Evergreen Lithium Limited

ABN 17 656 722 397

Annual Report - 30 June 2022

Evergreen Lithium Limited
Directors' report
30 June 2022

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Evergreen Lithium Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 30 June 2022. The company was incorporated on 21 January 2022 and hence, no comparative financial information has been presented.

Directors
The following persons were directors of Evergreen Lithium Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

Peter Marks	Appointed 21 January 2022
Simon Lill	Appointed 21 January 2022
Tal Paneth	Appointed 21 January 2022
Christopher Connell	Appointed 1 March 2022

Principal activities
During the financial period the principal continuing activities of the consolidated entity consisted of the preparation activities required to undertake a listing on the Australian Securities Exchange ('ASX'). At listing, the consolidated entity's main business undertaking will be the exploration for, and development of, mineral deposits at the following projects:
- the Bynoe Lithium Projects located in the Northern Territory;
- the Fortune Lithium Project, located in the Northern Territory; and
- the Kenny Lithium Project, located in Western Australia.

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $11,236,765.

Significant changes in the state of affairs
The company was incorporated on 21 January 2022 as an Australian proprietary company limited by shares, and on 15 March 2022 converted to a public company, for the primary purpose of acquiring, exploring and developing lithium mineral deposits in Australia.

On 28 January 2022, the company issued 70,000,000 ordinary shares at 0.0001c per share to the founders of the company. The founders also received attaching options at a ratio of 1 option for every 2 ordinary shares issued, for a total of 35,000,000 options. The key terms of these attaching options are as follows:
- Expiry date: 24 January 2027
- Exercise price $0.30

The options were subject to no performance conditions and therefore, vested on issuance and are valued at $nil.

On 27 June 2022, the company undertook a pre-IPO capital raising and issued 31,000,000 ordinary shares at $0.20 per share.

In furthering the company's objectives, the company recently completed a Sale of Shares Deed (the 'Acquisition Agreement'), with the shareholders of Lithium Technologies Pty Ltd and Lithium Supplies Pty Ltd (together, the 'Vendors').

Under the Acquisition Agreement, the company acquired 100% of the issued capital of each of Lithium Technologies Pty Ltd ('Lithium Technologies') and Lithium Supplies Pty Ltd ('Lithium Supplies'), from their respective shareholders (the 'Acquisitions'). The combined net liabilities acquired in Lithium Technologies and Lithium Supplies is $528,922 and has been recorded as an exploration and evaluation cost.

In consideration for the Acquisitions, the company has issued consideration shares to the Vendors, proportionate to the Vendor's shareholdings in Lithium Technologies and Lithium Supplies. The 50,250,000 consideration shares issued were comprised of the following:
- 45,000,000 ordinary shares for 'completion share consideration', issued at $0.20;
- 5,000,000 ordinary shares for 'completion cash consideration', issued as shares in lieu of cash at $0.20 per share to the value of $1,000,000; and
- 250,000 ordinary shares for 'exclusivity fee', issued as shares in lieu of cash at $0.20 per share to the value of $50,000.

The total fair value of consideration paid is $10,050,000, with the $0.20 per share value being reflective of the seed capital raising share price. This has been reflected as an exploration and evaluation cost during the financial period. A further 55,000,000 contingent shares ('milestone shares') were issued in connection with the Acquisitions, subject to non-market performance conditions related to delimitation of a JORC resource of defined tonnages, as well as completion of a Bankable Feasibility Study prior to expiry. These milestone shares have been reflected as a contingent liability.

Synergy Prospecting Pty Ltd ('Synergy'), is the jointly and equally owned subsidiary of Lithium Technologies and Lithium Supplies, and is the registered holder of the tenements comprising of the Bynoe Lithium Project and Fortune Lithium Project in the Northern Territory, and the Kenny Lithium Project, located in Western Australia. By virtue of the Completion of the Acquisition on 27 June 2022 and acquiring all of the issued capital in Lithium Technologies and Lithium Supplies, these two entities became wholly owned subsidiaries of the company. The company has therefore acquired an indirect interest in the tenements comprising the Bynoe Lithium Project, the Fortune Lithium Project, and the Kenny Lithium Project.

