INTERNATIONAL GRAPHITE

2021 FINANCIAL REPORT

Contents

DIRECTORS' REPORT

The Directors present their report on International Graphite Ltd ("International Graphite" or the "Company") for the year ended 30 June 2021.

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

- Phillip Baden Hearse (Chairman) - Appointed 21 February 2018
- Andrew John Worland - Appointed 7 May 2019
- Matthew Norman Bull - Appointed 27 August 2018
- Cameron Edwards – Appointed 1 October 2019 (resigned 1 October 2020)
- Neil Robert Rinaldi (CEO) – Appointed 1 October 2020 (resigned 9 July 2021)
- David John Pass – Appointed 9 July 2021
- Brent Coxon – Appointed 9 July 2021

Company Secretary

- Nerida Lee Schmidt - appointed Company Secretary 23 March 2020 (resigned 20 July 2021)
- Robert Hodby – appointed 20 July 2021

All dollar amounts in this report are Australian Dollars unless otherwise stated.

Information on Directors

Phillip Baden Hearse (Chairman): Phil is an engineer and company director with more than 40 years' experience in Australian and international mining project development and operations. Phil is the owner principal of Battery Limits Pty Ltd – a Perth based mineral processing, downstream processing technology and infrastructure design and engineering services firm to the global mining industry. Battery Limits and Phil have established market leading intellectual product in the graphite industry – from mineral processing and product specification through to markets. Phil's extensive career has taken him from operational and technical roles at Broken Hill, Bougainville Copper, Queensland Nickel (QNI) and Gove Alumina to senior executive and managerial positions in engineering and operating companies. He holds a Master of Business Administration from UK's Hull University and a Bachelor of Applied Science in Primary Metallurgy from the University of South Australia.

Matthew Norman Bull: Matt is a geologist and company director with broad experience in the international mining and metals industry. He is an executive director of ASX listed company Paterson Resources and Technical Director of AIM listed Armadale Capital which is developing the world class Mahenge Graphite Project in Tanzania. Matt has been involved in the discovery of several large graphite deposits in East Africa and is experienced in both mineral exploration and mining project development. He holds a Bachelor of Science, majoring in Geology and Geophysics, from the University of Adelaide, in Australia.

Andrew John Worland: Andrew is a mining executive and experienced ASX/TSX Director with 25 years experience working in senior finance, corporate and project management and marketing roles in the Western Australian mining sector. He is the President, CEO and Corporate Secretary of Canadian company LeadFX. Prior to this role, he was the General Manager and Company Secretary of ASX listed Toro Energy Limited. His commodity experience includes nickel, cobalt, gold and iron ore operations and marketing molybdenum and uranium. Andrew has a Bachelor of Commerce with a major in Finance and Marketing from the University of Western Australia and is a qualified chartered company secretary.

DIRECTORS' REPORT (Cont)

Information on Directors (Cont)

David John Pass: David was appointed a director on 9 July 2021. David is a metallurgist with 30 years' experience in the mining industry with mix of operational processing, process design, project, due diligence skills and management experience. He has more recently worked in study management on several graphite projects. Previously, he worked with Moly Mines in a senior role where he managed the Spinifex Ridge molybdenum/copper and iron ore projects development. Prior to that he had more than 15 years' experience in gold operations including 5 years at Barrick Gold. He holds a Bachelor of Science in Metallurgy from Murdoch University and is a member of the Australian Institute of Mining and Metallurgy.

Brent Coxon: Brent was appointed a director on 9 July 2021. Brent has over 20 years in the Financial Services industry, providing a vast range of experience in Wealth Management, Financial and Corporate advisory both in the public and private space. Brent has been active in the Corporate advisory space for the past 10 years and is actively seeking investment opportunities in the micro to small cap space. Brent is the responsible manager for his own Australian Financial Services Licence and currently holds several board roles assisting with strategy execution and capital management.

Neil Robert Rinaldi (CEO): Neil was appointed a director and CEO of International Graphite on 1 October 2020 and resigned on 9 July 2021. Neil's career in the finance sector spans more than two decades, starting as an Investment Advisor at one of Australia's premier investment firms beforebeing the founding Managing Director of Truestone Capital Limited, a London based Corporate Advisory firm focused on delivering results for companies in the Australian resources sector.

