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GREENWING RESOURCES LTD

(Formerly Bass Metals Ltd)

ABN 31 109 933 995

Annual Report
For the year ended
30 June 2021

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CHAIRMANS REVIEW

CHAIRMAN'S REVIEW

Dear Shareholders,

It is my pleasure to present the Annual Report of Greenwing Resources Ltd (formerly Bass Metals Ltd).

The Company has broadened its strategy to position itself as a diversified producer and developer of critical mineral concentrates to capitalise on the compelling market fundamentals for graphite, lithium and advanced materials.

Greenwing is progressing a three tiered and complimentary strategy in the sectors of:

- **Graphite:** Continuing to develop the Graphmada Mining Complex, growing the Mineral Resource and capitalising on significant progress made to date, inclusive of a successful global sales record.
- **Advanced Materials:** Developing specialty carbon and advanced material products from the Company's high quality natural flake concentrates.
- **Lithium:** Capitalising on the Company's extensive lithium experience to build and develop a portfolio of lithium assets.

UBS¹ recently forecast a long-term graphite price for fine flake graphite (94-95% C, - 100 mesh, FOB China) of USD\$725/t and large flake graphite (94-95% C, +80 mesh, FOB China) of USD\$950/t. These prices are materially higher than the prices Greenwing were achieving in Graphmada's final quarter of production in late 2019 (prior to operations being placed on care and maintenance due to the worldwide pandemic).

Greenwing has an established operational platform at Graphmada, where it has successfully produced concentrates to specification across all grades from fine flake through to super jumbo graphite. These premium concentrates have been sold across all major markets, without penalty or rejection. In addition, the results of the recent flake size distribution testing and purification trials are very encouraging and confirm the quality of the graphite at Graphmada.

We are encouraged by the exploration results that continue to be achieved at Graphmada, which resulting in a 41% increase in the mineral resource to 20.2 mt @ 4% TGC as announced on 16 March 2021. Greenwing plans to commence a diamond drilling program this calendar year to provide further exploration data, particularly at depths greater than 12m, with a view to further growing the mineral resource.

Greenwing will also seek to progress the development of complimentary lithium projects to provide a pathway to participation in the rapidly growing battery minerals market. Greenwing currently holds the Millie's Reward spodumene project in Madagascar and since year end has acquired Andes Lito which has the right to acquire up to 100% of the San Jorge Lithium Brine project in Argentina, a greenfields project in the prolific Lithium Triangle. Exploration work is due to commence at the time of writing this report.

The Company has extensive lithium experience, with newly appointed Non-Executive Director James Brown being the Managing Director of Altura Mining Ltd since 2010. Both James and myself have been involved in developing lithium assets from exploration into production, obtaining funding, negotiating offtake agreements and bringing in strategic partners.

The Company is also developing an advanced materials business which it is well placed to progress given the characteristics of its clean, large flake and commercially sold concentrates. As announced during the year, the Company has entered into an agreement to develop specialty carbon composite technologies for the advanced materials sector in conjunction with Swinburne University of Technology.

¹ UBS Global Research Report dated 4 March 2021 - Battery Raw Materials: EVs Shifting into Overdrive: can commodity supply keep pace?

Since the end of the financial year, the Company has, among other things:

- Changed the Company's name from Bass Metals Ltd to Greenwing Resources Ltd with an ASX code of GW1.
- Consolidated the Company's share capital on a 1 for 50 basis which will see the Company emerge with issued equity of 87.7 million shares compared to the current issued equity of circa 4.4 billion shares.
- Successfully completed an equity raising of \$6.15m.

Greenwing is now well positioned to become a successful supplier of critical minerals and advanced materials into a rapidly growing green economy. The Company sees enduring fundamentals for lithium, graphite and advanced materials, with the world is at a point of carbon inflection, and Greenwing has a coherent strategy that will add significant shareholder value.

I want to thank all shareholders for your ongoing support and wish you good health in these difficult times.

Yours sincerely,



Rick Anthon
Chairman

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MINERAL RESOURCE STATEMENT

MINERAL RESOURCE STATEMENT

Mineral Resources at the Graphmada Mining Complex at 30 June 2021 were as follows:²

Category	Tonnes (Mt)	Total Graphitic Carbon %	Contained Graphite (kt)
Measured	2.9	4.2	121
Indicated	3.3	4.3	143
Inferred	14.0	3.9	550
Total	20.2	4.0	815

At year end, less than 500k tonnes (4%) of the stated Mineral Resource at Graphmada had been mined.

TECHNICAL SUMMARY (ASX LR 5.8.1)

The following summary presents a fair and balanced representation of the information contained within JORC Table 1 (sections 1-3):

- The Company holds the Mineral Resources via 100% owned exploitation permit numbers 26670, 25600 and the Loharano renewal. The permit grants the exclusive rights for 40 years to explore and mine graphitic resources.
- The mineralization contains large flake graphite mineralized within both the weathered profile (regolith) and underlying crystalline graphitic gneisses (hard rock), broadly coinciding with regional graphite mineralization trends.
- Diamond and auger drilling have intersected the mineralization, which is distributed broadly within the known mineralization footprint. The mineralization broadly dips to the west at approximately 45° and consists of a broad mineralization profile that continues to depth.
- 16,619 samples from 1,503 auger holes (12,397 meters drilled) and 144 diamond holes (5,693 meters drilled) were prepared, split and analyzed at the in-house Graphmada laboratory, with a representative proportion analyzed by an SANAS accredited laboratory in South Africa for Fixed Carbon and Graphitic Carbon respectively, as well as further analysis for Sulphur.
- The estimate was classified as Measured, Indicated and Inferred on the basis of augering, surface mapping, drill hole sample assay results, drill hole logging, assigned density values based on core sample measurements, flake size distribution studies, and nearby mining and processing operations.
- Grade estimation was completed using the ordinary kriging estimation method and checked using inverse distance weighting to the power of two estimation.
- A nominal 3% cut-off is supported by statistical analysis of the grade population distribution of the total dataset.

² Reported in accordance with the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('the JORC Code 2012') released to the ASX 16/03/21 "Increased in Graphite Mineral Resource".

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FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors of Greenwing Resources Ltd (the **Company** or **Greenwing**) present their report together with the financial statements of the consolidated entity, being the Company and its Controlled Entities (the **Group**) for the year ended 30 June 2021.

Directors

The following persons were Directors of the Company during or since the end of the financial year:

Rick Anthon - Non-Executive Chairman

Appointed - 4 October 2013

Member of the Audit Committee

Mr Anthon has practiced extensively in corporate, mining and resources law for over 30 years. He has advised on numerous acquisitions, joint ventures, and debt and capital raisings both in Australia and overseas. Additionally, he has acted as non-executive director and chairman for several public resource companies over the last 25 years and has chaired audit and remuneration committees for those companies. Mr Anthon is currently General Counsel and Joint Company Secretary for Orocobre Ltd, Australia's premier lithium producer.

Other Current Directorships: Laneway Resources Ltd

Previous directorships (last 3 years): Nil

Jeffrey Marvin - Non-Executive Director

Appointed – 12 June 2015

Member of the Audit Committee

Mr Marvin has over 25 years' experience working with corporate management and investors to bring international minerals companies to public markets. He specialises in early-stage mineral company investment, corporate management, and business restructuring. He is currently involved in minerals projects in Africa and Western Europe where he focuses on coal, manganese, copper, chrome and precious metals.

Other Current Directorships: Nil

Previous directorships (last 3 years): Nil

Peter Wright - Executive Director

Appointed – 2 September 2016

Mr Wright is currently an Executive Director of Bizzell Capital Partners Pty Ltd (BCP), a Brisbane based corporate advisory and funds management firm. Mr Wright has over 20 years' experience in financial markets with a focus on investment in the resources sector. As part of his role at BCP, Mr Wright has recently acted as the corporate advisor to Altura Mining Ltd, advising on capital markets, investor relations, acquisitions and divestments and industrial metals end markets. Mr Wright has been advising the Company as part of BCP's role as Joint Lead Manager to the Company's recent capital raising.

Other Current Directorships: Laneway Resources Ltd, DGR Global Ltd

Previous directorships (last 3 years): Nil

James Brown – Non-Executive Director

Appointed – 15 June 2021

Member of the Audit Committee

Mr Brown is a mining engineer with extensive operational and development experience in the mining industry, including 22 years at New Hope Corporation, followed by 12 years at Altura Mining Limited where he has acted as Managing Director from 2010.

Other current directorships: Altura Mining Ltd, Sayona Mining Ltd

Previous directorships (last 3 years): Nil

Angus Craig - Company Secretary

Appointed – 24 April 2020

Mr Craig is an experienced public company CFO and Company Secretary, with over 25 years of corporate experience across a range of industries and businesses. Mr Craig has experience in corporate governance, financial management, ASX related matters, equity funding and corporate transactions.

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of the Company were:

	Ordinary Shares	Unlisted Options
Mr R Anthon	1,144,743	650,000
Mr J Brown	-	500,000
Mr J Marvin	603,791	500,000
Mr P Wright	936,908	650,000

Note: Since year end the Company conducted a consolidation of capital on a 50:1 basis. The above numbers are post-consolidation. The unlisted options were issued in July 2021 and have an exercise price \$0.60 and expire on 30 June 2025.

COMPANY OVERVIEW

The Company is seeking to become a diversified producer and developer of critical mineral concentrates to capitalise on the compelling market fundamentals for graphite, lithium and advanced materials.

The Group is a producer of industrial mineral concentrates from its 100% owned Graphmada Large Flake Graphite Mine. The Graphmada Mine Complex, which is located in Madagascar, has 40-year mining permits and 20-year landholder agreements in place. With all associated mining infrastructure and logistics in place, the mine produced and sold a range of graphite concentrates into multiple market segments during the 2020 financial year. Major markets for the Company included Europe under an offtake agreement, India, China and the United States.

The Group also has interests in lithium projects. Greenwing currently holds the Millie's Reward spodumene project in Madagascar and since year end has acquired Andes Lifio SA which has the right to earn up to 100% of the San Jorge Lithium Brine project in Argentina, a greenfields project in the prolific Lithium Triangle which accounts for over half of the world's annual lithium production.

The Group is also developing an advanced materials business with the Company entering into an agreement to develop specialty carbon composite technologies for the advanced materials sector in conjunction with Swinburne University of Technology.

PRINCIPAL ACTIVITIES

The Company is a critical minerals and advanced materials business developing its primary asset; the Graphmada Mining Complex in Eastern Madagascar. In addition, it is exploring for high-grade lithium mineralization at Millie's Reward, also in Madagascar, and is commencing exploration at the San Jorge Lithium Brine Project in Argentina. In parallel, the Company seeks to develop Expandable Graphite and Graphene specialty carbon products and other advanced materials.

The principal activities of the Group during the year focused on the continued exploration and development, and care and maintenance activities relating to its graphite mine and other exploration and evaluation assets.

SIGNIFICANT CHANGE IN STATE OF AFFAIRS

On 15 March 2021, shareholders of the Group approved the amendment of the issue terms of convertible notes. The amendments approved the extension of the maturity date to 30 June 2023 and reduced the interest rate from 15% per annum to 12% per annum effective from 31 March 2021. Interest payments may be paid at the Group's election in ordinary shares issued at a 30-day VWAP of trading in the Group's shares. The conversion terms were amended to be convertible into 1.6 ordinary shares per Convertible Note converted (an effective conversion price of \$0.005) at any time, at Noteholder's election.

The amendments to the convertible notes terms of issue have resulted in the accounting treatment being re-assessed, with the result being a non-cash expense being recognised during the period totaling approximately \$4.75m.

In July 2021, the Company conducted a consolidation of share capital on the basis of each 50 shares consolidating into 1 share, which resulted in the number of shares on issue as at 30 June 2021 of 4,384,790,304 being consolidated into 87,695,353 ordinary shares.

REVIEW OF OPERATIONS

Result for the financial year

Consolidated net loss after tax for the Group was \$6,277,075 (2020: \$12,628,151 loss).

Dividends

No dividends have been paid during the period and no dividends have been recommended by the Directors (2020: nil).

Material operational and financial results

Production

Greenwing made the decision in December 2019, to suspend mining and front-end processing at Graphmada at the end of December, given a forecast of above average anticipated rainfall over the monsoon season, of a similar quantum to Q1 2019. Drying, screening and packaging operations continued through to March 2020, at which time operations were then subsequently suspended following Madagascar closing its borders due to the COVID-19 pandemic. The mine remains under care and maintenance.

Exploration and development

Greenwing continued its exploration and development activities during the year, delivering a material upgrade in JORC Code (2012) Mineral Resource for the Graphmada Mining Complex of 41% to 20.2 million tonnes (Mt) of large flake graphite at 4.0% Total Graphitic Carbon.

The Company continues to explore and develop Graphmada for large-scale mining and processing operations along with progressing feasibility studies for the expansion of operations, with a key focus on reducing operating costs and growing production to meet market demand at the lowest possible capital intensity. The exploration program is ongoing.

The concentrates produced by the Company have the two main constituent properties for application to most advanced materials, being a large flake and clean concentrates. Greenwing is currently continuing test work and discussions with potential Joint Venture (JV) partners with a view to producing a range of advanced materials using Greenwing Concentrates. Research agreement with

Swinburne University of Technology to advance carbon materials research and product development.

Other assets

During the year the Company signed a binding term sheet to acquire, Andes Lito SA, an entity which has the right to acquire the San Jorge Lithium Brine Project located in Catamarca, Argentina. The San Jorge Project consists of 15 granted Exploration Licenses (EL's) covering some 36,000 hectares inclusive of the San Francisco Salar. Since the end of the year, this acquisition of Andes Lito has been completed.

The Company also reviewed its Millie's Reward lithium-in-spodumene project, with the intention to re-commence field activities in FY2022.

In addition, the Company continued with care and maintenance activities relating to its Tasmanian exploration and evaluation assets.

Capital raisings

In September 2020, 540 million shares were issued at a price of \$0.0025 per share, raising \$1.35 million.

On 9 April 2021, noteholders converted 280 million convertible notes at \$0.005 each at a value of \$1,400,000.