The Acquisitions from an accounting perspective have been treated as a share-based payment under *AASB 2: Share-based payment* recorded as exploration and evaluation costs, rather than a business combination under *AASB 3: Business combinations*. Lithium Technologies and Lithium Supplies contained no substantive processes, as the value was substantially derived from the tenements held. There were no firm contracts with either suppliers or customers in place on the acquisition date of 27 June 2022.

There were no other significant changes in the state of affairs of the consolidated entity during the financial period.

Matters subsequent to the end of the financial period
No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations
As at the date of this report, the In-Principal Advice Submission, which is used to assess suitability for admission to the official list of ASX Limited, has been approved by the ASX. The directors are currently progressing towards the completion of the prospectus, with a view to finalising this by mid-September 2022. The expectation is that the company will list on the ASX during December 2022.

Environmental regulation
The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Simon Lill
Title:	Non-Executive Chair
Experience and expertise:	Simon has extensive experience since the 1980's with ASX listed companies, spanning small cap companies to larger concerns, involving restructuring, corporate, compliance, marketing, company secretarial and management activities. Current Chairman of De Grey Mining Ltd., an ASX 200 gold exploration/development company with 100% ownership of one of Western Australia's largest greenfields discoveries, Hemi, in the Pilbara region of Western Australia..
Interests in shares	10,000,000 ordinary shares 5,000,000 options

Name:	Peter Marks
Title:	Non-Executive Director
Qualifications:	MBA, Bachelor of Economics, Bachelor of Law, and Grad Dip in Commercial Law
Experience and expertise:	Peter has over 35 years' experience in corporate advisory and investment banking. Over the course of his long career, he has specialised in capital raisings, IPOs, cross border, M&A transactions, corporate underwriting and venture capital transactions for companies in Australia, the United States and Israel. He has been involved in a broad range of transactions with a special focus in the life sciences, biotechnology, medical technology and high tech segments. Peter has served as both an Executive and Non-Executive Director of a number of different entities which have been listed on the ASX, NASDAQ, and AIM markets.
Interests in shares	10,000,000 ordinary shares 5,000,000 options

Name:	Tal Paneth
Title:	Non-Executive Director
Experience and expertise:	Tal has over a decade of multidisciplinary business experience including exposure to the diverse facets of the equity and debt markets. Tal specialises in identifying strategic mineral projects, financing, and project management. Tal is currently the Executive Director at of IRIS Metals Limited [ASX:IR1].
Interests in shares:	10,000,000 ordinary shares 5,000,000 options

Name:	Christopher Connell
Title:	Non-Executive Director
Experience and expertise:	Chris is the former Regional Exploration Manager of SolGold Plc and has a successful track record in discovering economic deposits both in Australia and worldwide. He led the exploration team that recently discovered the large 500Mt copper-gold Porvenir project in southern Ecuador. Chris has extensive lithium experience having worked on the Mt Marion lithium spodumene deposit in Western Australia that is now currently in production. Chris is currently an Executive Director of IRIS Metals Limited [ASX:IR1].
Interests in shares:	10,000,000 ordinary shares 5,000,000 options

Company secretary
David Franks from the Automic Group (appointed 18 August 2022).

David Franks is a Principal at the Automic Group. He is a Chartered Accountant, Fellow of the Financial Services Institute of Australia, Fellow of the Governance Institute of Australia, Justice of the Peace, Registered Tax Agent and holds a Bachelor of Economics (Finance and Accounting) from Macquarie University. With over 20 years' experience in finance, governance and accounting, Mr Franks has been CFO, Company Secretary and/or Director for numerous ASX listed and unlisted public and private companies, in a range of industries covering energy retailing, transport, financial services, mineral exploration, technology, automotive, software development and healthcare. Mr Franks is currently the Company Secretary for the following ASX Listed entities: Applyflow Limited, COG Financial Services Limited, Cogstate Limited, Exopharm Limited, Iris Metals Limited, IXUP Limited, JCurve Solutions Limited, Noxopharm Limited, Nyrada Inc, White Energy Company Limited and ZIP Co Limited. He was also a Non-Executive Director of JCurve Solutions Limited from 2014 to 2021.

Evergreen Lithium Limited
Directors' report
30 June 2022

Meetings of directors
There were no meetings of directors held during the period ended 30 June 2022.

