchased/ (sold) during year No.	Received on the exercise of options No.	Share based payment[18] No.	Balance at end of year (or resignation) No.
Philip Hearse	17,282,327	58,037	-	-	17,340,364
Andrew Worland	1,740,000	200,000	-	-	1,940,000
David Pass	3,165,000	-	-	-	3,165,000
Matthew O'Kane	-	-	-	-	-
	22,187,327	258,037	-	-	22,445,364

Performance Rights in the Company Held by Each KMP

2023 KMP	Balance at start of year (or appointment) No.	Granted during the year[19] No.	Vested and exercised No.	Forfeited No.	Balance at end of year (or resignation) No.
Philip Hearse	-	-	-	-	-
Andrew Worland	-	6,000,000	-	-	6,000,000
David Pass	-	1,200,000	-	-	1,200,000
Matthew O'Kane	-	1,200,000	-	-	1,200,000
	-	8,400,000	-	-	8,400,000

Terms and conditions of share-based payment arrangements - Performance Rights
The vesting terms of the performance rights are as below:

1) **Class A Incentive Performance Rights (1,000,000):** exercisable upon the completion by the Company of a definitive feasibility study to a AACE Class 3 standard for the Springdale Graphite Project;

2) **Class B Incentive Performance Rights (1,000,000):** exercisable upon the completion by the Company of a definitive feasibility study to a AACE Class 3 standard for commercial scale graphite micronising facilities at Collie to produce micronised graphite as a final product for battery and industrial uses or for further downstream processing for battery anode materials[20];

3) **Class C Incentive Performance Rights (1,000,000):** exercisable upon the completion by the Company of a definitive agreement with an end user for the offtake of purified spherical graphite / battery anode material, or the provision of technology to facilitate the completion of coating of purified spherical graphite at the Company's Collie facilities to the Board's satisfaction, acting reasonably;

[18] Refer to Note 17(b)(i)

[19] All performance rights issued during the year were approved by resolution at the AGM on 30 November 2022 and issued on 29 December 2022.

[20] In March 2023 the Company released a definitive feasibility study in support of a graphite micronising facility at Collie. The release of this study met the vesting criteria for the 1,000,000 performance rights. These rights were exercised and converted to ordinary shares on 24 July 2023

DIRECTORS' REPORT (CONTINUED)

Remuneration Report (continued)

4) **Class D Incentive Performance Rights (1,000,000):** exercisable upon the completion by the Company of a definitive standard feasibility study to a AACE Class 3 standard for commercial scale battery anode materials production facilities at Collie;

5) **Class E Incentive Performance Rights (2,000,000):** exercisable upon the Company achieving a daily weighted average ASX share price exceeding $1.00 per share for 20 consecutive days; and

6) **Class F Incentive Performance Rights (2,400,000):** exercisable upon the Company achieving daily weighted average ASX share price exceeding $1.00 per share for 20 consecutive days.

The Performance Rights have a nil exercise price and will expire four years from the date of issue, after which the Performance Rights lapse and may no longer be exercised or converted. The Directors must remain in the Company until the vesting conditions are satisfied.

Class A, B, C and D Performance Rights were valued using the share price at grant date with the share-based payment recognised as share-based payment expense in the Statement of Profit or Loss and Other Comprehensive Income.

Class E and F Performance Rights were valued using the Parisian Barrier1 Model at grant date with the share-based payment recognised as share-based payment expense in the Statement of Profit or Loss and Other Comprehensive Income. The key inputs to the model used were as follows:

Grant date	30 November 2022
Dividend yield (%)	Nil
Expected volatility (%)	81%
Risk-free interest rate (%)	3.17%
Expected life of options (years)	4
Underlying share price ($)	0.29
Option exercise price ($)	Nil
Value of each right ($)	0.1937

The class distribution of the 8,400,000 Performance Rights to Directors is as below:

Andrew Worland – 1,000,000 each of Class A, B, C and D Performance Rights
Andrew Worland – 2,000,000 Class E Performance Rights
David Pass – 1,200,000 Class F Performance Rights
Matthew O'Kane – 1,200,000 Class F Performance Rights

DIRECTORS' REPORT (CONTINUED)

Remuneration Report (continued)

Options in the Company Held by Each KMP

2023 *KMP*	Balance at start of year (or appointment) No.	Granted during the year No.	Vested and exercised No.	Forfeited No.	Balance at end of year (or resignation) No.
Philip Hearse	2,400,000	-	-	-	2,400,000
Andrew Worland	2,000,000	-	-	-	2,000,000
David Pass	1,200,000	-	-	-	1,200,000
Matthew O'Kane	1,200,000	-	-	-	1,200,000
	6,800,000	-	-	-	6,800,000

Terms and conditions of share-based payment arrangements - Options
The terms and conditions for each grant of options affecting remuneration in the current or a future reporting period are as follows:

Number	Grant date and Vesting date	Expiry date	Exercise price	Value per option at grant date	Total value at grant date	% vested and exercised
2,720,000	1 April 2022	1 April 2027	$0.30	$0.06609	179,748	100%
4,080,000	1 April 2022	1 April 2027	$0.40	$0.05108	208,408	100%

Options exercisable at $0.30

	Number of Options	Fair value expensed at grant date in the 30 June 2022 financial year [21]
Philip Hearse	960,000	$63,430
Andrew Worland	800,000	$52,872
David Pass	480,000	$31,723
Matthew O'Kane	480,000	$31,723
Total	2,720,000	**179,748**

Options exercisable at $0.40

	Number of Options	Fair value expensed at grant date in the 30 June 2022 financial year[22]
Philip Hearse	1,440,000	$73,556
Andrew Worland	1,200,000	$61,296
David Pass	720,000	$36,778
Matthew O'Kane	720,000	$36,778
Total	4,080,000	**208,408**

Other Equity-Related KMP Transactions
Apart from the details disclosed above, no Director or other KMP has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts or balances involving Directors' interests existing at year end.

[21] The options were expensed in the prior year, 30 June 2022
[22] The options were expensed in the prior year, 30 June 2022

Loans to KMP and/or Their Related Parties

There are no loans made to/from Directors of Company and/or their related parties as at 30 June 2023 (2022: nil).

Other Transactions with KMP and/or Their Related Parties

International Graphite and Battery Limits Pty Ltd (an entity controlled by Mr Hearse) (Battery Limits) entered into a Professional Services Agreement in February 2022. The agreement is valid for three years. Battery Limits provides mining project development services including but not limited to coordinating and managing exploration, geological, mining, metallurgical investigations, permitting, engineering, process design, feasibility studies and graphite marketing investigations and studies (Graphite Mine and Concentrate Production Services) and all technical studies associated with the development, construction and operation of graphite concentrate downstream processing facilities. The Agreement contains a market competitive schedule of rates plus a 5% administration fee.

