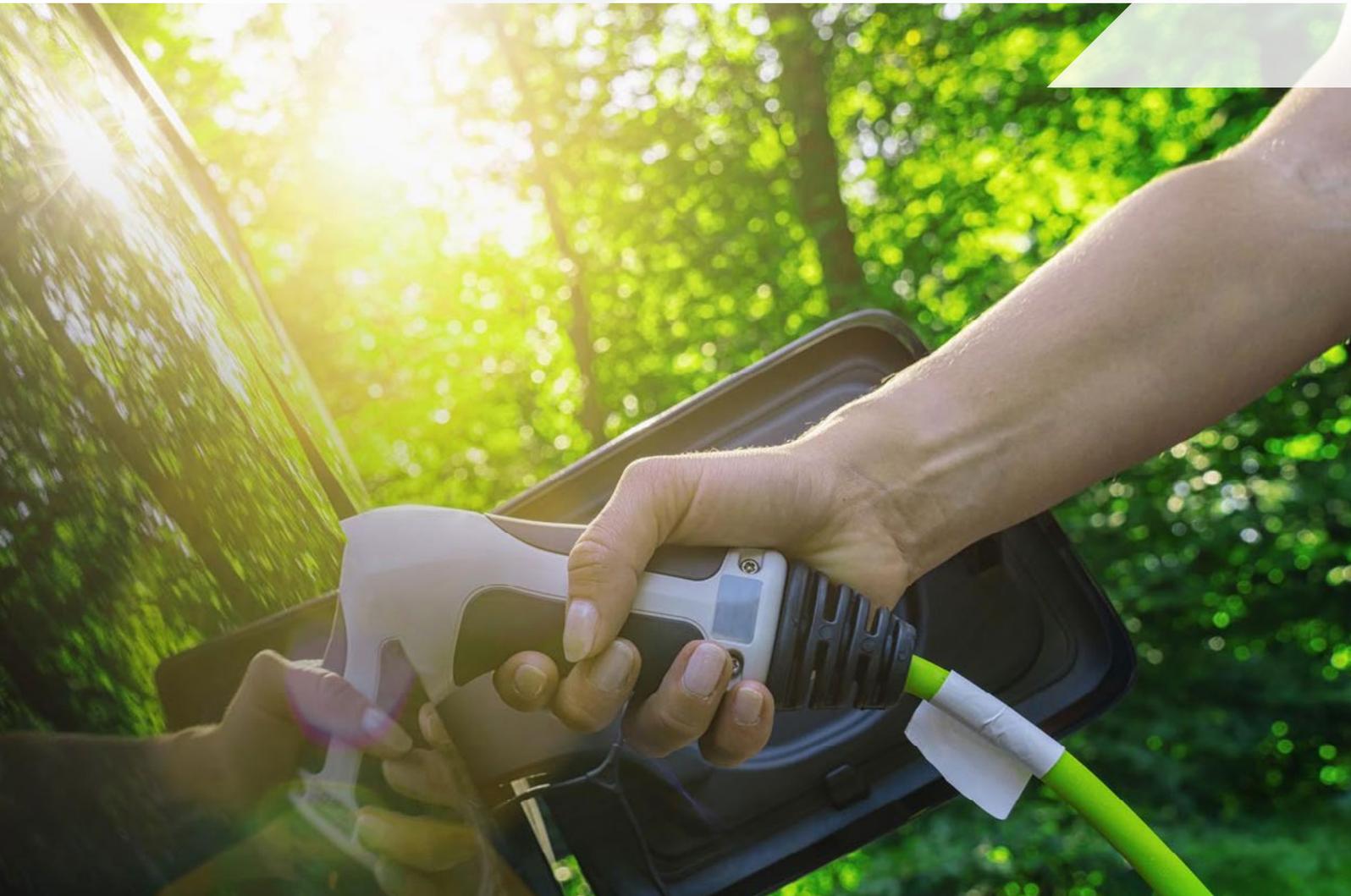


ABN 15 117 330 757

# INTERIM FINANCIAL REPORT



**For the Half Year  
Ended 31 December 2022**

 **EcoGraf™**



**Founded on a commitment to innovation and sustainability, we are working towards a clean energy future**

**EXTRACT**



**TanzGraphite  
Natural Graphite**

Advanced, high quality, long life Epanko and Merelani-Arusha Graphite Projects

**UPGRADE**



**HFfree Battery Anode  
Material Facility**

High performance, low CO<sub>2</sub> battery anode material

**RECYCLE**



**Anode  
Recycling**

EcoGraf™ purification technology with sector leading ESG credentials



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## DIRECTORS' REPORT

The directors' of EcoGraf Limited ("EcoGraf" or "the Company") and its controlled entities (collectively, the "consolidated entity") present their report together with the financial statements of the consolidated entity for the half year ended 31 December 2022.