Shares under option
Unissued ordinary shares of Evergreen Lithium Limited under option at the date of this report are as follows:

Issue date	Expiry date	Exercise price	Number under option
24 January 2022	24 January 2027	$0.30	35,000,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options
There were no ordinary shares of Evergreen Lithium Limited issued on the exercise of options during the period ended 30 June 2022 and up to the date of this report.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial period, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial period, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

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.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor
William Buck (Vic) Pty Ltd was appointed in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Tal Paneth
Director

Peter Marks
Director

8 November 2022

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF EVERGREEN LITHIUM LIMITED

I declare that, to the best of my knowledge and belief, during the period ended 30 June 2022 there have been:

— no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow
Director
Melbourne, 8th November 2022

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General information

The financial statements cover Evergreen Lithium Limited as a consolidated entity consisting of Evergreen Lithium Limited and the entities it controlled at the end of, or during, the period. The financial statements are presented in Australian dollars, which is Evergreen Lithium Limited's functional and presentation currency.

Evergreen Lithium Limited is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 205, 9-11 Claremont Street
South Yarra VIC 3141

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 8 November 2022. The directors have the power to amend and reissue the financial statements.

Evergreen Lithium Limited
Statement of profit or loss and other comprehensive income
For the period ended 30 June 2022

	Note	Consolidated For the period 21 January 2022 to 30 June 2022 $
Expenses		
Corporate and administrative costs	3	(244,514)
Exploration and evaluation costs		(10,866,498)
Transaction costs		(125,752)
Finance costs		(1)
Loss before income tax expense		(11,236,765)
Income tax expense		-
Loss after income tax expense for the period attributable to the owners of Evergreen Lithium Limited		(11,236,765)
Other comprehensive income for the period, net of tax		-
Total comprehensive loss for the period attributable to the owners of Evergreen Lithium Limited		(11,236,765)
		Cents
Basic earnings per share	20	(15.95)
Diluted earnings per share	20	(15.95)

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

Evergreen Lithium Limited
Statement of financial position
As at 30 June 2022

	Note	Consolidated 30 June 2022 $
Assets		
Current assets		
Cash and cash equivalents	4	6,251,212
Other receivables	5	13,154
Total current assets		6,264,366
Total assets		6,264,366
Liabilities		
Current liabilities		
Trade and other payables	6	1,201,061
Borrowings	7	50,000
Total current liabilities		1,251,061
Total liabilities		1,251,061
Net assets		5,013,305
Equity		
Issued capital	8	16,250,070
Accumulated losses		(11,236,765)
Total equity		5,013,305

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

Evergreen Lithium Limited
Statement of changes in equity
For the period ended 30 June 2022

Consolidated	Issued capital $	Accumulated losses $	Total equity $
Balance at 21 January 2022	-	-	-
Loss after income tax expense for the period	-	(11,236,765)	(11,236,765)
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive loss for the period	-	(11,236,765)	(11,236,765)
Transactions with owners in their capacity as owners:			
Contributions of equity, net of transaction costs (note 8)	16,250,070	-	16,250,070
Balance at 30 June 2022	16,250,070	(11,236,765)	5,013,305

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

	Note	Consolidated For the period 21 January 2022 to 30 June 2022 $
Cash flows from operating activities		
Payments for exploration and evaluation		(84)
Receipts to be reimbursed		100
		16
Interest and other finance costs paid		(1)
Net cash from operating activities	19	15
Cash flows from investing activities		
Cash acquired on purchase of subsidiary		1,197
Net cash from investing activities		1,197
Cash flows from financing activities		
Proceeds from issue of ordinary shares	8	6,200,000
Proceeds from borrowings		50,000
Net cash from financing activities		6,250,000
Net increase in cash and cash equivalents		6,251,212
Cash and cash equivalents at the beginning of the financial period		-
Cash and cash equivalents at the end of the financial period	4	6,251,212

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

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

New or amended Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The company was incorporated on 21 January 2022 and hence, no comparative financial information has been presented.

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 15.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Evergreen Lithium Limited ('company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the period then ended. Evergreen Lithium Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity 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 consolidated entity.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Note 1. Significant accounting policies (continued)

Cash and cash equivalents
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.

Other receivables
Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity 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.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Share-based payments
Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

Note 1. Significant accounting policies (continued)

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

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

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.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Exploration and evaluation expenditure
Exploration and evaluation costs are expensed as incurred. Acquisition costs are accumulated in respect of each separate area of interest.

