Graphene Manufacturing Group Ltd

ACN 614 164 877

Consolidated financial statements for the year ended 30 June 2023

Contents

Corporate information

The consolidated financial statements of Graphene Manufacturing Group Ltd ("**GMG**" or the "**Company**") for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the directors on 29 September 2023. The Company is a limited company incorporated and domiciled in Australia, and whose shares are publicly traded on the TSX Venture Exchange (the "**TSXV**").

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

Directors
Guy Outen
Craig Nicol
Robbert De Weijer (resigned 15 July 2022)
Robert Shewchuk
William Ollerhead
Emma FitzGerald (appointed 1 July 2022)
Frederick Kotzee (22 August 2022 to 31 July 2023)
Bob Galyen (appointed 1 July 2023)
Andrew Small (appointed 31 July 2023)
Jack Perkowski (appointed 7 September 2023)

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

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

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

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

Directors' report

The directors present their report together with the consolidated financial statements of Graphene Manufacturing Group Ltd ("**GMG**" or the "**Company**") for the financial year ended 30 June 2023 and the auditor's report thereon.

Directors

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

Name, role and independence status	Experience and special responsibilities	Director Since
Craig Nicol *Founder, Managing Director & Chief Executive Officer (CEO), not independent*	Craig Nicol has a career of over 21 years in delivering large scale innovation including leading multi-billion-dollar gas and LNG value chains in Australia and Asia Pacific and managing sales and marketing teams across Asia Pacific working for the Shell plc Group of companies. He has a Bachelor of Engineering Degree in Manufacturing Systems (Honours) and a bachelor's degree in Business Marketing from the Queensland University of Technology. He is a Member of the Australian Institute of Company Directors (AICD) and is also a Director and Chair of the Board of Directors of the Australian Graphene Industry Association (AGIA).	10 August 2016
Guy Outen *Chair and Non-Executive Director, independent*	Guy Outen had over 36 years of experience with Shell plc Group of companies in various roles including EVP Strategy & Portfolio where he worked with the Shell CEO and Board to reset Shell's strategy and create amongst other outcomes Shell's New Energies business. He has a Bachelor of Commerce (Honors) and a Master of Commerce (Economics) from Melbourne University. He is Fellow of the Australian Society of Certified Practicing Accountants (FCPA) and Chartered Governance Institute (FCG); a Member of the Institute of Directors UK and the Australian Institute of Company Directors (AICD).	27 November 2019
Frederick Kotzee *Executive Director and Chief Financial Officer (CFO), not independent*	Frederick Kotzee has over 21 years' of extensive experience in investment banking, joint ventures, corporate finance and business development for multinational companies. He is an experienced CFO of listed companies across a range of industries and commodities. He has served as the CFO of Kidman Resources Limited before the successful takeover by Wesfarmers Limited. Prior to this, he was the CFO of Kumba Iron Ore Limited, a global iron ore miner listed on the Johannesburg Stock Exchange, and a member of the Anglo American Plc Group. He has a Bachelor of Laws from the University of South Africa and is a qualified Chartered Accountant (South Africa).	22 August 2022 to 31 July 2023
Robert Shewchuk *Non-Executive Director, not independent*	Robert Shewchuk is the President & CEO of LithiumBank Resources Corp, Director of GMG, Director of Spectre Capital Corp, and Director of Verses Technologies Inc. He began his career as an Equities Trader on the floor of the Alberta Stock Exchange in 1995 for Yorkton Securities Inc. He became a licensed broker at Yorkton in 1998 and worked on the Equities desk through 2004. He joined Standard Securities Capital Corporation where he became Chairman in 2006. He merged Standard 61 Securities with Wolverton Securities Ltd in 2009 and became a Director of Wolverton Securities until 2016 when it was purchased by PI Financial Corp.	15 July 2019

Directors (continued)

Name, role and independence status	Experience, special responsibilities	Director Since / During
William Ollerhead *Non-Executive Director, independent*	William Ollerhead has over 31 years of experience in the Canadian capital markets and corporate finance field. He presently serves on the board of directors of Thermal Energy International Inc. (TSX-V: TMG), where he is the chair of its audit committee. He is also a co-founder, and the President and CEO, and a Director, of Cuspis Capital II Ltd. (TSX-V:CCII.P). He has served on the boards of both public and private companies, and not-for-profit organizations, in various capacities – including chairman, director, and as a member and chair of audit committees. In 1997, he founded Ollerhead Capital. He holds an B.A. with a concentration in Statistics from the University of Western Ontario, and an M.B.A. with a concentration in Finance from McGill University. In 2010, he completed the Directors Education Program at the Institute of Corporate Directors at University of Toronto's Rotman School of Management	14 April 2021
Dr Emma FitzGerald *Non-Executive Director, independent*	Emma FitzGerald has over 26 years of leadership experience with global businesses in the Water and Energy sectors. Most recently she was CEO of Puma Energy focused on delivering affordable and sustainable energy solutions to emerging markets in Africa, Central America and Asia. Prior to this she managed gas, water and waste networks for National Grid and Severn Trent in the United Kingdom. She has spent many years managing Downstream Retail, Lubricants and LPG businesses for Shell plc around the world. Over the last ten years she has served on the boards of publicly listed, privately owned and not-for-profit organisations in both executive and non-executive capacities. She is currently a Non-Executive Director of UPM Kymmene, Seplat Energy and Newmont Corporation. She is also a Mentor on the climate workstream for the Creative Destruction Lab, a not-for-profit organisation focused on the scaling of innovative solutions to accelerate energy transition. She has a PHD in surface chemistry/materials science from Oxford University and an MBA from Manchester Business School.	1 July 2022
Robbert De Weijer *Former Executive Director, not independent*	Robbert De Weijer has over 30 years' experience in operations, asset management and large project delivery in the energy industry as part of a 23 years' career with Royal Dutch Shell plc Group of companies (Shell) followed by C-suite positions in ASX-listed oil and gas exploration and production companies in Australia. He has had various senior company executive leadership roles in Europe, the Middle East and Australasia including Executive General Manager PNG (Oil Search) managing more than 2500 staff and contractors in a highly complex business environment; CEO (Armour Energy, Dart Energy); COO (Arrow Energy - seconded from Shell) and Asset Leader for Shell's gas assets in the southern North Sea. He holds a bachelor's degrees in mechanical engineering and business Administration.	17 May 2017 to 15 July 2022
Bob Galyen Non-Executive Director, independent	Bob is a highly experienced executive in the battery energy storage world and science/engineering-based communities. Bob was previously the Chief Technology Officer (CTO) of Contemporary Amperex Technology Company Limited (CATL). CATL is widely known as the largest lithium-ion battery manufacturer in the world – supplying electric vehicles and high-efficiency storage systems. He serves on multiple Committees of Directors and Technical Advisory Boards.	1 July 2023
Andrew Small Non-Executive Director, independent	Andrew was a Founder and Director of Innogence, a SAP Business Intelligence consultancy in Australia which following significant growth was acquired by the Japanese multinational company NTT Data. Andrew has supported and invested in GMG since 2017, remains a significant shareholder of the Company and is committed to actively supporting the Company's drive to deliver on its plans and set it up for the next stage of maturity. Andrew has a Bachelor of	31 July 2023

Name, role and independence status	Experience, special responsibilities	Director Since / During
	Engineering (Manufacturing Systems) and a Bachelor of Business (Marketing) from Queensland University of Technology.	
Jack Perkowski Non-Executive Director, independent	Jack Perkowski founded ASIMCO Technologies in 1994, and from 1994 to 2008, served as the Chairman of ASIMCO's Board of Directors and the company's Chief Executive Officer. Under his leadership, ASIMCO became one of the most important players in China's automotive components industry and gained a reputation for developing local management and integrating a broad-based China operation into the global economy. ASIMCO was later sold to Bain Capital in 2010 and is still regarded as one of the most successful automotive component manufacturing companies in China. Prior to moving to China, Jack worked for twenty years on Wall Street where he was the head of Investment Banking at Paine Webber, a major securities firm that was eventually acquired by UBS in 2000. After leaving ASIMCO, he founded JFP Holdings, a merchant banking firm focused on China, where he now serves as Chairman.	7 September 2023

Company secretary

Company Secretary

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

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

Corporate Secretarial Services

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

Directors' meetings

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

		Meeting of committees (i)			
	Directors' meetings	**Audit**	**Remuneration**	**Sustainability**	**Technical Advisory**
Number of meetings held:	10	4	1	4	2
Number of meetings attended as Formal Committee Members:					
Craig Nicol	10	0	0	0	2
Guy Outen (Chair)	10	4	1	4	0
Robbert De Weijer	0	0	0	0	0

Robert Shewchuk	10	4	1	4	0
William Ollerhead	10	4	1	4	0
Emma Fitzgerald	10	3	1	4	2
Frederick Kotzee	9	0	0	0	0
Bob Galyen	0	0	0	0	2

(1) Only non-executive directors are formal members of Board sub-committee meetings but all directors were eligible to attend all meetings held, except Robert De Weijer, who resigned on 15 July 2022, and Bob Galyen who was only eligible to attend the Technical Advisory Committee during the year ended 30 June 2023.

Committee membership

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

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

Audit	Remuneration	Sustainability	Technical Advisory
Guy Outen (i)	Guy Outen (i)	Guy Outen (i)	Bob Galyen
Robert Shewchuk	Robert Shewchuk	Robert Shewchuk	Craig Nicol
William Ollerhead	William Ollerhead	William Ollerhead	Emma FitzGerald
Emma FitzGerald	Emma FitzGerald	Emma FitzGerald	

(i) Designates the chair of the committee during the year.

Since the end of the financial year, Emma FitzGerald has been replaced by Andrew Small on the Audit Committee, William Ollerhead has been replaced by Bob Galyen on the Sustainability Committee and Andrew Small and Bob Galyen have replaced Robert Shewchuk on the Remuneration Committee.

Principal activities

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

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

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

Operating and financial review

Overview of the Company

The Company's loss from ordinary activities after income tax for the year amounted to $9,323,665 (2022 loss: $11,770,266) and is mainly due to:

- Total other income primarily being the refundable R&D tax offset of $2,722K, and $375k of income recognised from the Rio Tinto Joint Development Agreement (JDA).
- Revenue of $170K consisting of sales and installation of THERMAL-XR® energy saving products;
- $14,561K of operating expenses which were mainly due to higher expenses associated with the strategic growth of the organisation, including additional staff and technical advisory resources, as well as the operating premises and equipment required to support them;
- Offset partly by a YTD gain on the change in fair value of warrants $3,173k.

Shareholder returns

At 30 June	2023	2022
Loss for the year	$9,323,665	$11,770,266
Basic and diluted loss per share (cents)	(11.55)	(15.48)
Share price	C$2.34	C$2.73
Dividends paid	-	-

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

Investments for future performance

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

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

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

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

On December 21, 2022 GMG's Board approved an additional $600k capital investment in the Company's Battery Development Centre (BDC) to accelerate the progress of Semi-Automatic pouch cell production.

Following this, on March 6, 2023 GMG announced the initial factory acceptance testing of a semi-automated prototype battery cell assembly unit, this equipment will automate key steps in cell assembly for pouch cells, with this equipment being installed and ready for use at the time of this report.

On August 28, 2023, GMG commissioned its own graphene-enhanced coating blending plant confirming it is now operational after making its first 1000 litre blend. This blending plant is expected to have the capacity to produce up to 500,000 litres of THERMAL-XR® RESTORE® coating per annum, subject to graphene production, when operating two blends per eight hour shift, 250 days per year. This capacity enables future service growth well into the future.

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

Review of financial condition

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

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

Revenue in the near term is targeted to be generated from Thermal-XR®. Growth in customer demand for this and other product offerings, and timing for commercialisation of G+AI Batteries, will influence the future funding requirements for GMG. Since the Australian Government approval for GMG to produce and sell THERMAL-XR® at scale in early 2023, the Company has driven sales activities and has recently commissioned its own graphene enhanced coating blending plant. Important first sales at scale have recently been secured and the Company's efforts to widen potential market segments is finding positive reception providing strong encouragement for continued sales focus targeting notable near-term revenues. GMG sales of THERMAL-XR® in the HVAC-R market is expected to grow in various countries following May 2023 and July 2023 HVAC-R Distributor signings of five distributors in USA, Thailand, Singapore, Indonesia and South Korea. Additionally, the Company has identified a number of markets outside the HVAC-R segment, where it also sees expanded opportunities for application of the THERMAL-XR® platform. The go-to-market strategy for Thermal-XR® may evolve as GMG receives more feedback from customers, has more referenceable energy savings data from its energy savings products and solutions and more customer success stories. Based on these parameters, GMG will determine how much to invest to achieve rapid market penetration of Thermal-XR® in different geographies. A rapid penetration strategy may require additional capital, but deployment of capital for marketing purposes would be controllable by Management.

As at June 30, 2023, Cash and cash equivalents amounted to $4,647K, a decrease of $7,610K from a year earlier. Operating cash outflows together with $3,441K spend on acquisitions of plant, equipment and intellectual property rights as part of the planned business growth, were offset primarily by gross proceeds of C$5.75 million raised from the Bought Deal Offering in November 2022, $1.55 million of R&D tax incentive received, as well as proceeds from the exercise of warrants and options.

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

Although the operating and investing cash flow for FY22 and FY23 were negative, it is assumed that the Company has neither the intention nor the need to liquidate any of its assets to discharge its liabilities and commitments in the normal course of business. Though not guaranteed, Management believes that investors will continue to support the business to fund its expansion and development of products and solutions until the business becomes profitable.

Review of principal businesses

GMG is focused on four critical objectives:

1. Produce Graphene & Improve/Scale Production Process.
2. Build Revenue from Energy Savings Products.
3. Develop Next-Generation Battery.
4. Develop Supply Chain, Partners & Project Execution Capability.

<u>Business Objective 1: Produce Graphene & Improve/Scale Production Process</u>

GMG expects ongoing iteration and improvement over time of graphene quality from the GMG graphene production process. GMG has increasing confidence that it has found an economically sustainable path to scale the graphene manufacturing and treatment process.

The Phase 1 expansion project to the Company's Graphene manufacturing facilities announced in August 2022 continues to progress and is expected to provide additional graphene supply for the ongoing development of Company's graphene aluminium-ion battery prototypes ("G+Al Battery"), as well as the Company's energy saving products. The initial scope of the Phase 1 project has been continuously optimised to be fit for purpose and is expected to commence operations in the second half of 2023 as previously reported.

As announced on February 13, 2023, GMG received full and final approval for all its Graphene products from the Australian Industrial Chemicals Introduction Scheme ("AICIS") of the Australian Government Department of Health and Aged Care under Assessment statement CA09624. This AICIS approval allows GMG to significantly increase the production and sale of GMG graphene-enhanced products to industrial customers in Australia and in countries where no further international approvals are needed. Regulatory approvals are being sought in targeted other markets where required.

<u>Business Objective 2: Build Revenue from Energy Savings Products</u>

THERMAL-XR®

As announced in September 2022, GMG completed the acquisition of the manufacturing intellectual property and brand rights of OzKem Pty Ltd.'s ("OzKem") THERMAL-XR® coating products (the "OzKem Transaction"). Together with the above mentioned regulatory approval and encouraging customer feedback (refer below) the Company undertook and recently announced that it has commissioned its own graphene enhanced coating blending plant and it is now operational after making its first 1000 litre blend.

GMG has also installed laboratory facilities for quality and control requirements and progressing research and development, to extend and enhance the THERMAL-XR® platform into additional industries and applications.

After a period of customer demonstrations supported by external verification of the potential energy saving results of TXR the Company has seen increasing interest maturing into both larger sales as well as signing of international distributor arrangements. These include a sales order for over AU$130,000 (including GST) for

THERMAL-XR® sales and service for a large Australian eco-friendly resort for the coating of nearly 200 air conditioners in April 2023 that is scheduled to be completed in Q2FY24.

GMG has signed distribution agreements with four international distributors to buy GMG's THERMAL-XR® and resell in their respective countries in the Heating Ventilation Air Conditioning and Refrigeration (HVAC-R) markets - Thailand, Singapore, Indonesia and South Korea. GMG and certain of the Distributors have successfully completed several THERMAL-XR® HVAC-R projects in South East Asia to provide case studies that illustrate the product's local benefits and customer value proposition in these countries and first orders have been received.

GMG has also signed a THERMAL-XR® distribution agreement with Nu-Calgon Wholesaler, Inc ("Nu-Calgon"). Nu-Calgon is the leading Heating Ventilation Air Conditioning, and Refrigeration (HVAC-R) specialty chemical supplier in North America and will partner with GMG to provide THERMAL-XR® to the HVAC-R markets in the United States of America, Mexico, Canada and the Caribbean. Nu-Calgon, has been a leader in North America's HVAC-R aftermarket for over 70 years and distributes its products to thousands of distribution and stocking locations. THERMAL-XR® allows Nu-Calgon to continue distributing HVAC-R coatings to their existing distributors with the added value of graphene-enhanced superior heat transfer and corrosion protection.

GMG is in the process of obtaining USA EPA approval for the THERMAL-XR® and is reviewing the requirements for Canada, Mexico and the Caribbean countries. USA EPA approval is expected to be granted in Q2FY24 and preparations for the product launch in early 2024 are well underway.

Following the growing market success of THERMAL-XR® for HVAC purposes the Company is increasing efforts to demonstrate heat management benefits for other applications. THERMAL-XR® sales and third-party service projects in Southeast Asia have occurred – with applications in the data centre cooling sector representing a significant opportunity as according to the IEA it represents up to 1.3% of global electricity demand. Accordingly, the Company has commenced first discussions regarding projects with a number of data centre operators.

The Company is also in discussions with various mining, energy and gas producers in Australia, North America and Asia about the potential for application of the THERMAL-XR® platform to provide increased heat transfer and corrosion resistance for operations, including gas processing heat exchangers, notably liquefied natural gas (LNG) plants. GMG made an initial sale of THERMAL-XR® and coating by GMG for a micro-LNG plant in Australia in late 2022 with encouraging results.

ENERGY SAVINGS AND HEAT TRANSFER VERIFICATION

GMG commissioned Supercool Asia Pacific Pty Ltd to undertake independent comparison tests to assess the impact of TXR in enhancing the operating efficiency of a cooling system. The first comparison test conducted was a Pull-Down Test which assessed the time and energy required to reach a set temperature of 20 degrees Celsius in a heat controlled room with an initial set temperature of 30 degrees Celsius, controlled constant humidity level, and an outdoor temperature of 35 degrees Celsius. This simulates a typical cold storage room with traffic subject to heat losses and required to cool down on multiple occasions to the set temperature. Supercool verified that a quicker time was observed to reach the set point cooling temperature, under the same conditions, highlighting a reduction in energy consumption for the THERMAL-XR® coated condenser coil. As seen in Table 1 the THERMAL-XR® coated coil resulted in 15.7% Energy Savings and a 16.1% time savings for the Pull Down test.

Test	Average Duration	Time Reduction	Average Power (kW)	Energy (kWh)	Energy Reduction
Prior to THERMAL-XR® Coating	1:10:41	16.1%▼	2.43	2.86	15.9%▼
Post THERMAL-XR® Coated	0:59:17		2.44	2.41	

Table 1: Pull-Down time and energy consumed prior to and post TXR coating.

The second comparison test was an uninterrupted 48-hour Temperature Cycle test. This tests the impact of TXR on maintaining a constant set point temperature (for example where there is no periodic access to a cool room). The test measured the energy required over a 48-hour period to keep a cooling set temperature of 20 degrees Celsius in a heat-controlled room with an outside temperature of 35 degrees Celsius and controlled constant humidity level. Supercool verified that a lower amount of energy was required by the THERMAL-XR® coated unit, under the same conditions again highlighting energy savings. Table 2 shows the THERMAL-XR® coated coil delivered 4.69% Energy Savings for the 48-hour Temperature Cycle test. Full test results are available on the GMG website.

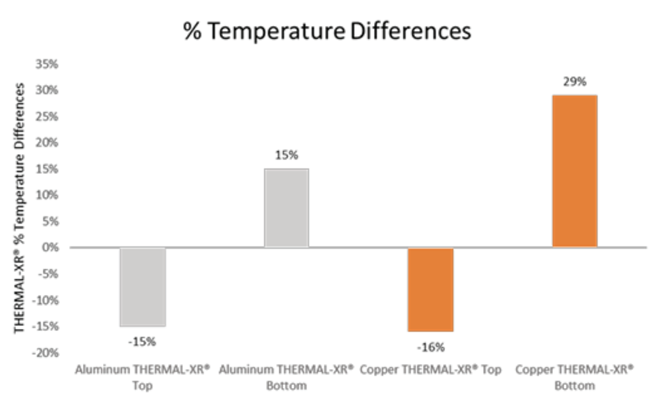
48 hour Cycle Test – Power Consumption			
Between 0-48 hours	**Average power (kW)**	**Energy (kWh) per 24 hours**	**Energy Reduction**
Prior to TXR coating	1.77	85.10	
Post TXR coating	1.71	81.95	**3.71%▼**
Between 24– 48 hours			
Prior to TXR coating	1.76	42.14	
Post TXR coating	1.68	40.39	**4.13%▼**
Between 36– 48 hours			
Prior to TXR coating	1.76	21.09	
Post TXR coating	1.68	20.10	**4.69%▼**

Table 2: 48 Hour Cycle Energy Test Prior to vs Post TXR Coating

GMG has also been working with potential industrial customers to demonstrate the potential for improved heat management through the application of TXR. As part of this demonstration programme, GMG has commissioned the University of Queensland Materials Performance Consultancy to verify a number of heat transfer demonstrations.

GMG is pleased to report that the University of Queensland Materials Performance Consultancy ("UQMP") verified that GMG's THERMAL-XR®, demonstrations and results, when applied to Copper and Aluminium, reduced the surface temperature by 15-16% when operating between 70 degrees Celsius and 90 degrees Celsius.

These results, shown below, are very encouraging in outlining the application of TXR for various heat management applications creating the potential for operating efficiency and / or energy savings.



Temperature Increases and Decreases with TXR on Copper and Aluminium vs non TXR treatment

These independent results on top of customer trials provide both 'controlled' and 'real world' demonstrations and encouragement as to the potential significant commercial opportunity of the TXR platform.

G®LUBRICANT

G®LUBRICANT is a concentrate of GMG Graphene and lubricating oil that is designed for ENERGY SAVINGS and EMISSION SAVINGS and wear prevention. The concentrate can be added to an existing fully formulated lubricant or tailored by Graphene Manufacturing Group as an addition to the client's choice of fluid. G®LUBRICANT protects the friction surfaces and reduces the friction coefficient by forming a protective layer between metal interfaces.

GMG continues to work with various Southeast Asian customers for infield testing and also carrying out its own diesel engine fuel testing. Current GMG diesel engine fuel testing is being carried out to examine fuel saving potential with the use of the G®LUBRICANT. The patent application for G®LUBRICANT is progressing through to country level – where GMG is currently applying in 20 countries for the in-country patent.

Further Research and Development assessment is in progress.

Business Objective 3: Develop Next-Generation Battery

GMG's Battery Development Centre ("BDC") for its G+AI Batteries has been operational since Q2FY22 and was further upgraded during Q3FY22 enabling the research and development of battery prototypes in a spacious, fully integrated work environment. The BDC also incorporates the equipment required to assemble and test battery prototypes. The Company has also successfully increased its organisational capability by attracting new staff experienced in pouch cell development, thereby enabling the acceleration of its battery development and performance optimisation programme.

During Q4FY22, GMG commissioned additional pouch cell development equipment and produced the first single layer working pouch cell prototype.

During Q3FY23, GMG received regulatory and local council approvals for the commercial scale manufacturing of batteries at its existing Richlands site in Brisbane Australia. To date GMG has been adhering to a research and development regulatory approval to make battery cell prototypes. In addition, this site already has council approvals that allow GMG to manufacture its graphene. These regulatory approvals are an important step in GMG's consideration at an appropriate future time to build and operate a battery manufacturing plant at the GMG Headquarters at Richlands.

In December 2022 GMG provided a further update on its ongoing investment in the Company's BDC including an additional $600,000 in capital expenditure, to accelerate the progress of semi-automatic pouch cell prototype production. At that time key members of GMG's Battery Team visited its United Kingdom partners to inspect the partially built automated cell assembly equipment, and again in May 2023 for final acceptance testing and sign-off.

The additional CAPEX expenditure will assist with future optimisation, prototype development and production, consistency in performance and assembly times in the BDC. The additional equipment is now operational.

RIO TINTO JOINT DEVELOPMENT AGREEMENT

On May 17, 2023, GMG and Rio Tinto signed a binding Joint Development Agreement ("JDA") with the goal of accelerating the development and application of GMG's Graphene Aluminium-Ion batteries in the mining and minerals industry. Rio Tinto will contribute technical and operational performance criteria and up to AU$6 million, in exchange for preferential access rights.

The JDA builds on the existing collaboration for Rio Tinto to explore the use of GMG's Energy Saving and Energy Storage solutions (see Company announcement on May 18, 2022). This JDA is effective immediately and is expected to last 2 years with payments spread over the term of the agreement. The JDA aims to co-develop GMG's Graphene Aluminium-Ion battery pouch cell into an initial battery pack/module for a proof-of-concept trial.

Rio Tinto will seek to involve Original Equipment Manufacturers ("OEM"), including Heavy Mobile Equipment OEMs, to work with GMG and Rio Tinto to align the battery pack development requirements. Success could see performance enhancements for Rio Tinto, including faster charging and longer-life batteries for heavy mobile equipment and grid energy storage, as well as supporting Rio Tinto's decarbonisation ambitions.

GMG will retain ownership of the intellectual property of the GMG Graphene Aluminium Ion Battery Pouch Cell and Battery Pack. On successful completion of the joint project, Rio Tinto would have the right to procure and use the batteries in their operations.

More broadly, significant customer feedback to GMG has reinforced the opportunity of the pouch cell battery format and this JDA with Rio Tinto is another example. Pursuant thereto, GMG will now re-prioritise its energies to developing Pouch Cell prototypes and will no longer pursue the commercialisation of coin cell batteries in the short to medium term.

POUCH CELL DEVELOPMENT

The development status of a commercial battery is commonly characterised with respect to various stages as outlined below.

The battery technology readiness level ("BTRL") of the Graphene Aluminium-Ion technology has progressed to Level 4 (see Figure 3). GMG is currently optimizing electrochemical behaviour for pouch cells via ongoing laboratory experimentation.

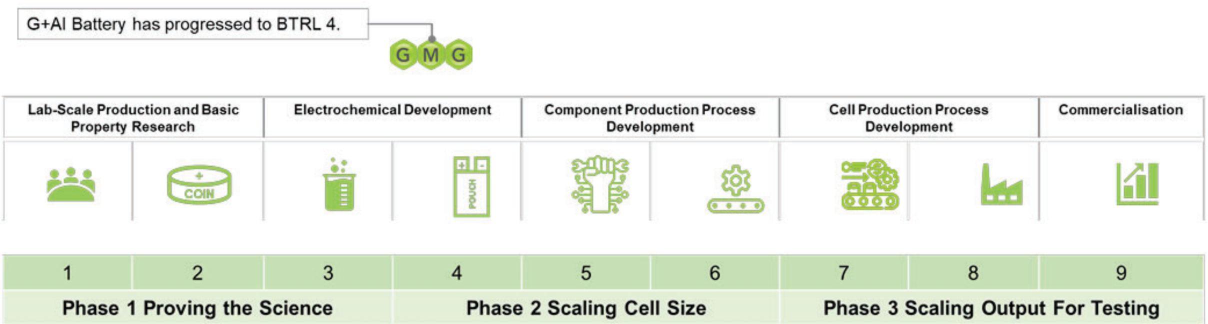
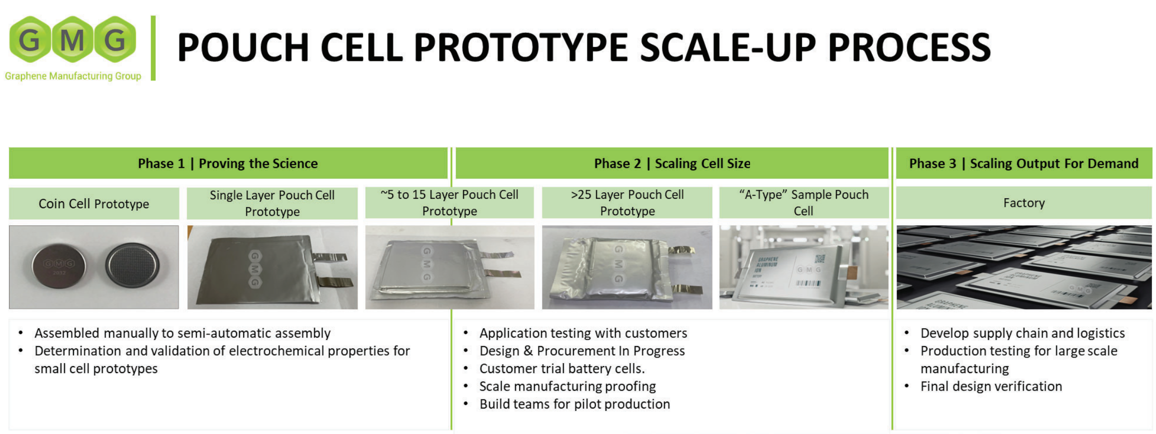


Figure 3: Battery Technology Readiness Level

Source: "The Battery Component Readiness Level (BC-RL) Framework: A technology-specific development framework", Matthew Greenwood et al



Source: "The Battery Component Readiness Level (BC-RL) Framework: A technology-specific development framework", Matthew Greenwood et al

On September 11, 2023, GMG announced that it has now made initial G+Al Battery prototype pouch cells (see Figure 1), which have a storage capacity of over 500 mAh, with a nominal voltage of ~ 2 volts. This is a significant development as it shows the Company has matured the battery electro-chemistry and assembly techniques of producing pouch cells with over 10 layers of graphene coated cathode and aluminium foil anode.

The next step for the Company is to optimise the assembly techniques of the pouch cell prototypes. This is to achieve repeatable storage capacity of over 500 mAh cells in order to conduct a variety of standard testing conditions for comparative purposes. The Company then intends to pursue producing cells with over 20 double-layers to get a storage capacity of 1000 mAh by using an automatic coating machine, cathode laser cutting equipment, and a semi-automatic stacker, to achieve reproduceable cells for validation trials. The aforementioned reproduceable cells target matches an objective in the Rio Tinto Joint Development Agreement, being the achievement of a repeatable capacity of 1000 mAh by H1 2024, followed by being able to produce this pouch cell at scale by H1 2025.

Next Steps Toward Commercialisation & Market Applications

The Company continues to see a broad range of potential applications for a completed GMG Graphene Aluminium Ion Battery – utilising its ultra-high power-density and nominal energy density characteristics. A range of global companies have confidentially expressed their interest in working with GMG in the following vertical sectors:

- Diesel engine replacement (high load and power requirements)

- Energy storage (in front of, or behind the meter)

- Personal electronics (fast charging and long life)

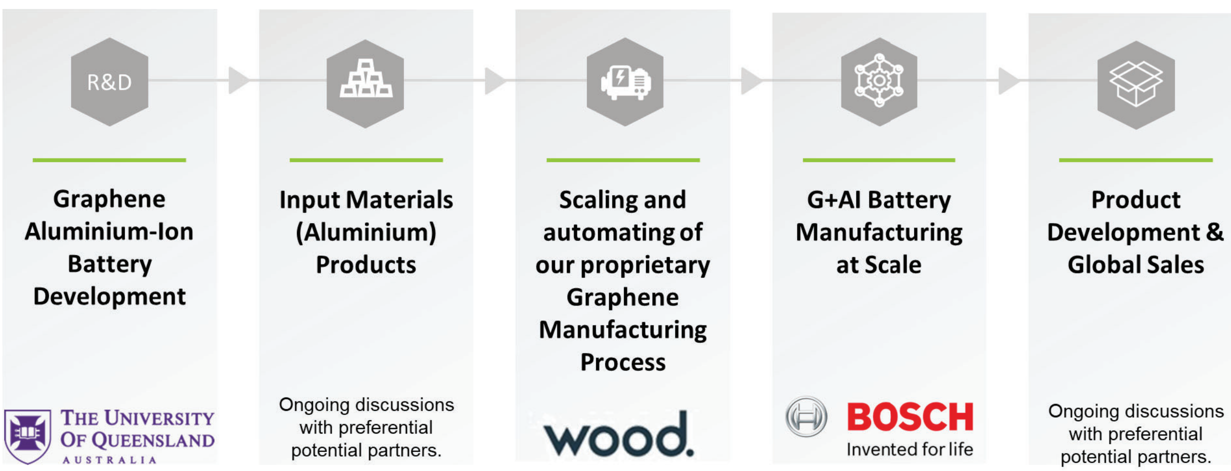
- Aviation (including vertical take-off and landing)

- Electric vehicles - Other applications

- Rail or Locomotive

Business Objective 4: Develop Supply Chain, Partners & Project Execution Capability

GMG continues to focus on developing and strengthening its battery value chain partnerships. GMG believes this approach will de-risk, optimise, position and accelerate GMG's G-AI Battery technology success.



Ongoing engagement between our partners continued throughout the quarter.

Wood is supporting the announced graphene manufacturing expansion and the Company is currently engaging with Bosch to further develop its understanding and framing of the automated battery manufacturing project for pouch cell batteries.

In addition to the Rio Tinto JDA, non-disclosure agreements have been signed with a number of international, high profile potential customers across a wide range of industry segments to explore opportunities to collaborate, understand their application requirements and priorities for the subsequent development and commercial production of GMG's battery prototypes.

The Company continues to assess the appropriate battery development and commercialisation pathway taking into account technical, engineering and customer perspectives.

GMG is a founding member of the Australian Advanced Material and Battery Council ("AMBC") that was officially launched at Queensland Parliament House in October, 2022. Craig Nicol is the council's Chair.

Mr Bob Galyen, based in Indiana USA, joined the Company's board of directors effective 1 July, 2023. Mr. Galyen has been an advisory member of the Company's Technical Advisory Committee since June 2022. Mr Galyen has global experience as a leading executive in the battery energy storage industry and science/engineering-based communities. Among his many roles Bob has been the Chief Technology Officer of Contemporary Amperex Technology Company Limited (CATL), which is the largest lithium ion battery manufacturer in the world, was Chair of the SAE International Battery Standards Steering Committee and is CTO and Chairman Emeritus of NATTBatt International. He serves on a number of Committees and Advisory Boards.

Review of prospects for future financial years

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

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

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

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

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

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

Significant changes in the state of affairs

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

Dividends

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

Significant events after the balance date

Overnight Marketed Offering

On August 1, 2023, GMG entered into an agreement pursuant to which Raymond James as lead underwriter and sole bookrunner, together with a syndicate of underwriters (collectively, the “Underwriters”), purchased 2,029,412 units of the Company (the “Units”), pursuant to the filing of a short form prospectus, subject to all required regulatory approvals, at a price per Unit of C$1.70 (the “Issue Price”) for gross proceeds of C$3.45M (the “Offering”).

Each Unit 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$2.20 for a period of 48 months following the closing date of the Offering.

Graphene Manufacturing Thermal-XR Commercialisation & Ozkem Share Issue

On August 28, 2023, GMG commissioned its own graphene-enhanced coating blending plant confirming it is now operational after making its first 1000 litre blend. As a result of this first commercial blend GMG was required to issue the remaining 125,206 shares to Ozkem Pty Ltd per the supply and licence agreement dated 13 August 2022.

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

Likely developments and expected results of operations

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

Environmental regulation

The Company is committed to positively contributing to sustainable environmental solutions, both through our operations and our products produced. Environmental impact assessments are guided by our Sustainability & Risk Committee which enables governance responsibilities to be fulfilled, including Environmental Obligations and Environmental Best Practise Targets.

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

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

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

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

The Company's approval to manufacture Graphene was issued by the Australian Industrial Chemicals Introduction Scheme ("**AICIS**") on 5 July 2021. In February 2023, GMG received the full and final approval from AICIS to scale and sell all GMG's Graphene products. Under the AICIS, the Company is required to supply information relating to Health and Environmental factors relating to products and their use. The Company's facility operates within the parameters outlined by this approval, inclusive of annual reporting requirements.

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

Sustainability statement

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

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

The Sustainability & Risk Committee has prioritised the Company's achievement of the United Nations Sustainable Development Goals (SDGs) 7, 9, and 13, and other key Environmental, Social (incl. Health, Safety & Quality), and Governance (ESG) priorities.

The board appointed Sustainability & Risk Committee takes a holistic view of sustainability factors and provides strategic direction and support to enable GMG to reach its Sustainability Goals. Table 1 outlines the ESG improvement themes and goals for GMG.

Base	Category	Theme and goal
Environment	*Emissions*	UN SDG13 – Take urgent action to combat climate change and its impacts
	Innovation	UN SDG9 – build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
		Develop and implement an Environment Management System
	Resource Use	Understand Materiality use (e.g. energy, water) to establish baseline levels.
Social	*Community*	UN SDG7 – Ensure access to affordable, reliable, sustainable and modern energy for all
	Product Responsibility	Develop and implement ISO 9001 Quality Management System and achieve certification to ensure confidence with product quality
	Workforce	Develop and implement a Health and Safety Management System Develop and implement Process Safety Fundamentals
Governance	*CSR*	Ensure accurate and transparent ESG reporting

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

Following completion of the new Graphene plant build, GMG is committed to providing transparent reporting on the Company’s carbon emissions footprint from its operations, verified by an independent party using the National Greenhouse and Energy Reporting Framework and guidance notes on estimating emissions and energy from industrial processes. With verified data on our carbon emission footprint GMG will then commence identifying and implementing reduction plans for scope 1 and 2 emissions while estimating scope 3 emissions through the application and use of GMG products. GMG’s THERMAL-XR® Energy Saving Coating is the first product that will have the verified offset calculations available.

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

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

Directors' interests

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

Director	Ordinary shares	Options over ordinary shares	Warrants over ordinary shares	RSU over ordinary shares
Guy Outen	734,000	555,324	10,000	20,952
Robert Shewchuk	62,500	285,000	-	18,093
William Ollerhead	619.163	151,125	7,500	18,093
Emma FitzGerald	-	-	-	-
Craig Nicol	12,532,500	826,540	-	106,027
Frederick Kotzee	-	-	-	-
Bob Galyen		-	-	-
Andrew Small	4,950,000	-	-	-
Jack Perkowski	-	-	-	-

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

Share options, warrants, RSU and PSU

Unissued shares under options

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

Grant date	Expiry date	Exercise price	Number of shares
6 November 2018	4 November 2025	$0.36	2,222,654
18 February 2019	16 February 2026	$0.61	220,000
15 March 2019	13 March 2026	$0.61	75,000
20 March 2019	18 March 2026	$0.61	29,326
12 May 2019	10 May 2026	$0.61	-
26 June 2019	24 June 2026	$0.61	-
2 December 2019	30 November 2026	$0.42	440,000
6 April 2020	5 April 2027	$0.61	29,326
21 April 2020	20 April 2027	$0.61	285,000
23 December 2020	22 December 2027	$0.82	564,454
12 March 2021	10 March 2028	$0.94	29,348
15 April 2021	12 March 2024	C$0.4963	151,125
16 April 2021	15 April 2024	C$1.00	100,000
1 July 2023	30 June 2026	C$1.90	100,000
Total			**4,246,233**

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

Unissued shares under warrants

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

Grant date	Expiry date	Exercise price	Number of shares
24 March 2021	24 September 2022	C$0.65	-
13 April 2021	13 October 2022	C$1.00	-
2 September 2021	2 September 2024	C$2.60	1,994,100
2 September 2021	2 September 2024	C$2.05	16,180
2 September 2021	2 September 2024	C$2.60	2,335
2 September 2021	2 September 2024	C$2.60	187,500
2 September 2021	2 September 2024	C$2.14	5,760
30 November 2022	30 November 2026	C$3.35	2,091,850
30 November 2022	30 November 2024	C$2.75	62,755
16 August 2023	16 August 2026	C$1.70	121,765
16 August 2023	16 August 2027	C$2.20	1,014,706
Total			**5,496,951**

Unissued shares under RSU or PSU

At the date of this report unissued ordinary shares of the Company under share RSU & PSU Agreements are:

Grant date	Expiry date	Plan Type	Number of shares
20 October 2021	20 October 2026	RSU	21,065
5 December 2021	5 December 2026	RSU	15,662
14 September 2022	14 September 2027	RSU	221,881
20 September 2022	20 September 2027	RSU	106,027
12 October 2022	12 October 2027	RSU	36,186
14 October 2022	14 October 2027	RSU	6,532
20 October 2022	20 October 2027	RSU	123,623
21 October 2022	21 October 2027	RSU	20,952
13 July 2023	13 July 2028	RSU	227,277
Total			**779,205**

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

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

Share options		Warrants		RSU (i)	PSU (i)
Number of shares	Amount paid on each share	Number of shares	Amount paid on each share	Number of shares	Number of shares
162,348	$.061	40,050	$C0.65	274,000	-
146,696	$0.81	621,377	$C1.00		
		2,538	$C2.05		
		63,281	$C2.60		

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

Insurance of officers and indemnities

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

Insurance Premiums

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

Indemnification of auditors

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

Non-audit services

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

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

- All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit Committee to ensure they do not impact the integrity and objectivity of the Company's auditor, BDO; and

- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

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

	2023 **$**
Audit and review of financial statements	139,360
Other assurance services (i)	25,125
Total paid to BDO Audit Pty Ltd	**164,485**

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

Proceedings on behalf of the Company

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

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

Lead auditor's independence declaration

BDO were appointed auditors on 31 August 2020 and continue in office. The auditor's independence declaration is set out on page 25 and forms part of the directors' report for the financial year ended 30 June 2023.

Rounding

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

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

DocuSigned by:
48637227466B491...
Craig Nicol
Managing Director and CEO

Brisbane
29 September 2023

DocuSigned by:
Scott Richardson
AF65D2FF182A46F...
Scott Richardson
Interim Chief Financial Officer

Brisbane
29 September 2023

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

As lead auditor of Graphene Manufacturing Group Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

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

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

R M Swaby
Director

BDO Audit Pty Ltd

Brisbane, 29 September 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	**2023 A$**	2022 A$
Revenue	7	**170,063**	54,426
Other income	8(a)	**3,225,429**	1,461,514
Employee benefit expenses		**(7,108,132)**	(4,407,811)
Professional and consulting fees		**(2,847,979)**	(1,838,473)
Depreciation and amortisation expense	15,16	**(1,155,461)**	(350,742)
Travel expenses		**(354,415)**	(81,384)
Raw materials and production inputs		**(48,640)**	(35,248)
Occupancy and utilities expenses		**(357,744)**	(206,391)
Factory costs		**(402,319)**	(275,906)
Share based payments expense		**(2,059,134)**	(863,969)
Other expenses	8(b)	**(1,382,720)**	(604,324)
Finance costs	8(c)	**(176,179)**	(62,972)
Gain / (loss) on change in fair value of warrants	19(a)	**3,173,566**	(4,558,986)
Loss before income tax		**(9,323,665)**	(11,770,266)
Income tax expense	9	**-**	-
Loss for the year		**(9,323,665)**	(11,770,266)
Other comprehensive income			
Foreign currency translation differences		**-**	367
Net other comprehensive income that may be reclassified to profit or loss in subsequent years		**-**	367
Other comprehensive income for the year, net of tax		**-**	367
Total comprehensive loss for the year		**(9,323,665)**	(11,769,899)
Loss per share attributable to the ordinary equity holders of the Group:			
Basic and diluted (cents)	10	**(11.55)**	(15.48)
Weighted average number of ordinary shares outstanding (Basic and diluted)	10	**80,744,815**	76,035,720

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	**2023 A$**	2022 A$
ASSETS			
Current assets			
Cash and cash equivalents	11	**4,647,644**	12,258,018
Trade and other receivables	12	**1,860,151**	142,876
Contract assets	7	**14,728**	-
Inventories	13	**360,927**	350,388
Research and development grants receivables		**2,579,757**	1,411,926
Other current assets	14	**392,107**	317,884
		9,855,314	14,481,092
Non-current assets			
Property, plant and equipment	15	**4,384,881**	2,162,174
Intangible assets	16	**1,716,451**	32,663
		6,101,332	2,194,837
Total assets		**15,956,646**	16,675,929
LIABILITIES			
Current liabilities			
Trade and other payables	17	**2,821,312**	804,078
Contract liabilities	7	**126,000**	-
Lease liabilities	18	**272,999**	136,622
Financial liabilities	19	**2,571,397**	4,410,364
Employee benefit liabilities	20	**218,735**	207,064
Provisions	21	**18,916**	20,000
		6,029,359	5,578,128
Non-current liabilities			
Lease liabilities	18	**1,032,604**	897,627
Provisions	21	**200,000**	100,000
		1,232,604	997,627
Total liabilities		**7,261,963**	6,575,755
Net assets		**8,694,683**	10,100,174
EQUITY			
Share capital	22	**30,471,505**	26,435,310
Share capital warrant premium	22	**7,618,373**	5,971,671
Reserves	23	**4,038,170**	1,802,893
Accumulated losses		**(33,433,365)**	(24,109,700)
Total equity		**8,694,683**	10,100,174

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

Consolidated Statement of Changes in Equity

	Note	Share capital A$	Reserves A$	Accumulated losses A$	Total equity A$
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 / (loss)	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**
Balance at 1 July 2022		32,406,981	1,802,893	(24,109,700)	10,100,174
Loss for the year		-	-	(9,323,665)	(9,323,665)
Other comprehensive income	23	-	-	-	-
Total comprehensive loss for the year		**-**	**-**	**(9,323,665)**	**(9,323,665)**
Transactions with owners of the Company					
Shares issued	22	3,382,287	-	-	3,382,287
Transaction costs on issued shares	22	(454,363)	-	-	(454,363)
Share options and warrants exercised	22	1,108,271	-	-	1,108,271
Share capital warrant premium	22	1,646,702	-	-	1,646,702
Share based payments	23	-	2,235,277	-	2,235,277
		5,682,896	2,235,277	-	7,918,174
Balance at 30 June 2023		**38,089,878**	**4,038,170**	**(33,433,365)**	**8,694,683**

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

Consolidated Statement of Cash Flows

	Note	**2023 A$**	2022 A$
Operating activities			
Receipts from customers and government subsidies		**186,786**	87,382
Payments to suppliers and employees		**(12,199,178)**	(7,356,206)
Research and development tax incentive received		**1,554,070**	736,055
Interest received		**698**	1,847
Interest paid		**(96,094)**	(37,462)
Net cash from / (used in) operating activities	30	**(10,553,718)**	(6,568,384)
Investing activities			
Acquisition of property, plant and equipment		**(2,393,347)**	(1,066,122)
Acquisition of intangibles		**(1,047,412)**	(13,905)
Net cash from / (used in) investing activities		**(3,440,759)**	(1,080,027)
Financing activities			
Proceeds from issue of shares		**2,882,287**	9,694,304
Proceeds from issue of share warrants	19	**3,445,656**	3,634,424
Proceeds from exercise of share options	22	**173,573**	597,268
Proceeds from exercise of share warrants	22	**934,698**	3,850,116
Share and share warrant issue transaction costs		**(821,392)**	(1,141,680)
Payment of lease liabilities		**(249,844)**	(87,090)
Net cash from / (used in) financing activities		**6,364,978**	16,547,342
Net increase / (decrease) in cash and cash equivalents		**(7,629,499)**	8,898,931
Cash and cash equivalents at beginning of year		**12,258,018**	3,359,087
Net foreign exchange gain / (loss) on cash held		**19,125**	-
Cash and cash equivalents at end of year	11	**4,647,644**	12,258,018

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 as issued by the International Accounting Standards Board ("**IASB**"). They were authorised for issue by the Board of Directors on 29 September 2023.

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 2023, the Group incurred a loss of $9,323,665 after income tax and net cash used in operating activities of $10,553,718. At 30 June 2023, the Group had net current assets of $3,825,954.

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 2023, the Group had cash on hand of $4,647,644, which together with the net $3,553,465 (C$3,094,483) Offering as disclosed in note 34(c), is sufficient to meet the ongoing corporate costs and expected project expenditure in the short to medium term;
- As at the date of this report, there are 4,246,233 options and 5,496,951 warrants on issue with exercise prices ranging from $0.36 to $3.86. If all were exercised these would raise an estimated $20,374,816 in additional capital. Of these 4,146,233 options are currently "in the money" representing potential proceeds of $2,077,681; and
- On 17 May 2023, GMG and Rio Tinto signed a binding Joint Development Agreement ("JDA") where subject to the terms and conditions of the agreement, Rio Tinto will contribute technical and operational performance criteria and up to $6 million, in exchange for preferential access rights, the first $1.5M of this having been received in July 2023, with the balance expected to be received over the next 18 months.

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 2023 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(c)) – whether revenue from energy saving and energy storage solutions is recognised over time or at a point in time;
- Joint development Income (note 8(a)) – Whether the income from the joint development agreement meets the definition of revenue from contracts with customers, or is a collaboration agreement accounted for as other income.
- 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 2023 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.

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.

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 2022 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs (i.e., the costs that the Group cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). 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 Group has assessed the contracts for which it has not yet fulfilled all of its obligations, and no contracts were identified as onerous. The Joint Development Agreement entered into with Rio Tinto may be cancelled by either party with no unavoidable costs that would otherwise result in the requirement to raise an onerous contract provision.

These amendments had no impact on the consolidated financial statements of the Group for the years ended 30 June 2023 .

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IFRS 16 *Leases*

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (“PP&E”), any proceeds of the sale of items produced whilst bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.
In accordance with the transitional provisions, the Group applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application).

These amendments had no impact on the year-end consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

5. Changes in significant accounting policies (continued)

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

References to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's *Conceptual Framework* with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

In accordance with the transitional provisions, the Group applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the consolidated financial statements of the Group as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41).

- IFRS 1: Subsidiary as a First-time Adopter (FTA)
- IFRS 9: Fees in the '10 per cent' Test for Derecognition of Financial Liabilities
- IAS 41: Taxation in Fair Value Measurements

(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.

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's financial statements.

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*

In May 2021, the International Accounting Standards Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments are effective for annual periods beginning on or after 1 January 2023 and should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Earlier application is permitted as long as this fact is disclosed.

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.

The Group will continue to assess the impact of the amendments.

5. Changes in significant accounting policies (continued)

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

Other standards

The following amendments are effective for the period beginning 1 January 2024:

- *IFRS 16 Leases* (Amendment – Liability in a Sale and Leaseback); and
- IAS 1 *Presentation of Financial Statements* (Amendment – Non-current Liabilities with Covenants).

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Group.

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 operations is not at a stage where there are multiple product lines with all sales coming from energy saving and energy storage solutions mainly in Australia. Assets are all based in Australia.

	2023 A$	2022 A$

7. Revenue from contracts with customers

	2023 A$	2022 A$
Sale of goods	**104,371**	54,426
Services	**65,692**	-
	170,063	54,426

(a) Disaggregation of revenue from contracts with customers

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

Timing of revenue recognition	**2023 A$**	2022 A$
At a point in time	**138,085**	54,426
Over time	**31,978**	-
	170,063	54,426

(b) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

A$	Note	**2023**	2022
Receivables, which are included in 'trade and other receivables'	12	**166,262**	4,600
Contract assets		**14,728**	-
Contract liabilities		**(126,000)**	-

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date.

7. Revenue from contracts with customers (continued)

(b) Contract balances (continued)

	Contract assets		Contract liabilities	
A$	**2023**	2022	**2023**	2022
At 1 July	-	-	-	-
Revenue recognised from contracts in progress	31,978	-	-	-
Transfers from contract assets to trade receivables	(17,250)	-	-	-
Unearned revenue recognised where performance obligation is pending completion	-	-	(126,000)	-
At 30 June	**14,728**	-	**(126,000)**	-

No information is provided about remaining performance obligations at 30 June 2023 that have an original expected duration of one year or less, as allowed by IFRS 15.

Accounting policy for contract balances

Contract assets

A contract asset is initially recognised for revenue earned from installation services because the receipt of consideration is conditional on successful completion of the installation. Upon completion of the installation and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables.

Contract assets are subject to impairment assessment. Further information on the accounting policy for impairment of financial assets is detailed in note 25.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

(c) Performance obligations and 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.

7. Revenue from contracts with customers (continued)

(c) Performance obligations and revenue recognition (continued)

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Sale of goods – including Energy Savings products	Sales of products can be either to domestic (Australia) or international customers. Customer agreements may vary according to the terms of the individual sales contract, whereby transfer of control of the products to the customer may occur upon either shipment or delivery receipt. Invoices are generated at the time of shipment and revenue is recognised at that point in time. Invoices are usually payable within 30 days.	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 the customer obtains control of the products. Where a performance obligation is subject to delivery or receipt of goods, a corresponding adjustment to recognise the deferred revenue is recorded and included in contract liabilities.
Energy Savings Application Service	Application services apply to some Energy Savings products. Dependent on the size, scale and transportability of the equipment that the products are being applied to, the services may be carried out at the customer's or the Company's premises. As contracts vary according to the customer's requirements, and subject to the size of the project and contract term, all work in progress is monitored in accordance with the stage of service completion. Invoices are issued according to contractual terms and are usually payable within 30 days. Un-invoiced amounts are presented as contract assets.	Revenue from the provision of services is recognised when the Group has satisfied the performance obligations under the contract, which is typically at the point the customer obtains control of the products. Where a performance obligation is subject to completion, a corresponding adjustment to recognise the deferred revenue is recorded and included in contract liabilities.
Sales distribution agreements	Sales distribution agreements entered into by the Company are for the purpose of accelerating commercialisation of the Company's products in the market, with prompt payment discounts available on payment terms, subject to conditions.	Revenue recognition for the sales of goods and provision of services above also applies to revenue generated through sales distribution agreements.

Warranty obligations

Some goods sold by the group include warranties which require the group to either replace or mend a defective product during the warranty period if the goods fail to comply with agreed-upon specifications. In accordance with IFRS 15, such warranties are not accounted for as separate performance obligations and hence no revenue is allocated to them. Instead, a provision is made for the costs of satisfying the warranties in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

For the year ended 30 June 2023, no provision for warranty has been recognised as its impact is considered trivial to the consolidated financial statements. The Group will continue to reassess this in conjunction with the realisation of future sales.

8. Income and expenses

(a) Other income

	2023 A$	2022 A$
Research and development tax incentive	**2,721,901**	1,411,926
Joint development income	**375,000**	-
Grants income	**42,483**	30,676
Foreign exchange gains	**74,554**	13,600
Other income	**10,793**	3,465
Interest income	**698**	1,847
	3,225,429	1,461,514

Other income is recognised using the methods outlined below:

Joint development income
Joint development income relates to income received as a result of collaboration agreements where the Group has agreed to work collaboratively with another entity to develop or improve energy storage solutions over a period of time. Income is recognised on a straight-line basis over the collaboration period.

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.

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

(b) Other expenses

	2023 A$	2022 A$
Employee benefit expenses include the following notable item:		
Superannuation	**563,954**	333,259
Other expenses include the following notable items:		
Insurance	**322,052**	145,425
Research and development expenses	**224,416**	83,067
Testing and quality control	**220,165**	85,109
Filing fee expenses	**131,933**	56,260
Information technology expenses	**119,825**	80,256
Transaction costs – financial instruments	**78,818**	-
Licensing and registration expenses	**58,635**	10,432
Freight and courier	**43,554**	23,169
Marketing	**40,806**	22,069
Share registry expenses	**38,769**	36,110

(c) Finance costs

	2023 A$	2022 A$
Interest expense – lease liabilities	**95,698**	37,408
Foreign exchange losses	**72,097**	19,253
Finance and other interest charges	**8,384**	6,311
	176,179	62,972

9. Income tax expense

(a) Income tax expense

	2023 A$	2022 A$
Current tax	**-**	-
Income tax expense	**-**	-

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

	2023 A$	2022 A$
Loss from continuing operations before income tax	**(9,323,665)**	(11,770,266)
Tax at the Australian tax rate of 30.0%	**(2,797,100)**	(3,531,080)
Tax effect of amounts which are not taxable in calculating taxable income:		
Research and development expenditure	**1,779,143**	973,742
Share based payment expense	**617,740**	259,191
R&D tax incentive	**(119,639)**	(423,578)
Other items	**(816,570)**	(59,289)
Change in fair value of warrants	**(952,070)**	1,367,696
Subtotal	**(2,288,496)**	(1,413,318)
Unrecognised tax losses and temporary differences movement	**2,288,496**	1,413,318
Income tax expense/(benefit)	**-**	-

(c) Tax losses

	2023 A$	2022 A$
Unused tax losses for which no deferred tax asset has been recognised:		
Current year	**8,084,130**	4,872,197
Prior year/s	**8,438,115**	3,566,857
Potential tax benefit @ 30%	**4,956,674**	2,531,716

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

(d) Unrecognised temporary differences

	2023 A$	2022 A$
Temporary differences for which deferred taxes have not been recognised:		
Section 40-880 (off balance sheet)	**140,151**	182,550
Fixed assets	**(199,430)**	(4,988)
Prepayments	**(75)**	-
Superannuation payable	**45,792**	-
Contract assets	**(4,418)**	-
Unrealised foreign exchange gains	**(5,746)**	(172)
Other accruals	**18,362**	8,160
Provision for employee entitlements	**65,620**	62,119
Provision for make good	**65,675**	36,000
Right of use assets	**(410,034)**	(326,058)
Lease liabilities	**391,681**	310,275
Warrant liability	**(23,645)**	-
Deferred income	**337,500**	-
Tax losses	**4,956,674**	2,531,716
Unrecognised deferred tax asset relating to the above temporary differences	**5,378,107**	2,799,602
Unrecognised deferred tax asset relating to s40-880 through equity	**359,609**	346,681
Total unrecognised net deferred tax assets	**5,737,716**	3,146,283

9. Income tax expense (continued)

(e) Income tax accounting policy

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

(i) Current tax

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

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

(ii) Deferred tax

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

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

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

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

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

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

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

10. Earnings per share

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

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

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

In Australian dollars ($) unless otherwise stated	**2023 A$**	2022 A$
Basic and diluted EPS (cents)	**(11.55)**	(15.48)
Loss attributable to ordinary equity holders of the Company for basic earnings – continuing operations	**(9,323,665)**	(11,770,266)
Loss attributable to ordinary equity holders of the Company adjusted for the effect of dilution	**(9,323,665)**	(11,770,266)

	2023 Number	2022 Number
(a) Weighted average number of ordinary shares ("WANOS")		
WANOS used in basic and diluted EPS	**80,744,815**	76,035,720
Items excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive:		
Stock options	**4,221,233**	4,627,427
Warrants	**4,273,450**	2,804,977
Broker warrants	**87,030**	126,875
Restricted and performance share units	**954,458**	274,981
	9,536,171	7,834,260

	2023 A$	2022 A$
11. Cash and cash equivalents		
Cash at bank	**4,435,432**	12,151,195
Term deposits	**212,212**	106,823
	4,647,644	12,258,018

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.

	2023 A$	2022 A$

12. Trade and other receivables

Trade and other receivables [i]	**1,817,619**	27,975
Goods and services tax receivable	**42,532**	114,901
	1,860,151	142,876

(i) Other receivables at 30 June 2023 include $1.65m relating to Joint Development income.

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.

	2023 A$	2022 A$

13. Inventories

Energy saving products	**329,679**	338,548
Graphene powder	**31,248**	11,840
	360,927	350,388

Accounting policy for inventories

Inventory is recorded at the lower of cost and net realisable value. 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.

	2023 A$	2022 A$

14. Other current assets

Prepayments	**383,387**	309,164
Other assets	**8,720**	8,720
	392,107	317,884

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)(ii)	Property, plant and equipment			
	Leased buildings A$	Plant and equipment (iii) A$	Leasehold improvements A$	Capital work in progress A$	Total A$
Cost					
At 1 July 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
Additions	475,654	11,278	-	2,393,347	2,880,279
Transfers	-	626,477	123,157	(749,634)	-
At 30 June 2023	**1,684,028**	**2,360,358**	**535,595**	**1,897,088**	**6,477,069**
Accumulated depreciation					
At 1 July 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
Remeasurement	(134,264)	-	-	-	(134,264)
Depreciation	336,806	370,106	84,924	-	791,836
At 30 June 2023	**336,806**	**1,655,382**	**100,000**	**-**	**2,092,188**
Net book value					
At 30 June 2022	1,074,110	437,327	397,362	253,375	2,162,174
At 30 June 2023	**1,347,222**	**704,976**	**435,595**	**1,897,088**	**4,384,881**

(i) Right-of-use ("ROU") asset recognised in respect of the Company's head office and warehouse leased premises in Brisbane, Australia, as disclosed in note 18, with the corresponding lease accounting policy as described in note 31.

(ii) ROU asset remeasurement was due to the previous lease being voided and being re-issued as a joint lease for the new Boundary Road premises.

(iii) Plant and equipment cost includes $24,246 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 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**
Additions	2,028,567	18,845	2,047,412
At 30 June 2023	**2,066,176**	**35,111**	**2,101,287**
Accumulated amortisation			
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**
Amortisation	360,071	3,553	363,624
At 30 June 2023	**376,530**	**8,306**	**384,836**
Net book value			
At 30 June 2022	21,150	11,513	32,663
At 30 June 2023	**1,689,646**	**26,805**	**1,716,451**

Accounting policy for intangible assets

(a) Patents, trademarks and licences

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

(b) Computer software

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

(c) Research and development

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

(d) Amortisation

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

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

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

17. Trade and other payables

	2023 A$	2022 A$
Trade payables	**244,679**	164,054
Accrued expenses	**604,756**	388,699
Other payables	**846,877**	251,325
Deferred income (note 8a – Joint Development Income)	**1,125,000**	-
	2,821,312	804,078

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.

Deferred income

Deferred income represents the Group's obligation to work collaboratively with another entity and is recognised as joint development income when that collaboration occurs, or on a straight-line basis over the collaboration period, which ever best represents the nature of the agreement.

18. Lease liabilities

	2023 A$	2022 A$
Maturity analysis of contractual undiscounted cash flows:		
Within one year	**357,990**	193,758
Between one and five years	**1,149,891**	931,627
More than five years	**-**	84,729
	1,507,881	1,210,114
Lease liabilities included in the consolidated statement of financial position:		
Current	**272,999**	136,622
Non-current	**1,032,604**	897,627
	1,305,603	1,034,249

Right-of-use asset and lease liability

In July 2022, the Company replaced its prior three-year lease agreement for the existing head office leased premises in Brisbane, Australia, with a five-year lease agreement including an additional warehouse in the same location. A right-of-use asset of $1,684,028 has been recognised, as disclosed in note 15, assessed on its five-year lease term, which is subject to annual review. The corresponding lease liability of $1,531,451 has been recognised together with a provision for make good of $200,000.

In September 2022, the Company entered into a five-year lease agreement for an additional leased printer for the new warehouse premises. A lease liability of $11,280 has been recognised along with a corresponding right-of-use asset, as disclosed in note 15.

19. Financial liabilities

	Note	2023 A$	2022 A$
Warrant liabilities:			
Traded warrants		**1,132,948**	2,919,815
Non-traded warrants		**1,902,804**	1,490,549
	19(a)	**3,035,752**	4,410,364
Transaction costs		**(464,355)**	-
Carrying amount of warrant liabilities		**2,571,397**	4,410,364

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 Company's outstanding warrant liability during the years ended 30 June 2023 were as follows:

	2023 A$	2022 A$
At 1 July	4,410,364	2,188,625
Issued during the year	3,445,656	3,634,424
Exercised	(1,646,702)	(5,971,671)
Expired	-	-
Fair value adjustment	(3,173,566)	4,558,986
At 30 June	**3,035,752**	**4,410,364**

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

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 2023	**30 June 2022**
Share price	C$2.34	C$2.73
Exercise price	C$2.60 – C$3.35	C$1.00 – C$2.60
Expected volatility	55.0%	79.6%
Expected life (years)	1.18 – 3.42	0.29 – 2.18
Risk-free interest rate	4.03% - 4.18%	2.73% - 3.16%

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 2023 the fair value of traded warrants was based on the market price of C$0.50 (2022: C$1.30) per warrant at the reporting date.

20. Employee benefit liabilities

Liabilities for employee benefits below are current and comprise:

	2023 A$	2022 A$
Annual leave liability	**218,735**	207,064

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

	2023 A$	2022 A$
Lease Provision		
At 1 July	120,000	20,000
Raised during the year	100,000	100,000
Utilised	(1,084)	-
At 30 June	**218,916**	**120,000**
Categorised as:		
Current	18,916	20,000
Non-current	200,000	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	2023 Number	2023 A$	2022 Number	2022 A$
Ordinary shares		82,044,234	38,089,877	78,764,797	32,406,981

(a) Movement in ordinary shares

	Note	2023 Number	2023 A$	2022 Number	2022 A$
At 1 July		78,764,797	32,406,981	69,545,092	13,851,483
Shares issued – Marketed Offering	(i)	-	-	5,635,000	8,903,056
Shares issued - Private Placement	(ii)	-	-	425,000	791,248
Shares issued – OzKem Transaction	(iii)	125,207	500,000	-	-
Shares issued – Bought Deal Offering	(iv)	2,091,850	2,882,287	-	-
Share options exercised	(v)	196,696	173,573	1,111,652	597,268
Warrants exercised	(vi)	727,246	934,698	2,048,053	3,850,116
RSUs exercised	(vii)	101,090	-	-	-
Transaction costs for issued shares		-	(454,363)	-	(1,557,861)
		82,044,234	**36,443,176**	**78,764,797**	**26,435,310**
Share capital warrant premium		-	1,646,702	-	5,971,671
At 30 June		**82,044,234**	**38,089,878**	**78,764,797**	**32,406,981**

(i) 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".

(ii) 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.

(iii) Share issue - OzKem Transaction

On 15 August 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 (the "**OzKem Transaction**"). GMG paid OzKem an initial A$1 million cash and issued 125,207 ordinary shares of GMG ("Shares") to OzKem upon the receipt of certain deliverables and equipment from OzKem on 8 September 2022 and 22 September 2022 respectively. GMG will issue an additional 125,206 Shares (the "Additional Shares") to OzKem, conditional on a successful commercial batch blend of the THERMAL XR® product being completed by GMG.

22. Share capital (continued)

(a) Movement in ordinary shares (continued)

(iv) Share issue – Bought Deal Offering

On November 30, 2022, GMG completed its bought deal prospectus offering of units (the "**Units**") of the Company, including exercise in full of the over-allotment option (the "**Offering**"). A total of 2,091,850 Units were sold at a price of C$2.75 per Unit (the "**Offering Price**") for gross proceeds of approximately C$5.75 million. Each Unit is comprised of one ordinary share in the capital of the Company (each, an "**Ordinary Share**") and one Ordinary Share purchase non-traded warrant (each, a "**Warrant**"). Each Warrant entitles the holder to purchase one Ordinary Share at C$3.35 at any time until November 30, 2026.

(v) Share options exercised

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

(vi) Warrants exercised

Shares issued upon the exercise of warrants detailed in note 22(e).

(vii) Restricted share units ("RSUs") exercised

Shares issued upon the exercise of RSUs detailed in note 24(e).

(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) 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 2023	30 June 2022
24 March 2021	24 September 2022	(i)	C$0.65	-	40,050
13 April 2021	13 October 2022	(ii)	C$1.00	-	621,377
2 September 2021	2 September 2024	(iii)	C$2.60	1,994,100	1,996,100
2 September 2021	2 September 2024	(iv)	C$2.05	16,180	18,718
2 September 2021	2 September 2024	(v)	C$2.60	187,500	187,500
2 September 2021	2 September 2024	(vi)	C$2.14	5,760	5,760
9 November 2021	2 September 2024	(vii)	C$2.60	2,335	62,347
30 November 2022	30 November 2026	(viii)	C$3.35	2,091,850	-
30 November 2022	30 November 2024	(ix)	C$2.75	62,755	-
Total				**4,360,480**	**2,931,852**

(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)(i).

(iv) *Broker Warrants – Marketed Offering*
In connection with the Offering disclosed in note 22(a)(i), 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)(ii).

(vi) *Broker Warrants – Private Placement*
In connection with the Private Placement disclosed in note 22(a)(ii), 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.

22. Share capital (continued)

(e) Warrants (continued)

(vii) Broker Warrants – Compensation Warrants
In connection with the Offering disclosed in note 22(a)(i), and the initial exercising of Compensation Warrants in note 22(e)(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, 8,090 of the 84,525 warrants are yet to be issued.

(viii) Warrants – Bought Deal Offering
These warrants were issued in connection with the Offering as disclosed in note 22(a)(iv).

(ix) Broker Warrants – Bought Deal Offering
In connection with the Offering disclosed in note 22(a)(iv), the Company has paid to the Underwriters a cash commission of $345,155 and issued to the Underwriters 62,755 ("Compensation Warrants"). Each Compensation Warrant is exercisable into a unit, with equivalent terms to an Offering Unit as disclosed on November 30, 2022, at the Offering Price until November 30, 2024. Subject to the exercise of these warrants, a further allocation of 62,755 warrants may be issued in accordance with the Offering Unit terms as disclosed in note 24(f)(i). As at June 30, 2023, all 62,755 Level 2 warrants are unissued.

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

	2023 WAEP	2023 Number	2022 WAEP	2022 Number
Outstanding at 1 July	$2.51	2,931,852	$1.04	1,699,930
Issued	$3.66	2,155,874	$2.77	3,279,975
Exercised	$1.27	(727,246)	$1.88	(2,048,053)
Outstanding at 30 June	**$3.36**	**4,360,480**	**$2.51**	**2,931,852**

There were no warrants forfeited or expired since the end of the last reporting year ended 30 June 2022.

23. Reserves

	2023 A$	2022 A$
Share-based payment reserve	3,428,037	1,368,903
Warrants reserve	610,133	433,990
Foreign currency translation reserve	-	-
	4,038,170	1,802,893

(a) Movements in reserves

	Share-Based Payment A$	**Warrants A$**	**Foreign Currency Translation A$**	**Total A$**
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**
Stock option plan expense	3,426	-	-	3,426
RSUs expense	2,277,631	-	-	2,277,631
PSUs expense adjustment	(221,923)	-	-	(221,923)
Warrants issued	-	176,143	-	176,143
At 30 June 2023	**3,428,037**	**610,133**	**-**	**4,038,170**

(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.

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

Amendments to the stock option plan (established 19 September 2018) and the Share Incentive Plan (established 25 November 2021) were approved by resolutions of shareholders on 25 November 2022. 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) 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 one to three tranches with vesting conditions based on time and share price performance over its respective one to 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 respective one to three-year vesting period and the amount is adjusted at each reporting period to reflect the number of RSUs and PSUs expected to vest.

24. Share-based payments (continued)

(c) 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	30 June 2023	30 June 2022
6 November 2018	4 November 2025	$0.36	2,222,654	2,222,654
18 February 2019	16 February 2026	$0.61	220,000	220,000
15 March 2019	13 March 2026	$0.61	150,000	200,000
20 March 2019	18 March 2026	$0.61	29,326	29,326
12 May 2019	10 May 2026	$0.61	-	37,348
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	285,000
23 December 2020	22 December 2027	$0.82	564,454	868,648
12 March 2021	10 March 2028	$0.94	29,348	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			**4,221,233**	**4,627,427**

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

	2023 WAEP	2023 Number	2022 WAEP	2022 Number
Outstanding at 1 July	$0.52	4,627,427	$0.53	5,739,079
Exercised	$0.74	(234,044)	$0.54	(1,111,652)
Forfeited	$0.83	(172,150)	-	-
Outstanding at 30 June	**$0.50**	**4,221,233**	**$0.52**	**4,627,427**
Exercisable at 30 June	**$0.49**	**4,043,517**	**$0.48**	**3,865,127**

There were no options granted or expired since the end of the last reporting year ended 30 June 2022.

24. Share-based payments (continued)

(d) 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 2023	30 June 2022
24 March 2021	24 September 2022	C$0.65	-	40,050
2 September 2021	2 September 2024	C$2.05	16,180	18,718
2 September 2021	2 September 2024	C$2.14	5,760	5,760
9 November 2021	2 September 2024	C$2.60	2,335	62,347
30 November 2022	30 November 2024	C$2.75	62,755	-
Total			**87,030**	**126,875**

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

	2023 WAEP	2023 Number	2022 WAEP	2022 Number
Outstanding at 1 July	$2.12	126,875	$0.70	161,430
Issued	$3.02	64,024	$2.39	249,975
Exercised	$2.00	(103,869)	$1.61	(284,530)
Outstanding at 30 June	**$2.93**	**87,030**	**$2.12**	**126,875**

There were no broker warrants forfeited or expired since the end of the last reporting year ended 30 June 2022.

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

24. Share-based payments (continued)

(e) 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 2023	30 June 2022
20 October 2021 (i)	18 July 2023	RSU	14,528	-
20 October 2021 (i)	23 December 2023	RSU	-	-
20 October 2021 (i)	26 May 2024	RSU	-	-
20 October 2021 (i)	20 October 2026	RSU	45,277	181,960
20 October 2021	20 October 2026	PSU	-	77,359
5 December 2021	5 December 2026	RSU	15,662	15,662
14 September 2022 (ii)	26 May 2024	RSU	118,395	-
14 September 2022 (ii)	14 September 2027	RSU	282,832	-
20 September 2022	20 September 2027	RSU	253,651	-
12 October 2022	12 October 2027	RSU	36,186	-
14 October 2022	14 October 2027	RSU	7,306	-
20 October 2022	20 October 2027	RSU	159,669	-
21 October 2022	21 October 2027	RSU	20,952	-
27 October 2022	27 October 2027	PSU	-	-
Total			**954,458**	**274,981**

(i) The vesting and expiry dates for 59,805 RSUs granted on 20 October 2021, with an original expiry date of 20 October 2026, were accelerated following the approval of the amendments by the Board.
(ii) The vesting and expiry dates for 118,395 RSUs granted on 14 September 2022, with an original expiry date of 14 September 2027, were accelerated to a date no earlier than 12 months from grant date following the approval of the amendments by the Board.

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

	2023 WASP (iii)	2023 Number	2022 WAEP	2022 Number
RSUs				
Outstanding at 1 July	$6.24	197,622	-	-
Granted	$4.20	962,001	$6.24	197,623
Exercised	$6.28	(101,090)	-	-
Expired or forfeited	$4.62	(104,075)	-	-
Outstanding at 30 June	**$4.35**	**954,458**	**$6.24**	**197,623**
Exercisable at 30 June	**$6.28**	**14,528**	**-**	**-**
PSUs				
Outstanding at 1 July	$6.28	77,359	-	-
Granted	$3.62	34,508	$6.28	77,359
Expired or forfeited	$5.46	(111,867)	-	-
Outstanding at 30 June	**-**	**-**	**$6.28**	**77,359**
Exercisable at 30 June	**-**	**-**	**-**	**-**

(iii) Further details of fair value measurement are included in note 24(g).

Since the end of the last reporting year ended 30 June 2022 there were no PSUs exercised.

24. Share-based payments (continued)

(f) Fair values of options and warrants granted

The assessed fair value of options granted during the year ended 30 June 2023 was $nil (2022: $nil). The assessed fair value of warrants issued during the year ended 30 June 2023 was $176,143 (2022: $408,367).

The fair value of options and warrants (excluding Compensation Warrants) at grant date is determined using a Black-Scholes Model (BSM) 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 years ended 30 June 2023 were calculated using the exercise price, grant date and expiry date as per above with the following weighted average assumptions:

	Options		Warrants	
On initial recognition	**30 June 2023**	**30 June 2022**	**30 June 2023**	**30 June 2022**
Share price at grant date	-	-	-	$3.19
Expected volatility	-	-	-	61%
Risk-free interest rate	-	-	-	0.18%

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.

Compensation Warrants

For the Compensation Warrants issued on 30 November 2022 that contain a second level of warrants upon exercise of the first level, the Monte Carlo Simulation (MCS) Methodology has been used to determine the fair value of each level, that takes into account the exercise price, the term of the warrant, the market price of a share at grant date, the price volatility of the underlying share and the risk-free rate for the term of the warrant.

The fair value of Compensation Warrants issued during the year ended 30 June 2023, was calculated using the following assumptions:

	Compensation Warrants (i)	
On initial recognition using MCS	**Level 1**	**Level 2**
Share price at grant date	C$2.70	Not applicable
Exercise price	C$2.75	C$3.35
Term	2 years	4 years
Risk-free rate	3.914%	3.408%
Dividend yield	-	-
Volatility (rounded)	80%	80%

(i) 62,755 broker warrants were issued on 30 November 2022 in respect of the Bought Deal Offering completed, as detailed in Note 22(a)(iv). The warrants have two levels of value whereby upon exercise, each initial warrant (Level 1) grants its holder an ordinary share in the Company, as well as a second warrant (Level 2). The Level 2 warrants entitle the holder to purchase an additional ordinary share in the Company at a new exercise price as listed in the table.

24. Share-based payments (continued)

(g) Fair values of RSUs and PSUs granted

The assessed fair value of RSUs and PSUs granted during the year ended 30 June 2023 was $4,164,189 (2022: $1,692,837) and is based on the Company's share price on the date of grant.

The RSUs vest in one to three tranches with vesting conditions based on time and share price performance over its respective one to three-year period. The PSUs vest in one to 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 respective one to 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 during the years ended 30 June 2023 and 2022, were calculated at the grant date based on the following weighted average assumptions:

	RSUs		PSUs	
On initial recognition	**31 March 2023**	**30 June 2022**	**31 March 2023**	**30 June 2022**
Share price at grant date	$4.20 (i)	$6.24 (ii)	$3.62 (iii)	$6.28 (ii)

(i) The fair value of RSUs granted during the year ended 30 June 2023, was based on the share price on 25 August 2022 and 2 September 2022 in accordance with employment agreement terms and the Share Incentive Plan.
(ii) 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).
(iii) The fair value of PSUs granted during the year ended 30 June 2023, was based on the share price on 24 February 2022 in accordance with employment agreement terms and the Share Incentive Plan.

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.

(h) 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)

(h) 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 and shares issued for the purchase of IP, Trademark and sole distributions rights for THERMAL-XR®. (refer note 22).

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:

	2023 A$	2022 A$
Financial assets		
Cash and cash equivalents	**4,647,644**	12,258,018
Financial assets at amortised cost		
Trade and other receivables	**1,860,151**	142,876
Research and development grants receivables	**2,579,757**	1,411,926
	4,439,908	1,554,802
	9,087,552	13,812,820
Financial liabilities		
Liabilities at amortised cost		
Trade and other payables	**(1,091,556)**	(415,379)
Lease liabilities	**(1,305,603)**	(1,034,249)
	(2,397,159)	(1,449,628)
Liabilities at FVTPL (i)		
Traded warrants	**(1,132,948)**	(2,919,815)
Non-traded warrants	**(1,902,804)**	(1,490,549)
	(3,035,752)	(4,410,364)

(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 unless otherwise agreed in writing. 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 the Commonwealth Bank which 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 following table details the remaining contractual maturity for non-derivative financial liabilities.

	Within 1 Year	Between 1 - 5 years	More than 5 years	Total Contractual Cash Flows	Carrying Amount
Consolidated - 30 June 2023	$	$	$	$	$
Trade and other payables	2,821,312	-	-	2,821,312	2,821,312
Lease liabilities	357,990	1,149,891	-	1,507,881	1,305,603
Consolidated 30 June 2022					
Trade and other payables	804,078	-	-	804,078	804,078
Lease liabilities	193,758	931,627	84,729	1,210,114	1,034,249

26. Key management personnel disclosures

(a) Directors' and executive officers' remuneration

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

		Short term		**Post-employment**		**Share-based payments**		**Portion performance**
In Australian dollars (A$)		**Salary & fees (i)**	**Total**	**Superannuation (ii)**	**Other long term (i)**	**Options (iii)**	**TOTAL**	**related**
Directors								
Non-executive directors								
Guy Outen, Chairperson	**2023**	**105,000**	**105,000**	**-**	**-**	**41,945**	**146,945**	**-**
	2022	105,000	105,000	-	-	15,323	120,323	-
Robert Shewchuk	**2023**	**55,000**	**55,000**	**-**	**-**	**54,338**	**109,338**	**-**
	2022	55,000	55,000	-	-	-	55,000	-
William Ollerhead	**2023**	**55,000**	**55,000**	**-**	**-**	**33,189**	**88,189**	**-**
	2022	55,000	55,000	-	-	-	55,000	-
Emma FitzGerald *(appointed 1 July 2022)*	**2023**	**130,992**	**130,992**	**-**	**-**	**-**	**130,992**	**-**
	2022	-	-	-	-	-	-	-
Sub-total non-executive directors' remuneration	**2023**	**345,992**	**345,992**	**-**	**-**	**129,472**	**475,464**	**-**
	2022	215,000	215,000	-	-	15,323	230,323	-
Executive directors								
Craig Nicol, Founder, Managing Director & CEO	**2023**	**311,200**	**311,200**	**32,550**	**8,346**	**210,884**	**562,980**	**-**
	2022	311,200	311,200	31,000	3,577	1,356	347,133	-
Frederick Kotzee, Executive Director & CFO	**2023**	**263,346**	**263,346**	**27,533**	**4,039**	**142,145**	**437,063**	**-**
(appointed Executive Director on 22 August 2022)	2022	-	-	-	-	-	-	-
Christopher Ohlrich, Former Executive Director &	**2023**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
CFO *(resigned 3 June 2022)*	2022	256,322	256,322	25,521	19,088	948	301,879	-
Robbert de Weijer, Former Executive Director	**2023**	**7,965**	**7,965**	**831**	**-**	**-**	**8,796**	**-**
(resigned 15 July 2022)	2022	191,249	191,249	18,995	-	4,439	214,683	-
Total directors' and executives' remuneration	**2023**	**928,503**	**928,503**	**60,914**	**12,385**	**482,501**	**1,484,303**	**-**
	2022	973,771	973,771	75,516	22,665	22,066	1,094,018	-

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

27. Related parties

	2023 A$	2022 A$
(a) Key management personnel compensation		
Short-term employee benefits	**928,503**	973,771
Post-employment benefits	**60,914**	75,516
Long-term benefits	**12,385**	22,665
Share-based payments	**482,501**	22,066
Total key management personnel compensation	**1,484,303**	1,094,018

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

On 20 September 2022, the Company granted 106,027 RSUs to Craig Nicol and 147,624 RSUs to Frederick Kotzee, which vest evenly over three years from grant date, with the exception of 73,957 RSUs for Frederick Kotzee that will vest evenly over two years from grant date.

On 12 October 2022, the Company granted 18,093 RSUs to Robert Shewchuk, to vest in one year from grant date, as well as 18,093 RSUs were granted to William Ollerhead, which vest evenly over three years from grant date.

On 21 October 2022, the Company granted 20,952 RSUs to Guy Outen, which vest evenly over three years from grant date.

There were no loans to key management personnel and their related parties for the reporting years ended 30 June 2023 and 30 June 2022. Transactions with key management personnel and their related parties for the reporting years ended 30 June 2023 and 30 June 2022, are disclosed in note 27(b).

	2023 A$	2022 A$
(b) Transactions with other related parties		
The following transactions occurred with related parties:		
Purchase of services		
Salaries paid to director related entities	**-**	-
Share issue costs paid to director as a share-based payment	**4,837**	19,231
Consulting services	**66,630**	69,626
Amounts owing to related parties at 30 June		
Caerus Capital Partners Inc.	**-**	-

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 $66,630 (2022: $65,718).

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 2023, there were no amounts owing to directors or director-related entities which related to the reporting year.

(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 2023 the parent entity of the Group was Graphene Manufacturing Group Ltd.

	2023 A$	2022 A$
Statement of profit or loss and other comprehensive income		
Loss after income tax	**(9,323,665)**	(11,770,266)
Other comprehensive income for the year, net of tax [(i)]	**-**	(2,836)
Total comprehensive loss for the year	**(9,323,665)**	(11,773,102)
Statement of financial position		
Current assets	**9,855,313**	14,481,092
Non-current assets	**6,101,332**	2,194,837
Total assets	**15,956,645**	16,675,929
Current liabilities	**6,029,359**	5,578,128
Non-current liabilities	**1,232,604**	997,627
Total liabilities	**7,261,963**	6,575,755
Net assets	**8,694,682**	10,100,174
Equity		
Share capital	**30,471,504**	26,435,310
Share capital warrant premium	**7,618,373**	5,971,671
Reserves	**4,038,170**	1,802,893
Accumulated losses	**(33,433,365)**	(24,109,700)
Total equity	**8,694,682**	10,100,174

(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 2023 of approximately C$102,195 (2022: 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 2023 and 30 June 2022.

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 2023 and 30 June 2022.

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 2023	**30 June 2022**
Cuspis Capital Ltd [(ii)]	0%	0%

(ii) Cuspis Capital was acquired on 13 April 2021 and dissolved on 12 August 2021.

29. Reconciliation of cash flows from operating activities

	2023 A$	2022 A$
Loss for the year	**(9,323,665)**	(11,770,266)
Adjustments for:		
Depreciation and amortisation	**1,155,461**	350,742
Share-based payments – share plan	**2,059,134**	863,969
Transaction costs – amortisation	**78,818**	-
Loss on disposal of property, plant and equipment	**-**	29,321
Net finance costs	**76,243**	35,409
Change in fair value of warrants	**(3,173,566)**	4,558,986
Change in operating assets and liabilities:		
Increase in trade and other receivables	**(2,885,104)**	(761,896)
Increase in contract assets	**(14,728)**	-
Increase in inventories	**(10,539)**	(14,755)
Increase in other current assets	**(74,224)**	(134,300)
Increase in trade and other payables	**1,517,261**	265,387
Increase in provisions and employee benefits liabilities	**10,587**	44,633
Increase in contract liabilities	**126,000**	-
Net interest received/(paid)	**(95,396)**	(35,614)
Net cash outflow from operating activities	**(10,553,718)**	(6,568,384)

(a) Non-cash investing and financing activities

Share-based payments charged to share issue costs:		
Warrants issued	**176,143**	408,367
Share plan expense	**-**	7,814
	176,143	416,181

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

		Non-Cash		**Cash**	
	Opening balance A$	**Additions A$**	**Other adjustments A$**	**Lease payments A$**	**Closing balance A$**
Borrowings					
Lease liabilities					
At 30 June 2022	-	1,121,339	-	(87,090)	1,034,249
At 30 June 2023	**1,034,249**	**521,198**	**-**	**(249,844)**	**1,305,603**

30. 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.

	2023	2022
	A$	A$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**52,000**	49,964

(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.

31. Contingencies

The Company continues to recognise a contingent liability as at 30 June 2023 of approximately C$102,195 (2022: 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 2023 and 30 June 2022.

32. Auditors' remuneration

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

	2023 **A$**	2022 A$
Audit and review of financial statements – current year (i)	**139,360**	50,382
Other assurance services (ii)	**25,125**	30,962
	164,485	81,344

(ii) Audit and review services in the year ended 30 June 2023 included additional work performed compared to the prior year ended 30 June 2022, in respect of the reviews of quarterly TSXV reporting for compliance with the Base Shelf Prospectus.

(iii) Other assurance services consisted of reviews of additional reports produced by the Company for capital raising activities, including the Base Shelf and Short Form Prospectus.

33. Subsequent events

With the exception of the matters noted below, no other matters or circumstances have occurred since the end of the reporting year ended 30 June 2023, which significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in this or subsequent financial years.

(a) Overnight Marketed Offering

On August 1, 2023, GMG entered into an agreement pursuant to which Raymond James as lead underwriter and sole bookrunner, together with a syndicate of underwriters (collectively, the "**Underwriters**"), purchased 2,029,412 units of the Company (the "**Units**"), pursuant to the filing of a short form prospectus, subject to all required regulatory approvals, at a price per Unit of C$1.70 (the "**Issue Price**") for gross proceeds of C$3.45M (the "**Offering**").

Each Unit 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$2.20 for a period of 48 months following the closing date of the Offering.

(b) Graphene Manufacturing Thermal-XR Commercialisation & Ozkem Share Issue

On August 28, 2023, GMG commissioned its own graphene-enhanced coating blending plant confirming it is now operational after making its first 1000 litre blend. As a result of this first commercial blend GMG was required to issue the remaining 125,206 shares to Ozkem Pty Ltd per the supply and licence agreement dated 13 August 2022.

34. 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.

Directors' declaration

In the directors' opinion:

(a) The consolidated financial statements and notes set out on pages 26 to 71:

- (i) comply with Australian Accounting Standards, which, as stated in accounting policy note 2 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
- (ii) give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date, and

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

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

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

DocuSigned by:
48637227466B491...
Craig Nicol
Managing Director and CEO

Brisbane
29 September 2023

DocuSigned by:
Scott Richardson
AF65D2FF182A46F...
Scott Richardson
Interim Chief Financial Officer

Brisbane
29 September 2023

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INDEPENDENT AUDITOR'S REPORT

To the members of Graphene Manufacturing Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Graphene Manufacturing Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and

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

Basis for opinion

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

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

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

Material uncertainty related to going concern

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

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the directors' report, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

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

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

BDO

R M Swaby
Director

Brisbane, 29 September 2023