### Board of directors

The directors of the Company throughout the half year and to the date of this report are as follows:

<b>Robert Pett</b>	Non-Executive Chairman
<b>Andrew Spinks</b>	Managing Director
<b>John Conidi</b>	Non-Executive Director

### Principal activities

EcoGraf is building a diversified battery anode material business to produce high purity graphite products for the lithium-ion battery and advanced manufacturing markets. Over US\$30 million has been invested to date to create a highly attractive graphite mining and mineral processing business.

In Tanzania, the Company is developing the TanzGraphite natural flake graphite business, commencing with the Epanko Graphite Project, to provide a long-term, scalable supply of feedstock for EcoGraf™ battery anode material processing facilities, together with high quality large flake graphite products for specialised industrial applications.

Using its EcoGraf HFree™ purification technology, the Company will upgrade the flake graphite to produce 99.95%C high performance battery anode material to supply electric vehicle, battery and anode manufacturers in Asia, Europe and North America as the world transitions to clean, renewable energy.

Battery recycling is critical to improving supply chain sustainability and the Company's successful application of the EcoGraf™ purification process to recycle battery anode material provides it with a unique ability to support customers to reduce CO<sub>2</sub> emissions and lower battery costs.

### Operating results

The loss after income tax incurred by the consolidated entity for the six months ended 31 December 2022 was \$3,778,000 (2021 loss: \$2,721,000).

No dividends were declared or paid during the six months ended 31 December 2022 (2021: nil).

### Review of operations

During the half year EcoGraf advanced the Company's natural flake graphite business, that is focussed on the long-life, high quality Epanko Graphite Project (Epanko) in Tanzania, with positive progress on the Framework Agreement in support of the debt financing program for the initial Stage 1 - 60,000tpa development.

The Company is also developing a battery anode material business that is expected to provide a new supply of high quality purified spherical graphite for the high growth lithium-ion battery market, using its patent-pending HFree purification process developed in Australia and Germany.

Extensive testing and development has been undertaken to provide the lithium-ion battery market with more sustainable, high performing battery anode material products.

EcoGraf has received interest from leading North American, Asian and European battery market participants for the supply of new sources of high quality, sustainably produced battery anode material products, focussed on the ability of the Company to scale-up production rates to meet demand requirements in those regions.

The Company is adapting its development strategy to meet the expected global demand for battery minerals as governments are continuing to support the creation of new, regionalised supply chains.

Through its product development programs, the Company is continually looking to improve process efficiency through on-going development of purification techniques in the piloting facility to optimise materials handling, impurity removal and operating conditions for a range of flake graphite feedstocks.

EcoGraf is also leveraging its proprietary EcoGraf HFree™ purification process to recover and re-use anode materials, with an initial focus on production scrap from anode cell and battery manufacturing processes. The intent is to collaborate with businesses to localise a commercial recycling solution close to planned battery gigafactories and share the value proposition from the recovery of both the copper and carbon.



## EXTRACT

### Natural Flake Graphite

The Company's natural flake graphite business is focussed on development of the long-life, high quality Epanko Graphite Project (Epanko or the Project) in Tanzania. Extensive work has been undertaken at Epanko to establish a development-ready new graphite mine, including:

- Bankable Feasibility Study (BFS) demonstrating a highly attractive development opportunity;
- Granted mining licence and environmental approvals;
- Independent Engineer's Review by SRK Consulting on behalf of lenders, confirming technical aspects of the proposed development and that the Equator Principles social and environmental planning satisfies International Finance Corporation Performance Standards and World Bank Group Environmental, Health and Safety Guidelines;
- Flake graphite sales for key markets in Europe and Asia;
- Target cost engineering, procurement and construction (EPC) arrangements; and
- Project financing program involving international and Tanzanian financial institutions.

Extensive evaluation conducted with prospective customers demonstrates that the unique geology of Tanzanian graphite delivers a superior battery anode material product which outperforms other global reference materials in mechanical shaping, purification and electrochemical benchmarking analysis.

### Epanko Framework Agreement

Negotiations with the Tanzanian Special Presidential Government Negotiating Team in relation to the Framework Agreement for the development and operation of Epanko have concluded. The Government of Tanzania is currently completing its approval processes to enable signing of the Framework Agreement. This is an important step that will support the financing and development of the Project.

Under President Samia Suluhu Hassan, Tanzania is continuing to implement changes to encourage new foreign investment across its minerals sector and EcoGraf looks forward to partnering with the Government on the development of the world-class Epanko Graphite Project.

### Epanko Development

EcoGraf is focussed on the initial Stage 1 development of Epanko, with a production capacity of 60,000tpa. The project team is being expanded with the recruitment of key personnel and multiple work streams are in progress to support development planning covering environmental and social management, site services and infrastructure, process plant engineering, project delivery and operational readiness.

Chrisjan Van Wyk has been appointed to lead the development of Epanko and has over 20 years of project execution experience, either leading the owner's team or as the EPCM project manager, most recently as the Project Director for the A\$700m Khoemacau Copper Project in Botswana. John Hearne has been recruited as Manager - Technical to lead geology, mining and metallurgical functions at EcoGraf.