On 27 April 2021, noteholders converted 24 million convertible notes at \$0.005 each at a value of \$120,000.

On 5 May 2021, the Company issued 59 million shares at \$0.0088 in lieu of paying interest to convertible note holders at a value of \$520,000.

On 15 March 2021, the Company's shareholders approved amendments to the terms of issue of the convertible notes on issue. Refer to Note 21.

COVID-19

On 25 March 2020, Greenwing announced the suspension of mining and production activities at the Graphmada Mining Complex for the foreseeable future with the onset of the COVID-19 pandemic, which resulted in a myriad of restrictions being put in place by the Madagascan and other governments, including the movement of people and cargo.

Some activities have continued both in Madagascar and Australia in compliance with regulatory guidance including exploration drilling and related activities, progress on mine development and feasibility studies and mine maintenance.

Meetings of directors

The following table sets out the number of meetings of the Company's Directors and meetings of committees of the Directors held during the year ended 30 June 2021 and the number of meetings attended by each Director.

Director	Directors' Meetings		Audit Committee		Remuneration Committee ¹	
	A	B	A	B	A	B
Mr R Anthon	6	6	2	2	-	-
Mr J Brown	-	-	-	-	-	-
Mr J Marvin	6	5	2	2	-	-
Mr P Wright	6	6	-	-	-	-

A: Number of meetings eligible to attend

B: Number of meetings attended

Note 1: The Remuneration Committee did not meet during the year ended 30 June 2021.

Note 2: The current members of the Audit committee are Mr Anthon (Chairman), Mr Brown and Mr Marvin.

Likely developments and expected results

The likely developments in the operation of the Group and the expected results of those operations in future financial years are as follows:

- Continue exploration with the aim to materially add to Graphmada's existing Mineral Resources
- Complete feasibility studies for large scale mining and processing operations
- Develop downstream purification, expandable graphite, graphene and other specialty carbon products
- Re-commence exploration at the Millie's Reward lithium project
- Commence exploration at the San Jorge Lithium Brine Project.

Shares issued during or since the end of the year as a result of exercise of options

No shares were issued during or since the end of the year as a result of exercise of options.

Performance rights issued

No performance rights were granted to directors or key management personnel during the financial year ended 30 June 2021.

Shares issued during or since the end of the year as a result of exercise of Management Performance Rights

No shares were issued during or since the end of the year as a result of exercise of Management Performance Rights.

Unissued shares under option

There were 395,126,884 unissued ordinary shares under options (2020: 395,126,884) which expired on 31 December 2020. During the year 15,147,514 unissued ordinary shares under options were issued with an exercise price of \$0.008 which expire on 31 December 2022.

Events arising since the end of the reporting period

Since the end of the reporting period, the Company has:

- Undertaken a 50:1 share consolidation;
- Changed its name from Bass Metals Ltd to Greenwing Resources Ltd.
- Completed the acquisition of Andes Lito SA (previously Blackearth SA) which holds an option agreement over the San Jorge Lithium Brine Project.
- Conducted a share placement to raise \$6.15 million

There were no other significant events subsequent to the end of the reporting period.

Indemnities given to, and insurance premiums paid for, auditors and officers

Insurance of officers

During the year, the Company paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all Directors. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer of the Group against a liability incurred as such by an officer.

Indemnity of auditors

The Group has agreed to indemnify its auditors, Grant Thornton, to the extent permitted by law, against any claim by a third party arising from the Group's breach of its agreement. The indemnity requires the Group to meet the full amount of any such liabilities including a reasonable amount of legal costs.

Auditors independence declaration

Non-audit services

During the year, Grant Thornton, the Company's auditors, did not perform any other services in addition to their statutory audit duties.

Details of the amounts paid to the auditors of the Company, Grant Thornton, and its related practices for audit services provided during the year are set out in Note 32 to the financial statements.

A copy of the Auditor's Independence Declaration as required under s307C of the Corporations Act 2001 is included on page 23 of this financial report and forms part of this Directors' Report.

Proceedings on behalf of the group

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

REMUNERATION REPORT (Audited)

The Directors of Greenwing Resources Ltd (the Group) present the Remuneration Report for Non-Executive Directors, Executive Directors and other Key Management Personnel, prepared in accordance with the Corporations Act 2001 and the Corporations Regulations 2001.

Remuneration Policy

The principles used to determine the nature and amount of remuneration are applied through a remuneration policy which ensures the remuneration package properly reflects the person's duties and responsibilities and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality.

The remuneration policy, setting the terms and conditions for the Directors and other executives has been developed by the Board and considers market conditions and comparable salary levels for entities of a similar size and operating in similar sectors.

The remuneration policy is to provide a fixed remuneration component and a specific equity related component if applicable. The Board believes that this remuneration policy is appropriate given the stage of development of the Group and the activities which it undertakes and is appropriate in aligning Director and executive objectives with shareholder and business objectives.

The remuneration framework has regard to shareholders' interests in the following ways:

- Focuses on sustained growth as well as on key non-financial drivers of value; and
- Attracts and retains high calibre executives.

The remuneration framework has regard to executives' interests in the following ways:

- Rewards performance, capability and experience;
- Reflects competitive reward for contributions to shareholder growth;
- Provides a clear structure for earning rewards; and
- Provides recognition for contribution.

Non-Executive Directors

The Board's policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment, and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties, and accountability. Independent external advice is sought as deemed appropriate. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at a general meeting. Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Non-Executive Directors' interests with shareholder interests, Non-Executive Directors are encouraged to hold shares in the Company and may receive options as long-term incentive remuneration.

The Board has resolved that Director's fees, for the Chairman will be \$60,000 per annum, effective 1 January 2020 and for Non-Executive Directors will be \$45,000 per annum, effective 1 April 2011. Shareholders approved on 30 November 2010 the aggregate remuneration for all non-executive directors at an amount of \$350,000 per annum. This amount does not include the value of options provided to Non-Executive Directors or committee member fees.

Any issue of shares, options or performance rights to Directors under the Greenwing Resources Ltd Employee Share and Option Plan will be subject to shareholder approval pursuant to the provisions of the ASX Listing Rules and the Corporations Act 2001.

From time to time Non-Executive Directors have undertaken specific tasks in addition to their role as Non-Executive Directors. The basis of remuneration for such tasks was agreed between the Non-Executive Director and the Company.

Executives

Executive Directors and executives receive either a salary plus superannuation guarantee contributions as required by law, or provide their services via a consultancy arrangement. Individuals may elect to sacrifice part of their salary to increase payments towards superannuation. Bonus payments are at the discretion of the Board and are based on an executive's performance. In addition, long term incentives are received through participation in the Greenwing Resources Ltd Employee Share and Option Plan.

The Board has resolved that Director's fees for the Executive Director will be \$105,000 per annum, effective 1 July 2020.

Valuation methodology

All remuneration paid to Directors and executives is valued at cost to the Group and expensed. Options are valued using the Black-Scholes methodology and performance rights are valued using the Monte Carlo Simulation methodology, both the options and performance rights are expensed at the date of grant.

Base salary

Executive remuneration is structured as a "total employment cost" package comprising cash, leave benefits and superannuation, and is reviewed annually with regard to competitiveness and performance. There are no guaranteed salary increases fixed in any senior executive contracts.

Greenwing Resources Ltd employee share loan scheme

There are no Employee Share Loans granted at reporting date.

Relationship between the remuneration policy and Group performance

The remuneration policy has been tailored to increase goal congruence between shareholders, Directors and executives. Two methods have been applied to achieve this aim, the first being a performance-based incentive based on performance milestones, and the second being the issue of options and shares to directors, executives and employees to encourage the alignment of personal and shareholder interests. The performance milestones are set annually, with a certain level of consultation with key management personnel to ensure buy-in. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The performance milestones target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each performance milestone is based on the Group's production plans and respective industry standards.

Performance in relation to the performance milestones is assessed annually, with bonuses being awarded depending on the degree to which the milestone has been achieved. Following the assessment, the performance milestones are reviewed by the Remuneration Committee considering the desired and actual outcomes, and their effectiveness in achieving the Group's goals and shareholder returns. The performance milestones are then set for the following year.

During each year directors and executives of the Group may be issued with performance rights, options and shares. The Board considers that this is an appropriate way to attract persons of experience and ability to the Group; foster and promote loyalty by providing an incentive to remain

in the Group's employment for the long term; and to recognise the ongoing ability of key management personnel to contribute to the performance and success of the Group.

The Company has not granted any options or performance rights to directors or executives of the Group during the reporting period.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four (4) financial years:

Item	2021	2020	2019	2018	2017
EPS (cents)	(7.93)	(0.45)	(0.29)	(0.22)	(0.85)
Dividends (cents per share)	-	-	-	-	-
Net (loss)/profit (\$'000's)	(6,277)	(12,628)	(7,551)	(4,448)	(9,904)
Share price (\$)	\$0.25	\$0.003	\$0.008	\$0.029	\$0.009

EPS and Share price for the financial years preceding 2021 are on a pre-50:1 share consolidation basis.

Performance conditions linked to remuneration

The Group seeks to emphasise reward incentives for results and continued commitment to the Group through the provision of various cash bonus reward schemes, specifically the incorporation of incentive payments based on the achievement of performance milestones and continued employment with the Group.

The objective of the reward scheme is to both reinforce the short and long-term goals of the Group and provide a common interest between management and shareholders.

The satisfaction of the performance conditions are evidenced by execution of contracts or agreements and whole of Board assessment and approval. The Board does not consider that performance conditions should include a comparison with factors external to the Group at this time.

The performance related proportions of remuneration paid during the year based on these targets are included in the remuneration table, refer to page 19.

Details of key management personnel

The Group considers the following persons as key management personnel:

- Richard Anthon – Non-executive chairman - appointed 4 October 2013
- Jeff Marvin – Non-executive director - appointed 12 June 2015
- Peter Wright – Executive director - appointed 2 September 2016
- James Brown – Non-executive director - appointed 15 June 2021
- Tim McManus - Chief Executive Officer - appointed 7 July 2016
- Angus Craig – Company Secretary – appointed 24 April 2020

Refer to the remuneration table contained in the Directors' Report on page 19 for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2021.

Related party transactions

During the year, the Group paid management, underwriting and placement fees to Bizzell Capital Partners ("BCP") as part of BCP's role as corporate advisors to the Group. BCP actively managed the capital raising programs for the Group and Peter Wright (Executive Director) is an Executive Director of BCP. Total fees charged by BCP for the period was \$186,450 including GST.

Employment contracts

The contract duration, period of notice and termination conditions for current key management personnel are as follows:

(i) Tim McManus, Chief Executive Officer ("CEO")

Commenced employment with the Group on 7 July 2016. His base salary is A\$250,000 per annum, plus statutory superannuation. In addition, the Group may, at the Board's absolute discretion, pay the employee an annual cash bonus. In the event of a Corporate Action that results in a Change of Control Event, the employee will be entitled to a cash bonus, payable at completion of the change of control event, of 50% of the employee's total financial remuneration. Termination of the contract by the Group or by the employee is 4 months' notice or at Greenwing Resources' election by payment in lieu of notice. The Group may terminate the contract at any time without notice if serious misconduct has occurred.

Long Term Incentives – Performance Rights

The employee was granted 20,000,000 Performance Rights in the 2017 financial year. The Performance Rights required the employee to achieve the following Key Performance Indicators:

- LTI (a) 8 million Performance Rights for achieving a total production of 1,250t of saleable graphite concentrate over any given 3 month period. During the reporting period for the year ended 30 June 2019, these Performance Rights vested and were exercised by the employee;
- LTI (b) 8 million Performance Rights for Graphmada Operations achieving cash flow positive results over three consecutive months. These Performance Rights expired on 31 December 2020.
- LTI (c) 4 million Performance Rights will be allocated for the Group achieving a Market Capitalisation of \$75m. During the previous reporting period for the year ended 30 June 2018, these Performance Rights vested and were exercised by the employee.

Long Term Incentives- Unlisted Options

The employee has been granted 30,000,000 unlisted options and 10,000,000 listed options, with the following exercise prices;

- 10 million options @ 2.5 cents
- 10 million options @ 7.5 cents
- 10 million options @ 10 cents

Long Term Incentives- Listed Options

- 10 million options @ 5 cents

All options expired on 31 December 2020.

(ii) Angus Craig, Company Secretary

Appointed Company Secretary of the Group on 24 April 2020. Services are provided on a month by month basis at a rate of \$4,000 per month plus GST.

No other Director or key management personnel are employed under a written contract of service.

Other than the Group executives, no other person is concerned in, or takes part in, the management of, or has authority and responsibility for planning, directing and controlling the activities of the Group.

As such, during the financial year, the Group did not have any person, other than directors and Group executives that complied with the definition of "Key Management Personnel" for the purposes of AASB 124: Related Party Disclosures or "Company Executive" for the purposes of Section 300A of the Corporations Act 2001 ("Act").

Other Information

Voting and Comments made at the Group's last Annual General Meeting:

- The Board advise that all resolutions put to shareholders at the Group's 2020 AGM were passed.
- The Group received 98% "yes" votes on its Remuneration Report for the financial year ending 30 June 2020.
- The Group received no specific feedback on its Remuneration Report at the Annual General Meeting.

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Remuneration Report (Audited)

Compensation of Directors and Key Management Personnel for the year ended 30 June 2021

The following table discloses the remuneration of the key management personnel of the Group.