Battery Limits earned fees for the 2023 and 2022 financial years amounting to approximately $1,086,572 and $194,996 respectively (each ex-GST). These fees include payments to consultants of Battery Limits including Mr Pass.

In addition to the above services, the Company occupies an office space at a commercial premises leased by Battery Limits. In the 2023 and 2022 financial years, the Company paid Battery Limits approximately $21,420 and $19,635 respectively for its reasonable share of office rent and outgoings incurred by Battery Limits based on the Company's occupancy levels.

There have been no other transactions involving with KMP and/or their related parties other than those described above.

End of remuneration report

DIRECTORS' REPORT (CONTINUED)

Financial Position
The financial statements for the year ended 30 June 2023 have been prepared on the basis that the Company is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business. During the year, the Company recorded a loss of $2,533,229 (2022: $2,055,940) and had net cash outflows from operating activities of $1,846,502 (2022: $1,436,303). At reporting date, the Company had a working capital surplus of $566,287 (2022: $8,440,770). Furthermore, included in that working capital is $1,306,864 of unearned revenue from government grants received in advance. In September 2021, International Graphite was awarded a $2M grant from the Western Australian State government for the development of graphite micronizing facilities at Collie, a further $1,300,000 is still to be received and is not included in the surplus. The Company has signed a grant agreement with the Department of Industry, Science and Resources for $4,700,000 of which $2,787,100 is still to be received and is not recorded in the surplus.

On 14 July 2023, International Graphite received an advance of $900,000 (before costs) from a research and development funding group against the forecast rebate from the Australian Taxation Office for eligible R&D 2023 expenditure related to the Company's development of its integrated mine to market battery anode.
The Directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing this financial report. The Company also has the ability to reduce it's discretionary capital and corporate expenditure.

Based on the working capital balances, the grant funding contracts, the $900,000 advance received on 14 July 2023, the cash flow forecasts including the ability to reduce discretionary costs, the Directors are satisfied that the going concern basis of preparation is appropriate.

Events Occurring after the Reporting Date
No matters or circumstance have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company in future financial years.

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of Directors made pursuant to section 298(2) of the *Corporations Act 2001* (Cth).

Phil Hearse
Non-Executive Chairman

Dated on this 28th day of September 2023 in North Perth

ARMADA
AUDITING

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strength in numbers

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION *307C OF THE CORPORATIONS ACT 2001*
TO THE DIRECTORS OF INTERNATIONAL GRAPHITE LIMITED

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

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

(ii) No contraventions of any applicable code of professional conduct in relation to the audit.

Armada Audit & Assurance

Armada Audit & Assurance Pty Ltd

Nigel Dias
Director

Dated this 28 September 2023, at Perth Western Australia

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023	2022
		$	$
REVENUE FROM CONTINUING OPERATIONS			
Other income	2	54,099	4,526
		54,099	4,526
EXPENSES			
Administration expenses		(563,370)	(238,170)
Corporate expenses		(909,580)	(774,622)
Employment Expenses		(648,438)	(240,365)
Process development expenses		(9,664)	(254,916)
Share based payments	14	(456,276)	(556,656)
TOTAL EXPENSES		(2,587,328)	(2,064,729)
Operating loss		(2,533,229)	(2,060,203)
Finance income		-	4,263
Finance expense		-	-
Loss before income tax expense		(2,533,229)	(2,055,940)
Income tax expense	3	-	-
NET LOSS AFTER INCOME TAX EXPENSE		(2,533,229)	(2,055,940)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(2,533,229)	(2,055,940)
Basic and diluted loss per share	16	(0.0153)	(0.0225)

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	2023	2022
		$	$
CURRENT ASSETS			
Cash and cash equivalents	16	2,712,717	8,857,409
Trade and other receivables	5	156,361	488,836
Other current assets	6	23,305	12,981
		2,892,383	9,359,226
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,371,480	348,322
Exploration and evaluation asset	8	13,764,042	8,971,694
Right-of-use of asset	9	65,404	94,340
Other non-current assets		1,970	1,331
		15,202,896	9,415,687
TOTAL ASSETS		18,095,279	18,774,913
CURRENT LIABILITIES			
Trade payables		827,764	260,776
Accruals	10	124,366	625,700
Lease liabilities	11	43,164	31,980
Payroll liabilities		23,938	-
Government Grants Received in Advance	12	1,306,864	-
		2,326,096	918,456
NON-CURRENT LIABILITIES			
Lease liabilities	11	52,613	62,934
		52,613	62,934
TOTAL LIABILITIES		2,378,709	981,390
NET ASSETS		15,716,570	17,793,523
EQUITY			
Issued capital	13	23,629,566	23,629,566
Reserves	14	1,187,215	730,939
Accumulated losses		(9,100,211)	(6,566,982)
TOTAL EQUITY		15,716,570	17,793,523

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Note	CONTRIBUTED EQUITY	SHARE BASED PAYMENTS RESERVE	ACCUMULATED LOSSES	TOTAL
		$	$	$	$
Balance at 30 June 2021		**5,265,970**	**-**	**(4,511,042)**	**754,928**
Loss for the year		-	-	(2,055,940)	(2,055,940)
Total comprehensive loss for the year		-	-	(2,055,940)	(2,055,940)
Transactions with owners in their capacity as owners:					
Issue of shares (net of transaction costs)		19,350,000	-	-	19,350,000
Share based payments reserve conversion		(986,404)	-	-	(986,404)
Share based payments		-	730,939	-	730,939
Balance at 30 June 2022		**23,629,566**	**730,939**	**(6,566,982)**	**17,793,523**
Loss for the year		-	-	(2,533,229)	(2,533,229)
Total comprehensive loss for the year		-	-	(2,533,229)	(2,533,229)
Transactions with owners in their capacity as owners:					
Share based payments	14	-	456,276	-	456,276
Balance at 30 June 2023		**23,629,566**	**1,187,215**	**(9,100,211)**	**15,716,570**

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023	2022
		$	$
CASH FLOW FROM OPERATING ACTIVITIES			
Grant income received		914,942	-
Payments to suppliers and employees		(1,971,768)	(1,159,523)
Payments for process development		(824,936)	(278,787)
Interest paid		(5,567)	(2,519)
Interest income received		40,827	4,526
Net cash used in operating activities	16(i)	(1,846,502)	(1,436,303)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(759,164)	(107,809)
Grant income received		1,664,624	-
Payments for exploration and evaluation acquired and incurred		(5,224,209)	(762,694)
Incorporation costs		(640)	(1,330)
Net cash used in investing activities		(4,319,389)	(871,833)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	11,250,000
Capital raising costs		-	(712,121)
Increase/(Reduction) in lease liability		30,199	(33,481)
Other		(9,000)	-
Net cash provided by financing activities		21,199	10,504,398
Net increase in cash held		(6,144,692)	8,196,262
Cash at beginning of year		8,857,409	661,147
Net foreign exchange differences		-	-
CASH AT END OF YEAR		2,712,717	8,857,409

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Corporate Information

The financial report covers International Graphite Limited (the "Company"). The financial report consists of the financial statements, notes to the financial statements and the Directors' declaration. International Graphite Limited is a listed public company limited by shares, incorporated and domiciled in Australia. The Company was admitted to the Official List of the Australian Securities Exchange (ASX") on 5 April 2022.

