

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED
31 DECEMBER 2022

AUSTRALIAN BATTERY GRAPHITE FROM MINE TO MARKET



INTERNATIONAL
GRAPHITE

ACN 624 579 326

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Philip Hearse Chairman

Andrew Worland Managing Director & Chief Executive Officer

David Pass Executive Director & Chief Technical Officer

Matthew O'Kane Non-Executive Director

COMPANY SECRETARY

Robert Hodby

PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

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Armada Audit and Assurance Pty Ltd

18 Sangiorgio Court, Osborne Park, WA 6017

SHARE REGISTRY

Automic Group Pty Ltd

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SECURITIES EXCHANGE

Australian Securities Exchange

www.asx.com.au

ASX Code: IG6

International Graphite acknowledges the Traditional Owners of Country throughout Australia, particularly the Whadjuk, Willman, and Wudjari Peoples of the Noongar Nation, and recognises their continuing connection to lands, waters and communities. We pay our respects to Aboriginal and Torres Strait Islander cultures and to Elders past and present.

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Chairman Phil Hearse, left, and geologist Darren Sparks view graphite samples at Springdale.

Directors' Report

The Directors present their report on International Graphite Limited (the Company) for the half year ended 31 December 2022 and the auditor's report thereon.

DIRECTORS

The Directors who held office during the half year are:

Philip Hearse, appointed 21 February 2018

Andrew Worland, appointed 7 May 2019

David Pass, appointed 9 July 2021

Matthew O'Kane, appointed 5 April 2022

COMPANY SECRETARY

Robert Hodby appointed as Company Secretary on 20 July 2021.

PRINCIPAL ACTIVITIES

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

OPERATING RESULT

The operating loss of the Company for the six months ended 31 December 2022 was \$944,465 (2021: \$470,934).

Cash and cash equivalents at 31 December 2022 totalled \$4,919,446 (30 June 2022: \$8,857,409).

REVIEW OF OPERATIONS

International Graphite aims to be a fully integrated producer of graphite products, including battery anode material (BAM) and is developing a mine-to-market capability wholly located in Western Australia.

The Company has established a pilot scale graphite micronising and spheroidising facility in the industrial centre of Collie, 200km south of Perth, in Western Australia. This is the first stage in establishing commercial downstream processing and BAM facilities in Collie.

The Company also owns 100% of the Springdale Graphite Project near Hopetoun, in Western Australia, 25km from the world class Ravensthorpe Nickel Mine and Mt Caitlin Lithium Mine.

Graphite is critical for battery production, accounting for approximately 95% of the materials used in the anode of a Li-ion battery. It is classified as a critical mineral by Governments around the globe because of its contribution to batteries in electric vehicles and energy storage battery to meet global decarbonisation goals.

Directors' Report (continued)

Collie Downstream Processing

International Graphite's premises at Collie were officially opened by Western Australian Premier Mark McGowan and Minister for Regional Development Alannah MacTiernan, on Friday 25 November 2022.

The pilot plant is one of the first operations of its size to produce micronised and spheroidised material for battery anodes in Australia. The first electro microscopy tests, in October 2022, showed promising results with the material consistently sized and shaped to suit high quality battery anode materials.

The opening ceremony also marked the finalising of a \$2M Financial Assistance Agreement with the Western Australian Government's Department of Jobs, Tourism, Science and Innovation. The funds are earmarked for International Graphite to expand to a 1,000 tonnes per annum commercial scale graphite micronising plant at Collie.

Following successful commissioning of the pilot equipment, in September 2022, the Company ordered larger qualification scale micronising equipment. The new qualification-scale plant is capable of producing between 100tpa and 200tpa of micronised graphite products. The equipment is scheduled to arrive in Collie from North America, in mid-2023, with installation and commissioning expected to take three months.

The move to commercial scale operations will then involve expanding the qualification-scale equipment to achieve a targeted production rate of 3,000tpa. A feasibility study will be completed in March 2023. Commercial operations are expected to treat imported third party graphite concentrates,

Micronised graphite can be used in a wide range of industrial applications. Purified graphite can be sold as a conductive additive to battery cathodes and is an intermediate product used in the production of purified spheroidised graphite.

