

11 MARCH 2021

ASX ANNOUNCEMENT

ASX: EGR

Interim Financial Report

EcoGraf Limited (ACN 117 330 757) ("**EcoGraf**" or the "**Company**") (ASX: **EGR**) is pleased to present its interim financial report for the half year ended 31 December 2020.

It is recommended that the report be read in conjunction with the Annual Report of EcoGraf for the year ended 30 June 2020, together with announcements made by EcoGraf in accordance with the continuous disclosure obligations under the ASX Listing Rules and the Corporations Act 2001.

This announcement is authorised for release by Andrew Spinks, Managing Director.

For further information, please contact:

INVESTORS

Andrew Spinks
Managing Director
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About EcoGraf

Founded on a commitment to innovation and sustainability, EcoGraf is building a vertically integrated business to produce high purity graphite for the lithium-ion battery market.

The new state-of-the-art processing facility in Western Australia will manufacture spherical graphite products for export to Asia, Europe and North America using a superior, environmentally responsible purification technology to provide customers with sustainably produced, high performance battery anode graphite. In time the battery graphite production base will be expanded to include additional facilities in Europe and North America to support the global transition to clean, renewable energy in the coming decade.

In addition, the Company's breakthrough recovery of graphite from recycled batteries using its EcoGraf™ process will enable the reduction of battery waste and the use of recycled graphite to lower battery production costs and improve battery lifecycle efficiency.

To complement the battery graphite operations, EcoGraf is also developing the TanzGraphite natural flake graphite business, commencing with the Epanko Graphite Project, which will supply additional feedstock for the spherical graphite processing facilities and provide customers with a long term supply of high quality graphite products for industrial applications such as refractories, recarburisers and lubricants.

EcoGraf, a unique vertically integrated graphite business, positioned for the future of clean energy.



A video fly-through of the new West Australian facility is available online at the following link:

<https://www.ecograf.com.au/#home-video>



For personal use only



INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

CORPORATE DIRECTORY

DIRECTORS

Robert Pett Non-Executive Chairman
Andrew Spinks Managing Director
John Conidi Non-Executive Director
Howard Rae Executive Director – Finance

COMPANY SECRETARY

Howard Rae

REGISTERED AND PRINCIPAL OFFICE

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AUDITOR

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Perth WA 6000

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Facsimile: +61 8 9261 9111

BANKERS

Westpac Banking Corporation

Level 3, Tower 2
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Perth WA 6000

STOCK EXCHANGE LISTING

Australian Securities Exchange

ASX Code: EGR

Frankfurt Stock Exchange (Börse Frankfurt)

FSE Code: FMK

Fully paid ordinary shares



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DIRECTORS' REPORT

The directors' of EcoGraf Limited ("EcoGraf" or "the Company") and its controlled entities (collectively, the "consolidated entity") present their report together with the financial statements of the consolidated entity for the half year ended 31 December 2020.

BOARD OF DIRECTORS

The directors of the Company throughout the half year and to the date of this report are as follows:

Robert Pett	Non-Executive Chairman
Andrew Spinks	Managing Director
John Conidi	Non-Executive Director
Howard Rae	Executive Director – Finance (Appointed 1 March 2021)

PRINCIPAL ACTIVITIES

EcoGraf is building a unique vertically integrated graphite business, positioned for the future of clean energy.

The new state-of-the-art processing facility in Western Australia will manufacture spherical graphite products for export to Asia, Europe and North America using a superior, environmentally responsible purification technology to provide customers with sustainably produced, high performance battery anode graphite. In time the battery graphite production base will be expanded to include additional facilities in Europe and North America to support the global transition to clean, renewable energy in the coming decade.

In addition, the Company's breakthrough recovery of graphite from recycled batteries using its EcoGraf™ process will enable the reduction of battery waste and the use of recycled graphite to lower battery production costs and improve battery lifecycle efficiency.

To complement the battery graphite operations, EcoGraf is also developing the TanzGraphite natural flake graphite business, commencing with the Epanko Graphite Project, which will supply additional feedstock for the spherical graphite processing facilities and provide customers with a long term supply of high quality graphite products for industrial applications such as refractories, recarburisers and lubricants.

OPERATING RESULTS

The loss after income tax incurred by the consolidated entity for the six months ended 31 December 2020 was \$976,000 (2019 loss: \$1,644,000).

