



PROVARIS ENERGY LTD

APPENDIX 4E - PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

ASX Release

31 August 2023

DETAILS OF THE REPORTING PERIOD

This report details the consolidated results of Provaris Energy Ltd, ABN: 53 109 213 470 ("Provaris" or "the Company") and its controlled entities ("the Group") for the year ended 30 June 2023. Comparatives are for the year ended 30 June 2022.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

| | | | | 2023 | 2022 |
|-----|--------------------------------------------------------------------------|----|-----|---------------|---------------|
| | | | | \$'000 | \$'000 |
| 2.1 | Revenue from ordinary activities | — | — | — | — |
| 2.2 | Profit/(Loss) from ordinary activities after tax attributable to members | Up | 84% | (12,407) | (6,758) |
| 2.3 | Net profit/(loss) for the year attributable to members | Up | 84% | (12,407) | (6,758) |
| | | | | Cents | Cents |
| 2.4 | Net Tangible assets per security – at the end of the year | | | 0.79 | 2.03 |

DIVIDENDS

No dividends have been paid or declared since the start of the financial year by the Company. The directors have recommended that no dividend be paid by the Company in respect of the year ended 30 June 2023. The Company does not have a dividend reinvestment plan.

DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE YEAR

The Group incorporated a 100% owned Norwegian subsidiary Provaris Norway AS during the financial year. The Group did not gain or lose control over any other entities during the year.

DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

The Group did not have any associates or joint venture entities during the year.

COMMENTARY ON THE RESULTS

The operating loss for the Consolidated Entity, after income tax, amounted to \$12,407,340 (2022: loss of \$6,757,611). The operating loss for the year includes direct project development costs of \$3,234,836 (2022: \$2,381,135) with the increase in recognition of the hydrogen development activities underway in Australia and more recently Norway, and derecognition of an intangible asset of \$5,179,025 related to the acquisition of 100% of Sea NG Corporation and patent portfolio for a compressed natural gas carrier (CNG Optimum) in 2019 (2022: \$nil), in addition to staff costs and operational overheads of \$3,993,479 (2022: \$4,376,476).

At 30 June 2023, the Consolidated Entity had cash and cash equivalents of \$5,069,836 (2022: \$11,616,888) and no debt (2021: Nil). The Company has not raised additional capital during the period.

Provaris' business model is focused on the development and investment in profitable projects across the green hydrogen value chain to commercialise the Company's innovative compressed gaseous hydrogen carriers and storage solutions (H2Neo and H2Leo) that benefit from the simplicity and efficiency of compression to store and transport hydrogen in gaseous form.



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A portfolio of development projects are advancing into detailed feasibility studies, including:

- In Norway, the established of Provaris Norway AS and location of key management has resulted in two collaborations agreements being announced for the development of green hydrogen supply chains to supply the high demand market of continental Europe. Prefeasibility level studies are now underway and further collaboration opportunities are being assessed for this region.
- In Australia, the Tiwi H2 project, located on the Tiwi Islands, has completed a Design Concept Study and detail design of the solar farm and transmission line to the proposed hydrogen production precinct; and
- Discussions remain ongoing for collaboration with renewable hydrogen project developers in Europe and Asia to move hydrogen to regional demand locations which are highly suitable and commercial to the application of our compressed hydrogen storage and shipping solutions.

AUDIT OF FINANCIAL STATEMENTS

This report is based on Accounts which are in the process of being audited.

PRELIMINARY FINANCIAL STATEMENTS

The attached financial statements are based on preliminary unaudited results for the year-ended 30 June 2023. Please refer to pages 3 to 9 of this report, where the following statements are provided:

- Consolidated Statement of Profit or Loss and Other Comprehensive Income
- Consolidated Statement of Financial Position
- Consolidated Statement of Cash Flows
- Consolidated Statement of Changes in Equity
- Abbreviated Notes to the Consolidated Financial Statements