		Short-term employee benefits			Post-Employment benefits	Long term benefits – share based payments		Total	Performance based % of remuneration	
		Cash salary and fees	Cash bonus	Non-monetary benefits	Superannuation	Options	Performance rights		\$	%
		\$	\$	\$	\$	\$	\$			
Executive Director										
Mr P Wright ¹	2021	105,000	-	-	-	-	-	105,000	-	-
	2020	125,000	-	-	-	-	-	125,000	-	-
Non- executive Directors										
Mr R Anthon	2021	60,000	-	-	-	-	-	60,000	-	-
	2020	67,500	-	-	-	-	-	67,500	-	-
Mr J Marvin ²	2021	45,000	-	-	-	-	-	45,000	-	-
	2020	45,000	-	-	-	-	-	45,000	-	-
Mr J Brown ³	2021	1,875	-	-	-	-	-	1,875	-	-
	2020	-	-	-	-	-	-	-	-	-
Other Key Management Personnel										
Mr T McManus (CEO)	2021	246,875	-	-	23,453	-	-	270,328	-	-
	2020	277,500	-	-	26,363	-	-	303,863	-	-
Mr D Round (Co. Sec.) ⁴	2021	90,436	-	-	1,044	-	-	91,480	-	-
	2020	222,750	-	-	21,161	-	-	243,911	-	-
Mr A Craig (Co. Sec.) ⁵	2021	48,000	-	-	-	-	-	48,000	-	-
	2020	12,000	-	-	-	-	-	12,000	-	-
Total	2021	597,186	-	-	24,497	-	-	621,683	-	-
	2020	749,750	-	-	47,524	-	-	797,274	-	-

Note 1: Mr Wright's Directors Fees were paid to Bizzell Capital Partners.

Note 2: Fees payable for the year ended 30 June 2020 were settled in the form of equity in lieu of a cash payment.

Note 3: Mr J Brown was appointed as a director on 15 June 2021.

Note 4: Mr D Round ceased employment on 20 July 2020.

Note 5: Mr A Craig commenced as secretary on 24 April 2020.

Bonuses included in remuneration

No bonuses were included in remuneration during the year.

Listed and unlisted options included in remuneration

No options have been granted as remuneration during the reporting period.

Shares held directly and indirectly in the Group

The number of Shares held directly and indirectly in the Group are set out below.

2021	Balance at the start of the year	Purchased	Received on conversion	Other changes	Balance at the end of the year
Directors					
Mr R Anthon	48,746,331	8,000,000	-	-	56,746,331
Mr J Marvin	12,091,424	18,000,000	-	-	30,091,424
Mr P Wright	46,600,000	-	-	-	46,600,000
Group Executives					
Mr T McManus	21,408,257	-	-	103,103	21,511,360
Mr A Craig	16,000,000	9,200,000	7,336,712	(17,202,815) ¹	15,333,897
	144,846,012	35,200,000	7,336,712	(17,099,712)	170,283,012

Note 1: this includes 997,185 pre-consolidation shares issued in lieu of convertible notes held and 18,200,000 pre-consolidation shares disposed.

Listed and unlisted options held directly and indirectly in the Group

The number of listed and unlisted options to acquire shares in the Company by each of the key management personnel of the Group; including their related parties are set out below. When exercised each option is convertible to one ordinary share in the Company.

Listed options:

2021	Balance at the start of the year	Lapsed	Exercised	Other changes	Vested and exercisable at the end of the year
Directors					
Mr R Anthon	8,300,000	8,300,000	-	-	-
Mr J Marvin	3,400,000	3,400,000	-	-	-
Mr P Wright	3,800,000	3,800,000	-	-	-
Group Executives					
Mr T McManus	10,000,000	10,000,000	-	-	-
Mr A Craig	6,860,050	6,860,050	-	-	-
	32,360,050	32,360,050	-	-	-

All listed options expired on 31 December 2020.

Unlisted options:

2021	Balance at the start of the year	Lapsed	Exercised	Other changes	Vested and exercisable at the end of the year
Directors					
Mr R Anthon	22,400,000	22,400,000	-	-	-
Mr J Marvin	9,000,000	9,000,000	-	-	-
Mr P Wright	9,000,000	9,000,000	-	-	-
Group Executives					
Mr T McManus	30,000,000	30,000,000	-	-	-
	70,400,000	70,400,000	-	-	-

All unlisted options expired on 31 December 2020.

Convertible notes held directly and indirectly in the Group

The number of convertible notes held directly and indirectly in the Group are set out below.

2021	Balance at the start of the year	Number of notes subscribed to	Interest ¹	Converted to ordinary shares	Balance at the end of the year
Directors					
Mr R Anthon	6,680,328	-	499,653	-	7,179,981
Mr J Marvin	1,336,066	-	99,931	-	1,435,997
Mr P Wright	3,340,164	-	249,826	-	3,589,990
Group Executives					
Mr T McManus	1,403,114	-	104,946	-	1,508,060
Mr A Craig	13,570,449	-	1,014,996	(4,585,445)	10,000,000
	26,330,121	-	1,969,352	(4,585,445)	23,714,028

Note 1: Additional notes were issued in lieu of interest payments.

Performance Rights held by Key Management Personnel

Details of Performance Rights held by each Key Management Personnel but not yet vested under the LTI plan as at 30 June 2021 are outlined below:

Performance Rights:

2021	Balance at the start of the year	Number granted as Remuneration	Lapsed	Balance at the end of the year	Portion vested (%)	Portion un-vested (%)
Directors						
Mr R Anthon	9,000,000	-	9,000,000	-	0%	0%
Mr J Marvin	3,600,000	-	3,600,000	-	0%	0%
Mr P Wright	3,600,000	-	3,600,000	-	0%	0%
Group Executives						
Mr T McManus	8,000,000	-	8,000,000	-	0%	0%
	24,200,000	-	24,200,000	-	0%	0%

Performance rights expired on 31 December 2020.

Performance Rights included in remuneration

No Performance rights have been granted as remuneration during the period.

Refer to Note 28 for details on the key performance indicators and the assumptions that were used in determining the fair value of Performance Rights on the grant date.

(End of remuneration report)

Signed in accordance with a resolution of directors.



Rick Anthon
Chairman

Brisbane, Queensland
29 September 2021

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Auditor's Independence Declaration

To the Directors of Greenwing Resources Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Greenwing Resources Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd
Chartered Accountants



Cameron Smith
Partner – Audit & Assurance

Brisbane, 29 September 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
Revenue from contracts with customers	5	19,143	1,422,333
Cost of sales	7(a)	(27,581)	(2,636,529)
Gross loss		(8,438)	(1,214,196)
Other income	6	1,218,566	567,686
Administration expenses	7(b)	(1,375,883)	(4,558,269)
Finance costs	7(c)	(1,156,263)	(569,028)
Foreign currency (loss) / gain	7(d)	(13,314)	293,474
Impairment losses	7(e)	(16,328)	(6,287,069)
Loss on changes to convertible notes terms	7(f)	(4,759,891)	-
Royalties expense		(72,081)	-
Write down of inventories		-	(447,087)
Loss before income tax from continuing operations		(6,183,632)	(12,214,489)
Income tax expense	8	-	-
Loss for the year from continuing operations		(6,183,632)	(12,214,489)
Loss after tax from discontinued operations	9	(93,443)	(413,662)
Loss for the year		(6,277,075)	(12,628,151)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(195,516)	(299,761)
Total comprehensive loss for the period, net of tax		(6,472,591)	(12,927,912)
Loss attributed to:			
Continuing operations		(6,379,148)	(12,514,250)
Discontinued operations		(93,443)	(413,662)
Total comprehensive loss attributed to:		(6,472,591)	(12,927,912)
Equity holders of the parent entity			
Earnings per share			
Basic and diluted loss per share from operations (cents) ¹	10	(7.93)	(23.93)

Note 1: Earnings per share has been calculated on shares post-consolidation.

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

	Note	2021 \$	2020 \$
CURRENT ASSETS			
Cash and cash equivalents	11 (a)	598,505	1,706,407
Trade and other receivables	12	250,529	335,670
Inventories	13	805,238	926,852
Other assets		120,129	76,171
Total Current Assets		1,774,401	3,045,100
NON-CURRENT ASSETS			
Restricted cash	11 (b)	10,801	10,801
Trade and other receivables	12	500,000	566,500
Plant and equipment	15	3,906,997	4,601,544
Right of use assets	16	3,962	102,572
Exploration and evaluation assets	17	1,465,873	-
Assets classified as held for sale	17	-	-
Mine properties	18	2,234,157	2,234,157
Total Non-Current Assets		8,121,790	7,515,574
TOTAL ASSETS		9,896,191	10,560,674
CURRENT LIABILITIES			
Trade and other payables	20	805,467	1,480,998
Borrowings	21	10,801	5,479,320
Lease liabilities	22	4,367	80,855
Liabilities directly associated with assets classified as held for sale	24	379,134	566,500
Total Current Liabilities		1,199,769	7,607,673
NON-CURRENT LIABILITIES			
Borrowings	21	4,328,796	-
Lease liabilities	22	-	26,793
Provisions	23	224,058	419,081
Total Non-Current Liabilities		4,552,854	445,874
TOTAL LIABILITIES		5,752,623	8,053,547
NET ASSETS		4,143,568	2,507,127
EQUITY			
Issued capital	25	96,783,430	93,931,109
Reserves	26	5,020,125	877,913
Accumulated losses		(97,659,987)	(92,301,895)
TOTAL EQUITY		4,143,568	2,507,127

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 30 JUNE 2021**

	Share capital	Option reserve	Convertible notes reserve	Foreign currency translation reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	93,931,109	918,983	1,236,079	(1,277,149)	(92,301,895)	2,507,127
Loss for the period	-	-	-	-	(6,277,075)	(6,277,075)
Other comprehensive loss	-	-	-	(195,516)	-	(195,516)
Total comprehensive loss for the year	-	-	-	(195,516)	(6,277,075)	(6,472,591)
Transactions with owners, recorded directly in equity						
Shares issued during the period	1,870,588	-	-	-	-	1,870,588
Convertible notes terms amended	-	-	5,496,748	-	-	5,496,748
Convertible notes converted to shares	1,226,772	-	(315,775)	-	-	910,997
Options issued	-	75,738	-	-	-	75,738
Options expired	-	(918,983)	-	-	918,983	-
Cost of shares issued for placement	(245,039)	-	-	-	-	(245,039)
Balance at 30 June 2021	96,783,430	75,738	6,417,052	(1,472,665)	(97,659,987)	4,143,568

	Share capital	Option reserve	Convertible notes reserve	Foreign currency translation reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	92,709,574	918,983	287,840	(977,388)	(79,673,744)	13,265,265
Loss for the period	-	-	-	-	(12,628,151)	(12,628,151)
Other comprehensive loss	-	-	-	(299,761)	-	(299,761)
Total comprehensive loss for the year	-	-	-	(299,761)	(12,628,151)	(12,927,912)
Transactions with owners, recorded directly in equity						
Shares issued during the period	1,679,491	-	-	-	-	1,679,491
Convertible notes	-	-	948,239	-	-	948,239
Cost of shares issued for placement	(457,956)	-	-	-	-	(457,956)
Balance at 30 June 2020	93,931,109	918,983	1,236,079	(1,277,149)	(92,301,895)	2,507,127

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers		343,707	1,665,799
Research and development grant		242,938	269,999
Government grants and subsidies		152,850	50,000
Return of funds held in trust		128,203	-
Sundry amounts received		4,354	-
Payments to suppliers and employees		(1,912,173)	(6,832,261)
Net cash used in operating activities	11c	(1,040,121)	(4,846,463)
Cash flows from investing activities			
Purchase of property, plant and equipment		(19,052)	(535,205)
Payment for exploration and evaluation assets		(888,616)	(483,770)
Interest received		7,592	15,324
Refund of security deposits		68,167	114,000
Proceeds from the sale of property, plant and equipment		-	13,575
Net cash used in investing activities		(831,909)	(990,076)
Cash flows from financing activities			
Proceeds from issue of shares		1,063,398	1,679,491
Transaction costs on issue of shares and convertible notes		(164,599)	(457,956)
Proceeds from issue of convertible notes		-	4,685,000
Proceeds from funds received in advance		-	116,500
Repayment of leases		(121,160)	(77,243)
Interest paid		(6,295)	(35,930)
Net cash from financing activities		771,344	5,909,862
Net increase / (decrease) in cash and cash equivalents		(1,100,686)	187,323
Cash and cash equivalents at the beginning of the period		1,717,208	1,572,013
Exchange differences on cash and cash equivalents		(7,216)	(42,128)
Cash and cash equivalents at the end of the period		609,306	1,717,208
Restricted cash	11b	(10,801)	(10,801)
Cash and cash equivalents at the end of the period	11a	598,505	1,706,407

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

Notes to the consolidated financial statements

1. General information and statement of compliance

These consolidated financial statements and notes represent those of Greenwing Resources Ltd (formerly Bass Metals Ltd) (the "Company") and its Controlled Entities (the "Consolidated Group" or "Group"). Greenwing Resources Ltd is the Group's ultimate Parent Company (the "parent entity") and is a public company incorporated and domiciled in Australia.

Financial information of the parent entity, Greenwing Resources Ltd, is presented in Note 36.

The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

The Financial Report was approved by the Board of Directors on 29 September 2021.

The Consolidated general-purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

2. Summary of accounting policies

Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

Basis of consolidation

At reporting date, the Company has six subsidiaries, Graphmada Mauritius (registered in Mauritius), Graphmada SARL (registered in Madagascar), Limada SARL (registered in Madagascar), Critical Minerals USA LLC (registered in USA), Bass Metal Holdings Pty Ltd and Critical Minerals Technologies Pty Ltd (both registered in Australia).

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2021. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Two subsidiaries have a different reporting date other than 30 June, however they have provided financial information to allow the consolidated Group financial statements to be prepared based on a 30 June reporting date.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries

between the owners of the parent and the non-controlling interests based on their respective ownership interests. There are no non-controlling interests in the Group during the year.

Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Australian Dollars (\$AUD), which is also the functional currency of the Parent Company. The functional currency of the Company subsidiaries Graphmada SARL, Graphmada Mauritius and Limada SARL is US Dollars being the currency which sales and material expenses are transacted. These subsidiary financial statements are translated into Australian Dollars in accordance with Australian Accounting Standards as detailed below.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss and other comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the \$AUD are translated into \$AUD upon consolidation. On consolidation, all monetary assets and liabilities have been translated into \$AUD at the closing rate at the reporting date. Non-monetary items are not retranslated at year-end and are measured at historical cost, these are translated into \$AUD using the exchange rates at the date of the transaction. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into \$AUD at the closing rate at the date of acquisition. Income and expenses have been translated into \$AUD at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the foreign currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

Segment reporting

Management currently identifies two service lines as the Group's operating segments and all other activities are reported within the segment other. These operating segments are monitored by the Group's chief operating decision maker and strategic decisions are made on the basis of adjusted segment operating results.