Micronised and spheroidised graphite, purified to >99.95%, can then be then turned into a smooth and highly conductive material suitable for Li-ion battery anodes. Production of a coated BAM product in Australia, for export to global anode manufacturers, would capture the full value of the graphite resource.

The Company expects to complete engineering cost studies for the production of BAM at Collie, by March 2023.

Springdale Graphite Project

The Company has undertaken a sustained resource infill drilling and exploration drilling program at Springdale during the half year.

The drilling campaign is designed to upgrade the existing Springdale Mineral Resource Estimate from inferred to indicated status (currently 15.6Mt @ 6.0% total graphitic carbon (TGC), including a high-grade component of 2.6Mt @ 17.5% TGC - refer Table 1). It also aims to expand the mineral resource inventory with exploration drilling in areas highlighted by an airborne electromagnetic geophysical (AEM) survey undertaken in 2019.

Outstanding results been received to date with every phase identifying either new areas of high-grade mineralisation or confirming the existing high-grade zones. All drilling undertaken at Springdale continues to be shallow to a maximum of 100-125 metres with all holes remaining open at depth.

At least seven high priority exploration targets within 2.5km of the existing Springdale Mineral Resource have been identified by the AEM survey. Drilling has so far confirmed the use of the AEM survey as an excellent pathfinder. Large parcels of the Company's ground holding show significant anomalies and represent excellent further targets for exploration drilling. The success of exploration to date and the likelihood of being able to replicate it at the sites of these untested anomalies gives great confidence that additional targeted drilling will significantly expand the Springdale mineral resource.

Directors' Report (continued)

Results from 12 diamond drill holes for 962 metres and 71 RC holes for 5,233 metres have been progressively reported – see ASX announcements on 19 September 2022, 5 October 2022, 25 October 2022, 20 January 2023 and 25 January 2023.

The 12 diamond drill holes were completed in the high grade domains of the mineral resource block model at the northern and southern end of the western half of the existing Springdale Mineral Resource. The 39 RC drill holes completed were spaced north to south to further validate the block modelling of the Springdale Mineral Resource. Significant results of the diamond drilling include:

Infill Resource Drilling – SGDD001-12, SGRC0022-60

- **4.6m @ 11.1% TGC** from 81.6m downhole (SGDD0002).
- **10.1m @ 13.0% TGC** from 88m downhole including **2.0m @ 22.5% TGC** from 89.0m downhole (SGDD0002).
- **8.8m @ 8.3% TGC** from 22.0m downhole (SGDD0003).
- **2.5m @ 13% TGC** from 57.5m downhole (SGDD0003).
- **1.8m @ 10.1% TGC** from 64.8m downhole (SGDD0003).
- **8.6m @ 14.8% TGC** from 9.4m downhole, including **1.6m @ 32.4% TGC** from 15.2m downhole and **2.7m @ 13.8% TGC** from 39.5m downhole including **1.0m @ 24.4% TGC** from 40.2m downhole (SGDD0006).
- **3.1m @ 21.0% TGC** from 35.9m downhole including **1.0m @ 36.2% TGC** (SGDD0007).
- **7.2m @ 18.3% TGC** from 16.8m downhole including **2.5m @ 40.1% TGC** (SGDD0008).
- **23.0m @ 9.6% TGC** from 10m downhole including **4.0m @ 26.3% TGC**, **1.0m @ 15.0% TGC** from 36m downhole and **4.2m @ 9.2% TGC** from 40.1m downhole (SGDD0009).
- **3.2m @ 15.8% TGC** from 51.9m downhole (SGDD0010).
- **19m @ 5.7% TGC** from 53m downhole including **1.3m @ 32.6% TGC** from 59.3m downhole (SGDD0011).

Table 1: Existing Mineral Resource Estimate (JORC 2012)¹

Domain	Tonnes (Mt)	Density (t/m ³)	Graphite (TGC%)	Classification
High-grade	2.6	2.1	17.5	Inferred
Low grade	13.0	2.2	3.7	Inferred
Total	15.6	2.2	6.0	Inferred

Three discoveries have been made from the drilling campaign – Springdale Far West, Springdale Central and Springdale South. Assays are due for RC exploration holes drilled on a potential fourth prospect at SDE_1.