Martin Carolan

Managing Director



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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

| | | Consolidated Entity | |
|-----------------------------------------------------------------------------------------------------------------|-------------|----------------------------|--------------------|
| | Note | 2023 | 2022 |
| | | \$ | \$ |
| Income | 1 | 586,104 | 367,057 |
| Corporate and administrative | | (4,138,158) | (3,215,697) |
| Project development | | (3,234,836) | (2,381,135) |
| Amortisation of intangible asset | 4 | (207,161) | (414,322) |
| Derecognition of intangible asset | 4 | (5,179,025) | — |
| Share based payments | | (234,264) | (1,113,514) |
| LOSS BEFORE INCOME TAX EXPENSE | | (12,407,340) | (6,757,611) |
| Income tax expense | | — | — |
| LOSS AFTER RELATED INCOME TAX EXPENSE | | (12,407,340) | (6,757,611) |
| OTHER COMPREHENSIVE INCOME | | | |
| <i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax)</i> | | | |
| Exchange differences on translating foreign operations | | (9,073) | (425) |
| Income tax relating to components of other comprehensive income | | | — |
| OTHER COMPREHENSIVE LOSS AFTER INCOME TAX | | (9,073) | (425) |
| TOTAL COMPREHENSIVE LOSS FOR THE YEAR | | (12,416,413) | (6,758,036) |
| BASIC (LOSS) PER SHARE (CENTS PER SHARE) | 2 | (2.26) | (1.32) |
| DILUTED (LOSS) PER SHARE (CENTS PER SHARE) | 2 | (2.26) | (1.32) |

The accompanying abbreviated notes form part of these financial statements.



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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

| | Note | Consolidated Entity | |
|----------------------------------|-------------|----------------------------|--------------|
| | | 2023 | 2022 |
| | | \$ | \$ |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 5,069,836 | 11,616,888 |
| Other assets | | 158,785 | 342,615 |
| TOTAL CURRENT ASSETS | | 5,228,621 | 11,959,503 |
| NON-CURRENT ASSETS | | | |
| Plant and equipment | | — | 1,110 |
| Intangible asset | 4 | — | 5,386,186 |
| TOTAL NON-CURRENT ASSETS | | — | 5,387,296 |
| TOTAL ASSETS | | 5,228,621 | 17,346,799 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 782,327 | 771,453 |
| Provisions | | 114,609 | 61,522 |
| TOTAL CURRENT LIABILITIES | | 896,936 | 832,975 |
| TOTAL LIABILITIES | | 896,936 | 832,975 |
| NET ASSETS | | 4,331,685 | 16,513,824 |
| EQUITY | | | |
| Issued capital | | 85,901,440 | 85,811,930 |
| Reserves | | 3,856,401 | 3,720,710 |
| Accumulated losses | | (85,426,156) | (73,018,816) |
| TOTAL EQUITY | | 4,331,685 | 16,513,824 |

The accompanying abbreviated notes form part of these financial statements.



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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

| | Note | Consolidated Entity | 2023 | 2022 |
|------------------------------------------------------|-------------|----------------------------|--------------------|-------------|
| | | \$ | \$ | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Payments to suppliers and employees | | (3,907,196) | (3,110,378) | |
| Project development | | (3,341,470) | (1,910,413) | |
| Interest received | | 154,760 | 22,634 | |
| Research and development tax concession rebate | | 374,766 | 45,775 | |
| WA Renewable Hydrogen Fund grant | | 154,500 | 145,500 | |
| NET CASH OUTFLOW USED IN OPERATING ACTIVITIES | 3 | (6,564,640) | (4,806,882) | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| | | - | - | |
| NET CASH OUTFLOW FROM INVESTING ACTIVITIES | | - | - | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Proceeds from equity issues | | - | 10,538,750 | |
| Exercise of loyalty options | | 10 | 72 | |
| Capital raising costs | | - | (716,416) | |
| NET CASH INFLOW FROM FINANCING ACTIVITIES | | 10 | 9,822,406 | |
| NET (DECREASE)/INCREASE IN CASH HELD | | (6,564,630) | 5,015,524 | |
| Net foreign exchange differences | | 17,578 | 37,648 | |
| Cash and cash equivalents at beginning of year | | 11,616,888 | 6,563,716 | |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 3 | 5,069,836 | 11,616,888 | |

The accompanying abbreviated notes form part of these financial statements.



