Graphene Manufacturing Group Ltd

ACN 614 164 877

Consolidated financial statements for the year ended 30 June 2022

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Corporate information

The consolidated financial statements of Graphene Manufacturing Group Ltd ("**GMG**" or the "**Company**") for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors on 29 September 2022. The Company is a limited company incorporated and domiciled in Australia, and whose shares are publicly traded on the TSX Venture Exchange (the "**TSXV**").

The consolidated financial statements are presented in Australian dollars (**$** or **A$**), except for certain references to Canadian dollars (**C$**) where specifically stated. References to "**K**" indicate thousands.

Directors
Guy Outen
Craig Nicol
Christopher Ohlrich (resigned 3 June 2022)
Robbert De Weijer (resigned 15 July 2022)
Robert Shewchuk
William Ollerhead
Emma FitzGerald (appointed 1 July 2022)
Frederick Kotzee (appointed 22 August 2022)

Registered office
Graphene Manufacturing Group Ltd
5/848 Boundary Road
Richlands QLD 4077
Australia

Principal place of business
Graphene Manufacturing Group Ltd
5/848 Boundary Road
Richlands QLD 4077
Australia

Share registrar and transfer agent
Computershare Investor Services Inc.
510 Burrard Street
Vancouver BC V6C 3B9
Canada

Auditors
BDO Audit Pty Ltd
Level 10, 12 Creek Street
Brisbane QLD 4000
Australia

Directors' report

The directors present their report together with the consolidated financial statements of Graphene Manufacturing Group Ltd ("**GMG**" or the "**Company**") for the financial year ended 30 June 2022 and the auditor's report thereon.

Directors

The directors of the Company at any time during or since the end of the financial year are:

Name, qualifications and independence status	Experience, special responsibilities and other Directorships	Director Since
Craig Nicol *Founder, Managing Director & Chief Executive Officer (CEO)*	Craig Nicol has a career of over 20 years in delivering large scale innovation including leading multi-billion-dollar gas and LNG value chains in Australia and Asia Pacific and managing sales and marketing teams across Asia Pacific working for the Shell plc Group of companies. He has a Bachelor of Engineering Degree in Manufacturing Systems (Honours) and a bachelor's degree in Business Marketing from the Queensland University of Technology. He is a Member of the Australian Institute of Company Directors (AICD) and is also a Director and Chair of the Board of Directors of the Australian Graphene Industry Association (AGIA).	10 August 2016
Guy Outen *Chair and Non-Executive Director*	Guy Outen had over 35 years of experience with Shell plc Group of companies in various roles including EVP Strategy & Portfolio where he worked with the Shell CEO and Board to reset Shell's strategy and create amongst other outcomes Shell's New Energies business. He has a Bachelor of Commerce (Honors) and a Master of Commerce (Economics) from Melbourne University. He is Fellow of the Australian Society of Certified Practicing Accountants (FCPA) and Chartered Governance Institute (FCG); a Member of the Institute of Directors UK and the Australian Institute of Company Directors (AICD).	27 November 2019
Frederick Kotzee *Executive Director and Chief Financial Officer (CFO)*	Frederick Kotzee has over 20 years' of extensive experience in investment banking, joint ventures, corporate finance and business development for multinational companies. He is an experienced CFO of listed companies across a range of industries and commodities. He has served as the CFO of Kidman Resources Limited before the successful takeover by Wesfarmers Limited. Prior to this, he was the CFO of Kumba Iron Ore Limited, a global iron ore miner listed on the Johannesburg Stock Exchange, and a member of the Anglo American Plc Group. He has a Bachelor of Laws from the University of South Africa and is a qualified Chartered Accountant (South Africa).	22 August 2022
Robert Shewchuk *Non-Executive Director*	Robert Shewchuk is the President & CEO of LithiumBank Resources Corp, Director of GMG, Director of Spectre Capital Corp, and Director of Verses Technologies Inc. He began his career as an Equities Trader on the floor of the Alberta Stock Exchange in 1995 for Yorkton Securities Inc. He became a licensed broker at Yorkton in 1998 and worked on the Equities desk through 2004. He joined Standard Securities Capital Corporation where he became Chairman in 2006. He merged Standard 61 Securities with Wolverton Securities Ltd in 2009 and became a Director of Wolverton Securities until 2016 when it was purchased by PI Financial Corp.	15 July 2019

Directors (continued)

Name, qualifications and independence status	Experience, special responsibilities and other Directorships	Director Since / During
William Ollerhead *Non-Executive Director*	William Ollerhead has over 30 years of experience in the Canadian capital markets and corporate finance field. He presently serves on the board of directors of Thermal Energy International Inc. (TSX-V: TMG), where he is the chair of its audit committee. He is also a co-founder, and the President and CEO, and a Director, of Cuspis Capital II Ltd. (TSX-V:CCII.P). He has served on the boards of both public and private companies, and not-for-profit organizations, in various capacities – including chairman, director, and as a member and chair of audit committees. In 1997, he founded Ollerhead Capital. He holds an B.A. with a concentration in Statistics from the University of Western Ontario, and an M.B.A. with a concentration in Finance from McGill University. In 2010, he completed the Directors Education Program at the Institute of Corporate Directors at University of Toronto's Rotman School of Management	14 April 2021
Dr Emma FitzGerald *Non-Executive Director*	Emma FitzGerald has over 25 years of leadership experience with global businesses in the Water and Energy sectors. Most recently she was CEO of Puma Energy focused on delivering affordable and sustainable energy solutions to emerging markets in Africa, Central America and Asia. Prior to this she managed gas, water and waste networks for National Grid and Severn Trent in the United Kingdom. She has spent many years managing Downstream Retail, Lubricants and LPG businesses for Shell plc around the world. Over the last ten years she has served on the boards of publicly listed, privately owned and not-for-profit organisations in both executive and non-executive capacities. She is currently a Non-Executive Director of UPM Kymmene, Seplat Energy and Newmont Corporation. She is also a Mentor on the climate workstream for the Creative Destruction Lab, a not-for-profit organisation focused on the scaling of innovative solutions to accelerate energy transition. She has a PHD in surface chemistry/materials science from Oxford University and an MBA from Manchester Business School.	1 July 2022
Christopher Ohlrich *Former Executive Director and CFO*	Christopher Ohlrich has over 20 years' commercial, finance and corporate transaction experience during an investment banking career in Australia and the United Kingdom and more recently, senior commercial leadership roles with ASX listed companies in the energy sector. He has had leading roles in over A$20 billion of completed mergers and acquisitions, IPO and capital raising transactions, initially with Ernst & Young in Brisbane, Australia and later as a Vice President in Deutsche Bank's M&A and Corporate Advisory Groups in London, and Investec Bank in Sydney, Australia. He has held roles as General Manager Commercial with Arrow Energy Limited and Chief Commercial Officer with Armour Energy Limited. He has dual degrees in Commerce and Law from the University of Queensland, Australia. He is a Chartered Accountant and member of the Institute of Chartered Accountants Australia and graduate and member of the Australian Institute of Company Directors.	30 January 2017 to 3 June 2022
Robbert De Weijer *Former Executive Director*	Robbert De Weijer has over 30 years' experience in operations, asset management and large project delivery in the energy industry as part of a 23 years' career with Royal Dutch Shell plc Group of companies (Shell) followed by C-suite positions in ASX-listed oil and gas exploration and production companies in Australia. He has had various senior company executive leadership roles in Europe, the Middle East and Australasia including Executive General Manager PNG (Oil Search) managing more than 2500 staff and contractors in a highly complex business environment; CEO (Armour Energy, Dart Energy); COO (Arrow Energy - seconded from Shell) and Asset Leader for Shell's gas assets in the southern North Sea. He holds bachelor's degrees in Mechanical Engineering and Business Administration	17 May 2017 to 15 July 2022

Company secretary

Company Secretary

Ms Anjana Reddy was appointed to the position of Company Secretary on 22 August 2022 and is based in Brisbane, Australia. Ms Reddy has broad legal, compliance, commercial, human resources and risk experience across a number of industries, and has held the position of Company Secretary in both private and public sectors.

Prior to Ms Reddy's appointment, this position had previously been held by Sheryl Dhillon since May 2021, which included corporate secretarial services in Canada.

Corporate Secretarial Services

Ms Emily Davis and Ms Lisa Thompson of Meraki Corporate Services ("**MCS**"), based in Vancouver Canada, were appointed as corporate administrators on 21 September 2022. MCS have over 40 years of combined experience providing corporate compliance and corporate secretarial services for public companies, operating in multiple jurisdictions across the mining, energy and technology sectors.

Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company, who were eligible to attend during the financial year, were as follows:

		Meeting of committees (i)		
	Directors' meetings	Audit	Remuneration	Sustainability
Number of meetings held:	11	5	1	3
Number of meetings attended:				
Craig Nicol	11	-	-	-
Guy Outen (Chair)	11	5	1	3
Christopher Ohlrich	10	-	-	-
Robbert De Weijer	11	-	-	-
Robert Shewchuk	11	5	1	3
William Ollerhead	10	5	1	3

(1) All directors were eligible to attend all meetings held, except Christopher Ohlrich, who was eligible to attend ten director meetings, and Emma FitzGerald and Frederick Kotzee who were not eligible to attend any meetings during the year ended 30 June 2022.

Committee membership

As at the date of this report, the Company had an audit committee, a remuneration committee and a sustainability committee.

Members acting on the committees of the board during or since the end of the financial year were:

Audit	Remuneration	Sustainability
Guy Outen (i)	Guy Outen (i)	Guy Outen (i)
Robert Shewchuk	Robert Shewchuk	Robert Shewchuk
William Ollerhead	William Ollerhead	William Ollerhead
Emma FitzGerald (ii)	Emma FitzGerald (ii)	Emma FitzGerald (ii)

(i) Designates the chair of the committee.
(ii) Emma FitzGerald was appointed as a member of the committee on 27 July 2022.

Principal activities

GMG is a clean-technology company which seeks to offer energy saving and energy storage solutions, enabled by graphene, including that manufactured in-house via a proprietary production process.

GMG has developed a proprietary production process to decompose natural gas (i.e. methane) into its elements, carbon (as graphene), hydrogen and some residual hydrocarbon gases. This process produces high quality, low cost, scalable, 'tuneable' and low/no contaminant graphene suitable for use in clean-technology and other applications. The Company's present focus is to de-risk and develop commercial scale-up capabilities, and secure market applications.

There were no other significant changes in the nature of the activities of the Company during the year.

Operating and financial review

Overview of the Company

The Company's loss from ordinary activities after income tax for the year amounted to $11,770,266 (2021 loss: $8,110,444) and is mainly due to:

- Total revenues primarily being the refundable R&D tax offset of $1,412K and $54K of sales of both standard and mini TXR kits to new customers, as well as graphene mixed coolants and lubricants being trialled with new customers;
- $8,313K of operating expenses which were mainly due to higher expenses associated with the strategic growth of the organisation, including additional staff and technical advisory resources, as well as the operating premises and equipment required to support them; and
- Higher other expenses due to a $4,559K change in fair value of warrants issued and other legal, investor relations, compliance and consultancy costs associated with capital raising.

Shareholder returns

At 30 June	2022	2021
Loss for the year	$11,770,266	$8,110,444
Basic and diluted loss per share (cents)	(15.48)	(13.40)
Share price	C$2.73	C$2.09
Dividends paid	-	-

Net loss amounts have been calculated in accordance with Australian Accounting Standards.

Investments for future performance

GMG's graphene manufacturing technology research and development ("R&D") is focussed on developing the process further to improve the manufacture of commercial quantities of the grade(s) of graphene required to commercialise graphene aluminium-ion batteries ("G+AI Batteries").

Results from trials during the year show progress towards this objective. Further planned trials focussed on different production parameters and systems designs are expected to show further improvements.

On August 17, 2022 GMG made a Final Investment Decision ("FID") on Phase 1 of its graphene manufacturing expansion project, which is expected to provide ample graphene supply for the production of GMG's G+AI Battery coin cells, as well as the Company's energy saving liquid graphene products.

Furthermore, on August 15, 2022, GMG and OzKem Pty Ltd ("OzKem") signed a binding agreement for GMG to acquire the manufacturing intellectual property and brand rights of OzKem's THERMAL-XR® coating products.

Further details are provided in the 'Significant events after the balance date' section.

Review of financial condition

GMG has generated limited revenue to date. Cash expenses mainly relate to R&D activities and other operational expenses. Capital raised has been mainly used to fund the development of the Company's proprietary graphene powder production technology, graphene enhanced products and solutions, and plant and equipment and expenses for developing, testing, manufacturing and marketing these products. Development of G+AI Battery technology, production and commercialisation planning has been an increasing focus area for GMG's employees and intended use of current cash resources.

Timing for commercialisation of G+AI Batteries will depend on the further successful development of a commercial G+AI Battery prototype including the process technology required to produce the necessary grade graphene powder, timing for completion of front end design and construction of a battery manufacturing facility (subject to a final investment decision).