No dividends were declared or paid during the six months ended 31 December 2020 (2019: nil).

Cash and cash equivalents at 31 December 2020 totalled \$1,750,000 (30 June 2020: \$2,779,000).

REVIEW OF OPERATIONS

During the half year EcoGraf significantly advanced the development of the proposed battery anode material facility which is to be constructed on a 6.7ha site secured in the Kwinana-Rockingham Industrial Area, located 30km south of Perth, Western Australia.

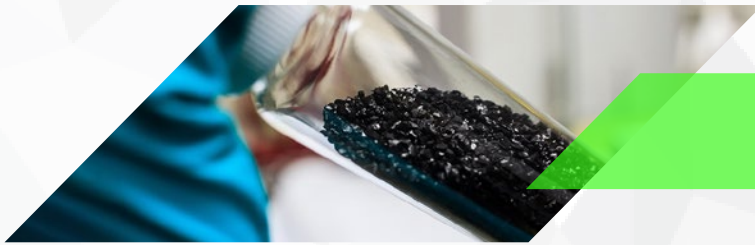
As a result, the Company successfully raised \$54.6 million via an institutional placement on 12 February 2021 to accelerate construction of the new facility. Funds received from the placement will be applied for:

- Construction and operational commissioning of the first phase of the battery anode material purification facility in Western Australia;
- Advancement of the battery anode material recycling programs;
- Finalisation of debt financing arrangements for the Epanko graphite mine;
- Product development; and
- General working capital.

The Company is greatly appreciative of the interest received from every investor during the capital raising process. It is thankful for the support shown by its long-term shareholders and extends a warm welcome to its new shareholders, with whom it looks forward to a long and successful association.

The processing facility will use the Company's proprietary EcoGraf™ purification technology to deliver electric vehicle, lithium-ion battery and anode manufacturers a source of high quality and sustainably produced battery anode material products.

A key advantage of the EcoGraf™ eco-friendly process is the elimination of the use of toxic hydrofluoric acid (HF), providing customers with "HF Free" battery products that support the increased focus on supply chain Environmental, Social and Governance (ESG) requirements.



The placement will provide sufficient funding for the Company to complete the construction and commissioning of commercial operations at the new facility, based on an initial production capacity of 5,000 tonnes per annum. Once commissioned the facility will be expanded to reach 20,000 tonnes per annum.

A Development Report was completed in November 2020 in conjunction with GR Engineering Services Limited (GR Engineering). The report confirmed the attractive market opportunity for EcoGraf™ products and forecast strong economic returns from the new facility.

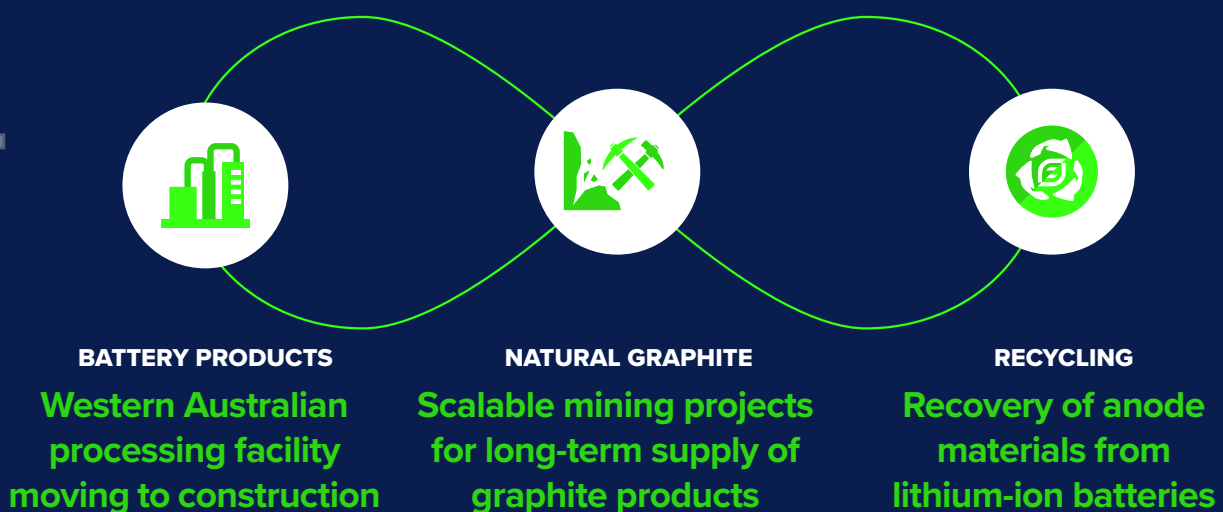
Successful customer testwork programs were also completed during the period using the EcoGraf™ purification process to recycle battery production scrap and end-of-life anode material. The initial response from electric vehicle, battery and anode manufacturers has been very encouraging, supported by new EU legislation to promote greater recycling in the battery industry.