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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

CONSOLIDATED ENTITY

ATTRIBUTABLE TO MEMBERS
OF THE COMPANY

| | Issued Capital \$ | Share Based Payments Reserve \$ | Currency Translation Reserve \$ | Fair Value Reserve | Accumulated Losses \$ | Total Equity \$ |
|------------------------------------------------------------------|-------------------------|---------------------------------------------|------------------------------------------|-----------------------|-----------------------------|--------------------|
| AT 1 JULY 2022 | 85,811,930 | 3,726,806 | (6,096) | — | (73,018,816) | 16,513,824 |
| COMPREHENSIVE LOSS | | | | | | |
| Currency translation | — | — | (9,073) | — | — | (9,073) |
| Loss for year | — | — | — | — | (12,407,340) | (12,407,340) |
| TOTAL COMPREHENSIVE LOSS FOR THE YEAR | — | — | (9,073) | — | (12,407,340) | (12,416,413) |
| TRANSACTIONS WITH OWNERS, IN THEIR CAPACITY AS OWNERS | | | | | | |
| Issue of shares under ESOP | 89,500 | — | — | — | — | 89,500 |
| Issue of options – consultants | — | 80,000 | — | — | — | 80,000 |
| Expense of performance rights | — | 64,764 | — | — | — | 64,764 |
| Loyalty options exercised | 10 | — | — | — | — | 10 |
| AT 30 JUNE 2023 | 85,901,440 | 3,871,570 | (15,169) | — | (85,426,156) | 4,331,685 |
| At 1 July 2021 | 75,727,744 | 2,791,992 | (5,671) | (2,639,591) | (63,621,614) | 12,252,860 |
| Comprehensive loss | | | | | | |
| Currency translation | — | — | (425) | — | — | (425) |
| Loss for year | — | — | — | — | (6,757,611) | (6,757,611) |
| Total comprehensive loss for the year | — | — | (425) | — | (6,757,611) | (6,758,036) |
| TRANSACTIONS WITH OWNERS, IN THEIR CAPACITY AS OWNERS | | | | | | |
| Share placement | 10,000,000 | — | — | — | — | 10,000,000 |
| Share Purchase Plan | 538,750 | — | — | — | — | 538,750 |
| Capital raising costs - cash | (716,416) | — | — | — | — | (716,416) |
| Capital raising costs – non-cash | (661,800) | 661,800 | — | — | — | — |
| Issue of shares - ESOP | 840,500 | — | — | — | — | 840,500 |
| Issue of shares - consultant | 83,080 | — | — | — | — | 83,080 |
| Issue of performance rights | — | 273,014 | — | — | — | 273,014 |
| Loyalty options exercised | 72 | — | — | — | — | 72 |
| Transfer to accumulated losses | — | — | — | 2,639,591 | (2,639,591) | — |
| AT 30 JUNE 2022 | 85,811,930 | 3,726,806 | (6,096) | — | (73,018,816) | 16,513,824 |

The accompanying abbreviated notes form part of these financial statements.



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ABBREVIATED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

Basis of Preparation

The preliminary financial statements relate to Provaris Energy Ltd and its controlled entities (“the Group”) for the year-ended 30 June 2023, and has been prepared based on the requirements of Rule 4.3A of the ASX Listing Rules (Appendix 4E).

The accounting policies applied in these preliminary consolidated financial reports are the same as those applied in the Group consolidated financial statements as at, and for the year-ended, 30 June 2022.

