

1 October 2024
By eLodgement

Correction to International Graphite Ltd Annual Report

The Annual Report published on 30 September 2024 included the following material administrative typesetting errors.

On page 30, Leave Expenses Accrued were incorrectly labelled Profit Share and Bonuses and on page 37 Total Expenses are \$3,997,100 not \$997,100 and Operating Loss is \$3,930,813 not \$930,813.

International Graphite Ltd has corrected this information in the Annual Report attached to this announcement, and the version published on the Company's website. The printed copies to be distributed to shareholders will also contain the correct information.

This announcement has been authorised by Robert Hodby, Company Secretary.

FOR MORE INFORMATION CONTACT:

| | |
|---|--|
| Market Inquiries Robert Hodby CFO/Company Secretary M +61 407 770 183 | Media Inquiries Marie Howarth Marketing & Communications M +61 412 111 962 |
|---|--|

For personal use only

ANNUAL REPORT 2024

**FOR THE YEAR ENDED
30 JUNE 2024**
ACN 624 579 326



 INTERNATIONAL
GRAPHITE

(ASX:IG6)

For personal use only

YEAR HIGHLIGHTS

JULY 2023

First testwork begins on Springdale graphite

AUGUST 2023

Four new graphite deposits identified at Springdale

SEPTEMBER 2023

240% increase in mineral resource estimate

OCTOBER 2023

Installation begins on Collie qualification plant

NOVEMBER 2023

Springdale named Resource Discovery of the Year

JANUARY 2024

Integrated mine-to-market scoping study released

FEBRUARY 2024

Micronising qualification plant commissioned

MARCH 2024

Battery test results from Springdale concentrate

APRIL 2024

Western Australian Premier awards \$6.5M for commercial micronising / Placement and SPP raises \$3.4M

MAY 2024

Next phase of drilling starts at Springdale

JUNE 2024

Trade mission to the US

SEPTEMBER 2024

Collie Facility achieves QA accreditation / Australian Prime Minister tours Collie plant / Spectacular Mason Bay assay results

For personal use only



Figure 1: Waving the flag for Australian critical minerals (l-r) Managing Director and CEO Andrew Worland, Prime Minister Anthony Albanese, Chairman Phil Hearse and Minister for Climate Change and Energy Chris Bowen at the IG6 Collie Processing and R&D Facility, September 2024

CORPORATE DIRECTORY

BOARD OF DIRECTORS

| | |
|----------------|---------------------------|
| Philip Hearse | Non-Executive Chairman |
| Andrew Worland | Managing Director and CEO |
| David Pass | Technical Director |
| Matthew O’Kane | Non-Executive Director |

COMPANY SECRETARY

Robert Hodby

PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

Level 1, 333 Charles Street
North Perth, WA 6006

Telephone: +61 9380 9277

Email: info@internationalgraphite.com.au

Website: www.internationalgraphite.com.au

SHARE REGISTRY

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

AUDITORS

Armada Audit & Assurance Pty Ltd
18 Sangiorgio Court
Osborne Park, WA 6017

SECURITIES EXCHANGE

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

For personal use only

CONTENTS

| | |
|--|-----------|
| YEAR HIGHLIGHTS | 2 |
| CORPORATE DIRECTORY | 4 |
| MESSAGE FROM THE CHAIRMAN | 6 |
| OPERATIONS REVIEW | 8 |
| SPRINGDALE GRAPHITE PROJECT | 10 |
| COLLIE GRAPHITE PROCESSING AND R&D FACILITY | 14 |
| SPRINGDALE-COLLIE INTEGRATED MINE TO MARKET SCOPING STUDY | 16 |
| CORPORATE AND FINANCE | 18 |
| COMMUNITY AND SUSTAINABILITY | 20 |
| DIRECTORS' REPORT AND FINANCIAL STATEMENTS | 22 |

For personal use only



Figure 2: Chairman Phil Hearse

MESSAGE FROM THE CHAIRMAN

DURING THE PAST YEAR, INTERNATIONAL GRAPHITE HAS FORGED AHEAD WITH DEVELOPMENT ACTIVITIES AT SPRINGDALE AND CONTINUED TO GROW THE COLLIE OPERATIONS TO SUPPORT OUR SPRINGDALE-COLLIE INTEGRATED MINE TO MARKET STRATEGY.

We are gaining unprecedented experience in Australia in the operation of downstream graphite processing facilities. The expansion of our Collie Graphite R&D facilities during the financial year, to include the qualification scale micronising facility, positions our Company at the forefront of graphite process development. We are investing significant resources to build our internal processing capability.

The Company has continued to receive great support from the Western Australian and Australian Governments, with the WA Government awarding a further grant of \$6.5 million to assist our plans to develop a commercial scale micronising business in Collie and to undertake research and development and process testwork feasibility studies for our Springdale-Collie mine to market strategy.

At the same time, governments in the US and Europe are providing massive incentives for companies with resources and knowledge, such as International Graphite, to build critical minerals supply chains. This is a deliberate strategy to break the strangle-hold that China, through its subsidised industry, holds on the world's critical minerals marketplace.

However, it has been a tough year for junior miners and critical minerals companies on the ASX. It is like living in two parallel universes, with unprecedented action and enthusiasm from Western governments to control their critical mineral supply sources, while domestic market conditions have been extraordinarily challenging here in Australia.

Market valuations currently bely the opportunity in front of companies such as International Graphite and do not reflect the extraordinary, continued demand growth in lithium-ion batteries and the support of governments in the key markets of the US, Europe and Australia.

Global sales of electric vehicles – the primary use of the lithium-ion battery and therefore the graphite anode – have continued their staggering growth with some 14 million units sold in 2023, a 35% increase on 2022.

The International Energy Association is forecasting approximately 45 million to 60 million new electric vehicles will be sold globally by 2030 and approximately 50 million to 75 million by 2035.

Our task over the next twelve months is to grow the Company valuation, implement the commercial scale Collie Micronising Facility, advance the Springdale Graphite Project and Collie Battery Anode Facility through feasibility and permitting, and put in place the framework to finance the development of our mine-to-market strategy so we can leverage this massive demand.

I would like to thank our loyal shareholders for their persistence through these times, my fellow directors for their diligence and support, and extend the board's gratitude to the management team, led by Andrew Worland, for its commitment.

I have worked in the mining industry for 50 years and seen many cycles. Despite the current tough equity market conditions the primary demand drivers for graphite are very positive and your board and management team are incredibly optimistic and determined to build an outstanding, and globally significant, graphite company.



Phil Hearse
Chairman



OPERATIONS REVIEW

INTERNATIONAL GRAPHITE CONTINUES TO RAPIDLY ADVANCE AS WESTERN AUSTRALIA'S FIRST FULLY INTEGRATED MINE-TO-MARKET PRODUCER OF GRAPHITE BATTERY ANODE MATERIAL (BAM) TO MEET GLOBAL DEMAND FOR HIGH PERFORMANCE LITHIUM-ION BATTERIES.



Figure 3: International Graphite project locations

The Company owns 100% of the Springdale Graphite Project, near Hopetoun in Western Australia. It has established a pilot scale graphite micronising and spheroidising plant, R&D facility and customer qualification scale micronising plant, in the industrial centre of Collie, 200km south of Perth. This is the first stage in the Company's plans to establish comprehensive downstream graphite processing and BAM facilities.

During the 2023-2024 financial year, the Company spent \$2.4 million on exploration and evaluation at Springdale and \$1.4 million on midstream process development, including graphite processing equipment. The Company reported an operating loss for the 2023-24 financial year of \$4,017,468 (2023: \$2,533,229) after providing for income tax.

SPRINGDALE GRAPHITE PROJECT

MINERAL RESOURCE ESTIMATE

The Springdale Graphite Project was named Australian Resource Discovery of the Year in the prestigious 20th annual Prospect Awards, after a 240% increase in the mineral resource estimate was reported in September 2023¹.

The JORC 2012 compliant mineral resource estimate was prepared by independent consultancies OMNI GeoX Pty Ltd and Trepanier Pty Ltd and took into account drilling undertaken before International Graphite acquired the project.

This included 32 diamond holes and 129 RC / AC holes for 9,533 metres. Combined drilling to date, included in the mineral resource estimate, totals 44 diamond drill holes and 390 RC / AC holes for 30,107 metres at an average depth of 69 metres per hole.

The Indicated and Inferred mineral resource is shown in Table 1 below. Figures are rounded to one decimal place.

Table 1: Springdale JORC 2012 Mineral Resource estimate

| | | 2% TGC cut-off | | | 5% TGC cut-off | | |
|---------------------------|--------------|----------------|-----------------|-------------------------|----------------|-----------------|-------------------------|
| | | Tonnes (Mt) | Graphite (TGC%) | Contained Graphite (Mt) | Tonnes (Mt) | Graphite (TGC%) | Contained Graphite (Mt) |
| Springdale Central | Indicated | 8.8 | 7.6 | 0.7 | 5.9 | 9.6 | 0. |
| | Inferred | 36.2 | 6.1 | 2.2 | 19.0 | 8.6 | 1.6 |
| | Total | 45.0 | 6.4 | 2.9 | 24.9 | 8.8 | 2.2 |
| Mason Bay | Indicated | 2.7 | 7.1 | 0.2 | 2.0 | 8.3 | 0.2 |
| | Inferred | 1.5 | 6.0 | 0.1 | 1.1 | 6.9 | 0.1 |
| | Total | 4.3 | 6.7 | 0.3 | 3.1 | 7.8 | 0.3 |
| Total | Indicated | 11.5 | 7.5 | 0.9 | 7.9 | 9.3 | 0.7 |
| | Inferred | 37.7 | 6.1 | 2.3 | 20.1 | 8.5 | 1.7 |
| | Total | 49.3 | 6.5 | 3.2 | 28.0 | 8.7 | 2.4 |

¹ ASX Announcement 12 September 2023

2023-2024 DRILLING

Drilling at Springdale re-commenced in May 2024, with a ten-hole PQ diamond drilling program completed at the Mason Bay and Springdale Central deposits.

The program focussed on geotechnical drilling to inform mine planning and permitting, and to provide metallurgical data for concentrator plant process design.

Spectacular assay results were received from the Mason Bay deposit and announced after year end².

² ASX Announcement 18 September 2024

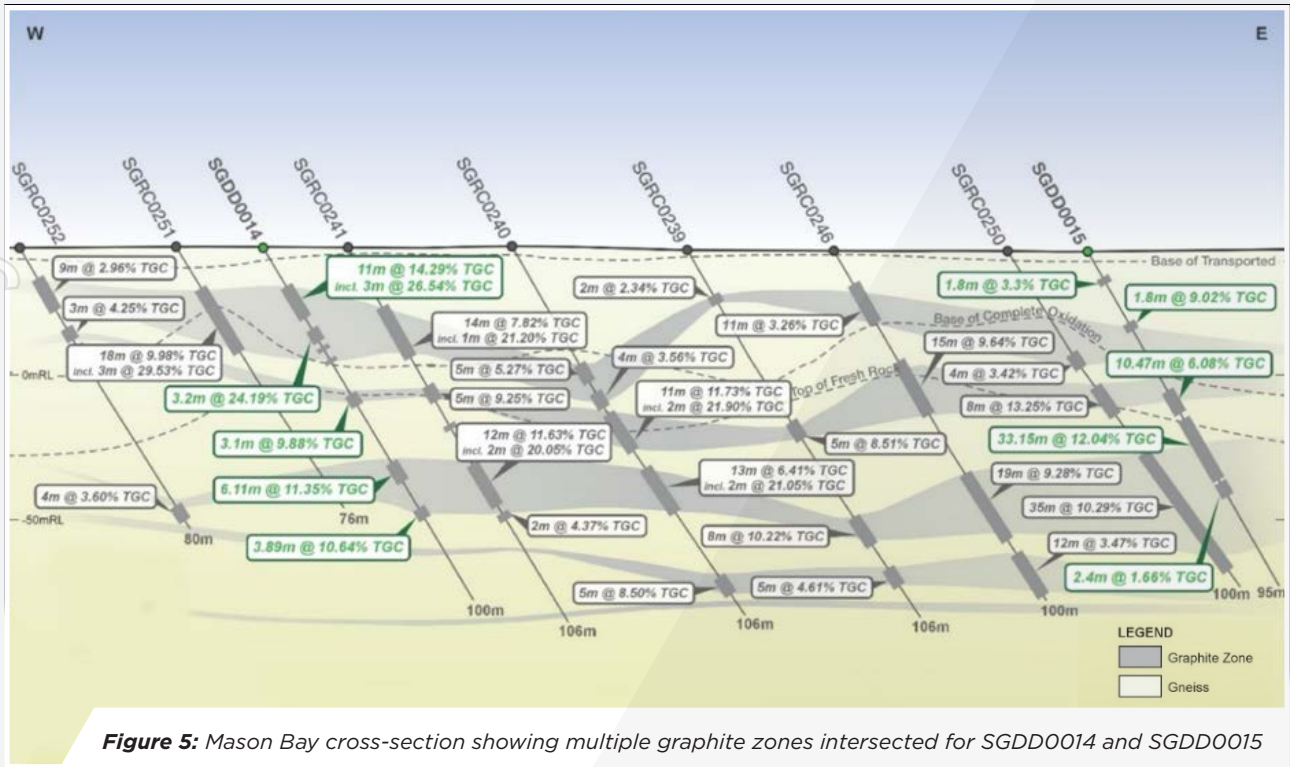
³ Rounded to 1 decimal point

Stand out graphite intercepts³, shown in Figure 5, included:

- **11.0m @ 14.3%** Total Graphitic Carbon (TGC) from 10.4m downhole, including **1.0m @ 21.3%** TGC from 13.0m and **3.1m @ 26.5%** TGC from 16.0m downhole (SGDD0014)
- **3.6m @ 22.1%** TGC from 23.0m downhole, including **3.2m @ 24.2%** TGC from 23.4m downhole (SGDD0014)
- **3.1m @ 9.9%** TGC from 41.6m downhole (SGDD0014)
- **6.11m @ 11.4%** TGC from 60.9m downhole (SGDD0014)
- **3.9m @ 10.6%** TGC from 72.8m downhole (SGDD0014)
- **10.5m @ 6.1%** TGC from 13.1m downhole (SGDD0015)
- **33.2m @ 12.0%** TGC from 36.5m downhole (SGDD0015)
- **6.7m @ 6.1%** TGC from 65.0m downhole (SGDD0016)

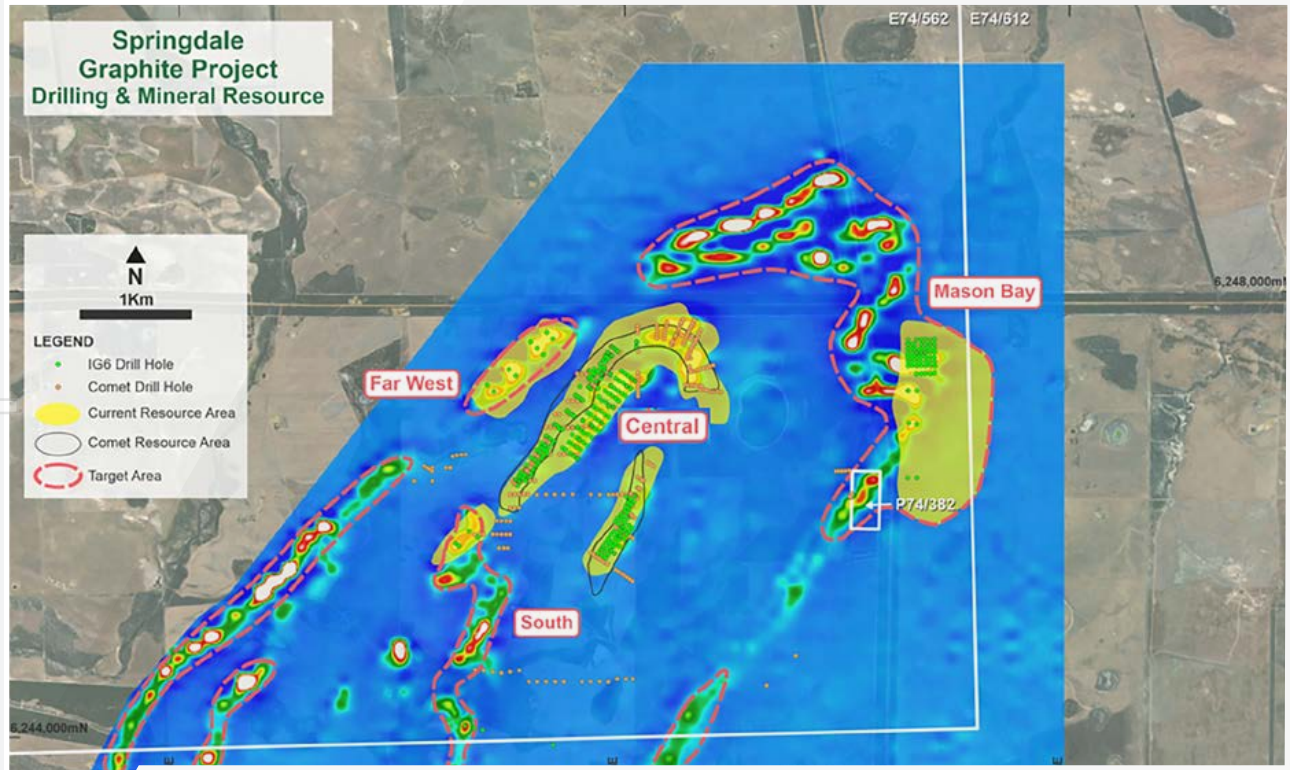


Figure 4: Drilling at the Springdale Graphite Project



Drilling of a further six diamond holes at Springdale Central has been completed with assay results pending.

The Springdale resource has extensive scope for expansion. To date, only 25 per cent of the original targets identified by airborne electromagnetic survey (AEM) have been drilled.



METALLURGY

A bulk concentrate flotation run has been completed using 1.5 tonnes of Springdale drill samples⁴ to produce more than 100kg of graphite concentrate.

A graphite concentrate micronising, spheroidising and purification test program was initiated in Germany by industry specialists ProGraphite GmbH. Electrochemical testwork was also conducted in Germany, under ProGraphite's supervision, by a specialist graphite battery testing group.

Testwork findings, released in March 2024, showed that purification of micronised and spheroidised concentrates from Springdale exceeded the purity requirements for major lithium-ion battery manufacturers. The optimised processing conditions, using a chemical non-hydrofluoric acid (HF) method, achieved results ranging from 99.96% loss on ignition (LOI) to 99.97% LOI. Electrochemical tests were conducted on an uncoated purified sample of Springdale graphite concentrate and showed exceptional battery charging and discharging capacity.

These results are being used to inform the optimisation of micronisation, spheroidisation and purification process design and flowsheet development for the Company's planned BAM facilities. Additional testwork is underway.



Figure 7: Technical Director David Pass inspects the testing

⁴ ASX Announcement 13 July 2023



Figure 8: Springdale landscape

PERMITTING

Environmental assessments have continued to support the lodgment of mine permitting applications at Springdale.

Flora and fauna reports, using data from seasonal surveys conducted in 2022-23, confirmed that the planned mine would have little impact on natural vegetation or wildlife. Additional studies are underway to support environmental approvals and permitting including hydrological and tailings storage assessments.

TENEMENTS

The Company has expanded its tenement holdings at Springdale with the granting of E74/809 to the north of the identified mineral resources. Total landholdings now cover approximately 460km².

Two mining lease applications - M74/251 and M74/252 - have been made incorporating the existing mineral resources.

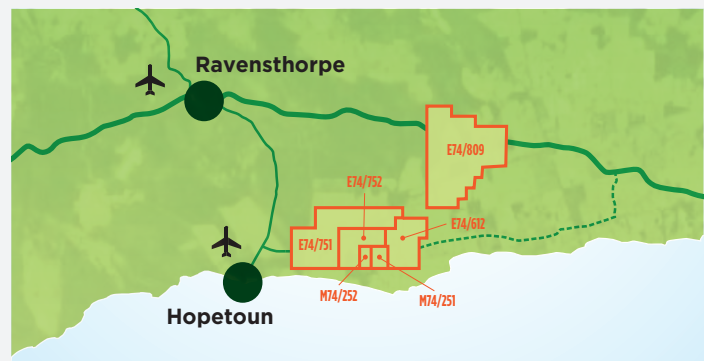


Figure 9: Springdale Graphite Project tenement locations

COLLIE GRAPHITE PROCESSING AND R&D FACILITY

The Company is operating pilot scale and qualification scale downstream processing facilities in Collie and is advancing plans for commercial scale micronising and BAM facilities that will process concentrates produced at Springdale.

The Collie operation was established in 2021, in the Collie light industrial area 200 kilometres south of Perth, and is the only facility of its kind in Australia. It was officially opened by former Western Australian Premier Mark McGowan on 25 November 2022. During the year, the site hosted visits from a number of dignitaries, including the current Western Australian Premier Roger Cook, WA Minister for Regional Development Don Punch, WA Minister for Energy, Environment and Climate Action Reece Whitby, and Chair of the Net Zero Economy Agency Greg Combet AM. Australian Prime Minister Anthony Albanese also visited, accompanied by the Minister for Climate Change and Energy Chris Bowen and Assistant Minister Josh Wilson.

The pilot scale micronising and spheroidising plant has been used to process graphite concentrates to produce products suitable for purification in the BAM process flowsheet.

In the current financial year, a qualification scale micronising plant was installed. The larger microniser, with a capacity of 200 tonnes per annum, is the first in the country to produce graphite products for customer acceptance testing. Micronised graphite, at purities of 95% and 99%, in particle sizes of 15, 25 and 45 microns, have been processed. By year end, sample products had been despatched.

Since commissioning the qualification plant earlier this year, 2,000 person hours have been successfully completed at Collie with no lost time incidents.

An ISO 9001:2015 audit has also been completed confirming that appropriate quality management systems are in place to support the operation. In September 2024, Collie achieved independent certification to International Quality Standard ISO9001:2015. The certification, issued by SGS Global, covers the processing, assaying and supply of graphite to agreed specifications⁵.



The qualification plant is the precursor to a commercial scale micronising operation with a nominal capacity of 4,000 tonnes per annum. The commercial plant is expected to be Australia's first purpose-built graphite processing facility and will significantly increase the nation's sovereign supply of critical battery minerals.

Micronised graphite is the first stage in producing active anode materials for lithium-ion batteries, and a critical conductive additive in battery cathodes. It is widely used in many defence, electronics, medical and industrial applications, including plastics, ceramics, refractory items, adhesives and lubricants.

As well as introducing the International Graphite brand to world markets, and informing future investment decisions, the qualification scale equipment is available for micronising testwork on graphite concentrates prepared from drill core material from Springdale. This will assist in the qualification of the Springdale graphite material. Additional spheroidising equipment may be added to the plant to progress the testwork program for battery anode material.

⁵ ASX Announcement 16 September 2024



Figure 10: Plant operations and equipment at Collie

SPRINGDALE-COLLIE INTEGRATED MINE TO MARKET SCOPING STUDY

The Company released the findings of the Springdale—Collie Integrated Mine to Market Scoping Study, in January 2024.

The study was a preliminary investigation to assess the technical and economic viability of developing a graphite mining and concentrate production operation at the Springdale Graphite Project (Springdale Scoping Study) and the transport of graphite concentrates from Springdale to Collie to be processed at the planned Collie BAM Facility, where it will be used to produce battery anode materials for the lithium-ion battery industry.

Table 2: Key metrics for the first 15 years of operation

| | Unit of measure | First 15 years of Operations |
|---|---|------------------------------|
| Springdale mining and ore processing capacity | Ktpa | 500.0 |
| Springdale capital cost estimate | A\$M | 75.7 |
| Indicated Mineral Resource mined and processed as a % of total Mineral Resource processed | % | 72.0 |
| Total tonnes mined | Mt | 53.2 |
| Ore mined (inc. low grade stockpiled) | Mt | 10.1 |
| Waste mined | Mt | 43.1 |
| Strip ratio | Waste: Ore | 4.3 |
| Total ore tonnes milled | Mt | 7.5 |
| Ore stockpiles available for processing | Mt | 2.6 |
| Average head grade processed | TGC % | 9.5 |
| Average annual concentrate production | Ktpa | 45.1 |
| All in sustaining cash operating cost estimate – delivered to Collie ⁷ | US\$/tonne concentrate A\$/tonne concentrate | 484.6 745.6 |

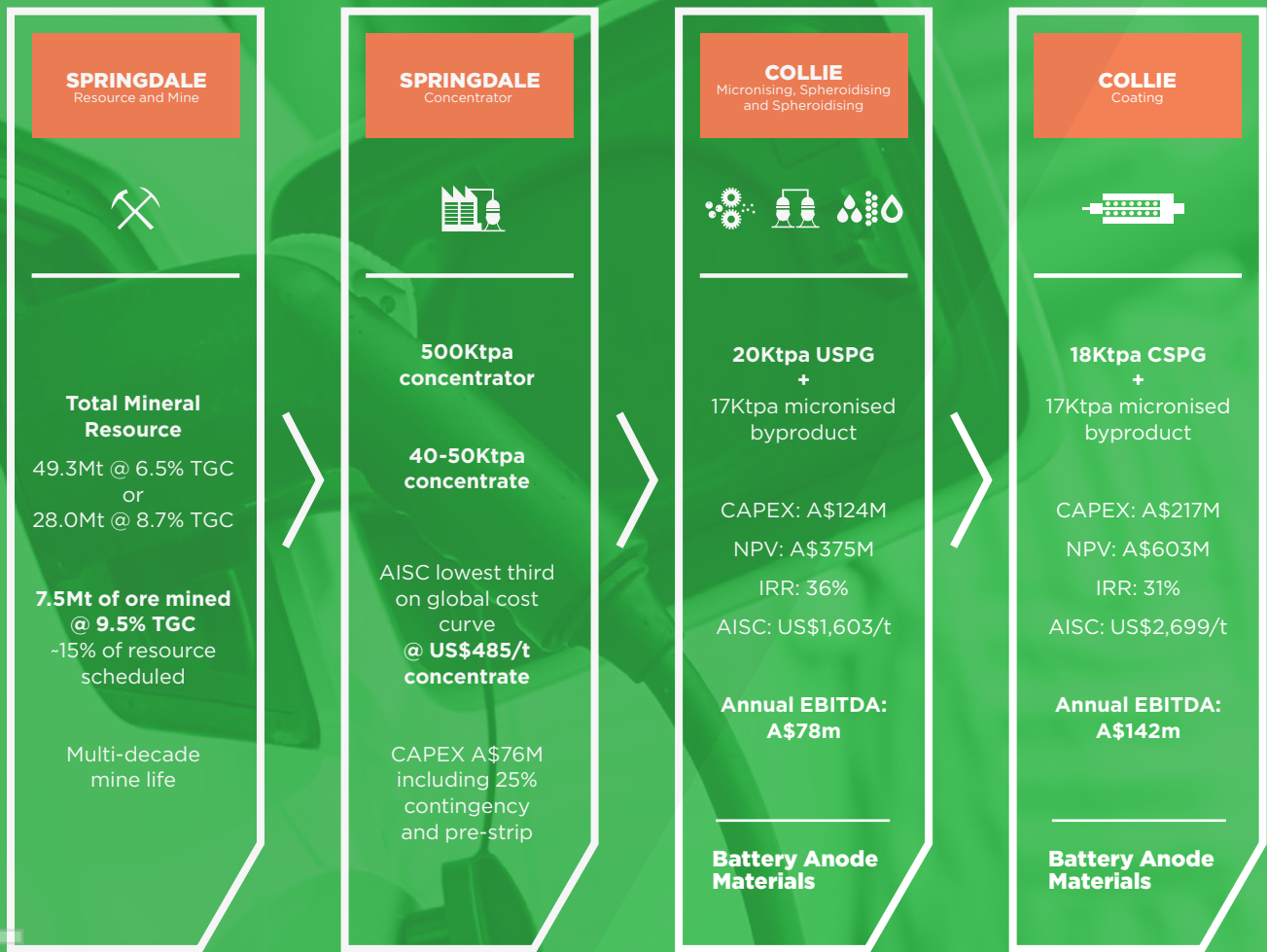
The Springdale–Collie Integrated Mine to Market Scoping Study⁶ positions the Company's integrated operations as a world leading development-stage graphite asset with:

- a globally competitive cost structure
- multi-decade operating life – approximately 15% of the existing Springdale Mineral Resource has been scheduled
- robust project economics with significant potential for expansion at both Springdale and Collie.