Revenue in the near term is targeted to be generated from TXR. Growth in customer demand for this and other product offerings, and timing for commercialisation of G+AI Batteries, will influence the future funding requirements for GMG. The go-to-market strategy for TXR will evolve as GMG receives more feedback from customers, has more referenceable energy savings data from its energy savings products and solutions and more customer success stories. Based on these parameters, GMG will determine how much to invest to achieve rapid market penetration of TXR in different geographies. A rapid penetration strategy may require additional capital, but deployment of capital for marketing purposes would be controllable by Management.

As at June 30, 2022, cash and cash equivalents were $12,258K with the increase in funds since FY21 due mainly to the Offering and Private Placement in September 2021, raising gross proceeds of C$11.55 million and C$909K respectively and proceeds from exercises of warrants and options.

Management believes GMG has sufficient cash to meet its objectives for at least 12 months. To date, the Company has relied on funding from equity investors and also grants, subsidies and R&D incentives. There is no guarantee that revenue generated by the business will be sufficient to fund the business for a longer period of time. While there can be no assurance that adequate funding will be available in the future, or on terms that are favourable to the Company, the Company remains very positive about its future prospects.

Although the operating and investing cash flow for FY21 and FY22 were negative, it is assumed that the Company has neither the intention nor the need to liquidate any of its assets to discharge its liabilities and commitments in the normal course of business. Though not guaranteed, Management believes that investors will continue to support the business to fund its expansion and development of products and solutions until the business becomes profitable.

Review of principal businesses

Graphene Enhanced Aluminium-Ion Battery Development Project

In April 2021, the Company announced the execution of an agreement with the University of Queensland's Australian Institute for Bioengineering and Nanotechnology ("AIBN") for the development of G+AI Batteries. Under the agreement, GMG will seek to manufacture commercial battery prototypes for watches, phones, laptops, electric vehicles and grid storage with technology developed at the University of Queensland ("UQ"). GMG has also signed a license agreement with Uniquest, the UQ commercialisation company, which provides GMG an exclusive license of the technology for battery cathodes.

During the year, GMG's Battery Development Centre ("BDC") for its G+AI Batteries became operational and the first G+AI Batteries in coin cell format were manufactured.

The BDC was further upgraded during the year to become a fully climate-controlled facility providing optimum temperature, moisture and dust conditions to manufacture batteries in a spacious, fully integrated work environment, incorporating all equipment required to assemble and test batteries. The Company has also successfully increased its organisational capability by attracting new staff experienced in coin cell and pouch cell manufacturing, thereby enabling the acceleration of its battery performance optimisation programme.

During the last quarter of the financial year, GMG commissioned pouch cell development equipment and produced the first working pouch cells.

GMG can now develop and test its own G+AI Battery in coin cell and pouch cell format in-house. This has allowed GMG to further improve and manufacture coin cells in a proven, repeatable and timely manner that sets the Company up to accelerate the commercial development of G+AI Batteries, work with future customers and further build on GMG's internal expertise. Pouch cells are typically used in a wide range of potential applications such as personal electronics, grid storage batteries and can also be used in electric vehicles.

GMG will continue to work on various scientific and engineering methods to optimise capacity, energy and power density, and overall design of the coin cell and pouch cell products.

Figure 1: GMG Battery Development Centre

The Company believes that the performance testing results of early prototypes have shown encouraging power and energy density results and that batteries retained full performance after more than 3,000 charge and discharge cycles. Furthermore, the Company believes that the G+AI Battery is almost fully recyclable, has an extremely low fire risk and does not use lithium nor any rare earth metals.

THERMAL-XR® powered by GMG Graphene

THERMAL-XR® powered by GMG Graphene is a coating application for restoring and improving energy efficiency to refrigeration and air conditioning coils on both building and transport cooling systems. The process coats and rebuilds lost thermal conductivity to the coil by leveraging GMG's graphene to increase the heat transfer rate, resulting in efficiency improvement, and reductions in both energy and CO2 emissions where related for customers.

GMG and a number of potential customers continue to undertake demonstrations of THERMAL-XR® powered by GMG Graphene to assess the commercial opportunity taking into account a range of real world factors (see GMG's website for examples of successful projects). Results supported by GMG management and a number of external parties generally demonstrate improved heat transfer in space cooling (air-conditioning) and cooling units thereby delivering energy and emission reductions and cost savings. Learnings regarding specific location climatic conditions, HVAC equipment, and economic parameters continue to be derived and are being used for prioritising subsequent efforts.

GMG now has live demonstration projects in progress in a number of locations and engagement continues with numerous HVAC-R service contractors and providers in Australia, and internationally, to establish commercial arrangements. In addition to demonstrations on established air-conditioning units, GMG achieved encouraging results on new equipment during the quarter. Such results open the potential for route to market via major Original Equipment Manufacturer ("OEM") brands.

An experienced, senior North American representative has been engaged recently, and GMG is encouraged by early traction in multiple routes to market in the important USA market. This adds to our existing sales representation in South East Asia. Our Australian capability has been further bolstered by two additional appointments in Australia in September 2022.

In addition GMG is applying TXR to a number of customers' industrial processes to ascertain the opportunity to be derived from its heat management capabilities. This represents a potentially large and direct route to key markets.

GMG has worked with the Australian Government's Department of Health to have its graphene approved for use as a component within industrial coatings.

The Company has obtained a Commercial Evaluation Authorisation which encourages innovation by providing a pathway to manufacture chemicals in Australia for the purpose of evaluating its commercial potential. The authorisation was granted after GMG's submission was assessed against specified criteria including management of potential health and environmental risks.

This authorisation is issued under the Industrial Chemical Act 2019 and approves the use of TXR to authorised GMG customers covered by the approval.

G™ LUBRICANT

This product is under development and testing internally and with prospective customers. Results achieved so far are encouraging. The research and development for this product is being undertaken in-house. Research is ongoing and there is no fixed end date. Customer engagement is taking place simultaneously, and hence timing of commercial production will be based on customer accepted scientific results, energy savings calculations and receipt of substantial orders. In a business-to-business environment with large corporate counterparties, the timeline for product validation and acceptance is uncertain. There is no significant operating cost for development, other than part of the salary costs of the Head Product Scientist and Marketing Manager. Necessary capital equipment has already been acquired for current activities.

Several large lubricant blending and marketing companies and original equipment manufacturers are either testing or have expressed interest in testing G™ LUBRICANT concentrates for their performance characteristics for potential adoption as an additive for their products. Some smaller lubricant blending and marketing companies have purchased GMG's graphene for initial trials and/or early-stage small scale commercial production. The Company intends to pursue these opportunities for commercialization of G™ LUBRICANT. The Company's staff undertake multiple projects simultaneously and a project cost tracking system has not been required to date. Expenditures made to date on each project are not separately identified.

G™ COOLANTS and G™ FLUIDS

These products are currently under development and testing. The research and development for this product is being undertaken in-house. Research is ongoing, but with lesser focus than on G™LUBRICANTS, and there is no fixed end date. Customer engagement is taking place simultaneously, and therefore timing of commercial production will be based on customer accepted scientific results, energy savings calculations and receipt of substantial orders. There is no significant operating cost for development, other than part of the salary costs of the Chief Scientific Officer responsible for development. Necessary capital equipment has already been acquired for current activities.

The Company intends to continue to develop these products with a view to commercialization in the future. The Company's staff undertake multiple projects simultaneously and a project cost tracking system has not been required to date. Expenditures made to date on each project are not separately identified.

G™DIESEL and bio-Diesel

This application is still in the early stages of development and testing, which has not been prioritized in the near term. The potential for this product has been identified from third party research studies conducted using graphene in diesel and bio-diesel. Research will likely require use of local university facilities to enable performance testing in a controlled environment. As of now, the Company remains interested in this product and is engaged with potential collaboration partners towards the progression of this project, but at this time does not plan to spend significant resources on this project in the next 12 months. There is no timeline or end date for development of this product. The Company's staff undertake multiple projects simultaneously and a project cost tracking system has not been required to date. Expenditures made to date on each project are not separately identified.

Review of prospects for future financial years

GMG's strategy has evolved over time. While GMG graphene may be suitable for a wide range of industries, GMG has narrowed its focus to target select applications and industries. GMG's management team ("Management") believes that focusing on downstream applications will provide a higher return on in-house graphene production. Also, the vertically integrated approach will enable it to build a long-term competitive advantage. In line with this approach, GMG's initial focus has been developing applications for energy savings and energy storage.

In the energy savings segment, GMG has focused on THERMAL-XR®, a graphene enhanced heating, ventilation, air conditioning and refrigeration ("HVAC-R") coating (or energy-saving paint), G Lubricant, a graphene enhanced lubricant additive that seeks to reduce fuel consumption and carbon emissions by reducing internal friction in engines, and G Coolant, a graphene enhanced engine coolant that seeks to improve the thermal efficiency of engines.

GMG and potential customers continue to undertake demonstrations on a range of HVAC coating projects as well as on large industrial applications to better understand the commercial opportunity of each taking into account mechanical, climatic, operational and economic circumstances of each. Similar demonstrations continue with respect to graphene enhanced lubricants. In both cases notable sales are targeted to follow from these demonstrations.

In the energy storage segment, GMG and the University of Queensland are working collaboratively with financial support from the Australian Government to progress further R&D and commercialization of G+AI Batteries. The Company is excited by its recent R&D breakthroughs and achievements, its growing integrated ability to repeatedly manufacture batteries in-house and accordingly is accelerating work on its strategic roadmap to the commercial development of G+AI Batteries.

GMG is focussing on near term revenue generating opportunities through the sale of THERMAL-XR® into HVAC and industrial heat management projects in Australia, the USA and various other international markets. In the medium term, GMG remains focused on transitioning from R&D to commercialisation of G+AI Batteries. Furthermore, GMG will continue to invest in new product development and graphene enhanced lubricants.

Significant changes in the state of affairs

GMG is listed on the TSX Venture Exchange ("TSXV") under the ticker "GMG" and is also quoted on Tradegate in Germany under "0GF". GMG understand that its shares may have traded on OTCQB under "GMGMF". This quotation was initiated by third party market participants, not GMG. To date, GMG has not offered or sold any securities to investors in the United States. GMG share warrants trade on TSXV under the ticker "GMG.WT".

In the opinion of the directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

Dividends

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

Significant events after the balance date

Acquisition of Intellectual Property and Brand Rights

On August 15, 2022, GMG and OzKem Pty Ltd ("OzKem") signed a binding agreement for GMG to acquire the manufacturing intellectual property and brand rights of OzKem's THERMAL-XR® coating products for a cash consideration of $1 million, in addition to $1 million in ordinary shares of GMG. OzKem developed the THERMAL-XR® coating system products using GMG graphene together with OzKem's base HVAC (Heating Venting and Air Conditioning) coating. Under the agreement GMG will own the THERMAL-XR® brand, will buy the base coatings product from OzKem, and GMG will manufacture the THERMAL-XR® products containing GMG graphene.

Graphene Manufacturing Expansion Project

On August 17, 2022, GMG made a Final Investment Decision ("FID") on Phase 1 of its graphene manufacturing expansion project. The expansion project includes an executed 5 year lease to expand total office and warehouse space to 3,500 square metres, the next generation of the GMG's proprietary graphene production technology with enhanced automation, a micro-grid with energy storage component to improve commercial and environmental electricity supply for the production process, and an infrastructure corridor to allow rapid scaling of further graphene manufacturing capacity during future phases of the graphene manufacturing expansion project. The Phase 1 expansion project is expected to provide ample graphene supply for the potential production of GMG's G+Al Battery coin cells, as well as the Company's energy saving liquid graphene products.

No other matters or circumstances have occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company or economic entity in subsequent financial years.

Likely developments and expected results of operations

The Company will continue its principal activities and strategy as disclosed in the 'Review of prospects for future financial years' for the foreseeable future.

Environmental regulation

The Company is committed to positively contributing to sustainable environmental solutions, both through our operations and our products produced. Environmental impact assessments are guided by our Sustainability Committee which enables governance responsibilities to be fulfilled, including Environmental Obligations and Environmental Best Practise Targets. The Sustainability Committee takes a holistic view of sustainability factors including consideration for the United Nations 17 Sustainable Development Goals, which are recognised by the Company as global issues for which we will positively contribute wherever practicable.

The Company has a documented Environmental Management Standard with performance requirements to fulfil including:

- Identification and assessment of potential and actual environmental effects of any of the Company's activities or operations;
- Environmental risks to be addressed over the lifecycle of the operations;
- Environmental risks are recorded in risk registers and managed via the Risk Management Process;
- Environmental risks are controlled in accordance with regulatory requirements;
- Assessment of environmental effects to ensure compliance with applicable Acts and Regulations;
- Assessment-based environmental management plans are implemented; and
- Performance shall be monitored through the measurement of environmentally relevant data.