He is a Mining Engineer with over 30 years of industry experience and has previously held roles with Henry Walker, North, BHP, Coffey Mining and Snowden Mining where he was CEO.

Meetings have recently been held with Government utilities TANESCO (Tanzania Electric Supply Company), TAZARA (Tanzania-Zambia Railway Authority) and TANROADS (Tanzania National Roads Agency) in relation to planned infrastructure developments, including:

- upgrades to an 80km section of road, replacement of multiple bridges and a 4-lane paved section of highway that is expected to be completed during 2023, supporting construction and operational logistics at Epanko;
- investment by TANESCO in power generation and transmission, including the Julius Nyerere Hydropower Station (2 GW to be completed by 2024) and the planned extension of the 220kV transmission network to Mahenge (7km from the Epanko site); and
- additional investment in rail and road infrastructure into the port of Dar es Salaam to expand capacity and improve efficiency.

Access to grid power via TANESCO will provide Epanko with cost competitive, clean energy, as hydroelectric power comprises approximately 45% of Tanzania's energy supply and is forecast to increase in the future as part of broader Government investment in hydro, solar, wind and biomass renewable energy generation. Independent Life Cycle Assessment (LCA) studies conducted for EcoGraf confirm electricity accounts for 45-55% of CO<sub>2</sub> emissions associated with its battery anode material products and



## DIRECTORS' REPORT

Tanzanian grid power will deliver a significant competitive advantage as electric vehicle OEMs seek more sustainable supply chains.

An independent review has been undertaken of the Epanko Environmental and Social Impact Assessment (ESIA) and Relocation Action Plan (RAP) to ensure Epanko continues to satisfy leading Equator Principles environmental and social development standards. The Company has commenced implementation of the recommendations from the review through a number of work streams that will update the ESIA and RAP arrangements.

The operational readiness workstream has also commenced with support from international consultancy Ausenco to establish the Operational Readiness Strategy that defines the overall approach to be taken for the development and its alignment with the Company's broader business objectives as Epanko transitions into operations.

### **Epanko Expansion Strategy**

Due to increasing demand for natural graphite, EcoGraf has commenced an evaluation of expansion options for Epanko to identify the most efficient pathway to scale-up production significantly beyond its initial Stage 1 - 60,000tpa capacity (refer ASX Announcement Updated Bankable Feasibility Study 21 June 2017), to supply the high growth battery graphite market.

As part of this assessment of the long-term expansion potential of Epanko, global consultants Knight Piésold were engaged to determine the capacity for tailings storage for the Epanko Project.

The study has identified multiple options to expand the capacity of the existing tailings dam by approximately 800% as production ramps-up, delivering flexibility and reduced expansion costs.

### **East-African Graphite Supply Chain Hub**

The Company's extensive testing programs with prospective battery market customers have repeatedly demonstrated the superior performance of Epanko Tanzanian graphite in mechanical shaping, purification and electrochemical testing.

To optimise supply chain logistics efficiencies, the Company is completing an initial assessment of the potential for locating mechanical shaping (micronizing and spheronizing) activities in Tanzania to produce battery graphite feedstock for its customers and planned purification facilities.

Further meetings have been held with the Tanzanian Government and its key agencies, to consider potential locations. The assessment incorporates the mechanical shaping testwork, engineering and design work programs completed by EcoGraf's battery anode materials team.

### **Development Funding**

Positive progress on the Framework Agreement with the Government of Tanzania positions the Company for the Epanko debt financing program for the initial Stage 1 - 60,000tpa development.

EcoGraf has received interest from a range of financial institutions, encouraged by the extensive level of project studies and de-risking

undertaken by the Company, the Equator Principles environmental and social planning, the significantly improved investment environment in Tanzania and the positive outlook for graphite demand and pricing.

## UPGRADE

### **EcoGraf™ Battery Anode Material**

The Company is developing a battery anode material business that will provide a new supply of high quality purified spherical graphite for the high growth lithium-ion battery market, using its patent-pending HFree purification process developed in Australia and Germany.

Extensive testing and development has been undertaken to provide the lithium-ion battery market with more sustainably produced, high quality anode material products.

Graphite dominates battery mineral demand by volume, with recent forecasts by PwC Strategy& in Germany that global demand will rapidly grow from 200,000tpa in 2021 to almost 5,000,000tpa by 2035, supported by legislation to promote new regionalised battery supply chains in Europe and North America.

As a result of these recent initiatives by European Commission and the US Government to encourage investment in the battery sector, EcoGraf announced to ASX on 29 September 2022 its intention to accelerate plans to pursue opportunities that are emerging for the development of battery anode material processing facilities in these key growth markets.



As a vertically integrated graphite business, the Company is ideally positioned to capture global battery market opportunities through its strategy that combines centralised mechanical shaping capabilities with regionalised purification facilities.

