

Evergreen Lithium Limited

ABN 17 656 722 397

Interim Report - 31 December 2022

Evergreen Lithium Limited
Directors' report
31 December 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 half-year ended 31 December 2022. The company was incorporated 21 January 2022. Consequently, these are the first interim financial statements of the consolidated entity and no comparative results are expressed in this report.

Directors

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

Simon Lill
Christopher Connell
Peter Marks
Tal Paneth

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 or previous financial half-year.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$1,950,899.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

On 20 February 2023, the company issued 1,828,300 ordinary shares at \$0.20 per share as payment for related party invoices totalling \$365,660 pursuant to the Sale of Shares Agreement between the Company and the Vendors and Directors of Lithium Technology Pty Ltd and Lithium Supplies Pty Ltd.

No other matter or circumstance has arisen since 31 December 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 have also submitted the prospectus to the ASX on 13 January 2023 and is in the process of review by the ASX. The expectation is that the company will list on the ASX during March 2023.

Environmental regulation

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

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 31 December 2022 and up to the date of this report.

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.

Evergreen Lithium Limited
Directors' report
31 December 2022

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 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Tal Paneth
Director



Peter Marks
Director

9 March 2023

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 half-year ended 31 December 2022 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

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

N. S. Benbow

N. S. Benbow
Director
Melbourne, 9 March 2023

Evergreen Lithium Limited

Contents

31 December 2022

Statement of profit or loss and other comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9
Directors' declaration	13
Independent auditor's review report to the members of Evergreen Lithium Limited	14

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 half-year. 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 9 March 2023.

Evergreen Lithium Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022

	Note	Consolidated 31 December 2022 \$
Expenses		
Corporate & administrative expenses	3	(676,218)
Exploration and evaluation costs		(1,015,152)
Depreciation and amortisation expense		(4,710)
Transaction costs		(254,539)
Finance costs		<u>(280)</u>
Loss before income tax expense		(1,950,899)
Income tax expense		<u>-</u>
Loss after income tax expense for the half-year attributable to the owners of Evergreen Lithium Limited		(1,950,899)
Other comprehensive income for the half-year, net of tax		<u>-</u>
Total comprehensive income for the half-year attributable to the owners of Evergreen Lithium Limited		<u>(1,950,899)</u>
		Cents
Basic earnings per share	11	(1.29)
Diluted earnings per share	11	(1.29)

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 31 December 2022

		Consolidated	
	Note	31 December	30 June 2022
		2022	2022
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		3,515,797	6,251,212
Other receivables	4	184,005	13,154
Prepayments		180,186	-
Total current assets		<u>3,879,988</u>	<u>6,264,366</u>
Non-current assets			
Property, plant and equipment		125,008	-
Total non-current assets		<u>125,008</u>	<u>-</u>
Total assets		<u>4,004,996</u>	<u>6,264,366</u>
Liabilities			
Current liabilities			
Trade and other payables	5	942,590	1,201,061
Borrowings		-	50,000
Total current liabilities		<u>942,590</u>	<u>1,251,061</u>
Total liabilities		<u>942,590</u>	<u>1,251,061</u>
Net assets		<u>3,062,406</u>	<u>5,013,305</u>
Equity			
Issued capital	6	16,250,070	16,250,070
Accumulated losses		<u>(13,187,664)</u>	<u>(11,236,765)</u>
Total equity		<u>3,062,406</u>	<u>5,013,305</u>

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 half-year ended 31 December 2022

Consolidated	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	16,250,070	(11,236,765)	5,013,305
Loss after income tax expense for the half-year	-	(1,950,899)	(1,950,899)
Other comprehensive income for the half-year, net of tax	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the half-year	-	(1,950,899)	(1,950,899)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2022	<u>16,250,070</u>	<u>(13,187,664)</u>	<u>3,062,406</u>

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

Evergreen Lithium Limited
Statement of cash flows
For the half-year ended 31 December 2022

	Consolidated 31 December 2022 \$
Cash flows from operating activities	
Payments to suppliers and employees (inclusive of GST)	(1,532,492)
Payments for exploration and evaluation (inclusive of GST)	<u>(1,022,925)</u>
	(2,555,417)
Interest and other finance costs paid	<u>(280)</u>
Net cash used in operating activities	<u>(2,555,697)</u>
Cash flows from investing activities	
Payments for property, plant and equipment	<u>(129,718)</u>
Net cash used in investing activities	<u>(129,718)</u>
Cash flows from financing activities	
Repayment of borrowings	<u>(50,000)</u>
Net cash used in financing activities	<u>(50,000)</u>
Net decrease in cash and cash equivalents	(2,735,415)
Cash and cash equivalents at the beginning of the financial half-year	<u>6,251,212</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>3,515,797</u></u>

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022.