In identifying its operating segments, management generally follows the Group's service lines, which represent the main products and services provided by the Group. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under the Accounting Standards are the same as those used in its financial statements, except that expenses relating to discontinuing operations (refer Note 9) are not included in arriving at the operating profit of the operating segments. In addition, non-current exploration and evaluation asset held for sale are assets which are not directly attributable to the business activities of any operating segment and are not allocated to a segment. There have been no other changes from prior periods in the measurement methods used to determine reported segment profit or loss.

Revenue and other income

Revenue arises from the sale of graphite concentrate.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

The Group enters into transactions with customers involving a range of the Group's graphite concentrate specifications. The total transaction price for a contract is based on the relative stand-alone market selling prices determined by reference to the carbon content, the graphite mesh or flake size and the current international USD graphite price.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities on the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Sale of graphite concentrate

Sale of graphite concentrate is recognised when the Group has transferred control of the goods to the buyer, generally when the customer has taken undisputed delivery of the goods. This occurs when goods are physically collected from the Group's premises by or on behalf of the customer, or when the sea container containing the goods to be exported have been sealed for customs export purposes.

Interest income

Interest is reported on an accrual basis using the effective interest method.

Other Income

Other income is recognised as and when it is receivable and has been recorded as part of other receivables if it has not yet been received.

Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the mining process as well as directly related production costs based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its useful life. Right-of-use assets are subject to impairment or adjusted for any measurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expenses to profit or loss as incurred.

Property, plant and equipment

Equipment is initially recognised at acquisition or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management.

Property, plant and equipment are depreciated through the straight-line distribution of cost over the estimated technical useful life of the asset which is the period which the Company expects the use of the asset.

The Group uses the units of production basis when depreciating specific assets which results in a depreciation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's economic life, which is assessed annually, has due regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which it is located.

The useful lives used for depreciation and amortisation of assets included in property, plant and equipment are presented below:

- Buildings and infrastructure: 5 to 25 years
- Plant & equipment: 2 to 25 years
- Motor vehicles: 3 to 5 years

Material residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss and other comprehensive income within other income or other expenses.

Exploration and evaluation

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation activity includes:

- Researching and analysing historical exploration data
- Gathering exploration data through geophysical studies
- Exploratory drilling and sampling
- Determining and examining the volume and grade of the resource
- Surveying transportation and infrastructure requirements
- Conducting market and finance studies

Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit. Once the legal right to explore has been obtained, exploration and evaluation expenditure is charged to profit or loss and other comprehensive income as incurred if the Group concludes that a future economic benefit is more likely than not to be realised. These costs include directly attributable employee remuneration, materials and fuel used, surveying costs, drilling costs and payments made to contractors.

In evaluating whether the expenditures meet the criteria to be capitalised, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. Exploration and evaluation expenditure is capitalised in the year in which it is incurred when the following conditions are satisfied:

- The rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:

- (i) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- (ii) exploration and evaluation activities in the area of interest have not at the end of the reporting period reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss and other comprehensive income in the year in which the decision to abandon the area is made.

A regular review for impairment is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Mine properties

Mine properties includes capitalised development expenditure, rehabilitation costs and accumulated amortisation.

Development expenditure

Development expenditure incurred by or on behalf of the consolidated entity is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises costs directly attributable to the construction of a mine, the related infrastructure and expenditure transferred from the capitalised exploration and evaluation expenditure phase.

Development expenditure also includes goodwill paid on a business combination relating to a mining operation. It is calculated as the excess of the sum of: (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquire, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets.

Rehabilitation costs

Costs of site restoration are provided for over the life of the facility from when exploration commences and are included in the costs from that stage. Site restoration costs include obligations relating dismantling and removing mining plant, reclamation, waste dump rehabilitation and other costs associated with restoration and rehabilitation of the site. Such costs have been determined using estimates for current costs and currently legal requirements and technology.

Any changes in the estimates are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

Amortisation of Development expenditure and rehabilitation costs

Amortisation is charged using the units-of-production method, with separate calculations being made for each area of interest. The units-of-production basis results in an amortisation charge proportional to the depletion of proved and probable reserves. Mine properties are tested for impairment in accordance with the following policy on *Impairment Testing of Non-Financial Assets*.

Impairment testing of non-financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired.

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine

the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Any impairment loss is charged pro rata to the other assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

Financial instruments

Recognition, initial measurement and derecognition

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI)

Classifications are determined by both:

- The entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

Subsequent measurement financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital.

Debt instruments at fair value through other comprehensive income (Debt FVOCI)

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at debt FVOCI.

Any gains or losses recognised in OCI will be reclassified to profit or loss upon derecognition of the asset.

Impairment of financial assets

The Group uses forward-looking information to recognise expected credit losses and considers a broad range of information when assessing credit risk and measuring expected credit losses. This includes past events, current conditions and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. Instruments that are captured under this requirement includes trade and other receivables.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Income taxes

Tax expense recognised in profit or loss and other comprehensive income comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office and other fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss and other comprehensive income in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax liabilities are always provided for in full. Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss and other comprehensive income, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Non-current assets and liabilities classified as held-for-sale and discontinued operations

When the Group intends to sell a non-current asset or a group of assets (a disposal group), and if sale within 12 months is highly probable, the asset or disposal group is classified as "held for sale" and presented separately in the statement of financial position. Liabilities are classified as "held for sale" and presented as such in the statement of financial position if they are directly associated with a disposal group.

The Group has determined that its Tasmanian Non-Current Exploration and Evaluation asset held for sale shall be designated in this category.

Assets classified as "held for sale" are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some "held for sale" assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's accounting policy for those assets. Once classified as "held for sale", the assets are not subject to depreciation or amortisation.

Profit or loss from discontinued operations

A discontinued operation is a component of the entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale

Profit or loss from discontinued operations, including prior year components of profit or loss, are presented in a single amount in the statement of profit or loss and other comprehensive income. This amount, which comprises of the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale.

The disclosures for discontinued operations in the prior year relate to all operations that have been discontinued by the reporting date for the latest period presented.

The Group has determined that its Tasmanian Non-Current Exploration and Evaluation asset held for sale shall be designated in this category.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be easily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit and loss if the carrying amount of the right-of-use asset is fully written down.

Employee benefits

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly with 12 months of reporting date are recognised as provisions in respect of employee services up to reporting date. They are measured at the amounts that are expected to be paid when the liabilities are settled.

Equity and reserves

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Other components of equity include:

- (a) Foreign currency translation reserve which records the exchange differences arising from translation of financial statements of foreign operations into Australian dollars;
- (b) the Share option reserve which comprises costs associated with share-based payments (see Share-based employee remuneration); and
- (c) equity portion of convertible notes.

Retained earnings include all current and prior period retained profits. All transactions with owners of the parent are recorded separately within equity.

Share-based employee remuneration

The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (i.e.: profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss and other comprehensive income with a corresponding credit to share option reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are allocated to share capital.

Provisions, contingent assets and liabilities

General

Provisions for legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of: (a) a past event; (b) it is probable that an outflow of economic resources will be required from the Group; and (c) amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

Rehabilitation provision

Mine rehabilitation costs will be incurred by the Group either while operating, or at the end of the operating life of, the Group's facilities and mine properties. The Group assesses its mine rehabilitation provision at each reporting date. The Group recognises a rehabilitation provision where it has a legal and constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. The nature of these restoration activities includes dismantling and removing structures; rehabilitating mines and tailings dams; dismantling operating facilities; closing plant and waste sites; and restoring, reclaiming and revegetating affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the mining operation's location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred as a result of the development/construction of the mine.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the statement of profit or loss and other comprehensive income as part of finance costs.

Goods and Services Tax (GST) and Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of GST and VAT, except where the amount of GST and VAT incurred is not recoverable from the Tax Office. In these circumstances the GST and VAT is

recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST and VAT.

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

Comparative figures

Where required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Significant management judgement in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Provision for restoration and rehabilitation

The Group assesses its mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to inflation rates, and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees and suppliers by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Estimation of useful lives of assets

The Group's management determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. Management will increase the depreciation and amortisation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Exploration and evaluation

The application of the Group's accounting policy for E&E expenditure requires judgement to determine whether future economic benefits are likely from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves. In addition to applying judgement to determine whether future economic benefits are likely to arise from the Group's E&E assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Group has to apply a number of estimates and assumptions. The determination of an Australasian Joint Ore Reserves Committee Code (JORC) resource is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e., measured, indicated or inferred). The estimates directly impact when the Group defers E&E expenditure. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, particularly, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the relevant capitalised amount is written off to the statement of profit or loss and other comprehensive income in the period when the new information becomes available.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Ore reserve and mineral resource estimates

Ore reserves and mineral resource estimates are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties. Such reserves and mineral resource estimates and changes to these may impact the Group's reported financial position and results, in the following way:

- The carrying value of exploration and evaluation assets, mine properties, plant and equipment and goodwill (mine properties – development asset) may be affected due to changes in estimated future cash flows
- Depreciation and amortisation charges in the statement of financial profit or loss and other comprehensive income may change where such charges are determined using the units of production method, or where the useful life of the related assets change
- Provisions for rehabilitation and environmental provisions may change where reserve estimate changes affect expectations about when such activities will occur and the associated cost of these activities

The Group estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the ore body. As the economic assumptions used may change and as additional geological information is produced during the operation of a mine, estimates of ore reserves and mineral resources may change.

The Group estimates and reports mineral resources in line with the principles contained in the 2004 and 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code).

Convertible notes

The Group's convertible notes are treated as a compound financial instrument. A split accounting approach is adopted, where the debt component and the conversion option are accounted for separately. The debt component is initially recognised at its fair value. It is then amortised over its life using the effective interest method.

3. Changes in accounting policies

There are no other new standards and interpretations in issue which are mandatory for 30 June 2021 reporting periods that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

4. Going concern

The financial report for the year ended 30 June 2021 has been prepared based on going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

During the year, the Group reported a loss after tax of \$6,277,075 (2020 loss: \$12,628,151). Net cash operating cash outflows were \$1,040,121 (2020 outflow: \$4,846,463).

In addition, current assets were \$1,774,401 and current liabilities were \$1,199,769 resulting in a net current ratio surplus of \$574,632 (2020: negative current ratio \$4,562,573). Prima facie, these factors indicate the existence of a material uncertainty relating to going concern.

The ability of the Group to continue as a going concern is principally dependent upon one or more of the following:

- the ability of the Group to raise sufficient additional capital in the future; and
- its ability to achieve a financial return from its subsidiary Graphmada Mauritius
- reducing its level of expenditure through farm outs or joint ventures; and
- disposing of assets.

Since the end of the year, the Group successfully raised \$6.15 million by way of a placement to professional and sophisticated investors, with \$4.63 million having been received as at the date of this report, and the balance receivable following the Annual General Meeting in November 2021.

If the Group is unable to continue as a going concern, it may be required to realise its assets and or settle its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report. The Directors will continue to monitor the capital requirements of the Group on a go forward basis and will include additional capital raisings in future periods as required.

5. Segment reporting

Management currently identifies two service lines as the Group's operating segments. These operating segments are monitored by the Group's chief operating decision maker and strategic decisions are made based on adjusted segment operating results. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under the Accounting Standards are the same as those used in its financial statements, except expenses relating to discontinuing operations are not included in arriving at the operating loss of the operating segments. There have been no other changes from prior periods in the measurement methods used to determine reported segment profit or loss.

The Group's revenue disaggregated by primary geographical markets is as follows:

Year to 30 June 2021			
	Graphite Mining	Exploration - Lithium	Total
India	19,143	-	19,143
Europe	-	-	-
USA	-	-	-
Total	19,143	-	19,143
Year to 30 June 2020			
	Graphite Mining	Exploration - Lithium	Total
India	368,988	-	368,988
Europe	629,413	-	629,413
USA	423,932	-	423,932
Total	1,422,333	-	1,422,333

Year to 30 June 2021			
	Graphite Mining	Exploration - Lithium	Total
Revenue at a point in time	19,143	-	19,143
Total	19,143	-	19,143

Year to 30 June 2020			
	Graphite Mining	Exploration - Lithium	Total
Revenue at a point in time	1,422,333	-	1,422,333
Total	1,422,333	-	1,422,333

The revenues and profit generated by each of the Group's operating segments and segment assets and liabilities are summarised as follows:

Year to 30 June 2021			
	Graphite Mining	Exploration - Lithium	Total
Revenue			
From external customers	19,143	-	19,143
Discontinued operations	-	-	-
From other segments	-	-	-
Inter-segment	-	-	-
Segment revenues	19,143	-	19,143
Segment operating profit	(441,497)	(15,695)	(457,192)
Segment assets	7,610,989	-	7,610,989

Year to 30 June 2020			
	Graphite Mining	Exploration - Lithium	Total
Revenue			
From external customers	1,422,333	-	1,422,333
Discontinued operations	-	-	-
From other segments	11,160	-	11,160
Inter-segment	-	-	-
Segment revenues	1,433,493	-	1,433,493
Segment operating profit	(12,013,826)	(741,865)	(12,755,691)
Segment assets	6,938,273	-	6,938,273

The Group's operating profit reconciles to the Group's profit before tax as presented in its financial statements as follows:

	2021	2020
	\$	\$
Profit or Loss		
Total reportable segment operating profit	(457,192)	(12,755,691)
Loss on convertible notes liability	(1,074,464)	-
Loss on conversion of convertible notes	(3,685,427)	-
Corporate costs, head office costs, or similar	(966,549)	541,202
Discontinued operations, refer Note 9	(93,443)	(413,662)
Group operating profit	(6,277,075)	(12,628,151)
Group profit before tax	(6,277,075)	(12,628,151)