Application of the EcoGraf™ purification process to recover high purity carbon anode material from lithium-ion battery production waste and recycled batteries provides the opportunity to assist anode and battery manufacturers reduce production costs, lower carbon emissions and progress towards closed loop manufacturing processes.

In Tanzania, the Company presented the Government with a US\$60m debt financing proposal for the Epanko Graphite Mining Project. The proposal was developed in conjunction with KfW IPEX-Bank with the aim of simplifying and fast-tracking the debt financing process in Tanzania.

The Government positively received the proposal and discussions are continuing in order to finalise the funding arrangements and enable the construction phase to commence.

Vertically integrated **HFFree™** graphite business positioned to support the global transition to clean energy and e-mobility.



* **HFFree™** for ESG = Purification process eliminates Hydrofluoric (HF) Acid



WESTERN AUSTRALIAN BATTERY ANODE MATERIAL FACILITY

The Company made significant progress during the period to achieve key milestones for the construction of the new 20,000 tonne per annum battery anode material facility in Western Australia.

The new state-of-the-art processing plant will incorporate the Company's proprietary EcoGraf™ processing technology to manufacture purified spherical graphite for the lithium-ion battery market.

Following successful completion of the \$54.6 million institutional placement, EcoGraf is fully funded to complete construction and operational commissioning of the initial 5,000 tonne per annum commercial facility.

In parallel, the Company has been assisting Export Finance Australia with commercial and technical due diligence processes in relation to debt financing arrangements for the new development.

ECOGRAF GLOBAL LOCATIONS & STRATEGIC POSITION



EcoGraf is positioned to support the massive demand for high quality, sustainably produced battery minerals for the global transition to electric energy.



The Development Report for the financing, construction and operation of the new EcoGraf™ facility in Western Australia was finalised in November.

It was prepared in conjunction with Australian engineering and construction group GR Engineering and supports the due diligence processes for project funding arrangements, including debt financing with Export Finance Australia.

Highlights include:

- World's first purified spherical graphite processing facility outside of China at a time when electric vehicle, battery and anode producers are actively seeking to diversify battery mineral supply chains.
- High growth battery graphite market forecast by Benchmark Mineral Intelligence to expand by an annual growth rate of 31.5% over the next decade and reach 1.2 million tonnes per annum by 2030.
- Proprietary EcoGraf™ purification processing technology provides competitive advantages through environmental sustainability, product quality and low cost with patent pending and trademarks registered.
- Financial modelling shows strong economic returns, with a US\$642m pre-tax project^{#1} NPV_g, equity IRR of 42.4% and payback period of 3.3 years.
- Conservative development schedule provides opportunity for capital savings through scheduling and procurement strategies, with GR Engineering to undertake an optimisation process during the construction early works program.
- Recycling application of the EcoGraf™ purification process to recover high purity carbon anode material from lithium-ion battery production waste and recycled batteries, provides the opportunity to assist anode and battery manufacturers reduce production costs, lower carbon emissions and progress towards closed loop manufacturing processes.

#1: US\$448m pre-tax equity NPV_g and US\$317m post-tax equity NPV_g.



AUSTRALIAN STATE AND FEDERAL GOVERNMENT SUPPORT



Government of Western Australia
Department of Jobs, Tourism, Science and Innovation



MEMBERSHIP AND PARTNERSHIP



Activities continued with GR Engineering to progress the engineering, procurement and construction (EPC) contractual arrangements for the development. After completing pre-development planning, on 8 February 2021 the Company announced that it has authorised GR Engineering to commence works in relation to the detailed engineering design for the construction of the EcoGraf™ facility. GR Engineering's Managing Director, Geoff Jones stated:

"We are pleased to be partnering with the EcoGraf team to deliver the engineering works for the construction of this new battery graphite processing facility. This new facility will be important in meeting the growing global demand for high quality battery related products and GR Engineering is excited to be part of this new Western Australian based industry."