⁶ ASX Announcement 17 January 2024

⁷ All in sustaining cash operating cost estimate includes the cost of stockpiled ore which remains available for processing and generating sales revenue at the end of the modelled period

For personal use only



⁸ ASX Announcement 29 January 2024

Figure 11: Summary of the Springdale–Collie Integrated Mine to Market Scoping Study⁸

CORPORATE AND FINANCE

GOVERNMENT FUNDING

The Western Australian Government awarded International Graphite a further \$6.5 million in April 2024. Funds will be used to advance the commercial scale micronising facility in Collie, progress the design of downstream battery anode facilities and undertake mine to market battery anode feasibility work for processing of graphite concentrate feed from Springdale. The Company is currently negotiating a funding agreement for the drawdown of the funds.

The latest grant, from the Collie Industrial Transition Fund, was announced in Collie by Western Australian Premier Roger Cook. It brings the total contribution from the State's Collie Just Transition Program to \$8.5 million and the total value of grant funding from Australian governments to \$13.2 million.

Funding for the Company's activities at Springdale and Collie were assisted during the financial year by allocations from the \$4.7 million grant, received from the Critical Minerals Development Program of the Federal Department of Industry, Science and Resources in May 2023, and the \$2.0 million award from the WA Government's Collie Futures Industry Development Fund, announced in September 2021.

Australian Prime Minister Anthony Albanese toured International Graphite's Collie facility, in September 2024, to see first-hand the contribution the Company is making to the development of Australia's critical minerals industry.

The Prime Minister was accompanied by Federal Minister for Climate Change and Energy Chris Bowen, and Assistant Minister Josh Wilson. They were joined by Western Australia's Minister for Energy, Environment and Climate Change, Reece Whitby, the Member for Collie-Preston Jodie Hanns MLA, and WA Government representatives.



Figure 12: WA Premier Roger Cook announces the \$6.5 million grant at Collie

MARKET TRENDS

Opportunities for Australian graphite accelerated during the year as allied nations stepped up their efforts to find new graphite sources to dilute China's supply monopoly.

China dominates the graphite industry, producing almost 90% of the world's processed graphite supply and 98% of the graphite used in electric vehicles. Its unexpected decision to restrict graphite exports to western nations has turned the geo-political spotlight to graphite.

The history-making US Inflation Reduction Act is designed to grow US domestic manufacturing capability and supply chain resilience. Access to graphite is critical to its success but the US has very few graphite resources of its own. The solution rests with the import of quality graphite from trusted allies like Australia.



Figure 13: Managing Director Andrew Worland and Chairman Phil Hearse in Washington

In December 2023, the US Congress designated Australia as a “domestic source” under the US Defense Production Act, allowing the US to provide grants for Australian critical minerals producers. This opens the US doors for emerging suppliers like International Graphite.

The Australian Government followed suit, earmarking \$8 billion in the May 2024 Budget to boost sovereign critical mineral production. Similar policies now exist in the UK, Europe and other allied nations.

SUCCESSFUL \$3.4M CAPITAL RAISING

The Company successfully raised \$3.0 million (before costs) in April 2024 by issuing 24 million new shares to sophisticated and professional investors at an issue price of \$0.125 per new share. A Share Purchase Plan raised a further approximately \$0.4 million⁹.

⁹ ASX Announcement 24 April 2024

INVESTOR RELATIONS

The executive team represented the Company at a range of targeted events during the year. This included speaking engagements at investor conferences in Perth, Collie, Busselton, London, Tokyo, Los Angeles, Washington and Singapore.

A highlight was International Graphite’s participation in an Australian trade delegation to the 10th annual SelectUSA Investment Summit, in Washington DC, in June, 2024.

Hosted by the US Department of Commerce, the summit is the US Government’s biggest investment showcase attracting economic development leaders from more than 55 states and territories.

The Company was represented by Chairman Phil Hearse and Managing Director Andrew Worland. Meetings were held with officers from the US Department of Energy, Department of Defense, Department of Commerce, EXIM Bank, Austrade, the US Embassy Critical Minerals Office, Senators, Members of Congress and their representatives.

Managing Director Andrew Worland participated in numerous interviews with investor media services.

The Australian Government featured International Graphite alongside the nation’s top critical minerals developments in the latest edition of the Australian Critical Minerals Prospectus. The prospectus outlines investment opportunities across the battery and critical minerals value chains. It was launched in Perth, in September 2024, by Minister for Trade and Tourism Don Farrell and Minister for Resources Madeleine King.

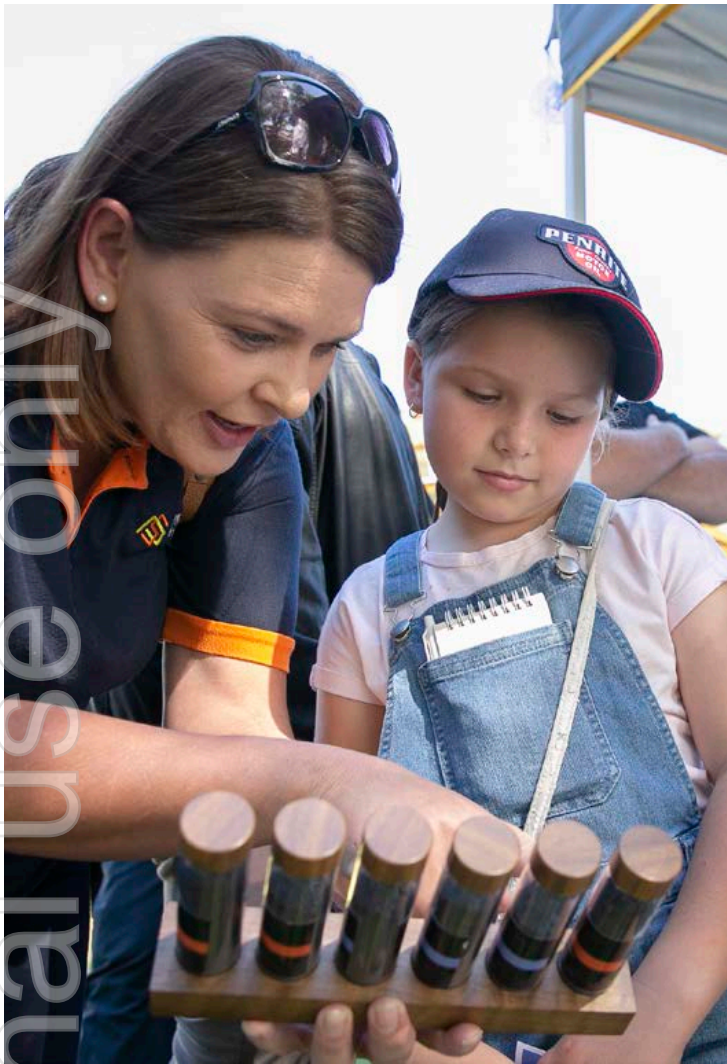


Figure 14: Roundup of community engagement activities at Collie and Hoptoun

For personal use only

COMMUNITY AND SUSTAINABILITY

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

ESG REPORTING

International Graphite has prepared a baseline assessment of its ESG readiness, using the World Economic Forum principles. A comprehensive reporting framework is currently being prepared.

COMMUNITY PARTICIPATION AND SOCIAL INVESTMENT

The Company is continuing to build positive relationships with stakeholders and to cement its place in the Springdale and Collie regional communities. A comprehensive Stakeholder Engagement and Community Relations Strategy is in place to strengthen and safeguard the Company's social license to operate.

Economic contribution

The Company has an active buy local policy to support the regional communities in which it operates. To date, more than 70 local small businesses have been employed in the construction, commissioning and operation of the Collie R&D Facility, and more than \$400,000 has been spent in the local community since 2022.

During the year, International Graphite was appointed to the Collie Chamber of Commerce and Industry management committee.

Collie Industry Expo

The inaugural Collie Just Transition Industry Expo, in April 2024, attracted a big crowd as community members explored the opportunities new businesses, like International Graphite, are bringing to the town. The event was organised by the Collie Transition Working Group, within the Western Australian Department of Premier and Cabinet.

Community engagement

International Graphite was proud to support a number of community activities and events during the year including:

- The inaugural Pink Ribbon Classic fundraiser for women's cancer research, organised by the Hopetoun Progress Association.
- Launch of the award-winning Einstein-First school science program in Collie schools, in partnership with the University of Western Australia.
- A family fun day to kick off the 2024 season at the Collie Eagles AFL Football Club.
- Support for Collie star player Brayden Dalton to play in the Australian Country Men's Hockey Championships.

DIRECTORS' REPORT

The Directors present their report on International Graphite Limited (the Company) for the financial year ended 30 June 2024 and the auditor's report thereon.

DIRECTORS

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

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

COMPANY SECRETARY

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

PRINCIPAL ACTIVITIES

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

REVIEW OF OPERATIONS

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

The operating loss of the Company for the financial year after providing for income tax amounted to \$4,017,468 (2023: \$2,533,229).

DIVIDENDS

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

CORPORATE AND SIGNIFICANT CHANGES IN AFFAIRS

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company will continue with its principal activities.

SAFETY AND ENVIRONMENT REGULATION

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

DIRECTORS' REPORT (continued)

Performance Rights

A total of 19,000,000 performance rights are on issue at the date of this report:

| Type | Number | Expiry date |
|---------|-----------|-------------|
| IIG6PRA | 4,500,000 | 29/12/2026 |
| IG6PRB | - | - |
| IG6PRC | 3,500,000 | 29/12/2026 |
| IG6PRD | 4,500,000 | 29/12/2026 |
| IG6PRE | 2,000,000 | 29/12/2026 |
| IG6PRF | 2,400,000 | 29/12/2026 |
| IG6PRG | 2,100,000 | 29/12/2026 |

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

The vesting terms of the performance rights can be found in Note 17.

Shares issued on the exercise of performance rights

One million shares were issued on the exercise of performance rights during or since the end of the financial year.

Share Options

A total of 18,250,000 share options are outstanding at the date of this report:

| Type | Number | Grant date | Expiry date | Exercise price | Fair value at grant date |
|-------|-----------|------------|-------------|----------------|--------------------------|
| OPT01 | 3,200,000 | 01/04/2022 | 01/04/2027 | \$0.30 | \$0.06609/option |
| OPT02 | 4,800,000 | 01/04/2022 | 01/04/2027 | \$0.40 | \$0.05108/option |
| OPT03 | 6,250,000 | 01/04/2022 | 01/04/2025 | \$0.30 | \$0.04389/option |
| OPT04 | 4,000,000 | 04/12/2023 | 30/04/2027 | \$0.40 | \$0.08900/option |

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

Shares issued on the exercise of Options

No shares were issued on the exercise of options during or since the end of the financial year.

Shares Options that expired/lapsed

No share options expired or lapsed during or since the end of the financial year.

DIRECTORS' REPORT (continued)

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

Phillip Hearse
MBA, BASc

Non-Executive Chairman

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

Phillip is owner and Managing Director of Battery Limits Pty Ltd, one of Australia's leading graphite metallurgy and process engineering firms that has assisted many listed public companies develop bankable feasibility studies for graphite mines and concentrators and generated significant downstream processing intellectual property and end use market knowledge.

Phillip holds a Master of Business Administration from UK's Hull University and a Bachelor of Applied Science in Primary Metallurgy from the University of South Australia and is a Fellow of the Australasian Institute of Mining and Metallurgy.

The Board considers that Phillip is not an independent Director.

| | | |
|------------------------|-----------------|-------------------------|
| Interest in securities | Ordinary Shares | 19,175,702 ¹ |
| | Options | 2,400,000 |

Directorships held in other listed entities During the past three years, Phil has not been a director of any other ASX listed companies.

Andrew Worland
BCom, FGIA

Managing Director / CEO

Andrew is a mining executive and experienced ASX/TSX Director with over two decades of experience working in senior finance, corporate and project management and marketing roles in the Western Australian mining sector.

Andrew has held the positions of Chairman, CEO and Company Secretary of several listed and unlisted companies. His commodity experience includes exploration, development and operations in lead, zinc, nickel, cobalt, gold, iron ore, molybdenum, copper and uranium.

Andrew has a Bachelor of Commerce with a major in Finance and Marketing from the University of Western Australia and is a qualified chartered company secretary.