To enable the Company to meet its responsibilities, the Sustainability Committee has established regular meetings and evaluation processes.

The Company operates under a development approval issued under The Planning Act 2016. This authorisation outlines specific requirements in relation to Pollution, Trade Waste, Water Waste, Noise and Dust Pollution. The operations of the Company are in compliance with the operating limits of this approval, with no breaches or incidents reported.

The Company's approval to manufacture Graphene was issued by the Australian Industrial Chemicals Introduction Scheme ("**AICIS**") on 5 July 2021. Under the AICIS, the Company is required to supply information relating to Health and Environmental factors relating to products and their use. The Company's facility operates within the parameters outlined by this approval, inclusive of annual reporting requirements.

Based on the results of enquiries made, the Board and Sustainability Committee are not aware of any significant breaches or compliance risks during the period covered by this report.

Sustainability statement

The Company is committed to a positive Environmental, Social & Governance culture, our strategic vision includes providing transparent reporting supported by a values-based governance model.

Our focus is looking at Graphene enabled solutions for society's big sustainability challenges – our products and services specifically support Energy Saving and Energy Storage Solutions.

In alignment with the United Nations 17 Sustainable Development Goals GMG has started its focus on supporting UN SDG #7 – Ensure access to affordable, reliable sustainable and modern energy for all.

The board appointed Sustainability Committee takes a holistic view of sustainability factors and provides strategic direction and support to enable GMG to reach its Sustainability Goals. To provide transparent reporting GMG will look at 4 key steps;

- Measure Emissions
- Measure Offsets
- Set Goals
- Report Progress

In alignment with our commitment to provide transparent reporting GMG has commenced the development of a carbon emissions footprint calculator verified by an independent party using the National Greenhouse and Energy Reporting ("NGER") Framework and guidance notes on estimating emissions and energy from industrial processes.

With verified data on our carbon emission footprint GMG will commence identifying and implementing reduction plans as well as tracking the offset of carbon emissions through the application and use of GMG products. GMG's Thermal XR Energy Saving Coating is the first product that will have the verified offset calculations available.

GMG's TXR Energy Saving Coating and carbon footprint offset calculations will show the inherent environmental benefit that our coatings solutions provide.

To fulfil our social and sustainability objectives GMG will commence evaluations of indirect and direct emissions related to our operations, this is in alignment with the NGER framework to consider upstream activities, direct company activities and downstream activities.

We acknowledge that as a young company our vision is progressive and challenging, we take pride in knowing that this is important to build these values into our culture as we develop and grow the business.

Directors' interests

The relevant interest of each director in the shares and options, warrants, restricted share units ("RSU") or performance share units ("PSU") over such instruments issued by the Company, as notified by the Directors in accordance with S205G(1) of the *Corporations Act 2001*, at the date of this report is as follows:

Director	Ordinary shares	Options over ordinary shares	Warrants over ordinary shares	RSU over ordinary shares
Guy Outen	734,000	555,324	10,000	-
Robert Shewchuk	25,000	285,000	37,500	-
William Ollerhead	619,163	151,125	7,500	-
Emma FitzGerald	-	-	-	-
Craig Nicol	12,557,500	826,540	-	106,027
Frederick Kotzee	-	-	-	147,624

There were no PSU granted to, nor held by directors during or since the end of the financial year as at the date of this report.

Share options, warrants, RSU and PSU

Unissued shares under options

At the date of this report unissued ordinary shares of the Company under options are:

Grant date	Expiry date	Exercise price (i)	Number of shares (i)
6 November 2018	4 November 2025	$0.36	2,222,654
18 February 2019	16 February 2026	$0.61	220,000
15 March 2019	13 March 2026	$0.61	200,000
20 March 2019	18 March 2026	$0.61	29,326
12 May 2019	10 May 2026	$0.61	-
26 June 2019	24 June 2026	$0.61	-
2 December 2019	30 November 2026	$0.42	440,000
6 April 2020	5 April 2027	$0.61	29,326
21 April 2020	20 April 2027	$0.61	285,000
23 December 2020	22 December 2027	$0.82	791,780
12 March 2021	10 March 2028	$0.94	44,000
15 April 2021	12 March 2024	C$0.4963	151,125
16 April 2021	15 April 2024	C$1.00	100,000
Total			**4,513,211**

(i) Adjusted for the impact of the Share Split Transaction as disclosed in note 22(a)(ii) of the attached consolidated financial statements.

No option holder has any right under the options to participate in any other share issue of the Company or any other entity, unless an option is exercised and the option holder is registered as a holder of shares, and then only to the extent that the registered holder of those shares would otherwise be entitled to participate as a member of the Company.

Unissued shares under warrants

At the date of this report unissued ordinary shares of the Company under share purchase warrants are:

Grant date	Expiry date	Exercise price	Number of shares
24 March 2021	24 September 2022	C$0.65	-
13 April 2021	13 October 2022	C$1.00	530,992
2 September 2021	2 September 2024	C$2.60	1,994,100
2 September 2021	2 September 2024	C$2.05 (i)	16,180
2 September 2021	2 September 2024	C$2.60	187,500
2 September 2021	2 September 2024	C$2.14	5,760
9 November 2021	2 September 2024	C$2.60	62,347
Total			**2,796,879**

(i) 8,090 shares from warrants that would arise from the exercise of the Compensation Warrants issued at the exercise price of C$2.05, would be exercisable at C$2.60.

Unissued shares under RSU or PSU

At the date of this report unissued ordinary shares of the Company under share purchase warrants are:

Grant date	Expiry date	Plan Type	Number of shares
20 October 2021	20 October 2026	RSU	181,960
20 October 2021	20 October 2026	PSU	77,359
5 December 2021	5 December 2026	RSU	15,662
14 September 2022	14 September 2027	RSU	453,847
20 September 2022	20 September 2027	RSU	253,651
Total			**982,479**

Shares issued on exercise of options, warrants, RSU and PSU

During or since the end of the financial year, the Company issued ordinary shares of the Company as a result of the exercise of options, warrants, RSU or PSU as follows (there are no amounts unpaid on the shares issued):

Share options		**Warrants**		**RSU (ii)**	**PSU (ii)**
Number of shares	**Amount paid on each share**	**Number of shares**	**Amount paid on each share**	**Number of shares**	**Number of shares**
324,000	$0.36	161,430	$0.71	-	-
825,000	$0.61	1,007,508	$1.10		
		152,870	$2.23		
		862,487	$2.82		

(ii) RSU and PSU have a nil exercise price.

Insurance of officers and indemnities

The Company has agreed to indemnify the directors and officers of the Company, both present and former where applicable, against liabilities for losses on account of any claim for wrongful acts or employment practice breaches. This includes defence costs incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and other payments arising from liabilities incurred by the officers in connection with such proceedings. It does not include certain exclusions including, but not limited to, liabilities that arise from any reckless, intentional, dishonest, fraudulent, criminal or malicious act or omission or any reckless, intentional, wilful violation or breach of any statute, regulation, contract or duty by the officers. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Insurance Premiums

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses' insurance contracts, as such disclosure is prohibited under the terms of the contract.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify it auditors, BDO Audit Pty Ltd ("**BDO**"), as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify BDO during or since the financial year.

Non-audit services

During the year BDO Corporate Finance Ltd ("BDO Corporate Finance"), a network firm of the Company's auditor, BDO, has performed non-audit services.

The Board has considered the non-audit services provided during the year by BDO Corporate Finance and is satisfied that the provision of those services during the year, is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit Committee to ensure they do not impact the integrity and objectivity of the Company's auditor, BDO; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Company, BDO, and its network firms for audit and non-audit services provided during the year are set out below.

	2022 **$**
Audit and review of financial statements	**50,382**
Other assurance services [(i)]	**30,962**
Total paid to BDO Audit Pty Ltd	**81,344**
Non-audit services:	
Financial modelling consultation	**45,397**
Total paid to BDO Corporate Finance Ltd	**45,397**

(i) Other assurance services consisted of reviews of additional reports produced by the Company including quarterly reporting, Prospectus documents, technical accounting matters and review of schedules required for capital raising activities.

Proceedings on behalf of the Company

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

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Lead auditor's independence declaration

BDO were appointed auditors on 31 August 2020 and continue in office. The auditor's independence declaration is set out on page 18 and forms part of the directors' report for the financial year ended 30 June 2022.

Rounding

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that Instrument, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest dollar, unless otherwise stated.

This Directors' report is made out in accordance with a resolution of directors:

Frederick Kotzee
Executive Director and CFO

Dated at Brisbane this 29th day of September 2022.

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek Street
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY R M SWABY TO THE DIRECTORS OF GRAPHENE MANUFACTURING GROUP LIMITED

As lead auditor of Graphene Manufacturing Group Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Graphene Manufacturing Group Limited and the entities it controlled during the year.

R M Swaby
Director

BDO Audit Pty Ltd

Brisbane, 29 September 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	**2022 $**	2021 $
Revenue	7	**54,426**	246,369
Other income	8(a)	**1,461,514**	1,012,981
Employee benefit expenses		**(4,407,811)**	(2,576,267)
Professional and consulting fees		**(1,838,473)**	(1,380,205)
Depreciation and amortisation expense	15,16	**(350,742)**	(262,721)
Travel expenses		**(81,384)**	(7,073)
Raw materials and production inputs		**(35,248)**	(44,620)
Occupancy and utilities expenses		**(206,391)**	(153,881)
Factory costs		**(275,906)**	(144,991)
Share based payments expense		**(863,969)**	(107,914)
Listing expenses	29	**-**	(2,226,356)
Other expenses	8(b)	**(604,324)**	(610,986)
Finance costs	8(c)	**(62,972)**	(23,252)
Gain / (loss) on change in fair value of warrants	19(a)	**(4,558,986)**	(1,831,528)
Loss before income tax		**(11,770,266)**	(8,110,444)
Income tax expense	9	**-**	-
Loss for the year		**(11,770,266)**	(8,110,444)
Other comprehensive income			
Foreign currency translation differences		**367**	40,735
Net other comprehensive income that may be reclassified to profit or loss in subsequent years		**367**	40,735
Other comprehensive income for the year, net of tax		**367**	40,735
Total comprehensive loss for the year		**(11,769,899)**	(8,069,709)
Loss per share attributable to the ordinary equity holders of the Group:			
Basic and diluted (cents)	10	**(15.48)**	(13.40)
Weighted average number of ordinary shares outstanding (Basic and diluted)	10	**76,035,720**	60,534,549

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

Consolidated Statement of Financial Position

	Note	2022 $	2021 $
ASSETS			
Current assets			
Cash and cash equivalents	11	**12,258,018**	3,359,087
Trade and other receivables	12	**142,876**	56,281
Inventories	13	**350,388**	335,632
Research and development grants receivables		**1,411,926**	736,055
Other current assets	14	**317,884**	183,584
		14,481,092	4,670,639
Non-current assets			
Property, plant and equipment	15	**2,162,174**	224,733
Intangible assets	16	**32,663**	48,799
		2,194,837	273,532
Total assets		**16,675,929**	4,944,171
LIABILITIES			
Current liabilities			
Trade and other payables	17	**804,078**	538,691
Lease liabilities	18	**136,622**	-
Financial liabilities	19	**4,410,364**	2,188,625
Employee benefit liabilities	20	**207,064**	162,432
Provisions	21	**20,000**	20,000
		5,578,128	2,909,748
Non-current liabilities			
Lease liabilities	18	**897,627**	-
Provisions	21	**100,000**	-
		997,627	-
Total liabilities		**6,575,755**	2,909,748
Net assets		**10,100,174**	2,034,423
EQUITY			
Share capital	22	**26,435,310**	13,851,483
Share capital warrant premium	22	**5,971,671**	-
Reserves	23	**1,802,893**	563,476
Accumulated losses		**(24,109,700)**	(12,380,536)
Total equity		**10,100,174**	2,034,423

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

Consolidated Statement of Changes in Equity

	Note	Total share capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2020		5,768,589	186,181	(4,270,092)	1,684,678
Loss for the year		-	-	(8,110,444)	(8,110,444)
Other comprehensive income		-	40,735	-	40,735
Total comprehensive loss for the year		**-**	**40,735**	**(8,110,444)**	**(8,069,709)**
Transactions with owners of the Company					
Shares issued	22	8,286,017	-	-	8,286,017
Transaction costs on issued shares	22	(647,059)	-	-	(647,059)
Share options exercised	22	245,677	-	-	245,677
Share based payments	22,23	198,259	336,560	-	534,819
		8,082,894	336,560	-	8,419,454
Balance at 30 June 2021		**13,851,483**	**563,476**	**(12,380,536)**	**2,034,423**
Balance at 1 July 2021		13,851,483	563,476	(12,380,536)	2,034,423
Loss for the year		-	-	(11,770,266)	(11,770,266)
Other comprehensive income	23	-	(40,735)	41,102	367
Total comprehensive loss for the year		**-**	**(40,735)**	**(11,729,164)**	**(11,769,899)**
Transactions with owners of the Company					
Shares issued	22	9,694,304	-	-	9,694,304
Transaction costs on issued shares	22	(1,557,861)	-	-	(1,557,861)
Share options and warrants exercised	22	4,447,384	-	-	4,447,384
Share capital warrant premium	22	5,971,671	-	-	5,971,671
Share based payments	23	-	1,280,152	-	1,280,152
		18,555,498	1,280,152	-	19,835,650
Balance at 30 June 2022		**32,406,981**	**1,802,893**	**(24,109,700)**	**10,100,174**