6. Other income

	2021	2020
	\$	\$
Government grants and subsidies	152,850	50,000
Interest received	7,592	15,324
Rent and access fees received	237,853	92,501
Research and development grant	434,107	269,999
Sale of scrap metal	-	11,160
Sundry income	3,775	959
Write back of rehabilitation provision	382,389	127,743
Total other income	1,218,566	567,656

7. Loss for the period

The loss for the period is stated after taking into account the following:

7 (a) Cost of sales

Direct mine operating expense	27,581	2,177,349
Depreciation expense	-	459,180
Total cost of sales	27,581	2,636,529

7 (b) Administration expenses

Mine administration expense:		
Depreciation	18,550	103,970
Amortisation	-	142,813
Employee benefits expense	-	911,975
Mine consultancy	-	25,256
Repairs and maintenance	-	70,923
Other administrative expenses	109,033	943,130
Total mine administration expenses	127,583	2,198,067
Corporate administration:		
Employee benefits expense	392,988	1,075,711
Contracting & consulting expenses	197,279	193,334
Rental expenses	72,124	36,417
Legal expenses	49,577	36,063
Depreciation	35,818	135,909
Director fees	219,607	237,500
Travel expenses	-	123,933
Share registry, ASX	76,760	124,264
Other administration expenses	204,147	397,071
Total corporate administration expenses	1,248,300	2,360,202
Total administration expenses	1,375,883	4,558,269

	2021 \$	2020 \$
7(c) Finance costs		
Interest expense	4,567	20,918
Interest on lease liabilities	6,277	15,012
Interest on convertible notes	1,145,419	533,098
Total finance costs	1,156,263	569,028

7(d) Foreign currency (gain) / loss		
Foreign currency (gain) / loss - realised	6,098	(17,859)
Foreign currency (gain) - unrealised	7,216	(275,615)
Total foreign currency (gain) / loss	13,314	(293,474)

7(e) Impairment losses		
VAT receivable	16,328	274,647
Property, plant and equipment	-	404,998
Exploration and evaluation assets	-	1,311,424
Mine properties	-	4,296,000
Total impairment losses	16,328	6,287,069

7(f) Loss on changes to convertible note terms		
Loss on convertible note liability	1,074,464	-
Loss on convertible note equity	3,685,427	-
Total convertible note losses	4,759,891	-

8. Income tax expense

The prima facie tax on loss before income tax is reconciled as follows:

	2021 \$	2020 \$
(a) The components of tax expense comprise:		
Current tax	-	-
Under provision in respect of prior years	-	-
	-	-
(b) Amounts recognised in equity		
Convertible note	1,668,434	370,823
	1,668,434	370,823
(c) Loss before income tax	(6,277,075)	(12,628,151)
The prima facie tax on loss before income tax at 26% (2020: 27.5%)	(1,632,039)	(3,472,742)
Non assessable income	(129,704)	(175,378)
Other assessable income	-	385,688
Non-deductible expenditure	2,176,756	1,916,258
Impact of different exchange rates	91,995	208,059
Deferred tax asset not brought to account	(1,780,475)	767,292
Deferred tax liability not brought to account	1,668,434	370,823
Prior year tax losses recouped	(394,967)	-
Income tax (benefit) attributable to loss from ordinary activities	-	-

Unrecognised temporary differences

At 30 June 2021, there are no unrecognised temporary differences associated with the Group's investments as the Group has no liability for additional taxation should unremitted earnings be remitted (2020: \$Nil).

(d) Deferred tax balances

The following deferred tax assets and liabilities have been recognised and brought to account:

Deferred tax asset – losses available
Deferred tax liability – prepayments
Deferred tax liability – convertible notes

Net recognised tax balances

The following deferred tax assets and liabilities have not been brought to account:

Unrecognised deferred tax assets comprise:

Australian tax losses – revenue
Australian tax losses - capital
Madagascar tax losses – revenue
Mauritian tax losses – revenue
Capital raising costs
Accruals and Provisions

	2021 \$	2020 \$
	1,683,494	386,267
	(15,060)	(15,443)
	(1,668,434)	(370,824)
	-	-
	11,515,095	14,066,039
	4,938,682	5,223,606
	3,356,527	3,275,996
	195,722	117,364
	100,143	113,053
	37,003	64,685
	20,143,172	22,860,743

Deferred tax asset not recognised is \$20.1 million (2020: \$22.9 million) which is represented by \$16.6 million (2020: \$19.5 million) from Australian based operations carried forward tax losses and undisclosed tax losses of \$3.5 million (2020: \$3.4 million) from overseas subsidiaries based on prior years lodged tax returns and the accounting losses for the periods to 30 June 2021.

The deductible temporary differences and tax losses do not expire under current tax legislation. Madagascar Tax Losses expire after a period of 5 years. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits from.

9. Loss attributable to discontinued operations

The Company continues to seek a buyer for its Tasmanian capitalised exploration assets. The disposal group was fully impaired during 2017 and is, therefore, carried at nil value having been recognised as *Capitalised Exploration and Evaluation Assets Held for Sale* in the Statement of Financial Position. During the current and prior year, care and maintenance expenses relating to the disposal group have been eliminated from profit or loss from the Group's continuing operations and are shown as a single line item on the face of the statement of profit or loss and other comprehensive income (see *loss after tax from discontinued operations*).

Expenses

Que River operating infrastructure – care & maintenance

Total expenses

	2021 \$	2020 \$
	93,443	413,662
	93,443	413,662

10. Earnings per share

	2021 \$	2020 \$
Loss for the period	(6,277,075)	(12,628,151)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	79,115,268	52,761,139
Loss per shares (cents)	(7.93)	(23.93)

The weighted average numbers of ordinary shares used in the earnings per share calculated has been updated to reflect the share consolidation that on 16 July 2021 as required by AASB 133 Earnings Per Share. There is no dilutive potential for ordinary shares as the exercise of options to ordinary shares or conversion of convertible notes into ordinary shares would have the effect of decreasing the loss per ordinary share and would therefore be non-dilutive.

11. Cash and cash equivalents

(a) Cash and cash equivalents include the following components:

	2021 \$	2020 \$
Cash at bank and in hand:		
Australian Dollars	588,961	1,672,082
United State Dollars	466	2,653
Madagascar Ariary	9,078	31,672
	598,505	1,706,407

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The Group deposits cash surpluses only with major banks of high-quality credit standing.

(b) Restricted cash

As at reporting date \$10,801, (2020: \$10,801) of cash held remains restricted.

(c) Reconciliation of cash flows from operations with loss after income tax

	2021 \$	2020 \$
Operating loss after income tax	(6,277,075)	(12,628,151)
Adjustments for:		
Depreciation & amortisation	54,368	841,872
Impairment losses	-	6,287,069
(Profit) / loss on the disposal of plant and equipment	51,994	(13,045)
Inventory write down to net realisable value	-	206,807
Early termination of leases	55,600	-
Loss on convertible notes liability	1,074,464	-
Loss on change in conversion ratio of convertible notes	3,685,427	-
Write back of rehabilitation provision	(382,389)	(127,743)
Write back of right-of-use assets	(1,462)	-
Unrealised foreign exchange gain	(180,842)	(550,597)
Non cash settlement of convertible note accrued interest	1,145,419	533,098
Non-cash settlement of directors fees and capital raising costs	170,102	-
Add: Finance expense (disclosed in financing activities)	10,844	35,930
Less: Finance income (disclosed in investing activities)	(7,592)	(15,324)
Net changes in working capital:		
Change in other current assets	(42,822)	21,134
Change in trade and other receivables	103,780	252,846
Change in inventories	121,614	484,268
Change in other financial assets - current	-	126,536
Change in trade and other payables relating to operating activities	(621,551)	(301,163)
Net cash used in operating activities	(1,040,121)	(4,846,463)

12. Trade and other receivables

	2021	2020
	\$	\$
Current		
Trade receivables	16,500	141,453
VAT receivable	389,295	274,647
Allowance for credit losses	(389,295)	(274,647)
Other receivables	234,029	194,217
	250,529	335,670
Non-current		
Other security deposits (1)	500,000	566,500
	500,000	566,500

Note 1: Security deposits and guarantees associated with the Tasmanian exploration assets held for sale.

All amounts are short-term and non-interest bearing. The net carrying value of trade receivables is considered a reasonable approximation of fair value. As at reporting date, there were no trade receivables that were past due, but not impaired. In determining the recoverability of a trade or other receivable, the Group performs a risk analysis considering the type and age of the outstanding receivable and the creditworthiness of the counterparty. Information regarding credit, foreign exchange and liquidity risk exposure is set out in Note 29.

13. Inventories

	2021	2020
	\$	\$
Equipment spares and consumables	719,508	709,537
Ore stockpiles	70,836	77,176
Graphite in circuit	3,746	29,593
Graphite concentrate	11,148	110,546
	805,238	926,582

Total inventories are carried at the lower of cost and net realisable value.

14. Financial assets and liabilities

Categories of financial assets and liabilities

Note 2 provides a description of each category of financial assets and liabilities and the related accounting policies.

The carrying amounts of financial assets and financial liabilities in each category are as follows:

2021	Notes	Amortised cost	Assets at fair value through profit or loss (FVPL)	Debt fair value through other comprehensive income (FVOCI)	Equity fair value through other comprehensive income (FVOCI)	Total
		\$	\$	\$	\$	\$
Financial assets						
Cash and cash equivalents	11a	598,505	-	-	-	598,505
Trade and other receivables - current	12	16,500	-	-	-	16,500
Trade and other receivables - non-current	12	500,000	-	-	-	500,000
		1,115,005	-	-	-	1,115,005

2021	Notes	Derivatives used for hedging (FV) \$	Other liabilities (amortised cost) \$	Total \$
Financial liabilities				
Trade and other payables	20	-	478,734	478,734
Borrowings	21	-	4,328,796	4,328,796
		-	4,807,530	4,807,530

2020	Notes	Amortised cost \$	Assets at fair value through profit or loss (FVPL) \$	Debt fair value through other comprehensive income (FVOCI) \$	Equity fair value through other comprehensive income (FVOCI) \$	Total \$
Financial assets						
Cash and cash equivalents	11a	1,706,407	-	-	-	1,706,407
Trade and other receivables - current	12	141,453	-	-	-	141,453
Trade and other receivables - non current	12	566,500	-	-	-	566,500
		2,414,360	-	-	-	2,414,360

2020	Notes	Derivatives used for hedging (FV) \$	Other liabilities (amortised cost) \$	Total \$
Financial liabilities				
Trade and other payables	20	-	989,155	989,155
Borrowings	21	-	5,479,320	5,479,320
		-	6,468,475	6,468,475

15. Plant and equipment

Details of the Group's property, plant and equipment and their carrying amount are as follows:

2021	Plant & equipment \$	Motor vehicles \$	Capital work in progress \$	Buildings & infrastructure \$	Total \$
Gross carrying amount					
Balance 1 July 2020	4,661,288	1,449,554	101,589	854,962	7,067,393
Additions	19,052	-	-	-	19,052
Disposal	(381,486)	(57,365)	-	-	(438,851)
Balance 30 June 2021	4,298,854	1,392,189	101,589	854,962	6,647,594
Depreciation and impairment					
Balance 1 July 2020	(1,672,309)	(546,310)	-	(247,230)	(2,465,849)
Depreciation	(494,305)	(46,375)	-	(37,873)	(578,553)
Disposal	253,709	57,365	-	-	311,074
Foreign exchange movement	(7,269)	-	-	-	(7,269)
Balance 30 June 2021	(1,920,174)	(535,320)	-	(285,103)	(2,740,597)
Carrying amount 30 June 2021	2,378,680	856,869	101,589	569,859	3,906,997

15. Plant and equipment (continued)

2020	Plant & equipment \$	Motor vehicles \$	Capital work in progress \$	Buildings & infrastructure \$	Total \$
Gross carrying amount					
Balance 1 July 2019	4,536,405	1,512,741	75,113	854,962	6,979,221
Additions	52,654	-	112,738	-	165,392
Reclassification at cost to inventory and spare parts	-	-	(790)	-	(790)
Reclassification at cost	72,229	-	(72,229)	-	-
Reclassification at cost to mine properties	-	-	(13,243)	-	(13,243)
Disposal	-	(63,187)	-	-	(63,187)
Balance 30 June 2020	4,661,288	1,449,554	101,589	854,962	7,067,393
Depreciation and impairment					
Balance 1 July 2019	(829,928)	(502,321)	-	(174,519)	(1,506,768)
Depreciation	(437,383)	(106,646)	-	(72,711)	(616,740)
Disposal	-	62,657	-	-	62,657
Impairment loss	(404,998)	-	-	-	(404,998)
Balance 30 June 2020	(1,672,309)	(546,310)	-	(247,230)	(2,465,849)
Carrying amount 30 June 2020	2,988,979	903,244	101,589	607,732	4,601,544

All depreciation and impairment charges are included within depreciation, amortisation and impairment of non-financial assets. There was no Plant and Equipment impairment losses recognised during the current or prior reporting periods.

Property, plant and equipment pledged as security for liabilities

There is no fixed and floating charge over any of the assets in the Group.

16. Right-of-use assets

	2021 \$	2020 \$
Gross carrying amount – office and warehouse rent leases		
Balance 1 July	102,572	184,891
Additions	25,059	-
Disposals	(70,626)	-
Depreciation	(53,043)	(82,319)
Carrying amount 30 June	3,962	102,572

The Group has a lease for warehouse storage in Madagascar. Each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment. Refer also to Note 22 for further details on leases.

17. Exploration and evaluation Assets

	2021 \$	2020 \$
Exploration and evaluation expenditure consist of:		
Graphmada and Limada exploration	1,465,873	-
	1,465,873	-

Refer to Tenements Listing on page 70 for detail of the exploration licences held by the Group.