### **Development**

EcoGraf has received interest from leading North American, Asian and European battery market participants for the supply of new sources of high quality, sustainably produced battery anode material products, focussed on the ability of the Company to scale-up production rates to meet demand requirements in those regions.

At the request of a major battery manufacturer, the Company commenced LCA modelling on two new sites in the US and attended in person meetings in the US with a number of key battery and EV manufacturers.

As a result, EcoGraf is in discussion with these parties on suitable offshore locations for the Company's commercial scale battery anode material facilities. The location of commercial facilities is linked to the establishment of ex-China anode manufacturing capacity in these key battery regions, with EcoGraf noting an urgency by those parties to advance their new anode production plans to meet legislative requirements on battery mineral sourcing.

### **Lithium-ion Battery Market Demand**

The Company is adapting its strategy to meet the expected global demand for battery minerals as governments are continuing to support the creation of new, regionalised supply chains.

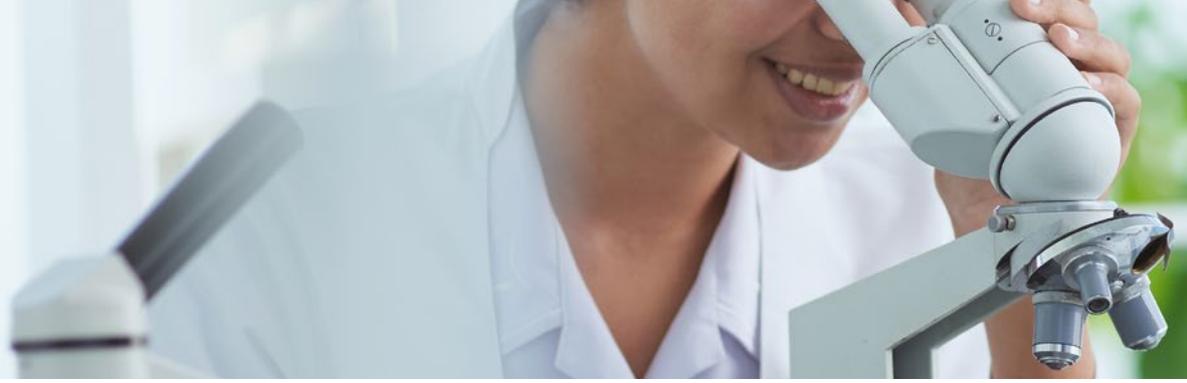
Following recent initiatives led by the United States, the Mineral Security Partnership (securing critical raw materials for the clean energy transition by responsible resource development) and the Inflation Reduction Act (incentivising localised supply chains and mass market adoption of electric vehicles) the Korea International Trade Association (KITA) recently reported that there will be exponential growth for major battery minerals over the next 20 years. Their forecast is based on surging demand for such minerals from the efforts of major economies like the US, European Union (EU) and China to replace fossil fuels with eco-friendly energy sources. KITA stated that South Korea must actively diversify its supply chains through more resource development abroad and related support, expansion of technological development such as recycling and use of waste resources, CO<sub>2</sub> reduction and alternative technology, and talks on forming supply chains.

### **Intellectual Property**

The Company has lodged with IP Australia its 'Evidence in Answer' to oppositions raised by two parties to the Company's Patent Application 2021261902 "Method of producing purified graphite". The EcoGraf Hffree™ purification process was developed by EcoGraf in Australia in 2017 and has since been refined through extensive testing and analysis conducted in Australia, Europe and Asia. Patents and trademarks have been lodged by EcoGraf in all key battery markets to protect the IP associated with this process and on 8 November 2021 the Company reported that the International Preliminary Examining Authority acting

under the Patent Co-operation Treaty had deemed all 25 of the EcoGraf patent claims as novel and inventive. Based on this positive examination and finding, in December 2021 the Australian Government, through IP Australia, confirmed acceptance of the Company's patent application and published it in the Australian Journal of Patents as part of a 3-month exposure period during which oppositions can be raised to the proposed grant of a patent. Oppositions were lodged with IP Australia by two parties, who then provided their Statement of Grounds and Particulars in June 2022 and Evidence in Support in September 2022. After reviewing the Evidence in Support, EcoGraf filed its Evidence in Answer in December 2022.

The Opponents will be provided an opportunity to file Evidence in Reply. Thereafter it is expected that the Commissioner of Patents will appoint a delegate to consider the matter (which may include obtaining additional information and holding a hearing) and issue a decision. It is open to a party to appeal this decision to the Federal Court. Protection of EcoGraf's significant investment in proprietary processing, innovation and new technology provides it with a competitive advantage and benefits Australia's position as a major supplier of critical minerals to global battery markets. The development of new Australian technologies supported by patents strongly aligns with the core principles of the Australian Government's Critical Minerals Strategy.



## DIRECTORS' REPORT

### Product Development

#### GreenRECARB

Byproduct fines generated through the spherization process can be processed into GreenRECARB, a carbon additive or recarburiser to Induction and EAF furnaces in manufacturing of ductile/carbon steels.

GreenRECARB products have demonstrated key product advantages of lower carbon emission and impurities compared to existing hydrocarbon generated or fossil fuel based calcine petroleum coke used commonly in steel manufacturing. GreenRECARB high crystallinity supports rapid absorption and dissolution in steel manufacturing.

GreenRECARB samples in pelletised form have been sent to various steel mills for continued assessment of this high quality recarburiser product.

#### Enhanced HPA Coatings

EcoGraf and FYI Resources Limited (FYI) have completed a lithium-ion battery electrochemical performance test program on High Purity Alumina (HPA) coated anode material and HPA enhanced polyolefin separator.

Following positive initial results, testwork is being undertaken to pair the HPA enhanced separator with the HPA-doped EcoGraf anode material. The innovative HPA doped carbon coating technical program is being undertaken in a leading US commercial battery material research facility using EcoGraf's battery anode material and FYI's ultrafine 4N HPA to generate HPA-doped coated anode.

#### EcoGraf Spherical Graphite Product Development and Qualification

EcoGraf has continued its production of high-density purified spherical graphite SPG16 and high performance SPG10 for product development and qualification with major Japanese, Korean and European lithium-ion battery anode manufacturers.

Product samples of high-density SPG16 and high performance SPG10 (both purified uncoated and coated) have been sent to these third parties for further battery coin cell electrochemical testing and cycling characteristic performance studies.

## RECYCLE

### Anode Recycling

EcoGraf is leveraging its proprietary EcoGraf HFfree™ purification process to recover and re-use anode materials, with an initial focus on production scrap from anode cell and battery manufacturing processes.

A non-binding memorandum of understanding (MoU) has been signed with MTB Group located in France.

The agreement sets out a framework for EcoGraf and MTB Group to collaborate and develop a production anode scrap recycling business to recover both copper and carbon from lithium-ion batteries in France.

The intent of the collaboration is to localise a commercial recycling solution close to planned battery gigafactories and share the value proposition from the recovery of both the copper and carbon.

EcoGraf and MTB plan to collaborate to develop a process flowsheet and test a range of feedstocks provided by battery and electric vehicle manufacturers to evaluate the recovery of both the copper and carbon materials.

The agreement provides potential to lock in long-term arrangements with major EV and battery manufacturers seeking to maximise battery supply chain CO<sub>2</sub> efficiencies.

Testwork has also continued with a range of battery and electric vehicle OEM's, including the ongoing work program with SungEel Hitech to support their recycling program with EcoGraf's HFfree anode recycling capability.

EcoGraf believes this anode recycling capability will fundamentally change the dynamics of the battery supply chain, leading to a significant reduction in CO<sub>2</sub> emissions and lowering overall battery production costs.

### Significant Events After The Balance Date

No matters or circumstances have arisen since 31 December 2022 that have significantly affected or may significantly affect:

- the consolidated entity's operations in future financial years;
- the results of those operations in future financial years; or
- the consolidated entity's state of affairs in future.

## Rounding

The amounts contained in this report and in the consolidated financial statements have been rounded to the nearest thousand (unless otherwise stated) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the legislative instrument applies.

## Auditor independence declaration

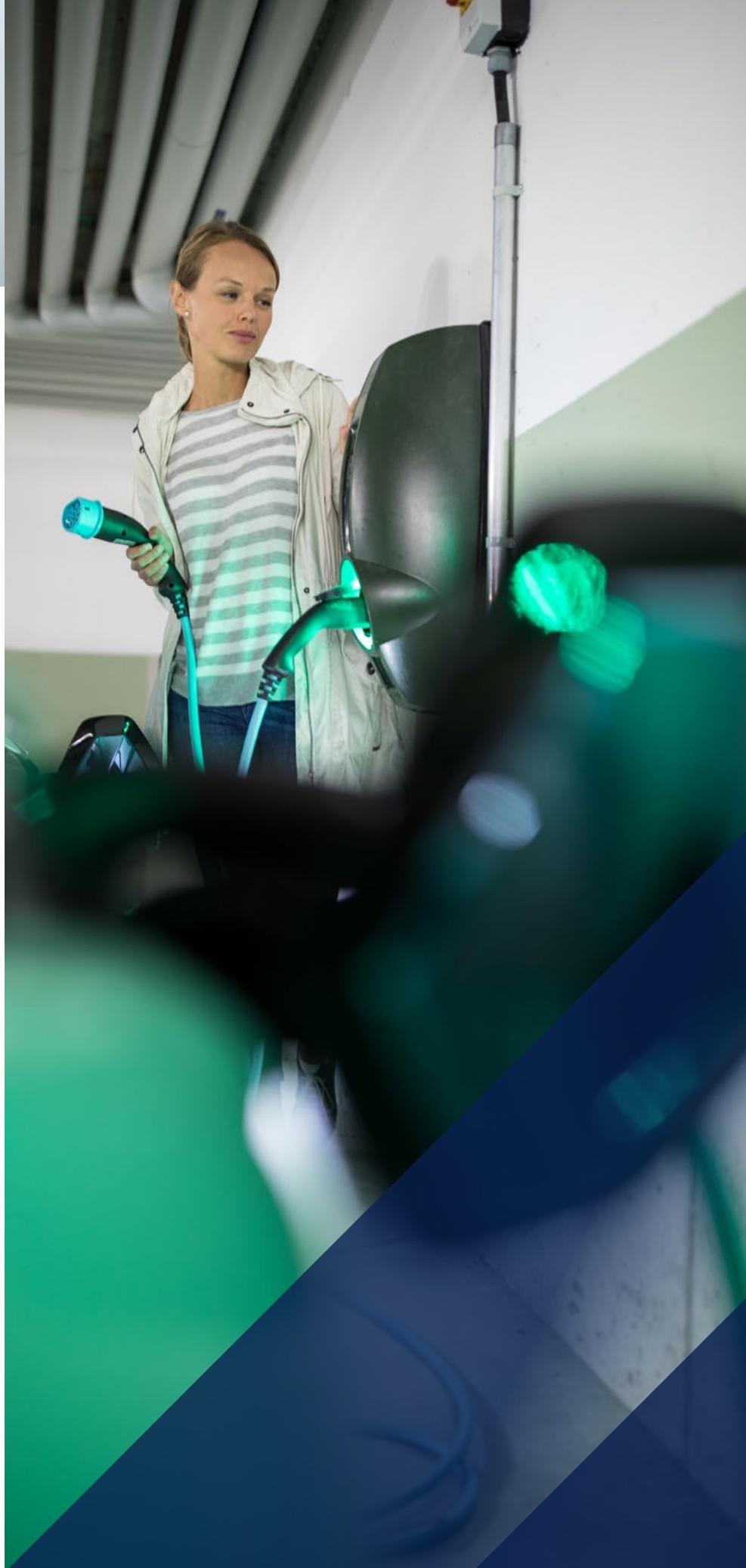
The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 19 of this report.

Signed in accordance with a resolution of the directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.



**Andrew Spinks**  
Managing Director

8 March 2023



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

For the Half Year Ended 31 December 2022

	Note	31 December 2022 \$'000	31 December 2021 \$'000
<b>INCOME</b>			
R&D tax offset		1,039	504
Other income		585	108
		1,624	612
<b>EXPENSES</b>			
Accounting, audit and taxation services		(87)	(70)
Consultants and contractors		(3,156)	(1,993)
Employee benefits		(1,140)	(739)
Depreciation		(10)	(6)
Directors' fees		(142)	(95)
Exploration & evaluation expensed		(181)	(20)
Information systems and technology		(24)	(14)
Listing and compliance		(71)	(97)
Office rental & outgoings		(98)	(87)
Other		(190)	(143)
Share based payments		(185)	(57)
Travel & accommodation		(113)	(1)
Foreign exchange losses (net)		(5)	(11)
		(5,402)	(3,333)
<b>Loss before income tax</b>		<b>(3,778)</b>	<b>(2,721)</b>
Income tax expense		-	-
<b>Loss after income tax for the period</b>		<b>(3,778)</b>	<b>(2,721)</b>
Other comprehensive loss			
<b>Total comprehensive loss for the period, net of tax</b>		<b>(3,778)</b>	<b>(2,721)</b>
<b>Loss per share attributable to equity holders of the Company:</b>			
		<b>Cents</b>	<b>Cents</b>
Basic loss per share		(0.84)	(0.62)
Diluted loss per share		(0.84)	(0.62)

The above statement should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	31 December 2022 \$'000	30 June 2022 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		5,792	6,728
Other financial assets - term deposits at bank		35,000	40,000
Other receivables		1,749	258
Prepayments		214	295
<b>Total current assets</b>		<b>42,755</b>	<b>47,281</b>
<b>Non-current assets</b>			
Property, plant and equipment		38	47
Exploration and evaluation assets	3	18,527	18,403
<b>Total non-current assets</b>		<b>18,565</b>	<b>18,450</b>
<b>Total assets</b>		<b>61,320</b>	<b>65,731</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		1,155	2,126
Employee provisions		151	155
<b>Total current liabilities</b>		<b>1,306</b>	<b>2,281</b>
<b>Non-current liabilities</b>			
Employee provisions		37	32
<b>Total non-current liabilities</b>		<b>37</b>	<b>32</b>
<b>Total liabilities</b>		<b>1,343</b>	<b>2,313</b>
<b>Net assets</b>		<b>59,977</b>	<b>63,418</b>
<b>Equity</b>			
Contributed equity	4	99,834	99,834
Reserves		8,763	8,426
Accumulated losses		(48,620)	(44,842)
<b>Total equity</b>		<b>59,977</b>	<b>63,418</b>

The above statement should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Half Year Ended 31 December 2022

	Contributed equity \$'000	Accumulated losses \$'000	Loan share reserve \$'000	Share based payment reserve \$'000	Total \$'000
<b>As at 1 July 2021</b>	99,837	(37,337)	(1,512)	9,342	70,330
Loss for the period	-	(2,721)	-	-	(2,721)
<b>Transactions with owners in their capacity as owners:</b>					
Share based payments	-	-	-	57	57
Share plan shares released	-	-	113	-	113
Share issue expense	(3)	-	-	-	(3)
<b>Balance at 31 December 2021</b>	<b>99,834</b>	<b>(40,058)</b>	<b>(1,399)</b>	<b>9,399</b>	<b>67,776</b>
<b>As at 1 July 2022</b>	99,834	(44,842)	(1,399)	9,825	63,418
Loss for the period	-	(3,778)	-	-	(3,778)
<b>Transactions with owners in their capacity as owners:</b>					
Share plan loan repayment	-	-	152	-	152
Share based payments	-	-	-	185	185
<b>Balance at 31 December 2022</b>	<b>99,834</b>	<b>(48,620)</b>	<b>(1,247)</b>	<b>10,010</b>	<b>59,977</b>

The above statement should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the Half Year Ended 31 December 2022

	31 December 2022 \$'000	31 December 2021 \$'000
<b>Operating activities</b>		
Payments to suppliers and employees	(6,005)	(3,104)
Research and development tax credit received	-	504
<b>Net cash flows (used in) operating activities</b>	<b>(6,005)</b>	<b>(2,600)</b>
<b>Investing activities</b>		
Payments for exploration and evaluation	(124)	(67)
Interest received	41	13
Other financial assets - term deposits at bank	5,000	5,000 <sup>1</sup>
<b>Net cash flows from investing activities</b>	<b>4,917</b>	<b>4,946</b>
<b>Financing activities</b>		
Repayment of share plan loans	152	113
Capital raising costs for issue of shares	-	(3)
<b>Net cash flows from financing activities</b>	<b>152</b>	<b>110</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(936)</b>	<b>2,456</b>
Cash and cash equivalents at beginning of the period	6,728	2,633 <sup>1</sup>
<b>Cash and cash equivalents at end of the period</b>	<b>5,792</b>	<b>5,089</b>
Other financial assets - term deposits at bank	35,000	45,000 <sup>1</sup>
	<b>40,792</b>	<b>50,089</b>

The above statement should be read in conjunction with the accompanying notes.

<sup>1</sup> Restated cash and cash equivalents as at 30 June 2021 is \$2,633,000 after reclassification of \$50,000,000 of term deposits to other financial assets - term deposits at bank.

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the Half Year Ended 31 December 2022

## 1. Company Information

The consolidated financial statements of EcoGraf Limited and its subsidiaries (collectively, the “consolidated entity”) for the half year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 8 March 2023

EcoGraf Limited (“the Company” or “the parent”) is a for profit company limited by shares incorporated in Australia whose shares are publicly listed on the Australian Securities Exchange and Frankfurt Stock Exchange. It has activities in Australia, Germany and Tanzania, with the country of domicile being Australia and the registered office located in Australia.

The nature of operations and principal activities of the consolidated entity are described in the directors’ report.

## 2. Basis of preparation

### (a) Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *Interim Financial Reporting* and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with AASB 134 ensures compliance with International Accounting Standard 34 *Interim Financial Reporting*.

The financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial report for the year ended 30 June 2022, together with any public announcements made by the Company during the half year ended 31 December 2022 in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

All amounts have been rounded to the nearest thousand, unless otherwise stated, in accordance with ASIC Corporations (rounding in financial/directors’ reports) instrument 2016/191.

### (b) Significant accounting policies

The accounting policies adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Company’s annual financial report for the year ended 30 June 2022.

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

### 3. Exploration and Evaluation Assets

	31 December 2022 \$'000	30 June 2022 \$'000
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Exploration and evaluation expenditure carried forward:

**Carrying amount at the beginning of the period** **18,403** **18,238**

Capitalised expenditure at cost 124 165

**Carrying amount at the end of the period** **18,527** **18,403**

Recoverability of the carrying amount of exploration and evaluation assets is dependent on the successful development and commercial exploitation of areas of interest and the sale of minerals, or the sale of the respective areas of interest.

### 4. Contributed Equity

	No. of shares	\$'000
<b>30 June 2021</b>	<b>449,833,459</b>	<b>99,837</b>
Incentive performance rights plan shares issued – September 2021	100,000	-
Incentive performance rights plan shares issued – November 2021	400,000	-
Capital raising costs	-	(3)
<b>1 July 2022</b>	<b>450,333,459</b>	<b>99,834</b>
<b>31 December 2022</b>	<b>450,333,459</b>	<b>99,834</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2022

## 5. Segment Information

The consolidated entity reports two segments, natural graphite products and other graphite related activities, to the chief operating decision maker, being the Managing Director, for the purposes of assessing performance and determining the allocation of resources.

Unless otherwise stated, all amounts reported to the chief operating decision maker are determined in accordance with accounting policies that are consistent with those adopted in this financial report.

	Australia \$'000	Tanzania \$'000	Total \$'000
<b>Six months ended 31 December 2022</b>			
Segment revenues	1,624	-	1,624
Segment results	(3,457)	(321)	(3,778)
<b>Six months ended 31 December 2021</b>			
Segment revenues	612	-	612
Segment results	(2,588)	(133)	(2,721)
<b>31 December 2022</b>			
Segment assets			
Property, plant and equipment	18	20	38
Exploration and evaluation assets	-	18,527	18,527
Segment non-current assets	18	18,547	18,565
Unallocated assets:			
Cash and cash equivalents			5,792
Other financial assets - term deposits at bank			35,000
Other receivables			1,749
Prepayments			214
<b>Total assets</b>			<b>61,320</b>
Segment liabilities	(1,305)	(38)	(1,343)
<b>Total liabilities</b>	<b>(1,305)</b>	<b>(38)</b>	<b>(1,343)</b>
<b>30 June 2022</b>			
Segment assets			
Property, plant and equipment	21	26	47
Exploration and evaluation assets	-	18,403	18,403
Segment non-current assets	21	18,429	18,450
Unallocated assets:			
Cash and cash equivalents			6,728
Other financial assets - term deposits at bank			40,000
Other receivables			258
Prepayments			295
<b>Total assets</b>			<b>65,731</b>
Segment liabilities	(2,281)	(32)	(2,313)
<b>Total liabilities</b>	<b>(2,281)</b>	<b>(32)</b>	<b>(2,313)</b>

## 6. Share Based Payments

During the half year ended 31 December 2022 a total of 1,000,000 performance rights were granted to non-executive directors pursuant to shareholder approval obtained at the Company's AGM. The total fair value of the performance rights is \$258,700.

### Valuation: Share Based Payment Expense

The performance rights granted during the current period were independently valued using an option pricing model. Three tranches of performance rights were issued, which vest upon the 20-day volume weighted average price (VWAP) of the Company's shares being equal to or greater than \$0.60, \$0.80 and \$1.00 respectively. A summary of the valuation model inputs used to determine the fair value at the grant date, are as follows:

	Tranche 1	Tranche 2	Tranche 3
Grant date	29/11/2022	29/11/2022	29/11/2022
Issue date	29/12/2022	29/12/2022	29/12/2022
Expiry date	29/12/2027	29/12/2027	29/12/2027
Share price at valuation date	\$0.295	\$0.295	\$0.295
Vesting condition: 20-day VWAP of EcoGraf shares	\$0.60	\$0.80	\$1.00
Expected volatility	100%	100%	100%
Dividend yield	Nil	Nil	Nil
Risk-free rate	3.345%	3.345%	3.345%
Number of performance rights	300,000	300,000	400,000
Fair value for each right	\$0.270	\$0.259	\$0.250
Total fair value of performance rights	\$81,000	\$77,700	\$100,000
Amount recognised as share-based payment expense as at 31 December 2022	-	-	-

## 7. Dividends

No dividends were declared or paid during the half year ended 31 December 2022 (2021: nil).

## 8. Events After Balance Date

There have not been any events that have arisen in the interval between the end of the reporting period and the date of this report or any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to materially affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity, in future financial years.

# DIRECTORS' DECLARATION

In the directors' opinion:

1. The interim financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and accompanying notes, are in accordance with the *Corporations Act 2001* and:
  - a) Comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*; and
  - b) Give a true and fair view of the consolidated entity's financial position at 31 December 2022 and of its performance for the financial half-year ended on that date.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors, pursuant to section 303(5)(a) of the *Corporations Act 2001*.



**Andrew Spinks**  
Managing Director

8 March 2023

# INDEPENDENT AUDITOR'S REVIEW REPORT



## RSM Australia Partners

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## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ECOGRAF LIMITED

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the accompanying half-year financial report of EcoGraf Limited, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 EcoGraf 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 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *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.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of EcoGraf Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

### THE POWER OF BEING UNDERSTOOD AUDIT | TAX | CONSULTING

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# INDEPENDENT AUDITOR'S REVIEW REPORT



## *Directors' Responsibility for the Half-Year Financial Report*

The directors of EcoGraf 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 is free from material misstatement, whether due to fraud or error.

## *Auditor's Responsibility for the Review of the Financial Report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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.

A stylized handwritten signature of 'RSM' in black ink.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink, appearing to read 'Tutu Phong'.

TUTU PHONG  
Partner

Perth, WA  
Dated: 8 March 2023

# AUDITOR'S INDEPENDENCE DECLARATION



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### AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of EcoGraf Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

A stylized handwritten signature of 'RSM' in black ink.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink, appearing to read 'Tutu Phong'.

TUTU PHONG  
Partner

Perth, WA  
Dated: 8 March 2023

### THE POWER OF BEING UNDERSTOOD AUDIT | TAX | CONSULTING

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