The Company has been appointed to the Western Australian Future Battery Industry Ministerial Taskforce chaired by the Hon Bill Johnston, WA Minister for Mines and Petroleum, Energy and Industrial Relations. The invitation to the Ministerial Taskforce is in recognition of the Company's contribution to increasing Western Australia's participation in the global battery supply chain.

At a federal level, the Commonwealth Government has also extended strong market development support to EcoGraf through the Critical Minerals Facilitation Office and AusTrade, while the Future Battery Industries Co-operative Research Centre provides important technical expertise within Australia.

Interest from potential customers in EcoGraf's unique "HF free" battery graphite products has continued to grow and qualification programs are on-going with electric vehicle, battery and anode manufacturers in the key markets of Asia, Europe and North America.

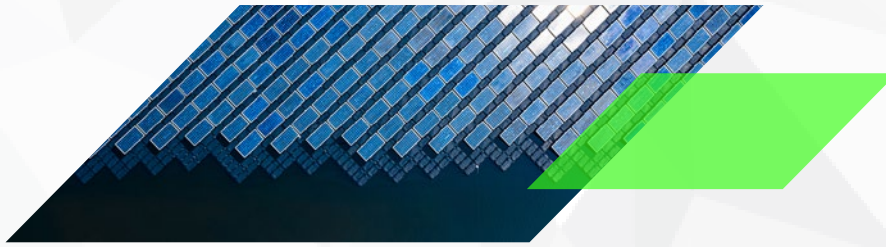
During 2020 the Company entered into sales arrangements with global industrial company thyssenKrupp over 50% of its planned production and additional sales arrangements are under discussion with a range of parties seeking to secure sustainable battery material supply chains.

LITHIUM-ION BATTERY RECYCLING

Significant interest has been received from third parties since the Company reported that it has successfully trialled its EcoGraf™ proprietary purification technology to recycle lithium-ion battery carbon anode material.

Committed to innovation and sustainability, EcoGraf provides mine-to-market ESG supply chain assurance.

HFFree™



EcoGraf's recycling activities are part of the Company's vertically integrated graphite business to provide an alternative, responsibly produced and cost effective active anode material to anode manufacturers, through the initial EcoGraf™ processing facility planned for Western Australia and the development of its long-life and low cost Epanko Graphite Mining Project in Tanzania.

The Company developed its recycling strategy to support greater recycling of lithium-ion batteries and collaboration with supply chain participants will be critical to develop closed loop battery manufacturing for carbon anode materials.

EcoGraf's strategy is supported by recent European Commission legislative changes which require increased levels of battery waste recovery to be achieved.

In conjunction with the extensive growth in lithium-ion battery use for electric vehicles and clean energy storage, recycling of batteries and battery materials has become a major environmental and economic concern for both Government and industry.

Recycling programs continued during the period with a range of battery industry participants operating in Australia, Asia and Europe, with testwork focussing on the recovery and recycling of lithium-ion battery production scrap and end-of-life lithium-ion batteries after hydrometallurgical process have recovered cathode materials.

Purities of >99.95% were achieved which confirms the effectiveness of the EcoGraf™ process in recovering graphite anode material to the specification required for re-use in lithium-ion batteries. The results achieved to date and the positive customer feedback provides the confidence to commence the initial engineering design for a mobile pilot plant to recover carbon anode material.