The principal activities of the Company are the development of a Western Australian vertically integrated 'mine to market' graphite business focussing on the exploration and development of the Springdale Graphite Project in Hopetoun, Western Australia and the development of commercial downstream processing facilities in Collie, Western Australia that would treat third party concentrates and concentrates from the Springdale Graphite Project to produce industrial and battery products including battery anode materials for the global lithium-ion battery industry.

b) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB'). The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements were authorised for issue by the Directors on 28 September 2023.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of financial assets, financial liabilities and selected non-current assets for which the fair value basis of accounting has been applied. The presentation currency of the Company is Australian dollars (AUD).

Significant Accounting Judgments and Key Estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected. Information about estimates and judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are:

(i) Share-based payments

The fair value of share-based payments are discussed in Note 14. The fair values of options are determined using Option Pricing Models that take into account the exercise price, the term of the option, the impact of dilution, the share price at valuation 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. Judgement has been exercised on the probability and timing of achieving milestones related to the options.

b) Basis of Preparation (continued)

Significant Accounting Judgments and Key Estimates (continued)

(ii) Exploration and Evaluation Assets

The Company's accounting policy for exploration and evaluation expenditure is set out at Note 1(p). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the statement profit or loss and other comprehensive income.

(iii) Deferred Tax

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future, against which the reversal of temporary differences can be deducted. Recognition, therefore, involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised.

Financial Position

The financial statements for the year ended 30 June 2023 have been prepared on the basis that the Company is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business. During the year, the Company recorded a loss of $2,533,229 (2022: $2,055,940) and had net cash outflows from operating activities of $1,846,502 (2022: $1,436,303). At reporting date, the Company had a working capital surplus of $566,287 (2022: $8,440,770). Furthermore, included in that working capital is $1,306,864 of unearned revenue from government grants received in advance. In September 2021, International Graphite was awarded a $2,00,000 grant from the Western Australian State government for the development of graphite micronizing facilities at Collie, a further $1,300,000 is still to be received and is not included in the surplus. The Company has signed a grant agreement with the Department of Industry, Science and Resources for $4,700,000 of which $2,787,100 is still to be received and is not recorded in the surplus.

On 14 July 2023, International Graphite received an advance of $900,000 (before costs) from a research and development funding group against the forecast rebate from the Australian Taxation Office for eligible R&D 2023 expenditure related to the Company's development of its integrated mine to market battery anode.

The Directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing this financial report. The Company also has the ability to reduce is discretionary capital and corporate expenditure.

Based on the above the Directors are satisfied that the going concern basis of preparation is appropriate.

c) Operating Segments

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

Management has determined that the Company reports one segment, graphite products.

d) Financial Instruments

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

e) Financial Instruments (continued)

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15.63.

(i) Financial Assets

Trade receivables are held in order to collect the contractual cash flows and are initially measured at the transaction price (excludes estimates of variable consideration) as defined in AASB 15 *Revenue*, as the contracts of the Company do not contain significant financing components. Impairment losses are recognised based on lifetime expected credit losses in profit or loss.

Other receivables are held in order to collect the contractual cash flows and accordingly are measured at initial recognition at fair value, which ordinarily equates to cost and are subsequently measured at cost less impairment due to their short-term nature. A provision for impairment is established based on 12-month expected credit losses unless there has been a significant increase in credit risk when lifetime expected credit losses are recognised. The amount of any provision is recognised in profit or loss.

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for de-recognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Company no longer controls the asset (i.e. it has no practical ability to make unilateral decisions to sell the asset to a third party).

(ii) Financial Liabilities and Equity

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

All other loans including convertible loan notes are initially recorded at fair value, which is ordinarily equal to the proceeds received net of transaction costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(iii) Effective Interest Rate Method

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

e) Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at a revalued amount (in which case the impairment loss is treated as a revaluation decrease).

f) Employee Benefits

(i) Short-Term Employee Benefits

Provision is made for the liability due to employee benefits arising from services rendered by employees to the reporting date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, sick leave and annual leave which will be settled after one year, have been measured at their nominal amount.

(ii) Long-Term Employee Benefits

Contributions are made to employee superannuation funds and are charged as expenses when incurred. All employees are entitled to varying levels of benefits on retirement, disability or death. The superannuation plans or equivalent provide accumulated benefits. Contributions are made in accordance with the statutory requirements of each jurisdiction.

The liability for long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability.

(iii) Share-Based Payments

The Company may provide benefits to employees (including senior executives) of the Company in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

When provided, the cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an appropriate Options Pricing Model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of International Graphite Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

f) Employee Benefits continued

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

(i) the extent to which the vesting period has expired, and

(ii) the Company's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The amount charged or credited to the Statement of Profit or Loss and Other Comprehensive Income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

(iii) Share-Based Payments (continued)

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

g) Provisions

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

h) Cash and Cash Equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less plus bank overdrafts. Bank overdrafts are shown on the statement of financial position as current liabilities under borrowings.

i) Trade and Other Payables

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

j) Revenue

(i) Interest Income

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

(ii) Government Grants

Government grants are recognised as revenue when the terms and conditions of the grant are met and the grants are recognised on the same against the relevant class of expenditure. Government grants for the construction of an asset are offset against the cost of the asset or deferred as unearned grant revenue.

k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and service tax, except:

I. where the amount of GST incurred is not recoverable from the Australian Tax Office. It is recognised as part of the cost of acquisition of an asset or as part of an item of the expense.
II. receivables and payables are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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

l) Income Taxes

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the statement of financial position date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary difference can be utilised. The amount of benefits brought to account or which may be released in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

m) Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

n) Property, Plant and Equipment

Prior to the Company's admission to the ASX, all plant and equipment are initially measured at cost and are written off in profit or loss in line with ATO's various small business concessions for instant asset write off.

Upon admission to ASX, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end. Depreciation is calculated on a diminishing value basis over the estimated useful life of the assets as follows:

Plant and equipment – 5 years

o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

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

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

p) Exploration and Evaluation Expenditure

Exploration and evaluation asset acquired

Exploration and evaluation assets comprise of the acquisition cost of mineral rights (such as joint ventures) and the fair value (at acquisition date) of exploration and expenditure assets acquired from other entities. As the assets are not yet ready for use they are not depreciated.