Neil was appointed CEO at ASX listed Aziana Limited, a multi commodity, exploration company focused on assets in Madagascar and Louisiana and was instrumental in recommending and completing the reverse takeover of Aziana Limited by Brainchip Limited (ASX:BRN.) He maintained a Non-Executive Director position with that company during a transition period until he resigned in November 2016. Neil has considerable experience in capital raising, asset acquisition and disposals, company structuring and positioning companies for growth.

Cameron Edwards: Cameron was appointed a director on 1 October 2019 and resigned on 1 October 2020. Cameron has over 20 years' experience across infrastructure investment, consulting, financial advisory, investment banking, operational and executive management roles both domestically and globally. Cameron has had a particular focus on infrastructure development, project financing, risk & credit, renewables, water, transport, fuel terminals and ports involving stakeholders in the Federal, State, Local Government and the private sector.

DIRECTORS' REPORT (Cont)

Directors' Meetings

During the financial year, 10 meetings of directors were held. Attendances by each director during the year were as follows;

	Directors' Meetings	
Directors	**Eligible to attend**	**Attended**
Phillip Baden Hearse (Chairman)	10	10
Matthew Norman Bull	10	10
Andrew John Worland	10	10
Neil Rinaldi	7	7
Cameron Edwards	3	3

Operating Results

The operating loss of the Company for the financial year after providing for income tax was $2,092,724. (2020: $ 1,440,471).

Review of Operations

International Graphite Limited is establishing an Australian manufacturing centre in Collie, Western Australia for the production of high quality industrial graphite products for consumers around the world. The Company has completed a definitive feasibility study assessing the construction and operation of an initial facility capable of producing 1,000 tonne per annum of graphite micronising product and 560 tonnes per annum of graphite foil as a precursor to developing a battery anode material manufacturing facility. The Company intends to implement the feasibility study in stages with a single line of micronising and foil production scheduled for 2022 (Stage 1), subject to financing. During the year the Company ordered pilot spheroidising plant and a furnace capable of generating temperatures up to 3,000 degrees Celsius to develop products for the graphite purification, spheroidising and coating. Collie, 210km south of Perth has been selected as the Company's production base due to its competitive and available power supply, existing industry and infrastructure including skilled workforce, availability of land and government support for industry. In July 2021 the Company was awarded a $2 million grant from the Collie Futures Investment Development Fund to be applied to capital equipment for the Company's Stage 1 development.

State of Affairs

Other than discussed under Review of Operations no significant changes in the Company's state of affairs occurred during the financial year.

Principal Activities

The Company's principal activities are to establish a downstream graphite processing business in Western Australia sourcing graphite concentrate feedstock from Western Australian and overseas to service end use customers

Functional Currency

The functional currency of the Company is Australian Dollars.

DIRECTORS' REPORT (Cont)

Dividends Paid or Recommended

No dividend has been declared, paid or proposed during the year.

Environmental Regulation

The Company's operations have been carried out in accordance with all applicable environmental regulations effective under Commonwealth and State laws.

Indemnifying Officer

During the year, the Company paid a premium in respect to a contract of insurance to insure the directors and officers of the Company against those liabilities for which insurance is permitted under section 199B of the *Corporations Act 2001*. Disclosure of the nature of the liabilities and the amount of the premium is prohibited under the conditions of the contract of insurance.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or 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 any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Events Occurring after the Reporting Date

The following subsequent events have occurred up to the date of the approval of the financial report.

- On 9 July 2021 Mr Neil Rinaldi resigned as Executive Director, and Mr David Pass and Mr Brett Coxon were appointed as non-executive directors.
- In July 2021 the Company was awarded a $2 million grant from the Collie Futures Investment Development Fund to be applied to capital equipment for the Company's Stage 1 development.

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

Company Details

The principal place of business and the registered office of the Company is:

Place of Business:

Level 1, 333 Charles Street, North Perth

WESTERN AUSTRALIA WA 6006

Registered Office:

18 Sangiorgio Court, Osborne Park

WESTERN AUSTRALIA WA 6017

DIRECTORS' REPORT (Cont)

Auditor's Independence Declaration

A copy of the auditor's independence declaration is included in this financial report.

Signed in accordance with a resolution of the Board of Directors:

…………………………………………………..

Phillip Hearse - Chairman

Dated on this 22nd day of September 2021 in Perth:

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

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

Opinion

We have audited the financial report of International Graphite Limited ("the Company") which comprises the statement of financial position as at 30 June 2021 and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of International Graphite Limited is in accordance with *Corporations Act 2001* including:

a) Giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*

Basis for Opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, 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 audit opinion.