Exploration and evaluation expenditures will be recognised as assets when the activities have reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2022. The directors have concluded that these or future financial statements of the consolidated entity are unlikely to be materially impact by these Standards and Interpretations.

Note 2. 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 (refer to the respective notes) within the next financial year are discussed below.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences and carry-forward losses only if the *consolidated entity* considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Presently the *consolidated entity* has incurred losses from its operations in all tax jurisdictions that may be potentially available to be applied against assessable income in the future. Given the uncertainty as to when or if this occurs, the *director*s have decided not to recognise any deferred tax assets that may be represented by those losses.

Contingent consideration on acquisition of subsidiaries
A contingent liability has been disclosed in relation to the contingent shares agreed upon within the sale and purchase of the subsidiaries Lithium Supplies Pty Ltd and Lithium Technology Pty Ltd, which have been treated as a share-based payment. The consideration is contingent upon the conditions established in each the Share Sale Agreement being met. Refer to note 13 for the disclosure of the contingent liability and note 16 for the disclosure of the acquisition of subsidiaries.

Share-based payment to acquire subsidiaries
The Acquisitions from an accounting perspective have been treated as a share-based payment under *AASB 2: Share-based payment* recorded as exploration and evaluation costs, rather than a business combination under *AASB 3: Business combinations*. Lithium Technologies and Lithium Supplies contained no substantive processes, as the value was substantially derived from the tenements held. There were no firm contracts with either suppliers or customers in place on the acquisition date of 27 June 2022. The net liabilities acquired were recorded against exploration and evaluation costs, with the share consideration paid also being recorded as exploration and evaluation costs.

Issue of founder shares and attaching options
As set out in note 8, a number of shares with attaching options were issued on or around the incorporation of the company. Consequently, these founder shares are not considered to be a service rendered to the company and therefore, the grant date value of those founder shares and options was $nil.

Note 3. Corporate and administrative costs

	Consolidated For the period 21 January 2022 to 30 June 2022 $
Administration expenses	5,276
Professional fees	239,238
	244,514

Note 4. Current assets - cash and cash equivalents

	Consolidated 30 June 2022 $
Restricted cash	6,200,000
Cash at bank	51,212
	6,251,212

Restricted cash comprises the proceeds from the completed capital raising held within a trust account. No conditions other than the passage of time at the balance date required fulfilment prior to the funds being transferred into the operating account.

As per the Share Sale Agreement on acquisition of Lithium Supplies Pty Ltd and Lithium Technologies Pty Ltd (the 'subsidiaries'), a total provision of $450,000 was made for payment of aged payables of the subsidiaries as at the date of acquisition.

Note 5. Current assets - Other receivables

	Consolidated 30 June 2022 $
Other receivables	70
GST receivable	13,084
	13,154

Note 6. Current liabilities - trade and other payables

	Consolidated 30 June 2022 $
Trade payables	623,281
Accrued expenses	572,070
Other payables	5,710
	1,201,061

Refer to note 10 for further information on financial instruments.

Note 7. Current liabilities - borrowings

	Consolidated 30 June 2022 $
Founder loans	50,000

Founder loans are non-interest bearing, unsecured, repayable on demand and do not have equity conversion rights. Refer to note 14 for disclosures on related party balances included in founder loans.

Refer to note 10 for further information on financial instruments.

Note 8. Equity - issued capital

	Consolidated	
	30 June 2022 Shares	**30 June 2022 $**
Ordinary shares - fully paid	151,250,000	16,250,070

Movements in ordinary share capital

Details	**Date**	**Shares**	**Issue price**	**$**
Balance	21 January 2022	-		-
Issue of ordinary shares*	28 January 2022	70,000,000	$0.00	70
Issue of ordinary shares on acquisition of subsidiaries	27 June 2022	50,250,000	$0.20	10,050,000
Issue of ordinary shares	27 June 2022	31,000,000	$0.20	6,200,000
Balance	30 June 2022	151,250,000		16,250,070

(*) Issue price of 0.0001c per share.

On 28 January 2022, the company issued 70,000,000 ordinary shares at 0.0001c per share to the founders of the company. The founders also received attaching options at a ratio of 1 option for every 2 ordinary shares issued, for a total of 35,000,000 options. The key terms of these attaching options are as follows:
- Expiry date: 24 January 2027
- Exercise price $0.30

The options were subject to no performance conditions and therefore, vested on issuance and are valued at $nil.