Movement in carrying amount:

Movement in the carrying amounts for mine development and rehabilitation expenditure between the beginning and the end of the current period:

	2021	2020
	\$	\$
Carrying amount 1 July	-	1,786,942
Expenditure incurred during the year	1,465,873	426,900
Transfer to mine properties	-	(902,418)
Impairment loss	-	(1,311,424)
Carrying amount 30 June	1,465,873	-

Carry forward exploration and evaluation expenditure

The recovery of the costs of exploration and evaluation expenditure carried forward is dependent upon the discovery of commercially viable mineral and other natural resource deposits and their subsequent development and exploitation or alternatively their sale.

Exploration and evaluation assets held for sale

The Tasmanian assets held for sale are fully impaired and carried at nil value having been previously recognised as *Capitalised Exploration and Evaluation Assets Held for Sale* in the Statement of Financial Position

Impairment and write-off

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. Management regularly evaluates the recoverability of exploration and evaluation assets.

18. Mine properties

Capitalised development and rehabilitation expenditure consist of:

	2021	2020
	\$	\$
Acquisition of mining assets – Graphmada	5,070,019	5,070,019
Capitalised rehabilitation costs – Graphmada ¹	419,081	419,081
Reclassification of deferred mining expenditure	504,472	504,472
Transfer from exploration and evaluation assets	902,418	902,418
Impairment loss	(4,296,000)	(4,296,000)
Accumulated amortisation	(365,833)	(365,833)
	2,234,157	2,234,157

Movement in carrying amount:

Movement in the carrying amounts for mine development and rehabilitation expenditure between the beginning and the end of the current period:

	2021	2020
	\$	\$
Carrying amount 1 July	2,234,157	5,700,438
Transfer from exploration and evaluation assets	-	902,418
Amortisation charge for the year	-	(72,699)
Impairment loss	-	(4,296,000)
Carrying amount 30 June	2,234,157	2,234,157

Note 1: Rehabilitation costs expected to be incurred upon closure of the Graphmada mine in Madagascar, refer Note 23.

19. Impairment Testing of Non-Current Assets

In accordance with the Group's accounting policies and processes, the Group performs its impairment assessment annually at 30 June. Non-financial assets are reviewed at each reporting period to determine whether there is an indication of impairment.

When indicators of impairment exist, a formal estimate of the recoverable amount is made. External and internal indicators of impairment as at 30 June 2021 included;

- long range planning and scheduling meeting the JORC 12 Compliances;
- increased expected future costs of production; and
- under-utilisation of the processing plant.

Due to the indicators above, the Group assessed the recoverable amounts of its major Cash-Generating-Unit ("CGU"), relating to the Co-O mining operations.

a) Impairment testing

i) Methodology

Impairment is recognised when the carrying amount exceeds the recoverable amount. The recoverable amount being the value in use of the CGU has been estimated using the discounted cashflows method based on the Group's recoverable minerals.

Value in use is estimated based on discounted cash flows using market-based commodity price, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements detailed in the Company's Life of Mine ("LOM") plan. The 2021 LOM plan utilises an estimated 6-year production timeframe based on the expansion of production to 40,000 tonnes of saleable concentrates per annum, utilising 100% Measured and 60% Indicated Mineral Resources estimated in accordance with the JORC Code 2012. No Inferred Mineral Resources were utilised in LOM planning.

Significant judgements and assumptions are made by the Group to determine value in use. This includes assessing variable key assumptions such as market prices, cost structures, production utilisation and capacity, available minerals and discount rates. Any change in these variable assumptions can cause adverse changes in one or more of the assumptions used to estimate value in use.

ii) Key assumptions

The table below summarises the key assumptions used in the 30 June 2021 carrying value assessments. Comparison to the prior period has been provided.

Assumptions	Unit	2021 (2022- 2027)	2020 (2021- 2026)
Projected average graphite price	US\$/ton	868	777
Projected average C1 costs ¹	US\$/ton	404	404
Pre-Tax discount rate (%)	%	14.8	14.8
Mineral resource (M&I only) ²	Contained Graphite Tonnes (000's)	207	214
Production capacity per annum	Tonnes (000's)	20 – 40 ³	20 – 40 ³

Note 1: C1 costs represents the cash cost of running the mining operation in Madagascar. These are production and local administration costs and excludes royalties, taxation, capital expenditure and exploration costs.

Note 2: The Company is currently completing a substantial infill drilling and drill program with the intention of materially increasing its Mineral Resource. The Contained Graphite only includes Measured and 60% of Indicated Mineral Resources.

Note 3: The Production Capacity increase would require a substantial investment by the Company before 40,000t annual production capacity could be achieved

Commodity prices

Commodity prices are estimated with reference to external, independent market forecasts and reviewed at least annually. The price applied is conservative and has taken into account observable market data.

Discount rate

The future cash flows of the CGU are discounted by the estimated real after tax weighted average cost of capital ("WACC"), pursuant to the Capital Asset Pricing Model. The denominal pre-tax WACC has been derived from comparable company analysis, in addition to the WACC rate of the group's Co-O mining operations being the primary CGU.

Production activity and operating and capital costs

LOM production activity and operating and capital cost assumptions are based on the Group's latest five-year budget and expansion studies. Discounted cash flows include expected cost improvements and sustaining capital requirements. Estimated production is assumed consistent with the capacity constraint of the proposed Process Plant taken into account while assuming a constant recovery rate.

Resources and reserves

Mineral resource tonnes were based on the Group's JORC 2004 compliant Mineral Resource Statement detailed on page 5.

iii) Impacts

Due to the recoverable amount of the Group's mining operations CGU being more than the estimated carrying amount, no impairment charge was required for the year ending 2021 (2020: \$6,012,422):

Description	Note	2021		2020		Balance	Balance
		Carrying amt \$	Impairment \$	Carrying amt \$	Impairment \$		
Plant & equipment	15	3,906,997	-	3,906,997	5,006,542	(404,998)	4,601,544
Exploration & evaluation assets	17	1,465,873	-	1,465,873	1,311,424	(1,311,424)	-
Mine properties	18	2,234,157	-	2,234,157	6,530,157	(4,296,000)	2,234,157
Total		7,607,027		7,607,027	12,848,123	(6,012,422)	6,835,701

b) Sensitivity analysis

Variations in any key assumptions may result in a change to the estimated recoverable amount, indicating an impairment to non-current assets.

The changes to estimated key assumptions would have the following approximate impact on the recoverable amount of the CGU in its functional currency that has been subject to impairment in the 30 June 2021 statutory accounts:

Assumption changes	2021 Effect on recoverable amount \$
US \$100 per tonne increase in graphite price	6,442,000
US \$100 per tonne decrease in graphite price	(6,442,000)
1% increase in the discount rate	(748,000)
1% decrease in the discount rate	797,000
5% increase in operating costs	(1,341,000)

In addition to the above, the level of production activity is also a key assumption in the determination of recoverable amount. Should the Group recognise decreases/increases in processing capacity, changes in recoverable amount estimates may arise. Due to the number of factors that could impact production activity, assessment to sensitivity has not been determined for these factors.

The sensitivities above assume specific assumption moves are in isolation, whilst all other assumptions are held constant. A change in one of the assumptions may accompany a change in another assumption.

20. Trade and other payables

Current

Unsecured liabilities:

Trade payables
Other payables

	2021	2020
	\$	\$
Trade payables	478,734	989,155
Other payables	326,733	491,843
	805,467	1,480,998

Other payables are recognised when the Group has identified a present obligation from the result of past events. These amounts include employee payment obligations, professional fees and statutory obligations.

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value. Trade payables and other payables are non-interest-bearing and are normally settled on 30 to 60-day terms. For other terms and conditions relating to related party payables refer Note 30. Information regarding credit, foreign exchange and liquidity risk exposure is set out in Note 29.

21. Borrowings

Current

Oversubscription of investor funds to be refunded
Funds received in advance
Convertible notes

	2021	2020
	\$	\$
Oversubscription of investor funds to be refunded	10,801	10,801
Funds received in advance	-	116,500
Convertible notes	-	5,352,019
	10,801	5,479,320

Funds received in advance represent funds received in advance of the conditional placement prior to 30 June 2020.

Non-Current

Convertible notes

	2021	2020
	\$	\$
Convertible notes	4,328,796	-
	4,328,796	-

On 15 March 2021, shareholders of the Group approved the amendment of the issue terms of convertible notes. The amendments approved the extension of the maturity date to 30 June 2023 and reduced the interest rate from 15% per annum to 12% per annum effective from 31 March 2021. Interest payments may be paid at the Group's election in ordinary shares issued at a 30-day VWAP of trading in the Group's shares. The conversion terms were amended to be convertible from one note to one share into 1.6 ordinary shares per Convertible Note converted (an effective conversion price of \$0.005) at any time, at Noteholder's election.

The Group's convertible notes are treated as a compound financial instrument. A split accounting approach is adopted, where the debt component and the conversion option are accounted for separately. The debt component is initially recognised at its fair value. It is then amortised over its life using the effective interest method.

22. Lease liabilities

Current

Office and warehouse leases

Non-Current

Office and warehouse leases

	2021	2020
	\$	\$
Office and warehouse leases	4,367	80,855
Office and warehouse leases	-	26,793
	4,367	107,648

The Group has a lease for the warehouse space in Madagascar. The lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The lease liabilities are unsecured.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on the balance sheet.

Right-of-use asset	No of right-of-use assets leased	Range of remaining term	Average remaining lease term	No of leases with extension options	No of leases with options to purchase	No of leases with variable payments linked to an index	No of leases with termination options
Warehouse	1	1 year	1 year	1	0	1	0

Future minimum lease payments as at 30 June 2021 were as follows:

30 June 2021	Minimum lease payments due		
	Within 1 year	1-2 years	Total
	\$	\$	\$
Lease payments	4,440	-	4,440
Finance charges	(73)	-	(73)
Net present value	4,367	-	4,367

23. Provisions

	2021	2020
	\$	\$
Provision for rehabilitation	224,058	419,081
	224,058	419,081

24. Liabilities directly associated with assets classified as held for sale

	2021	2020
	\$	\$
Tasmanian exploration assets	379,134	566,500
	379,134	566,500

25. Issued capital

Capital management

For the purpose of the Group's capital management, capital includes issued capital, and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise the shareholder's value.

Management controls the capital of the Group by monitoring performance against budget to provide the shareholders with adequate returns and ensure the Group can fund its operations and continue as a going concern. The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues. There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. There are no externally reported capital requirements.

The Group monitors capital on the basis of the carrying amount of equity plus debt (if any) less cash and cash equivalents as presented on the face of the statement of financial position.

The amounts managed as capital by the Group for the reporting periods under review are summarised as follows:

	2021	2020
	\$	\$
Total equity	4,143,568	2,502,127
Cash and cash equivalents	(598,505)	(1,706,407)
Capital	3,545,063	795,720
Total equity	4,143,568	2,502,127
Borrowings	4,328,796	5,479,320
Overall financing	8,472,364	7,981,447
Capital-to-overall financing ratio	0.42	0.10

Ordinary shares

	2021	2020
	\$	\$
4,384,790,304 (30 June 2020: 3,481,675,735) fully paid ordinary shares	96,783,430	93,931,109

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of fully paid ordinary shares. On a show of hands every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote and upon a poll each share is entitled to one vote. The Group has no authorised share capital and the shares have no par value.

Since the end of the period, the Company conducted a consolidation of share capital on the basis of each 50 shares consolidating into 1 share, which resulted in the 4,384,790,304 shares noted above becoming 87,695,353 shares.

The movement in ordinary shares during the financial period are as follows:

	2021	2021	2020	2020
	Number of Shares	\$	Number of Shares	\$
Balance at the beginning of the period	3,481,675,735	93,931,109	2,809,875,584	92,709,584
Issued during the period				
Share placement plan	540,001,000	1,350,000	671,800,151	1,679,500
Convertible notes converted	303,956,851	1,226,772	-	-
Shares issued in lieu of convertible note interest	59,157,718	520,588	-	-
Capital raising costs	-	(245,039)	-	(457,975)
Balance at the end of the period	4,384,790,304	96,783,430	3,481,675,735	93,931,109

Options and performance rights-

Refer Note 28 for information relating to the Group employee option plan, including details of options issued, exercised and lapsed during the financial year. Refer to the remuneration report for information relating to share options issued to key management personnel during the financial year.

Total listed options

	2021		2020	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Balance at the start of the year	302,226,884	0.050	302,226,884	0.050
Lapsed	(302,226,884)	0.050	-	-
Outstanding at the end of the period	-	-	302,226,884	0.050
Exercisable at the end of the period	-	-	302,226,884	0.050

Listed options expired on 31 December 2020.

26. Reserves

	Foreign Currency Translation Reserve \$	Convertible notes reserve \$	Share Option Reserve \$	Total \$
Balance 1 July 2020	(1,277,149)	1,236,079	918,983	877,913
Change in convertible note terms	-	5,496,748	-	5,496,748
Convertible notes converted to shares	-	(315,775)	-	(315,775)
Exchange differences on translating foreign operations	(195,516)	-	-	(195,516)
Options issued (note 28)	-	-	75,738	75,738
Options expired	-	-	(918,983)	(918,983)
Before tax	(195,516)	5,180,973	(843,245)	4,142,212
Tax benefit/(expense)	-	-	-	-
Net of tax	(195,516)	5,180,973	(843,245)	4,142,412
Balance 30 June 2021	(1,472,665)	6,417,052	75,738	5,020,125

	Foreign Currency Translation Reserve \$	Convertible notes reserve \$	Share Option Reserve \$	Total \$
Balance 1 July 2019	(977,388)	287,840	918,983	229,435
Convertible notes issued	-	948,239	-	948,239
Exchange differences on translating foreign operations	(299,761)	-	-	(299,761)
Before tax	(299,761)	948,239	-	648,478
Tax benefit/(expense)	-	-	-	-
Net of tax	(299,761)	948,239	918,983	877,913
Balance 30 June 2020	(1,277,149)	1,236,079	918,983	877,913

Foreign currency translation reserve

The foreign currency translation reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars.

Convertible notes

Relates to the equity portion of convertible notes issued by the Company.

Share option reserve

The share option reserve records the items recognised as expense on valuation of employee share options and performance rights.

