

November 23, 2022

VIA SEDAR

NOTICE TO READER

Re: Graphene Manufacturing Group Limited – Refiling of Audited Consolidated Financial Statements for the Years Ended 30 June 2022 and 2021:

Please be advised that Graphene Manufacturing Group Limited is re-filing its audited consolidated financial statements for the years ended 30 June 2022 and 2021 (the “Financial Statements”) in the form attached. The financial statements have been refiled to include an unmodified auditor’s report to reflect the financial statements have been audited in accordance with Canadian generally accepted auditing standards, as required by NI 52-107. In addition, the financial statements have been updated with a current date of authorization and thus changes have been made to the disclosures for going concern and subsequent events. Other than these disclosure updates, no other changes have been made to the financial statements.

Graphene Manufacturing Group Ltd

ACN 614 164 877

**Consolidated financial statements for the years ended
30 June 2022 and 2021**

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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 and 2021 were authorised for issue in accordance with a resolution of the directors on 23 November 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.

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

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5/848 Boundary Road
Richlands QLD 4077
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Share registrar and transfer agent

Computershare Investor Services Inc.
510 Burrard Street
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Auditors

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

Graphene Manufacturing Group Ltd
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the years ended 30 June 2022 and 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	2022 A\$	2021 A\$
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 A\$	2021 A\$
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.

Graphene Manufacturing Group Ltd
Consolidated Statement of Changes in Equity
For the years ended 30 June 2022 and 2021

Consolidated Statement of Changes in Equity

	Note	Total share capital A\$	Reserves A\$	Accumulated losses A\$	Total equity A\$
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.

Graphene Manufacturing Group Ltd
Consolidated Statement of Cash Flows
For the years ended 30 June 2022 and 2021

Consolidated Statement of Cash Flows

	Note	2022 A\$	2021 A\$
Operating activities			
Receipts from customers and government subsidies		87,382	546,236
Payments to suppliers and employees		<u>(7,356,206)</u>	<u>(4,807,520)</u>
		(7,268,824)	(4,261,284)
Research and development tax incentive received		736,055	911,082
Interest received		1,847	1,791
Interest paid		<u>(37,462)</u>	<u>(91)</u>
Net cash used in operating activities	30	(6,568,384)	(3,348,502)
Investing activities			
Acquisition of property, plant and equipment		<u>(1,066,122)</u>	<u>(255,778)</u>
Acquisition of intangibles		<u>(13,905)</u>	<u>(21,291)</u>
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		<u>(1,141,680)</u>	<u>(325,893)</u>
Payment of lease liabilities		<u>(87,090)</u>	<u>-</u>
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 23 November 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 considering the following circumstances:

- As at 30 June 2022, the Group had cash on hand of \$12,258,018, which together with the Bought Deal Unit Offering as disclosed in note 34(c), 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 4,498,559 options and 2,205,875 warrants on issue with exercise prices ranging from AUD\$0.36 to AUD\$2.91. If exercised these would raise an estimated \$8,791,315 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;
- The Group continues to engage with potential energy saving products customers with the aim to increase sales; 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 2021 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 the operating segment 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 A\$	2021 A\$
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.

Graphene Manufacturing Group Ltd
Notes to the consolidated financial statements
For the years ended 30 June 2022 and 2021
(continued)

	2022	2021
	A\$	A\$
8. Income and expenses		
(a) Other income		
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.

	2022	2021
	A\$	A\$
(b) Other expenses		

Employee benefit expenses include the following notable item:

Superannuation	333,259	200,398
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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

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

Graphene Manufacturing Group Ltd
Notes to the consolidated financial statements
For the years ended 30 June 2022 and 2021
(continued)

	2022	2021
	A\$	A\$
9. Income tax expense		
(a) Income tax expense		
Current tax	-	-
Income tax expense	-	-
(b) Numerical reconciliation of income tax benefit to prima facie tax payable		
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		
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
<p>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.</p>		
(d) Unrecognised temporary differences		
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 from 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.

