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Annual Report 2024



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Chairman's Letter to Shareholders



Dear Shareholders,

I am pleased to present 1414 Degrees' 2024 Annual Report, highlighting a transformative year for the Company. During this financial year we made significant advancements in the commercial readiness of our proprietary technology and strengthened strategic partnerships. These achievements are paving the way to successfully commercialise our innovative solutions in thermal energy storage and hydrogen production.

The successful testing of our SiBox[®] thermal energy storage system has been a major milestone. This year SiBox technology has proven its ability to deliver a continuous supply of clean air at temperatures up to 900°C, with remarkable precision, while charging from intermittent power supply.

This means we have a groundbreaking solution to help industries decarbonise, without compromising operational efficiency. SiBox is the only product in the market that can provide frequency control ancillary services (FCAS) in the energy markets, as well as stable, high-temperature heat directly from intermittent renewable electricity. It's a technological advancement unmatched by any other energy storage solution available today. This sets SiBox apart as the leading choice for industries aiming to reduce carbon emissions, while optimising energy use.

Our vision for SiBox extends beyond energy storage. We see it as a gas replacement technology ready to help industries meet their Scope 1 and 2 emission reduction targets. The immediate market opportunities are in decarbonising steam production

whereby industries can purchase and store electricity during low-cost periods, optimising energy use while significantly reducing emissions. This offers a compelling value proposition for industries looking to enhance both their sustainability and cost-efficiency.

Customer interest in SiBox has surged, and our commercial team is actively engaged in feasibility studies with potential industry partners, moving several proposals to the tender stage. Additionally, our strategy to minimise capital expenditure by using existing mass production facilities for our SiBrick technology ensures we can scale efficiently and cost-effectively as we move towards commercialisation.

Our commercial strategy received further support through our partnership with Woodside Energy



Technologies, which increased its contribution to our SiPHyR™ hydrogen reactor technology development, raising total cash grants to \$3.2 million. SiPHyR is designed to produce low-cost hydrogen and solid carbon via methane pyrolysis, powered by intermittent renewable energy stored in our silicon media. This technology holds the potential to decarbonise existing natural gas and biogas supplies, enabling customers to meet emissions targets while leveraging current infrastructure. In collaboration with RMIT, Woodside, and the University of Adelaide, we are on track to commercialise a device that will enable industries to meet their emissions targets with existing heat equipment and energy infrastructure.

We have also expanded our engineering team to accelerate the development

of these technologies. We see a clear commercialisation pathway delivering reliable and cost-competitive hydrogen solutions to our customers.

Further progress was made on development of the Aurora Energy Precinct, our joint venture with Vast Renewables. This year, we executed a term sheet with BHP to gain access to the 275kV transmission line, connecting the precinct to BHP mines in the north and the national electricity grid to the south. This critical infrastructure will support the integration of renewable generation and storage in the National Electricity Market (NEM), enhancing the project's viability.

At the same time, we have engaged Hannam & Partners, a London-based investment bank, to explore funding

options for the 140MW/280MWh battery energy storage system (BESS) we are developing at the precinct.

We are confident your Company is positioned for significant commercial growth. Our technologies not only address the pressing need for decarbonisation but also offer practical, scalable solutions for energy storage and hydrogen production, setting new industry standards.

Thank you for your continued support as we advance towards a cleaner, more sustainable future.

Dr Kevin Moriarty
Executive Chairman

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The Future of Clean Heat



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Low-cost, reliable,
clean energy



Corporate Directory

DIRECTORS

Kevin Moriarty - Executive Chairman
Graham Dooley - Non-executive Director
Randolph Bowen - Non-executive Director

COMPANY SECRETARY

Katelyn Adams

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

Western Plant, Door 1
1 Watts Road, Tonsley
South Australia, 5042
T + 61 8357 8273
E info@1414degrees.com.au

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 5, 115 Grenfell Street
Adelaide SA 5000
T + 61 3 9415 4000
W computershare.com.au

AUDITOR

BDO Audit Pty Ltd
Level 7, 420 King William Street
Adelaide SA 5000

SOLICITORS

Thomson Geer
23/525 Collins Street
Melbourne VIC 3004

PATENT & TRADE MARK ATTORNEYS

Madderns
Level 4, 19 Gouger Street
Adelaide SA 5000

ACCOUNTANTS

HLB Mann Judd
169 Fullarton Road
Dulwich SA 5065

STOCK EXCHANGE LISTING

1414 Degrees Ltd shares are quoted on the Australian Securities Exchange (ASX: 14D)

WEBSITE

1414degrees.com.au

Corporate Governance

CORPORATE GOVERNANCE STATEMENT

1414 Degrees Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance.

The Company has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The 2024 Corporate Governance Statement is dated as at 30 June 2024 and reflects the corporate governance practices in place throughout the 2024 year.

The 2024 Corporate Governance Statement has been approved by the Board.

A description of the Company's current corporate governance practices is set out in the Corporate Governance Statement which can be viewed at 1414degrees.com.au

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Financial Statements

Director's Report

The Directors present their report, together with the financial statements, on the Company for the year ended 30 June 2024.

DIRECTORS

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Kevin Moriarty - Executive Chairman
Graham Dooley - Non-Executive Director
Randolph Bowen - Non-Executive Director

COMPANY SECRETARY

The following persons were Company Secretary of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Katelyn Adams

PRINCIPAL ACTIVITIES

The principal activity of the Company since 2009 is developing and commercialising its silicon-based thermal energy storage SiBrick to provide industrial high temperature heat from low-cost electricity and biogas. Its SiBox modular product uses SiBrick to provide a scalable decarbonisation pathway for diverse industrial energy users in, for example, manufacture of building products, mineral processing, and thermal power stations.

The Company acquired the exclusive rights to reactor patents for hydrogen production during the year, and is now incorporating its SiBrick technology to develop and commercialise an integrated reactor, SiPHyR, to decarbonise natural gas inexpensively.

The Company has been developing its Aurora Renewable Energy Precinct since 2019. The aim is to develop a hybrid renewable energy project delivering reliable electricity to the Upper Spencer

Gulf region and National Electricity Market. The recent focus is developing a 140MW 2-hour battery energy storage system (BESS). The Aurora site is also an opportunity to build and demonstrate a large-scale pilot of the SiBox technology.

DIVIDENDS

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

REVIEW OF OPERATIONS

Corporate and financial

The loss for the Company after providing for income tax amounted to \$2,505,500 (30 June 2023: \$1,831,251). Notable non-recurring contributions to the loss included relocation and fit out costs at the new Tonsley site, and loans to SiliconAurora Pty Ltd to progress the Aurora BESS development.

The Company raised \$1.47m through a non-renounceable Rights Issue to shareholders at 4.5 cents per share. It received the final instalments under the \$2.2m Australian Government Modern Manufacturing Initiative.

Woodside Energy Technologies Pty Ltd provided an additional \$750,000 under the SiBox Development Agreement and committed \$700,000 for SiPHyR development. The Australian Government announced a grant of \$2.5m over three years for SiPHyR development under the Cooperative Research Centres Projects (CRC-P). Its technology development programs qualified for a research and development tax rebate of \$1.47m in the year.

The Company continued to finance BESS development on the Aurora Precinct with a view to realising near term value on transmission connection, at which point Vast Solar Pty Ltd must pay \$1.5million to 1414 Degrees to complete its purchase of a 50% stake in the joint venture company.

Projects

During the 2023-24 financial year your Company significantly advanced the commercial readiness of its technology and its strategic partnerships; successfully completing industrial process tests of SiBox®, obtaining exclusive rights to two patents and new grants to commercialise its SiPHyR™ hydrogen reactor technology. 1414 Degrees also progressed its negotiations to connect the Aurora Renewable Energy Precinct to the national electricity grid, executing a term sheet with BHP for access to the high voltage transmission line.

Cash grants for SiPHyR™ development increased to \$3.2m after Woodside Energy Technologies Ltd (Woodside) raised its contribution to \$1m, consisting of \$700,000 in cash and \$300,000 in technical support. The \$5.2m SiPHyR project involves significant engineering and scientific expertise from the Royal Melbourne Institute Technology (RMIT), Woodside and the University of Adelaide (UoA) to design and test this innovative solution for decarbonisation.

1414 Degrees' aim is to own and commercialise a SiPHyR device that can be connected to existing natural gas and biogas supplies, replacing methane with hydrogen. Hydrogen was a major constituent of piped town gas supplies up to 50 years ago. Your Company's very high temperature silicon storage media makes it possible to power continuous hydrogen production, using intermittent electricity supply, as we recently demonstrated in SiBox.

We have created additional engineering positions to speed-up development and commercialisation of the hydrogen technology. The commercialisation strategy will target a pipeline of customers for hydrogen at a competitive rate, enabling them to meet their emissions target without substantial

Director's Report

modifications of their equipment.