Material Uncertainty in Relation to Going Concern

We draw attention to Note 1 (a) of the financial report which discloses the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt over the Company's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the ordinary course of business. Our audit opinion is not modified in respect of this matter.

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

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so. The directors of the Company are responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

This description forms part of our auditor's report.

Armada Audit
& Assurance

Armada Audit & Assurance Pty Ltd

Nigel Dias
Director

Dated this 29 September, 2021 at Perth Western Australia

ARMADA
AUDITING

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

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

I declare that to the best of my knowledge and belief, in relation to the audit for the year ended 30 June 2021 there have been:

(i) No contraventions of the auditor independence requirements as set out in the *Corporation Act 2001* in relation to the audit; and

(ii) No contraventions of any applicable code of professional conduct in relation to the audit.

Armada Audit & Assurance

Armada Audit & Assurance Pty Ltd

NDias

Nigel Dias
Director

Dated this 29 September 2021, at Perth Western Australia

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021	2020
		$	$
Revenue from Continuing Operations			
Interest income	2	96	133
R&D Tax Incentive	2	-	162,050
		96	162,183
Expenses			
Administration Expenses	4	(174,914)	(329,228)
Corporate Expenses	3	(264,728)	(51,647)
Director & CEO Fees (including share based payments)	21	(1,444,356)	(606,000)
Feasibility Expenses		(213,223)	(615,779)
Total expenses		(2,097,221)	(1,602,654)
Operating loss		(2,097,125)	(1,440,471)
Finance Income		4,852	-
Finance Expense		(451)	-
Loss before income tax expense		(2,092,724)	(1,440,471)
Income tax expense	5	-	-
Net loss after income tax expense		(2,092,724)	(1,440,471)
Other comprehensive income		-	-
Total comprehensive loss for the year		(2,092,724)	(1,440,471)
Total comprehensive loss for the year attributable to			
Owners of International Graphite Ltd:		(2,092,724)	(1,440,471)
Basic and diluted loss per share (cents per share)	15	(0.0464)	(0.0291)

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	2021	2020
		$	$
CURRENT ASSETS			
Cash and cash equivalents	6	661,147	49,708
Trade and other receivables	7	32,141	186,626
Other assets	8	230,757	-
TOTAL CURRENT ASSETS		924,045	236,334
NON-CURRENT ASSETS			
Property, plant and equipment (held for use)	9	10,000	-
Right of Use Asset	10	63,329	-
Other assets		9,000	-
TOTAL NON-CURRENT ASSETS		82,329	-
TOTAL ASSETS		1,006,374	236,334
CURRENT LIABILITIES			
Trade and other payables	11	187,910	142,482
Lease liabilities	12	34,079	-
TOTAL CURRENT LIABILITIES		221,989	142,482
NON-CURRENT LIABILITIES			
Lease liabilities	12	29,457	-
TOTAL NON-CURRENT LIABILITIES		29,457	-
TOTAL LIABILITIES		251,446	142,482
NET ASSETS		754,928	93,852
EQUITY			
Issued capital	13 (a)	5,265,970	1,346,001
Reserves	13 (c)	-	1,166,169
Accumulated losses	16	(4,511,042)	(2,418,318)
TOTAL EQUITY		754,928	93,852

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Note	Issued Capital Equity	Share Based Payments Reserve	Accumulated Losses	Total Equity
		$		$	$
Balance at 30 June 2019		**806,001**	**219,910**	**(977,847)**	**48,064**
Loss after income tax expense for the year		-	-	(1,440,471)	(1,440,471)
Total comprehensive income for the year		-	-	(1,440,471)	(1,440,471)
Transactions with owners in their capacity as owners:					
Capital raising – Issue of Ordinary Shares	13	540,000	-	-	540,000
Share Based Payments	13	-	946,259	-	946,259
Balance at 30 June 2020		**1,346,001**	**1,166,169**	**(2,418,318)**	**93,852**
Loss after income tax expense for the year		-	-	(2,092,724)	(2,092,724)
Total comprehensive loss for the year		-	-	(2,092,724)	(2,092,724)
Transactions with owners in their capacity as owners:					
Capital raising – Issue of Ordinary Shares	13	1,586,000	-	-	1,586,000
Share Based Payments Reserve Conversion		2,333,969	(2,333,969)	-	-
Share Based Payments	13	-	1,167,800	-	1,167,800
Balance at 30 June 2021		**5,265,970**	**-**	**(4,511,042)**	**754,928**