<i>In Australian dollars (\$) unless otherwise stated</i>	2022	2021
	A\$	A\$

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

(a) Weighted average number of ordinary shares (“WANOS”)

WANOS used in basic and diluted EPS ⁽ⁱ⁾	76,035,720	60,534,549
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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
	A\$	A\$

11. Cash and cash equivalents

Cash at bank	12,258,018	3,359,087
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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.

Graphene Manufacturing Group Ltd
Notes to the consolidated financial statements
For the years ended 30 June 2022 and 2021
(continued)

	2022	2021
	A\$	A\$

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
	A\$	A\$

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
	A\$	A\$

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			Total A\$
	Leased buildings A\$	Plant and equipment ⁽ⁱⁱ⁾ A\$	Leasehold improvements A\$	Capital work in progress A\$	
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 A\$	Computer software A\$	Total A\$
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.

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For the years ended 30 June 2022 and 2021
(continued)

	2022 A\$	2021 A\$
17. Trade and other payables		
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.

	2022 A\$	2021 A\$
18. Lease liabilities		
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.

Graphene Manufacturing Group Ltd
Notes to the consolidated financial statements
For the years ended 30 June 2022 and 2021
(continued)

	2022 A\$	2021 A\$
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19. Financial liabilities

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 A\$	2021 A\$
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 Marketed Offering 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 Marketed Offering 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.

	2022	2021
	A\$	A\$

20. Employee benefit liabilities

Liabilities for employee benefits below are current and comprise:

Annual leave liability	207,064	162,432
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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 A\$	2021 A\$
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 A\$	2021 Number	2021 A\$
Ordinary shares		78,764,797	32,406,981	69,545,092	13,851,483
(a) Movement in ordinary shares					
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

(i) 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 A\$	2021 A\$
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 A\$	Warrants A\$	Foreign Currency Translation A\$	Total A\$
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:

On initial recognition	Options		Warrants	
	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:

On initial recognition	RSUs		PSUs	
	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 A\$	2021 A\$
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
	<u>1,554,802</u>	<u>792,336</u>
	<u>13,812,820</u>	<u>4,151,423</u>
Financial liabilities		
Liabilities at amortised cost		
Trade and other payables	(415,379)	(334,693)
Lease liabilities	(1,034,249)	-
	<u>(1,449,628)</u>	<u>(334,693)</u>
Liabilities at FVTPL ⁽ⁱ⁾		
Traded warrants	(2,919,815)	-
Non-traded warrants	(1,490,549)	(2,188,625)
	<u>(4,410,364)</u>	<u>(2,188,625)</u>

(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 and 2021, 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:

In Australian dollars (A\$)	Short term		Post-employment Superannuation ⁽ⁱⁱ⁾	Other long term ⁽ⁱ⁾	Share-based payments	TOTAL	Portion performance related	
	Salary & fees ⁽ⁱ⁾	Total			Options ⁽ⁱⁱⁱ⁾			
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 (<i>appointed 14 April 2021</i>)	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 (<i>resigned 3 June 2022</i>)	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 (<i>resigned 15 July 2022</i>)	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.

Graphene Manufacturing Group Ltd
Notes to the consolidated financial statements
For the years ended 30 June 2022 and 2021
(continued)

27. Related parties

	2022 A\$	2021 A\$
(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 A\$	2021 A\$
(b) Transactions with other related parties		
The following transactions occurred with related parties:		
<i>Purchase of services</i>		
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
<i>Amounts owing to related parties at 30 June</i>		
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 years ended 30 June 2022 and 2021 the parent entity of the Group was Graphene Manufacturing Group Ltd.

	2022	2021
	A\$	A\$
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

Graphene Manufacturing Group Ltd
Notes to the consolidated financial statements
For the years ended 30 June 2022 and 2021
(continued)

30. Reconciliation of cash flows from operating activities

	2022	2021
	A\$	A\$
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

	Opening balance	Non-Cash		Cash	Closing balance
	A\$	Additions	Other adjustments	Lease payments	A\$
	A\$	A\$	A\$	A\$	A\$
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 A\$	2021 A\$
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 A\$	2021 A\$
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

(i) 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.

(ii) 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. Following the completion of 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.

(c) Bought Deal Unit Offering

On November 8, 2022, GMG entered into an agreement pursuant to which Eight Capital as lead underwriter and sole bookrunner, together with a syndicate of underwriters (collectively, the “**Underwriters**”), will purchase 1,819,000 units of the Company (the “**Units**”), on a “bought deal” basis pursuant to the filing of a short form prospectus, subject to all required regulatory approvals, at a price per Unit of C\$2.75 (the “**Issue Price**”) for gross proceeds of C\$5,002,250 (the “**Offering**”).

Each Unit shall be comprised of one common share in the capital of the Company (a “**Share**”) and one common share purchase warrant (a “**Warrant**”). Each Warrant shall entitle the holder thereof to purchase one Share at an exercise price of C\$3.35 for a period of 48 months following the closing date of the Offering.

The Company has agreed to grant the Underwriters an over-allotment option to purchase up to an additional 15% of the Units at the Issue Price, and/or the components thereof, exercisable in whole or in part, at any time on or prior to the date that is 30 days following the closing of the Offering.

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.

(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.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Graphene Manufacturing Group Ltd

Report on the Audit of the Consolidated financial statements

Opinion

We have audited the consolidated financial statements of Graphene Manufacturing Group Ltd and its subsidiaries (the “Group”), which comprise the consolidated statement of financial position as at 30 June 2022 and 30 June 2021, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2022 and 30 June 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRSs).

Basis for opinion

We conducted our audit in accordance with Canadian Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have also fulfilled our other ethical responsibilities in accordance with these requirements. 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 consolidated financial statements 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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Warrants and Derivative Liabilities

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>On April 13, 2021, 1,538,500 GMG Unit Warrants were issued upon the conversion of the 3,077,000 Subscription Receipt Units. Each whole GMG Unit Warrant is exercisable into one (1) Ordinary Share at a price of C\$1.00 until October 13, 2022.</p> <p>In addition, on September 2, 2021, 2,817,500 GMG Unit Warrants (Traded) were issued upon the conversion of the 5,635,000 Market Offering Units and 212,500 GMG Unit Warrants (Non-Traded) were issued upon the conversion of the 425,000 Private Placement Units. Each whole GMG Unit Warrant is exercisable into one (1) Ordinary Share at a price of C\$2.60 until September 2, 2024.</p> <p>Refer to note 19 and note 22 (f) for more details.</p> <p>As the warrants are denominated in a currency different to the Group’s functional and presentation currency, they fail the fixed for fixed test, in that a variable number of shares are to be issued.</p> <p>Therefore, the warrants are a complex financial instrument, including the recognition of a derivative liability recognised at fair value through profit or loss (“FVTPL”). This valuation is complex and incorporates the use of assumptions, and therefore required significant audit attention.</p>	<p>Our audit procedures included, but were not limited to, the following:</p> <ul style="list-style-type: none"> • Obtained the warrant agreements to identify key issues and exercise terms; • Obtained management’s calculation of the total instrument values, including the derivative liability valuation at FVTPL and the residual balance held in equity; • Recalculated the fair value of the derivative liabilities on initial recognition, and the fair value movement at year-end; and • Reviewed disclosures within the financial statements relating to these instruments.

Other information

Management is responsible for the other information. The other information comprises the Management’s Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We obtained the Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor’s report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are 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 Canadian Generally Accepted 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 these consolidated financial statements.

As part of an audit in accordance with the Canadian Generally Accepted Auditing Standards, the auditor exercises professional judgement and maintains professional scepticism throughout the audit. The auditor also:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.

- Concludes on the appropriateness of those charged with governance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluates the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner of the audit resulting in this independent auditor's report is Richard Swaby.

BDO Audit Pty Ltd



R M Swaby

Director

Brisbane, 23 November 2022