We have the only energy storage system (SiBox) that has demonstrated reliable supply of hot, clean air at stable temperatures (+/-1.5°C) up to 900°C. Customer enquiries about the SiBox system increased when we announced completion of testing for commercial readiness. Our commercial team was invited to study prospective industry sites and, in turn, hosted several industry teams to view our SiBox Demonstration Module. Commercial and technical feasibility assessments progressed to proposal and tender. The SiBox Development Agreement is progressing to a point when Woodside will decide if it wishes to jointly commercialise SiBox to earn up to 49% of the SiBox IP.

Our current choice of silicon phase-change material (PCM) allows SiBox to supply constant temperature clean air up to 1000°C, meeting the temperature requirements of most industries. The SiBrick technology continued development toward mass production in existing refractory brick plants, particularly through our partnership agreement with Refratechnik-Steel GmbH (Refratechnik). This strategy eliminates the need to build new production facilities and makes it possible to manufacture larger storage capacities. We envisage future SiBox models using up to 100,000 SiBrick in a 1GWh facility, underpinning our commercialisation strategy with lower unit production costs.

During the review year, a term sheet was executed to progress negotiations to obtain access to the 275 kV transmission line at the Aurora Energy Precinct. This transmission line connects BHP mines to the north, through Davenport substation at Port Augusta, to the National Electricity Market (NEM). The SiliconAurora Pty Ltd

joint venture company is negotiating technical and commercial terms with BHP and advancing applications with ElectraNet and AEMO for a transmission connection agreement (TCA).

Early in the reporting year, 1414 Degrees engaged London investment bank Hannam & Partners to seek investors for the 140MW/280MWh lithium-ion battery energy storage system (BESS) that the SiliconAurora partnership has been developing.

Intellectual property

The Company continues to actively manage, document and protect all its intellectual property.

Current status of patents:

- “Thermal Energy Storage Apparatus, Arrangement and Method”. Granted AU, NZL, EU, China and US.
- “Energy Storage and Retrieval System” (TESS_IND). Granted in US and AU, in progress in EU.
- PCT Application PCT/AU2022/051323 (SiBox Storage Media). Application pending in AU, CN, EU, IN and US.
- PCT Application PCT/AU2023/051036 (Fluid Reactor). Application pending.
- PCT Application PCT/AU2023/900742 (H2-process). Application pending.

Registered trademarks:

- 1414 Degrees (Logo) registered in AU
- Clean Scalable Energy Storage (Logo), registered in AU
- SiBox registered in AU, UK, PRC, USA, EU
- SiBrick registered in Australia, trademark application in Madrid Protocol countries, CAN, EU, UK, NZ, US

- SiPHyR trademark - in application stage

Risks specific to the Company

Some key risks of the Company are detailed below. The list of risks is not exhaustive.

- **Commercialisation of technology risk** - The Company will need to design a commercial demonstration pilot in order to effect the second stage of its business plan and meet some contractual milestones. Delays or failure to identify or secure a site would significantly disrupt the business plan. Achieving its goals requires expansion of its in-house team to build and maintain business growth and attract funding, and there is a risk that growth is disrupted if funding and expertise are insufficient.
- **Competition and intellectual property (IP) risk** - 1414 Degrees participates in a new high temperature thermal energy storage market. There are currently no commercial technologies with the attributes of the 1414 Degrees products in its potential markets. 1414 Degrees will need to participate in the more competitive lower temperature market to demonstrate technical readiness for future high temperature application. The Company's must enforce and defend its IP against third party challengers and such action could have a material adverse impact on 1414 Degrees performance and prospects of the business.
- **Core technology performance risk** - For over 15 years the Company has developed and continues to develop its core silicon-based thermal storage media however the products have not been tested in long-term operation. There is a

Director's Report

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- risk that the storage media does not meet the expectation of a 20-year operating lifetime, and this could delay the commercialisation of its SiBox technology, with significant adverse effects on investment in the Company.
 - **Commercial risks relating to Aurora Energy Precinct** - The Company has invested in development of a battery energy storage project as part of the Aurora precinct, relying upon independent positive net revenue projections from operating in the national electricity market. Realisation of a profit on this investment requires the Company to obtain access to private electricity transmission lines and the conversion of the status of those lines to participate in the national electricity market. There is a risk that it will not obtain access to transmission, or that cost of access could make the project unprofitable. The Company's joint-venture partner in the Aurora project must pay the Company \$1.5 million when connection to the transmission lines is approved. There is a risk that this payment will not occur if connection is not achieved.
 - **Operating experience and reliance on key personnel risk** - The Company relies on the experience of its management team and Directors. The loss of the services of certain personnel could have an adverse effect on the Company and its activities, including delays in realising the commercial potential of the technology.
 - **Business strategy execution** - The Company's future growth, profitability and cash flows depend on the ability of its management to successfully execute its business strategy. There can be no assurance that 1414 Degrees can

successfully achieve its business objectives and this could have a material adverse effect on the Company's business, financial condition, and operations.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the financial year other than matters reported under the Review of Operations.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 16 August 2024 the Company announced a Share Purchase Plan (SPP) to issue up to 16,666,667 ordinary fully paid shares. Under the SPP eligible shareholders will be invited to subscribe for up to \$30,000 of new fully paid ordinary shares at an issue price of \$0.06 per share. The SPP closed on 18 September 2024 raising \$1,076,640 (excluding costs) from the issue of 17,944,075 shares.

On 16 September 2024 the Company secured institutional investment of up to \$4,700,000. The Company will receive an initial \$1,300,000 under a Share Subscription Agreement and has an additional \$3,400,000 funding available over the next 12 months under a Monthly Purchase Agreement.

On 27 September 2024 the company issued 20,000,000 ordinary full paid shares at \$0.078 per share under the Share Subscription Agreement that was announced on 16 September 2024.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Information pertaining to likely developments and expected results of operations can be found in the review of operations. The directors cannot disclose any additional information.

ENVIRONMENTAL REGULATION

The Company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Director's Report — Information on Directors

DR KEVIN MORIARTY

Title
Executive Chairman

Qualifications
BSc (Hons), Ph.D., MAusIMM

Experience and expertise

Dr. Kevin Charles Moriarty, BSc (Hons), Ph.D., MAusIMM has 35 years corporate experience in roles including Chairman and Managing Director of listed companies. He founded and led several companies to develop mines in Australia and Africa. He was Executive Chairman of 1414 Degrees Ltd for 5 years until retiring in 2021. During his term, 1414 Degrees built several prototype devices utilising high temperature silicon energy storage to produce electricity. Two charged from electricity and one by burning biogas. They did not perform to specification and Dr Moriarty brought in more highly qualified technical team with material science background as well as engineering. This team developed the new SiBox technology aimed at very efficient energy storage and recovery at high temperatures to replace gas burning in industry. This attracted major support from Woodside Energy Ltd and the Commonwealth government. In 2019 he negotiated the purchase of the Aurora Solar project for 1414 Degrees. He was re-elected to the board of 1414 Degrees and re-appointed executive chairman in 2022.

Other current directorships
None

Former directorships (last 3 years)
None

Interests in shares
16,737,916 ordinary shares

Interests in options
3,322,222 options

Interests in performance rights
1,600,000 performance rights

GRAHAM DOOLEY

Title
Non-Executive Director

Qualifications
BSc, BE (Hons), MPA, FAICD, FIEAust

Experience and expertise

Graham is an accomplished Non-Executive Director, Managing Director and Chairman with extensive infrastructure and investment experience. As well as serving as a Director of the businesses below, Graham is also Chairman of the Northern Adelaide Waste Management Authority and the SA Hydrogen Hub, and a Director of the Water Authority of Fiji and the Salisbury Water business unit of the City of Salisbury. He is also a senior adviser to a large housing industry company and to two South Australian Local Government Councils. He has been a Senior Advisor to Igneo Infrastructure Partners, one of the top 10 infrastructure investors world-wide and a Director of a solid waste company acquired by Igneo.

Graham established and was the Managing Director of United Utilities Australia (now Trility) from 1991-2007. Following this, he founded and held an Executive Chairman role with the Water Utilities Australia Group of companies and its sister company that invested in agricultural water entitlements. He is a past National President of the Australian Water Association, a Fellow of the Australian Institute of Company Directors and a Fellow of the Institution of Engineers, Australia.

Other current directorships
None

Former directorships (last 3 years)
None

Interests in shares
507,846 ordinary shares

Interests in options
85,949 options

Interests in performance rights
1,600,000 performance rights

RANDOLPH BOWEN

Title
Non-Executive Director

Qualifications
BAppSc (Oen), GAICD

Experience and expertise

Randolph is a management executive with strong domestic and international profit and loss and operational management experience. Randolph successfully established a fully integrated global supply chain for Fosters Wine Group resulting in significant improvement in the planning, production, delivery and customer service systems at reduced cost to the business. He has a talent for making rapid assessments of challenges and then developing and leading the resulting action plan.