Exceptional grades from the three discoveries include:

Springdale Far West – SGRC0001-09 (ASX Announcement 13 September 2022)

- **7m @ 13.3% TGC** from 71m downhole, including **4m @ 19.9% TGC** from 73m downhole (SGRC0002).
- **5m @ 12.8% TGC** from 45m downhole, including **2m @ 25.0% TGC** from 47m downhole (SGRC0004).
- **10m @ 9.5% TGC** from 36m downhole, including **2m @ 15.0% TGC** from 39m downhole (SGRC0006).

Directors' Report (continued)

Springdale Central – SGRC0010-21 (ASX Announcement 5 October 2022)

- **17m @ 13.3% TGC** from 28m downhole, including **4m @ 22.0% TGC** from 32m downhole (SGRC0010).
- **8m @ 11.0% TGC** from 16m downhole, including **1m @ 45.0% TGC** from 20m downhole (SGRC0011).
- **12m @ 13.7% TGC from 20m** downhole, including **2m @ 20.6% TGC** from 22m and **2m @ 28.8% TGC** from 27m downhole (SGRC0016).
- **22m @ 20.7% TGC** from 38m downhole, including **9m @ 36.2% TGC** from 40m downhole (SGRC0018).

Springdale South – SGRC0061-70 (ASX Announcement 20 January 2023)

- **4.0m @ 10.6% TGC** from 15m downhole (SGRC0061).
- **4.0m @ 9.6% TGC** from 70m downhole (SGRC0062).
- **5.0m @ 17.0% TGC** from 104.0m downhole, including **3.0m @ 22.1% TGC** from 105.0m downhole (SGRC0062).
- **2.0m @ 10.1% TGC** from 39m downhole (SGRC0063).
- **3.0m @ 11.6% TGC** from 43m downhole (SGRC0063).
- **7.0m @ 14.6% TGC** from 74m downhole including **3.0m @ 27.1% TGC** from 75m downhole (SGRC0063).
- **4.0m @ 9.4% TGC** from 43m downhole, including **1.0m @ 33.4% TGC** from 44.0m downhole (SGRC0064).
- **6.0m @ 7.6% TGC** from 69m downhole, including **1.0m @ 21.3% TGC** from 71.0m downhole (SGRC0064).
- **20.0m @ 11.9% TGC** from 64.0m downhole including **3.0m @ 20.3% TGC** from 71m downhole and **1.0m @ 20.1% TGC** from 76m downhole (SGRC0067).

Infill drilling will continue at Springdale through February 2023 at which point, following the receipt of assay results, the Company expects to have sufficient data from its program to complete a new mineral resource estimate for Springdale that would support mining studies and feasibility assessment.

CORPORATE, ESG AND SUSTAINABILITY

Andrew Worland commenced as Managing Director and Chief Executive Officer on 1 January 2023, as announced on 27 October 2022. David Pass was appointed Chief Technical Officer on 31 January 2023. The Company's founder Mr. Phil Hearse became a non-executive Chairman on 1 March 2023.

The Company held its annual general meeting on 30 November 2022 and all resolutions put to shareholders were passed.

International Graphite plans to be a leader in Environmental, Social and Governance (ESG) performance and to operate in a manner that maximises its social, economic and environment contribution. Our vertically integrated business aims to provide product oversight from mine to customer, enabling the Company to maintain control of its ESG practices along the complete supply chain.

DIVIDENDS

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

CORPORATE AND SIGNIFICANT CHANGES IN AFFAIRS

Other than disclosed in this Financial Report, there have been no significant changes in the affairs of the Company.

Directors' Report (continued)

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company will continue with its principal activities.

SAFETY AND ENVIRONMENT REGULATION

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

FINANCIAL POSITION

The financial report has been prepared on the going concern basis, which contemplates the continuation of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. The Company's primary source of funding is from capital raisings, Research and Development Tax Incentives and Government grants.

For the half year ended 31 December 2022, the Company recorded a loss of \$944,465 (2021: \$470,934) and had net cash outflows from operating activities of \$953,866 (2021: \$503,466). At reporting date, the Company had a working capital surplus of \$3,127,283 (June 2022: \$8,440,770).

