

Evergreen Lithium Limited

ABN 17 656 722 397

Interim Report - 31 December 2023

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 2023.

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
Peter Marks
Tal Paneth
Christopher Connell

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of the exploration for, and development of, mineral deposits at the following projects:

- the Bynoe Lithium Projects located in the Northern Territory (granted);
- the Fortune Lithium Project, located in the Northern Territory (application pending grant); and
- the Kenny Lithium Project, located in Western Australia (granted).

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 \$1,773,846 (31 December 2022: loss of \$935,747).

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

No matter or circumstance has arisen since 31 December 2023 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

During the 2024 calendar year, the consolidated entity primarily intends to focus on the exploration and evaluation of its Bynoe and Kenny Lithium Projects, while pursuing its pending grant application for the Fortune Lithium Project.

Further details can be located in Evergreen Lithium Limited's prospectus, as released on the ASX dated 5 April 2023.

The consolidated entity will also continue to look for other complementary opportunities that will create value for its shareholders.

Environmental regulation

The operations and proposed activities of the company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on the company's ongoing compliance with environmental legislation, regulations, and licences. Significant liabilities could be imposed on the company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programs or mining activities.

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 2023 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.

Auditor

William Buck Audit (Vic) Pty Ltd continues in office 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

A handwritten signature in blue ink, appearing to read 'Simon Lill', written over a horizontal line.

Simon Lill
Director

14 March 2024

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the directors of Evergreen Lithium Limited

As lead auditor for the review of Evergreen Lithium Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, 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.

This declaration is in respect of Evergreen Lithium Limited and the entities it controlled during the period.

William Buck

William Buck Audit (Vic) Pty Ltd

ABN 59 116 151 136

N. S. Benbow

N. S. Benbow

Director

Melbourne, 14 March 2024

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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 half-year. The financial statements are presented in Australian dollars, which is Evergreen Lithium Limited's functional and presentation currency.

Evergreen Lithium Limited is a listed 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 14 March 2024.

Evergreen Lithium Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023



		Consolidated	31 December
	Note	31 December	2022
		2023	(restated)
		\$	\$
Revenue			
Interest income		113,226	-
Expenses			
Corporate & administrative expenses	3	(1,875,636)	(676,218)
Depreciation and amortisation expense		(11,401)	(4,710)
Transaction costs		-	(254,539)
Finance costs		(35)	(280)
Loss before income tax expense		(1,773,846)	(935,747)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Evergreen Lithium Limited		(1,773,846)	(935,747)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Evergreen Lithium Limited		(1,773,846)	(935,747)
		Cents	Cents
Basic earnings per share		(0.98)	(0.62)
Diluted earnings per share		(0.98)	(0.62)

Refer to note 2 for detailed information on Restatement of comparatives.

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 2023



		Consolidated	
	Note	31 December 2023	30 June 2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		6,865,594	8,688,891
Other receivables		126,031	163,415
Prepayments		66,506	44,001
Total current assets		7,058,131	8,896,307
Non-current assets			
Property, plant and equipment		106,923	114,506
Capitalised exploration and evaluation	4	12,569,967	11,998,788
Total non-current assets		12,676,890	12,113,294
Total assets		19,735,021	21,009,601
Liabilities			
Current liabilities			
Trade and other payables		236,748	772,947
Employee benefits		4,685	6,307
Total current liabilities		241,433	779,254
Non-current liabilities			
Employee benefits		686	385
Total non-current liabilities		686	385
Total liabilities		242,119	779,639
Net assets		19,492,902	20,229,962
Equity			
Issued capital		23,331,265	23,331,265
Reserves		4,251,675	3,214,889
Accumulated losses		(8,090,038)	(6,316,192)
Total equity		19,492,902	20,229,962

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 2023



Consolidated	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022 (reported)	16,250,070	(11,236,765)	5,013,305
Adjustment for change in accounting policy (note 2)	-	10,056,226	10,056,226
Balance at 1 July 2022 (restated*)	16,250,070	(1,180,539)	15,069,531
Loss after income tax expense for the half-year (restated*)	-	(935,747)	(935,747)
Other comprehensive income for the half-year, net of tax (restated*)	-	-	-
Total comprehensive income for the half-year (restated*)	-	(935,747)	(935,747)
Balance at 31 December 2022 (restated*)	<u>16,250,070</u>	<u>(2,116,286)</u>	<u>14,133,784</u>

*Refer to note 2 for detailed information on Restatement of comparatives.