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may return capital to shareholders, issue new shares or sell assets to achieve this.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

Note 9. Equity - dividends

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

Note 10. Financial instruments

Financial risk management objectives
The consolidated entity's finance function provides services to the business and monitors and manages the financial risks relating to the operations of the consolidated entity in accordance with the decisions of the directors.

In the reporting period, the consolidated entity was not exposed to material financial risks of changes in foreign currency exchange rates.

Accordingly, the consolidated entity did not employ derivative financial instruments to hedge currency risk exposures. There also was no material exposure to any interest rate or price risk or credit risk.

	Consolidated 30 June 2022 $
Financial assets	
Cash and cash equivalents	6,251,212
Other receivables	13,154
	6,264,366
Financial liabilities	
Trade and other payables	1,201,061
Borrowings	50,000
	1,251,061

Liquidity risk
Liquidity risk is the risk that the consolidated entity is unable to meet its financial obligations as they fall due.

All financial liabilities were payable within 30 day terms or less.

Ultimate responsibility for liquidity risk management rests with the board of directors, which periodically reviews the consolidate entities short, medium and long-term funding and liquidity management requirements. The consolidated entity manages liquidity risk by maintaining reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities where possible.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 11. Key management personnel disclosures

Directors
The following persons were directors of Evergreen Lithium Limited during the financial period:

Peter Marks	Appointed 21 January 2022
Simon Lill	Appointed 21 January 2022
Tal Paneth	Appointed 21 January 2022
Christopher Connell	Appointed 1 March 2022

Note 11. Key management personnel disclosures (continued)

	Consolidated For the period 21 January 2022 to 30 June 2022 $
Short-term employee benefits	240,000
Post-employment benefits	25,200
	265,200

The above remuneration of Directors has been accrued but not yet invoiced at 30 June 2022 and relates to consultancy fees and superannuation.

Note 12. Remuneration of auditors

During the financial period the following fees were paid or payable for services provided by William Buck (Vic) Pty Ltd, the auditor of the company:

	Consolidated For the period 21 January 2022 to 30 June 2022 $
Audit services - William Buck (Vic) Pty Ltd	
Audit of the financial statements	10,000

Note 13. Commitments and contingencies

In connection with the sale and purchase of the subsidiaries Lithium Supplies Pty Ltd and Lithium Technologies Pty Ltd (together, the **Subsidiaries**) (the **Agreement**), the following contingencies were identified:

(a) deferred milestone shares, the issue of which is subject to meeting specific production milestones; and
(b) an anti-dilution rights provision.

Each contingency is explained in further detail below:

Deferred Milestone Shares

The following contingent shares (‘deferred milestone shares') were issued in connection with the Agreement:

The terms of the deferred milestone shares are as follows, to be paid to the vendors in proportion to their respective shareholdings in the Subsidiaries:

Condition in agreement	**Shares to be issued**
Delimitation by the company or a Related Body Corporate of the company of a JORC Resource of not less than 4 million tonnes (in aggregate, and in one or more locations) at a grade of not less than 1.1% lithium oxide within the Litchfield Project Site.	12,500,000
Delimitation by the company or a Related Body Corporate of the company of a JORC Resource of not less than 8 million tonnes (in aggregate, and in one or more locations) at a grade of not less than 1.1% lithium oxide within the Litchfield Project Site.	12,500,000
Delimitation by the company or a Related Body Corporate of the company of a JORC Resource of not less than 12 million tonnes (in aggregate, and in one or more locations) at a grade of not less than 1.1% lithium oxide within the Litchfield Project Site.	15,000,000
Completion by the company or a Related Body Corporate of the company of Bankable Feasibility Study in respect of a project comprised within the Litchfield Project Site.	15,000,000

Anti-Dilution Rights

For a period of 11 months from Completion of the Agreement, Evergreen shall not issue Evergreen Shares (or rights convertible to Evergreen Shares) which would result in the dilution of the Vendors (the vendors being the original shareholders of the Subsidiaries) post Completion respective proportion, of more than 15%.