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021	2020
		$	$
CASH FLOW FROM OPERATING ACTIVITIES			
R&D Tax Incentive		162,050	145,596
Payments to suppliers and employees		(900,651)	(621,010)
Interest received		96	133
Interest expense		(451)	-
Net cash used in operating activities	14	(738,956)	(475,281)
CASH FLOW USED IN INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(10,000)	-
Deposit paid for property, plant and equipment		(224,908)	-
Net cash used in investing activities		(234,908)	-
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from shares		1,586,000	410,000
Reduction in financial liability		(5,549)	-
Net cash provided by financing activities		1,580,451	410,000
Net increase in cash held		606,587	(65,281)
Cash at beginning of year		49,708	114,989
Net foreign exchange differences		4,852	-
Cash at end of reporting year	6	661,147	49,708

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements and notes represent those of International Graphite Ltd. International Graphite Ltd is an unlisted Australian public company limited by shares, incorporated and domiciled in Australia. The company was incorporated on 21 February 2018.

The financial statements were authorised to be issued on 22nd September 2021 by the directors of International Graphite Ltd.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of Preparation

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

The financial report has been prepared on an accruals basis and is based on historic costs modified by the revaluation of financial assets, financial liabilities and selected non-current assets for which the fair value basis of accounting has been applied.

Going Concern

The financial statements have been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Company has incurred net losses after tax of $2,092,724 (2020: $1,440,471) and net cash outflows from operating of $738,956 (2020:$475,281) for the year ended 30 June 2021. The Company reported a net asset position of $754,928 (2020 $93,852) with current liabilities of $221,989 recognised at 30 June 2021.

Based on the Company's future cash flow forecast as at the date of this report, the Company will require additional funding in the next 12 months to enable it to continue and expand its normal business activities and to ensure the realisation of assets and extinguishment of liabilities as and when they fall due.

The ability of the Company to continue as a going concern is dependent upon the Company securing additional funding through raising equity as an unlisted company or by way of an initial public offering (“IPO”) and by accessing state and federal schemes and programs that support new industry development and research and development activities.

These conditions indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

The Directors are satisfied that at the date of signing of the financial report, there are reasonable grounds to believe that the Company will be able to raise additional funds to meet its debts as and when they fall due and it is appropriate for the financial statements to be prepared on a going concern basis as the Company may:

- Raise additional capital as an unlisted company;
- Undertake a corporate transaction that expands the Company's interests and raise additional capital;
- Seek to list the Company on a recognised public exchange and raise additional capital or a combination of the above;
- Scale back certain activities that are non-essential so as to conserve cash; and
- Scale back the research and development on the project.

Should the Company not be able to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

b) Adoption of new and revised standards

In the year ended 30 June 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current reporting periods beginning on or after 1 July 2020.

Although these new and amended standards and Interpretations applied for the first time in 2020, they did not have a material impact on the annual consolidated financial statements of the Group.

Amendments to AASB 3: Definition of a Business
The amendment to AASB 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group enter into any business combinations.

c) New standards, interpretation and amendments issued by not yet effective
The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following amendments are effective for the period beginning 1 January 2022:
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);

Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and References to Conceptual Framework (Amendments to IFRS 3).

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from

NOTES TO THE FINANCIAL STATEMENTS (cont.)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

The Company does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities.

d) Financial Instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

(i) Financial Assets

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

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

(ii) Financial Liabilities and Equity

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

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

(iii) Effective Interest Rate Method

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

NOTES TO THE FINANCIAL STATEMENTS (cont.)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

f) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit and loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

g) Employee Benefits

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

Contributions are made to employee superannuation funds and are charged as expenses when incurred. All employees are entitled to varying levels of benefits on retirement, disability or death. The superannuation plans or equivalent provide accumulated benefits. Contributions are made in accordance with the statutory requirements of each jurisdiction.

h) Provisions

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

i) Cash and Cash Equivalents

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

j) Revenue

Interest revenue

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

Research and Development Tax Incentive ("R&DTI")