The principal accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

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.

Note 2. Basis of preparation

The company was incorporated on 21 January 2022 and hence, comparatives are not available for the comparable year-to-date period of the immediately preceding financial year as required by AASB 134 'Interim Financial Reporting'.

Note 3. Corporate and administrative costs

	Consolidated 31 December 2022 \$
Administration expenses	88,196
Employee benefits expense	194,652
Marketing and promotion expenses	11,250
Professional fees	364,796
Other expenses	17,324
	<u>676,218</u>

Note 4. Other receivables

	Consolidated 31 December 2022 \$	30 June 2022 \$
<i>Current assets</i>		
Other receivables	637	70
GST receivable	183,368	13,084
	<u>184,005</u>	<u>13,154</u>

Note 5. Trade and other payables

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
<i>Current liabilities</i>		
Trade payables	480,380	623,281
Accrued expenses	448,810	572,070
Other payables	13,400	5,710
	<u>942,590</u>	<u>1,201,061</u>

Note 6. Issued capital

	Consolidated			
	31 December 2022	30 June 2022	31 December 2022	30 June 2022
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>151,250,000</u>	<u>151,250,000</u>	<u>16,250,070</u>	<u>16,250,070</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2022	<u>151,250,000</u>		<u>16,250,070</u>
Balance	31 December 2022	<u>151,250,000</u>		<u>16,250,070</u>

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.

Note 7. Dividends

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

Note 8. Sale of subsidiaries

On 29 November 2022, the consolidated entity sold its 95% holding in both Argo Mines S.A. and Mining and Metals S.A. (the 'subsidiaries') for nil consideration to its original vendor (the 'vendor'), as part of the compliance process of the Initial Public Offering ('IPO').

Note 9. 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

Note 9. Commitments and contingencies (continued)

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 31 December 2022.

Note 10. Events after the reporting period

On 20 February 2023, the company issued 1,828,300 ordinary shares at \$0.20 per share as payment for related party invoices totalling \$365,660 pursuant to the Sale of Shares Agreement between the Company and the Vendors and Directors of Lithium Technology Pty Ltd and Lithium Supplies Pty Ltd.

No other matter or circumstance has arisen since 31 December 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 11. Earnings per share

	Consolidated 31 December 2022 \$
Loss after income tax attributable to the owners of Evergreen Lithium Limited	<u>(1,950,899)</u>

Note 11. Earnings per share (continued)

	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>151,250,000</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u><u>151,250,000</u></u>
	Cents
Basic earnings per share	(1.29)
Diluted earnings per share	(1.29)

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
31 December 2022

In the directors' opinion:

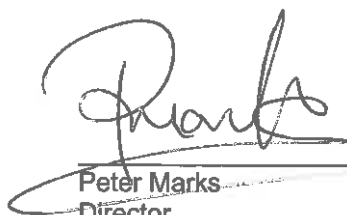
- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial half-year 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 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Tal Paneth
Director



Peter Marks
Director

9 March 2023

Evergreen Lithium Limited Independent auditor's review report

REPORT ON THE REVIEW OF THE HALF-YEAR FINANCIAL REPORT

Conclusion

We have reviewed the accompanying half-year financial report of Evergreen Lithium Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Evergreen Lithium Limited is not in accordance with the *Corporations Act 2001* including:

- a. giving a true and fair view of the consolidated entity's financial position as at date and of its performance for the half year ended on that date; and
- b. complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the consolidated entity 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of Management for the Financial Report

The directors of Evergreen Lithium Limited are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

William Buck

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

N. S. Benbow

N. S. Benbow
Director
Melbourne, 9 March 2023