Exploration and evaluation assets are assessed for impairment if:

- sufficient data exists to determine technical feasibility and commercial viability; or
- other facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the assets are demonstrable, exploration and evaluation assets are first tested for impairment and then reclassified to mine properties as development assets. The value of the Company's interest in exploration expenditure is dependent upon:

- the continuance of the Company's rights to tenure of the areas of interest;
- the result of future exploration; and
- the recoupment of cost through successful development and exploitation of the areas of interest,
- or alternatively, by their sale.

Exploration and evaluation expenditure

The acquisition cost of minerals rights and exploration and evaluation expenditure on the mineral rights are reported at cost. These costs are carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated and approved by the Directors of the Company, any capitalised exploration and evaluation expenditure is then reclassified as capitalised mine development. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment annually in accordance with AASB 6. Where impairment indicators exist, recoverable amounts of these assets will be estimated based on discounted cash flows from their associated cash generating units.

p) Exploration and Evaluation Expenditure continued

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off in the period in which that assessment is made. Each area of interest is reviewed at the end of each accounting period and accumulated costs are written off to the extent that they will not be recoverable in the future.

q) Process Development Expenditure

Process development expenditure incurred is expensed in respect of each identifiable area of interest until such a time where a process has been identified as being of a commercial nature in relation to the identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful commercialisation of the area or where activities in the area have yet reached a stage which permits reasonable assessment of the existence of economic viability of the process.

r) Earnings per Share

(i) Basic Earnings per Share
Basic earnings per share is calculated by dividing the net profit/loss attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

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

s) Right-of-use assets
The Company 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. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

t) Lease liabilities
The Company, as a lessee, will assess whether a contract is, or contains, a lease under AASB 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If the contract is assessed to be, or contains, a lease, the Company will recognise a right-of-use asset (Note 1(s)) and a lease liability at the lease commencement date.

At the commencement date of the lease, the Company 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 Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

u) Lease liabilities (continued)

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

v) Adoption of new and revised standards

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2022. The Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Company accounting policies.

w) New standards, interpretation and amendments issued by not yet effective

The Directors have reviewed all Standards and Interpretations on issue but not yet adopted for the year ended 30 June 2023. As a result of this review the Directors have determined that there is no material impact, of the Standards and Interpretations on issue but not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

NOTE 2: OTHER INCOME

	2023	2022
	$	$
Interest income	40,827	4,526
Insurance Claim	13,272	-
	54,099	4,526

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 3: INCOME TAX EXPENSE

	2023	2022
	$	$
Current tax expense	-	-
Deferred tax expense	-	-
	-	-
Numerical reconciliation of income tax expense to prima facie tax expense:		
Profit/(loss) before income tax	(2,533,229)	(2,055,940)
Tax at 30% (2022: 30%)	(759,969)	(616,782)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tax effect of exploration expenditure claimed	-	-
Permanent differences	145,313	289,064
Other timing differences	(428,942)	(37,399)
Tax losses not recognised as an asset	1,043,598	365,118
Income Tax Expense / (Benefit)	**-**	**-**

Tax losses and unrecognised temporary differences

	2023	2022
The Directors estimate that the potential future income tax benefit as at 30 June 2023 in respect of tax losses not brought to account is as follows:		
Potential future tax benefit – income tax losses	3,216,803	738,268
Potential future tax benefit – capital losses	37,310	5,010
Potential deferred tax liability – exploration expenditure	(1,467,208)	-
	1,786,905	**743,278**

The benefit of these losses has not been brought to account at 30 June 2023 because the Directors do not believe it is appropriate to regard realisation of the deferred tax asset as being probable at this point in time or that there are sufficient deferred tax liabilities to offset these losses. These tax losses are also subject to final determination by the Taxation authorities when the Company derives taxable income. The benefits will only be realised if:

a) The Company derives future assessable income of a nature and of an amount sufficient to enable the benefit of the deduction for the losses to be realised;
b) The Company continues to comply with the conditions for the deductibility imposed by law; and
c) No changes in the tax legislation adversely affect the Company in realising the benefit of the losses.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 4: AUDITOR'S REMUNERATION

	2023	2022
	$	$
Audit services	28,056	19,827
Non-audit services	-	8,516
	28,056	28,343

NOTE 5: TRADE AND OTHER RECEIVABLES

	2023	2022
	$	$
GST receivable	143,614	488,836
Other receivables	12,747	-
	156,361	488,836

NOTE 6: OTHER CURRENT ASSETS

	2023	2022
	$	$
Prepayments	4,305	3,981
Security bond on lease	9,000	9,000
Deposit paid for land & buildings[1]	10,000	-
	23,305	12,981

[1] Deposits have been paid to vendors for the acquisition of an industrial property in Collie. The Company is currently undertaking a due diligence on the properties suitability.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	2023	2022
	$	$
Plant and equipment at cost	1,444,852	348,322
Less accumulated depreciation	(73,372)	-
	1,371,480	348,322
Reconciliation:		
Opening balance	348,322	10,000
Additions	1,096,530	338,322
Depreciation[1]	(73,372)	-
Closing balance	1,371,480	348,322

[1] Plant and equipment not yet installed or operational is not depreciated.

NOTE 8: EXPLORATION AND EVALUATION ASSET

	2023	2022
	$	$
Opening balance	8,971,694	-
Exploration asset acquired[1]	-	8,509,000
Exploration costs incurred	4,890,694	462,964
Grant income attributable to Exploration Expenditure	(98,346)	-
Closing balance	13,764,042	8,971,694

[1] In accordance with the Company's accounting policy, the acquisition cost of the Springdale Graphite Project has been capitalised in accordance with the requirements of AASB 6 *Exploration and Evaluation of Mineral Resources*. The value attributable to the acquisition of the exploration and evaluation asset is based on the value of the equity instruments granted at the time of issue, being 40,000,000 shares multiplied by $0.20 per share. Furthermore, costs relating to the acquisition, being stamp duty of $509,000 and incidentals of $1,660, have been the capitalised to the asset.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 9: RIGHT-OF-USE ASSET

	2023	2022
	$	$
Right-of-use asset at cost	100,097	134,639
Less accumulated amortisation	(34,693)	(40,299)
	65,404	94,340

Reconciliation:		
Opening balance	94,340	63,329
Additions	-	65,554
Adjustments	194	-
Amortisation	(29,130)	(34,543)
Closing balance	65,404	94,340

NOTE 10: ACCRUALS

	2023	2022
	$	$
Accrued expenditure	124,366	16,700
Stamp duty on acquisition on Springdale Graphite Project	-	609,000
	124,366	625,700

NOTE 11: LEASE LIABILITIES

	2023	2022
	$	$
Opening balance	94,914	63,536
Additions	40,463	65,554
Adjustment	(1,816)	(695)
Interest expense	5,478	2,519
Payments	(43,262)	(36,000)
Closing balance	95,777	94,914
Current	43,164	31,980
Non-Current	52,613	62,934
	95,777	94,914

The Company has a warehouse lease at 15 Morrison Way, Collie. The lease liability is measured at the present value of the remaining lease payments, discounted using the Company’s incremental borrowing rate of 10%.