The Company has signed a \$2 million Financial Assistance Agreement with the Western Australian Government's Department of Jobs, Tourism, Science and Innovation. Furthermore, The Directors have prepared a cash flow forecast and based on that forecast the Directors have the ability reduce discretionary costs and raised further funds from capital raisings.

Based on the working capital surplus at 31 December 2022, the \$2 million Financial Assistance Agreement with the Western Australian Government's Department of Jobs, Tourism, Science and Innovation, the ability to raise further capital, as well as further Research and Development Tax Incentives and the ability to reduce discretionary costs, the Directors consider the going concern basis of preparation to be appropriate.

EVENTS OCCURRING AFTER THE REPORTING DATE

On 31 January 2023, the Company announced the appointment of existing Director David Pass to the role of Chief Technical Officer.

Infill drilling will continue at Springdale through February 2023 at which point, following the receipt of assay results, the Company expects to have sufficient data from its program to complete a new mineral resource estimate for Springdale that would support mining studies and feasibility assessment.

No other matters or circumstance have arisen since the end of the half year which significantly affected or could significantly affect the operations of the Company in future financial years.

The auditor's independence declaration for the half year ended 31 December 2022 has been received and can be found on page 9 of the financial report.

This report of the Directors is signed in accordance with a resolution of the Board of Directors.



Phillip Hearse
Chairman

Dated on this 15 March 2023 in North Perth.



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

INTERNATIONAL GRAPHITE LIMITED

As lead auditor for the review of International Graphite Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief there have been:

- i) No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii) No contraventions of any applicable code of professional conduct in relation to the review.

*Armada Audit
& Assurance*

ARMADA AUDIT & ASSURANCE PTY LTD

NIGEL DIAS

DIRECTOR

Perth, Dated 15 March 2023

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Statement of Profit or Loss and other Comprehensive Income for the half year ended 31 December 2022

	Note	31 December 2022 \$	31 December 2021 \$
REVENUE FROM CONTINUING OPERATIONS			
Other income	2	13,270	-
		13,270	-
EXPENSES			
Administration		(314,766)	(95,543)
Depreciation and amortisation		(50,772)	(17,272)
Employment		(257,000)	(133,409)
Feasibility Expenses		-	(37,290)
Finance & Legal		(44,081)	(48,530)
Marketing		(158,014)	(16,248)
Occupancy		(8,775)	(14,564)
Travel		(61,732)	-
Shareholder & Corporate		(57,957)	(6,980)
Share-based Payments	7(b)	(26,782)	(100,000)
TOTAL EXPENSES		(979,879)	(469,836)
Operating loss		(966,609)	(469,836)
Finance income	2	24,739	33
Finance expense		(2,595)	(1,131)
Loss before income tax expense		(944,465)	(470,934)
Income tax expense		-	-
NET LOSS AFTER INCOME TAX EXPENSE		(944,465)	(470,934)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(944,465)	(470,934)
Basic and diluted loss per share (cents per share)		(0.57)	(0.77)

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

Statement of Financial Position as at 31 December 2022

	Note	31 December 2022 \$	31 December 2021 \$
CURRENT ASSETS			
Cash and cash equivalents		4,919,446	8,857,409
Trade and other receivables		143,070	488,836
Other current assets		23,399	12,981
		5,085,915	9,359,226
NON-CURRENT ASSETS			
Property, plant and equipment	3	1,830,864	348,322
Exploration and evaluation asset	4	11,420,139	8,971,694
Intangible Assets	5	490,794	-
Right-of-use asset		77,851	94,340
Other non-current assets		1,330	1,331
		13,820,978	9,415,687
TOTAL ASSETS		18,906,893	18,774,913
CURRENT LIABILITIES			
Trade and other payables		1,917,739	886,476
Lease liabilities		40,893	31,980
		1,958,632	918,456
NON-CURRENT LIABILITIES			
Lease liabilities		72,421	62,934
TOTAL LIABILITIES		2,031,053	981,390
NET ASSETS		16,875,840	17,793,523
EQUITY			
Issued capital	6	23,629,566	23,629,566
Reserves	7	757,721	730,939
Accumulated losses		(7,511,447)	(6,566,982)
TOTAL EQUITY		16,875,840	17,793,523