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

Consolidated Statement of Cash Flows

	Note	**2022 $**	2021 $
Operating activities			
Receipts from customers and government subsidies		**87,382**	546,236
Payments to suppliers and employees		**(7,356,206)**	(4,807,520)
		(7,268,824)	(4,261,284)
Research and development tax incentive received		**736,055**	911,082
Interest received		**1,847**	1,791
Interest paid		**(37,462)**	(91)
Net cash used in operating activities	30	**(6,568,384)**	(3,348,502)
Investing activities			
Acquisition of property, plant and equipment		**(1,066,122)**	(255,778)
Acquisition of intangibles		**(13,905)**	(21,291)
Proceeds from return of investment capital	29	**-**	2,177,964
Net cash from / (used in) investing activities		**(1,080,027)**	1,900,895
Financing activities			
Proceeds from issue of shares		**9,694,304**	4,076,195
Proceeds from issue of share warrants	19	**3,634,424**	357,097
Proceeds from exercise of share options	22	**597,268**	-
Proceeds from exercise of share warrants	22	**3,850,116**	-
Share issue transaction costs		**(1,141,680)**	(325,893)
Payment of lease liabilities		**(87,090)**	-
Net cash from financing activities		**16,547,342**	4,107,399
Net increase in cash and cash equivalents		**8,898,931**	2,659,792
Cash and cash equivalents at beginning of year		**3,359,087**	658,560
Net foreign exchange gain / (loss) on cash held		**-**	40,735
Cash and cash equivalents at end of year	11	**12,258,018**	3,359,087

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

1. Reporting entity

Graphene Manufacturing Group Ltd (“**GMG**” or the “**Company**”) and its subsidiaries (collectively, the “**Group**”) is a for-profit company primarily involved in the development of technology and manufacture of graphene powder and energy saving and energy storage solutions enabled by graphene. The Company is a limited liability company incorporated and domiciled in Australia, and whose shares are publicly traded on the TSX Venture Exchange (the “**TSXV**”).

2. Basis of preparation

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with International Financial Reporting Standards adopted by the International Accounting Standards Board (“**IASB**”). They were authorised for issue by the Board of Directors on 29 September 2022.

These consolidated financial statements have been prepared on a historical cost basis, except for those assets held at fair value (refer to note 4(c)).

Details of the Group’s accounting policies are included in Note 35. Changes to significant accounting policies are described in Note 5.

(a) Going concern

The consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of operations.

For the year ended 30 June 2022, the Group incurred a loss of $11,770,266 after income tax and net cash outflows from operating activities of $6,568,384. At 30 June 2022, the Group had net current assets of $8,902,964 (2021: $1,760,891).

The ability of the Group to continue as a going concern is principally dependent upon current cash funding held and the ability to raise additional capital or secure other forms of financing, as and when necessary to meet the levels of expenditure required for the Group. This is required to continue its ongoing development and commercialisation of energy saving and energy storage solutions and to meet the consolidated Group's working capital requirements.

These conditions give rise to material uncertainty which may cast significant doubt over the Group’s ability to continue as a going concern.

Whilst acknowledging these uncertainties, the Directors have concluded that the going concern basis of preparation of the financial statements is appropriate and any uncertainty regarding going concern is mitigated by the following:

- As at 30 June 2022, the Group had cash on hand of $12,258,018, which is sufficient to meet the ongoing corporate costs and expected project expenditure for twelve (12) months;
- As at the date of this report there are 4,513,211 options and 2,796,879 warrants on issue with exercise prices ranging from AUD$0.36 to CAD$2.60. If exercised these would raise an estimated $9,571,164 in additional capital;
- The Group continues to closely monitor expenditure, and the Board is confident that it will be able to manage its cash resources appropriately; and
- To the extent required, the Group has capacity under the TSXV Listing Rules to raise further funds through the issue or placement of securities.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report. This financial report does not include any adjustments related to the recoverability and classification of recorded asset amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

2. Basis of preparation (continued)

(b) Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 28.

(c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of GMG (the "**Company**" or "**parent entity**") as at 30 June 2022 and the results of all subsidiaries (collectively, the "**Group**") for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

3. Functional and presentation currency

These consolidated financial statements are presented in Australian dollars ($ or A$), except for certain references to Canadian dollars (C$) where specifically stated. The Company's functional and presentation currency is Australian dollars.

(a) Foreign currency transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities, as well as revenue and expense items denominated in foreign currencies, are translated into the functional currency at the exchange rate at the date of the respective transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the statement of profit or loss and other comprehensive income ("**OCI**").

4. Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, revenue and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

4. Use of judgements and estimates (continued)

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Going concern (note 2(a)) – whether there are material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern;
- Revenue recognition (note 7(b)) – whether revenue from energy saving and energy storage solutions is recognised over time or at a point in time;
- Inventories (note 13) – whether the net realisable value is greater than the carrying value; and
- Lease term (note 18) – whether the Group is reasonably certain to exercise extension options.

(b) Estimates

Information about assumptions and estimation uncertainties at 30 June 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year are included in the following notes:

- Financial liabilities (note 19) – key assumptions underlying the basis of measurement of warrant liabilities, valued using the Black-Scholes option pricing model;
- Deferred tax assets recognition (note 9(e)) – availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised;
- Intangible assets impairment test (note 35(a)) – key assumptions underlying recoverable amounts; and
- Provisions (note 21) – recognition and measurement of provisions: key assumptions about the likelihood and magnitude of an outflow of resources.

(c) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. Management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, in conjunction with direct input from the Chief Financial Officer.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then Management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues reported to the Company's audit committee.

When measuring the fair values of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1:* quoted prices in active markets for identical assets or liabilities (unadjusted).
- *Level 2:* observable direct or indirect inputs (as prices) for the asset or liability, other than Level 1 inputs.
- *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

4. Use of judgements and estimates (continued)

(c) Measurement of fair values (continued)

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring the fair values is included in the following notes:

- Note 19 – financial liabilities; and
- Note 25 – financial instruments.

5. Changes in significant accounting policies

(a) New standards, interpretations and amendments adopted

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Interest Rate Benchmark Reform – Phase 2: *Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued; and
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

5. Changes in significant accounting policies (continued)

(a) New standards, interpretations and amendments adopted (continued)

Covid-19-Related Rent Concessions beyond 30 June 2021 *Amendments to IFRS 16*

On 28 May 2020, the IASB issued *Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases*. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Group has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

(b) New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

Classification of Liabilities as Current or Non-current – *Amendments to IAS 1*

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is assessing the impact the amendments will have on current and future practice.

Onerous contracts – Costs of Fulfilling a Contract – *Amendments to IAS 37*

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

5. Changes in significant accounting policies (continued)

(b) New standards, interpretations and amendments not yet effective (continued)

Definition of Accounting Estimates – *Amendments to IAS 8*

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

Disclosure of Accounting Policies – *Amendments to IAS 1 and IFRS Practice Statement 2*

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements*, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

Deferred Tax related Assets and Liabilities arising from a Single Transaction – *Amendments to IAS 12*

The amendments narrow the scope of the 'initial recognition exemption' to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The unused tax losses incurred by the Company are not recognised as there is uncertainty on the expected timing in which the Company is likely to generate taxable income in the foreseeable future. Subject to satisfying certain tests under the relevant legislation they can be carried forward indefinitely.

Other standards

The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements:

- *References to Conceptual Framework* (Amendments to IFRS 3);
- *Property, Plant and Equipment: Proceeds before Intended Use* (Amendments to IAS 16); and
- *Annual Improvements to IFRS Standards 2018-2020* (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41).

6. Operating segments

The Company's senior management represent the Chief Operating Decision Makers ("**CODM**"). The CODM analyses the company information as a whole and as such, have determined that the Company has only one operating segment. Revenue from operating segments is not significant enough to be separately measured, and all sales come from energy saving and energy storage solutions mainly in Australia. Assets are all based in Australia.

	2022	2021
	$	$

7. Revenue from contracts with customers

Sale of goods	**54,426**	246,369

(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods as follows:

Timing of revenue recognition		
At a point in time	**54,426**	166,369
Over time	**-**	80,000
	54,426	246,369

(b) Revenue recognition

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with the customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The Group recognises other revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities using the methods outlined below:

Sale of goods
Revenue from the sale of goods is recognised when the Group has satisfied the performance obligations under the contract, which is typically at the point of delivery.

8. Income and expenses

(a) Other income

	2022 $	2021 $
Research and development tax incentive	**1,411,926**	736,055
Prior year R&D Recoupment tax	**-**	(22,739)
Government COVID-19 subsidies	**-**	213,500
Grants income	**30,676**	83,720
Interest income	**1,847**	1,791
Other income	**3,465**	654
Foreign exchange gains	**13,600**	-
	1,461,514	1,012,981

Other income is recognised using the methods outlined below:

Interest income
Interest income is recognised using the effective interest method.

Government grants
Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

(b) Other expenses

	2022 $	2021 $
Employee benefit expenses include the following notable item:		
Superannuation	**333,259**	200,398
Other expenses include the following notable items:		
Finders fees	**-**	245,164
Share registry and other listing expenses	**36,110**	59,326
Research and development expenses	**83,067**	62,884
Testing and quality control	**85,109**	55,355
Insurance	**145,425**	49,682
Information technology expenses	**80,256**	47,079

(c) Finance costs

	2022 $	2021 $
Foreign exchange losses	**19,253**	21,267
Interest expense – lease liabilities	**37,408**	-
Finance and other interest charges	**6,311**	1,985
	62,972	23,252

9. Income tax expense

(a) Income tax expense

	2022 $	2021 $
Current tax	-	-
Income tax expense	-	-

(b) Numerical reconciliation of income tax benefit to prima facie tax payable

	2022 $	2021 $
Loss from continuing operations before income tax	(11,770,266)	(8,110,444)
Tax at the Australian tax rate of 30.0%	(3,531,080)	(2,433,133)
Tax effect of amounts which are not taxable in calculating taxable income:		
Research and development expenditure	973,742	507,625
Share based payment expense	259,191	32,374
R&D tax incentive	(423,578)	(213,995)
Other items	(59,289)	(6,503)
Change in fair value of warrants	1,367,696	549,458
Subtotal	1,413,318	(1,564,174)
Unrecognised tax losses and temporary differences movement	1,413,318	1,564,174
Income tax expense/(benefit)	-	-

(c) Tax losses

	2022 $	2021 $
Unused tax losses for which no deferred tax asset has been recognised:		
Current year	4,872,197	2,163,276
Prior year/s	3,566,857	1,431,016
Potential tax benefit @ 30%	2,531,716	1,078,288

The unused tax losses were incurred by the Group and there is uncertainty on when the Group is likely to generate taxable income in the foreseeable future. They can be carried forward indefinitely. See note 9(e)(ii) for information about recovery of deferred tax assets and significant judgements made in relation to them.

(d) Unrecognised temporary differences

	2022 $	2021 $
Temporary differences for which deferred taxes have not been recognised:		
Section 40-880 (off balance sheet)	182,550	247,467
Fixed assets	(4,988)	(49,347)
Superannuation payable	-	21,065
Unrealised foreign exchange losses	-	162
Unrealised foreign exchange gains	(172)	-
Other accruals	8,160	32,122
Provision for employee benefits	62,119	48,729
Provision for make good	36,000	6,000
Right of use assets	(326,058)	-
Lease liabilities	310,275	-
Investment in subsidiaries	-	655,505
Tax losses	2,531,716	1,078,288
Unrecognised deferred tax asset relating to the above temporary differences	2,799,602	2,039,991
Unrecognised deferred tax asset relating to s40-880 through equity	346,681	99,240
Total unrecognised net deferred tax assets	3,146,283	2,139,231

9. Income tax expense (continued)

(e) Income tax accounting policy

Income tax expense or benefit comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of the current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investment in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow form the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

10. Earnings per share

Basic earnings or loss per share ("**EPS**") calculations have been based on the following loss attributable to ordinary equity holders divided by the weighted average number of ordinary shares outstanding.