In addition the company entered into a 48 month finance lease for a commercial vehicle. Monthly payments are $843.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 12: GOVERNMENT GRANTS RECEIVED IN ADVANCE

	2023	2022
	$	$
Government Grants Received in Advance	1,306,864	-
	1,306,864	-

This relates to capital grants and will be offset against the cost of the asset in future periods.

NOTE 13: ISSUED CAPITAL

(a) Share Capital

	30 June 2023		30 June 2022	
	No.	$	No.	$
Fully paid ordinary shares	165,158,330	23,629,566	165,158,330	23,629,566

(b) Movement in Issued Capital

	Date	No.	$
Balance as at 30 June 2021		**59,158,330**	**5,265,970**
Shares issued for cash	06/12/2021	5,000,000	250,000
Shares issued for services rendered (refer to Note 17(b)(i)	06/12/2021	1,000,000	100,000
Shares issued for cash	06/12/2021	10,000,000	1,000,000
Shares issued for exploration assets	01/04/2022	40,000,000	8,000,000
Shares issued for cash	01/04/2022	50,000,000	10,000,000
Capital raising costs		-	(986,404)[23]
Balance as at 30 June 2022		**165,158,330**	**23,629,566**
Shares issued		-	-
Capital raising costs		-	-
Balance as at 30 June 2023		**165,158,330**	**23,629,566**

(c) Fully Paid Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

[23] $274,283 of these costs have been paid via issue of options and $712,121 is paid via cash.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 14: RESERVES

(a) Shared Based Payment Reserve

	2023	2022
	$	$
Share based payment reserve	1,187,215	730,939
	1,187,215	730,939

Movement in share based payment reserve:	2023	2022
	$	$
Beginning balance	730,939	-
Share based payments	456,276	730,939
Closing balance	1,187,215	730,939

The share based payments reserve is used to recognise the fair value of shares and options issued to Directors, employees, contractors and brokers.

(b) Share Based Payments

	2023	2022
	$	$
Director Performance Rights	456,276	-
Director shares	-	100,000
Director and KMP options	-	456,656
Amount expensed to profit or loss	**456,276**	**556,656**
Advisory options charged to equity	-	274,283
Total share based payments	**456,276**	**830,939**

(i) On 30 November 2022, the shareholders approved the grant of 8,400,000 Performance Rights to the Directors, with the vesting terms as below:

1) **Class A Incentive Performance Rights (1,000,000):** exercisable upon the completion by the Company of a definitive feasibility study to a AACE Class 3 standard for the Springdale Graphite Project;

2) **Class B Incentive Performance Rights (1,000,000)[24]:** exercisable upon the completion by the Company of a definitive feasibility study to a AACE Class 3 standard for commercial scale graphite micronising facilities at Collie to produce micronised graphite as a final product for battery and industrial uses or for further downstream processing for battery anode materials;

3) **Class C Incentive Performance Rights (1,000,000):** exercisable upon the completion by the Company of a definitive agreement with an end user for the offtake of purified spherical graphite / battery anode material, or the provision of technology to facilitate the completion of coating of purified spherical graphite at the Company's Collie facilities to the Board's satisfaction, acting reasonably;

[24] The Class B Performance Rights vested on 30 June 2023 and were exercised and converted to ordinary shares on 24 July 2023

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 14: RESERVES (CONTINUED)

4) **Class D Incentive Performance Rights (1,000,000):** exercisable upon the completion by the Company of a definitive standard feasibility study to a AACE Class 3 standard for commercial scale battery anode materials production facilities at Collie;

5) **Class E Incentive Performance Rights (2,000,000):** exercisable upon the Company achieving a daily weighted average ASX share price exceeding $1.00 per share for 20 consecutive days; and

6) **Class F Incentive Performance Rights (2,400,000):** exercisable upon the Company achieving daily weighted average ASX share price exceeding $1.00 per share for 20 consecutive days.

The Performance Rights have a nil exercise price and will expire four years from the date of issue, after which the Performance Rights lapse and may no longer be exercised or converted. The Directors must remain in the Company until the vesting conditions are satisfied.

Class A, B, C and D Performance Rights were valued using the share price at grant date with the share-based payment recognised as share-based payment expense in the Statement of Profit or Loss and Other Comprehensive Income.

Class E and F Performance Rights were valued using the Parisian Barrier1 Model at grant date with the share-based payment recognised as share-based payment expense in the Statement of Profit or Loss and Other Comprehensive Income. The key inputs to the model used were as follows:

Grant date	30 November 2022
Dividend yield (%)	Nil
Expected volatility (%)	81%
Risk-free interest rate (%)	3.17%
Expected life of options (years)	4
Underlying share price ($)	0.29
Option exercise price ($)	Nil
Value of each right ($)	0.1937

	Number granted	Grant date	Exercise price	Term of maturi ty	Fair value on grant date	Most likely outcome	Total fair value	Amount Expensed to 30 June 2023	Amount to be expensed in future period s	% vested
Class A	1,000,000	30 Nov 22	Nil	4 years	$0.29	50%	$145,000	13,887	131,113	0%
Class B	1,000,000	30 Nov 22	Nil	4 years	$0.29	100%	$290,000	290,000	-	100%
Class C	1,000,000	30 Nov 22	Nil	4 years	$0.29	25%	$72,500	13,488	59,012	0%
Class D	1,000,000	30 Nov 22	Nil	4 years	$0.29	25%	$72,500	13,887	58,613	0%
Class E	2,000,000	30 Nov 22	Nil	4 years	$0.1937	N/A	$426,140	60,632	365,508	0%
Class F	2,400,000	30 Nov 22	Nil	4 years	$0.1937	N/A	$426,140	60,632	365,508	0%
Total	**8,400,000**						**1,432,280**	**452,526**	**979,754**	

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 14: RESERVES (CONTINUED)

The total fair value of the Performance Rights is expensed over the term of maturity. The share-based expense of $452,526 was recognised in the Statement of Profit or Loss and Other Comprehensive Income for the year and $3,750 relates to performance rights issued at 28 June 2023 that are subject to shareholder approval resulting in a total expense of $456,276.

In March 2023 the Company released a definitive feasibility study in support of a graphite micronising facility at Collie. The release of this study met the vesting criteria for the 1,000,000 Class B performance rights. As a result, the fair value of these rights was adjusted to reflect the certainty of this class being exercised. These rights were exercised and converted to ordinary shares on 24 July 2023.

Management shall revise the most likely outcome of Class A, C and D when subsequent information indicates that the number of performance rights expected to vest differs from previous estimate. The most likely outcome of Class E and F have been factored into the valuation model of the Performance Rights on grant date.