The Board considers that Andrew is not an independent Director.

| | | |
|------------------------|--------------------|------------------------|
| Interest in securities | Ordinary Shares | 3,060,000 ² |
| | Options | 2,000,000 |
| | Performance Rights | 5,000,000 |

Directorships held in other listed entities During the past three years, Andrew has been a director of the following ASX listed companies:

Besra Gold Inc - resigned 13 December 2022

¹ Comprising:

- (a) 12,737,326 Shares held by JUAD Pty Ltd ATF Hayes Hearse Superannuation Fund (an entity controlled by Phillip Hearse);
- (b) 2,096,208 Shares held directly by Phillip Hearse;
- (c) 2,082,168 Shares held by Robyn Hearse (spouse of Phillip Hearse); and
- (d) 1,460,000 Shares held by Battery Limits Pty Ltd (an entity controlled by Phillip Hearse and his spouse).
- (e) 800,000 Shares held by JUAD Pty Ltd.

² Comprising:

- (a) 2,780,000 Shares held directly by Andrew Worland; and
- (b) 280,000 Shares held by Badlands Super Pty Ltd (an entity controlled by Andrew Worland).

DIRECTORS' REPORT (continued)

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

David Pass
BSc

Technical Director

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

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

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

The Board considers that David is not an independent Director.

| | | |
|------------------------|--------------------|------------------------|
| Interest in securities | Ordinary Shares | 3,245,000 ³ |
| | Options | 1,200,000 |
| | Performance Rights | 4,800,000 |

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

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

Non-Executive Director

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

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

The Board considers that Matthew is not an independent Director.

| | | |
|------------------------|--------------------|------------------------|
| Interest in securities | Ordinary Shares | 160,000 ⁴ |
| | Options | 1,200,000 ⁵ |
| | Performance Rights | 2,700,000 |

Directorships held in other listed entities During the past three years, Matthew has been a director of the following ASX listed companies:

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

³ Comprising:
(a) 3,120,000 Shares held directly by David Pass.
(b) 125,000 Shares held by Maria Theresa Pass (David Pass' spouse).

⁴ Comprising:
(a) 30,000 Shares held directly by Matthew O'Kane.
(b) 130,000 Shares held by Sung Life Enterprises Pty Ltd Ltd (an entity controlled by Matthew O'Kane and his spouse).

⁵ Comprising:
1,200,000 Options held by Ming Jung Cha (spouse of Matthew O'Kane).

DIRECTORS' REPORT (continued)

Robert Hodby
BCom, CPA, AGIA

Company Secretary

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

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

Meetings of Directors and Committees

During the financial year four meetings of Directors were held. Attendance by each Director during the year is stated in the following table.

| | Number Eligible to Attend | Number Attended |
|----------------|---------------------------|-----------------|
| Philip Hearse | 4 | 4 |
| Andrew Worland | 4 | 4 |
| David Pass | 4 | 4 |
| Matthew O'Kane | 4 | 4 |

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

Refer page 22 for dates of appointment and resignation.

Indemnification of Directors and Auditors

The Company has given an indemnity, or entered into an agreement to indemnify, or paid or agreed to pay, insurance premiums – except as may be prohibited by the *Corporations Act 2001* – a Director or Officer of the Company shall be indemnified out of the property of the Company against any liability incurred by him/her in their capacity as Director or officer of the Company, or any related corporation, in respect of any act or omission whatsoever and howsoever occurring, or in defending any proceedings, whether civil or criminal.

Non-Audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year as disclosed in Note 4 is compatible with the general standard of independence for auditors. The Directors are satisfied that non-audit services did not compromise the external auditor's independence for the following reasons: all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and the nature of the services provided do not compromise the general principles relating to auditor independence under all relevant independence rules.

Auditor's Independence Declaration

Section 307C of the *Corporations Act 2001* requires our auditors, Armada Audit and Assurance Pty Ltd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 36 and forms part of this Directors' Report for the year ended 30 June 2024.

DIRECTORS' REPORT (continued)

Remuneration Report (Audited)

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

Key Management Personnel (KMP)

KMP have authority and responsibility for planning, directing and controlling the activities of the Company.

KMP comprise the Directors of the Company and key executive personnel:

| KMP | Position | Tenure During the Year |
|----------------|-------------------------|------------------------|
| Andrew Worland | Managing Director / CEO | Full Financial Year |
| David Pass | Technical Director | Full Financial Year |
| Robert Hodby | CFO / Company Secretary | Full Financial Year |

| <i>Non-executive Directors</i> | Position | Tenure During the Year |
|--------------------------------|------------------------|------------------------|
| Philip Hearse | Non-Executive Chairman | Full Financial Year |
| Matthew O'Kane | Non-executive Director | Full Financial Year |

Remuneration Policy

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

Managing Director and Other KMP

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

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

Managing Director / CEO Executive Services Agreement

The Company has entered into an executive services agreement with Andrew Worland.

Mr Worland received a cash salary of \$300,000 per annum plus superannuation.

The agreement may be terminated by the Company with six months notice, or in the case of a material breach or misconduct immediately, or by Mr Worland with three months' notice, or immediately should there be a change of control in the Company.

DIRECTORS' REPORT (continued)

Remuneration Report (continued)

David Pass

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

Robert Hodby

Mr Hodby received a cash salary of \$180,000 per annum plus superannuation for 80% of full time equivalent workload.

The agreement may be terminated by the Company with six months notice, or in the case of a material breach or misconduct immediately, or by Mr Hodby with three months' notice, or immediately should there be a change of control in the Company.

Non-Executive Chairman & Consulting Agreement

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

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

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

Fixed Remuneration

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

Following a review of KMP fixed remuneration against a bracket of peer companies, it was resolved, effective 1 July 2024, that the Managing Director / CEO and the CFO fixed remuneration will be increasing to \$390,000 inclusive of superannuation and \$260,000 inclusive of superannuation respectively. The Chairman's fee is increased to \$120,000 per annum and the non-executive directors' fees have been set at \$72,000 per annum.

DIRECTORS' REPORT (continued)

Short-term Incentives (STI)

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

Long-term Incentives (LTI)

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

Non-Executive Directors

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

Total fees payable to all non-executive directors, excluding amounts for special exertion, or the reimbursement of reasonable business expenditures, must not exceed \$300,000 per annum, in accordance with the approval provided by shareholders on 30 November 2022.

Incentive Option Plan

KMP are entitled to participate in the Company's Performance Rights and Options Plan which is designed to give each option holder an interest in preserving and maximising shareholder value. Such grants are determined by an informal assessment of an individual's performance, level of responsibilities and the importance of his/her position and contribution to the Company. The vesting of the securities is determined at the Board's discretion. Incentive options issued during the year are detailed in Note 17 of the financial statements.

Relationship between Remuneration of KMP and Earnings

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

Relationship between Remuneration of KMP and Shareholder Wealth

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

DIRECTORS' REPORT (continued)

Remuneration Report (continued)

Statutory performance indicators

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

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

| 2024 | | | | | | | | | |
|----------------|-----------------------------|--------------------------------|-----------------------------|--------------------------|--------------------|-------------------------------------|---------------|------------------|-------------------------------|
| KMP | Short-Term Benefits | | | Post-Employment Benefits | Long-Term Benefits | Equity-Settled Share-Based Payments | | | |
| | Salary Fees and Leave \$ | Profit Share and Bonuses \$ | Leave Expense Accrued \$ | Super-annuation \$ | Other \$ | Performance Rights* \$ | Options \$ | Total \$ | Equity as a % of remuneration |
| Philip Hearse | 98,520 | - | - | - | - | - | - | 98,520 | - |
| Andrew Worland | 302,292 | - | 28,751 | 25,208 | - | 187,145 | - | 543,396 | 36% |
| David Pass | 48,000 | - | - | - | - | 120,339 | - | 168,339 | 71% |
| Robert Hodby | 180,000 | - | 24,142 | 19,800 | - | 80,176 | - | 304,118 | 29% |
| Matthew O'Kane | 48,000 | - | - | - | - | 83,447 | - | 131,447 | 63% |
| | 676,812 | - | 52,893 | 45,008 | - | 471,107 | - | 1,245,820 | 39% |

* Relates to performance rights approved by shareholders at the AGM on 24 November 2023.

DIRECTORS' REPORT (continued)

Remuneration Report (continued)

| 2023 | | | | | | | | |
|-----------------|--------------------------|-----------------------------|--------------------------|--------------------|-------------------------------------|------------|------------------|-------------------------------|
| KMP | Short-Term Benefits | | Post-Employment Benefits | Long-Term Benefits | Equity-Settled Share-Based Payments | | | |
| | Salary Fees and Leave \$ | Profit Share and Bonuses \$ | Super-annuation \$ | Other \$ | Performance Rights \$ | Options \$ | Total \$ | Equity as a % of remuneration |
| Philip Hearse | 192,097 | - | - | - | - | - | 192,097 | - |
| Andrew Worland | 174,000 | - | 13,750 | - | 386,382 | - | 574,132 | 67% |
| David Pass* | 48,000 | - | - | - | 34,009 | - | 82,009 | 41% |
| Robert Hodby | 116,000 | - | 6,300 | - | - | - | 122,300 | - |
| Matthew O'Kane* | 48,000 | - | - | - | 33,541 | - | 81,541 | 41% |
| | 578,097 | - | 20,050 | - | 453,932 | - | 1,052,079 | 58% |

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

KMP Equity Holdings

| Fully Paid Ordinary Shares of the Company Held by Each KMP | | | | | |
|--|---|----------------------------------|---|--------------------------------------|---|
| 2024 | | | | | |
| KMP | Balance at start of year (or appointment) No. | Purchased/(sold) during year No. | Received on the exercise of options No. | Share based payment ⁶ No. | Balance at end of year (or resignation) No. |
| Philip Hearse | 17,340,364 | 1,835,338 | - | - | 19,175,702 |
| Andrew Worland | 1,940,000 | 120,000 | - | 1,000,000 | 3,060,000 |
| David Pass | 3,165,000 | 80,000 | - | - | 3,245,000 |
| Robert Hodby | 100,000 | 160,000 | - | - | 260,000 |
| Matthew O'Kane | - | 160,000 | - | - | 160,000 |
| | 22,545,364 | 2,355,338 | - | 1,000,000 | 25,900,702 |

⁶ Refer to Note 17(b)(i)

DIRECTORS' REPORT (continued)

Remuneration Report (continued)

Performance Rights in the Company Held by Each KMP 2024

| KMP | Balance at start of year (or appointment) No. | Granted during the year ⁷ No. | Vested and exercised No. | Forfeited No. | Balance at end of year (or resignation) No. |
|----------------|---|--|--------------------------|---------------|---|
| Philip Hearse | - | - | - | - | - |
| Andrew Worland | 6,000,000 | | (1,000,000) | - | 5,000,000 |
| David Pass | 1,200,000 | 3,600,000 | - | - | 4,800,000 |
| Robert Hodby | - | 3,500,000 | - | - | 3,500,000 |
| Matthew O'Kane | 1,200,000 | 1,500,000 | - | - | 2,700,000 |
| | 8,400,000 | 8,600,000 | (1,000,000) | - | 16,000,000 |

⁷ All performance rights issued during the year were approved by resolution at the AGM on 30 November 2022 and issued on 29 December 2022.

Terms and conditions of share-based payment arrangements - Performance Rights

The vesting terms of the performance rights are as below:

- Class A Incentive Performance Rights (3,500,000):** exercisable upon the completion by the Company of a definitive feasibility study to a AACE Class 3 standard for the Springdale Graphite Project.
- Class C Incentive Performance Rights (3,500,000):** exercisable upon the completion by the Company of a definitive agreement with an end user for the offtake of purified spherical graphite / battery anode material, or the provision of technology to facilitate the completion of coating of purified spherical graphite at the Company's Collie facilities to the Board's satisfaction, acting reasonably.
- Class D Incentive Performance Rights (3,500,000):** exercisable upon the completion by the Company of a definitive standard feasibility study to a AACE Class 3 standard for commercial scale battery anode materials production facilities at Collie.
- Class E Incentive Performance Rights (2,000,000):** exercisable upon the Company achieving a daily weighted average ASX share price exceeding \$1.00 per share for 20 consecutive days.
- Class F Incentive Performance Rights (2,400,000):** exercisable upon the Company achieving daily weighted average ASX share price exceeding \$1.00 per share for 20 consecutive days.
- Class G Incentive Performance Rights (1,100,000):** exercisable upon the Collie Graphite Micronising Facility achieving the production of 150t of finished product per month for three consecutive months within six months of the completion of dry commissioning.

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

DIRECTORS' REPORT (continued)

Remuneration Report (continued)

The class distribution of the 16,000,000 performance rights to KMP is as below:

| | |
|------------------|--|
| Andrew Worland | 1,000,000 each of Class A, C and D Performance Rights and 2,000,000 Class E Performance Rights |
| David Pass - | 1,000,000 each of Class A, C and D Performance Rights, 1,200,000 Class F Performance Rights and 600,000 Class G Performance Rights |
| Robert Hodby - | 1,000,000 each of Class A, C and D Performance Rights and 500,000 Class G Performance Rights |
| Matthew O'Kane - | 500,000 each of Class A, C and D Performance Rights and 1,200,000 Class F Performance Rights |

Options in the Company Held by Each KMP 2024

| KMP | Balance at start of year (or appointment) No. | Granted during the year No. | Vested and exercised No. | Forfeited No. | Balance at end of year (or resignation) No. |
|----------------|---|-----------------------------|--------------------------|---------------|---|
| Philip Hearsé | 2,400,000 | - | - | - | 2,400,000 |
| Andrew Worland | 2,000,000 | - | - | - | 2,000,000 |
| David Pass | 1,200,000 | - | - | - | 1,200,000 |
| Robert Hodby | 1,200,000 | - | - | - | 1,200,000 |
| Matthew O'Kane | 1,200,000 | - | - | - | 1,200,000 |
| | 8,000,000 | - | - | - | 8,000,000 |

Terms and conditions of share-based payment arrangements

Options issued in financial year ended 30 June 2022

The terms and conditions for each grant of options affecting remuneration in the current or a future reporting period are as follows:

| Number | Grant date and vesting date | Expiry date | Exercise price | Value per option at grant date | Total value at grant date | % vested and exercised |
|-----------|-----------------------------|--------------|----------------|--------------------------------|---------------------------|------------------------|
| 3,200,000 | 1 April 2022 | 1 April 2027 | \$0.30 | \$0.06609 | 211,488 | 100% |
| 4,800,000 | 1 April 2022 | 1 April 2027 | \$0.40 | \$0.05108 | 245,184 | 100% |

DIRECTORS' REPORT (continued)

Remuneration Report (continued)

Other Equity-Related KMP Transactions

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

Loans to KMP and/or Their Related Parties

There are no loans made to/from Directors of Company and/or their related parties as at 30 June 2024 (2023: nil).