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

Statement of Changes In Equity

for the half year ended 31 December 2022

	Note	ISSUED CAPITAL \$	SHARE BASED PAYMENTS RESERVE \$	ACCUMULATED LOSSES \$	TOTAL \$
Balance at 30 June 2021		5,265,970	-	(4,511,042)	754,928
Loss for the half year		-	-	(470,934)	(470,934)
Total comprehensive loss for the half year		-	-	(470,934)	(470,934)
Transactions with owners in their capacity as owners:					
Issue of shares (net of transaction costs)		1,250,000	-	-	1,250,000
Capital raising costs		(58,500)	-	-	(58,500)
Share based payments	7(b)	100,000	-	-	100,000
Balance at 31 December 2021		6,557,470	-	(4,981,976)	1,575,494
Balance at 30 June 2022		23,629,566	730,939	(6,566,982)	17,793,523
Loss for the half-year		-	-	(944,465)	(944,465)
Total comprehensive loss for the half-year		-	-	(944,465)	(944,465)
Transactions with owners in their capacity as owners:					
Share based payments	7(b)	-	26,782		26,782
Balance at 31 December 2022		23,629,566	757,721	(7,511,447)	16,875,840

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

Statement of Cash Flows

for the half year ended 31 December 2022

	31 December 2022 \$	31 December 2021 \$
CASH FLOW FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(978,605)	(502,368)
Interest paid	-	(1,131)
Interest income received	24,739	33
Net cash used in operating activities	(953,866)	(503,466)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(603,780)	(110,973)
Payments for exploration and evaluation	(1,851,553)	-
R&D Tax incentive received ¹	116,840	-
Payments for intangible assets ¹	(625,918)	-
Net cash used in investing activities	(2,964,411)	(110,973)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	1,250,000
Share issue costs	-	(58,500)
Reduction in lease liabilities	(19,686)	(16,869)
Net cash (used in)/provided by financing activities	(19,686)	1,174,631
Net (decrease)/increase in cash held	(3,937,963)	560,192
Cash at beginning of period	8,857,409	661,147
CASH AT END OF PERIOD	4,919,446	1,221,339

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

¹ R&D Tax incentive received has been offset against the payments for process development costs capitalised for the half year ended 31 December 2022.

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Corporate Information

The financial report covers International Graphite Limited (the "Company"). The financial report consists of the financial statements, notes to the financial statements and the Directors' declaration. International Graphite Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

The nature of operations and principle activities of the Company are described in the Directors' Report.

b) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134 Interim Financial Reporting and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with AASB 134 ensures compliance with International Accounting Standard 34 Interim Financial Reporting.

The financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial report for the year ended 30 June 2022, together with any public announcements made by the Company during the half year ended 31 December 2022 in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

The financial statements were authorised for issue by the Directors on 15th March 2023.

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

Significant Accounting Judgments and Key Estimates

The accounting policies adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the year ended 30 June 2022.

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

Financial Position

The financial report has been prepared on the going concern basis, which contemplates the continuation of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. The Company's primary source of funding is from capital raisings, Research and Development Tax Incentives and Government grants.

For the half year ended 31 December 2022, the Company recorded a loss of \$944,465 (2021: \$470,934) and had net cash outflows from operating activities of \$953,866 (2021: \$503,466). At reporting date, the Company had a working capital surplus of \$3,127,283 (June 2022: \$8,440,770).

The Company has signed a \$2 million Financial Assistance Agreement with the Western Australian Government's Department of Jobs, Tourism, Science and Innovation. Furthermore, The Directors have prepared a cash flow forecast and based on that forecast the Directors have the ability reduce discretionary costs and raised further funds from capital raisings as well as Research and Development Tax Incentives.

Based on the working capital surplus at 31 December 2022, the \$2 million Financial Assistance Agreement with the Western Australian Government's Department of Jobs, Tourism, Science and Innovation, the ability to raise further capital, as well as further Research and Development Tax Incentives and the ability to reduce discretionary costs, the Directors consider the going concern basis of preparation to be appropriate.