Research and Development Tax Incentive ("R&DTI") are accounted for under AASB 120 Government Grants. R&DTI are recognised on an accruals basis based on the qualifying expenditure. R&DTI that relate to the acquisition or construction of an asset are deducted from the carrying amount of the asset in accordance with AASB 120.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

k) Goods and Services Tax (GST)

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

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

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

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

l) Income Taxes

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

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

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

m) Trade and Other Payables

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

n) Issued capital

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

o) Property, Plant and Equipment

All property, plant and equipment are initially measured at cost and are written off in profit or loss in line with ATO's various small business concessions for instant asset write off.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates. The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects. Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

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

q) Feasibility and research and development expenditure

Research expenditure is recognised as an expense as incurred in accordance with AASB 138 *Intangible Assets*. Costs incurred on development projects (relating to the design and testing of new areas of products) are recognised as intangible assets only when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs and acquired software are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life.

r) Earnings per share

Basic earnings per share

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

NOTES TO THE FINANCIAL STATEMENTS (cont.)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

r) Earnings per share (cont.)

Diluted earnings per share

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

s) Impairment of non-financial assets

Research and development investment and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other 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.

t) Share Based Payments

The Company may provide benefits to employees (including senior executives) of the Company in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). When provided, the cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. Grant date is the date when the Company and the counterparty being the employees come into an understanding of the terms and conditions of the arrangement. The fair value is determined by using an appropriate valuation pricing model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company (market conditions) if applicable. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

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

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

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The amount charged or credited to the statement of profit or loss and other comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

t) Share Based Payments (cont.)

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

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

u) Leases

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont.)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

v) Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results.

The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

NOTE 2: REVENUE FROM CONTINUING OPERATIONS

	2021	2020
	$	$
Interest income	96	133
R&D Tax Incentive	-	162,050
	96	**162,183**

NOTE 3: CORPORATE EXPENSES

	2021	2020
	$	$
Advertising & Promotion	81,279	21,151
Consultants	58,466	12,210
Fund Raising Consultants	55,600	-
Audit fees	17,000	-
Legal fees	45,973	-
Travel	-	18,286
Other corporate expenses	6,410	-
	264,728	**51,647**

NOTES TO THE FINANCIAL STATEMENTS (cont.)

NOTE 4: ADMINISTRATION EXPENSES

	2021	2020
	$	$
Accounting Fees	19,604	13,608
Corporate, Admin & Office Support	95,738	291,760
Insurance	2,635	743
Printing & Stationery	414	148
Telephone Expenses	1,236	1,057
Advertising	-	21,151
Rent & outgoings	43,292	-
Travel	1,825	-
Information technology	2,039	-
Depreciation of right-of-use assets	5,756	-
Consumables & other expenses	2,375	761
	174,914	**329,228**

NOTE 5: INCOME TAX EXPENSE

	2021	2020
	$	$
Loss before income tax expense	(2,092,724)	(1,440,471)
Tax at statutory tax rate of 27.5% (2021: 26%)	(544,108)	(396,130)
Effect of non-deductible expenses:		
Share Based Payments	303,628	181,170
R&D Expenditure Subject to R&D Grant	258,294	102,445
Effect of non-assessable income:		
R&D Grant	(112,358)	(44,564)
Future income tax benefit of tax losses not brought to account	**(94,544)**	**(157,079)**
Income tax expense	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont.)

NOTE 5: INCOME TAX EXPENSE (cont.)

Total Cumulative Tax Loss Position:

Unrecognised deferred tax assets:		
Tax losses - revenue	(939,324)	(753,820)
Other temporary differences	-	-
	(939,324)	**(753,820)**
At the rate of 26% (2020: 27.5%)	**(244,224)**	**(207,301)**

A deferred income tax asset arising from carry forward tax losses will only be recognised to the extent that it is probable that the company will derive future assessable income of a nature and an amount sufficient to enable the benefits from the deductions for the losses to be realised.