Diluted EPS calculations have been based on the following loss attributable to ordinary equity holders and weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

Due to the net loss recognised for the years, and the ongoing non-cash impact on profit and loss due to the change in the fair value of warrants, to ensure consistency and relevance of reporting, all outstanding stock options, warrants, broker warrants, restricted and performance share units were excluded from the calculation of diluted EPS due to their anti-dilutive effect.

In Australian dollars ($) unless otherwise stated	**2022 $**	2021 $
Basic and diluted EPS (cents) (i)	**(15.48)**	(13.40)
Loss attributable to ordinary equity holders of the Company for basic earnings – continuing operations	**(11,770,266)**	(8,110,444)
Loss attributable to ordinary equity holders of the Company adjusted for the effect of dilution	**(11,770,266)**	(8,110,444)

	2022 Number	2021 Number
(a) Weighted average number of ordinary shares ("WANOS")		
WANOS used in basic and diluted EPS (i)	**76,035,720**	60,534,549
Items excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive:		
Stock options	**4,627,427**	5,739,079
Warrants	**2,804,977**	1,538,500
Broker warrants	**126,875**	161,430
Restricted and performance share units	**274,981**	-
	7,834,260	7,439,009

(i) Adjusted for the additional shares issued under the Share Split transaction per note 22(a)(ii).

	2022 $	2021 $
11. Cash and cash equivalents		
Cash at bank	**12,258,018**	3,359,087

Accounting policy for cash and cash equivalents

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

	2022 $	2021 $

12. Trade and other receivables

Trade and other receivables	**27,975**	22,000
Goods and services tax receivable	**114,901**	34,281
	142,876	56,281

Accounting policy for trade and other receivables

Trade and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months and the corresponding historical credit losses experienced within this period.

Further information regarding credit risk and impairment is provided in note 25.

	2022 $	2021 $

13. Inventories

Energy saving products	**338,548**	325,268
Graphene powder	**11,840**	10,364
	350,388	335,632

Accounting policy for inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

	2022 $	2021 $

14. Other current assets

Prepayments	**309,164**	168,263
Other assets	**8,720**	15,321
	317,884	183,584

Prepayments comprises mainly payments made in advance for insurance related to the Company and its operations.

15. Property, plant and equipment

	Right-of-use [(i)]	Property, plant and equipment			
	Leased buildings $	**Plant and equipment [(ii)] $**	**Leasehold improvements $**	**Capital work in progress $**	**Total $**
Cost					
At 1 July 2020	-	1,053,927	6,645	-	1,060,572
Additions	-	255,778	-	-	255,778
At 30 June 2021	-	1,309,705	6,645	-	1,316,350
Additions	1,208,374	76,524	-	1,022,280	2,307,178
Disposals	-	(12,833)	-	(13,905)	(26,738)
Transfers	-	349,207	405,793	(755,000)	-
At 30 June 2022	**1,208,374**	**1,722,603**	**412,438**	**253,375**	**3,596,790**
Accumulated depreciation					
At 1 July 2020	-	831,214	1,649	-	832,863
Depreciation	-	257,425	1,329	-	258,754
At 30 June 2021	-	1,088,639	2,978	-	1,091,617
Depreciation	134,264	196,637	12,098	-	342,999
At 30 June 2022	**134,264**	**1,285,276**	**15,076**	**-**	**1,434,616**
Net book value					
At 30 June 2021	-	221,066	3,667	-	224,733
At 30 June 2022	**1,074,110**	**437,327**	**397,362**	**253,375**	**2,162,174**

(i) Right-of-use ("ROU") asset recognised in respect of the Company's head office leased premises in Brisbane, Australia, as disclosed in note 18, with the corresponding lease accounting policy as described in note 31.
(ii) Plant and equipment cost includes $12,965 of leased office equipment recognised as a ROU asset as the lease term exceeds 12 months.

Accounting policy for property, plant and equipment

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

Depreciation is calculated using the diminishing value and straight-line methods to allocate the net cost of the assets over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

- Plant and equipment 1 - 10 years
- Leasehold improvements 1 - 20 years
- Right-of-use assets 5 – 6 years

The residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

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

16. Intangible assets

	Patents, trademarks and other rights $	Computer software $	Total $
Cost			
At 1 July 2020	37,430	3,547	40,977
Additions	11,922	9,369	21,291
At 30 June 2021	**49,352**	**12,916**	**62,268**
Additions	10,555	3,350	13,905
Disposals	(22,298)	-	(22,298)
At 30 June 2022	**37,609**	**16,266**	**53,875**
Accumulated amortisation			
At 1 July 2020	8,557	945	9,502
Amortisation	2,795	1,172	3,967
At 30 June 2021	**11,352**	**2,117**	**13,469**
Amortisation	5,107	2,636	7,743
At 30 June 2022	**16,459**	**4,753**	**21,212**
Net book value			
At 30 June 2021	38,000	10,799	48,799
At 30 June 2022	**21,150**	**11,513**	**32,663**

Accounting policy for intangible assets

(a) Patents, trademarks and licences

Separately acquired patents, trademarks and other rights, including licences, are shown at historical cost. Trademarks, licences and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(b) Computer software

Costs associated with maintaining software programmes and the company website are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets. Capitalised website and development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

(c) Research and development

Research expenditure and development expenditure are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent year.

(d) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. The estimated useful lives for the current and comparative periods are as follows:

- Patents, trademarks and other rights 1 - 10 years
- Computer software 1 - 5 years

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

17. Trade and other payables

	2022	2021
	$	$
Trade payables	**164,054**	197,179
Accrued expenses	**388,699**	203,998
Other payables	**251,325**	137,514
	804,078	538,691

Refer to note 25 for further information on financial instruments.

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

18. Lease liabilities

	2022	2021
	$	$
Maturity analysis of contractual undiscounted cash flows:		
Within one year	**193,758**	-
Between one and five years	**931,627**	-
More than five years	**84,729**	-
	1,210,114	-
Lease liabilities included in the condensed consolidated interim statement of financial position:		
Current	**136,622**	-
Non-current	**897,627**	-
	1,034,249	-

Right-of-use asset and lease liability

In November 2021, the Company entered into a three-year lease agreement for a new head office leased premises in Brisbane, Australia. The lease agreement included two options to extend, each for an additional three-year period. A lease liability of $1,108,374 was recorded on initial recognition based on a six-year lease term, which included one option to extend being included in the initial assessment. The second option was subject to further annual review, taking into consideration future potential lease modifications arising from the future expansion plans associated with the Richlands office premises. The corresponding right-of-use asset was recognised for $1,208,374, as detailed in note 15. This included the expected future costs of the make good provision of $100,000, per note 21.

In June 2022, the Company entered into a five-year lease agreement for a new head office leased printer. A lease liability of $12,965 has been recognised along with a corresponding right-of-use asset, as disclosed in note 15.

19. Financial liabilities

	2022 **$**	2021 $
Warrant liability:		
Traded warrants	**2,919,815**	-
Non-traded warrants	**1,490,549**	2,188,625
	4,410,364	2,188,625

Refer to note 25 for further information on financial instruments.

Accounting policy for derivative financial liabilities

Derivatives are initially recognised at their fair value on the date the derivative contract is entered into and transaction costs are expensed. The Company's derivatives are subsequently re-measured at their fair value at each statement of financial position date with changes in fair value recognised in net income or loss.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to their host contracts.

(a) Warrant liability

The Company has issued certain share purchase warrants which have a fixed exercise price in Canadian dollars. As the functional currency of the Company is the Australian dollar, these warrants are considered a derivative as a variable amount of cash in the Company's functional currency will be received on exercise. The share purchase warrants were not issued for goods or services rendered. Accordingly, these warrants are classified and accounted for as a derivative financial liability at fair value through profit or loss. The fair value of the warrants is determined using the quoted market trading data for the Company's traded warrants, and the Black-Scholes option pricing model for non-traded warrants.

The changes in the carrying amounts of the Company's outstanding warrant liability during the year ended 30 June 2022 was as follows:

	2022 **$**	2021 $
At 1 July	2,188,625	**-**
Issued during the year	3,634,424	357,097
Exercised	(5,971,671)	-
Expired	-	-
Fair value adjustment	4,558,986	1,831,528
At 30 June	**4,410,364**	**2,188,625**

Further details of the warrants issued are disclosed in note 22(f).

Non-traded warrants

The fair value of non-traded warrants and stock options classified as derivative financial liabilities was calculated with the following weighted average assumptions:

	30 June 2022	**30 June 2021**
Share price	C$2.73	C$2.09
Exercise price	C$1.00 – C$2.60	C$1.00
Expected volatility	79.6%	100%
Expected life (years)	0.29 – 2.18	1.29
Risk-free interest rate	2.73% - 3.16%	0.06%

19. Financial liabilities (continued)

(a) Warrant liability (continued)

Traded warrants

The Compensation Warrants issued on 2 September 2021 commenced trading on the TSXV on 9 September 2021. On initial recognition and prior to active market trading data being available for use, the Compensation Warrants were valued using the Black Scholes option pricing model based on the inputs below:

	On initial recognition
Share price	C$2.73
Exercise price	C$2.60
Expected volatility	61%
Expected life (years)	2.99
Risk-free interest rate	0.20%

Once trading of the warrants commenced, the quoted market trading data on the TSXV was available for use as a Level 1 input to determine the fair value. At 30 June 2022 the fair value of traded warrants was based on the market price of C$1.30 per warrant at the reporting date.

20. Employee benefit liabilities

	2022 $	2021 $
Liabilities for employee benefits below are current and comprise:		
Annual leave liability	**207,064**	162,432

Accounting policy for employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The annual leave liabilities are presented as current employee benefit obligations in the balance sheet. The liabilities relating to wages and other employee related payables are presented as current other payables in the balance sheet.

(b) Other long-term employee benefit obligations

The liabilities for long service leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

At balance date, no long service leave liability has been recognised as no employee has reached the years of service to recognise such liability.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

21. Provisions

	2022 $	2021 $
Lease Provision		
At 1 July	20,000	-
Raised during the year	100,000	20,000
Utilised	-	-
Reversals	-	-
Unwinding of discount	-	-
At 30 June	**120,000**	**20,000**
Categorised as:		
Current	20,000	20,000
Non-current	100,000	-

Lease provision

A provision has been recognised for the estimated costs exiting the leased premises in Sumner Queensland, for relocation of the business operations. Cost estimates are for the restoration of the premises to its original state as part of the standard lease agreement.

Accounting policy for provisions

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

22. Share capital

	Note	2022 Number	2022 $	2021 Number	2021 $
Ordinary shares		78,764,797	32,406,981	69,545,092	13,851,483

(a) Movement in ordinary shares

	Note	2022 Number	2022 $	2021 Number	2021 $
At 1 July		69,545,092	13,851,483	2,515,178	5,768,589
Shares issued – before listing	(i)	-	-	191,675	2,395,937
Share split	(ii)	-	-	56,843,913	-
Shares issued - Cuspis Transaction	(iii)	-	-	6,162,071	4,185,587
Shares issued - SR Private Placement	(iv)	-	-	3,077,000	1,704,493
Share based payments	(v)	-	-	291,880	198,259
Shares issued – Marketed Offering	(vi)	5,635,000	8,903,056	-	-
Shares issued - Private Placement	(vii)	425,000	791,248	-	-
Share options exercised	(viii)	1,111,652	597,268	463,375	245,677
Warrants exercised	(ix)	2,048,053	3,850,116	-	-
Transaction costs for issued shares		-	(1,557,861)	-	(647,059)
		78,764,797	**26,435,310**	**69,545,092**	**13,851,483**
Share capital warrant premium	(x)	-	5,971,671	-	-
At 30 June		**78,764,797**	**32,406,981**	**69,545,092**	**13,851,483**

22. Share capital (continued)

(a) Movement in ordinary shares (continued)

(i) Shares issued – before listing
Shares issued for contributions of equity prior to listing on the TSXV.

(ii) Share split
On April 11, 2021, GMG and Cuspis Capital Ltd ("**Cuspis**") completed a qualifying transaction (the "**Cuspis Transaction**") under TSXV Policy 2.4 – Capital Pool Companies. The Cuspis Transaction was completed by way of statutory plan of arrangement under the Business Corporations Act (Ontario). Prior to completion of the Cuspis Transaction, the Company effected a share split (the "**Split**" or "**Share Split**") on the basis of twenty-two (22) post-Split ordinary shares in the capital of GMG ("**Shares**") for every one (1) pre-Split Share held.

(iii) Share issue - Cuspis Transaction
6,162,071 GMG Split Shares to the former shareholders of Cuspis as part of the Cuspis Transaction.