Other Transactions with KMP and/or Their Related Parties

International Graphite and Battery Limits Pty Ltd (an entity controlled by Mr Hearse) (Battery Limits) entered into a Professional Services Agreement in February 2022. The agreement is valid for three years. Mr Pass is CEO of Battery Limits. Battery Limits provides mining project development services including but not limited to coordinating and managing exploration, geological, mining, metallurgical investigations, permitting, engineering, process design, feasibility studies and graphite marketing investigations and studies (Graphite Mine and Concentrate Production Services) and all technical studies associated with the development, construction and operation of graphite concentrate downstream processing facilities. Fees charged under the Agreement are based on hourly rates that compare favourably to what the Company would otherwise incur with an unrelated party performing the same services.

Battery Limits earned fees for the 2024 and 2023 financial years amounting to \$945,136 and \$1,086,572 respectively (each ex-GST). Battery Limits invoices the Company monthly and invoices include timesheets for Battery Limits staff and contractors that are engaged on Company work. Time spent on Company matters by Mr Pass that exceed monthly directors fees of \$4,000 are charged through Battery Limits. Battery Limits charged the Company approximately \$159,000 for time incurred by Mr Pass on Company activities during the financial year. Over the financial year Battery Limits charged the Company services for five individuals amounting to approximately 2.5 full time equivalent staff.

In addition to the above services, the Company occupies an office space at a commercial premises leased by Battery Limits. In the 2024 and 2023 financial years, the Company paid Battery Limits approximately \$40,687 and \$21,420 respectively for its reasonable share of office rent and outgoings incurred by Battery Limits based on the Company's occupancy levels.

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

End of remuneration report

DIRECTORS' REPORT (continued)

Financial Position

The financial statements for the year ended 30 June 2024 have been prepared on the basis that the Company is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business. During the year, the Company recorded a loss of \$4,017,468 (2023: \$2,533,228) and had net cash outflows from operating activities of \$2,579,554 (2023: \$1,846,502). At reporting date, the Company had a working capital deficit of \$370,056 (surplus 2023: \$566,287). Furthermore, included in that working capital deficit is \$1,963,314 of unearned revenue from government grants received in advance which are recorded as current liabilities for accounting purposes. These amounts relate to capital grants received and will be offset against the cost of the development asset in future periods.

On 24 April the Company announced the placement of shares to sophisticated investors that raised \$3,000,000 before costs. Following the placement the Company raised approximately \$400,000 from existing shareholders through a share purchase plan, in May 2024.

In September 2021, the Company was awarded a \$2,000,000 grant from the Western Australian government for the development of graphite micronising facilities at Collie. At 30 June 2024 \$666,664 is still to be received. In May 2023 the Company was awarded a \$4,700,000 grant from the Department of Industry, Science and Resources. At 30 June 2024, \$470,000 is still to be received.

In March 2024, the Company signed a loan facility totalling \$1,000,000 with a third party to finance the Company's forecast rebate from the Australian Taxation Office for eligible 2024 research and development expenditure related to the Company's development of its integrated mine to market battery anode strategy.

In April 2024, the Company was awarded \$6,500,000 from the Western Australian government to develop the Collie Micronising Facility and feasibility studies for the development of battery anode facilities in Collie. The Company is currently negotiating funding agreements for the utilisation of these funds.

Events Occurring after the Reporting Date

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

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



Andrew Worland
Managing Director / CEO

Dated on this 30th day of September 2024 in North Perth.



T (08) 6165 4090 F (08) 6165 4067
A 18 Sanglorglo Court Osborne Park WA 6017
P Locked Bag 4 Osborne Park DC WA 6916
E info@armada.com.au

strength in numbers

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

I declare that to the best of my knowledge and belief, in relation to the audit for the year ended 30 June 2024 there have been:

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

*Armada Audit
& Assurance*

Armada Audit & Assurance Pty Ltd

**Marcia Johnson CA
Director**

Dated this 30 September 2024, at Perth Western Australia

TAX & ACCOUNTING | AUDITING | BUSINESS MANAGEMENT | BUSINESS CONSULTING | FINANCIAL PLANNING | LENDING

ARMADA.COM.AU

Armada Audit & Assurance Pty Ltd - ABN 52 618 974 119. A member of the Armada Group. Whilst the Armada Group logo is utilised by all members of the Armada Group, each member of the Armada Group is a separate legal entity in its own right and is not in partnership with any other members of the Armada Group. Liability limited by a scheme approved under Professional Standards Legislation.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2024

| | Note | 2024 \$ | 2023 \$ |
|--|------|--------------------|--------------------|
| REVENUE FROM CONTINUING OPERATIONS | | | |
| Other income | 2 | 66,287 | 54,099 |
| | | 66,287 | 54,099 |
| EXPENSES | | | |
| Administration expenses | | (54,788) | (103,532) |
| Consulting fees | | (949,678) | (387,788) |
| Corporate expenses | | (302,789) | (344,076) |
| Depreciation & Amortisation | | (194,450) | (73,372) |
| Employment Expenses | | (807,189) | (648,438) |
| Insurance | | (64,749) | (72,050) |
| Marketing | | (727,628) | (492,132) |
| Process development | | - | (9,664) |
| Share based payments | 17 | (895,829) | (456,276) |
| TOTAL EXPENSES | | (3,997,100) | (2,587,328) |
| Operating loss | | (3,930,813) | (2,533,229) |
| Finance expense | | (86,655) | - |
| Loss before income tax expense | | (4,017,468) | (2,533,229) |
| Income tax expense | 3 | - | - |
| NET LOSS AFTER INCOME TAX EXPENSE | | (4,017,468) | (2,533,229) |
| Other comprehensive income | | - | - |
| TOTAL COMPREHENSIVE LOSS FOR THE YEAR | | (4,017,468) | (2,533,229) |
| Basic and diluted loss per share | 16 | (0.0236) | (0.0153) |

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

| | Note | 2024 \$ | 2023 \$ |
|-----------------------------------|------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 3,326,341 | 2,712,717 |
| Trade and other receivables | 5 | 41,041 | 156,361 |
| Other current assets | 6 | 39,393 | 23,305 |
| | | 3,406,775 | 2,892,383 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 7 | 1,383,785 | 1,371,480 |
| Exploration and evaluation asset | 8 | 13,764,042 | 13,764,042 |
| Loans | 10 | 1,000,000 | - |
| Right-of-use of asset | 11 | 59,650 | 65,404 |
| Other non-current assets | | 19,821 | 1,970 |
| | | 16,227,298 | 15,202,896 |
| TOTAL ASSETS | | 19,634,073 | 18,095,279 |
| CURRENT LIABILITIES | | | |
| Trade payables and other payables | 12 | 1,189,459 | 976,068 |
| Loans | 13 | 500,000 | - |
| Employee related provisions | | 52,893 | - |
| Lease liabilities | 14 | 71,165 | 43,164 |
| Other current liabilities | 15 | 1,963,314 | 1,306,864 |
| | | 3,776,831 | 2,326,096 |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | 13 | 13,488 | 52,613 |
| | | 13,488 | 52,613 |
| TOTAL LIABILITIES | | 3,790,319 | 2,378,708 |
| NET ASSETS | | 15,843,754 | 15,716,570 |
| EQUITY | | | |
| Issued capital | 16 | 27,168,419 | 23,629,566 |
| Reserves | 17 | 1,793,043 | 1,187,215 |
| Accumulated losses | | (13,117,708) | (9,100,211) |
| TOTAL EQUITY | | 15,843,754 | 15,716,570 |

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

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2024

| | Note | ISSUED SHARE CAPITAL \$ | SHARE BASED PAYMENTS RESERVE \$ | ACCUMULATED LOSSES \$ | TOTAL \$ |
|--|------|----------------------------------|--|-----------------------------|-------------------|
| Balance at 30 June 2022 | | 23,629,566 | 730,939 | (6,567,011) | 17,793,494 |
| Loss for the year | | - | - | (2,533,229) | (2,533,229) |
| Total comprehensive loss for the year | | - | - | (2,533,229) | (2,533,229) |
| Transactions with owners in their capacity as owners: | | | | | |
| Share based payments | | - | 456,276 | - | 456,276 |
| Balance at 30 June 2023 | | 23,629,566 | 1,187,215 | (9,100,240) | 15,716,541 |
| Loss for the year | | - | - | (4,017,468) | (4,017,468) |
| Total comprehensive loss for the year | | - | - | (4,017,468) | (4,017,468) |
| Transactions with owners in their capacity as owners: | | | | | |
| Issue of shares (net of transaction costs) | | 3,425,000 | - | - | 3,425,000 |
| Capital raising costs | | (176,147) | - | - | (176,147) |
| Share based payments | | - | 895,828 | - | 895,828 |
| Share based payments vested | 18 | 290,000 | (290,000) | - | - |
| Balance at 30 June 2024 | | 27,168,419 | 1,793,043 | (13,117,708) | 15,843,754 |

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

STATEMENT OF CASH FLOWS

for the year ended 30 June 2024

| | Note | 2024 \$ | 2023 \$ |
|---|-------|------------------|------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Payments to suppliers and employees | | (2,661,723) | (1,971,768) |
| GST Received | | 143,614 | - |
| Interest paid | | (86,655) | (5,567) |
| Interest income received | | 25,210 | 40,827 |
| Net cash used in operating activities | 19(i) | (2,579,554) | (1,936,508) |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of plant and equipment | | (145,985) | (759,164) |
| Grant income received | | 4,448,221 | 2,579,567 |
| Payments for exploration and evaluation acquired and incurred | | (2,423,237) | (5,224,209) |
| Payments for process development | | (1,368,534) | (824,936) |
| Incorporation costs | | - | (640) |
| Net cash provided by / (used in) investing activities | | 510,465 | (4,229,382) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Proceeds from issue of shares | | 3,425,000 | - |
| Capital raising costs | | (176,148) | - |
| Increase / (reduction) in lease liability | | - | 30,198 |
| Loan provided | | (1,000,000) | - |
| Proceeds from Loan | | 1,400,000 | - |
| Repayment of loan | | (900,000) | - |
| Repayment of finance lease | | (66,141) | - |
| Other | | - | (9,000) |
| Net cash provided by financing activities | | 2,682,712 | 21,198 |
| Net increase / (reduction) in cash held | | 613,624 | (6,144,692) |
| Cash at beginning of year | | 2,712,717 | 8,857,409 |
| CASH AT END OF YEAR | | 3,326,341 | 2,712,717 |

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Corporate Information

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

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

b) Basis of Preparation

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

The financial statements were authorised for issue by the Directors on 30 September 2024.

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

Significant Accounting Judgments and Key Estimates

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

(i) Share-based payments

The fair value of share-based payments are discussed in Note 17. The fair values of options are determined using Option Pricing Models that take into account the exercise price, the term of the option, the impact of dilution, the share price at valuation date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. Judgement has been exercised on the probability and timing of achieving milestones related to the options.

(ii) Exploration and Evaluation Assets

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Basis of Preparation (continued)

Significant Accounting Judgments and Key Estimates (continued)

(iii) Deferred Tax

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

Going Concern

The financial statements for the year ended 30 June 2024 have been prepared on the basis that the Company is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business. During the year, the Company recorded a loss of \$4,017,468 (2023: \$2,533,228) and had net cash outflows from operating activities of \$2,579,554 (2023: \$1,846,502). At reporting date, the Company had a working capital deficit of \$370,056 (2023: \$566,287). Furthermore, included in that working capital deficit of \$1,963,314 of unearned revenue from government grants received in advance which are recorded as current liabilities for accounting purposes. These amounts relate to capital grants received and will be offset against the cost of the development asset in future periods.

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

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

c) Operating Segments

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

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

d) Financial Instruments

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted. Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15.63.

(i) Financial Assets

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Financial Instruments (continued)

(i) Financial Assets (continued)

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

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

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

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

(ii) Financial Liabilities and Equity

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

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

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

(iii) Effective Interest Rate Method

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Impairment of Non-Financial Assets

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

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

f) Employee Benefits

(i) Short-Term Employee Benefits

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

(ii) Share-Based Payments

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

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

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

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

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

- (i) the extent to which the vesting period has expired, and
- (ii) the Company's best estimate of the number of equity instruments that will ultimately vest.

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Employee Benefits (continued)

(ii) Share-Based Payments (continued)

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

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

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

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

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

g) Provisions

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

h) Cash and Cash Equivalents

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

i) Trade and Other Payables

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

j) Revenue

(i) Interest Income

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Revenue (continued)

(ii) Government Grants

Government grants are recognised as revenue when the performance obligations and terms and conditions of the grant are met. Government grants for the construction of an asset are offset against the cost of the asset or deferred as unearned grant revenue if the funds are received in advance.

k) Goods and Services Tax (GST)

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

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

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

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

l) Income Taxes

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

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

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

m) Issued Capital

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Property, Plant and Equipment

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

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

Plant and equipment - 5 years

o) Borrowings

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

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

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

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

p) Exploration and Evaluation Expenditure

Exploration and evaluation asset acquired

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

Exploration and evaluation assets are assessed for impairment if:

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Exploration and Evaluation Expenditure (continued)

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

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

Exploration and evaluation expenditure

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

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

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

q) Process Development Expenditure

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

r) Earnings per Share

(i) Basic Earnings per Share

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

(ii) Diluted Earnings per Share

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

t) Lease liabilities

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

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

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

u) Adoption of new and revised standards

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2023. The Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Company accounting policies.