The Agreement provides the anti-dilution rights shall not apply:

(a) if Evergreen is listed;
(b) if Evergreen reasonably believes the payment of cash to satisfy the Completion Liabilities will prevent or inhibit the listing of Evergreen on ASX; or
(c) in respect of a proposed equity issue:
    (i) in connection with an IPO event;
    (ii) which does not dilute the interests of any shareholders of Evergreen;
    (iii) as consideration for a company or business acquired by Evergreen or a by a related body corporate of Evergreen; or
    (iv) with the consent of the Vendors.

There are no other contractual commitments or contingent liabilities at 30 June 2022.

Note 14. Related party transactions

Parent entity
Evergreen Lithium Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 17.

Note 14. Related party transactions (continued)

Key management personnel
Disclosures relating to key management personnel are set out in note 11.

Transactions with related parties
The following transactions occurred with related parties:

During the period, Peter Marks paid expenses on behalf of the company for $6,975 for ASX fees, accounting fees and bank fees that were reimbursed after the period end.

Receivable from and payable to related parties
As above, $6,975 was owed to Peter Marks at 30 June 2022.

There were no further trade payables to or trade receivables from related parties at the reporting date.

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated 30 June 2022 $
Current borrowings:	
Loan from Dobler Investments Pty Ltd - related entity to Christopher Connell	8,335
Loan from Royal Flux Pty Ltd - related entity to Simon Lill	8,335
Loan from Ferkel 4 Pty Ltd - related entity to Tal Paneth	8,335
Loan from Shanti Capital Pty Ltd - related entity to Peter Marks	8,335

The remaining Founder loans balance displayed in note 7 was made to an unrelated party.

Terms and conditions
Borrowings from related parties were non-interest bearing, unsecured, repayable on demand and contain no equity conversion rights.

Note 15. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent For the period 21 January 2022 to 30 June 2022 $
Loss after income tax	(10,707,843)
Total comprehensive loss	(10,707,843)

Note 15. Parent entity information (continued)

Statement of financial position

	Parent 30 June 2022 $
Total current assets	6,311,865
Total assets	6,311,865
Total current liabilities	1,298,559
Total liabilities	1,298,559
Equity	
Issued capital	17,723,785
Foreign currency reserve	(1,615)
Accumulated losses	(12,708,864)
Total equity	5,013,306

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2022.

Contingent liabilities
The parent entity had no contingent liabilities, other than as disclosed in note 13 as at 30 June 2022.

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

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 16. Acquisition of subsidiaries

In furthering the company's objectives, the company recently completed a Sale of Shares Deed (the 'Acquisition Agreement'), with the shareholders of Lithium Technologies Pty Ltd and Lithium Supplies Pty Ltd (together, the 'Vendors').

Under the Acquisition Agreement, the company acquired 100% of the issued capital of each of Lithium Technologies Pty Ltd ('Lithium Technologies') and Lithium Supplies Pty Ltd ('Lithium Supplies'), from their respective shareholders (the 'Acquisitions'). The combined net liabilities acquired in Lithium Technologies and Lithium Supplies is $528,922 and has been recorded as an exploration and evaluation cost.

In consideration for the Acquisitions, the company has issued consideration shares to the Vendors, proportionate to the Vendor's shareholdings in Lithium Technologies and Lithium Supplies. The 50,250,000 consideration shares issued were comprised of the following:
- 45,000,000 ordinary shares for 'completion share consideration', issued at $0.20;
- 5,000,000 ordinary shares for 'completion cash consideration', issued as shares in lieu of cash at $0.20 per share to the value of $1,000,000; and
- 250,000 ordinary shares for 'exclusivity fee', issued as shares in lieu of cash at $0.20 per share to the value of $50,000.

The total fair value of consideration paid is $10,050,000, with the $0.20 per share value being reflective of the seed capital raising share price. This has been reflected as an exploration and evaluation cost during the financial period.

Synergy Prospecting Pty Ltd ('Synergy'), is the jointly and equally owned subsidiary of Lithium Technologies and Lithium Supplies, and is the registered holder of the tenements comprising of the Bynoe Lithium Project and Fortune Lithium Project in the Northern Territory, and the Kenny Lithium Project, located in Western Australia. By virtue of the Completion of the Acquisition on 27 June 2022 and acquiring all of the issued capital in Lithium Technologies and Lithium Supplies, these two entities became wholly owned subsidiaries of the company. The company has therefore acquired an indirect interest in the tenements comprising the Bynoe Lithium Project, the Fortune Lithium Project, and the Kenny Lithium Project.