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	23,331,265	3,214,889	(6,316,192)	20,229,962
Loss after income tax expense for the half-year	-	-	(1,773,846)	(1,773,846)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(1,773,846)	(1,773,846)
<i>Transactions with owners in their capacity as owners:</i>				
Vesting charge for share-based payments (note 7)	-	1,036,786	-	1,036,786
Balance at 31 December 2023	<u>23,331,265</u>	<u>4,251,675</u>	<u>(8,090,038)</u>	<u>19,492,902</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 2023



	Consolidated	
	31 December	
Note	2023	2022
	\$	(restated)
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(1,203,761)	(1,532,492)
Interest received	139,339	-
Interest and other finance costs paid	(35)	(280)
Net cash used in operating activities	(1,064,457)	(1,532,772)
Cash flows from investing activities		
Payments for property, plant and equipment	(3,818)	(129,718)
Payments for exploration and evaluation	(755,022)	(1,022,925)
Net cash used in investing activities	(758,840)	(1,152,643)
Cash flows from financing activities		
Repayment of borrowings	-	(50,000)
Net cash used in financing activities	-	(50,000)
Net decrease in cash and cash equivalents	(1,823,297)	(2,735,415)
Cash and cash equivalents at the beginning of the financial half-year	8,688,891	6,251,212
Cash and cash equivalents at the end of the financial half-year	<u>6,865,594</u>	<u>3,515,797</u>

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

Note 1. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 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 2023.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, 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. Restatement of comparatives

During the previous year ended 30 June 2023, the company concluded it is more appropriate to capitalise all costs associated with the exploration and evaluation activities undertaken. Please refer to the annual financial statements dated 30 June 2023 for disclosure.

In accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, the consolidated entity has retrospectively applied the aforementioned change in accounting policy and therefore, comparative information presented herein for the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows have been restated.

Statement of profit or loss and other comprehensive income

	Consolidated		
	31 December 2022		31 December 2022
	\$	\$	\$
Extract	Reported	Adjustment	Restated
Expenses			
Corporate & administrative expenses	(676,218)	-	(676,218)
Exploration and evaluation costs	(1,015,152)	1,015,152	-
Depreciation and amortisation expense	(4,710)	-	(4,710)
Transaction costs	(254,539)	-	(254,539)
Finance costs	(280)	-	(280)
Loss before income tax expense	(1,950,899)	1,015,152	(935,747)
Income tax expense	-	-	-
Loss after income tax expense for the half-year attributable to the owners of Evergreen Lithium Limited	(1,950,899)	1,015,152	(935,747)
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year attributable to the owners of Evergreen Lithium Limited	(1,950,899)	1,015,152	(935,747)

Note 2. Restatement of comparatives (continued)

	Cents Reported	Cents Adjustment	Cents Restated
Basic earnings per share	(1.29)	0.67	(0.62)
Diluted earnings per share	(1.29)	0.67	(0.62)

Statement of financial position

A comparative restated statement of financial position has not been presented within this note as the comparative period (30 June 2023) had already been restated for the above change in accounting policy as at this date. Please refer to the latest annual report dated 30 June 2023 for details of this restatement.

Statement of changes in equity

The restatement of comparatives above requires a restatement of the prior period statement of changes in equity. As elements of the restated amounts related to opening balances pre-1 July 2022, the opening retained earnings figure has been restated by \$10,056,226.

Statement of cash flows

The restatement of comparatives above requires a restatement of the prior period statement of cash flows. \$1,022,925 has been reclassified from cash flows from operating activities to cash flows from investing activities as payments for exploration and evaluation.

Note 3. Corporate and administrative costs

	Consolidated 31 December 2023 \$	31 December 2022 (restated) \$
Administration expenses	118,259	88,196
Employee benefits expense	364,445	194,652
Marketing and promotion expenses	34,500	11,250
Other expenses	55,026	17,324
Professional fees	266,619	364,796
Share-based payment expense - Directors	377,221	-
Share-based payment expense - consultants	659,566	-
	<u>1,875,636</u>	<u>676,218</u>

Note 4. Capitalised exploration and evaluation

	Consolidated 31 December 2023 \$	Restated Consolidated 30 June 2023 \$
<i>Non-current assets</i>		
Exploration and evaluation - Bynoe	10,317,328	9,839,640
Exploration and evaluation - Kenny	2,252,639	2,159,148
	<u>12,569,967</u>	<u>11,998,788</u>

Note 4. Capitalised exploration and evaluation (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Bynoe \$	Kenny \$	Total \$
Balance at 1 July 2023	9,839,640	2,159,148	11,998,788
Expenditure during the half-year*	477,688	93,491	571,179
Balance at 31 December 2023	<u>10,317,328</u>	<u>2,252,639</u>	<u>12,569,967</u>

*Cash payments for exploration and evaluation during the half-year was \$755,022. This comprises the following:

- Exploration and evaluation expenditure capitalised during the half-year: \$571,179
- Add: Trade payables relating to exploration and evaluation outstanding at 30 June 2023, paid during the half-year: \$32,155
- Add: Accrued expenses relating to exploration and evaluation outstanding at 30 June 2023, paid during the half-year: \$201,664
- Less: GST receivable relating to exploration and evaluation owed at 30 June 2023, received during the half-year: \$49,976

Note 5. 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) minimum expenditure requirements on Evergreen tenements

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 are as follows:

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

Minimum expenditure requirements

The consolidated entity has minimum expenditure requirements on both its granted exploration tenements. Bynoe's minimum annual expenditure requirements amount to \$750,000 for the year ending 14 February 2024. Kenny's minimum annual expenditure requirements amount to \$140,000 for the year ending 25 October 2024. Management can confirm that the consolidated entity has met its minimum expenditure requirements for Bynoe (year ending 14 February 2024) and Kenny (year ending 25 October 2023).