(iv) Share issue - SR Private Placement
On 24 March 2021, GMG completed a private placement via a subscription receipt offering of 3,077,000 subscription receipts ("**Subscription Receipts**") at a price per Subscription Receipt of C$0.65, for gross proceeds to GMG of C$2,000,050 ("**SR Private Placement**"). Immediately prior to the listing of GMG on the TSXV, the Subscription Receipts were converted to GMG units (comprising 1 GMG split share and 0.5 of a GMG Unit Warrant ("**GMG Unit Warrant**")). Each whole GMG Unit Warrant being exercisable into 1 GMG Split Share at a price of C$1.00 for a period of 18 months from the date of conversion of the Subscription Receipts. Refer to note 19 for the accounting treatment of the financial liability arising from these GMG Unit Warrants.

(v) Share based payments
291,880 shares issued to Tri View Capital Ltd. ("**Tri View**") pursuant to an investment advisory agreement between the Company and Tri View.

(vi) Share issue – Marketed Offering
On September 2, 2021, GMG completed a marketed public offering of units (the "**Offering Units**") of the Company, including exercise in full of the over-allotment option (the "**Offering**"). A total of 5,635,000 Offering Units were sold at a price of C$2.05 per Offering Unit (the "**Offering Price**") for gross proceeds of approximately C$11.55 million. Each Offering Unit is comprised of one ordinary share in the capital of the Company (each, an "**Ordinary Share**") and one-half of one Ordinary Share purchase warrant (each, an "**Offering Warrant**"). Each Offering Warrant entitles the holder to purchase one Ordinary Share at C$2.60 at any time until September 2, 2024.

The TSX Venture Exchange also accepted for listing the 2,817,500 Offering Warrants underlying the Offering Units issued pursuant to the Offering. GMG share warrants trade on TSXV under the ticker "GMG.WT".

(vii) Share issue – Private Placement
The Company completed a non-brokered private placement for gross proceeds of C$909,500 through the sale of 425,000 units ("**PP Units**") at a price of C$2.14 per PP Unit (the "**Private Placement**"). Each PP Unit was comprised of one Ordinary Share and one-half of one warrant ("**PP Warrant**"). Each PP Warrant shall entitle the holder to purchase one Ordinary Share at C$2.60 at any time on or before the date which is 36 months from the date of issuance.

(viii) Share options exercised
Shares issued upon the exercise of options allocated under the Stock Option Plan detailed in note 24(a).

(ix) Warrants exercised
Shares issued upon the exercise of warrants detailed in note 22(f).

(x) Share capital warrant premium
Warrant premium recognised on the settlement of warrant liabilities exercised, detailed in note 19(a).

22. Share capital (continued)

(b) Ordinary shares

Ordinary shares are classified as equity. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Incremental costs directly attributable to the issue of ordinary shares or options are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is recognised in equity or in OCI.

Proceeds related to the issuance of units are allocated between share capital and warrants on a relative fair value basis where warrants are classified as equity instruments. For warrants classified as financial liabilities, the fair value of the warrants is determined with the residual amount allocated to share capital.

(c) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting year but not distributed at the end of the reporting year.

(d) Capital management

For the purpose of the Company's capital management, capital includes share capital, options, warrants, restricted and performance share units and all other equity reserves.

The Company's objectives when managing capital are to:

- safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- maintain an optimal capital structure to reduce the cost of capital.

The Company sets the amount of capital it requires in proportion to risk. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt, where applicable.

The Company is not funded by debt, and therefore is not subject to externally imposed capital requirements that result in debt covenant ratio types of monitoring. Instead, the Company manages its capital, including shares, options, warrants, restricted and performance share units, together with the current and anticipated funding levels in order to achieve its stated objectives.

22. Share capital (continued)

(e) Options

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price (i)	30 June 2022 (i)	30 June 2021 (i)
6 November 2018	4 November 2025	$0.36	2,222,654	2,546,654
18 February 2019	16 February 2026	$0.61	220,000	220,000
15 March 2019	13 March 2026	$0.61	200,000	220,000
20 March 2019	18 March 2026	$0.61	29,326	29,326
12 May 2019	10 May 2026	$0.61	37,348	210,000
26 June 2019	24 June 2026	$0.61	-	110,000
2 December 2019	30 November 2026	$0.42	440,000	440,000
6 April 2020	5 April 2027	$0.61	29,326	29,326
21 April 2020	20 April 2027	$0.61	285,000	770,000
23 December 2020	22 December 2027	$0.82	868,648	868,648
12 March 2021	10 March 2028	$0.94	44,000	44,000
15 April 2021	12 March 2024	C$0.4963	151,125	151,125
16 April 2021	15 April 2024	C$1.00	100,000	100,000
Total			**4,627,427**	**5,739,079**

The number and weighted average exercise price ("**WAEP**") of share options were as follows:

	2022 WAEP (i)	2022 Number	2021 WAEP (i)	2021 Number
Outstanding at 1 July	$0.53	5,739,079	$0.46	209,090
Granted before share split	-	-	$0.82	41,484
Forfeited	-	-	$0.61	(667)
Granted for share split	-	-	$0.52	5,248,047
Granted after share split	-	-	$0.59	704,500
Exercised	$0.54	(1,111,652)	$0.51	(463,375)
Expired	-	-	-	-
Outstanding at 30 June	**$0.52**	**4,627,427**	**$0.53**	**5,739,079**
Exercisable at 30 June	**$0.48**	**3,865,127**	**$0.46**	**3,097,661**

(ii) Adjusted for the impact of the Share Split Transaction per note 22(a)(ii).

22. Share capital (continued)

(f) Warrants

Warrants, including broker warrants, outstanding at the end of the year have the following expiry dates and exercise prices:

Issue date	Expiry date	Note	Exercise price	30 June 2022	30 June 2021
24 March 2021	24 September 2022	(i)	C$0.65	40,050	161,430
13 April 2021	13 October 2022	(ii)	C$1.00	621,377	1,538,500
2 September 2021	2 September 2024	(iii)	C$2.60	1,996,100	-
2 September 2021	2 September 2024	(iv)	C$2.05	18,718	-
2 September 2021	2 September 2024	(v)	C$2.60	187,500	-
2 September 2021	2 September 2024	(vi)	C$2.14	5,760	-
9 November 2021	2 September 2024	(vii)	C$2.60	62,347	-
Total				**2,931,852**	**1,699,930**

(i) Broker Warrants – SR Private Placement
On March 24, 2021, the Company completed the SR Private Placement.

In connection with the SR Private Placement, the Company paid finder's fees to certain finders in the aggregate amount of C$109,756 in cash, representing 6% of the proceeds from investors introduced by applicable finders, and issued an aggregate of 161,430 share purchase warrants of the Company (the "**Broker Warrants**"), representing 6% of the Subscription Receipts subscribed for by investors introduced by applicable finders (collectively, the "**Finder's Fees**"). Each Broker Warrant is exercisable for one Share at an exercise price of C$0.65 until September 24, 2022

(ii) Warrants – Subscription Receipts
On April 13, 2021, 1,538,500 GMG Unit Warrants were issued upon the conversion of the 3,077,000 Subscription Receipts. Each whole GMG Unit Warrant is exercisable into one (1) Ordinary Share at a price of C$1.00 until October 13, 2022. These warrants are classified as financial liabilities as disclosed in note 19.

(iii) Warrants – Marketed Offering
These warrants were issued in connection with the Offering as disclosed in note 22(a)(vi).

(iv) Broker Warrants – Marketed Offering
In connection with the Offering disclosed in note 22(a)(vi), the Company has paid to the Underwriters a cash commission of $693,105 and issued to the Underwriters 169,050 (“Compensation Warrants”). Each Compensation Warrant is exercisable into a unit, with equivalent terms to an Offering Unit, at the Offering Price until September 2, 2024.

(v) Warrants – Private Placement
212,500 warrants were issued in connection with the Private Placement as disclosed in note 22(a)(vii).

(vi) Broker Warrants – Private Placement
In connection with the Private Placement disclosed in note 22(a)(vii), the Company has paid to certain arms’ length finders, finders’ compensation comprised of an aggregate cash commission of $24,653 and an aggregate of 5,760 warrants. The warrants are exercisable into one (1) Ordinary Share at a price of C$2.14 per unit until September 2, 2024.

(vii) Broker Warrants – Compensation Warrants
In connection with the Offering disclosed in note 22(a)(vi), and the initial exercising of Compensation Warrants in note 22(f)(iv), the Company recognised the share based payment expense in respect of the 84,525 warrants anticipated to be issued in full in accordance with the Offering Unit terms. At the end of the period, 9,360 of the 84,525 warrants are yet to be issued.

22. Share capital (continued)

(f) Warrants (continued)

The number and weighted average exercise price ("**WAEP**") of warrants, which are all exercisable, were as follows:

	2022 WAEP	2022 Number	2021 WAEP	2021 Number
Outstanding at 1 July	$1.04	1,699,930	-	-
Issued	$2.77	3,279,975	$1.04	1,699,930
Exercised	$1.88	(2,048,053)	-	-
Expired or forfeited	-	-	-	-
Outstanding at 30 June	**$2.51**	**2,931,852**	**$1.04**	**1,699,930**

(g) Restricted share units ("RSUs") and performance share units ("PSUs")

Equity settled

Under the terms of the share incentive plan ("**Share Incentive Plan**") the Board of Directors may, from time to time, grant to directors, executive officers, employees and consultants, RSUs and PSUs in such numbers and on such terms as determined by the board. RSUs and PSUs granted under the Share Incentive Plan, are exercisable into ordinary shares for no additional consideration, after the vesting conditions specified within the terms of each participants' agreement are met.

The fair value of RSUs and PSUs was determined based on the Company's share price on the date of grant.

The RSUs vest in three tranches with vesting conditions based on time and share price performance over a three-year period. The PSUs vest in three tranches with vesting conditions based on time and performance targets over a three-year period.

Share-based payments expense related to the RSUs and PSUs are recorded over the three-year vesting period and the amount is adjusted at each reporting period to reflect the number of RSUs and PSUs expected to vest.

RSUs and PSUs, outstanding at the end of the year, have the following expiry dates:

Grant date	Expiry date	Plan Type	30 June 2022	30 June 2021
20 October 2021	20 October 2026	RSU	181,960	-
20 October 2021	20 October 2026	PSU	77,359	-
5 December 2021	5 December 2026	RSU	15,662	-
Total			**274,981**	**-**

22. Share capital (continued)

(g) RSUs and PSUs (continued)

The number and weighted average share price ("**WASP**") of RSUs and PSUs were as follows:

	RSUs		PSUs	
	WASP (i)	**Number**	**WASP (i)**	**Number**
Outstanding at 1 July 2021	-	-	-	-
Granted	$6.24	197,622	$6.28	77,359
Exercised	-	-	-	-
Expired or forfeited	-	-	-	-
Outstanding at 30 June 2022	**$6.24**	**197,622**	**$6.28**	**77,359**
Exercisable at 30 June 2022	**-**	**-**	**-**	**-**

(i) Further details of fair value measurement are included in note 24(f).

Further details of the RSUs and PSUs are included in note 24(a), and the related share-based payments expense is disclosed at note 23(a).

23. Reserves

	2022 **$**	2021 $
Share-based payment reserve	1,368,903	497,118
Warrants reserve	433,990	25,623
Foreign currency translation reserve	-	40,735
	1,802,893	563,476

(a) Movements in reserves

	Share-Based Payment $	**Warrants $**	**Foreign Currency Translation $**	**Total $**
At 1 July 2020	186,181	-	-	186,181
Share option issues – Cuspis Transaction	177,393	-	-	177,393
Share plan expense	133,544	-	-	133,544
Warrants issued	-	25,623	-	25,623
Foreign currency translation differences	-	-	40,735	40,735
At 30 June 2021	**497,118**	**25,623**	**40,735**	**563,476**
Stock option plan expense	106,484	-	-	106,484
RSUs expense	543,201	-	-	543,201
PSUs expense	222,100	-	-	222,100
Warrants issued	-	408,367	-	408,367
Foreign currency translation differences	-	-	(40,735)	(40,735)
At 30 June 2022	**1,368,903**	**433,990**	**-**	**1,802,893**

(b) Nature and purpose of reserves

Share-based payments reserve
The share-based payments reserve is used to recognise:
- the grant date fair value of options issued to employees but not exercised;
- the grant date fair value of shares issued to employees; and
- the grant date fair value of deferred shares granted to employees but not yet vested.

23. Reserves (continued)

(b) Nature and purpose of reserves (continued)

Warrants reserve
Warrants and broker warrants fair values are determined according to the quoted prices and number of warrants at the date of issue.

Foreign current translation reserve
The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of Cuspis Capital Ltd into the presentation currency for consolidation purposes.

24. Share-based payments

(a) Stock option plan and Share Incentive Plan

The establishment of the stock option plan and the Share Incentive Plan were approved by resolutions of shareholders dated 19 September 2018 and 25 November 2021 respectively. The plans are designed to provide eligible participants with an opportunity to share in the ownership of the Company in order to:

- promote the long-term success of the Company;
- provide a strategic, value based reward for eligible persons who make a key contribution to that success;
- align eligible persons' interests with the interests of the Company's shareholders; and
- promote the retention of eligible participants.