Notes to the Financial Statements (continued)

NOTE 2: OTHER INCOME

	31 December 2022 \$	31 December 2021 \$
Interest income	24,739	33

NOTE 3: PROPERTY, PLANT AND EQUIPMENT

	31 December 2022 \$	30 June 2022 \$
Plant and equipment at cost	1,864,953	348,322
Less accumulated depreciation	(34,089)	-
	1,830,864	348,322
Reconciliation:		
Opening balance	348,322	10,000
Additions	1,516,631	338,322 ¹
Depreciation	(34,089)	-
Closing balance	1,830,864	348,322

¹ Plant and equipment are not yet installed or operational and therefore depreciation has not commenced.

NOTE 4: EXPLORATION AND EVALUATION ASSET

	31 December 2022 \$	30 June 2022 \$
Opening balance	8,971,694	-
Exploration asset acquired	-	8,509,000
Exploration costs incurred	2,448,445	462,694
Closing balance	11,420,139	8,971,694

The ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation.

NOTE 5: INTANGIBLE ASSET

	31 December 2022 \$	30 June 2022 \$
Opening balance	-	-
Development costs incurred	490,794	-
Closing balance	490,794	-

The intangible asset relates to project development costs incurred in the development of International Graphite's graphite processing facility in Collie. The Company has determined that the expenditure linked to the development of the Collie facility qualifies for recognition as an intangible asset on the basis the expenditure is reliably identifiable and its expected capacity to generate future economic benefit. Furthermore the Company expects to recoup these costs via the financial assistance government grant.

Notes to the Financial Statements (continued)

NOTE 6: ISSUED CAPITAL

a) Share Capital

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

b) Movement in Issued Capital

	Date	No.	\$
Balance as at 30 June 2021		59,158,330	5,265,970
Shares issued for cash	06/12/2021	5,000,000	250,000
Shares issued for services rendered (refer to Note 17(b)(i))	06/12/2021	1,000,000	100,000
Shares issued for cash	06/12/2021	10,000,000	1,000,000
Shares issued for exploration assets	01/04/2022	40,000,000	8,000,000
Shares issued for cash	01/04/2022	50,000,000	10,000,000
Capital raising costs		-	(986,404)
Balance as at 30 June 2022		165,158,330	23,629,566
Balance as at 31 December 2022		165,158,330	23,629,566

NOTE 7: RESERVES

a) Shared Based Payment Reserve

	31 December 2022	30 June 2022
	\$	\$
Share based payment reserve	757,721	730,939
	757,721	730,939
Movement in share based payment reserve:		
	31 December 2022	30 June 2022
	\$	\$
Beginning balance	730,939	-
Share based payments	26,782	730,939
Closing balance	757,721	730,939

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

Notes to the Financial Statements (continued)

NOTE 7: RESERVES (continued)

(b) Share Based Payments

	31 December 2022 \$	30 December 2021 \$
Director shares	-	100,000
Director Rights – issued pursuant to shareholder resolutions at the 2022 AGM	26,782	-
	26,782	-

(c) Share Based Payments Granted During The Year

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

- 1) Class A Incentive Performance Rights (1,000,000): exercisable upon the completion by the Company of a definitive feasibility study to a AACE Class 3 standard for the Springdale Graphite Project;
- 2) Class B Incentive Performance Rights (1,000,000): exercisable upon the completion by the Company of a definitive feasibility study to a AACE Class 3 standard for commercial scale graphite micronising facilities at Collie to produce micronised graphite as a final product for battery and industrial uses or for further downstream processing for battery anode materials;
- 3) Class C Incentive Performance Rights (1,000,000): exercisable upon the completion by the Company of a definitive agreement with an end user for the offtake of purified spherical graphite / battery anode material, or the provision of technology to facilitate the completion of coating of purified spherical graphite at the Company's Collie facilities to the Board's satisfaction, acting reasonably;
- 4) Class D Incentive Performance Rights (1,000,000): exercisable upon the completion by the Company of a definitive standard feasibility study to a AACE Class 3 standard for commercial scale battery anode materials production facilities at Collie;
- 5) Class E Incentive Performance Rights (2,000,000): exercisable upon the Company achieving a daily weighted average ASX share price exceeding \$1.00 per share for 20 consecutive days; and
- 6) Class F Incentive Performance Rights (2,400,000): exercisable upon the Company achieving daily weighted average ASX share price exceeding \$1.00 per share for 20 consecutive days.