Key areas of expertise include:

- Strategic/operational planning, forecasting, budgeting and cost control
- Infrastructure design and production maximisation
- Quality and productivity improvement
- Business integration
- Team building and organisational change management
- Leader in Occupational Health, Safety & Environmental (OHSE) practices and culture

Other current directorships
None

Former directorships (last 3 years)
None

Interests in shares
3,500,000 ordinary shares

Interests in options
1,000,000 options

Interests in performance rights
1,600,000 performance rights

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Director's Report

COMPANY SECRETARY

Katelyn Adams has over 15 years of accounting and board experience, servicing predominantly ASX listed companies. Katelyn is a Chartered Accountant and Partner of the Corporate Advisory division of HLB Mann Judd in Adelaide, as well as the Company Secretary of various listed and private companies and a Non-executive Director of Clean Seas Seafood Ltd. Katelyn has extensive knowledge in corporate governance, ASX Listing Rule requirements, IPO and capital raising processes, as well as a strong technical accounting background.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2024, and the number of meetings attended by each Director were:

Full Board	Attended/Held
Kevin Moriarty	8/8
Graham Dooley	7/8
Randolph Bowen	7/8
Audit Committee	Attended/Held
Kevin Moriarty	3/3
Graham Dooley	3/3
Randolph Bowen	3/3

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

REMUNERATION REPORT (AUDITED)

The remuneration report details the key management personnel remuneration arrangements for the Company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Company, with an appropriate level of fixed remuneration for key management personnel, as well as a proportion of performance based remuneration.

The reward framework is designed to align executive reward and their performance hurdles to the targets of the Company as well as shareholders' interests. In considering shareholder wealth, the Board considers that this is generally driven by successful commercialisation and long-term proposition, rather than being directly linked to financial performance. The Board also considers the Enterprise Value of the Company, being the market capitalisation at the end of each period end, adjusted for cash held at year end.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive Director and executive Director remuneration is separate.

Non-Executive Directors remuneration

Fees and payments to Non-Executive directors reflect the demands and responsibilities of their role. Non-Executive Directors' fees and payments are reviewed periodically by the Board and are regularly compared with companies with comparable market capitalisation and stage of development. Non-Executive Directors do not receive

Director's Report

share Performance Rights or other incentives. The Chairman's fees are determined independently to the fees of Non-Executive Directors based on comparative roles in the external market.

ASX listing rules require the aggregate Non-Executive Director's remuneration to be determined periodically by a general meeting. The maximum annual aggregate remuneration for Non-Executive Directors has been set at \$300,000.

Executive remuneration

The Company aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has three components:

- base pay and non-monetary benefits
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the board based on individual and business unit performance, the overall performance of the Company and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Company and provides additional value to the executive.

The Company has a Performance Rights Plan under which it can issue

Performance Rights to staff and executives.

Company performance and link to remuneration

The remuneration of key management personnel is linked to the development of the Company's intangible assets, the continued progress towards developing the TESS technology and progress on the Aurora site at Port Augusta. Various performance criteria are linked to Performance Rights granted.

Voting and comments made at the Company's 2023 Annual General Meeting ('AGM')

At the 10 November 2023 AGM, 92% of the votes received supported the adoption of the remuneration report for the year ended 2023. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the Company are set out in the following tables.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary	Cash	Non-	Super-	Long	Equity-	Equity-	
	and fees	bonus	monetary	annuation	service	settled	settled	
30 June 2024	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
Graham Dooley	50,000	-	-	-	-	-	2,073	52,073
Randolph Bowen	50,000	-	-	-	-	-	2,073	52,073
<i>Executive chairman:</i>								
Kevin Moriarty	193,333	-	-	21,267	7,885	-	2,073	224,558
	293,333	-	-	21,267	7,885	-	6,219	328,704

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary	Cash	Non-	Super-	Long	Equity-	Equity-	
	and fees	bonus	monetary	annuation	service	settled	settled	
30 June 2023	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
Graham Dooley *	33,056	-	-	-	-	-	-	33,056
Randolph Bowen *	33,333	-	-	-	-	-	-	33,333
Alison Evans **	19,583	-	-	-	-	-	-	19,583
Dana Larson **	15,410	-	-	-	-	-	-	15,410
Peter Gan **	15,417	-	-	-	-	-	-	15,417
Tony Sacre **	23,750	-	-	-	-	-	-	23,750
Sheree Ford ***	8,333	-	-	-	-	-	-	8,333
<i>Executive chairman:</i>								
Kevin Moriarty	81,250	-	-	7,350	-	-	-	88,600
<i>Other Key Management Personnel:</i>								
Jordan Parham	126,854	-	-	10,899	-	-	-	137,753
	356,986	-	-	18,249	-	-	-	375,235

1414 Degrees Ltd
Directors' report
30 June 2024

- * Represents remuneration from 1 November 2022 to 30 June 2023
 ** Represents remuneration from 1 July 2022 to 31 October 2022
 *** Represents remuneration from 1 July 2022 to 15 September 2022

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Kevin Moriarty
 Title: Executive Chairman
 Agreement commenced: 28 July 2022
 Term of agreement: Ongoing
 Details: The initial agreement was for an annual salary of \$45,000 effective 1 August 2022. Effective 30 November 2022 the annual salary was updated to \$120,000 per annum. Effective 1 August 2023 the annual salary was updated to \$200,000 per annum.

Name: Graham Dooley
 Title: Non-Executive Director
 Agreement commenced: 3 November 2022
 Term of agreement: Ongoing
 Details: Annual fee effective 3 November 2022 of \$50,000

Name: Randolph Bowen
 Title: Non-Executive Director
 Agreement commenced: 3 November 2022
 Term of agreement: Ongoing
 Details: Annual fee effective 3 November 2022 of \$50,000

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2024.

Options

There were no options over ordinary shares issued to Directors and other key management personnel as part of compensation that were outstanding as at 30 June 2024.

There were no options over ordinary shares granted to or vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2024.

Performance rights

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of Directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of rights granted	Grant date	Vesting date	Expiry date	Share price hurdle for vesting	Fair value per right at grant date
Kevin Moriarty	800,000	10/11/2023	30/06/2024	30/06/2024	\$0.1500	\$0.0005
Kevin Moriarty	800,000	10/11/2023	31/12/2024	31/12/2024	\$0.2500	\$0.0008
Kevin Moriarty	800,000	10/11/2023	31/12/2024	31/12/2024	\$0.4000	\$0.0021
Graham Dooley	800,000	10/11/2023	30/06/2024	30/06/2024	\$0.1500	\$0.0005
Graham Dooley	800,000	10/11/2023	31/12/2024	31/12/2024	\$0.2500	\$0.0008
Graham Dooley	800,000	10/11/2023	31/12/2025	31/12/2025	\$0.4000	\$0.0021
Randolph Bowen	800,000	10/11/2023	30/06/2024	30/06/2024	\$0.1500	\$0.0005
Randolph Bowen	800,000	10/11/2023	31/12/2024	31/12/2024	\$0.2500	\$0.0008
Randolph Bowen	800,000	10/11/2023	31/12/2025	31/12/2025	\$0.4000	\$0.0021

1414 Degrees Ltd
Directors' report
30 June 2024

Performance rights granted carry no dividend or voting rights.

Details of performance rights over ordinary shares granted, vested and lapsed for Directors and other key management personnel as part of compensation during the year ended 30 June 2024 are set out below:

Name	Grant date	Lapsed date	Number of rights granted	Value of rights granted \$	Number of rights lapsed	Value of rights lapsed \$
Kevin Moriarty	10/11/2023	30/06/2024	2,400,000	2,073	800,000	372
Graham Dooley	10/11/2023	30/06/2024	2,400,000	2,073	800,000	372
Randolph Bowen	10/11/2023	30/06/2024	2,400,000	2,073	800,000	372

Additional disclosures relating to key management personnel

Shareholdings

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Company, including their personally related parties, is set out below:

	Balance at the start of the year	Additions	Received as part of remuneration	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Kevin Moriarty	12,915,694	3,322,222	-	-	16,237,916
Graham Dooley	171,897	85,949	-	-	257,846
Randolph Bowen	2,000,000	1,000,000	-	-	3,000,000
	15,087,591	4,408,171	-	-	19,495,762

Performance rights

The number of Performance Rights over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Company, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Performance Rights over ordinary shares</i>					
Kevin Moriarty	-	2,400,000	-	(800,000)	1,600,000
Graham Dooley	-	2,400,000	-	(800,000)	1,600,000
Randolph Bowen	-	2,400,000	-	(800,000)	1,600,000
	-	7,200,000	-	(2,400,000)	4,800,000

Options

The number of Options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Company, including their personally related parties, is set out below:

	Balance at the start of the year	Additions	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
Kevin Moriarty	-	3,322,222	-	-	3,322,222
Graham Dooley	-	85,949	-	-	85,949
Randolph Bowen	-	1,000,000	-	-	1,000,000
	-	4,408,171	-	-	4,408,171

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
21/08/2023	21/08/2025	\$0.1000	35,683,063

Shares under performance rights

There were no unissued ordinary shares of the Company under performance rights outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of the Company issued on the exercise of options during the year ended 30 June 2024 and up to the date of this report.

Shares issued on the exercise of performance rights

There were no ordinary shares of the Company issued on the exercise of performance rights during the year ended 30 June 2024 and up to the date of this report.

Indemnity and insurance of officers

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

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

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the Company who are former partners of BDO Audit Pty Ltd

There are no officers of the Company who are former partners of BDO Audit Pty Ltd.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

Auditor

BDO Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

1414 Degrees Ltd
Directors' report
30 June 2024

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors



Kevin Moriarty
Executive Chairman

30 September 2024

For personal use

DECLARATION OF INDEPENDENCE
BY PAUL GOSNOLD
TO THE DIRECTORS OF 1414 DEGREES LIMITED

As lead auditor of 1414 Degrees Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Paul Gosnold
Director

BDO Audit Pty Ltd

Adelaide, 30 September 2024

1414 Degrees Ltd
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30 June 2024

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General information

The financial statements cover 1414 Degrees Ltd as an individual entity. The financial statements are presented in Australian dollars, which is 1414 Degrees Ltd's functional and presentation currency.

1414 Degrees Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Western Plant, Door 1
1 Watts Road, Tonsley
South Australia, 5042

A description of the nature of the Company's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 30 September 2024. The Directors have the power to amend and reissue the financial statements.

1414 Degrees Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

	Note	30 June 2024	30 June 2023
		\$	\$
Revenue			
Other income	4	41,713	115,386
Total income		<u>41,713</u>	<u>115,386</u>
Expenses			
Administration and professional expenses		(1,282,421)	(1,226,067)
Depreciation and amortisation		(35,242)	(30,200)
Employee benefits expense		(245,301)	(338,035)
Finance costs		(40,529)	(1,022)
Loss on disposal of assets		(74,694)	-
Provision for Gas-TESS decommissioning (Glenelg project)	18	-	466,000
Relocation costs		(135,333)	-
Share based payments (equity settled)	33	165,081	87,175
Share of loss - SiliconAurora joint venture		(342,571)	(375,488)
Other expenses	5	(556,203)	(529,000)
Total expenses		<u>(2,547,213)</u>	<u>(1,946,637)</u>
Loss before income tax expense		(2,505,500)	(1,831,251)
Income tax expense	6	-	-
Loss after income tax expense for the year attributable to the owners of 1414 Degrees Ltd	21	(2,505,500)	(1,831,251)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of 1414 Degrees Ltd		<u>(2,505,500)</u>	<u>(1,831,251)</u>
		Cents	Cents
Basic earnings per share	32	(1.07)	(0.91)
Diluted earnings per share	32	(1.07)	(0.91)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

1414 Degrees Ltd
Statement of financial position
As at 30 June 2024

	Note	30 June 2024 \$	30 June 2023 \$
Assets			
Current assets			
Cash and cash equivalents	7	1,707,352	1,948,457
Trade and other receivables	8	3,409,024	2,484,996
Financial assets	9	164,377	-
Other	12	155,006	172,486
Total current assets		<u>5,435,759</u>	<u>4,605,939</u>
Non-current assets			
Trade and other receivables	8	-	360,456
Joint venture investment	10	1,781,941	2,124,512
Property, plant and equipment	13	152,840	48,139
Right-of-use assets	11	910,697	226,192
Intangibles	14	1,110,783	2,362,069
Total non-current assets		<u>3,956,261</u>	<u>5,121,368</u>
Total assets		<u>9,392,020</u>	<u>9,727,307</u>
Liabilities			
Current liabilities			
Trade and other payables	15	760,767	485,546
Lease liabilities	16	150,039	227,357
Employee benefits	17	152,677	124,829
Provisions	18	34,000	34,000
Total current liabilities		<u>1,097,483</u>	<u>871,732</u>
Non-current liabilities			
Lease liabilities	16	704,747	-
Employee benefits	17	23,498	21,457
Provisions	18	70,000	-
Total non-current liabilities		<u>798,245</u>	<u>21,457</u>
Total liabilities		<u>1,895,728</u>	<u>893,189</u>
Net assets		<u>7,496,292</u>	<u>8,834,118</u>
Equity			
Contributed equity	19	34,334,940	33,002,185
Reserves	20	2,639	167,720
Accumulated losses	21	(26,841,287)	(24,335,787)
Total equity		<u>7,496,292</u>	<u>8,834,118</u>

The above statement of financial position should be read in conjunction with the accompanying notes

1414 Degrees Ltd
Statement of changes in equity
For the year ended 30 June 2024

	Contributed equity \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	32,656,879	323,395	(22,504,536)	10,475,738
Loss after income tax expense for the year	-	-	(1,831,251)	(1,831,251)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(1,831,251)	(1,831,251)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 19)	276,806	-	-	276,806
Performance Rights Valuation	-	15,681	-	15,681
Performance Rights Lapsed	-	(102,856)	-	(102,856)
Conversion of Performance Rights	68,500	(68,500)	-	-
Balance at 30 June 2023	<u>33,002,185</u>	<u>167,720</u>	<u>(24,335,787)</u>	<u>8,834,118</u>
	Contributed equity \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	33,002,185	167,720	(24,335,787)	8,834,118
Loss after income tax expense for the year	-	-	(2,505,500)	(2,505,500)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(2,505,500)	(2,505,500)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 19)	1,332,755	-	-	1,332,755
Performance Rights Valuation	-	3,946	-	3,946
Performance Rights Lapsed	-	(1,435)	-	(1,435)
Options Lapsed	-	(167,592)	-	(167,592)
Balance at 30 June 2024	<u>34,334,940</u>	<u>2,639</u>	<u>(26,841,287)</u>	<u>7,496,292</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

1414 Degrees Ltd
Statement of cash flows
For the year ended 30 June 2024

	Note	30 June 2024	30 June 2023
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		36,111	30,090
Payments to suppliers and employees (inclusive of GST)		(2,120,252)	(2,069,145)
Interest received		29,826	29,277
Interest and other finance costs paid		(40,529)	(1,022)
Net cash used in operating activities	31	(2,094,844)	(2,010,800)
Cash flows from investing activities			
Payments for property, plant and equipment	13	(142,439)	(9,715)
Payments for security deposits		(164,377)	-
Payments for product development activities		(1,749,626)	(2,924,637)
Partner project contributions		900,000	600,000
Research and development tax offset received and used for intangible asset	14	1,467,591	1,271,760
Government grant received and used for intangible asset	14	865,121	847,000
Proceeds from disposal of investments		-	900,000
Loans to SiliconAurora joint venture		(401,069)	(296,381)
Proceeds from disposal of property, plant and equipment		6,982	-
Net cash from investing activities		782,183	388,027
Cash flows from financing activities			
Proceeds from issue of shares	19	1,470,739	276,806
Share issue transaction costs		(137,984)	-
Repayment of lease liabilities		(261,199)	(254,992)
Net cash from financing activities		1,071,556	21,814
Net decrease in cash and cash equivalents		(241,105)	(1,600,959)
Cash and cash equivalents at the beginning of the financial year		1,948,457	3,549,416
Cash and cash equivalents at the end of the financial year	7	<u>1,707,352</u>	<u>1,948,457</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Material accounting policy information

Going concern

The annual report has been prepared on the basis of a going concern. The annual report shows the Company incurred a net loss of \$2,505,500 and a net cash outflow from activities of \$241,105 during the reporting period. The Company's ability to continue as a going concern is contingent upon generation of cash inflow from its business and/or successfully raising additional capital. The circumstances represent a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. No allowance for such circumstances has been made in the annual report.

New or amended Accounting Standards and Interpretations adopted

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

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

Basis of preparation

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

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Other material accounting policies

Other material accounting policies are separately disclosed in their corresponding note.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Key estimates - impairment

The Company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

With respect to cash flow projections for intangible assets and those with a finite useful life but not yet considered ready for use, relevant inputs have been factored into valuation models on the basis of management's expectations regarding the growth of the market and the Company's ability to capture market share. Pre-tax discount rates of 15.8% have been used in all models.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Key judgements - product development

Included within intangible assets at the end of the reporting period is Product Development with a net carrying value of \$386,991 (30 June 2023: \$2,349,225). The Directors believe that while the development and commercialisation of the technology remains in-progress and the asset is not yet generating economic benefits (beyond customer trials), it is not considered ready for use. A reliable estimate for the useful life of the asset will only be capable of being determined once the asset is assessed as ready for use, after which point, amortisation will commence. The Directors are satisfied that it is probable that the intangible asset will generate future economic benefits based on internal financial models and potential project scenario analysis.

SiliconAurora Joint Control

Management have determined that the Company has joint control of SiliconAurora Pty Ltd ("SiliconAurora") with Vast Solar Pty Ltd ("Vast"). The arrangement between the two parties is governed by a contractual agreement requiring the unanimous consent of the parties involved when relevant activities are undertaken.

The company has an investment in and a loan to the jointly controlled entity as shown in note 8 and note 10 respectively. These assets are recoverable based on management judgement associated with their expectation that the project will be developed once an offer to connect to the electricity transmission system is received and that Silicon Aurora will be appropriately capitalised to fund its strategic objectives.

Note 3. Restatement of comparatives

Statement of profit or loss and other comprehensive income

When there is a restatement of comparatives, it is mandatory to provide a statement of profit or loss and other comprehensive income for the year ended 30 June 2023. However, as there were no adjustments made, the Company has elected not to show the statement of profit or loss and other comprehensive income.

Statement of financial position at the beginning of the earliest comparative period

When there is a restatement of comparatives, it is mandatory to provide a third statement of financial position at the beginning of the earliest comparative period, being 1 July 2022. However, as there were no adjustments made as at 1 July 2022, the Company has elected not to show the 1 July 2022 statement of financial position.

Note 4. Other income

	30 June 2024	30 June 2023
	\$	\$
Gain on sale of plant and equipment	6,982	-
Interest received	29,826	29,290
Other income	4,905	86,096
	<u>41,713</u>	<u>115,386</u>

Note 5. Other expenses

	30 June 2024	30 June 2023
	\$	\$
Directors fees	100,000	160,132
Marketing	135,562	129,639
Other expenses	320,641	239,229
	<u>556,203</u>	<u>529,000</u>

Note 6. Income tax expense

	30 June 2024 \$	30 June 2023 \$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(2,505,500)	(1,831,251)
Tax at the statutory tax rate of 25%	(626,375)	(457,813)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	(41,270)	(21,794)
Share of loss - SiliconAurora Joint Venture	85,643	93,872
Non-deductible expenses	196	658
	(581,806)	(385,077)
Current year tax losses not recognised	524,096	464,873
Current year temporary differences not recognised	57,710	(79,796)
Income tax expense	-	-

	30 June 2024 \$	30 June 2023 \$
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	9,301,428	7,205,044
Potential tax benefit @ 25%	2,325,357	1,801,261

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

	30 June 2024 \$	30 June 2023 \$
<i>Deferred tax assets/liabilities not recognised</i>		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Right of use assets	(227,674)	(56,548)
Lease liabilities	213,697	56,839
Employee benefits	51,680	43,731
Provision for lease make good	17,500	-
Provision for remediation	8,500	8,500
Accrued expenses	45,250	2,792
Accrued income	-	(3)
Total deferred tax not recognised	108,953	55,311

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Note 7. Cash and cash equivalents

	30 June 2024 \$	30 June 2023 \$
<i>Current assets</i>		
Cash at bank	1,707,352	1,948,457

Note 7. Cash and cash equivalents (continued)

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 8. Trade and other receivables

	30 June 2024	30 June 2023
	\$	\$
<i>Current assets</i>		
Trade receivables	-	31,206
R & D refundable tax offset	970,733	878,000
SiliconAurora sale proceeds receivable	1,500,000	1,500,000
SiliconAurora Pty Ltd loan	761,525	-
Other receivables	176,766	75,790
	<u>3,409,024</u>	<u>2,484,996</u>
<i>Non-current assets</i>		
SiliconAurora Pty Ltd loan	-	360,456
	<u>3,409,024</u>	<u>2,845,452</u>

SiliconAurora sale proceeds receivable

On 19 June 2022 the Company entered into an agreement for the sale of 50% of the shares in SiliconAurora Pty Ltd to a wholly owned subsidiary of Vast Solar Pty Ltd (Vast Solar). Part of the consideration for the sale is deferred until 30 days after SiliconAurora receives a written offer to connect to the transmission system from the relevant Network Service Provider under the rules of the National Electricity Market.

SiliconAurora Pty Ltd loan

The loan to SiliconAurora Pty Ltd is unsecured with a term of 36 months. No interest is charged on the loan balance.

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 9. Financial assets

	30 June 2024	30 June 2023
	\$	\$
<i>Current assets</i>		
Term deposit - 12 month maturity	<u>164,377</u>	<u>-</u>
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:		
Opening fair value	-	-
Additions	<u>164,377</u>	<u>-</u>
Closing fair value	<u>164,377</u>	<u>-</u>

Note 10. Joint venture investment

	30 June 2024	30 June 2023
	\$	\$
<i>Non-current assets</i>		
SiliconAurora Pty Ltd	<u>1,781,941</u>	<u>2,124,512</u>
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:		
Opening fair value	2,124,512	2,500,000
Share of loss	<u>(342,571)</u>	<u>(375,488)</u>
Closing fair value	<u>1,781,941</u>	<u>2,124,512</u>

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Company's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

On 19 June 2022 the Company entered into an agreement for the sale of 50% of the shares in SiliconAurora Pty Ltd to a wholly owned subsidiary of Vast Solar Pty Ltd (Vast).

Under the terms of the sale agreement the purchase price of \$2,500,000 was payable in two instalments. An initial \$1,000,000 was received upon completion and a further \$1,500,000 will be paid when SiliconAurora receives a written offer to connect to the transmission system from the relevant Network Service Provider under the rules of the National Electricity Market. The \$1,500,000 was still outstanding as at 30 June 2024 (note 8).

In addition to the sale agreement Vast and the Company have executed a Shareholders Agreement that will govern the ongoing operation of SiliconAurora and the development of the Aurora Energy Project.

Note 11. Right-of-use assets

	30 June 2024	30 June 2023
	\$	\$
<i>Non-current assets</i>		
Land and buildings - right-of-use	958,629	761,469
Less: Accumulated depreciation	<u>(47,932)</u>	<u>(535,277)</u>
	<u><u>910,697</u></u>	<u><u>226,192</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Daws Road	Watts Road	Total
	\$	\$	\$
Balance at 1 July 2022	414,705	-	414,705
Revaluation increments	45,162	-	45,162
Depreciation expense	<u>(233,675)</u>	<u>-</u>	<u>(233,675)</u>
Balance at 30 June 2023	226,192	-	226,192
Additions	-	958,629	958,629
Depreciation expense*	<u>(226,192)</u>	<u>(47,932)</u>	<u>(274,124)</u>
Balance at 30 June 2024	<u><u>-</u></u>	<u><u>910,697</u></u>	<u><u>910,697</u></u>

During the year the Company relocated its principal place of business to Western Plant, Door 1, 1 Watts Road, Tonsley, South Australia 5042. The lease expires on 31 March 2029, with a right to renew for an additional five years.

* The depreciation on the Right of Use asset has been capitalised into the intangible asset (note 14), not recognised as an expense in the statement of profit or loss and other comprehensive income.

Accounting policy for 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 the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company 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 expensed to profit or loss as incurred.

Note 12. Other

	30 June 2024	30 June 2023
	\$	\$
<i>Current assets</i>		
Prepayments	153,834	169,798
Other current assets	1,172	2,688
	<u>155,006</u>	<u>172,486</u>

Note 13. Property, plant and equipment

	30 June 2024	30 June 2023
	\$	\$
<i>Non-current assets</i>		
Plant and equipment - at cost	80,780	2,830
Less: Accumulated depreciation	(5,231)	(391)
	<u>75,549</u>	<u>2,439</u>
Fixtures and fittings - at cost	118,073	140,515
Less: Accumulated depreciation	(45,903)	(103,975)
	<u>72,170</u>	<u>36,540</u>
Office equipment - at cost	52,133	71,351
Less: Accumulated depreciation	(47,012)	(62,191)
	<u>5,121</u>	<u>9,160</u>
	<u>152,840</u>	<u>48,139</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Plant and equipment \$	Fixtures and fittings \$	Office equipment \$	Total \$
Balance at 1 July 2022	-	51,228	9,732	60,960
Additions	2,830	-	6,885	9,715
Depreciation expense	(391)	(14,689)	(7,456)	(22,536)
Balance at 30 June 2023	2,439	36,539	9,161	48,139
Additions	77,950	59,909	1,750	139,609
Write off of assets*	-	(16,586)	(551)	(17,137)
Depreciation expense	(4,840)	(7,693)	(5,238)	(17,771)
Balance at 30 June 2024	<u>75,549</u>	<u>72,169</u>	<u>5,122</u>	<u>152,840</u>

* During the year the company relocated business premises. The write off of assets are fixtures and fitting and office equipment that were disposed of during the relocation.

Accounting policy for property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Note 13. Property, plant and equipment (continued)

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3-7 years
Fixtures and fittings	3-10 years
Office equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 14. Intangibles

	30 June 2024	30 June 2023
	\$	\$
<i>Non-current assets</i>		
SiBox demonstration model	14,868,132	-
Government grants, tax offsets and Woodside funding applied	(14,125,833)	-
Less: Accumulated amortisation	(18,507)	-
	<u>723,792</u>	<u>-</u>
Product development - intellectual property	536,991	13,162,457
Government grants and R & D refundable tax offsets applied	-	(9,150,388)
Woodside funding applied	(150,000)	(1,650,000)
	<u>386,991</u>	<u>2,362,069</u>
	<u><u>1,110,783</u></u>	<u><u>2,362,069</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Product Development	SiBox demonstration model	Total
	\$	\$	\$
Balance at 1 July 2022	1,822,904	-	1,822,904
Additions	3,144,292	-	3,144,292
Government grants applied	(847,000)	-	(847,000)
R & D tax offset applied	(1,158,127)	-	(1,158,127)
Woodside funding applied	(600,000)	-	(600,000)
Balance at 30 June 2023	2,362,069	-	2,362,069
Additions	2,242,667	-	2,242,667
Government grants applied	(865,121)	-	(865,121)
R & D tax offset applied	(1,560,325)	-	(1,560,325)
Woodside funding applied	(1,050,000)	-	(1,050,000)
Transfers in/(out)	(742,299)	742,299	-
Amortisation expense	-	(18,507)	(18,507)
Balance at 30 June 2024	<u><u>386,991</u></u>	<u><u>723,792</u></u>	<u><u>1,110,783</u></u>

Note 14. Intangibles (continued)

Intellectual property consists of TESS (thermal energy storage system) development of bulk energy storage solutions and SiPHyR (SiBrick integrated Pyrolytic Hydrogen Reactor) development. The government grants relate to accelerating the commercialisation of the Company's intellectual property.

The intangible assets are tested for impairment annually.

The recoverable amount of the Company's Product Development intangible asset has been determined by a value-in-use calculation using a discounted cash flow model, based on an 7 year projection period approved by management.

The following key assumptions were used in the discounted cash flow model:

- 16.7% pre-tax discount rate;
- No revenue earned until 2025;
- Major project deliverable in 2025 and 2026

The discount rate of 16.7% pre-tax reflects management's estimate of the time value of money and the Company's weighted average cost of capital, the risk free rate and the volatility of the share price relative to market movements.

Management believes the revenue presented in the model is justified, based on the potential indicated in the market.

There were no other key assumptions.

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Company is able to use or sell the asset; the Company has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

SiBox demonstration model

On 28 March 2024 the company successfully completed a 12 month testing phase of the SiBox Demonstration Module. The project is now ready for commercialisation and the demonstration model has been recognised as a separate class of intangible asset on the statement of financial position.

Note 15. Trade and other payables

	30 June 2024	30 June 2023
	\$	\$
<i>Current liabilities</i>		
Trade payables	491,505	382,575
Other payables and accruals	269,262	102,971
	<u>760,767</u>	<u>485,546</u>

Refer to note 23 for further information on financial instruments.

Accounting policy for trade and other payables

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

Note 16. Lease liabilities

	30 June 2024	30 June 2023
	\$	\$
<i>Current liabilities</i>		
Lease liability	150,039	227,357
<i>Non-current liabilities</i>		
Lease liability	704,747	-
	<u>854,786</u>	<u>227,357</u>

Refer to note 23 for further information on financial instruments.

Total interest incurred on the lease liability for the year was \$40,529 (2023: \$17,041).

Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially 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 readily determined, the Company'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 or loss if the carrying amount of the right-of-use asset is fully written down.

Note 17. Employee benefits

	30 June 2024	30 June 2023
	\$	\$
<i>Current liabilities</i>		
Annual leave	101,765	86,731
Long service leave	50,912	38,098
	<u>152,677</u>	<u>124,829</u>
<i>Non-current liabilities</i>		
Long service leave	23,498	21,457
	<u>176,175</u>	<u>146,286</u>

Accounting policy for employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 17. Employee benefits (continued)

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 18. Provisions

	30 June 2024 \$	30 June 2023 \$
<i>Current liabilities</i>		
Provision for Gas-TESS decommissioning	34,000	34,000
<i>Non-current liabilities</i>		
Lease make good	70,000	-
	<u>104,000</u>	<u>34,000</u>

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Gas-TESS Decommissioning Provision \$	Lease make good \$
30 June 2024		
Carrying amount at the start of the year	34,000	-
Additional provisions recognised	-	70,000
Carrying amount at the end of the year	<u>34,000</u>	<u>70,000</u>

Gas-TESS Decommissioning Provision

The provision for decommissioning the GAS-TESS (Glenelg Project) site is an estimate of the costs to demolish and reinstate the site.

Accounting policy for provisions

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of a past event, it is probable the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 19. Contributed equity

	30 June 2024 Shares	30 June 2023 Shares	30 June 2024 \$	30 June 2023 \$
Ordinary shares - fully paid	<u>238,168,521</u>	<u>205,485,458</u>	<u>34,334,940</u>	<u>33,002,185</u>

Note 19. Contributed equity (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2022	201,985,458		32,656,879
Placement of shares	17 March 2023	3,000,000	\$0.1000	300,000
Conversion of performance rights	12 April 2023	500,000	\$0.1370	68,500
Transaction costs		-	\$0.0000	(23,194)
Balance	30 June 2023	205,485,458		33,002,185
Issue of shares	21 August 2023	32,683,063	\$0.0450	1,470,739
Transaction costs		-	\$0.0000	(137,984)
Balance	30 June 2024	<u>238,168,521</u>		<u>34,334,940</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

The Company would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Company is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Company's debt and capital includes ordinary shares capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market.

The capital risk management policy remains unchanged from the 30 June 2023 Annual Report.

Accounting policy for issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 20. Reserves

	30 June 2024	30 June 2023
	\$	\$
Share-based payments reserve	<u>2,639</u>	<u>167,720</u>

Note 20. Reserves (continued)

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Share based payments reserve - ESS \$	Share based payments reserve - Call Option \$	Total \$
Balance at 1 July 2022	155,803	167,592	323,395
Performance rights valuation recognised	15,681	-	15,681
Performance rights lapsed	(102,856)	-	(102,856)
Conversion of Performance Rights to Ordinary Shares	(68,500)	-	(68,500)
Balance at 30 June 2023	128	167,592	167,720
Employee Share Scheme - Performance Rights Valuation	3,946	-	3,946
Employee Share Scheme - Performance Rights Lapsed	(1,435)	-	(1,435)
Options lapsed	-	(167,592)	(167,592)
Balance at 30 June 2024	<u>2,639</u>	<u>-</u>	<u>2,639</u>

Share-based payments reserve - ESS

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration.

Share-based payments reserve - Call Option

As part of the sale agreement of SiliconAurora Pty Ltd entities associated with the owners of Vast Solar were granted Call Options with a strike price of \$0.16 per share. The call options were valued at \$167,592 and a share based payment was recognised in the year ended 30 June 2021, reducing the profit on the sale of the shares in SiliconAurora Pty Ltd. The options lapsed during the year ended 30 June 2024.

Note 21. Accumulated losses

	30 June 2024 \$	30 June 2023 \$
Accumulated losses at the beginning of the financial year	(24,335,787)	(22,504,536)
Loss after income tax expense for the year	<u>(2,505,500)</u>	<u>(1,831,251)</u>
Accumulated losses at the end of the financial year	<u><u>(26,841,287)</u></u>	<u><u>(24,335,787)</u></u>

Note 22. Dividends

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

Note 23. Financial instruments

Financial risk management objectives

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

Note 23. Financial instruments (continued)

Financial assets	30 June 2024	30 June 2023
	\$	\$
Financial assets at amortised cost:		
Cash and cash equivalents	1,707,352	1,948,567
Trade and other receivables - SiliconAurora Sales Proceeds	1,500,000	1,500,000
Trade and other receivables - R&D tax refund	487,966	878,000
Trade and other receivables - other	177,938	106,996
Total financial assets	3,873,256	4,433,563
Financial liabilities		
Trade and other payables	760,763	446,993
Lease liabilities	921,873	227,357
Total financial liabilities	1,682,636	674,350

General objectives, policies and processes

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods to measure them from previous periods unless otherwise stated in this note.

Market risk

The Company's activities have no material exposure to financial risks of changes in interest rates. The Company analyses its risk by considering sensitivity on its interest rate exposures and determining the potential impact on its effected expenses and revenue of movements in these rates. If the potential variance is material then management may seek to minimise this exposure but it does not consider this to be the case at this time.

Foreign currency risk

The Company undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the Company's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	\$	\$	\$	\$
US dollars	131	131	-	-
Euros	249	542	-	-
	380	673	-	-

The Company had net assets denominated in foreign currencies of \$380 as at 30 June 2024 (2023: \$673).

The actual foreign exchange loss for the year ended 30 June 2024 was \$1,610 (2023: loss of \$5,014).

Interest rate risk

At 30 June 2024 investment in Cash, Fixed Interest and Floating Interest rate deposits amounted to \$1,707,351. A +/-1% change in interest rates during the year ended 30 June 2024 will result in a +/- change in net interest income of \$17,074.

Note 23. Financial instruments (continued)

At 30 June 2023 investment in Cash, Fixed Interest and Floating Interest rate deposits amounted to \$1,948,457. A +/-1% change in interest rates during the year ended 30 June 2023 will result in a +/- change in net interest income of \$19,485.

Management have considered that both a positive and negative 1% variance is sufficient to illustrate the potential variations in interest income.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Company, except for the Australian Taxation Office which is the counter party to the R & D Offset shown in note 8 and Vast Solar Pty Ltd which is our Joint Venture partner following their purchase of 50% of the shares in SiliconAurora Pty Ltd. Trade receivables represent the maximum exposure to credit risk, credit quality is considered good.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Directors manage liquidity risk by monitoring forecast cashflows and ensuring that the Company's operations are adequate to meet liabilities due.

Financial liability and financial asset maturity analysis

30 June 2024	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Total \$
<i>Financial liabilities due for settlement</i>					
Trade and other payables	(760,763)	-	-	-	(760,763)
Lease liabilities	(145,671)	(169,078)	(607,124)	-	(921,873)
<i>Financial assets - cash flows realisable</i>					
Cash at bank	1,707,352	-	-	-	1,707,352
Term deposits	-	164,377	-	-	164,377
Trade and other receivables	2,165,904	-	-	-	2,165,904
Other loans	64,075	296,381	401,069	-	761,525
Total non-derivatives	3,030,897	291,680	(206,055)	-	3,116,522

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 24. Key management personnel disclosures

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Company is set out below:

	30 June 2024 \$	30 June 2023 \$
Short-term employee benefits	307,437	356,986
Post-employment benefits	21,267	18,249
	<u>328,704</u>	<u>375,235</u>

Note 25. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the Company:

	30 June 2024	30 June 2023
	\$	\$
<i>Audit services - BDO Audit Pty Ltd</i>		
Audit or review of the financial statements	53,000	33,500

Note 26. Contingent liabilities

As at 30 June 2024 those charged with governance of the Company note that there are no known contingent liabilities (2023: nil).

Note 27. Commitments

Aurora Energy Project

On 15 June 2022 the Company and a wholly owned subsidiary of Vast Solar Pty Ltd (Vast) entered into a Shareholder Agreement (SA) with for the 50/50 incorporated Joint Venture of SiliconAurora Pty Ltd (SiliconAurora). The SA governs the ongoing operation of SiliconAurora and the development of the Aurora Energy Project (Aurora).

The SA includes an agreement to complete all development activities required to get to Stage 1 of Aurora (a 140 MW 1-2 hour Battery Energy Storage System or BESS) to a position of readiness for a Final Investment Decision (FID). Under the terms of the agreement, Vast and the Company will each contribute 50% of the development costs associated with the Stage 1 Development. At 30 June 2024 the Joint Venture partners had contributed \$1,521,999 in total (2023: \$719,863). Total budget for the Stage 1 development costs up until FID is estimated to be approximately \$1.8million.

Note 28. Related party transactions

Joint ventures

Interests in joint ventures are set out in note 29.

Key management personnel

Disclosures relating to key management personnel are set out in note 24 and the remuneration report included in the Directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	30 June 2024	30 June 2023
	\$	\$
Payment for other expenses:		
Other expenses paid on behalf of joint venture	62,394	296,381
Other expenses paid to key management personnel	-	23,350

A related party of the Executive Chairman is an employee and shareholder of the Company. Their employment arrangements are set by an employment contract as agreed by the board.

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	30 June 2024	30 June 2023
	\$	\$
Current receivables:		
Trade receivables from joint venture	11,326	-

Note 28. Related party transactions (continued)

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	30 June 2024	30 June 2023
	\$	\$
Current receivables:		
Loan to joint venture	761,526	360,456

The loan to the joint venture is interest-free and unsecured.

Note 29. Interests in joint ventures

Interests in joint ventures are accounted for using the equity method of accounting. Information relating to joint ventures that are material to the Company are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 June 2024	30 June 2023
		%	%
SiliconAurora Pty Ltd	Australia	50.00%	50.00%

Note 30. Events after the reporting period

On 16 August 2024 the Company announced a Share Purchase Plan (SPP) to issue up to 16,666,667 ordinary fully paid shares. Under the SPP eligible shareholders will be invited to subscribe for up to \$30,000 of new fully paid ordinary shares at an issue price of \$0.06 per share. The SPP closed on 18 September 2024 raising \$1,076,640 (excluding costs) from the issue of 17,944,075 shares.

On 16 September 2024 the Company secured institutional investment of up to \$4,700,000. The Company will receive an initial \$1,300,000 under a Share Subscription Agreement and has an additional \$3,400,000 funding available over the next 12 months under a Monthly Purchase Agreement.

On 27 September 2024 the company issued 20,000,000 ordinary full paid shares at \$0.078 per share under the Share Subscription Agreement that was announced on 16 September 2024.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Note 31. Reconciliation of loss after income tax to net cash used in operating activities

	30 June 2024	30 June 2023
	\$	\$
Loss after income tax expense for the year	(2,505,500)	(1,831,251)
Adjustments for:		
Depreciation and amortisation	35,242	30,200
Write off of property, plant and equipment	17,137	-
Share of loss - joint ventures	342,571	375,488
Share-based payments	(165,081)	(87,175)
Provision for Gas-TESS decommissioning (Glenelg project)	-	(466,000)
Other	20,700	6,382
Change in operating assets and liabilities:		
Increase in trade and other receivables	(162,503)	(56,006)
Decrease/(increase) in other operating assets	17,480	(35,463)
Increase in trade and other payables	275,221	40,554
Increase in employee benefits	29,889	12,471
Net cash used in operating activities	<u>(2,094,844)</u>	<u>(2,010,800)</u>

Note 32. Earnings per share

	30 June 2024	30 June 2023
	\$	\$
Loss after income tax attributable to the owners of 1414 Degrees Ltd	<u>(2,505,500)</u>	<u>(1,831,251)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>233,614,324</u>	<u>201,291,280</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>233,614,324</u>	<u>201,291,280</u>
	Cents	Cents
Basic earnings per share	(1.07)	(0.91)
Diluted earnings per share	(1.07)	(0.91)

Accounting policy for earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of 1414 Degrees Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. The potential ordinary shares are considered to be anti-dilutive as it is unlikely that they will be issued.

Note 33. Share-based payments

No shares were issued to employees of the Company in this financial year as part of the Company's Performance Right's plan (2023: 500,000).

Note 33. Share-based payments (continued)

During the year no shares were issued to key management personnel as part of the Company's Performance Rights Plan (2023: Nil), During the year no shares were issued to key management personnel as part of compensation (2023: Nil).

A Performance Rights Plan was established by the Company in the 2019 financial year, whereby the Company may, at the discretion of the board, grant Performance Rights over ordinary shares in the Company to certain employees of the Company. The performance rights are issued for nil consideration and vest in accordance with performance guidelines established by the board.

Set out below are summaries of performance rights outstanding at the end of the financial year:

30 June 2024

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
25/05/2023	25/05/2024	\$0.0000	855,000	-	-	(855,000)	-
25/05/2023	25/05/2025	\$0.0000	1,210,000	-	-	(100,000)	1,110,000
25/05/2023	25/05/2026	\$0.0000	2,400,000	-	-	(200,000)	2,200,000
10/11/2023	30/06/2024	\$0.0000	-	3,200,000	-	(3,200,000)	-
10/11/2023	31/12/2024	\$0.0000	-	3,200,000	-	-	3,200,000
10/11/2023	31/12/2025	\$0.0000	-	3,200,000	-	-	3,200,000
			4,465,000	9,600,000	-	(4,355,000)	9,710,000

- The fair value of the performance rights that expired on 25 May 2024 was \$2,025 (\$0.00167 per performance right).
- The fair value of the performance rights expiring on 25 May 2025 is \$128 (\$0.00018 per performance right).
- The fair value of the performance rights expiring on 25 May 2026 is \$24 (\$0.00003 per performance right).
- The fair value of the performance rights that expired on 30 June 2024 was \$1,487 (\$0.00050 per performance right).
- The fair value of the performance rights expiring on 31 December 2024 is \$2,025 (\$0.00079 per performance right).
- The fair value of the performance rights expiring on 31 December 2025 is \$4,780 (\$0.00213 per performance right).