There are no other contractual commitments or contingent liabilities at 31 December 2023.

Note 6. Events after the reporting period

No matter or circumstance has arisen since 31 December 2023 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 7. Share-based payments

An employee incentive securities plan has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Board, grant options over ordinary shares in the company to certain key management personnel of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board.

Set out below are summaries of options granted and on issue at 31 December 2023:

31 December
2023

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
24/01/2022	24/01/2027	\$0.30	35,000,000	-	-	-	35,000,000
11/04/2023	11/04/2026	\$0.40	500,000	-	-	-	500,000
11/04/2023	24/01/2027	\$0.30	9,999,999	-	-	-	9,999,999
11/04/2023	11/04/2025	\$0.00	2,000,000	-	-	-	2,000,000
11/04/2023	11/04/2025	\$0.00	2,000,000	-	-	-	2,000,000
11/04/2023	11/04/2025	\$0.00	2,000,000	-	-	-	2,000,000
11/04/2023	11/04/2025	\$0.00	3,750,000	-	-	-	3,750,000
11/04/2023	11/04/2025	\$0.00	3,750,000	-	-	-	3,750,000
11/04/2023	11/04/2024	\$0.00	1,000,000	-	-	-	1,000,000
11/04/2023	11/04/2025	\$0.00	1,000,000	-	-	-	1,000,000
			60,999,999	-	-	-	60,999,999
Weighted average exercise price			\$0.22	\$0.00	\$0.00	\$0.00	\$0.22

31 December
2022

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
24/01/2022	24/01/2027	\$0.30	-	35,000,000	-	-	35,000,000
			-	35,000,000	-	-	35,000,000
Weighted average exercise price			\$0.00	\$0.30	\$0.00	\$0.00	\$0.30

The weighted average share price during the financial half-year was \$0.25 per share.

A summary of the above options which have not yet vested at the report date are detailed below:

Note 7. Share-based payments (continued)

Option class	Balance	Vesting conditions	Vesting date
Unlisted Director options, issued as part of share-based compensation for remuneration	35,000,000	N/A	24/01/2027
Unlisted Director options, issued as part of share-based compensation for remuneration	2,000,000	Vesting in two tranches of 500,000 upon achievement of 1 year of continuous service.	11/04/2024
Unlisted Director options, issued as part of share-based compensation for remuneration	2,000,000	Vesting in two tranches of 500,000 upon achievement of 2 years of continuous service.	11/04/2025
Consultant options	3,750,000	Vesting in three tranches of 1,250,000 upon achievement of 1 year of continuous service.	11/04/2024
Consultant options	3,750,000	Vesting in three tranches of 1,250,000 upon achievement of 2 years of continuous service.	11/04/2025
Consultant options	1,000,000	Vesting in one tranche of 1,000,000 upon achievement of 1 year of continuous service.	11/04/2024
Consultant options	1,000,000	Vesting in one tranche of 1,000,000 upon achievement of 2 years of continuous service.	11/04/2025
	<u>48,500,000</u>		

The weighted average remaining contractual life of options outstanding at the end of the financial half-year was 2.6 years (31 December 2022: 4.1 years).

Share-based payments during the half-year comprise the following:

- Share-based payments expense - Directors: \$377,221 (note 3)
- Share-based payments expense - consultants: \$659,566 (note 3)

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 2023 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

A handwritten signature in blue ink, appearing to read "Simon Lill", written over a horizontal line.

Simon Lill
Director

14 March 2024

Independent auditor's review report to the members of Evergreen Lithium Limited

Report on the half-year financial report



Our conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Evergreen Lithium Limited (the Company), and its controlled entities (together, the consolidated entity) does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its financial performance for the half-year then ended; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

What was reviewed?

We have reviewed the accompanying half-year financial report of the consolidated entity, which comprises:

- the consolidated statement of financial position as at 31 December 2023,
- the consolidated statement of profit or loss and other comprehensive income for the half-year then ended,
- the consolidated statement of changes in equity for the half-year then ended,
- the consolidated statement of cash flows for the half-year then ended,
- notes to the financial statements, including material accounting policy information, and
- the directors' declaration.

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.

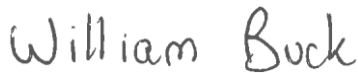
Responsibilities of the directors for the financial report

The directors of the consolidated entity 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 2023 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 Audit (Vic) Pty Ltd
ABN 59 116 151 136



N. S. Benbow

Director

Melbourne, 14 March 2024