The Acquisitions from an accounting perspective have been treated as a share-based payment under *AASB 2: Share-based payment* recorded as exploration and evaluation costs, rather than a business combination under *AASB 3: Business combinations*. Lithium Technologies and Lithium Supplies contained no substantive processes, as the value was substantially derived from the tenements held. There were no firm contracts with either suppliers or customers in place on the acquisition date of 27 June 2022.

Details of the Acquisitions are as follows:

	Fair value **$**
Cash and cash equivalents	1,197
Trade and other payables	(530,119)
Net liabilities acquired, recorded as an exploration and evaluation cost	(528,922)
Acquisition-date fair value of the total consideration transferred:	
Ordinary shares in Evergreen Lithium Limited, recorded as an exploration and evaluation cost	10,050,000

The following contingent shares ('milestone shares') were issued in connection with the sale and purchase of the subsidiaries Lithium Supplies Pty Ltd and Lithium Technology Pty Ltd (the 'subsidiaries').

The terms of the milestone shares are as follows, to be paid to the vendors in proportion to their respective shareholdings in the subsidiaries:

Note 16. Acquisition of subsidiaries (continued)

Condition in agreement	Shares to be issued
Delimitation by the company or a Related Body Corporate of the company of a JORC Resource of not less than 4 million tonnes (in aggregate, and in one or more locations) at a grade of not less than 1.1% lithium oxide within the Litchfield Project Site.	12,500,000
Delimitation by the company or a Related Body Corporate of the company of a JORC Resource of not less than 8 million tonnes (in aggregate, and in one or more locations) at a grade of not less than 1.1% lithium oxide within the Litchfield Project Site.	12,500,000
Delimitation by the company or a Related Body Corporate of the company of a JORC Resource of not less than 12 million tonnes (in aggregate, and in one or more locations) at a grade of not less than 1.1% lithium oxide within the Litchfield Project Site.	15,000,000
Completion by the company or a Related Body Corporate of the company of Bankable Feasibility Study in respect of a project comprised within the Litchfield Project Site.	15,000,000
	55,000,000

As the above milestone shares are contingent upon the occurrence of uncertain future events not wholly within the control of the consolidated entity, these are recorded as a contingent liability, with no financial impact to the period ended 30 June 2022.

Note 17. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 30 June 2022 %
Lithium Supplies Pty Ltd	Australia	100.00%
Lithium Technologies Pty Ltd	Australia	100.00%
Synergy Prospecting Pty Ltd	Australia	100.00%
Argo Mining S.A.	Argentina	95.00%
Mining and Metals S.A.	Argentina	95.00%

Note 18. Events after the reporting period

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 19. Reconciliation of loss after income tax to net cash from operating activities

	Consolidated For the period 21 January 2022 to 30 June 2022 $
Loss after income tax expense for the period	(11,236,765)
Adjustments for:	
Shares issued for the acquisition of subsidiaries	10,050,000
Finance costs	1
Change in operating assets and liabilities:	
Increase in other receivables	(13,084)
Increase in trade and other payables	1,199,863
Net cash from operating activities	15

Note 20. Earnings per share

	Consolidated For the period 21 January 2022 to 30 June 2022 $
Loss after income tax attributable to the owners of Evergreen Lithium Limited	(11,236,765)
	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	70,466,957
Weighted average number of ordinary shares used in calculating diluted earnings per share	70,466,957

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. Potential ordinary shares are treated as dilutive only when their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations. Options held over ordinary shares would decrease the loss per share reported above and hence, have been treated as antidilutive.

Evergreen Lithium Limited
Directors' declaration
30 June 2022

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 consolidated entity's financial position as at 30 June 2022 and of its performance for the financial period ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Tal Paneth	Peter Marks
Director	Director

8 November 2022

Evergreen Lithium Limited
Independent auditor's report to members

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Evergreen Lithium Limited (the Company) and its controlled entities (together, the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

i. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the period 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 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the period ended 30 June 2022, but does not include the financial report and the auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with 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 these financial statements is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our independent auditor's report.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136

N. S. Benbow
Director
Melbourne, 8th November 2022