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

The Directors have reviewed all Standards and Interpretations on issue but not yet adopted for the year ended 30 June 2024. As a result of this review the Directors have determined that there is no material impact, of the Standards and Interpretations on issue but not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

NOTES TO THE FINANCIAL STATEMENTS (continued)

| | 2024 \$ | 2023 \$ |
|---|------------------|------------------|
| NOTE 2: OTHER INCOME | | |
| Interest income | 66,252 | 40,827 |
| Insurance Claim | - | 13,272 |
| Foreign Exchange | 35 | - |
| | 66,287 | 54,099 |
| NOTE 3: INCOME TAX EXPENSE | | |
| Current tax expense | - | - |
| Deferred tax expense | - | - |
| | - | - |
| <i>Numerical reconciliation of income tax expense to prima facie tax expense:</i> | | |
| Loss before income tax expense | (4,017,468) | (2,533,229) |
| Tax at statutory tax rate of 30% | (1,205,240) | (759,969) |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | |
| Permanent differences | 272,590 | 145,313 |
| Other timing differences | 36,805 | (428,942) |
| Tax losses not recognised as an asset | (1,514,636) | 1,043,598 |
| | - | - |
| Income Tax Expenses / (Benefit) | | |
| Tax losses and unrecognised temporary differences | | |
| The Directors estimate that the potential future income tax benefit as at 30 June 2024 in respect of tax losses not brought to account is as follows: | | |
| Potential future tax benefit - income tax losses | 4,017,468 | 3,216,803 |
| Potential future tax benefit - capital losses | 51,651 | 37,310 |
| Potential deferred tax liability - exploration expenditure | (2,423,237) | (1,467,208) |
| | 1,628,026 | 1,786,905 |

The benefit of these losses has not been brought to account at 30 June 2024 because the Directors do not believe it is appropriate to regard realisation of the deferred tax asset as being probable at this point in time or that there are sufficient deferred tax liabilities to offset these losses. These tax losses are also subject to final determination by the Taxation authorities when the Company derives taxable income. The benefits will only be realised if:

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

| | 2024 \$ | 2023 \$ |
|--|-------------|------------|
| NOTE 4: AUDITOR'S REMUNERATION | | |
| Audit services | 37,250 | 28,056 |
| Non-audit services | - | - |
| | 37,250 | 28,056 |
| NOTE 5: TRADE AND OTHER RECEIVABLES | | |
| Accrued Interest | 41,041 | - |
| GST receivable | - | 143,614 |
| Other receivables | - | 12,747 |
| | 41,041 | 156,361 |
| NOTE 6: OTHER CURRENT ASSETS | | |
| Prepayments | 9,393 | 4,305 |
| Security bond on lease | 20,000 | 9,000 |
| Deposit paid for land & buildings ¹ | 10,000 | 10,000 |
| | 39,393 | 23,305 |
| <small>¹ Deposits have been paid to vendors for the acquisition of industrial land in Collie. The Company is currently undertaking a due diligence on the property's suitability.</small> | | |
| NOTE 7: PROPERTY, PLANT AND EQUIPMENT | | |
| Plant and equipment at cost | 1,590,837 | 1,444,852 |
| Less accumulated depreciation | (207,052) | (73,372) |
| | 1,383,785 | 1,371,480 |
| Reconciliation: | | |
| Opening balance | 1,371,480 | 348,322 |
| Additions | 145,984 | 1,096,530 |
| Depreciation | (133,679) | (73,372) |
| Closing balance | 1,383,785 | 1,371,480 |
| NOTE 8: EXPLORATION AND EVALUATION ASSET | | |
| Opening balance | 13,764,042 | 8,971,694 |
| Exploration costs incurred | 2,423,237 | 4,890,694 |
| Grant income attributable to Exploration Expenditure | (2,423,237) | (98,346) |
| Closing balance | 13,764,042 | 13,764,042 |

NOTES TO THE FINANCIAL STATEMENTS (continued)

| | 2024 \$ | 2023 \$ |
|--|-------------|------------|
| NOTE 9: DEVELOPMENT EXPENDITURE ASSET | | |
| Opening balance | - | - |
| Development costs incurred | 1,368,534 | 824,936 |
| Grant income attributable to Development Expenditure | (1,368,534) | (834,600) |
| Development Expenditure written off to profit & loss | - | 9,664 |
| Closing balance | - | - |
| NOTE 10: NON-CURRENT LOAN ASSETS | | |
| Convertible Loan ¹ | 250,000 | - |
| Loan Facility ² | 750,000 | - |
| | 1,000,000 | - |
| <p>¹ The Convertible Loan was issued by Comet Resources Ltd, accruing interest at 8% per annum and has a mandatory conversion into new Comet shares if Comet's shares are quoted on the ASX at the lower of \$0.09 per share or a 10% discount to the next capital raise. Upon conversion of the Loan and Comet Shareholder approval, a 1 for 2 option to acquire a share will be issued by Comet with an exercise price of \$0.20 and an expiry on 10 July 2026. The original maturity date of the Loan was 7 July 2024. On 31 May 2024 Company entered into a variation agreement extending the maturity date to 31 May 2026.</p> <p>² The Loan Facility is to Comet Resources Ltd is for \$1,500,000, currently drawn down to \$750,000. The loan has a two year maturity and accrues interest at 10% per annum and comes with the right to appoint a majority of directors to the Comet Board.</p> | | |
| NOTE 11: RIGHT-OF-USE ASSET | | |
| Right-of-use asset at cost | 123,393 | 100,097 |
| Less accumulated amortisation | (63,743) | (34,693) |
| | 59,650 | 65,404 |
| Reconciliation: | | |
| Opening balance | 65,404 | 94,340 |
| Additions | 55,016 | - |
| Adjustments | - | 194 |
| Amortisation | (60,770) | (29,130) |
| Closing Balance | 59,650 | 65,404 |
| NOTE 12: TRADE PAYABLES AND OTHER PAYABLES | | |
| Trade payables | 504,342 | 827,691 |
| Accrued expenditure | 444,428 | 124,366 |
| GST Payable | 163,210 | - |
| Other payables | 77,479 | 24,011 |
| | 1,189,459 | 976,068 |

NOTES TO THE FINANCIAL STATEMENTS (continued)

| | 2024 \$ | 2023 \$ |
|--|------------|------------|
| NOTE 13: CURRENT LOANS | | |
| Loan facility | 500,000 | - |
| <p>In March 2024, the Company signed a loan facility totalling \$1,000,000 with a third party to finance the Company's forecast rebate from the Australian Taxation Office for eligible 2024 research and development expenditure related to the Company's development of its integrated mine to market battery anode. At 30 June 2024 \$500,000 had been drawn under the loan. Interest is charged at 16% per annum and the loan is repayable on or before 31 March 2025.</p> <p>In July 2023, the Company entered into a loan facility drawing down \$900,000 from with a third party secured against the 2023 rebate from the Australian Taxation Office for eligible 2023 research and development expenditure related to the Company's development of its integrated mine to market battery anode. This loan was repaid in full in March 2024. Interest was charged at 16% per annum.</p> | | |
| NOTE 14: LEASE LIABILITIES | | |
| Opening balance | 95,777 | 94,914 |
| Additions | 55,016 | 40,463 |
| Adjustment | - | (1,816) |
| Interest expense | 8,059 | 5,478 |
| Payments | (74,189) | (43,262) |
| Closing balance | 84,663 | 95,777 |
| Current | 71,175 | 43,164 |
| Non-Current | 13,488 | 52,613 |
| | 84,663 | 95,777 |
| <p>The Company has two warehouse leases at 15 Morrison Way and 87 Harris River Road and a residential lease at Hutton Street in Collie. The lease liabilities are measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate of 6.59%.</p> <p>In addition the Company has a 48 month finance lease for a commercial vehicle. Monthly payments are \$843.</p> | | |
| NOTE 15: OTHER CURRENT LIABILITIES | | |
| Government Grants Received in Advance | 1,963,314 | 1,306,864 |
| | 1,963,314 | 1,306,864 |
| <p>This relates to capital grants and will be offset against the cost of the asset in future periods.</p> | | |

NOTES TO THE FINANCIAL STATEMENTS (continued)

| | 30 June 2024 | | 30 June 2023 | |
|--------------------------------|--------------|------------|--------------|------------|
| | No. | \$ | No. | \$ |
| NOTE 16: ISSUED CAPITAL | | | | |
| (a) Share Capital | | | | |
| Fully paid ordinary shares | 193,558,303 | 27,168,419 | 165,158,330 | 23,629,566 |

| | Date | No. | 2023 |
|---------------------------------------|------------|--------------------|-------------------|
| (b) Movement in Issued Capital | | | |
| Balance as at 30 June 2022 | | 165,158,330 | 23,629,566 |
| Shares issued | | - | - |
| Capital raising costs | | - | - |
| Balance as at 30 June 2023 | | 165,158,330 | 23,629,566 |
| Performance shares vested | 31/07/2024 | 1,000,000 | 290,000 |
| Share Placement | 02/05/2024 | 22,240,000 | 2,780,000 |
| Share Purchase Plan | 17/05/2024 | 3,400,000 | 425,000 |
| Share Placement (Directors) | 06/06/2024 | 1,760,000 | 220,000 |
| Capital raising costs | | - | (176,147) |
| Balance as at 30 June 2024 | | 193,558,330 | 27,168,419 |

(c) Fully Paid Ordinary Shares

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

| | 2024 \$ | 2023 \$ |
|--|----------------|----------------|
| NOTE 17: RESERVES | | |
| (a) Shared Based Payment Reserve | | |
| Share based payment reserve | 1,793,043 | 1,187,215 |
| | 1,793,043 | 1,187,215 |
| Movement in share based payment reserve: | | |
| Beginning balance | 1,187,215 | 730,939 |
| Vesting of Performance shares | (290,000) | - |
| Share based payments | 895,828 | 456,276 |
| Closing balance | 1,793,043 | 1,187,215 |
| <p>The share based payments reserve is used to recognise the fair value of shares and options issued to Directors, employees, contractors and brokers.</p> | | |
| (b) Share Based Payments | | |
| Director and KMP Performance Rights | 471,107 | 456,276 |
| Director shares | - | - |
| Director and KMP shares | - | - |
| Contractor Performance Rights | 68,722 | - |
| Advisory Options Charged | 356,000 | - |
| Amount expensed to profit or loss | 895,829 | 456,276 |
| Total share based payments | 895,829 | 456,276 |
| <p>(i) On 24 November 2023, the Company's shareholders approved the grant of 5,100,000 performance rights with the vesting terms as below:</p> | | |
| <p>1) Class A Incentive Performance Rights (1,500,000): exercisable upon the completion by the Company of a definitive feasibility study to a AACE Class 3 standard for the Springdale Graphite Project.</p> | | |
| <p>2) Class C Incentive Performance Rights (1,500,000): exercisable upon the completion by the Company of a definitive agreement with an end user for the offtake of purified spherical graphite / battery anode material, or the provision of technology to facilitate the completion of coating of purified spherical graphite at the Company's Collie facilities to the Board's satisfaction, acting reasonably.</p> | | |
| <p>3) Class D Incentive Performance Rights (1,500,000): exercisable upon the completion by the Company of a definitive standard feasibility study to a AACE Class 3 standard for commercial scale battery anode materials production facilities at Collie.</p> | | |

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 17: RESERVES (continued)

- 4) **Class G Incentive Performance Rights (600,000):** exercisable upon the Collie Graphite Micronising Facility achieving the production of 150t of finished product per month for three consecutive months within six months of the completion of dry commissioning.

In addition the Directors issued 6,500,000 performance rights to employees and contractors under the Company's employee share scheme:

- 1) **Class A Incentive Performance Rights (2,000,000):** exercisable upon the completion by the Company of a definitive feasibility study to a AACE Class 3 standard for the Springdale Graphite Project.
- 2) **Class C Incentive Performance Rights (1,000,000):** exercisable upon the completion by the Company of a definitive agreement with an end user for the offtake of purified spherical graphite / battery anode material, or the provision of technology to facilitate the completion of coating of purified spherical graphite at the Company's Collie facilities to the Board's satisfaction, acting reasonably.
- 3) **Class D Incentive Performance Rights (2,000,000):** exercisable upon the completion by the Company of a definitive standard feasibility study to a AACE Class 3 standard for commercial scale battery anode materials production facilities at Collie.
- 4) **Class G Incentive Performance Rights (1,500,000):** exercisable upon the Collie Graphite Micronising Facility achieving the production of 150t of finished product per month for three consecutive months within six months of the completion of dry commissioning.

Vesting terms for performance right issued in prior years not identified above are:

- 1) **Class E Incentive Performance Rights:** exercisable upon the Company achieving a daily weighted average ASX share price exceeding \$1.00 per share for 20 consecutive days; and
- 2) **Class F Incentive Performance Rights:** exercisable upon the Company achieving daily weighted average ASX share price exceeding \$1.00 per share for 20 consecutive days.