NOTE 15: LOSS PER SHARE

	2022	2021
	$	$
Loss attributable to shareholders	(2,533,229)	(2,055,940)
	Number	Number
Weighted average number of shares	165,158,330	91,295,316
	Cents per share	Cents per share
Basic and diluted loss per share	(1.53)	(2.25)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 16: CASH FLOW INFORMATION

	2023	2022
	$	$
(i) Total Cash and Cash Equivalents per Statement of Financial Position	2,712,717	8,857,409

(ii) Reconciliation of Cash Flow from Operations with Loss after income tax expense

	2023	2022
	$	$
Loss after income tax	(2,533,229)	(2,055,940)
Adjustments for:		
Share based payments	456,276	556,656
Depreciation and amortisation	73,376	34,543
Foreign exchange gains	-	-
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(1,324)	(3,981)
(Increase)/decrease GST receivable*	(12,634)	(56,695)
(Increase)/decrease in prepayments	-	(29,380)
(Increase)/decrease in other debtors	28,935	-
Increase/(decrease) in trade creditors	9,635	104,442
Increase/(decrease) in accruals*	107,666	14,052
Increase/(decrease) in other creditors	24,797	-
Cash flows used in operating activities	(1,846,502)	(1,436,303)

NOTE 17: KMP COMPENSATION

For the purposes of this report KMP's of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

The names and positions of KMP for the Company in office at any time during the financial year are as follows:

Philip Hearse	*Non-Executive Chairman*
Andrew Worland	*CEO/Managing Director*
David Pass	*Chief Technical Officer/Director*
Matthew O'Kane	*Non-executive director*

Information regarding individual Directors and executives' compensation and equity instruments disclosures as required by the *Corporations Regulations* 2M.3.03 is provided in the Remuneration Report.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 17: KMP COMPENSATION (CONTINUED)

KMP Compensation	2023 $	2022 $
Short-term employee benefits	462,097	240,365
Post-employment benefits	13,750	-
Share-based payments	453,932	488,156
	929,779	728,521

During the financial year and as approved by Shareholders on the 30 November 2022, the Company granted 8,400,000 Performance Rights to the Directors.

The terms and conditions of the performance rights are disclosed in Note 14.

NOTE 18: RELATED PARTY TRANSACTIONS

Transactions with related parties

International Graphite and Battery Limits Pty Ltd (an entity controlled by Mr Hearse) (Battery Limits) entered into a Professional Services Agreement in February 2022. The agreement is valid for three years. Battery Limits provides mining project development services including but not limited to coordinating and managing exploration, geological, mining, metallurgical investigations, permitting, engineering, process design, feasibility studies and graphite marketing investigations and studies (Graphite Mine and Concentrate Production Services) and all technical studies associated with the development, construction and operation of graphite concentrate downstream processing facilities. The Agreement contains a market competitive schedule of rates plus a 5% administration fee.

Battery Limits earned fees for the 2023 and 2022 financial years amounting to approximately $1,086,572 and $194,996 respectively (each ex-GST). These fees include payments to consultants of Battery Limits including Mr Pass.

In addition to the above services, the Company occupies an office space at a commercial premises leased by Battery Limits. In the 2023 and 2022 financial years, the Company paid Battery Limits approximately $21,420 and $19,635 respectively for its reasonable share of office rent and outgoings incurred by Battery Limits based on the Company's occupancy levels.

NOTE 19: FINANCIAL INSTRUMENTS

Financial Risk Management Objectives

The Company's risk management framework is supported by the Board and management. The Board is responsible for approving and reviewing the Company's risk management strategy and policy. Management is responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk.

The Company has exposure to the following risks from their use of financial assets:

- Market risk
- Liquidity risk
- Credit risk

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

The overall financial risk management strategy focuses on the unpredictability of the equity markets and seeks to minimise the potential adverse effects due to movements in financial liabilities or assets. The Company holds the following financial instruments as at 30 June:

	2023	2022
	$	**$**
Financial Assets		
Cash and cash equivalents	2,712,717	8,857,409
Trade and other receivables	156,361	488,836
	2,869,078	9,346,245
Financial Liabilities		
Trade and other payables	827,764	260,776
Government Grants Reeved in Advance	1,306,864	-
Accruals	124,366	625,700
Lease liabilities	95,777	94,914
	2,354,771	981,390

Market Risk

Market risk is the risk that changes in market prices, such as interest rates and commodity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return. There were no changes in the Company's market risk management policies from previous years.

Interest Rate Risk

The Company's exposure to interest rates primarily relates to the Company's cash and cash equivalents. The Company manages market risk by monitoring levels of exposure to interest rate risk and assessing market forecasts for interest rates. No disclosures on the sensitivity check as any reasonable movement of the interest rate would not have any significant impact to the financial statement.

	2023	2022
	$	**$**
Variable Rate Instruments		
Cash at bank	2,712,717	8,857,409
	2,712,717	8,857,409

Funds held in cash earned variable interest at rates ranging between 0% to 1.35%.

Other Market Price Risk

The Company operates within Australia and all transactions during the financial year are denominated in Australian dollars. The Company is not exposed to foreign currency risk at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company.

The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

Liquidity Risk

Liquidity risk arises from the debts (financial liabilities being creditors and other payables) of the Company and the Company's subsequent ability to meet these obligations to repay its debts (financial liabilities) as and when they fall due.

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Board has determined an appropriate liquidity risk management framework for the administration of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves and monitoring actual cash flows and matching the maturity profiles of financial assets, expenditure commitments and debts (liabilities). There were no changes in the Company's liquidity risk management policies from previous years.

The following tables detail the Company's contractual maturity for its financial liabilities:

30 June 2023	Carrying Amount	Contractual Cash Flows	Less than 1 Year	2-5 Years	>5 Years
Trade and other payables	827,764	827,764	827,764	-	-
Accruals	124,366	124,366	124,366	-	-
Lease liabilities	95,777	95,777	43,164	52,613	-
Total	1,047,907	1,047,907	995,294	52,613	-
30 June 2022					
Trade and other payables	260,776	260,776	260,776	-	-
Accruals	625,700	625,700	625,700	-	-
Lease liabilities	94,914	94,914	31,980	62,934	-
Total	981,390	981,390	918,456	62,934	-

NOTE 20: COMMITMENTS - TENEMENTS

	2023	2022
	$	$
Committed but not recognised as liabilities:		
Within one year	124,000	104,500
Between one to two years	122,000	209,000
After two years but not more than five years	100,000	-
	346,000	313,500

NOTE 21: CONTINGENCIES AND COMMITMENTS

There were no material contingent liabilities, contingent assets and other commitments at reporting date.

NOTE 22: EVENTS SUBSEQUENT TO REPORTING DATE

On 14 July 2023, International Graphite received an advance of $900,000 (before costs) from a research and development funding group against the forecast rebate from the Australian Taxation Office for eligible R&D 2023 expenditure related to the Company's development of its integrated mine to market battery anode.

On 24 July 2023 1,000,000 Class B performance rights were exercised and converted to ordinary shares

On 27 July 2023, International Graphite entered into a convertible loan agreement with Comet Resources Ltd. International Graphite contributed $250,000 in its own right and agreed to act as security trustee on behalf of the investors who are also party to the Loan.

The Loan matures in 12 months, accrues interest at 8% per annum in cash and has a mandatory conversion into new Comet shares if Comet's shares are requoted on the ASX at the lower of $0.09 per share or a 10% discount to the next capital raise. Upon conversion of the Loan and Comet Shareholder approval, a 1 for 2 option to acquire a share will be issued by Comet with an exercise price of $0.20 and an expiry of 3 years.

Other than the above, no matters or circumstance have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company in future financial years.

DIRECTORS' DECLARATION

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

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

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

On behalf of the Directors:

Philip Hearse
Managing Director

Dated this 28th of September 2023

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Independent Auditor's Report
To the Members of International Graphite Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of International Graphite Limited ('the Company') which, comprises the statement of financial position as at 30 June 2023, statement of profit or loss and other comprehensive income, statement of changes in equity and 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 International Graphite Limited is in accordance with the *Corporation Act 2001*, Including

- Giving a true and fair view of the Company's financial position as at 30 June 2023, and of its financial performance for the year then ended and;

- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and 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 given to directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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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 year. 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 separated opinion on these matters.

Exploration and Evaluation Assets - Note 8

At 30 June 2023, the Company's carrying value of Exploration and Evaluation Assets was 13,764,042.

The exploration and evaluation assets are required to be assessed for impairment when facts and circumstances suggest that the carrying amount may exceed their recoverable amounts. Any impairment losses are then measured in accordance with *AASB 136 Impairment of Assets.*

This area is a key audit matter as significant judgement is required in determining whether:

- The capitalised Exploration and Evaluation assets meet the recognition criteria in terms of *AASB 6 Exploration for and Evaluation of Mineral Resources*; and
- Facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount in accordance with AASB 6.

Our Procedures, amongst others, included:

- Agreeing a sample of capitalised exploration and evaluation expenditure to invoices and other documentation. We verified whether the amounts capitalised was in accordance with the recognition criteria of *AASB 6 Exploration for and Evaluation of Mineral Resources*;
- Confirming whether the rights to tenure for the areas of interest were current at the reporting date as well as confirming that the rights to tenure are expected to be renewed for tenements that will expire in the near future;
- Obtaining evidence of the Company's intention to carry out exploration and evaluation activities in the relevant areas of interest. This included checking future budgeted exploration expenditure, reading board minutes and checking related exploration work programmes;
- Assessing whether the Company has the ability to fund its planned exploration and evaluation activities;
- Evaluating Company documents such as announcements made by the Company to the ASX, geologist reports, resource updates and board minutes to check whether exploration and evaluation activities in the relevant area of interest were unsuccessful; and
- Assessing the appropriateness of the accounting treatment and disclosure in terms of AASB 6.

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Share Based Payments – Note 14	**Our procedures, amongst others, included**:
At 30 June 2023, the Company had recorded $456,276 of share based payments in the statement of profit or loss. The fair values of options are determined using option pricing models that take 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, and the risk-free interest rate for the term of the option. Judgement has been exercised on the probability and timing of achieving milestones related to the options and performance rights. This area is a key audit matter as the valuation of share based payments is subject to significant management estimates and judgements.	• Verifying the key terms and conditions of the equity settled share based payments including number of equity instruments granted, exercise price and vesting conditions to the relevant agreements, ASX announcements and award letters; • Assessing the fair value of the share based payments by testing the key inputs used in option pricing model. This included checking the share price on grant date, exercise price, option life, volatility and risk free rate to supporting documentation and market information; • Testing the independence, qualifications and the expertise of the independent expert in relation to the valuation of the performance rights; • Testing the accuracy of the share based payments amortisation over the relevant vesting periods; • Assessing the Company's accounting treatment in accordance with AASB 2 *Share Based Payments*; and • Testing the related financial statement disclosures relating to share based payments.

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

The Directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of 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 the Australian Accounting Standards and the *Corporation Act 2001* and for such internal control as the directors determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, is the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, 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/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

ARMADA
AUDITING

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strength in numbers

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 21 to 29 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of International Graphite 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.

Armada Audit & Assurance

ARMADA AUDIT & ASSURANCE PTY LTD

Nigel Dias
Director Perth, 28 September 2023

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. This information is current as at 26 September 2023.

1. Registered office and principal administrative office

The address of the registered office and principal administrative office is Level 1, 333 Charles Street, North Perth WA 6060

2. Registered of securities are held at the following address:

Automic Group Pty Ltd, Level 5, 191 St Georges Terrace, Perth WA 6000

3. Restricted securities

The Company has 77,170,221 fully paid ordinary shares under escrow for 24 months from date of quotation (5 April 2022). The company has 13,050,000 unlisted options under escrow for 24 months from date of quotation and 1,200,000 unlisted options under escrow until 1 April 2023.

4. On-market buy back

At the date of this report, the Company is not involved in an on-market buy back.

5. Shareholding

a. Distribution of shareholders

Category (size of holding)	Number of Shareholders	Number of Shares	%
1 – 1,000	25	6,567	0.00
1,001 – 5,000	610	1,812,764	1.09
5,001 – 10,000	310	2,495,127	1.50
10,001 – 100,000	638	23,006,337	13.85
100,001 – and over	184	138,837,535	83.56
	1,767	166,158,330	100.00

b. Less than marketable parcels of shares

As at market close on 25 September 2023, an unmarketable parcel of shares in the Company is any shareholding of 2,562 or less, based on the closing price of $0.195 per share. This represents 514,998 ordinary shares in the Company, held by 298 shareholders.

c. Voting rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares
Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Performance Rights
Performance Rights do not carry voting rights.

Options
Options over ordinary shares do not carry voting rights.

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (CONTINUED)

d. 20 Largest shareholders – ordinary shares

Rank	Shareholder	Holding	% Held
1	COMET RESOURCES LIMITED	40,000,000	24.07%
2	JUAD PTY LTD <HAYES HEARSE SUPER FUND A/C>	12,737,326	7.67%
3	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	4,726,350	2.84%
4	MR MATTHEW NORMAN BULL	3,450,001	2.08%
5	98 INVESTMENTS PTY LTD <98 INVESTMENT A/C>	3,000,000	1.81%
6	DAVID JOHN PASS	2,940,000	1.77%
7	PAMPLONA OPPORTUNITIES LTD	2,250,000	1.35%
8	JOSHUA BADEN HEARSE	2,220,000	1.34%
9	PHIL BADEN HEARSE	2,000,001	1.20%
10	ROBYN MIGNON HEARSE	2,000,000	1.20%
11	GALA DEVELOPMENTS PTY LTD <GALA INVESTMENTS A/C>	1,998,334	1.20%
12	ANDREW JOHN WORLAND	1,680,000	1.01%
13	MR STEPHEN KAM LO TONG & MRS PATSY LIN HAP TONG <BIALLA SUPER FUND A/C>	1,610,000	0.97%
14	MR BART ADSON	1,602,287	0.96%
15	PAMPLONA CAPITAL PTY LTD	1,516,667	0.91%
16	M & K GILES PTY LTD <GILES FAMILY SUPER FUND A/C>	1,500,000	0.90%
16	PELOTON CAPITAL PTY LTD	1,500,000	0.90%
16	MR NEIL ROBERT RINALDI &MRS CAROLINE RINALDI <RINALDI SUPER FUND A/C>	1,500,000	0.90%
17	SHANNON HAYES HEARSE & MELANIE ANNE HEARSE	1,358,550	0.82%
18	WAHOO CAPITAL PTY LTD	1,265,000	0.76%
19	NEIL TANUDISASTRO & YANI SUTANIMAN & ALISON TANUDISASTRO & CALVIN TANUDISASTRO <NEIL & YANI TAN SUPER A/C>	1,250,000	0.75%
20.	ANDREW JOHN WORLAND	1,100,000	0.66%
Total Top 20 Shareholders		**93,204,516**	**56.09%**
Total Issued Capital		**166,158,330**	**100.00%**

e. Substantial holders of fully paid ordinary shares

	Number of fully paid ordinary shares held
Comet Resources Limited	40,000,000
Juad Pty Ltd	12,737,326
	52,737,326

6. Company Secretary

The name of the Company Secretary is Robert Hodby.

7. Securities exchange listing

Quotation has been granted for all the ordinary shares of the Company on the Australian Securities Exchange (‘IG6’).

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (CONTINUED)

8. Unquoted securities

Performance Rights	Number of options	Number of holders
Class A	3,000,000	3
Class B	-	
Class C	2,000,000	2
Class D	3,000,000	3
Class E	2,000,000	1
Class F	2,400,000	2
Class G	1,500,000	2
	13,900,000	

Options	Number of options	Number of holders
Unquoted options Expiry 1 April 2027, escrowed 24 months Exercise Price $0.30	2,720,000	4
Unquoted options Expiry 1 April 2027, escrowed to 1 April 2023 Exercise Price $0.30	480,000	4
Unquoted options Expiry 1 April 2027, escrowed 24 months Exercise Price $0.40	4,080,000	4
Unquoted options Expiry 1 April 2027, escrowed to 1 April 2023 Exercise Price $0.40	720,000	4
Unquoted options Expiry 1 April 2027, escrowed 24 months Exercise Price $0.30	6,250,000	3
	14,250,000	

9. Unquoted securities holdings greater than 20%

	Number of unlisted options held
Pamplona Capital Pty Ltd	3,750,000
	3,750,000

10. Use of Funds – Listing rule 4.10.19

The Company has used the cash that it had at the time of admission in a way consistent with its initial business objectives.

11. Corporate governance

In recognising the need for high standards of corporate behaviour and accountability, the Directors of the Company support the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. The Company's policies are consistent with the ASX Principles, and comparable to ASX listed entities of similar size and nature. The Company's detailed corporate governance policy statement can be found on the Company's web site at: www.internationalgraphite.com.au

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (CONTINUED)

Resource Statement

The Company's current resources are stated below, and the Company confirms that there is no new information or data that materially affects the mineral resource estimate announced on 12 September 2023, and that all assumptions underpinning the estimate continue to apply and have not materially changed.

Springdale Graphite Project			
Classification	Tonnes (Mt)	Graphite (TGC%)	Contained Graphite (Mt)
Indicated	11.5	7.5	0.9
Inferred	37.8	6.1	2.3
Total	**49.3**	**6.5**	**3.2**

TENEMENTS SCHEDULE

Project	Holder	State	Tenement	Status	Percentage Held
Springdale	International Graphite Springdale Pty Ltd	WA	E74/0562	Granted	100%
Springdale	International Graphite Springdale Pty Ltd	WA	E74/0612	Granted	100%
Springdale	International Graphite Springdale Pty Ltd	WA	P74/0382	Granted	100%
Springdale	International Graphite Springdale Pty Ltd	WA	E74/0736	Pending	100%

FORWARD LOOKING STATEMENTS

Various statements in this report constitute statements relating to intentions, future acts and events. Such statements are generally classified as "forward looking statements" and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ materially from what is presented or implicitly portrayed herein. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates" and similar expressions are intended to identify forward looking statements. International Graphite cautions shareholders and prospective shareholders not to place undue reliance on these forward looking statements, which reflect the view of International Graphite only as of the date of this report. The forward looking statements made in this report relate only to events as of the date on which the statements are made.

COMPETENT PERSON STATEMENT

The information in this Report which relates to exploration targets, exploration results is based on information compiled by Mr. Darren Sparks Mr. Sparks is the Principal Consultant and fulltime employee of OMNI GeoX Pty Ltd. He is a member of the Australian Institute of Geoscientists ("AIG"). Mr. Sparks 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' (the JORC Code).

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (CONTINUED)

COMPETENT PERSON STATEMENT (CONTINUED)

The information in this Report that relates to Mineral Resources is based on and fairly represents information compiled by Mr Peter Langworthy (Principal consultant and Managing Director of OMNI GeoX Pty Ltd) and Mr Lauritz Barnes (Consultant with Trepanier Pty Ltd). Mr Langworthy is a Member of the Australasian Institute of Mining and Metallurgy and Mr Barnes is a member of both the Australian Institute of Geoscientists and the Australian Institute of Mining and Metallurgy. Mr Langworthy and Mr Barnes both have sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Specifically, Mr Langworthy is the Competent Person for the field data collected, the database, the geological and mineralisation model, the classification and completed the site visits. Mr Barnes, also a Competent Person, reviewed the geological and mineralisation model, completed the estimation model, the classification and reporting.

The information in this Report that relates to metallurgical test work managed by Battery Limits Pty Ltd (BL) is based on, and fairly represents, information and supporting documentation reviewed by Mr David Pass, who is a Member of The Australasian Institute of Mining and Metallurgy (AusIMM). Mr Pass is a fulltime employee of BL, who has been engaged by International Graphite Ltd to provide metallurgical consulting services.

MINERAL RESOURCE ESTIMATION - GOVERNANCE STATEMENT

International Graphite 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. International Graphite Limited also periodically reviews this governance framework to ensure it remains appropriate for the requirements of its business activities. Mineral Resource 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.