NOTE 6: CASH AND CASH EQUIVALENTS

	2021	2020
	$	$
Cash at Bank	661,147	49,708
	661,147	**49,708**

NOTE 7: TRADE AND OTHER RECEIVABLES

	2021	2020
	$	$
R&D Tax Incentive	-	162,050
Other Receivables	32,141	24,576
	32,141	**186,626**

NOTE 8: OTHER ASSETS

	2021	2020
	$	$
Deposit paid for plant and equipment	230,757	-
	230,757	**-**

Deposits have been paid to vendors for the delivery of plant and equipment subsequent to the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

NOTE 9: PROPERTY PLANT & EQUIPMENT

	2021	2020
	$	$
Plant & Equipment (held for use)	10,000	-
	10,000	-
Movement		
Opening balance	-	-
Additions	10,000	-
Closing balance	**10,000**	**-**

NOTE 10: RIGHT-OF-USE ASSET

	2021	2020
	$	$
Cost	69,085	-
Accumulated depreciation	(5,756)	-
	63,329	**-**
Movement		
Opening balance	-	-
Additions	69,085	-
Depreciation	(5,756)	-
Closing balance	**63,329**	**-**

NOTE 11: TRADE AND OTHER PAYABLES

	2021	2020
	$	$
Trade payables	187,910	142,482
	187,910	**142,482**

NOTES TO THE FINANCIAL STATEMENTS (cont.)

NOTE 12: LEASE LIABILITIES

	2021	2020
	$	$
Current	34,079	-
Non-Current	29,457	-
	63,536	**-**
Movement		
Opening balance	-	-
Additions	69,085	-
Reduction in lease liabilities	(5,549)	-
Closing balance	**63,536**	**-**

The Company has an office lease at 87 Harris River Rd, Collie. The lease commenced on 1 May 2021 for a term of 12 months. The annual rent is $36,000+GST plus outgoings. The Company has calculated the right of use asset and corresponding lease liability at the commencement of the lease being 1 May 2021. The Directors intend to extend the lease for a further 12 months to 30 April 2023. This extension has been included in the calculation of the lease liability.

NOTE 13: CONTRIBUTED EQUITY

(a) Share Capital

	30 June 2021		30 June 2020	
	No.	**$**	**No.**	**$**
Fully paid ordinary shares	59,158,330	5,265,970	51,980,001	1,346,001

(b) Movement in issued capital

	No.	$
Balance as at 30 June 2019	**46,060,001**	**806,001**
Issue of shares for cash**	5,920,000	540,000

NOTES TO THE FINANCIAL STATEMENTS (cont.)

NOTE 13: CONTRIBUTED EQUITY (cont.)

Balance as at 30 June 2020	**51,980,001**	**1,346,001**
Work for shares converted to ordinary shares (29 July 2020)*	20,439,985	1,166,169
Work for shares converted to ordinary shares (29 July 2020)*	4,203,335	252,200
Shares Issued for Cash (5 November 2020)	500,001	30,000
Share Consolidation	(38,561,659)	-
Shares issued for services rendered (1 December 2020)*	1,875,000	225,000
Shares issued for cash (31 December 2020 – 31 March 2021)	12,966,667	1,556,000
Shares issued for services rendered (31 March 2021)*	1,875,000	225,000
Shares issued for services rendered (31 March 2021)*	130,000	15,600
Shares issued for services rendered (31 March 2021)*	3,750,000	450,000
Balance as at 30 June 2021	**59,158,330**	**5,265,970**

*The expense from the shares issued for services rendered has been recognised in in the relevant accounting periods in which the services were rendered in accordance with AASB 2.

** $130,000 of the $540,000 was received in 2019 as a funds received in advance. $410,000 was received in 2020.

(c) Reserves

The share-based payments reserve is used to recognise the fair value of shares to be issued.

	2021 $	2020 $
Share Based Payments Directors	1,137,800	606,000
Share Based Payments to Consultants	15,600	287,459
Share Based Payments Employees	14,400	52,800
	1,167,800	**946,259**

Refer to Note 22 for further details

	No.	$
Directors fees paid via employee share scheme (Note 22)	11,463,335	1,137,800
Employee share based payments (Note 22)	240,000	14,400
Contractors share based payments (Note 22)	130,000	15,600
	11,833,335	**1,167,800**

NOTES TO THE FINANCIAL STATEMENTS (cont.)

NOTE 13: CONTRIBUTED EQUITY (cont.)