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 17: RESERVES (continued)

| | Grant date 24/11/23 | Grant date 30/11/22 | Grant date 30/11/22 | Number granted | Fair value on grant date | Most likely outcome | Total expense | Amount expensed to 30 June 2023 | Amount expensed to 30 June 2024 | Amount to be expensed in future |
|-----------------------|------------------------|------------------------|------------------------|-------------------|--------------------------|---------------------|------------------|---------------------------------|---------------------------------|---------------------------------|
| Fair value grant date | \$0.19 | \$0.29 | \$0.1937 | | | | | | | |
| Class A | 3,500,000 | 1,000,000 | - | 4,500,000 | 955,000 | 50% | 477,500 | 13,887 | 116,947 | 346,666.29 |
| Class B | - | 1,000,000 | - | 1,000,000 | 290,000 | N/A | 290,000 | 290,000 | - | - |
| Class C | 2,500,000 | 1,000,000 | - | 3,500,000 | 765,000 | 25% | 191,250 | 13,488 | 73,804 | 103,957.81 |
| Class D | 3,500,000 | 1,000,000 | - | 4,500,000 | 955,000 | 25% | 477,500 | 13,887 | 116,947 | 346,666.29 |
| Class E | - | - | 2,000,000 | 2,000,000 | 387,400 | N/A | 387,400 | 60,632 | 95,160 | 231,608.00 |
| Class F | - | - | 2,400,000 | 2,400,000 | 464,880 | N/A | 464,880 | 60,632 | 114,192 | 290,056.00 |
| Class G | 2,100,000 | - | - | 2,100,000 | 399,000 | 25% | 131,670 | - | 22,779 | 108,890.75 |
| | 11,600,000 | 4,000,000 | 4,400,000 | 20,000,000 | 4,216,280 | - | 4,216,280 | 452,526 | 539,829 | 1,427,845.14 |
| Class B | - | (1,000,000) | - | (1,000,000) | (290,000) | - | (290,000) | (290,000) | - | - |
| Total | 11,600,000 | 3,000,000 | 4,400,000 | 19,000,000 | 3,926,280 | | | | | |
| Options (OPT4) | 4,000,000 | - | - | - | 356,000 | | | | 356,000 | |
| | | | | | 4,282,280 | | | | 895,829 | |

The advisory options issued during the year (OPT04 below) were valued using Hoadleys ESO1 Model. They key inputs used were as follows:

- Spot price – \$0.19 (or 19 cents) as at the valuation date, 24 November 2023
- Exercise price – \$0.40
- Expiry date – 30 April 2027
- Term – 3.6 years from valuation date to expiry date
- Volatility – approximately 85% (estimated based on Hoadley's GARCH long-run forecast and Exponentially Weighted Moving Average volatility models using share price data over the historical period since International Graphite's listing on the ASX on 7 April 2022; and also having considered the similar period volatility and 3.6-year average volatility of comparable companies listed on the ASX.
- Risk free rate – approximately 3.99% per annum (continuously compounded interpolated rates based on the three-year and five-year discrete Australian Government bond yields as at 26 September 2023)
- Dividend yield – nil

| | Number granted | Grant date | Exercise price | Maturity date | Fair value on grant date | Total fair value | Amount expensed to 30 June 2022 | Amount expensed to 30 June 2024 |
|--------------|-------------------|------------|----------------|---------------|--------------------------|--------------------|---------------------------------|---------------------------------|
| OPT01 | 3,200,000 | 1 Apr 22 | \$0.30 | 1 Apr 27 | \$0.06609 | \$211,488 | \$211,488 | - |
| OPT02 | 4,800,000 | 1 Apr 22 | \$0.40 | 1 Apr 27 | \$0.05108 | \$245,184 | \$245,184 | - |
| OPT03 | 6,250,000 | 1 Apr 22 | \$0.30 | 1 Apr 27 | \$0.04389 | \$274,313 | \$274,313 | - |
| OPT04 | 4,000,000 | 4 Dec 23 | \$0.40 | 30 Apr 27 | \$0.08900 | \$356,000 | - | \$356,000 |
| Total | 18,250,000 | | | | | \$1,086,985 | \$730,985 | \$356,000 |

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 17: RESERVES (continued)

The total fair value of the performance rights is expensed over the term of maturity.

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

NOTE 18: LOSS PER SHARE

| | 2024 \$ | 2023 \$ |
|-----------------------------------|---------------------|---------------------|
| Loss attributable to shareholders | (4,017,468) | (2,533,229) |
| | Number | Number |
| Weighted average number of shares | 170,182,920 | 165,158,330 |
| | \$ per share | \$ per share |
| Basic and diluted loss per share | (0.0236) | (0.0153) |

NOTE 19: CASH FLOW INFORMATION

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

| | | |
|---|-------------|-------------|
| Loss after income tax | (4,017,468) | (2,533,229) |
| Adjustments for: | | |
| Share based payments | 895,829 | 456,276 |
| Depreciation and amortisation | 194,450 | 73,376 |
| Changes in assets and liabilities: | | |
| (Increase)/decrease in receivables | 115,320 | (1,324) |
| (Increase)/decrease GST receivable | - | (12,634) |
| (Increase)/decrease in prepayments | (16,118) | - |
| (Increase)/decrease in other debtors | (17,851) | 28,935 |
| Increase/(decrease) in trade creditors | 213,391 | 52,092 |
| Increase/(decrease) in provisions | 52,893 | - |
| Cash flows used in operating activities | (2,579,554) | (1,936,508) |

(ii) Cash and Cash Equivalents

| | | |
|--|-----------|-----------|
| Cash and cash equivalents | | |
| Cash at bank | 3,265,393 | 2,652,717 |
| Term deposits | 60,000 | 60,000 |
| Employee cash advances | 948 | - |
| | 3,326,341 | 2,712,717 |
| Restricted cash and cash equivalents | | |
| Government grants received in advance | 1,963,314 | 1,306,864 |
| Unrestricted cash and cash equivalents | 1,363,027 | 1,405,853 |

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 20: KMP COMPENSATION

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

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

| | |
|----------------|-------------------------|
| Andrew Worland | Managing Director / CEO |
| David Pass | Technical Director |
| Robert Hodby | CFO / Company Secretary |
| Philip Hearse | Non-Executive Chairman |
| Matthew O'Kane | Non-Executive Director |

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

| | 2024 \$ | 2023 \$ |
|------------------------------|------------|------------|
| KMP Compensation | | |
| Short-term employee benefits | 676,812 | 578,097 |
| Annual lease accrued | 52,893 | - |
| Post-employment benefits | 45,008 | 20,050 |
| Share-based payments | 471,107 | 453,932 |
| | 1,245,820 | 1,052,079 |

During the financial year and as approved by Shareholders on the 24 November 2023, the Company granted 5,100,000 performance rights to Directors. In addition the Directors granted 6,500,000 performance rights to KMP and key contractors.

The terms and conditions of the performance rights are disclosed in Note 17.

NOTE 21: RELATED PARTY TRANSACTIONS

Transactions with related parties

In July 2023 the Company contributed \$250,000 to a convertible loan with Comet Resources Ltd and agreed to act as security trustee on behalf of other third party investors who are also parties to the convertible loan. Refer Note 10.

In March 2024 the Company and Comet Resources Ltd entered into a loan agreement whereby the Company agreed to loan Comet \$1,500,000 and Comet granted the Company a right to appoint a majority of the directors to the Comet board. At 30 June 2024 the Company had advanced \$750,000. Refer Note 10.

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 21: RELATED PARTY TRANSACTIONS (continued)

Battery Limits Pty Ltd (an entity controlled by Mr Hearse) (Battery Limits) received professional services fees in respect of metallurgical, engineering, process design, project management and administration activities for the 2024 and 2023 financial years amounting to \$945,136 and \$1,086,572 respectively (each ex GST). These fees include payments to consultants of Battery Limits including Mr Pass.

In addition the Company occupies an office space at a commercial premises owned by Juad Pty Ltd (an entity controlled by Mr Hearse) and leased by Battery Limits. In the 2024 and 2023 financial years the Company paid Battery Limits \$40,687 and \$21,420 respectively for its reasonable share of office rent and outgoings incurred by Battery Limits based on the Company's occupancy levels.

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

NOTE 22: FINANCIAL INSTRUMENTS

Financial Risk Management Objectives

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

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

- Market risk
- Liquidity risk
- Credit risk

The overall financial risk management strategy focuses on the unpredictability of the equity markets and seeks to minimise the potential adverse effects due to movements in financial liabilities or assets.

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 22: FINANCIAL INSTRUMENTS (continued)

The Company holds the following financial instruments as at 30 June:

| | 2024 \$ | 2023 \$ |
|------------------------------|------------|------------|
| Financial Assets | | |
| Cash and cash equivalents | 3,326,341 | 2,712,717 |
| Loan asset | 1,000,000 | - |
| Trade and other receivables | 41,041 | 156,361 |
| | 4,367,382 | 2,869,078 |
| Financial Liabilities | | |
| Trade and other payables | 1,189,459 | 976,068 |
| Loan liability | 500,000 | - |
| Lease liabilities | 82,872 | 95,777 |
| | 1,772,331 | 1,071,845 |

Market Risk

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

Interest Rate Risk

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

Variable Rate Instruments

| | | |
|--------------|-----------|-----------|
| Cash at bank | 3,325,393 | 2,712,717 |
| | 3,325,393 | 2,712,717 |

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

Other Market Price Risk

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 22: FINANCIAL INSTRUMENTS (continued)

Credit Risk

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

The Company's material credit risk exposure relates to the loan to Comet Resources Limited. Management has assessed the financial position of Comet Resources Limited and determine that the credit risk is sufficiently mitigated at this stage. The Company holds a general security deed in relation to \$250,000 of the loan.

Liquidity Risk

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

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

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

| | Carrying Amount | Contractual Cash Flows | <1 Year | 2 - 5 Years | >5 Years |
|--------------------------|------------------|------------------------|------------------|---------------|----------|
| 30 June 2024 | | | | | |
| Trade and other payables | 1,189,459 | 1,189,459 | 1,189,459 | - | - |
| Loan liability | 500,000 | 500,000 | 500,000 | - | - |
| Lease liabilities | 82,872 | 82,872 | 82,872 | - | - |
| Total | 1,772,331 | 1,772,331 | 1,772,331 | - | - |
| 30 June 2023 | | | | | |
| Trade and other payables | 976,068 | 976,068 | 976,068 | - | - |
| Lease liabilities | 95,577 | 95,777 | 69,994 | 12,878 | - |
| Total | 1,071,645 | 1,071,645 | 1,046,062 | 12,878 | - |

NOTES TO THE FINANCIAL STATEMENTS (continued)

| | 2024 \$ | 2023 \$ |
|---|------------|------------|
| NOTE 23: COMMITMENTS - TENEMENTS | | |
| <i>Committed but not recognised as liabilities:</i> | | |
| Within one year | 310,000 | 124,000 |
| Between one to two years | 216,000 | 122,000 |
| After two years but not more than five years | 146,600 | 100,000 |
| | 672,600 | 346,000 |

NOTE 24: CONTINGENCIES AND COMMITMENTS

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

NOTE 25: EVENTS SUBSEQUENT TO REPORTING DATE

There are no matters or circumstance have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company in future financial years.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

30 June 2024

| Entity Name | Entity Type | Place formed/ Incorporated | Ownership Interest % | Tax Residency |
|---|----------------|-------------------------------|----------------------|---------------|
| International Graphite Limited | Body Corporate | Australia | N/A | Australia |
| International Graphite Springdale Pty Ltd | Body Corporate | Australia | 100% | Australia |
| International Graphite Collie Pty Ltd | Body Corporate | Australia | 100% | Australia |
| Lithium Valley Graphite Pty Ltd | Body Corporate | Australia | 100% | Australia |
| International Graphite (US) Inc. | Body Corporate | United States | 100% | United States |

The entities that International Graphite Limited has 100% interest in are all dormant and therefore not consolidated in accordance with AASB 10 Consolidated Financial Statements.

DIRECTORS' DECLARATION

In the opinion of the directors of International Graphite Limited (“the Company”):

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- 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; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- the information disclosed in the consolidated entity disclosure statement on page 63 is true and correct.

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



Andrew Worland

Managing Director / CEO

Dated this 30th of September 2024 in Perth, Western Australia



T (08) 6165 4090 F (08) 6165 4067
A 18 Sangiorgio Court Osborne Park WA 6017
P Locked Bag 4 Osborne Park DC WA 6916
E Info@armada.com.au

strength in numbers

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

Report on the audit of the financial report

Opinion

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

In our opinion, the accompanying financial report of International Graphite Limited is in accordance with the *Corporation Act 2001*, Including

- Giving a true and fair view of the Company's financial position as at 30 June 2024, and of its financial performance for the year then ended and;
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

TAX & ACCOUNTING | AUDITING | BUSINESS MANAGEMENT | BUSINESS CONSULTING | FINANCIAL PLANNING | LENDING

ARMADA.COM.AU

Armada Audit & Assurance Pty Ltd - ABN 52 618 974 119. A member of the Armada Group. Whilst the Armada Group logo is utilised by all members of the Armada Group, each member of the Armada Group is a separate legal entity in its own right and is not in partnership with any other members of the Armada Group. Liability limited by a scheme approved under Professional Standards Legislation.



T (08) 6165 4090 F (08) 6165 4067
A 18 Sangiorgio Court Osborne Park WA 6017
P Locked Bag 4 Osborne Park DC WA 6916
E Info@armada.com.au

strength in numbers

Key Audit Matters

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

Exploration and Evaluation Assets and Development Expenditure Assets - Notes 8 & 9

At 30 June 2024, the Company's carrying value of Exploration and Evaluation Assets was \$13,764,042 and Development Expenditure Assets Nil.

During the year \$2,423,237 was spent on Exploration and Evaluation Assets and \$1,368,534 was spent on Development Expenditure Asset. This expenditure was recouped from grant funding received as the grant agreements relate to the construction/development of capital assets.