27. Commitments

Not later than 1 year

Exploration commitments (1)	-	436,808
Research and development commitments	250,000	-
Discontinued operation commitments (2)	509,907	34,642

2021
\$

2020
\$

759,907

471,450

Later than 1 year but not greater than 5 years

Exploration commitments (1)	667,108	436,808
Discontinued operation commitments (2)	1,542,422	149,277

2,209,530

586,085

(1) The Group must meet minimum expenditure commitments in relation to option agreements over tenements and to maintain those tenements in good standing.

(2) The Group has expenditure commitments in relation to care and maintenance activities and environmental management of its Que River operating infrastructure in Tasmania.

28. Share-based payments

The following share-based payment arrangements existed at 30 June 2021.

(i) Greenwing Resources Ltd Employee Share and Option Plan (ESOP)

The Greenwing Resources Ltd Employee Share and Option Plan ("ESOP" or "Plan") was approved by shareholders at an annual general meeting held on 30 November 2010. The directors of the Group administer the Plan and in their absolute discretion determine to whom the securities will be offered, the number to be offered and any performance criteria in relation to the options or performance rights issued under the Plan.

Options or performance rights may not be issued to a Director (or associate) or employee except where the relevant shareholder approval is provided pursuant to the Corporations Act 2001 and ASX Listing Rules. No consideration is payable by an eligible person for a grant of an option or a performance right, unless the board decides otherwise.

Subject to the rules of the Plan and to ASX Listing Rules, the Group (acting through the Board) may offer options or performance rights to any eligible person at such times and on such terms as the Board considers appropriate. Options issued under the Plan may be exercised or vest at any time during the period commencing on the issue date and ending no later than five years from the date of issue.

Performance rights granted will only vest upon satisfaction of the performance condition and during the period that the performance condition was met. Options or performance rights which have vested and have been issued under the Plan will automatically lapse in three months from the date of departure or such longer period as the board determines in the event that an eligible person either resigns voluntarily from employment with the Group or is dismissed in certain circumstances, unless otherwise agreed by the Board.

Options or performance rights issued under this Plan carry no dividend or voting rights.

On vesting of performance rights, shares will automatically be issued to the eligible person subject to compliance with the Group's Policy for Trading in Group Securities and the insider trading provisions of the Corporations Act 2001. Unless otherwise provided in the invitation to receive performance rights, no amount shall be payable by the eligible person on the automatic exercise of performance rights.

ESOP unlisted options	2021		2020	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding at the beginning of the period	92,900,000	0.067	92,900,000	0.067
Lapsed	92,900,000	0.067	-	-
Outstanding at the end of the period	-	-	92,900,000	0.067
Exercisable at the end of the period	-	-	92,900,000	0.067

ESOP unlisted options expired on 31 December 2020.

ESOP listed options	2021		2020	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding at the beginning of the period	32,360,050	0.05	32,360,050	0.05
Lapsed	32,360,050	0.05	-	-
Outstanding at the end of the period	-	-	32,360,050	0.05
Exercisable at the end of the period	-	-	32,360,050	0.05

ESOP listed options expired on 31 December 2020.

28. Share-based payments (continued)

(ii) Other share based payments

During the year the Group issued 15,147,514 unlisted options exercisable at \$0.008 to suppliers with a fair value of \$75,738. These options expire on 31 December 2022.

29. Financial risk management

(i) Financial risk management policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial instruments consist of at call and short term deposits with banks, trade and other receivables, trade and other payables, and borrowings.

The Group's risk management is coordinated at its headquarters, in close cooperation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. Currently, the Group does not apply any form of hedge accounting. The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

(ii) Financial risk exposures and management

The main types of risks affecting the Group are market risk, liquidity risk and credit risk.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: foreign currency, interest rate risk and commodity price risk. The Group's financial instruments affected by market risk include deposits, trade and other receivables, trade and other payables and accrued liabilities.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has transactional currency exposures that arise from sales or purchases in currencies other than the respective functional currencies. The Group manages this risk by matching receipts and payments in the same currency and monitoring movements in exchange rates.

The Group's transactions are usually carried out in either \$AUD, \$US-Dollars (\$USD) and Malagasy Ariary (MGA). Exposures to currency exchange rates arise from:

- The Group's overseas trade receivables which are primarily denominated in \$US-Dollars (\$USD),
- VAT receivable which are denominated in MGA,
- Trade and other payables are denominated in either \$USD or MGA.
- The Group may also hold cash balances in \$USD and MGA.

Foreign currency sensitivity

The following table demonstrates the Groups sensitivity to a 5% increase and decrease in the Australian Dollar against the relevant foreign currencies and the impact on the reported loss for the year. 5% represents management's assessment of the possible change in foreign exchange rates. The sensitivity includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

29. Financial risk management (continued)

	Loss	Equity
	\$	\$
Year ended 30 June 2021		
+/- 5% Increase/(decrease) in \$A/\$US exchange rate	+/- 1,811	+/- 1,811
+/- 5% Increase/(decrease) in \$A/MGA exchange rate	+/- 16,860	+/- 16,860
Year ended 30 June 2020		
+/- 5% Increase/(decrease) in \$A/\$US exchange rate	+/- 2,613	+/- 2,613
+/- 5% Increase/(decrease) in \$A/MGA exchange rate	+/- 13,336	+/- 13,336

If the AUD had strengthened against the \$USD, or MGA, by 5% then this would have increased the reported loss by the above amounts.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of change in market interest rates relates primarily to the Group's cash deposits. The Group's convertible notes issued have a fixed interest rate and therefore have no exposure to the risk of change in market interest rates.

Interest rate sensitivity

Interest rate sensitivities have not been included in the financial report as the changes in the loss before tax due to changes in interest rate is not material to the results of the Group.

Commodity price risk

Commodity price risk arises from the sale of Graphite. The Group manages this risk arising from future commodity sales through sensitivity analysis, cash flow management and forecasting. The Group currently does not engage in the use of derivative financial instruments such as hedging.

Commodity price sensitivity

The following table demonstrates the sensitivity to a 10% increase and decrease in the Graphite price, with all other variables held constant. 10% represents management's assessment of the possible change in the Graphite price.

	Loss	Equity
	\$	\$
Year ended 30 June 2021		
+/- 10% Increase/(decrease) in graphite price	+/- 1,914	+/- 1,914
Year ended 30 June 2020		
+/- 10% Increase/(decrease) in graphite price	+/-142,233	+/-142,233

29. Financial risk management (continued)

(b) Liquidity risk

As at 30 June 2021, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

2021	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Convertible notes	-	-	4,328,796	-

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting period as follows:

2020	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Convertible notes	-	5,479,320	-	-

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to this risk for various financial instruments, for example by granting receivables to customers and placing deposits, etc. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2021 \$	2020 \$
Classes of financial assets		
Carrying amounts:		
Trade receivables	16,500	141,453
Other receivables	234,029	194,217
Tasmanian assets -security deposits and guarantees	500,000	566,500
	750,529	902,170

There are no amounts of collateral held as security at 30 June 2021.

The credit risk for cash and cash equivalents, money market funds, debentures and derivate financial instruments is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

In respect of trade and other receivables, the Group trades only with recognised creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures, which include an assessment of credit rating, short-term liquidity and financial position. The Group obtains sufficient collateral (where appropriate) from customers as a means of mitigating the risk of financial loss from defaults. All potential customers are assessed for credit worthiness considering their size, market position and financial standing. In addition, receivable balances are monitored on an ongoing basis, with the result that the Group's exposure to bad debts is not significant.

VAT, after expected credit losses, is receivable from the Government of Madagascar for the equivalent value of A\$nil (2020: A\$nil) at reporting date. The receivable amount relates to VAT included on trade and other purchase transactions in Madagascar since acquiring the Graphmada operations. Whilst the Company is confident that it will receive the VAT in full, there is always an element of risk associated with recouping foreign taxes.

The Group's management considers that all of the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

29. Financial risk management (continued)

At reporting date, the Group has certain trade receivables, other receivables and VAT receivable that have not been settled by the contractual due date but are not considered to be impaired. The amounts at reporting date analysed by the length of time past due, are:

2021	Current	More than 30 days	More than 60 days	More than 90 days	Total
Expected credit loss rate (%)	4%	100%	100%	94%	61%
Gross carrying amount (\$)	236,194	554	247	402,830	639,825
Expected credit loss (\$)	9,400	554	247	379,094	389,295

2020	Current	More than 30 days	More than 60 days	More than 90 days	Total
Expected credit loss rate (%)	6%	5%	4%	93%	51%
Gross carrying amount (\$)	178,655	46,401	101,035	364,765	690,856
Expected credit loss (\$)	10,058	2,324	3,659	339,145	355,186

The closing balance of trade and other receivables loss allowances as at 30 June 2021 reconciles with trade and other receivables loss allowance opening balance as follows:

	2021 \$	2020 \$
Loss allowance as at 1 July calculated under AASB 9	355,185	183,177
Amounts restated through opening retained earnings	-	-
Opening estimated credit losses 1 July 2020	355,185	183,177
Receivables written off during the year	(9,867)	(195,292)
Estimated credit losses provided in year	43,977	367,300
Expected credit loss at 30 June 2021	389,295	355,185

(iii) Net fair values

The fair value of a financial asset or a financial liability is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair values of cash and cash equivalents and trade and other payables approximate their carrying values, as a result of their short maturity or because they carry floating rates of interest.

Financial instruments classified as other receivables – VAT receivable are measured at fair value. In addition, borrowings (including convertible notes) are measured at fair value. No other financial assets or financial liabilities are measured at fair value.

The fair value of the Groups' financial instruments recognised in the financial statements approximates or equals their carrying amounts. For details on how fair values are calculated for each class of financial instrument refer to Note 2 of the Notes to the financial statements.

(iv) Financial instruments measured at fair value

The financial instruments recognised at fair value in the statements of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of three levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

Measurement of fair value of financial instruments

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period and are outlined in Note 2.

30. Related party transactions

During the year, the Group paid management, underwriting and placement fees to Bizzell Capital Partners ("BCP") in relation to BCP's role as corporate advisors to the Group. BCP actively managed the capital raising programs for the Group and Peter Wright (Executive Director) is an Executive Director of BCP. Fees totalling \$186,450 (2020: \$176,200) were charged of which \$115,500 (2020: \$176,200) was settled in cash and \$70,950 (2020: nil) was settled by issue of shares.

31. Transactions with key management personnel

The Key management of the Group at 30 June 2021 are: Mr R Anthon, Mr J Brown, Mr J Marvin, Mr P Wright, Mr T McManus and Mr A Craig. Key Management Personnel remuneration includes the following expenses:

	2021 \$	2020 \$
Short term employee benefits		
Salaries including bonuses	597,186	749,750
Post-employment benefits		
Superannuation	24,497	47,524
Total remuneration	621,683	797,274

32. Remuneration of auditors

	2021 \$	2020 \$
Amounts received or due and receivable by Grant Thornton Audit Pty Ltd for:		
Audit and review of the financial report	69,000	70,287
	69,000	70,287

33. Contingencies

Contingent liabilities

Millie's Reward lithium project:

During 2017, the Company entered into a binding Term Sheet with Ruby-Red Madagascar SARL ("Ruby Red", a Company incorporated in Madagascar) and acquired two contiguous mining permits and the lithium mining rights for a third mining permit in Madagascar, that are prospective for pegmatite-hosted lithium mineralisation. The consideration payable by the Company includes certain cash payments and the requirement to issue Greenwing Resources Ltd shares to Ruby Red, contingent on the Company achieving the following milestones on the project:

- \$US50,000 in shares on the acquisition of the mining permits and completion of the transaction;
- \$US50,000 worth of shares upon establishing a JORC compliant resource of >5 million tonnes at >1.5% Li₂O;
- \$US50,000 worth of shares upon the tabling of a feasibility study for Millie's Reward;
- \$US50,000 worth of shares upon first sales of either Direct Shipping Ore (DSO) or Chemical Grade (>6% Li₂O) lithium concentrates.

In addition, the Company is required to pay to Ruby Red a 0.25% concentrate sales royalty on any future lithium concentrate or DSO sales from Millie's Reward for a period of 12 years from first concentrate or DSO sales, up to \$US2m.

Stratmin Global Resources Plc ("Stratmin"):

As part of the agreement to acquire the Graphmada mine, the Company is required to pay Stratmin a 2.5% sales royalty. The agreement terminates on 1 January 2029 or upon total Royalty payments reaching \$5,000,000, whichever occurs first.

Contingent Assets

No contingent assets exist at reporting date.

34. Interests in subsidiaries

Composition of the Group

Set out below details of the subsidiaries held directly by the Group:

Name of subsidiary	Country of incorporation and principal place of business	Principal activity	Group portion of ownership interests	
			30 June 2021	30 June 2020
Graphmada Mauritius	Mauritius	Mining operation services	100%	100%
Graphmada SARL	Madagascar	Graphite mining	100%	100%
Limada SARL	Madagascar	Exploration	100%	100%
Bass Metals Holdings Pty Ltd	Australia	Investment holdings	100%	100%
Critical Minerals Technologies Pty Ltd	Australia	Research and development	100%	0%
Critical Minerals USA, LLC	USA	Dormant	100%	0%

Critical Mineral Technologies Pty Ltd has been incorporated and will collaborate with Swinburne University to carry out agreed research and development activities.

35. Post-reporting date events

Since the end of the reporting period, the Company has

- undertaken a 50:1 share consolidation;
- changed its name from Bass Metals Ltd to Greenwing Resources Ltd.
- Completed the acquisition of Andes Lito SA (previously Blackearth SA) which holds an option agreement over the San Jorge Lithium Brine Project.
- Conducted a share placement to raise \$6.15 million

There were no other significant events subsequent to the end of the reporting period.

36. Parent information

The following information has been extracted from the books of the parent, Greenwing Resources Ltd, and has been prepared in accordance with the accounting standards.