The cumulative amount recognised as a result of share based payments is as follows:

	No.	$
Opening Balance 1 July 2019	4,212,133	219,910
Shares to be Issued	16,227,852	946,259
Total Cumulative amount recognised in equity 30 June 2020	**20,439,985**	**1,166,169**
Opening Balance 1 July 2020	**20,439,985**	**1,166,169**
Issued during the period for services rendered	4,203,335	252,200
Issued during the period for services rendered (a)	7,500,000	450,000
Amounts transferred to share capital on 26 July 2020	(24,643,320)	(1,418,369)
Share Consolidation	(3,750,000)	-
Amounts transferred to share capital on completion of vesting	(3,750,000)	(450,000)
Work for shares to be issued (b)	130,000	15,600
Amounts transferred to share capital on completion of vesting	(130,000)	(15,600)
Work for shares to be issued (c)	3,750,000	450,000
Amounts transferred to share capital on completion of vesting	(3,750,000)	(450,000)
Total Cumulative amount recognised in equity 30 June 2021	**-**	**-**

(a) 3,750,000 shares were issued to a director which vested upon completion of a successful capital raise on a post-consolidation basis (7,500,000 pre-consolidation). The equity instruments were valued at 12 cents a share being the price of the latest capital raise on a post consolidation basis. The Company recognised $450,000 as a share based payment expense based on the work done on the capital raise and the achievement of the vesting condition.

(b) 130,000 shares were issued to a supplier for work performed. The shares were valued at 12 cents a share being the price of the latest capital raise on a post consolidation basis.

(c) 3,750,000 shares were issued to a director, which vested upon completion of a successful capital raise. The equity instruments were valued at 12 cents a share being the price of the latest capital raise on a post consolidation basis. The Company recognised $450,000 as a share based payment expense based on the work done on the capital raise and the achievement of the vesting condition.

The total share based payments expense for all employees, directors and suppliers for the year ended 30 June 2021 totalled $1,167,800 (2020: $589,700).

NOTES TO THE FINANCIAL STATEMENTS (cont.)

NOTE 13: CONTRIBUTED EQUITY (cont.)

(d) Fully Paid Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTE 14: CASH FLOW INFORMATION

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

	2021	2020
	$	$
Loss after income tax	(2,092,724)	(1,440,471)
Adjustments for:		
Depreciation expense	5,756	-
Share based payment expense	1,167,800	946,259
Foreign exchange gains	(4,852)	-
Decrease/(increase) in trade and other receivables	154,485	(3,299)
Increase in other assets	(14,849)	-
Increase in trade and other payables	45,428	22,230
Cash flows used in operating activities	**(738,956)**	**(475,281)**

NOTE 15: LOSS PER SHARE

	2021	2020
	$	$
Loss after income tax attributable to shareholders	(2,092,724)	(1,440,471)
	Number	**Number**
Weighted average number of shares	45,144,928	49,524,646
	Cents per share	**Cents per share**
Basic and diluted loss per share	(0.0464)	(0.0291)

NOTES TO THE FINANCIAL STATEMENTS (cont.)

NOTE 16: ACCUMULATED LOSSES

	2021	2020
	$	$
Accumulated losses at the beginning of the financial year	(2,418,318)	(977,847)
Loss after income tax expense for the year	(2,092,724)	(1,440,471)
Accumulated losses at the end of the financial year	**(4,511,042)**	**(2,418,318)**

NOTE 17: CONTINGENCIES AND COMMITMENTS

There were no contingent liabilities, contingent assets or commitments at reporting date.

NOTE 18: EVENTS SUBSEQUENT TO REPORTING DATE

The following subsequent events have occurred up to the date of the approval of the financial report

- On 9 July 2021 Mr Neil Rinaldi resigned as Executive Director, and Mr David Pass and Mr Brett Coxon were appointed as non-executive directors.
- In July 2021 the Company was awarded a $2 million grant from the Collie Futures Investment Development Fund to be applied to capital equipment for Company's Stage 1 development.

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

NOTE 19: FINANCIAL INSTRUMENTS

Financial risk management objectives

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

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

- Market risk
- Liquidity risk
- Credit risk

NOTES TO THE FINANCIAL STATEMENTS (cont.)

NOTE 20: FINANCIAL INSTRUMENTS (cont.)

Financial risk management objectives

The overall financial risk management strategy focuses on the unpredictability of the equity markets and seeks to minimise the potential adverse effects due to movements in financial liabilities or assets. The Company holds the following financial instruments as at 30 June:

	2021	2020
	$	$
Financial assets		
Cash and cash equivalents	661,147	49,708
Trade and other receivables	32,141	186,626
	693,288	**236,334**
Financial liabilities		
Trade and other payables	187,910	142,482
Lease liabilities	63,536	-
	251,446	**142,482**

Market risk

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

Interest rate risk

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

	2021	2020
	$	$
Variable rate instruments		
Cash at bank	641,147	49,708
Fixed rate instruments`		
Bank term deposits	20,000	-
	661,147	**49,708**

NOTES TO THE FINANCIAL STATEMENTS (cont.)