30 June 2023

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
02/04/2019	15/01/2023	\$0.0000	500,000	-	(250,000)	(250,000)	-
23/07/2020	15/01/2023	\$0.0000	1,000,000	-	(250,000)	(750,000)	-
09/04/2021	15/01/2023	\$0.0000	50,000	-	-	(50,000)	-
09/04/2023	15/01/2023	\$0.0000	500,000	-	-	(500,000)	-
06/06/2022	15/06/2023	\$0.0000	200,000	-	-	(200,000)	-
25/05/2023	25/05/2024	\$0.0000	-	855,000	-	-	855,000
25/05/2023	25/05/2025	\$0.0000	-	1,210,000	-	-	1,210,000
25/05/2023	25/08/2026	\$0.0000	-	2,400,000	-	-	2,400,000
			2,250,000	4,465,000	(500,000)	(1,750,000)	4,465,000

There are no performance rights exercisable at the end of the financial year.

The weighted average exercise price during the financial year was \$0 (2023: \$0).

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 1.2 years (2023: 2.3 years).

Accounting policy for share-based payments

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

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

Note 33. Share-based payments (continued)

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

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

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

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

If the non-vesting condition is within the control of the Company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Company or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

1414 Degrees Ltd
Consolidated entity disclosure statement
As at 30 June 2024

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
1414 Degrees Limited	Body corporate	Australia	100.00%	Australia
SiliconAurora Pty Ltd	Body corporate	Australia	50.00%	Australia
Aurora Finco Pty Ltd	Body corporate	Australia	50.00%	Australia

This consolidated entity disclosure statement (CEDS) has been prepared in accordance with the Corporations Act 2001 and includes information for each entity that was part of the public company as at the end of the financial year.

1414 Degrees Ltd
Directors' declaration
30 June 2024

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

On behalf of the Directors



Kevin Moriarty
Executive Chairman

30 September 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 1414 DEGREES LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of 1414 Degrees Limited (the Company), which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of 1414 Degrees Limited, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. 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.

Intangible Assets – Sibox Demonstration Model and Product Development

Key audit matter	How the matter was addressed in our audit
The carrying value of the Sibox Demonstration Model and Product Development intangible assets as set out in note 14 is a key audit matter due to: - The significance of the total balance. - The level of audit procedures undertaken to evaluate management's application of the recognition criteria for internally generated intangible assets required by AASB 138 Intangible Assets. - The level of judgment applied by management and inherent subjectivity in their assessment of the potential impairment of the assets and compliance with the requirements of AASB 136 Impairment of Assets.	Our audit procedures included, but were not limited to: - Assessing the composition of development costs and the capitalisation criteria against the requirements of AASB 138 – Intangible Assets. - Agreeing a sample of additions to supporting documentation, and ensuring the amounts were appropriately capitalised. - Obtaining an understanding of the key processes and controls associated with the allocation of costs to the product development category. - Considering and evaluating assumptions contained within management's impairment assessment and assessing the discount rate applied. - Performing a sensitivity analysis on the key financial assumptions of the forecasted cash flows and discount rate in the model and considering the likelihood of such movements in these key assumptions.

Joint Venture Investment and Loan to Joint Venture Entity – Judgement regarding carrying value

Key audit matter	How the matter was addressed in our audit
The carrying value of the Joint Venture Investment asset and the Loan receivable from the joint venture entity (SiliconAurora Pty Ltd) as set out in notes 8 and 10 respectively is a key audit matter due to: - The significance of the total balances. - The level of judgment applied by management and inherent subjectivity in their assessment of impairment indicators and the consequential impact on the carrying value of these assets as disclosed in note 2.	Our audit procedures included, but were not limited to: - Checking the accuracy of the reconciliation of each balance including examining the underlying transactions associated with each balance. - Consideration of the assumptions made by management in their assessment of the value of each asset and whether they are reasonable given the underlying contracts. - Considering the publicised information about the Joint Venture Entity according to the other partner to the joint venture and considering that partners ability to continue to contribute funding and management services to the joint venture project.

Key audit matter	How the matter was addressed in our audit
The level of audit procedures undertaken to evaluate management's judgement involved in determining whether the carrying value of these assets exceed their recoverable value.	Comparing the internally produced information about management's judgements to independently sourced information about the project being undertaken by the joint venture entity.

Other information

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2024, 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
- the consolidated entity disclosure statement that is true and correct in accordance with 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; and
- the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has 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 (<http://www.auasb.gov.au/Home.aspx>) at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_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 6 to 11 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of 1414 Degrees Limited, for the year ended 30 June 2024, 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

A stylized, handwritten signature of the BDO firm in blue ink.

BDO Audit Pty Ltd

A handwritten signature of Paul Gosnold in blue ink.

Paul Gosnold
Director

Adelaide, 30 September 2024

1414 Degrees Limited
Shareholder Information
30 June 2024

The shareholder information set out below was applicable as at 27 September 2024

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares Number of holders	% of total shares issued
1 to 1,000	67	0.01
1,001 to 5,000	559	0.63
5,001 to 10,000	796	2.18
10,001 to 100,000	1,530	18.49
100,001 and over	402	78.69
	3,354	100.00
Holding less than the minimum \$500.00 parcel (at \$0.07 per share)	1,045	1.57%

Equity security holders

Twenty largest quoted equity security holders:

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares Number held	% of total shares issued
CITICORP NOMINEES PTY LIMITED	22,346,543	8.09
FOCEM PTY LTD <TOWARNIE SUPER FUND A/C>	15,937,916	5.77
AMMJOHN PTY LTD	6,466,039	2.34
MR JOHN HENRY MOSS + MRS WENDY ELIZABETH MOSS <MOSS RETIREMENT A/C>	5,249,188	1.90
MEWTWO GLOBAL INVESTMENTS	4,333,333	1.57
MR HAROLD TOMBLIN + MRS JUDITH JOHNSTON <HAROLD TOMBLIN S/F A/C>	4,106,976	1.49
RANAT INVESTMENTS PTY LTD <MARANANGA A/C>	3,500,000	1.27
JA & JK INVESTMENTS PTY LTD <JJ INVESTMENT A/C>	3,100,130	1.12
BNP PARIBAS NOMS PTY LTD	3,031,196	1.10
BLAKFORD PTY LIMITED	3,000,000	1.09
MR IAN ROSS BURDON + MS CATHERINE LOUISE TAYLOR <IAN BURDON S/F A/C>	3,000,000	1.09
MR BRENTON MARK MADDEN	2,831,606	1.03
MARHFEL PTY LTD <HUNTLEY A/C>	2,809,570	1.02
MR JOHN LANGLEY HANCOCK	2,778,333	1.01
MRS SUSAN JACQUELINE JOHNSON <LATENT HEAT HOLDINGS A/C>	2,657,448	0.96
RJK SHEPHERD SUPER PTY LTD <RJK SHEPHERD & ASSOC SF A/C>	2,399,741	0.87
MR IAN ROSS BURDON + MS CATHERINE LOUISE TAYLOR	2,250,000	0.81
LHO LA PTY LTD <ACME FOUNDATION A/C>	2,137,309	0.77
BENGER SUPERANNUATION PTY LIMITED <BENGER SUPER FUND A/C>	1,900,000	0.69
R & C SWANN PTY LTD <R & C SWANN SUPER FUND A/C>	1,750,000	0.63
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)	95,585,328	34.62
Total Remaining Holders Balance	180,527,268	65.38

1414 Degrees Limited
Shareholder Information
30 June 2023

Unquoted equity securities

35,683,063 Options over Ordinary Shares held by 661 holders.

9,710,000 Performance Rights over Ordinary Shares held by 11 holders.

Substantial holders (based on last substantial holder notice)

Shareholders	Shares	% Interest
Robert John Keith Shepherd as trustee for RJK Shepherd & Assoc SF, John Henry Moss and Wendy Elizabeth Moss (Moss Retirement Account) and Ammjohn Pty Ltd	15,740,443	6.61%
Dr Kevin Moriarty	16,237,916	6.82%

Voting rights

Unquoted equity securities have no voting rights. The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Restricted Securities

No restricted securities were on issue at 27 September 2024.

There are no other classes of equity securities.

For personal use only

1414 Degrees Ltd
ABN 57 138 803 620

Western Plant, Door 1
1 Watts Road, Tonsley
South Australia, 5042

E info@1414degrees.com.au
T +61 8 8357 8273
W 1414degrees.com.au