Eligible participants under each plan are any director, executive officer, employee or consultant of the Company as decided upon by the board to be eligible under the terms of the respective plan.

Options, RSUs and PSUs may be granted on commercial terms approved by the board, which may include but are not limited to vesting conditions based on length of service and performance of the eligible participant, or the Company's share price. Participation in each plan is at the board's discretion.

Options, RSUs and PSUs are granted under the respective plan for no consideration and carry no dividend or voting rights. Upon exercise or settlement, each option, RSU and PSU is convertible into one ordinary share.

(b) Reconciliation of outstanding share options

Share options, granted as share based payments, outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price (i)	30 June 2022 (i)	30 June 2021 (i)
6 November 2018	4 November 2025	$0.36	2,222,654	2,546,654
18 February 2019	16 February 2026	$0.61	220,000	220,000
15 March 2019	13 March 2026	$0.61	200,000	220,000
20 March 2019	18 March 2026	$0.61	29,326	29,326
12 May 2019	10 May 2026	$0.61	37,348	210,000
26 June 2019	24 June 2026	$0.61	-	110,000
2 December 2019	30 November 2026	$0.42	440,000	440,000
6 April 2020	5 April 2027	$0.61	29,326	29,326
21 April 2020	20 April 2027	$0.61	285,000	770,000
23 December 2020	22 December 2027	$0.82	868,648	868,648
12 March 2021	10 March 2028	$0.94	44,000	44,000
15 April 2021	12 March 2024	C$0.4963	151,125	151,125
16 April 2021	15 April 2024	C$1.00	100,000	100,000
Total			**4,627,427**	**5,739,079**

(i) Adjusted for the impact of the Share Split Transaction per note 22(a)(ii).

24. Share-based payments (continued)

(b) Reconciliation of outstanding share options (continued)

The number and weighted average exercise price ("**WAEP**") of share options representing share based payments, were as follows:

	2022 WAEP (i)	2022 Number	2021 WAEP (i)	2021 Number
Outstanding at 1 July	$0.53	5,739,079	$0.46	209,090
Granted before share split	-	-	$0.82	41,484
Forfeited	-	-	$0.61	(667)
Granted for share split	-	-	$0.52	5,248,047
Granted after share split	-	-	$0.59	704,500
Exercised	$0.54	(1,111,652)	$0.51	(463,375)
Expired	-	-	-	-
Outstanding at 30 June	**$0.52**	**4,627,427**	**$0.53**	**5,739,079**
Exercisable at 30 June	**$0.48**	**3,865,127**	**$0.46**	**3,097,661**

(i) Adjusted for the impact of the Share Split Transaction per note 22(a)(ii).

(c) Reconciliation of outstanding broker warrants

Broker warrants, issued as share based payments, outstanding at the end of the year have the following expiry dates and exercise prices:

Issue date	Expiry date	Exercise price	30 June 2022	30 June 2021
24 March 2021	24 September 2022	C$0.65	40,050	161,430
2 September 2021	2 September 2024	C$2.05	18,718	-
2 September 2021	2 September 2024	C$2.14	5,760	-
9 November 2021	2 September 2024	C$2.60	62,347	-
Total			**126,875**	**161,430**

The number and weighted average exercise price ("**WAEP**") of broker warrants, issued as share based payments which are all exercisable, were as follows:

	2022 WAEP	2022 Number	2021 WAEP	2021 Number
Outstanding at 1 July	$0.70	161,430	-	-
Issued	$2.39	249,975	$0.67	161,430
Exercised	$1.61	(284,530)	-	-
Expired or forfeited	-	-	-	-
Outstanding at 30 June	**$2.12**	**126,875**	**$0.70**	**161,430**

Further details in respect of broker warrants held at reporting date are provided in note 22(f).

24. Share-based payments (continued)

(d) Reconciliation of outstanding RSUs and PSUs

RSUs and PSUs, granted as share based payments, outstanding at the end of the year, have the following expiry dates:

Grant date	Expiry date	Plan Type	30 June 2022	30 June 2021
20 October 2021	20 October 2026	RSU	181,960	-
20 October 2021	20 October 2026	PSU	77,359	-
5 December 2021	5 December 2026	RSU	15,662	-
Total			**274,981**	**-**

The number and weighted average share price ("**WASP**") of RSUs and PSUs were as follows:

	RSUs		PSUs	
	WASP (i)	Number	WASP (i)	Number
Outstanding at 1 July 2021	-	-	-	-
Granted	$6.24	197,622	$6.28	77,359
Exercised	-	-	-	-
Expired or forfeited	-	-	-	-
Outstanding at 30 June 2022	**$6.24**	**197,622**	**$6.28**	**77,359**
Exercisable at 30 June 2022	**-**	**-**	**-**	**-**

(i) Further details of fair value measurement are included in note 24(f).

Further details in respect of RSUs and PSUs held at reporting date are provided in note 22(g).

(e) Fair values of options and warrants granted

The assessed fair value of options granted during the year ended 30 June 2022 was nil (2021: $340,594). The assessed fair value of warrants granted during the year ended 30 June 2022 was $408,367 (2021: $25,623).

The fair value at grant date is determined using a Black-Scholes Model that takes into account the exercise price, the term of the option, the market price of a share at grant date and expected price volatility of the underlying share, the risk-free interest rate for the term of the option and the volatilities of certain peer group companies.

The fair value of options granted and warrants issued during the year ended 30 June 2022 was calculated using the exercise price, grant date and expiry date as per above with the following weighted average assumptions:

	Options		Warrants	
On initial recognition	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Share price at grant date	-	$0.72 (i)	$3.19	$0.67
Expected volatility	-	100%	61%	49%
Risk-free interest rate	-	0.52% - 0.97%	0.18%	0.15%

(i) Weighted average share price at grant date includes options granted prior to listing on the TSXV, adjusted for the impact of the Share Split Transaction per note 22(a)(ii).

24. Share-based payments (continued)

(e) Fair values of options and warrants granted (continued)

Options are granted for no consideration and vested options are exercisable until the expiry date which is between two to seven years after grant date. The expected price volatility is based on the historic volatility of certain peer group companies, and since the listing of the Company's traded warrants, the implied volatility of the Company's shares calculated by reference to those warrants.

(f) Fair values of RSUs and PSUs granted

The assessed fair value of RSUs and PSUs granted during the year ended 30 June 2022 was $1,692,837 (2021: nil) and is based on the Company's share price on the date of grant.

The RSUs vest in three tranches with vesting conditions based on time and share price performance over a three-year period. The PSUs vest in three tranches with vesting conditions based on time and performance targets over a three-year period.

Share-based payments expense related to the RSUs and PSUs are recorded over the three-year vesting period and the amount is adjusted at each reporting period to reflect the number of RSUs and PSUs expected to vest.

The fair value of RSUs and PSUs granted on 20 October 2021 was calculated at the grant date based on the following weighted average assumptions:

	RSUs		PSUs	
On initial recognition	**30 June 2022**	**30 June 2021**	**30 June 2022**	**30 June 2021**
Share price at grant date	$6.24 (i)	-	$6.28 (i)	-

(i) The fair value of RSUs and PSUs granted on 20 October 2021, was based on the share price at the date on which shareholder approval was obtained for the Company's Share Incentive Plan, at the Annual General Meeting held on 25 November 2021 (Eastern Standard Time).

The fair value of the RSUs granted on 5 December 2021 has been measured using a Monte-Carlo simulation model. This recognises the terms and conditions on which the share units were granted, historical and expected dividends, share price volatility, a nil exercise price and that there are no cash settlement alternatives for the employees. The Group does not have a past practice of cash settlement for these awards.

(g) Share-based payments accounting policy

Share-based compensation benefits are provided to employees via a stock option plan and the Share Incentive Plan. Shares and warrants may be provided to service providers as share based payments.

Options and warrants

The fair value of options granted under the stock option plan, and warrants issued, is recognised as a share based payments expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted and warrants issued:

- including any market performance conditions (e.g. the entity's share price); and
- excluding the impact of any service based vesting conditions (for example, remaining an employee of the entity for a period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied, where applicable. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Where warrants are issued without vesting conditions attached, the total expense is recognised upon issue.

24. Share-based payments (continued)

(g) Share-based payments accounting policy (continued)

Restricted share units ("RSUs") and performance share units ("PSUs")

The Company grants to directors, executive officers, employees and consultants, RSUs and PSUs in such numbers and for such terms as determined by the board. RSUs and PSUs granted under the Company's Share Incentive Plan, are exercisable into common shares for no additional consideration, after the vesting conditions specified within the terms of each participants' agreement are met.

RSUs are measured at fair value on the date of grant and the corresponding share-based payment is recognised in profit or loss, over the vesting period, as applicable.

In addition to service conditions, RSUs and PSUs may have performance-based vesting conditions. Market conditions, such as a target share price upon which vesting is conditioned, is included in the fair value assessment of the share-based payment at grant date.

Vesting conditions, other than market conditions, are included in the measurement of the transaction amount by adjusting the number of equity instruments included, so that ultimately, the cumulative value of the share-based payment shall be based on the number of equity instruments that eventually vest.

Shares

The fair value of shares issued as share-based compensation for goods or services rendered, is measured based on the value of those goods or services provided, expensed at the time of share issue. Share based payments settled via the issuance of shares during the year include shares issued for capital raising costs (refer note 22) and shares issued as consideration to the former shareholders of Cuspis (refer note 29).

25. Financial risk management

Financial assets and financial liabilities are recognised in the balance sheet when the Company becomes party to the contractual provisions of the financial instrument. No financial assets and financial liabilities have been offset and presented in the balance sheet. The Company has derivative financial liabilities that are recorded at fair value through profit and loss ("**FVTPL**"). The remaining categories of financial assets and financial liabilities are reported at amortised cost:

	2022 **$**	2021 $
Financial assets		
Cash and cash equivalents	**12,258,018**	3,359,087
Financial assets at amortised cost		
Trade and other receivables	**142,876**	56,281
Research and development grants receivables	**1,411,926**	736,055
	1,554,802	792,336
	13,812,820	4,151,423
Financial liabilities		
Liabilities at amortised cost		
Trade and other payables	**(415,379)**	(334,693)
Lease liabilities	**(1,034,249)**	-
	(1,449,628)	(334,693)
Liabilities at FVTPL (i)		
Traded warrants	**(2,919,815)**	-
Non-traded warrants	**(1,490,549)**	(2,188,625)
	(4,410,364)	(2,188,625)

(i) The fair value of traded and non-traded warrants is measured on the basis described in note 19.

25. Financial risk management (continued)

The activities undertaken by the Group do not expose it to any material credit, liquidity or market risk.

Risk	Exposure arising from	Measurement	Management
Market risk – interest rate	No sensitivity analysis has been conducted on the basis that the only financial instrument held by the Group that would be impacted by a change in interest rates is cash, and a+/-1% change would result in an immaterial impact on the loss for the year.	Not applicable	Cash held by reputable bank.
Credit risk	The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the gross carrying amount of those assets.	Not applicable	No collateral is held as security and no credit enhancements relate to financial assets held by the Group.
Liquidity risk	The fair value of payables is assumed to approximate the value of the original transaction.	Fair value	Not applicable

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Group's policy to require customers to make payment in advance for goods and services supplied. Credit financing facilities are available through third party providers which minimises credit risk associated with customers seeking credit-based arrangements. All sales contracts are assessed locally to determine the credit worthiness of the customer before entering contracts.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted. The Group's cash and deposits are primarily held with ANZ and Commonwealth Bank which both meet the minimum rating requirement.

Impairment

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's financial liabilities as at 30 June 2022, consist of trade and other payables due within 3 months.