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

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

- The capitalised Exploration and Evaluation assets meet the recognition criteria in terms of *AASB 6 Exploration for and Evaluation of Mineral Resources*;
- The capitalised Development Expenditure Assets meet the recognition criteria in terms of *AASB 138 Intangible Assets*; and
- Facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount in accordance with *AASB 6*.

Our Procedures, amongst others, included:

Agreeing a sample of capitalised expenditure to invoices and other documentation. We verified whether the amounts capitalised in accordance with the grant agreements as well as in accordance with the recognition criteria of *AASB 6 Exploration for and Evaluation of Mineral Resources* and *AASB 138 Intangible Assets*;

- Confirming whether the rights to tenure for the areas of interest were current at the reporting date as well as confirming that the rights to tenure are expected to be renewed for tenements that will expire in the near future;
- Obtaining evidence of the Company's intention to carry out exploration and evaluation activities in the relevant areas of interest. This included checking future budgeted exploration expenditure, reading board minutes and checking related exploration work programmes;
- Assessing whether the Company has the ability to fund its planned exploration and evaluation activities;
- Review grant agreements from Funders to assess whether conditions have been met and expenditure aligns with grant conditions and agree funds received to the bank statements;
- Evaluating Company documents such as announcements made by the Company to the ASX, geologist reports, resource updates and board minutes to check whether exploration and evaluation activities in the relevant area of interest were unsuccessful; and
- Assessing the appropriateness of the accounting treatment and disclosure in terms of *AASB 6* and *AASB 138*.

TAX & ACCOUNTING | AUDITING | BUSINESS MANAGEMENT | BUSINESS CONSULTING | FINANCIAL PLANNING | LENDING

ARMADA.COM.AU

Armada Audit & Assurance Pty Ltd - ABN 52 618 974 119. A member of the Armada Group. Whilst the Armada Group logo is utilised by all members of the Armada Group, each member of the Armada Group is a separate legal entity in its own right and is not in partnership with any other members of the Armada Group. Liability limited by a scheme approved under Professional Standards Legislation.



T (08) 6165 4090 F (08) 6165 4067
A 18 Sangiorgio Court Osborne Park WA 6017
P Locked Bag 4 Osborne Park DC WA 6916
E Info@armada.com.au

strength in numbers

Share Based Payments – Note 17

At 30 June 2024, the Company had recorded \$895,829 of share based payments in the statement of profit or loss:

- \$539,829 relates to Performance Rights
- \$356,000 relates to Options

The fair values of performance rights and options are determined using option pricing models that take into account the exercise price, the term of the option, market performance and conditions, the impact of dilution, the share price at valuation date and expected price volatility of the underlying share, and the risk-free interest rate for the term of the option.

Judgement has been exercised on the probability and timing of achieving milestones related to the options and performance rights.

This area is a key audit matter as the valuation of share based payments is subject to significant management estimates and judgements.

Our procedures, amongst others, included:

- Verifying the key terms and conditions of the equity settled share based payments including number of equity instruments granted, exercise price and vesting conditions to the relevant agreements, ASX announcements and award letters;
- Assessing the fair value of the share based payments by testing the key inputs used in option pricing model. This included checking the share price on grant date, exercise price, option life, volatility and risk-free rate to supporting documentation and market information;
- Checking the independence, qualifications and the expertise of the independent expert in relation to the valuation of the performance rights.
- Testing the accuracy of the share based payments amortisation over the relevant vesting periods;
- Assessing the Company's accounting treatment in accordance with AASB 2 *Share Based Payments*; and
- Assessing the related financial statement disclosures relating to share based payments.

TAX & ACCOUNTING | AUDITING | BUSINESS MANAGEMENT | BUSINESS CONSULTING | FINANCIAL PLANNING | LENDING

ARMADA.COM.AU

Armada Audit & Assurance Pty Ltd - ABN 52 618 974 119. A member of the Armada Group. Whilst the Armada Group logo is utilised by all members of the Armada Group, each member of the Armada Group is a separate legal entity in its own right and is not in partnership with any other members of the Armada Group. Liability limited by a scheme approved under Professional Standards Legislation.



T (08) 6165 4090 F (08) 6165 4067
A 18 Sangiorgio Court Osborne Park WA 6017
P Locked Bag 4 Osborne Park DC WA 6916
E Info@armada.com.au

strength in numbers

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

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

Responsibilities of the Directors for the Financial Report

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 27 to 34 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of International Graphite Limited for the year ended 30 June 2024 complies with section 300A of the *Corporations Act 2001*.

TAX & ACCOUNTING | AUDITING | BUSINESS MANAGEMENT | BUSINESS CONSULTING | FINANCIAL PLANNING | LENDING

ARMADA.COM.AU

Armada Audit & Assurance Pty Ltd - ABN 52 618 974 119. A member of the Armada Group. Whilst the Armada Group logo is utilised by all members of the Armada Group, each member of the Armada Group is a separate legal entity in its own right and is not in partnership with any other members of the Armada Group. Liability limited by a scheme approved under Professional Standards Legislation.



T (08) 6165 4090 F (08) 6165 4067
A 18 Sangiorgio Court Osborne Park WA 6017
P Locked Bag 4 Osborne Park DC WA 6916
E Info@armada.com.au

strength in numbers

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Armada Audit
& Assurance*

ARMADA AUDIT & ASSURANCE PTY LTD

Marcia Johnson CA

Director Perth, 30 September 2024

TAX & ACCOUNTING | AUDITING | BUSINESS MANAGEMENT | BUSINESS CONSULTING | FINANCIAL PLANNING | LENDING

ARMADA.COM.AU

Armada Audit & Assurance Pty Ltd - ABN 52 618 974 119. A member of the Armada Group. Whilst the Armada Group logo is utilised by all members of the Armada Group, each member of the Armada Group is a separate legal entity in its own right and is not in partnership with any other members of the Armada Group. Liability limited by a scheme approved under Professional Standards Legislation.

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. This information is current as at 25 September 2024.

1. Registered office and principal administrative office

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

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

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

3. Restricted securities

The Company does not have any restricted securities on issue as at the date of this report.

4. On-market buy back

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

5. Shareholding

a. Distribution of shareholders

| Category (size of holding) | Number of Shareholders | Number of Shares | % |
|-------------------------------|---------------------------|---------------------|--------|
| 1 - 1,000 | 32 | 9,583 | 0.00 |
| 1,001 - 5,000 | 535 | 1,610,379 | 0.83 |
| 5,001 - 10,000 | 290 | 2,314,154 | 1.20 |
| 10,001 - 100,000 | 651 | 24,367,633 | 12.59 |
| 100,001 - and over | 257 | 165,256,581 | 85.38 |
| | 1,765 | 193,558,330 | 100.00 |

b. Less than marketable parcels of shares

As at market close on 25 September 2024, an unmarketable parcel of shares in the Company is any shareholding of 7,043 or less, based on the closing price of \$0.071 per share. This represents 2,310,635 ordinary shares in the Company, held by 681 shareholders.

c. Voting rights

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

Ordinary shares

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

Options

Options over ordinary shares do not carry voting rights.

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (continued)

5. Shareholding (continued)

d. 20 Largest shareholders – ordinary shares

| Rank | Shareholder | Holding | % Held |
|------|--|------------|--------|
| 1 | COMET RESOURCES LIMITED | 32,776,320 | 16.93% |
| 2 | JUAD PTY LTD <HAYES HEARSE SUPER FUND A/C> | 13,537,326 | 6.99% |
| 3 | BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD> | 5,647,601 | 2.92% |
| 4 | DAVID JOHN PASS | 3,020,000 | 1.56% |
| 5 | PELTON CAPITAL PTY LTD | 2,900,400 | 1.50% |
| 6 | PAMPLONA OPPORTUNITIES LTD | 2,800,000 | 1.45% |
| 7 | MR ANDREW JOHN WORLAND | 2,780,000 | 1.44% |
| 8 | MR JOSHUA BADEN HEARSE | 2,220,000 | 1.15% |
| 9 | MRS ROBYN MIGNON HEARSE | 2,050,000 | 1.06% |
| 9 | MR BART ADSON | 2,050,000 | 1.06% |
| 10 | MR STEPHEN KAM LO TONG & MRS PATSY LIN HAP TONG <BIALLA SUPER FUND A/C> | 2,010,000 | 1.04% |
| 11 | MR PHILLIP BADEN HEARSE | 2,000,001 | 1.03% |
| 12 | JOHNBILL PTY LTD <BILL & JOHN S/F A/C> | 1,735,384 | 0.90% |
| 13 | M & K GILES PTY LTD <GILES FAMILY SUPER FUND A/C> | 1,700,000 | 0.88% |
| 14 | JUAD PTY LTD | 1,636,363 | 0.85% |
| 15 | JERONA FARMING COMPANY PTY LTD <ANDREW KELLY SUPER FUND A/C> | 1,510,000 | 0.78% |
| 16 | MR NEIL ROBERT RINALDI & MRS CAROLINE RINALDI <RINALDI SUPER FUND A/C> | 1,500,000 | 0.78% |
| 16 | JEFF TOWLER BUILDING PTY LTD | 1,500,000 | 0.78% |
| 17 | BATTERY LIMITS PTY LTD | 1,460,000 | 0.75% |
| 18 | MURDIE INVESTMENTS PTY LTD <THE HUTCHINSON SUPER A/C> | 1,400,000 | 0.72% |

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (continued)

5. Shareholding (continued)

| Rank | Shareholder | Holding | % Held |
|----------------------------------|--|--------------------|----------------|
| 19. | SHANNON HAYES HEARSE & MELANIE ANNE HEARSE | 1,358,550 | 0.70% |
| 20. | GALA DEVELOPMENTS PTY LTD <GALA INVESTMENTS A/C> | 1,298,334 | 0.67% |
| Total Top 20 Shareholders | | 87,253,916 | 45.92% |
| Total Issued Capital | | 193,558,330 | 100.00% |

e. Substantial holders of fully paid ordinary shares

| | Number of fully paid ordinary shares held |
|--|---|
| Comet Resources Limited | 32,776,320 |
| Juad Pty Ltd <HAYES HEARSE SUPER FUND A/C> | 13,537,326 |
| | 46,313,646 |

6. Company Secretary

The name of the Company Secretary is Robert Hodby.

7. Securities exchange listing

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

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (continued)

8. Unquoted securities

| Terms | Number of options | Number of holders |
|---|-------------------|-------------------|
| Unquoted options Expiry 1 April 2027, escrowed 24 months Exercise Price \$0.30 | 2,720,000 | 4 |
| Unquoted options Expiry 1 April 2027, escrowed to 1 April 2023 Exercise Price \$0.30 | 480,000 | 4 |
| Unquoted options Expiry 1 April 2027, escrowed 24 months Exercise Price \$0.40 | 4,080,000 | 4 |
| Unquoted options Expiry 1 April 2027, escrowed to 1 April 2023 Exercise Price \$0.40 | 720,000 | 4 |
| Unquoted options Expiry 1 April 2027, escrowed 24 months Exercise Price \$0.30 | 6,250,000 | 3 |
| Unquoted options Expiry 1 April 2027, escrowed 24 months Exercise Price \$0.30 | 4,000,000 | 4 |
| | 18,250,000 | |

9. Unquoted securities holdings greater than 20%

| | Number of unlisted options held |
|--------------------------|---------------------------------|
| Pamplona Capital Pty Ltd | 5,350,000 |
| | 5,350,000 |

10. Use of Funds

The Company has used the cash and assets in a form readily convertible to cash that it had at the time of Admission in a way that is consistent with its business objectives.

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (continued)

TENEMENTS SCHEDULE

| Project | Holder | State | Tenement | Status | Percentage Held |
|--------------------|---|-------|----------|-------------|-----------------|
| Springdale | International Graphite Springdale Pty Ltd | WA | E74/0562 | Granted | 100% |
| Springdale | International Graphite Springdale Pty Ltd | WA | E74/0612 | Granted | 100% |
| Springdale | International Graphite Springdale Pty Ltd | WA | E74/0751 | Granted | 100% |
| Springdale | International Graphite Springdale Pty Ltd | WA | E74/0809 | Granted | 100% |
| Mason Bay | International Graphite Springdale Pty Ltd | WA | M74/251 | Application | 100% |
| Springdale Central | International Graphite Springdale Pty Ltd | WA | M74/252 | Application | 100% |

FORWARD LOOKING STATEMENTS

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

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (continued)

COMPETENT PERSON STATEMENT

The information in this announcement which relates to exploration targets, exploration results or mineral resources is based on information compiled by Mr Darren Sparks and reviewed by Mr Peter Langworthy. Mr Sparks is the Principal Consultant and fulltime employee of OMNI GeoX Pty Ltd. He is a member of the Australian Institute of Geoscientists (AIG). Mr Sparks and Mr Langworthy have sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Mr Sparks and Mr Langworthy consent to the inclusion of the information in this announcement in the form and context in which it appears.

The Competent Person confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

MINERAL RESOURCE ESTIMATION - GOVERNANCE STATEMENT

International Graphite Limited ensures that all Mineral Resource Estimates are subject to appropriate levels of governance and internal controls. Estimation procedures are well established and are subject to systematic internal peer review and external technical review undertaken by competent and qualified professionals. These reviews have not identified any material issues. International Graphite Limited also periodically reviews this governance framework to ensure it remains appropriate for the requirements of its business activities. Mineral Resource Estimates are reported on an annual basis in accordance with the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mineral Resource Estimates are quoted inclusive of Ore Reserves. Competent Persons named are Members or Fellows of The Australasian Institute of Mining and Metallurgy and/or The Australian Institute of Geoscientists and qualify as Competent Persons as defined under the JORC Code.

For personal use only



SCAN THIS CODE

Update your investor details
on the secure share registry site at
<https://investor.automic.com.au>.

NOT A SHAREHOLDER?

Join the mailing list at
www.internationalgraphite.com.au



(ASX:IG6)