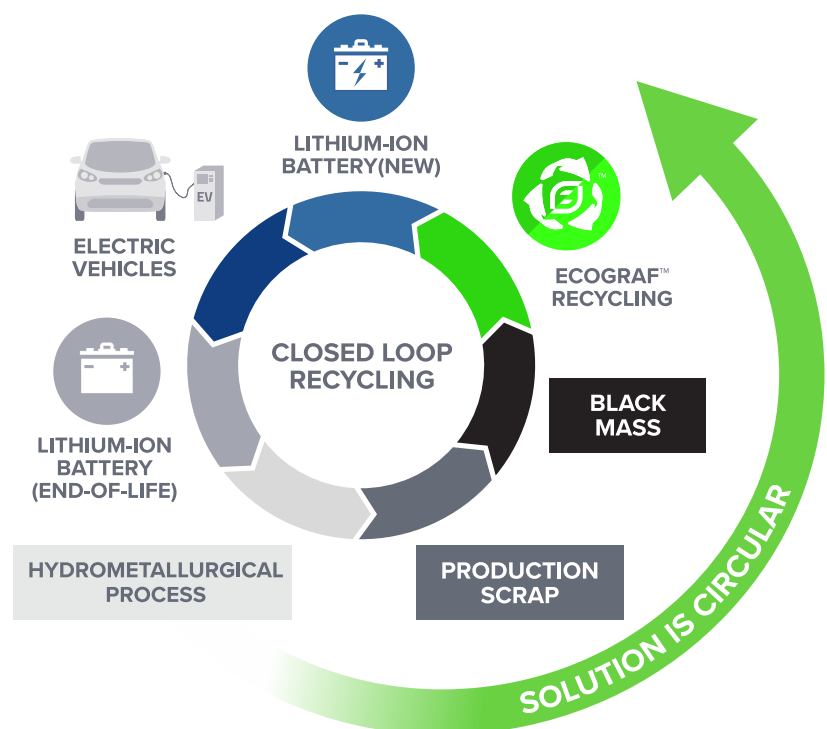
The pilot plant will evaluate the recovery of carbon anode material from a range of hydrometallurgical processes and in-process production waste to develop product solutions and tailor these to customer requirements. It will accommodate the existing EcoGraf™ purification flowsheet and be designed to deliver sufficient material to enable commercial qualification of the recovered carbon anode material for both the lithium-ion battery and industrial markets.

The recycling of anode material will also provide the opportunity to blend the Company's purified spherical graphite from its planned facility in Western Australia with recovered anode material to supply a unique and recycled product to the lithium-ion battery market.

EcoGraf is focused on closed loop recycling to recover and reuse carbon anode material.

 **Lower battery production cost**

 **Lower carbon emissions**



EPANKO GRAPHITE MINING PROJECT

Epanko is a development ready, long life natural flake graphite operation that will initially produce 60,000 tonnes per annum of graphite products for industrial and battery markets. Extensive work has been undertaken to prepare the project for construction and it has been subject to rigorous independent review to de-risk the development. Key milestones achieved to date include:

- Completion of Bankable Feasibility Study (BFS) led by GR Engineering.
- Bank appointed Independent Engineer's Review conducted by SRK Consulting (UK), confirming that the BFS adequately addresses all technical aspects of the proposed development and that the social and environmental planning aspects satisfy IFC Performance Standards and World Bank Group Environmental, Health and Safety Guidelines.
- Offtake commitments for the planned production secured in Asia (Sojitz Corporation) and Europe (thyssenkrupp and European Trader).
- Resettlement Action Plan approved by the Tanzanian Government.
- Granted Mining Licence.
- Letter of Intent with GR Engineering for early works program and EPC construction arrangements.

The remaining milestone is to finalise debt and equity funding arrangements to enable construction to proceed. During the period the Company continued to progress the debt financing of the new mine and following positive feedback from a presentation of the KfW IPEX-Bank debt financing proposal to the Government in August 2020, Government due diligence processes have commenced with a view to preparing an internal submission for formal Government approval of the proposed loan arrangements. The debt financing proposal was developed in conjunction with KfW IPEX-Bank with the aim of simplifying and fast-tracking the debt financing process in Tanzania.

The financing proposal accommodates the Government's requirements under the new mineral sector legislation and provides an opportunity for Tanzania to develop a world class graphite mine in the Ulanga District, Morogoro Region that will operate under globally leading Equator Principles for social and environmental planning, including International Finance Corporation Performance Standards and World Bank Group Environmental, Health and Safety Guidelines.

The on-going support the Company has received from KfW IPEX-Bank and offtake customers in Germany and Asia, has been critical to this process and EcoGraf remains committed to establishing Epanko as a new supplier of responsibly produced, high-quality natural flake graphite products.

EcoGraf remains committed to establishing Epanko as a new supplier of responsibly produced, high-quality natural flake graphite products



SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Share Placement

The Company announced on 12 February 2021 that it had raised \$54.6 million (before costs) through a placement of approximately 91 million fully paid ordinary shares at an issue price of 60 cents per share to institutional, sophisticated and professional investors.