	2021 \$	2020 \$
Assets		
Current Assets	906,248	1,926,947
Non Current Assets ¹	7,637,888	7,723,456
Total Assets	8,544,136	9,650,403
Liabilities		
Current Liabilities	577,975	6,605,441
Non Current Liabilities	4,839,597	588,926
Total Liabilities	5,417,572	7,194,367
Net Assets	3,126,564	2,456,036
Equity		
Issued Capital	96,783,430	93,931,109
Compound Interest Reserve	6,417,052	1,236,079
Share Option Reserve	75,738	918,983
Accumulated Losses	(100,149,656)	(93,630,135)
Total Equity	3,126,564	2,456,036
Statement of Comprehensive Income		
Loss for the year ²	(15,262,922)	(12,974,084)
Other comprehensive gain		-
Total comprehensive loss for the year	(15,262,922)	(12,974,084)

Note 1: Parent entity Non-Current Assets at 30 June 2021 includes: investment in subsidiary of \$7,041,747 (2020: \$7,041,747) and intercompany \$US loans with subsidiaries with a net carrying value of \$nil (2020: \$nil) - being \$32,054,372 (2020: \$32,769,647) receivable at cost less the provision for impairment of \$32,054,372 (2020: \$32,769,647). These are eliminated on consolidation.

Note 2: Parent entity loss for the current year includes: An impairment expense of \$7,114,372 (2020: \$10,829,647) was recorded to write down the carrying value of net assets of the Parent entity to reflect the recoverable value of the Group assets. The impairment was applied against the loans receivable from subsidiaries.

Guarantees

Greenwing Resources Ltd has \$nil (2020: \$66,500) in bank guarantees relating to the Tasmanian assets which are offset by term deposits.

DIRECTORS DECLARATION

1. In the opinion of the Directors of Greenwing Resources Limited:
 - a. the consolidated financial statements and notes of Greenwing Resources Limited for the year ended 30 June 2021 are in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of its financial position as at 30 June 2021 and of its performance, for the year ended on that date; and
 - ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - b. there are reasonable grounds to believe that Greenwing Resources Limited will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Financial Manager for the financial year ended 30 June 2021.
3. Note 1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors



Rick Anthon
Chairman

Brisbane, Queensland
29 September 2021

Independent Auditor's Report

To the Members of Greenwing Resources Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Greenwing Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- a giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Material uncertainty related to going concern

We draw attention to Note 4 in the financial statements, which indicates that the Group incurred a net loss of \$6,277,075 and net operating cash outflows of \$1,039,274 during the year ended 30 June 2021. As stated in Note 4, these events or conditions, along with other matters as set forth in Note 4, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

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

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p data-bbox="116 627 790 672">Exploration and evaluation assets - Notes 1 & 17</p> <p data-bbox="116 672 790 750">At 30 June 2021 the carrying value of exploration and evaluation assets was \$1,465,873.</p> <p data-bbox="116 750 790 918">In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.</p> <p data-bbox="116 918 790 1019">The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.</p> <p data-bbox="116 1019 790 1120">This area is a key audit matter due to the significant judgement involved in determining the existence and related impact of impairment triggers.</p>	<p data-bbox="790 627 1479 672">Our procedures included, amongst others:</p> <ul data-bbox="790 672 1479 1532" style="list-style-type: none"> <li data-bbox="790 672 1479 817">• obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger; <li data-bbox="790 817 1479 884">• reviewing management’s area of interest considerations against AASB 6; <li data-bbox="790 884 1479 1532">• conducting a detailed review of management’s assessment of trigger events prepared in accordance with AASB 6 including: <ul data-bbox="869 985 1479 1355" style="list-style-type: none"> <li data-bbox="869 985 1479 1086">○ tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed; <li data-bbox="869 1086 1479 1220">○ enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management’s budgeted expenditure; <li data-bbox="869 1220 1479 1355">○ understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale; <li data-bbox="790 1355 1479 1456">• evaluating the competence, capabilities and objectivity of management’s experts in the evaluation of potential impairment triggers; and <li data-bbox="790 1456 1479 1532">• assessing the appropriateness of the related financial statement disclosures.

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Convertible notes – Notes 1, 21 & 26

On 15 March 2021, shareholders approved the amendment of the terms of the Group's convertible notes. Management assessed the amendments to the convertible notes constituted an extinguishment of the existing financial liability under AASB 9 *Financial Instruments* and the establishment of a substantially new facility, and were required to determine the appropriate accounting treatments to be applied to both the old and new debt and equity components.

This area is a key audit matter due to the complexity and significant judgement involved in determining the appropriate accounting treatment and the related amounts recognised in the financial statements.

Our procedures included, amongst others:

- obtaining an understanding of the amended terms of the Convertible Redeemable Notes Trust Deed;
 - assessing management's assessment that the amendments qualify as an extinguishment of a financial liability, and the appropriateness of the associated accounting treatment;
 - assessing the carrying and fair values of both the debt and equity components of the extinguished instruments and the reasonableness of the assumptions;
 - assessing management's approach and assumptions in determining the fair value of the modified instrument through reference to market data and testing the mathematical accuracy of the calculation;
 - testing the mathematical calculations and agreeing amounts recorded to supporting evidence, including where notes were converted during the year; and
 - assessing the appropriateness of the related financial statement balances and disclosures.
-

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, 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 we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors' for the financial report

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

In preparing the financial report, the Directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 14 to 22 of the Directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Greenwing Resources Limited, for the year ended 30 June 2021 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.



Grant Thornton Audit Pty Ltd
Chartered Accountants



Cameron Smith
Partner – Audit & Assurance
Brisbane, 29 September 2021

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ADDITIONAL ASX INFORMATION

ASX ADDITIONAL INFORMATION

TENEMENTS LISTING

Lease	Country	Region	Status	Interest	Holder
CML 68M/1984 Que River ³	Australia	Tasmania	Granted	100%	Greenwing Resources Ltd
PE 25600 Loharano	Madagascar	Atsinanana	Granted	100%	Graphmada SARL
PE 26670 Mahefedok	Madagascar	Atsinanana	Granted	100%	Graphmada SARL
PE 24730 Andapa	Madagascar	Atsinanana	Granted	100%	Graphmada SARL
PRE 4383 Millie's Reward	Madagascar	Antsirabe	Granted	100%	Limada SARL
PRE 11545 Millie's Reward	Madagascar	Antsirabe	Granted	100%	Limada SARL
PE 39808 Millie's Reward	Madagascar	Antsirabe	Granted	Mineral Rights	Limada SARL

Since the end of the year, the Company acquired Andes Lito SA which has the right to earn into a number of tenements known at the San Jorge Project in Argentina. As at 30 June 2021, the Company did not have an interest in these tenements.

COMPETENT PERSONS STATEMENT

The information in this report that relates to Mineral Resource estimates is based on information reviewed by Tim McManus who is a Member of the Australasian Institute of Mining and Metallurgy. Mr McManus has sufficient experience which is relevant to the style of mineralisation and type of deposit 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)". Mr McManus consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

CORPORATE GOVERNANCE STATEMENT

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, Greenwing Resources Ltd and its Controlled Entities ('the Group') have adopted the fourth edition of the Corporate Governance Principles and Recommendations which was released by the ASX Corporate Governance Council on 27 February 2019 and became effective for financial years beginning on or after 1 July 2020.

The Group's Corporate Governance Statement for the financial year ending 30 June 2021 is dated as at 29 September 2021 and was approved by the Board on 29 September 2021. The Corporate Governance Statement is available on the Company's website at www.greenwingresources.com

³ Intec Limited holds a 2.5% NSR Royalty over all product from Greenwing's interests in CML68M/1984.

SHAREHOLDER INFORMATION

Information provided below is as at 20 September 2021. The numbers noted in this section are noted on a post 50:1 share consolidation basis which was conducted in July 2021.

ORDINARY SHARES

Distribution of Shareholdings

Distribution schedule and number of holders of ordinary shares:

	Total holders	Ordinary Shares	% Units
1 – 1,000	1,108	378,260	0.3%
1,001 – 5,000	1,124	2,931,448	2.7%
5,001 – 10,000	509	3,967,872	3.6%
10,001 – 100,000	888	27,898,435	25.3%
100,001 – and over	172	74,989,539	68.1%
Total	3,801	110,165,554	100%

All ordinary shares carry one vote per share without restriction.

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum \$500 parcel at \$0.30 per unit	1,667	1,335	707,308

Largest Security Holders – ordinary shares

Names of the 20 largest holders of Ordinary Shares (ASX Code: GW1) are listed below:

Name	No. of shares	%
ROOKHARP CAPITAL PTY LIMITED	4,685,654	4.25
MR PHILLIP ALEXANDER PURDIE + MRS CAROL ANN PURDIE <PURDIE SUPER FUND A/C>	3,668,499	3.33
CHOICE INVESTMENTS DUBBO PTY LTD	3,176,611	2.88
FINN AIR HOLDINGS PTY LTD	2,499,666	2.27
THE TRUST COMPANY (AUSTRALIA) LIMITED <MOF A/C>	2,407,660	2.19
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	2,306,301	2.09
BT PORTFOLIO SERVICES LIMITED <WARRELL HOLDINGS S/F A/C>	2,083,333	1.89
JLGI SMSF PTY LTD <JLGI SUPERANNUATION FUND A/C>	2,041,713	1.85
OCEANS74 SMSF PTY LTD <BC & A BARTELS S/F A/C>	1,943,852	1.76
CITICORP NOMINEES PTY LIMITED	1,571,235	1.43
MR PAUL AINSWORTH	1,400,000	1.27
ROW BOAT PTY LTD <THE ROWTHORNE SUPER FUND A/C>	1,278,414	1.16
FFFF PTY LTD <FF FUTURE FUND A/C>	1,190,888	1.08
KINGS PARK SUPERANNUATION FUND PTY LTD <KINGS PARK SUPER FUND A/C>	950,000	0.86
MR BENJAMIN DUNN + MRS RENEE DUNN <BEN DUNN SUPER FUND A/C>	883,826	0.80
LIMITS PTY LIMITED <DUNCAN GAMBLE FAMILY A/C>	836,782	0.76
CPS CONTROL SYSTEMS PTY LIMITED <THE IAN CAMPBELL S/FUND A/C>	833,333	0.76
MR SIMON WILLIAM TRITTON <INVESTMENT A/C>	810,000	0.74
MR ASHLEY BAXTER	800,000	0.73
MR GLENN FRANCIS WORTEL	762,000	0.69
TOTAL	36,129,767	32.80
Remaining Holders Balance	74,035,787	67.20

Substantial Shareholders

No shareholders have lodged substantial shareholding notices which are current as at 20 September 2021.

UNLISTED CONVERTIBLE NOTES

Distribution of Convertible Note holdings

Distribution schedule and number of holders of convertible notes:

	Total holders	Convertible Notes	% Units
1 – 1,000	0	0	0.00
1,001 – 5,000	0	0	0.00
5,001 – 10,000	0	0	0.00
10,001 – 100,000	0	0	0.00
100,001 – and over	74	682,360,758	100.00
Total	74	682,360,758	100.00

Largest Security Holders – convertible notes

Names of the 20 largest holders of Convertible Notes are listed below:

Name	No. of convertible notes	%
BAM OPPORTUNITIES FUND PTY LTD	65,000,000	9.52
ROOKHARP CAPITAL PTY LTD	62,465,255	9.15
MR PHILLIP ALEXANDER PURDIE + MRS CAROL ANN PURDIE <PURDIE SUPER FUND A/C>	44,311,914	6.49
BRAZIL FARMING PTY LTD	42,452,182	6.22
MR SIMON WILLIAM TRITTON <INVESTMENT A/C>	36,796,184	5.39
BIZZELL CAPITAL PARTNERS PTY LTD	26,010,221	3.81
KINGS PARK SUPERANNUATION FUND PTY LTD <KINGS PARK SUPER FUND A/C>	22,579,496	3.31
HARTNELL NOMINEES PTY LTD <PLACEMENT A/C>	22,066,413	3.23
JL GIBSON INVESTMENTS PTY LTD	19,111,072	2.80
ROCKET SCIENCE PTY LTD <THE TROJAN CAPITAL FUND A/C>	18,096,711	2.65
DOUGLAS FINANCIAL CONSULTANTS PTY LTD	14,710,943	2.15
HANCROFT PTY LTD	14,710,943	2.15
LIMITS PTY LIMITED <DUNCAN GAMBLE FAMILY A/C>	14,710,943	2.15
MOORE & BADGERY PTY LTD	14,710,943	2.15
R & A SUPER CO PTY LTD <R & A SUPER FUND A/C>	14,034,170	2.05
EDUKIDS PTY LTD	13,704,732	2.01
SUREBET INVESTMENTS PTY LTD	13,704,732	2.01
WE COME IN PEACE PTY LTD	13,704,732	2.01
ROW BOAT PTY LTD	13,433,054	1.97
PIVOT POINT 60 PTY LTD <PIVOT POINT SUPER FUND A/C>	12,064,474	1.77
TOTAL	498,379,114	73.04
Remaining Holders Balance	183,981,644	26.96

Note that following the consolidation of capital in July 2021, each convertible note is convertible into 0.032 ordinary shares.

UNLISTED OPTIONS

The Company currently has the following unlisted options on issue:

- 302,950 options exercisable at \$0.40 each on or before 31 December 2022 held by 2 holders; and
- 2,300,000 options exercisable at \$0.60 each on or before 30 June 2025 held by 4 holders (directors).

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CORPORATE DIRECTORY

CORPORATE DIRECTORY

DIRECTORS

Richard Anthon - Non-Executive Chairman
James Brown – Non-Executive Director (appointed 15 June 2021)
Jeffrey Marvin – Non-Executive Director
Peter Wright – Executive Director

COMPANY SECRETARY

Angus Craig

CHIEF EXECUTIVE OFFICER

Tim McManus

REGISTERED OFFICE

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Telephone: (07) 3063 3233
Website: www.greenwingresources.com
Email: investorrelations@greenwingresources.com

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 1, 200 Mary Street
Brisbane QLD 4000
Telephone: 1300 552 270

AUDITORS

Grant Thornton Audit Pty Ltd
Level 18
145 Ann Street
Brisbane City Qld 4000

STOCK EXCHANGE LISTING

ASX Ltd (Code: GW1)

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ASX:GW1