NOTE 1. INCOME

Consolidated Entity
2023 **2022**
\$ **\$**

The loss before income tax includes the following income where disclosure is relevant in explaining the performance of the Group:

| | | |
|------------------------------------------------------------|----------------|----------------|
| Interest received | 154,760 | 22,634 |
| Unrealised exchange gains | 17,578 | 37,648 |
| Research and development tax concession rebate | 374,766 | 45,775 |
| Other income – WA State Government Renewable Hydrogen Fund | 39,000 | 261,000 |
| TOTAL INCOME | 586,104 | 367,057 |

NOTE 2. EARNINGS PER SHARE

| | | |
|---------------------------------------------|--------------|-------------|
| Basic loss per share (cents per share) | (2.26) | (1.32) |
| Diluted loss per share (cents per share) | (2.26) | (1.32) |
| (Loss) used in the calculation of basic EPS | (12,407,340) | (6,757,611) |

2023 **2022**
Shares **Shares**

| | | |
|------------------------------------------------------------------------------------------------------------|-------------|-------------|
| Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share | 548,659,924 | 512,860,714 |
|------------------------------------------------------------------------------------------------------------|-------------|-------------|

NOTE 3. CASH FLOW INFORMATION

RECONCILIATION OF CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position:

| | | |
|-------------------------------------------------------------------|------------------|-------------------|
| Cash | 2,069,836 | 1,316,888 |
| Term deposits | 3,000,000 | 10,300,000 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR | 5,069,836 | 11,616,888 |



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| | Consolidated Entity | |
|-------------------------------------------------------------------------------|----------------------------|--------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| NOTE 3. CASH FLOW INFORMATION (CONTINUED) | | |
| RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH LOSS AFTER INCOME TAX | | |
| Loss after tax | (12,407,340) | (6,757,611) |
| <i>Non-cash items in loss</i> | | |
| Cost of share-based payments | 234,264 | 1,113,514 |
| Foreign exchange loss/(profit) | (26,651) | (38,073) |
| Depreciation of plant and equipment | 1,110 | 1,539 |
| Derecognition of intellectual property | 5,179,025 | - |
| Amortisation of intellectual property | 207,161 | 414,322 |
| Shares issued - consultant | - | 83,080 |
| <i>Changes in assets and liabilities</i> | | |
| Decrease/(increase) in receivables | 183,830 | (237,192) |
| Increase in creditors and accruals | 10,874 | 580,654 |
| Increase in provisions | 53,087 | 32,885 |
| NET CASH USED IN OPERATING ACTIVITIES | (6,564,640) | (4,806,882) |

Cash at banks earns interest at floating rates based on daily bank deposit rates.

NOTE 4. INTANGIBLE ASSET

| | | |
|-----------------------------------------|-------------|-----------|
| Gross carrying amount at cost | - | 6,214,830 |
| Less: Accumulated amortisation | - | (828,644) |
| | - | 5,386,186 |
| <i>Reconciliation of movement</i> | | |
| Carrying amount at beginning of year | 5,386,186 | 5,800,508 |
| Less: Amortisation | (207,161) | (414,322) |
| Less: Derecognition of intangible asset | (5,179,025) | - |
| Carrying amount at end of year | - | 5,386,186 |



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NOTE 4. INTANGIBLE ASSET (CONTINUED)

Intellectual property comprised compressed natural gas (CNG) marine transport design technology and associated patents, derived from the acquisition on 7 December 2017 of 100% of Sea NG Corporation (SeaNG), a Calgary based company (now GEV Canada Corporation).

At 1 July 2020, a decision was made to begin to amortise the Intellectual Property as it satisfied the criteria of being available for use at that date. The Intellectual Property was being amortised on a straight-line basis over a period of 15 years, being the estimated useful life of the asset. The amortisation expense for the period was \$207,161 (2022: \$414,322).

At present, Provaris is focused on progression of its hydrogen projects, including new IP ("H2-IP") for the storage and marine transportation of hydrogen in compressed form (including the H2Neo & H2Max carriers and H2Leo barge). Although some high-level enquiries have been received from external parties with potential for CNG projects that would have once contemplated the use of the CNG Optimum IP, given the move to the new H2-IP, it is likely that any commercialisation event involving CNG would be delivered via the new H2-IP compressed gas tank and carrier design, with modifications to meet the certification and safety approvals to store and transport natural gas (instead of hydrogen). Therefore, it is uncertain whether the CNG Optimum IP will ever be commercialised, and as such the intangible asset has been derecognised as no future economic benefits are expected to be realised.