Proceeds from the placement will be used to fund the following:

- Construction and operational commissioning of the first phase of the battery anode material purification facility in Western Australia;
- Advancement of the battery anode material recycling programs;
- Finalisation of debt financing arrangements for the Epanko graphite mine;
- Product development; and
- General working capital.

Performance Rights

Following shareholder approval of the adoption of the Incentive Performance Rights Plan at the annual general meeting on 25 November 2020 the Company issued 8,550,000 performance rights to key personnel on 20 January 2021.

Appointment of Director

On 1 March 2021 the Company appointed Howard Rae as Executive Director – Finance.

Other than the above, no other matters or circumstances have arisen since 31 December 2020 that have significantly affected or may significantly affect:

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

ROUNDING

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





AUDITOR INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 23 of this report.

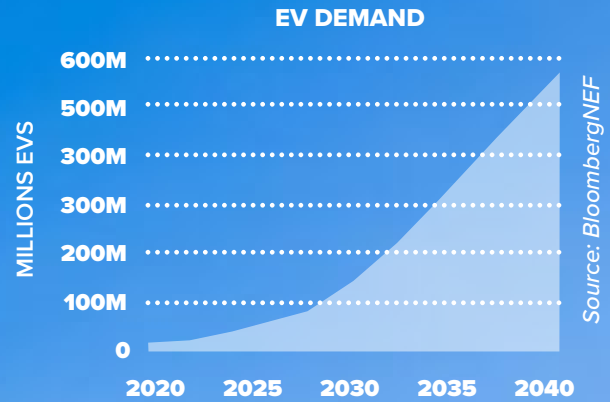
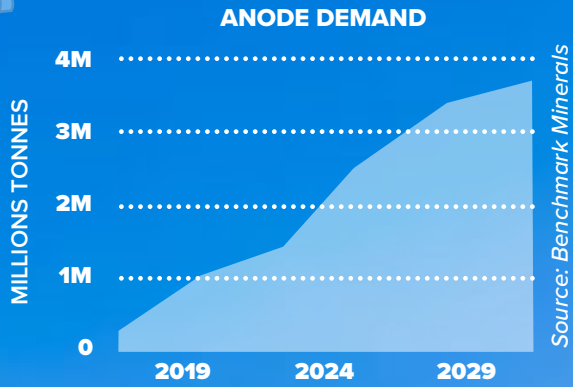
Signed in accordance with a resolution of the directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to read 'AS', with a long horizontal stroke extending to the right.

Andrew Spinks
Managing Director

10 March 2021

High growth battery graphite market forecast by Benchmark Mineral Intelligence to expand by an annual growth rate of 31.5% over the next decade



CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Note	31 December 2020 \$'000	31 December 2019 \$'000
INCOME			
R&D tax offset		-	232
Other income		51	2
		51	234
EXPENSES			
Accounting, audit and taxation services		(32)	(183)
Consultants and contractors		(437)	(893)
Employee benefits		(259)	(248)
Depreciation		(7)	(20)
Directors' fees		(54)	(92)
Exploration & evaluation expensed		(17)	(122)
Information systems and technology		(33)	(48)
Listing and compliance		(43)	(55)
Office rental & outgoings		(73)	(90)
Other		(72)	(58)
Travel & accommodation		-	(57)
Unrealised foreign exchange losses		-	(12)
		(1,027)	(1,878)
Loss before income tax		(976)	(1,644)
Income tax expense		-	-
Loss after income tax for the period		(976)	(1,644)
Other comprehensive loss		-	-
Total comprehensive loss for the period, net of tax		(976)	(1,644)
Loss per share attributable to equity holders of the Company:			
		Cents	Cents
Basic loss per share		(0.27)	(0.55)
Diluted loss per share		(0.27)	(0.55)

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



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	31 December 2020 \$'000	30 June 2020 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		1,750	2,779
Other receivables		63	76
Prepayments		15	39
Total current assets		1,828	2,894
Non-current assets			
Property, plant and equipment		57	148
Exploration and evaluation assets	3	18,155	18,039
Total non-current assets		18,212	18,187
Total assets		20,040	21,081
LIABILITIES			
Current liabilities			
Trade and other payables		282	349
Employee provisions		87	90
Total current liabilities		369	439
Non-current liabilities			
Employee provisions		39	20
Total non-current liabilities		39	20
Total liabilities		408	459
Net assets		19,632	20,622
EQUITY			
Contributed equity	4	48,395	49,060
Reserves		4,036	3,385
Accumulated losses		(32,799)	(31,823)
Total equity		19,632	20,622

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Contributed equity \$'000	Accumulated losses \$'000	Loan share reserve \$'000	Share based payment reserve \$'000	Total \$'000
As at 1 July 2019	44,852	(29,054)	(4,055)	6,649	18,392
Loss for the period	-	(1,644)	-	-	(1,644)
Transactions with owners in their capacity as owners:					
Shares issued during the period	1,358	-	-	-	1358
Share plan shares expired	(489)	-	489	-	-
Share issue expense	(28)	-	-	-	(28)
Balance at 31 December 2019	45,693	(30,698)	(3,566)	6,649	18,078
As at 1 July 2020	49,060	(31,823)	(3,264)	6,649	20,622
Loss for the period	-	(976)	-	-	(976)
Transactions with owners in their capacity as owners:					
Share plan shares expired	(651)	-	651	-	-
Share issue expense	(14)	-	-	-	(14)
Balance at 31 December 2020	48,395	(32,799)	(2,613)	6,649	19,632

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



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	31 December 2020 \$'000	31 December 2019 \$'000
OPERATING ACTIVITIES		
Payments to suppliers and employees	(983)	(1,586)
Research and development tax credit received	-	232
Interest received	1	2
Net cash flows (used in) operating activities	(982)	(1,352)
INVESTING ACTIVITIES		
Payments for exploration and evaluation	(116)	(649)
Proceeds/(payments) for property, plant & equipment	83	(1)
Net cash flows (used in) investing activities	(33)	(650)
FINANCING ACTIVITIES		
Proceeds from issue of shares	-	1,358
Capital raising costs for issue of shares	(14)	(30)
Net cash flows (used in) from financing activities	(14)	1,328
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,029)	(674)
Cash and cash equivalents at beginning of the period	2,779	1,462
Cash and cash equivalents at end of the period	1,750	788

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

1. COMPANY INFORMATION

The consolidated financial statements of EcoGraf Limited and its subsidiaries (collectively, the “consolidated entity”) for the half year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 10 March 2021.

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

The nature of operations and principal activities of the consolidated entity are described in the directors’ report.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *Interim Financial Reporting* and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial report for the year ended 30 June 2020, together with any public announcements made by the Company during the half year ended 31 December 2020 in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

All amounts have been rounded to the nearest thousand, unless otherwise stated, in accordance with ASIC Corporations (rounding in financial/directors’ reports) instrument 2016/191.

(b) Significant accounting policies

The accounting policies adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the year ended 30 June 2020.

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

(c) Going concern

For the half year ended 31 December 2020, the consolidated entity reported a loss after income tax of \$976,000 (2019: loss \$1,644,000) and held cash and cash equivalents of \$1,750,000 (30 June 2020: \$2,779,000). Subsequent to the balance date the Company announced on 12 February 2021 that it had raised \$54.6 million (before costs) through a placement of approximately 91 million fully paid ordinary shares at an issue price of 60 cents per share to institutional, sophisticated and professional investors, which is sufficient to meet the consolidated entity’s planned expenditures over the next 12 months.



3. EXPLORATION AND EVALUATION ASSETS

	31 December 2020 \$'000	30 June 2020 \$'000
Exploration and evaluation expenditure carried forward:		
Carrying amount at the beginning of the period	18,039	17,292
Capitalised expenditure at cost	116	747
Carrying amount at the end of the period	18,155	18,039

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

4. CONTRIBUTED EQUITY

	No. of shares	\$'000
1 July 2019	292,620,967	44,852
Share placement – October 2019	14,537,224	1,307
Issue of shares to consultants in lieu of cash – November 2019	555,556	50
Plan shares expired – October 2019	(2,050,000)	(489)
Share placement – May 2020	24,615,385	1,600
Share purchase plan – June 2020	33,707,636	1,890
Capital raising costs	-	(150)
30 June 2020	363,986,768	49,060
Plan shares expired ¹	-	(651)
Capital raising costs	-	(14)
31 December 2020	363,986,768	48,395

1 Lapsed plan shares that will be subject to buy-back and cancellation subsequent to balance date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

5. SEGMENT INFORMATION

The consolidated entity reports one segment, natural graphite products, to the chief operating decision maker, being the Managing Director, for the purposes of assessing performance and determining the allocation of resources.

Unless otherwise stated, all amounts reported to the chief operating decision maker are determined in accordance with accounting policies that are consistent with those adopted in this financial report.

	Australia \$'000	Tanzania \$'000	Total \$'000
Six months ended 31 December 2020			
Segment revenues	51	-	51
Segment results	(841)	(135)	(976)
Six months ended 31 December 2019			
Segment revenues	234	-	234
Segment results	(1,111)	(533)	(1,644)
31 December 2020			
Segment assets			
Property, plant and equipment	13	44	57
Exploration and evaluation assets	-	18,155	18,155
Segment non-current assets	13	18,199	18,212
Unallocated assets:			
Cash and cash equivalents			1,750
Other receivables			63
Prepayments			15
Total assets			20,040
Segment liabilities	(400)	(8)	(408)
Total liabilities	(400)	(8)	(408)
30 June 2020			
Segment assets			
Property, plant and equipment	15	133	148
Exploration and evaluation assets	-	18,039	18,039
Segment non-current assets	15	18,172	18,187
Unallocated assets:			
Cash and cash equivalents			2,779
Other receivables			76
Prepayments			39
Total assets			21,081
Segment liabilities	(428)	(31)	(459)
Total liabilities	(428)	(31)	(459)



6. DIVIDENDS

No dividends were declared or paid during the half year ended 31 December 2020 (2019: nil).

7. RELATED PARTY TRANSACTIONS

There were no significant transactions with related parties entered into during the period.

8. COVID-19 PANDEMIC

In recognition of the impact on shareholders of the COVID-19 containment measures globally, the Company has implemented a number of actions to preserve shareholder funds, under which the directors agreed to reduce their fees and salaries by 20% for the 6 months to 31 December 2020.

The COVID-19 world-wide pandemic has not significantly affected the operating or financial activities of the Company at this stage of its development. Significant and prolonged pandemic lockdown conditions may impact development activities if not dealt with in future years. The Company remains confident that operations and financial activities will not be significantly affected.

9. EVENTS AFTER BALANCE DATE

Share Placement

The Company announced on 12 February 2021 that it had raised \$54.6 million (before costs) through a placement of approximately 91 million fully paid ordinary shares at an issue price of 60 cents per share to institutional, sophisticated and professional investors.

Proceeds from the placement will be used to fund the following:

- Construction and operational commissioning of the first phase of the battery anode material purification facility in Western Australia;
- Advancement of the battery anode material recycling programs;
- Finalisation of debt financing arrangements for the Epanko graphite mine;
- Product development; and
- General working capital.

Performance Rights

Following shareholder approval of the adoption of the Incentive Performance Rights Plan at the annual general meeting on 25 November 2020 the Company issued 8,550,000 performance rights to key personnel on 20 January 2021.

Appointment of Director

On 1 March 2021 the Company appointed Howard Rae as Executive Director – Finance.

Other than the above, no other events have arisen in the interval between the end of the reporting period and the date of this report or any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to materially affect the operations of the Company, the results of those operations or the state of affairs of the Company, in future financial years.



DIRECTORS' DECLARATION

In the directors' opinion:

1. The interim financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and accompanying notes, are in accordance with the *Corporations Act 2001* and:
 - a) Comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*; and
 - b) Give a true and fair view of the consolidated entity's financial position at 31 December 2020 and of its performance for the financial half-year ended on that date.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors, pursuant to section 303(5)(a) of the *Corporations Act 2001*.

Andrew Spinks
Managing Director

10 March 2021



INDEPENDENT AUDITOR'S REVIEW REPORT



RSM Australia Partners

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ECOGRAF LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of EcoGraf Limited, which comprises the consolidated statement of financial position as at 31 December 2020, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of EcoGraf Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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INDEPENDENT AUDITOR'S REVIEW REPORT



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of EcoGraf Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of EcoGraf Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink, appearing to read "Tutu Phong".

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink, appearing to read "Tutu Phong".

TUTU PHONG
Partner

Perth, WA
Dated: 10 March 2021



AUDITOR'S INDEPENDENCE DECLARATION



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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of EcoGraf Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 10 March 2021

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