26. Key management personnel disclosures

(a) Directors' and executive officers' remuneration

Details of the nature and amount of each major element of remuneration of each director of the Company, and other key management personnel of the Group are:

		Short term		Post-employment		Share-based payments		Portion performance
In Australian dollars ($)		Salary & fees (i)	Total	Superannuation (ii)	Other long term (i)	Options (iii)	TOTAL	related
Directors								
Non-executive directors								
Guy Outen, Chairperson	**2022**	**105,000**	**105,000**	**-**	**-**	**15,323**	**120,323**	**-**
	2021	17,500	17,500	-	-	27,154	44,654	-
Robert Shewchuk	**2022**	**55,000**	**55,000**	**-**	**-**	**-**	**55,000**	**-**
	2021	9,167	9,167	-	-	-	9,167	-
William Ollerhead *(appointed 14 April 2021)*	**2022**	**55,000**	**55,000**	**-**	**-**	**-**	**55,000**	**-**
	2021	9,167	9,167	-	-	-	9,167	-
Sub-total non-executive directors' remuneration	**2022**	**215,000**	**215,000**	**-**	**-**	**15,323**	**230,323**	**-**
	2021	35,834	35,834	-	-	27,154	62,988	-
Executive directors								
Craig Nicol, Founder, Managing Director & CEO	**2022**	**311,200**	**311,200**	**31,000**	**3,577**	**1,356**	**347,133**	**-**
	2021	261,200	261,200	24,700	25,231	6,031	317,162	-
Christopher Ohlrich, Executive Director & CFO *(resigned 3 June 2022)*	**2022**	**256,322**	**256,322**	**25,521**	**19,088**	**948**	**301,879**	**-**
	2021	226,200	226,200	21,375	15,231	4,217	267,023	-
Robbert de Weijer, Executive Director *(resigned 15 July 2022)*	**2022**	**191,249**	**191,249**	**18,995**	**-**	**4,439**	**214,683**	**-**
	2021	86,680	86,680	1,504	1,217	5,986	95,387	-
Total directors' and executives' remuneration	**2022**	**973,771**	**973,771**	**75,516**	**22,665**	**22,066**	**1,094,018**	**-**
	2021	609,914	609,914	47,579	41,679	43,388	742,560	-

(i) In accordance with IAS 19 *Employee Benefits*, annual leave is classified as an other long term employee benefit.
(ii) Superannuation is only applicable for the period in which the directors and non-executive directors are paid as employees, rather than in a consulting capacity.
(iii) The fair value of the options is calculated at the date of grant using the Black Scholes option-pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options recognised as an expense in each reporting period.

27. Related parties

	2022 $	2021 $
(a) Key management personnel compensation		
Short-term employee benefits	**973,771**	609,914
Post-employment benefits	**75,516**	47,579
Long-term benefits	**22,665**	41,679
Share-based payments	**22,066**	43,388
Total key management personnel compensation	**1,094,018**	742,560

Details of the key management personnel compensation is included in note 26(a).

On 15 April 2021, the Company issued 151,125 share options to William Ollerhead. The options represented a replacement of options previously held in Cuspis as part of the Cuspis Transaction, disclosed in note 29.

There were no loans to key management personnel and their related parties for the reporting years ended 30 June 2022 and 30 June 2021.

Transactions with key management personnel and their related parties for the reporting years ended 30 June 2022 and 30 June 2021, are disclosed in note 27(b).

	2022 $	2021 $
(b) Transactions with other related parties		
The following transactions occurred with related parties:		
Purchase of services		
Salaries paid to director related entities	**-**	438
Share issue costs paid to director as a share-based payment	**19,231**	84,317
Consulting services	**69,626**	76,565
Amounts owing to related parties at 30 June		
Caerus Capital Partners Inc.	**-**	5,000

Robert Shewchuk is a director and shareholder of Caerus Capital Partners Inc. ("**CCPI**"). CCPI continues to provide consulting services to GMG under its Financial Advisor Consulting Agreement dated 9 February 2021. These services were paid in cash of $65,718 (2021: $66,985). A further $3,908 related to vesting of options granted in the prior year for capital raising advisory services (2021: $12,815).

Compensation in the form of directors' fees for all non-executive directors are paid either directly to the directors, or their director-related entities, as disclosed in note 26(a). As at 30 June 2022, there were no amounts owing to directors or director-related entities which related to the reporting year. As at 30 June 2021, the balance of trade payables in respect of directors included in the statement of financial position of the Company were $8,750 for Guy Outen, $4,583 for Robert Shewchuk and $4,583 for William Ollerhead (Chunkerhead Ltd.).

(c) Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

28. Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2022 the parent entity of the Group was Graphene Manufacturing Group Ltd.

	2022 **$**	2021 $
Statement of profit or loss and other comprehensive income		
Loss after income tax	**(11,770,266)**	(8,066,506)
Other comprehensive income for the year, net of tax (i)	**(2,836)**	-
Total comprehensive loss for the year	**(11,773,102)**	(8,066,506)
Statement of financial position		
Current assets	**14,481,092**	4,670,565
Non-current assets	**2,194,837**	273,532
Total assets	**16,675,929**	4,944,097
Current liabilities	**5,578,128**	2,906,471
Non-current liabilities	**997,627**	-
Total liabilities	**6,575,755**	2,906,471
Net assets	**10,100,174**	2,037,626
Equity		
Share capital	**26,435,310**	13,851,483
Share capital warrant premium	**5,971,671**	-
Reserves	**1,802,893**	522,741
Accumulated losses	**(24,109,700)**	(12,336,598)
Total equity	**10,100,174**	2,037,626

(i) Other comprehensive income for the year ended 30 June 2022 includes $2,836 of Cuspis liabilities assumed by GMG upon the dissolution of Cuspis as described in note 29.

Parent entity contingent liabilities

The Company continues to recognise a contingent liability as at 30 June 2022 of approximately C$102,195 (2021: C$102,195) in relation to the repatriation of cash acquired in the Cuspis Transaction, prior to the dissolution of Cuspis Capital Ltd on 12 August 2021. The contingent liability relates to a potential withholding tax obligation in Canada at the rate of 5% of the amount of cash distributed. The transaction is being treated as a return of capital for Australian tax purposes. At the date of this report, GMG's taxation agents are liaising with the Canadian tax authorities in order to progress this matter.

The Company had no other contingent liabilities as at 30 June 2022 and 30 June 2021.

Parent entity capital commitments for acquisition of property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group as disclosed in the notes to these consolidated financial statements. The Group included the following subsidiaries:

	30 June 2022	**30 June 2021**
Cuspis Capital Ltd (ii)	0%	100%

(ii) Cuspis Capital was acquired on 13 April 2021 and dissolved on 12 August 2021. Refer note 29 for details.

29. Acquisition Accounting

On 13 April 2021, GMG and Cuspis completed the Cuspis Transaction as described in Note 22.

The Company acquired 100% of the issued and outstanding shares in the capital of Cuspis ("**Cuspis Shares**") in exchange for the issuance of 6,162,071 Shares to the former shareholders of Cuspis. The Company also issued 604,500 stock options ("**Options**") of the Company to former holders of stock options of Cuspis, with each Option being exercisable to purchase one Share at a price of C$0.4963 until March 12, 2024. In connection with the Transaction, the Company also issued 291,880 Shares to Tri View pursuant to an investment advisory agreement between the Company and Tri View.

Upon closing of the Transaction, William Ollerhead, a former director of Cuspis, was appointed as a director of the Company.

During June 2021, Cuspis returned investment capital of $2,177,964 to GMG prior to the dissolution of Cuspis on 12 August 2021. Prior to dissolution, GMG assumed the remaining $2,836 of Cuspis accruals into the parent entity liabilities in order to reduce Cuspis's net assets to nil, with the corresponding entry offset against OCI.

Asset and liabilities acquired:	
Cash and cash equivalents (C$2,045,035)	A$2,137,062
Trade and other payables (C$419)	A$438
Net assets acquired	A$2,136,624
Fair value of shares that GMG issued to affect the transaction	A$4,185,587
Fair value of options that GMG issued to affect the transaction	A$177,393
Total fair value of the consideration	A$4,362,980
Listing expenses recognised in statement of comprehensive income	A$2,226,356
Foreign exchange rate applied (CAD to AUD)	1.045

30. Reconciliation of cash flows from operating activities

	2022 **$**	2021 $
Loss for the year	**(11,770,266)**	(8,110,444)
Adjustments for:		
Depreciation and amortisation	**350,742**	262,721
Share-based payments – share plan	**863,969**	107,914
Share-based payments – other	**-**	198,259
Listing expenses	**-**	2,226,356
Loss on disposal of property, plant and equipment	**29,321**	-
Net finance costs	**35,409**	-
Change in fair value of warrants	**4,558,986**	1,831,528
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	**(761,896)**	142,465
Increase in inventories	**(14,755)**	(329,595)
Increase in other current assets	**(134,300)**	(162,525)
Increase in trade and other payables	**265,387**	363,138
Increase in provisions and employee benefits liabilities	**44,633**	119,981
Net interest received/(paid)	**(35,614)**	1,700
Net cash outflow from operating activities	**(6,568,384)**	(3,348,502)

(a) Non-cash investing and financing activities

Share-based payments charged to share issue costs:		
Finders fee shares issued	**-**	269,912
Warrants issued	**408,367**	25,623
Share plan expense	**7,814**	25,630
	416,181	321,165

(b) Cash and non-cash movements in liabilities arising from financing activities

		Non-Cash		Cash	
	Opening balance $	**Additions $**	**Other adjustments $**	**Lease payments $**	**Closing balance $**
Borrowings					
Lease liabilities					
At 30 June 2021	-	-	-	-	-
At 30 June 2022	**-**	**1,121,339**	**-**	**(87,090)**	**1,034,249**

31. Commitments

Lease commitments: Company as lessee

The Company leases warehouses and portable office units under non-cancellable operating leases expiring within 1 month to 1 year. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

As the Company has negotiated new leased premises which will result in the renegotiation of the current lease terms, the Company has applied the 'short-term lease' recognition exemptions for these leases.

	2022 **$**	2021 $
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**49,964**	80,600

(a) Leases accounting policy

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. 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.

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payment that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise. Lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

31. Commitments (continued)

(a) Leases accounting policy (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets, as well as short-term leases, including for leased premises and portable office units. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The inclusion of leases within this election, is reassessed at each reporting date according to the current terms of the leases and taking into consideration the reasonable certainty of any assumptions which form part of that assessment.

32. Contingencies

The Company continues to recognise a contingent liability as at 30 June 2022 of approximately C$102,195 (2021: C$102,195) in relation to the repatriation of cash acquired in the Cuspis Transaction, prior to the dissolution of Cuspis Capital Ltd on 12 August 2021. The contingent liability relates to a potential withholding tax obligation in Canada at the rate of 5% of the amount of cash distributed. The transaction is being treated as a return of capital for Australian tax purposes. At the date of this report, GMG's taxation agents are liaising with the Canadian tax authorities in order to progress this matter.

The Company had no other contingent liabilities as at 30 June 2022 and 30 June 2021.

33. Auditors' remuneration

The auditor of Graphene Manufacturing Group Ltd is BDO Audit Pty Ltd.

	2022	2021
	$	$
Audit and review of financial statements – current year	**50,382**	42,014
Audit and review of financial statements – prior years [(i)]	**-**	26,459
Other assurance services [(ii)]	**30,962**	19,379
	81,344	87,852

(ii) Additional audit and review in respect of prior years ended 30 June 2020 and 30 June 2019, required in conjunction with the Company's prospectus requirements prior to listing on the TSXV.

(iii) Other assurance services consisted of reviews of additional reports produced by the Company including quarterly reporting, the Long Form Prospectus required for the Company's listing on the TSXV, review of technical accounting matters and review of schedules required for capital raising activities.

34. Subsequent events

(a) Acquisition of Intellectual Property and Brand Rights

On August 15, 2022, GMG and OzKem Pty Ltd ("OzKem") signed a binding agreement for GMG to acquire the manufacturing intellectual property and brand rights of OzKem's THERMAL-XR® coating products for a cash consideration of $1 million, in addition to $1 million in ordinary shares of GMG. OzKem developed the THERMAL-XR® coating system products using GMG graphene together with OzKem's base HVAC (Heating Venting and Air Conditioning) coating. Under the agreement GMG will own the THERMAL-XR® brand, will buy the base coatings product from OzKem, and GMG will manufacture the THERMAL-XR® products containing GMG graphene.

(b) Graphene Manufacturing Expansion Project

On August 17, 2022, GMG made a Final Investment Decision ("FID") on Phase 1 of its graphene manufacturing expansion project. The expansion project includes an executed 5 year lease to expand total office and warehouse space to 3,500 square metres, the next generation of the GMG's proprietary graphene production technology with enhanced automation, a micro-grid with energy storage component to improve commercial and environmental electricity supply for the production process, and an infrastructure corridor to allow rapid scaling of further graphene manufacturing capacity during future phases of the graphene manufacturing expansion project. The Phase 1 expansion project is expected to provide ample graphene supply for the potential production of GMG's G+Al Battery coin cells, as well as the Company's energy saving liquid graphene products.

No other matters or circumstances have occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company or economic entity in subsequent financial years.

35. Significant accounting policies

The Group has consistently applied the following significant accounting policies to all periods presented in these consolidated financial statements, unless otherwise stated.

(a) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

35. Significant accounting policies (continued)

(b) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to nor recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable.
- When receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of the receivables or payables in the consolidated statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Directors’ declaration

In the directors' opinion:

(a) The consolidated financial statements and notes set out on pages 19 to 61:

   (i) comply with Australian Accounting Standards, which, as stated in accounting policy note 2 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
   (ii) give a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by Section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the directors.

Frederick Kotzee
Executive Director and CFO

Brisbane
29 September 2022

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Graphene Manufacturing Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Graphene Manufacturing Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

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

Material uncertainty related to going concern

We draw attention to Note 2(a) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the directors' report, 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

R M Swaby
Director

Brisbane, 29 September 2022