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

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

Notes to the Financial Statements (continued)

NOTE 7: RESERVES (continued)

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

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

	Number granted	Grant date	Exercise price	Term of maturity	Fair value on grant date	Most likely outcome	Total fair value	% vested
Class A	1,000,000	29 Dec 22	Nil	4 years	\$0.29	50%	\$145,000	0%
Class B	1,000,000	29 Dec 22	Nil	4 years	\$0.29	50%	\$145,000	0%
Class C	1,000,000	29 Dec 22	Nil	4 years	\$0.29	25%	\$72,500	0%
Class D	1,000,000	29 Dec 22	Nil	4 years	\$0.29	25%	\$72,500	0%
Class E	2,000,000	29 Dec 22	Nil	4 years	\$0.1937	N/A	\$387,400	0%
Class F	2,400,000	29 Dec 22	Nil	4 years	\$0.1937	N/A	\$464,880	0%
Total	8,400,000							

The total fair value of the Performance Rights is expensed over the term of maturity. The share-based expense of \$26,782 was recognised in the Statement of Profit or Loss and Other Comprehensive Income for the year. Management shall revise the most likely outcome of Class A, B, C and D when subsequent information indicates that the number of performance rights expected to vest differs from previous estimate. The most likely outcome of Class E and F have been factored into the valuation model of the Performance Rights on grant date.

Notes to the Financial Statements (continued)

NOTE 8: KMP RELATED PARTY TRANSACTIONS

On 30 November 2022, the shareholders approved the grant of 8,400,000 Performance Rights to Directors as below:

Andrew Worland – 1,000,000 each of Class A, B, C and D Performance Rights

Andrew Worland – 2,000,000 Class E Performance Rights

David Pass – 1,200,000 Class F Performance Rights

Matthew O’Kane – 1,200,000 Class F Performance Rights

Refer Note 7(c) for the terms and conditions of these Performance Rights.

Battery Limits Pty Ltd (an entity controlled by Mr Hearse) (Battery Limits) received professional services fees in respect of metallurgical, engineering, process design, project management and administration activities for the 2022 and 2021 half years amounting to \$593,812 and \$49,651 respectively (each ex GST). These fees include payments to consultants of Battery Limits including Mr. Pass.

In addition, the Company occupies an office space at a commercial premises owned by Juad Pty Ltd (an entity controlled by Mr Hearse) and leased by Battery Limits. In the 2022 half year, the Company paid Battery Limits \$10,710 (2021: nil) for its reasonable share of office rent and outgoings incurred by Battery Limits based on the Company’s occupancy levels.

NOTE 9: COMMITMENTS - TENEMENTS

Prospecting Licences, Exploration Licences and Mining Leases are subject to annual rent and a prescribed minimum annual expenditure commitment. The total annual rents for 2023 for the Company’s three granted licences is \$30,270. The minimum expenditure commitment for 2023 is \$144,000.

NOTE 10: CONTINGENCIES AND COMMITMENTS

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

NOTE 11: EVENTS SUBSEQUENT TO REPORTING DATE

On 31 January 2023, the Company announced the appointment of existing Director David Pass to the role of Chief Technical Officer.

Infill drilling will continue at Springdale through February 2023 at which point, following the receipt of assay results, the Company expects to have sufficient data from its program to complete a new mineral resource estimate for Springdale that would support mining studies and feasibility assessment.

No other matters or circumstance have arisen since the end of the half year which significantly affected or could significantly affect the operations of the Company in future financial years.

Directors' Declaration

In the Directors' opinion:

- the attached financial statements and notes comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Act 2001, and
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001 and is signed for and on behalf of the Directors by:

On behalf of the Directors:



Phillip Hearse
Chairman

Dated this 15 March 2023 in Perth.



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Independent Auditor's Review Report to the Members of International Graphite Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of International Graphite Limited ('the Company'), which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of International Graphite Limited is not in accordance with the *Corporations Act 2001* including:

- (a) Giving a true and fair view of the Company's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*;

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibility for the Review of the Half-Year Financial Report* section of our report. We are independent of the Company in accordance with the 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.



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Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

*Armada Audit
& Assurance*

ARMADA AUDIT & ASSURANCE PTY LTD

NIGEL DIAS

DIRECTOR

Perth, Dated 15 March 2023

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