NOTE 20: FINANCIAL INSTRUMENTS (cont.)

Other market price risk

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

Credit Risk

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

The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

Liquidity Risk

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

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

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

	Carrying amount	Contractual cash flows	Less than 1 year	2-5 years	>5 years
30 June 2020					
Trade and other payables	142,482	-	142,482	-	-
Total	**142,482**	**-**	**142,482**	**-**	**-**
30 June 2021					
Trade and other payables	187,910	-	187,910	-	-
Lease liabilities	63,536	-	34,079	29,457	-
Total	**251,446**	**-**	**221,989**	**29,457**	**-**

NOTES TO THE FINANCIAL STATEMENTS (cont.)

NOTE 21: RELATED PARTY TRANSACTIONS

The key management personnel for the Company for the year ended 30 June 2021 are:

Phillip Baden Hearse (Chairman)

Matthew Norman Bull (Non-Executive Director)

Andrew John Worland (Non- Executive Director)

Neil Robert Rinaldi (Executive Director) – Appointed 1 March 2020.

Cameron Edwards (Non- Executive Director) – Appointed 25 November 2019 (Non-Executive Director) (resigned 1 October 2020)

	2021	2020
	$	$
Key management personnel compensation		
- Executive salaries and non-executive fees	186,556	-
- Executive termination fees	120,000	-
- Share Based Payments	1,137,800	606,000
Total expense – directors and CEO	**1,444,356**	**606,000**

Transactions with employees that are also related parties

	2021	2020
	$	$
Consulting Fees to Robyn Mignon Hearse (share based payments)	14,400	52,800

	2021	2020
Transactions with related parties	$	$
Payment for goods and services:		
Joshua Hearse (Close Family Member)	-	10,000
Melanie Anne Hearse (Close Family Member)	-	13,855
Advertising services provided by Melanie Anne Hearse	10,990	-
Feasibility services provided by Battery Limits Pty Ltd*** a company associated with Phillip Baden Hearse. (Chairman)	212,078	497,845
	223,068	**521,700**

NOTES TO THE FINANCIAL STATEMENTS (cont.)

NOTE 21: RELATED PARTY TRANSACTIONS

Receivable from and payable to related parties

At the reporting date, $132,000 was payable to GL Consulting for services rendered by Neil Rinaldi as CEO and Director; $13,200 was payable to Battery Limits Pty Ltd for services rendered by Phillip Hearse as Chairman, and $2,100 was payable to Melanie Hearse for marketing services to the Company. There were no receivables due from related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans provided for.

NOTE 22: SHARE BASED PAYMENTS

EMPLOYEES AND DIRECTORS

Employees and directors being issued shares under the employee share scheme for services is disclosed below

Details	Number of equity instruments granted in relation to services performed for the year ended 30 June 2021	30 June 2021 $	Number of equity instruments granted in relation to services performed for the year ended 30 June 2020	30 June 2020 $
Directors	11,463,335	1,137,800	10,526,667	606,000
Suppliers	130,000	15,600	4,741,185	287,459
Employees	240,000	14,400	960,000	52,800
Total	**11,833,335**	**1,167,800**	**16,227,852**	**946,259**

The Company approved 130,000 shares to be issued as consideration for $15,600 (2020: 287,459) to a consultant for services performed, for the year ended 30 June 2021. The fair value of the equity instruments in 2020 was based on a price range of 5 to 6 cents based on the most recent capital raise post 30 June 2020. The fair value of the equity instruments in the current year was based on a price of 12 cents (on a post consolidation basis) reflective of the most recent capital raise in 2021.

NOTE 23: AUDITOR'S REMUNERATION

The total audit fees paid for the year was $17,000 of which $5,100 related to 30 June 2021 and the balance related to the audits for the years ended 30 June 2019, 30 June 2020 and the half year ended 31 December 2020.

DIRECTOR'S DECLARATION

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and

- subject to the matters described in Note 1 (a), there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors:

…………………………………………………..

Philip Hearse - Chairman

Dated on this 22nd day of September 2021 in Perth: