
**TALGA GROUP LTD
AND CONTROLLED ENTITIES**

ABN 32 138 405 419

2023 FINANCIAL REPORT

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CORPORATE DIRECTORY

DIRECTORS

Terry Stinson (Non-executive Chair)
Mark Thompson (Managing Director)
Grant Mooney (Non-Executive Director)
Stephen Lowe (Non-Executive Director)
Ola Rinnan (Non-Executive Director)

COMPANY SECRETARY

Dean Scarparolo

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 3.03, Level 3
46 Colin Street
WEST PERTH WA 6005
Phone: 08 9481 6667

EMAIL AND WEBSITE

Email: info@talgagroup.com
Website: www.talgagroup.com

ABN

32 138 405 419

SECURITIES EXCHANGE LISTING

Talga Group Ltd is listed on
the ASXHome Exchange:
Perth
ASX Code: TLG (Shares)

SHARE REGISTRY

Automic Registry Services
GPO Box 5193
Sydney NSW 2001
Phone: 1300 288 664

AUDITORS

Ernst & Young
11 Mounts Bay Rd,
Perth WA

DIRECTORS' REPORT

The Directors present their report, together with the financial statements of Talga Group Ltd ("Talga" or "the Company") and its controlled entities ("the Group"), for the financial year ended 30 June 2023.

1. BOARD OF DIRECTORS

The following persons were directors of Talga Group Ltd during the financial year and up to the date of this report:

Directors	Position	Date of Appointment
Terry Stinson	Non-Executive Chairman	Appointed 8 th February 2017
Mark Thompson	Managing Director	Appointed 21 st July 2009
Grant Mooney	Non-Executive Director	Appointed 20 th February 2014
Stephen Lowe	Non-Executive Director	Appointed 17 th December 2015
Ola Rinnan	Non-Executive Director	Appointed 7 th August 2017

2. INFORMATION ON DIRECTORS

The names and details of directors in office during the financial year and up to the date of this report are as follows:

Terry Stinson

(Non-Executive Chairman) (Appointed 8th February 2017)

Mr Stinson has over 35 years' Executive and Non-Executive Director experience, working for global innovation companies across a range of industry segments, along with a proven track record of forming and leading international business collaborations and joint ventures.

Formerly the CEO (12 April 2017 to 18 November 2019) and Managing Director (20 May 2008 to 12 April 2017) of Orbital Corporation, VP for Global Fuel Systems at Siemens AG, CEO and Managing Director of Synerject and VP of Manufacturing Outboard Marine Corporation, Mr Stinson is currently the Non-Executive Chair of wave energy technology developer Carnegie Clean Energy Limited (appointed 19 October 2018), Non-Executive Chair of Engentus Pty Ltd (appointed May 2021), and Non-Executive Director of Aurora Labs Limited (appointed 27 February 2020).

Interests in shares: 177,372. Interests in performance rights: 600,000

Mark Thompson

(Managing Director) (Appointed 21st July 2009)

Mr Thompson has over 30 years' global experience in the geoscience, technology and mineral industries and 20 years in public company leadership and capital markets. Mr Thompson founded Talga and previously founded and served on the Board of ASX-listed Catalyst Metals Limited.

He is a member of the Australian Institute of Geoscientists, the Society of Economic Geologists, and the Society of Vertebrate Paleontology.

Interests in shares: 14,382,174. Interests in options: 4,000,000

Grant Mooney

(Non-Executive Director) (Appointed 20th February 2014)

Mr Mooney has a background in corporate advisory with extensive experience in equity capital markets, corporate governance, and M&A transactions along with a wealth of experience in resources and technology markets. He is a member of the Institute of Chartered Accountants in Australia.

Mr Mooney is a Non-Executive Director of several ASX-listed companies including wave energy technology developer Carnegie Clean Energy Limited (appointed 19 February 2008), 3D metal printing technology company Aurora Labs Limited (appointed 25 March 2020), and mineral resources companies Riedel Resources Ltd (appointed 31 October 2018), Accelerate Resources Limited (appointed 1 July 2017), and Gibb River Diamonds Limited (appointed 14 October 2008). He is a former Non-Executive Director of Greenstone Resources Limited (29 November 2002 to 19 August 2022) and SRJ Technologies Limited (2 June 2020 to 17 January 2023).

Interests in shares: Nil. Interests in performance rights: 500,000

Stephen Lowe

(Non-Executive Director) (Appointed 17th December 2015)

Mr Lowe has a background in business management with over 20 years' experience consulting to a range of corporate and high wealth clients. Mr Lowe was the Group Manager for the Creasy Group for 12 years before retiring in August 2019.

Mr Lowe is also an experienced public company Director, being the former Chair of Sirius Resources NL and former Non-Executive Director of Coziron Resources Ltd, Belararox Ltd and Windward Resources Ltd. Mr Lowe holds a Bachelor of Business (Accounting) and a Masters of Taxation from the UNSW.

Interests in shares: 2,077,273. Interests in performance rights: 500,000

Ola Rinnan

(Non-Executive Director) (Appointed 7th August 2017)

Mr Rinnan has extensive commercialisation and leadership experience across the energy, banking and finance sectors and has held numerous board positions for European listed companies and financial institutions including Non-Executive Directorships in Smedvig group, companies and DFCU Bank (representing the largest shareholder Norfund).

Formerly the Chairman of Avinor AS, CEO at Eidsiva Energi AS, CEO at Norgeskreditt AS and CFO for Moelven Industrier AS, Mr Rinnan is currently the Chairman of Nordvind DC Sites AS, Kilde AS, Espern Eiendom AS, B1 Holding AS, and Gravidahl AS. Mr Rinnan holds a Bachelor in Economics and a Masters in Construction and Materials Technology

Interests in shares: Nil. Interests in performance rights: 500,000

3. INFORMATION ON COMPANY SECRETARY

Dean Scarparolo

(Appointed 5th February 2015)

Mr Scarparolo is a member of CPA Australia and has a wealth of experience developing and managing the finance departments of ASX-listed companies within the resources sector. Mr Scarparolo is also the Financial Controller for the Group.

4. CORPORATE STRUCTURE

Talga Group Ltd is a company limited by shares incorporated and domiciled in Australia. Talga Group Ltd has a 100% interest in Talga Mining Pty Ltd, Talga Anode UK Limited and Talga Technologies Limited (both UK companies), and Talga Advanced Materials GmbH (a German company). Talga Mining Pty Ltd has a 100% interest in Talga AB, Talga Battery Metals AB, Talga Tech AB, Raita Graphite AB, and Jalk Graphite AB (all Swedish companies).

5. PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Talga is building a European battery materials supply chain to offer products critical to the green transition. The principal activities of the Group during the financial year comprised:

- Execution of Vittangi Anode Project development including advancing offtake negotiations to allocate Talnode®-C production, progressing debt funding approval as part of securing Project financing and obtaining key permit approvals;
- Operation of the Electric Vehicle Anode (EVA) plant in Luleå, Sweden, to supply battery anode qualification samples for customers and ramp up of processing capability in preparation of commercial Talnode®-C production;
- Development and commercialisation of next generation battery anode products, conductive additives and advanced graphitic materials; and
- Graphite mineral resource growth and exploration drilling, underpinning future expansions.

During the year, significant changes in the state of affairs of the Group were as follows:

- Vittangi Anode Project environmental permits approved for both the Nunasvaara South mining operation and the Luleå anode production, with the former progressing through the statutory appeals process and the latter having entered into force.
- Advancements in securing Vittangi Anode Project financing in line with the targeted project debt gearing of 60%.
- Commercial negotiations progressed to secure binding offtakes for Talnode®-C production, including under non-binding agreements with battery makers Automotive Cells Company SE and Verkor SA.
- Completion of trial mining at the Niska South deposit with total extraction of 25,000 tonnes graphite ore for processing into Talnode® battery products.
- Vittangi Mineral Resource increased to 36.9 million tonnes at 23.1% graphite.

6. REVIEW OF OPERATIONS

COMMERCIAL AND PROJECT DEVELOPMENT

- European battery maker Automotive Cells Company SE (ACC), co-owned by Mercedes-Benz, Stellantis and Saft entered a non-binding Offtake Term Sheet for supply of Talnode®-C, from the Vittangi Anode Project in Sweden.
- French EV battery manufacturer Verkor SA signed a non-binding Letter of Intent to secure long-term Talnode®-C supply for its electric vehicle applications.
- Talnode®-C commercial discussions, underpinned by qualification of large-scale samples provided from the Company's operating Electric Vehicle Anode (EVA) qualification plant, progressed with additional customers under NDA as Talga allocates its planned graphite anode production across offtake supply agreements.
- Advancements in commercialisation of Talga's silicon anode, Talnode®-Si, with successful customer test work conducted and expanded pilot line commissioned in the Company's processing facilities in Rudolstadt, Germany.
- Talga's commercial battery anode production plant (Refinery) in Luleå, Sweden, granted environmental permit and building permits.
- Environmental and Natura 2000 permit for Talga's Nunasvaara South mining operation approved by the Swedish Land and Environment Court and progressing through the statutory appeals process.
- European Investment Bank, one of the world's largest providers of climate finance, approved €150 million senior debt funding to underpin Vittangi Anode Project with loan documentation advancing, including customary terms and conditions for a financing facility of this type, subject to final negotiations and fulfilment of EIB conditions.
- Broader debt financing package progressed with multiple leading export credit agencies, commercial banks and international financial institutions to a targeted Project debt gearing of up to 60%.
- A non-binding Memorandum of Understanding with Mitsui & Co. Europe Plc lapsed in March 2023. Discussions related to commercial collaborations in marketing and trading opportunities across global battery materials markets continued.

MINERAL DEVELOPMENT AND EXPLORATION

- Outstanding results from 2022 graphite drilling program of 1km long "Niska Link" target and extensions supported subsequent Vittangi Graphite Project Mineral Resource upgrade.
- Total Vittangi Graphite Project Mineral Resource boosted by 23% to 36.9 million tonnes at 23.1% graphite, applying a higher cut-off grade of 11% graphite, including 71% boost to total Niska graphite Mineral Resource.
- 25,000 tonnes of graphite ore extracted during successful Niska South trial mine campaign followed by backfilling of the mine and rehabilitation completed in line with the Company's permit obligations.

CORPORATE

- Successfully raised A\$72M across institutional placements and an oversubscribed Share Purchase Plan to support advancement of Vittangi Anode Project development, scaled up EVA plant production, next generation anode development (including Talnode®-Si commercialisation), and Niska expansion workstreams and resource drilling.
- Awarded ISO 14001:2015 certification for the EVA plant environmental management systems, including onsite battery laboratories, and office in Luleå.
- Opened new Battery Centre of Excellence in Cambridge, UK, in a significant expansion of Talga's R&D facilities.
- Swedish operations team bolstered and key management systems implemented as part of ongoing operational readiness programs to support Vittangi Anode Project execution phase and future expansions.
- Talga Group Ltd (ASX:TLG) included in the S&P/ASX 300 Index.

FUTURE OUTLOOK AND STRATEGY

Over the coming financial year, the Group aims to continue delivery of key milestones in the Vittangi Anode Project, including commencement of Luleå anode refinery construction and other corporate activities required for project execution. Furthermore, the Company will progress work and studies towards Vittangi Anode Project expansion options, as well as the potential of other battery mineral projects.

The Company will proceed with ongoing implementation of the Talnode®-Si commercialisation strategy and further development of other potential battery material products through its R&D division.

7. MINERAL RESOURCES AND ORE RESERVE STATEMENT

This statement represents the Mineral Resources and Ore Reserves (“MROR”) for Talga Group Ltd as at 30 June 2023.

This MROR statement has been compiled and reported in accordance with the guidelines of the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’ (JORC Code).

This statement is to be reviewed and updated annually in accordance with Section 15 of the JORC Code 2012. The nominated annual review date for this MROR statement is 30 June.

As at the Annual Review date of 30 June 2023, this MROR Statement has been approved by the named Competent Persons (see the Competent Persons Statement on page 14).

MINERAL RESOURCES

Talga owns 100% of multiple mineral assets of graphite (“Cg”), copper (“Cu”), cobalt (“Co”) and iron (“Fe”) in northern Sweden. An overview of each of the assets in the Group’s portfolio at 30 June 2023 is below in Table 1 and details of each project’s Mineral Resource categories are set out in Tables 2 to 7.

Table 1 – Talga 30 June 2023 Total Mineral Resources

Project	Tonnes	Grade				Contained Mineral			
	(Mt)	Cg (%)	Fe (%)	Cu (%)	Co (%)	Cg (Mt)	Fe (Mt)	Cu (t)	Co (t)
Vittangi Graphite	36.9	23.1	-	-	-	8.5	-	-	-
Jalkunen Graphite	31.5	14.9	-	-	-	4.7	-	-	-
Raitajärvi Graphite	4.3	7.1	-	-	-	0.3	-	-	-
Total Graphite	72.7	18.6	-	-	-	13.5	-	-	-
Kiskama Copper-Cobalt	7.7	-	-	0.25	0.04	-	-	17000	1800
Total Copper-Cobalt	7.7	-	-	0.25	0.04	-	-	17000	1800
Vittangi Iron	123.6	-	32.6	-	-	-	40.3	-	-
Masugnsbyn Iron	87.0	-	28.3	-	-	-	24.6	-	-
Total Iron	210.6	-	30.8	-	-	-	64.9	-	-

Notes:

1. Details of each of the Indicated and Inferred Mineral Resource categories are set out in tables 2 to 7.
2. All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.
3. All projects are 100% Talga owned.
4. The graphite and iron resources are separate deposits but sometimes occur within the same project area. The Kiskama Copper-Cobalt Project is a separate deposit and project from the graphite and iron projects.
5. Mineral quantities are contained mineral.
6. Mineral Resources are inclusive of Indicated and Inferred Mineral Resource categories.

VITTANGI GRAPHITE PROJECT, NORTHERN SWEDEN (Talga owns 100%)

Table 2 – Vittangi Graphite Project (Nunasvaara and Niska Deposits) – JORC (2012) Resources at 11% Cg cut-off

Deposit	JORC Resource Category	Tonnes	Grade Cg (%)
Nunasvaara South	Indicated	8,528,000	24.8
	Inferred	2,738,000	24.3
Nunasvaara North	Indicated	4,231,000	27.2
	Inferred	1,952,000	15.8
Nunasvaara East	Indicated	3,029,000	23.2
	Inferred	1,449,000	22.9
Niska North	Indicated	7,906,000	22.7
	Inferred	1,710,000	22.3
Niska Link	Indicated	1,156,000	16.6
	Inferred	944,000	19.1
Niska South	Indicated	2,964,000	22.2
	Inferred	246,000	18.9
Total	Indicated	27,814,000	23.8
	Inferred	9,039,000	21.2
Total		36,853,000	23.1

Note: Tonnes rounded to nearest thousand tonnes.

The Nunasvaara graphite Mineral Resource estimate was first disclosed on 28 February 2012 (ASX:TLG 28 February 2012), and last disclosed on 3 April 2023 in accordance with the JORC Code 2012 (ASX:TLG 3 April 2023).

The Niska graphite Mineral Resource estimate was first disclosed on 15 October 2019, and last disclosed on 3 April 2023 in accordance with the JORC Code 2012 (ASX:TLG 3 April 2023).

The total for the Vittangi Graphite Project has increased from the previous reporting period due to a Mineral Resource update disclosed in April 2023 (ASX:TLG 3 April 2023).

JALKUNEN GRAPHITE PROJECT, NORTHERN SWEDEN (Talga owns 100%)

Table 3 – Jalkunen Graphite Project – JORC (2012) Resource at 10% Cg cut-off

Deposit	JORC Resource Category	Tonnes	Grade Cg (%)
Jalkunen	Inferred	31,500,000	14.9

Note: Tonnes rounded to nearest hundred thousand tonnes.

The Jalkunen graphite Mineral Resource estimate was first disclosed on 27 August 2015 in accordance with the JORC Code 2012 (ASX:TLG 27 August 2015).

RAITAJÄRVI GRAPHITE PROJECT, NORTHERN SWEDEN (Talga owns 100%)

Table 4 – Raitajärvi Graphite Project – JORC (2004) Resource at 5% Cg cut-off

Deposit	JORC Resource Category	Tonnes	Grade Cg (%)
Raitajärvi	Indicated	3,400,000	7.3
Raitajärvi	Inferred	900,000	6.4
Total		4,300,000	7.1

Note: Tonnes rounded to nearest hundred thousand tonnes.

The Raitajärvi graphite Mineral Resource estimate was first disclosed on 26 August 2013 in accordance with the JORC Code 2004 (ASX:TLG 26 August 2013). It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The Company is not aware of any new information or data that materially affects the information included in the previous announcement and that all of the previous assumptions and technical parameters underpinning the estimates in the previous announcement have not materially changed.

KISKAMA COPPER-COBALT PROJECT, NORTHERN SWEDEN (Talga owns 100%)

Table 5 – Kiskama Copper-Cobalt Project – JORC (2012) Resource at 0.1% CuEq cut-off

Deposit	JORC Resource Category	Tonnes	Grade Cu %	Grade Co %	Grade CuEq %
Kiskama	Inferred	7,672,000	0.25	0.04	0.36
Total		7,672,000	0.25	0.04	0.36

Note: 20% geological loss applied to account for potential unknown geological losses for Inferred Mineral Resources. Tonnes rounded to nearest hundred thousand tonnes.

The Kiskama copper-cobalt Mineral Resource estimate was first disclosed on 21 August 2019 in accordance with the JORC Code 2012 (ASX:TLG 21 August 2019).

VITTANGI IRON PROJECT, NORTHERN SWEDEN (Talga owns 100%)

Table 6 – Vittangi Iron Project – JORC (2004) Resource Estimate at 15% Fe cut-off

Deposit	JORC Resource Category	Tonnes	Grade Fe (%)
Vathanvaara	Inferred	51,200,000	36.0
Kuusi Nunasvaara	Inferred	46,100,000	28.7
Mänty Vathanvaara	Inferred	16,300,000	31.0
Sorvivuoma	Inferred	5,500,000	38.3
Jänkkä	Inferred	4,500,000	33.0
Total		123,600,000	32.6

Note: Tonnes rounded to nearest hundred thousand tonnes.

The Vittangi Iron Mineral Resource estimate was first disclosed on 22 July 2013 in accordance with the JORC Code 2004 (ASX:TLG 22 July 2013). It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The Company is not aware of any new information or data that materially affects the information included in the previous announcement and that all of the previous assumptions and technical parameters underpinning the estimates in the previous announcement have not materially changed.

MASUGNSBYN IRON PROJECT, NORTHERN SWEDEN (Talga owns 100%)

Table 7 – Masugnsbyn Iron Project – JORC (2004) Resource Estimate at 20% Fe cut-off

Deposit	JORC Resource Category	Tonnes	Grade Fe (%)
Masugnsbyn	Indicated	87,000,000	28.3
Total		87,000,000	28.3

Note: Tonnes rounded to nearest hundred thousand tonnes.

The Masugnsbyn iron Mineral Resource estimate was first disclosed on 28 February 2012 in accordance with the JORC Code 2004 (ASX:TLG 28 February 2012). It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The Company is not aware of any new information or data that materially affects the information included in the previous announcement and that all of the previous assumptions and technical parameters underpinning the estimates in the previous announcement have not materially changed.

ORE RESERVES

Talga owns 100% of one mineral asset of graphite in the JORC Probable Ore Reserve category in northern Sweden. An overview of the asset in the Group's portfolio at 30 June 2023 is below in Table 8 and details of the project's Mineral Reserve category is set out below in Table 9.

Table 8 – Talga 30 June 2023 Total Ore Reserves

Project	Tonnes	Grade	Contained Mineral
	Ore (Mt)	Cg (%)	Cg (Mt)
Vittangi Graphite	2.26	24.1	0.54
Total Graphite	2.26	24.1	0.54

Note:

- Detailed table setting out the Probable Ore Reserve category is set out in table 9.
- All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.
- All projects are 100% Talga owned.
- Mineral quantities are contained mineral.
- Ore Reserves are of Probable Ore Reserve category.
- Ore Reserve is based on the previously disclosed Mineral Resource estimate for Nunasvaara South (ASX: TLG 17 September 2020).

VITTANGI GRAPHITE PROJECT, NORTHERN SWEDEN (Talga owns 100%)

Table 9 – Vittangi Project Nunasvaara Graphite Deposit – JORC (2012) Reserve at 12% Cg cut-off

Deposit	JORC Reserve Category	Tonnes	Grade Cg (%)
Nunasvaara	Probable	2,260,000	24.1
Total		2,260,000	24.1

Note: Tonnes rounded to nearest thousand tonnes.

The Vittangi graphite Ore Reserve statement was first disclosed on 23 May 2019 in accordance with the JORC Code 2012 (ASX:TLG 23 May 2019) and last disclosed on 1 July 2021 in accordance with the JORC Code 2012 (ASX:TLG 1 July 2021), and is based on the previously disclosed Mineral Resource estimate for Nunasvaara South (ASX: TLG 17 September 2020).

COMPARISON WITH PRIOR YEAR ESTIMATES

Mineral Resources

During the 2023 financial year, the Company made the following changes to its Mineral Resource inventory:

- The Vittangi Mineral Resource update saw the Vittangi Graphite Project increase from 30.1Mt @ 24.1% Cg to 36.9 million tonnes at 23.1% graphite. The resource review was disclosed in April 2023 in accordance with the JORC Code 2012 (ASX:TLG 3 April 2023).

All other resource estimates across the Company's projects remain unchanged from the Company's Mineral Resource Statement as at 30 June 2022.

Ore Reserves

All reserve estimates across the Company's projects remain unchanged from the Company's Mineral Reserve Statement as at 30 June 2022.

GOVERNANCE SUMMARY

The Mineral Resource estimates and Ore Reserve statements listed in this report are subject to Talga's governance arrangements and internal controls. Talga's Mineral Resource estimates and Ore Reserve statements are derived by Competent Person's ("CP") with the relevant experience in the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking. Geology models in all instances are generated by Talga staff and are reviewed by the CP. The CP carries out reviews of the quality and suitability of the data underlying the Mineral Resource estimate and Ore Reserve statement, including a site visit. Talga management conducts its own internal review of the estimate and statement to ensure that it honours the Talga geological model and has been classified and reported in accordance with the JORC Code.

COMPETENT PERSONS STATEMENT

The information in this report that relates to Mineral Resource Estimation for the Vittangi Graphite Project is based on information compiled and reviewed by Ms Katharine Masun (HBS Sc Geology, MSc Geology, MSA Spatial Analysis). Ms Masun is a Consultant Geologist at SLR Consulting (Canada) Limited and is registered as a Professional Geologist in the Provinces of Ontario, Newfoundland and Labrador, and Saskatchewan, Canada. Ms Masun has sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this document and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("JORC Code"). Ms Masun consents to the inclusion in this report of the matters based on this information in the form and context in which it appears. Ms Masun does not hold securities (directly or indirectly) in the Company.

The information in this report that relates to the Vittangi Graphite Project – Nunasvaara Reserve Estimate is based on information compiled and reviewed by Mr John Walker. Mr. Walker is a Technical Director and Principal Mining Engineer at SLR Consulting who act as consultants to the Company. Mr Walker is a Professional Member and Fellow of the Institute of Materials, Minerals and Mining (Membership No.451845), a Fellow of the Institute of Quarrying (Membership No.22637) and a Fellow Member of the Geological Society (Membership No.1021044). Mr Walker is qualified from mineral reporting (QMR) and has sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this document and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("JORC Code"). Mr Walker consents to the inclusion in this report of the matters based on this information in the form and context in which it appears. Mr Walker does not hold securities (directly or indirectly) in the Company.

The information in this report that relates to Mineral Resource Estimation for the Jalkunen and Raitajärvi Graphite Projects, and Masugnsbyn and Vittangi Iron Projects is based on information compiled and reviewed by Mr Simon Coxhell. Mr Coxhell is a consultant to the Company and a member of the Australian Institute of Mining and Metallurgy. Mr Coxhell has sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this document and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("JORC Code"). Mr Coxhell consents to the inclusion in this report of the matters based on this information in the form and context in which it appears. Mr Coxhell does not hold securities (directly or indirectly) in the Company.

The information in this report that relates to Mineral Resource Estimation for the Kiskama Copper-Cobalt Project is based on information compiled and reviewed by Mrs Elizabeth de Klerk. Mrs de Klerk is a consultant to the Company. Mrs de Klerk is a member of the South African Institute of Mining and Metallurgy (SAIMM) and a Fellow of the Geological Society of Africa (GSSA) and a registered Professional Natural Scientist (Pr.Sci.Nat. 400090/08). Mrs de Klerk has sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this document and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("JORC Code"). Mrs de Klerk consents to the inclusion in this report of the matters based on this information in the form and context in which it appears. Mrs de Klerk does not hold securities (directly or indirectly) in the Company.

8. TENEMENT INTERESTS

As required by ASX listing rule 5.3.3, please refer to the Schedule of Mineral Tenements for details of Talga's interests in mining tenements held by the Company. No joint ventures or farm-in/farm-out activity occurred during the year.

9. FINANCIAL PERFORMANCE AND FINANCIAL POSITION

As a mineral explorer and advanced material developer of functional graphene and graphite enhanced products, the Group does not currently have any material operational revenue. Other income during the year consisted of interest, IUK Grants, and R&D refunds.

The financial results of the Group for the year ended 30 June 2023 are:

	2023	2022	2021	2020	2019
Cash and cash equivalents (\$)	38,226,375	13,012,565	52,497,518	5,074,819	7,666,863
Net assets (\$)	56,984,363	26,647,577	55,097,074	7,242,381	9,490,458
Income (\$)	1,993,900	664,580	3,518,060	1,192,230	1,665,368
Net loss after tax (\$)	(43,356,066)	(36,799,320)	(19,893,911)	(13,416,292)	(12,935,079)
Loss per share (cents per share)	(12.0)	(12.1)	(7.1)	(5.7)	(5.9)
Share Price (\$)	1.48	1.02	1.33	0.58	0.48
Dividend (\$)	-	-	-	-	-

10. DIVIDENDS

No dividend has been paid during or is recommended for the financial year ended 30 June 2023. (30 June 2022: Nil).

11. RISKS

There are specific risks associated with the activities of the Group and general risks that are largely beyond the control of the Group and the directors. The most significant risks identified that may have a material impact on the future financial performance of the Group and the market price of the shares are:

Licence and Permit Risk

The Company's current and future operations are subject to receiving and maintaining licences, permits and approvals from appropriate governmental authorities. In particular, the Company will require processing, exploitation and environmental permits in Sweden from time to time in connection with mining and processing. There is no assurance that any required licences, permits or approvals will be granted or that delays will not occur in connection with obtaining or renewing the licences, permits or approvals necessary for the Company's proposed operations.

The primary permits required to enable development of the mine are an Exploitation Concession (under the Minerals Act) and an Environmental Permit (under the Environmental Code). Applications for the Vittangi Project Exploitation Concession and Environmental Permit were submitted in May 2020. On 21 June 2023, the Company received its Environmental Permit for its commercial battery anode refinery plant and on 17 July 2023 it received a Certificate of Finality to confirm the Environmental Permit is in force. The Swedish Land and Environment Court approved the mine Environmental Permit on 5 April 2023. A number of parties subsequently sought leave from the Swedish Land and Environment Court of Appeal (Court of Appeal) to appeal the decision. On 31 August 2023 the Court of Appeal confirmed that it had determined that there are no grounds to grant leave to appeal to any of the parties. In accordance with the statutory process, the rejected parties could appeal the Court of Appeal's decision

to the Supreme Court. The Company has been made aware that there have been appeals submitted by prior appellants. The submission period is now closed and the Supreme Court is expected to determine whether to reject or grant any party leave to appeal once a review process has been completed. The environmental permit would come into force if no leave to appeal is granted by the Supreme Court.

Delays in the permitting and approvals process are an inherent risk to all mining and industrial manufacturing projects. Sweden has an established mining industry with a structured permitting process. The Company completed the extraction of the permitted 25,000 tonne graphite ore from its trial mine at the Niska South deposit (Vittangi graphite project) in October 2022. Whilst the track record speaks to past and current successful permitting approvals, potential delays in commercial scale mining and processing permits could impact planned and/or expanded production schedules and delay customer contracts.

In the event that delays are incurred in obtaining a mining permit, the Company intends to utilise the ore extracted from the trial mine. If delays occur to refinery permitting, the Company will consider alternate strategies to progress the business, which may include moving the refinery operations to another jurisdiction.

At the date of this report all mining and exploration permits and licenses were in good standing, however failure to obtain or renew one or more required licences, permits or approvals on a timely basis may adversely affect the Company's operations.

Operating Risk

The proposed activities, costs and use of the Company's cash resources are based on certain assumptions with respect to the method and timing of exploration, metallurgy and other technical tests, analysis and feasibility studies. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from the Company's estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

The proposed activities of the Company including economic studies are dependent on economic inputs from commodity prices, metallurgical tests, electrochemical testing and market tests of which there is no guarantee of positive economics. It is a risk that studies may not be completed or may be delayed indefinitely where key inputs show negative economic outcomes. No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining and processing of its mineral interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

Talga has successfully piloted its production flow sheet. It continues to conduct value improvement refinements of its flow sheet at laboratory and pilot plant level working in conjunction with key (or preferred) OEM equipment suppliers and technology providers.

Investment in the Company should be considered in light of the risks, expenses and difficulties frequently encountered by companies at this stage of development, including factors such as design and construction of efficient mining and processing facilities within capital expenditure budgets.

With all mining operations there can be a level of uncertainty and, therefore, risk associated with operating parameters and costs. This is also true with the scaling up of processing technology tested in pilot conditions. The nature of the technology risk is the cost of developing an economically viable commercial operation and production facility.

The Company has and will continue to enter into various agreements for the Vittangi mine. Risks associated with agreements include rising contract prices as well as disputes regarding variations, extensions of time and costs, and global events impacting contractual performance and liability, all of which may give rise to delays and/or increased costs.

Production guidance and targets are, as always, subject to assumptions and contingencies which are subject to change as operational performance and market conditions change or other unexpected events arise. Any production guidance is dependent on a number of factors including maintenance and operation of the mine and plant without material equipment failure, loss of continuity of experienced personnel and achievement of recovery rates from the resource. These risks are discussed in more detail elsewhere in this section.

Commodity Price Volatility and Foreign Currency Exchange Rate Risks

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of product exposes the potential income of the Company to commodity prices and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand for minerals, technological advancements, forward selling activities, the price and availability of substitutes, the approach to pricing by competitors (i.e., aggressive pricing at or below the cost of production), and other macro-economic factors.

Depressed graphite prices and/or the failure by the Company to negotiate favourable pricing terms (which terms may provide for fixed or market-based pricing) may materially affect the profitability and financial performance of the Company. Any sustained low prices for graphite (or low sale price achieved by the Company (however achieved) may adversely effect the Company's business and financial results and/or its ability to finance its current or planned operations and capital expenditure commitments.

Unlike the majority of base and precious metals, there is no internationally recognised market for graphite battery anode material nor is graphite battery anode material an exchange traded commodity; it is determined by actual transactions between buyers and sellers. As a result, there is a lack of market transparency associated with the price of graphite battery anode material however there are a few major independent price reporting agencies that track the graphite anode market. Given the range of factors which contribute to the price of graphite battery anode material, and the fact that pricing is subject to negotiation, it is particularly difficult for the Company to predict with any certainty the prices at which the Company will sell graphite battery anode material. The effect of changes in assumptions about future prices may include, amongst other things, changes to Mineral Resources and Ore Reserves estimates and the assessment of the recoverable amount of the Company's assets.

In relation to graphene, the value of graphene is affected by numerous factors and events that are external to and beyond the control of the Company and similarly this is not an exchange traded commodity. The graphene price has fluctuated, such that periods of significant decline have impacted graphene businesses. These factors have and may in the future include: the level of general economic activity and demand; forward selling activity; and economic conditions and political trends. Whilst graphene is not currently a major focus for the Company it does not have a material effect on the Company's performance.

Furthermore, foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. Prices of various commodities and services may be denominated in Swedish Krona, Euros or US dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the Australian dollar and these currencies as determined in international markets. To mitigate the Company's exposure, currency rates are monitored regularly and funds are transferred to the foreign operations when rates are more favourable. The Company also plans to curtail this impact by paying foreign currency invoices in a timely fashion.

Additional Requirements for Capital

Talga is seeking to become a vertically integrated anode and advanced materials technology company with a strategy to produce value added products that would provide the most effective, near-term opportunities for commercialisation and potential cashflows.

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may seek to raise further funds through equity or debt financing, joint ventures, production sharing arrangements or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of exploration, development or production on the Company's properties, or even loss of a property interest. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to shareholders.

The Company announced the completion of the DFS for its Vittangi Anode Project in northern Sweden in July 2021. If the Company agrees on any near term future offtake arrangements, fast track commercial ramp up development may occur which will require additional funding to be obtained. Whilst the Company is in discussions with respect to offtake, there is no guarantee such discussions will result in binding agreements (see 'Offtake Arrangements risk' below).

The Company's cash as at 30 June 2023 of \$38.6 million will provide for on-going business activities however the Company will need to seek funding options to advance the Vittangi Anode Project. To date, the Company has announced that the European Investment Bank (EIB) board has approved €150 million senior debt funding to underpin the Project (ASX:TLG 20 June 2023). Following this approval, loan documentation is being agreed between EIB and the Company, including customary terms and conditions for a financing facility of this nature. While the Company will seek to expedite these negotiations, there can be no guarantee that they will result in a binding agreement. With the assistance of financial and transaction advisors BurnVoir, the Company will identify and evaluate potential outcomes which may emerge from ongoing project development partnership, customer and financing discussions with other European and international parties. Management has strategies to tailor budgeted cashflows based on future funding received. However, without regular income outside interest proceeds or assets sales, it will rely on continuing access to capital markets (including the exercise of unlisted Company options) to fund further development in Sweden, Germany and the UK.

More generally, the Company is continually assessing its 'all in' funding costs for development of the Project through to expected first production. There are a wide range of factors that have the potential to influence the Company's funding needs, a number of which are beyond the control of the Company. As a consequence, and to ensure that the Company is reacting appropriately to changing events, market conditions, and broader economic circumstances, the Company will continue to refine its funding needs on an ongoing basis and in real time. The Company remains committed to delivering the Project in a cost-effective manner, consistent with previously stated safety and schedule priorities, and will continue to apply prudent and efficient capital expenditure processes.

Further, the Company, in the ordinary course of its operations and developments, may be required to issue financial assurances, particularly insurances and bond/bank guarantee instruments to secure statutory and environmental performance undertakings and commercial arrangements. The Company's ability to provide such assurances is subject to external financial and credit market assessment, and its own financial position.

Loan agreements and other financing arrangements such as debt facilities, convertible note issues and finance leases (and any related guarantee and security) that may be entered into by the Company may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Company would be able to repay such loans in the event of an acceleration. Enforcement of any security granted by the Company or default under a finance lease could also result in the loss of assets.

If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its programs or enter into joint venture arrangements to reduce expenditure and this could have a material adverse effect on the Company's activities. Unfavourable market conditions may adversely affect the Company's ability to raise additional funding regardless of the Company's operating performance.

Both now and in the future, higher than expected inflation rates generally, specific to the mining industry, or specific to Sweden, may increase operating and capital expenditure costs and potentially reduce the value of future project developments. While, in some cases, such cost increases might be offset by increased selling prices, there is no assurance that this would be possible. To the extent that such offset is not possible, this could adversely impact the Company financial performance.

Offtake Arrangements

The Company has entered into a non-binding offtake term sheet with Automotive Cells Company SE (ACC) (ASX:TLG 27 September 2022) and a non-binding letter of intent with Verkor SA (Verkor) (ASX:TLG 11 January 2023) regarding the supply of graphite anode from the Company's Vittangi Anode Project in Sweden. While the Company will seek to execute definitive documentation as soon as reasonably practicable, there can be no guarantee the documentation will be finalised.

Further, while the Company will seek to secure other offtake agreements in respect of any excess production capacity not proposed to be taken by ACC or Verkor, there is no certainty that the Company will be able to enter into such agreements in a timely manner, with acceptable parties, for sufficient volumes or on reasonable terms with new customers. Any of these circumstances may adversely impact the Company's financial performance and position including the Company generating less revenue than anticipated.

In addition, the Company expects that the sale of graphite battery anode material will (at least under some sales contracts) be subject to commercial verification and qualification processes to ensure any material produced meets the specifications for supply required by customers (including the industrial graphite markets and the battery sector). The qualification process may require approval from multiple parties in the supply chain and not just those parties with whom the Company has contractual arrangements. Failure of the Company's material to qualify for purchase, or any unanticipated delay in qualifying the Company's material may adversely impact the Company's financial performance and position (including by resulting in the Company generating less revenue or profit than anticipated and/or incurring higher costs than anticipated).

Environmental and Social Impact Constraints

The Company's exploration, mining and processing activities will, in general, be subject to approval by governmental authorities and influence from other key stakeholders such as local communities. Development of any of the Company's properties will be dependent on the relevant project meeting environmental guidelines and, where required, being approved by governmental authorities. In addition to the Company's Environmental Policy, the Company has developed a formal Environmental and Social Management system to document the process for managing environmental and social risks. This is being implemented at the Company's first operating facility, the EVA plant in Luleå, Sweden, with the Company having been awarded the globally recognised ISO 14001:2015 certification for its environmental management systems (including onsite battery laboratories, and office in Luleå (ASX:TLG 19 October 2022).

A draft Environmental and Social risk register has been prepared, which identifies, assesses and documents mitigation measures for the proposed Sweden operations.

Talga has a Social Performance Policy and Social Performance Standards which will provide the structure for cascading the Company's commitment to protect labour and human rights. The Company is well aware of its environmental obligations across its operational activities in Germany, the UK and in particular Sweden, where there are various environmental requirements to complete and apply for an exploitation permit and continues to monitor compliance.

The Company must comply with all known standards, existing laws, and regulations which may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and how vigorously and consistently the regulations are administered by the local authorities. There are inherent environmental risks in conducting exploration and mining activities, or industrial materials processing, giving rise to potentially substantial costs for environmental rehabilitation, damage control and losses.

Changes in environmental laws and regulations or their interpretation or enforcement may affect the Company's operations, including the potential profitability of the operations. Further, environmental legislation evolving in a manner which may require stricter standards and enforcement (with associated additional compliance costs) and expose relevant operations to the increased risk of fines and penalties for non-compliance, more stringent environmental assessment of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulations, if any, will not adversely affect the Company's operations.

Community Relations

The Company's mining and graphite processing activities may cause issues or concerns with the local community (including local indigenous groups) in connection with, amongst other things, the potential effect on the environment as well as other social impacts relating to employment, use of infrastructure and community development.

The Company has established ongoing engagement and management programs focussed on optimising positive impacts and minimising the risk of negative impacts on the community, particularly in those parts of Sweden where the Company operates. However, these programs do not guarantee that other issues or concerns will not arise with local communities. If such issues or concerns were to arise, this may have an adverse effect on the Company's reputation and relationships with key stakeholders, which may in turn negatively impact its financial and operational performance.

Mineral Title Risks

Mining and exploration permits are subject to periodic renewal. There is no guarantee that current or future permits or future applications for production concessions will be approved. Permits are subject to numerous legislation conditions. The imposition of any new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company. Furthermore, the Company could lose title to, or its interest in, tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to mineral titles in which the Company has an interest or will in the future acquire such an interest, there may be areas over which legitimate rights of Indigenous and property owners exist. In this case, the ability of the Company to gain access to permits (through obtaining consent of any relevant Indigenous owner, body, group or landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affect. The Company's mineral titles may also be subject to access by third parties including, but not limited to, the areas' Indigenous people and landowners. This access could potentially impact the Company's activities and/or may involve payment of compensation to parties whose existing access to the land may be affected by the Company's activities. The Company adopts a pro-active approach in engagement/consultation with local indigenous groups and landowners. The Company has successfully negotiated property rights with landowners covering the current Vittangi Project.

Resource Estimates

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

The Company engages external, independent, Competent Persons to prepare public Mineral Resource and Ore Reserve reports according to and conforming to the 2012 Joint Ore Reserves Committee (JORC) Reporting Code and Chapter 5 of the ASX listing rules. These follow standard industry guidelines on public disclosure and thus the process of determining its reserves and resources.

Reserve Estimates

The Reserve estimates have been carefully prepared by an appropriately qualified person in compliance with the Joint Ore Reserves Committee (JORC) guidelines and in appropriate instances are verified by independent mining experts. Estimated valuations are dependent on Market Prices for the targeted ore.

Mineral and Exploration Risk

The business of exploration, project development and mining contain risks by its very nature. To prosper, it depends on the successful exploration and/or acquisition of reserves, design and construction of efficient production/processing facilities, competent operation and managerial performance and proficient marketing of the product. In particular, exploration is a speculative endeavour and certain circumstances, cost over runs and other unforeseen events can hamper exploration and mining operations.

Mining of the Vittangi deposits is currently proposed to be via conventional drill and blast (open-cut for Nunasvaara South and underground operation for Niska). The well-established mining industry in Sweden ensures good drill and blast and mining contractor capability, mobile and fixed plant supply, mining supplies and operator training and the mining project risk is considered low.

There is also a risk that unforeseen geological or geotechnical issues may be encountered when developing and mining ore reserves, such as unusual or unexpected geological conditions. As a consequence of any such event, a loss of revenue may be caused due to the lower than expected production or higher than anticipated operation and maintenance costs and/or ongoing unplanned capital expenditure in order to meet production targets.

Development and Commercialisation

The Company's ability to generate revenues from its multiple anode and graphene products in the future will be subject to a number of factors, including but not limited to the technologies performing to a level sufficient to warrant commercialisation. The development, testing and manufacture of novel technologies is a high risk industry and whilst the Company has confidence in the development and results to date there is no guarantee that the Company will be able to successfully commercialise the products (including in a profitable sense).

Additionally, the Company's business depends on technology and is subject to technological change. Any failure or delay in developing or adopting new technology competitively may result in a reduction in customer demand and in turn reduced financial and operation growth. The Talga Group includes

R&D departments to address these technological changes and is specifically working on next generation Li-ion batteries technologies including well advanced development plans for silicon anode.

Technology Risks

Sensitive data relating to Talga, its employees, associates, customers, suppliers or the development of Talga's innovative product range may be exposed resulting in a negative impact on the Group's reputation or competitive advantage. Policies, procedures and practices are in place to ensure security of this data. Talga and its subsidiaries recognise the importance of data privacy, and comply with relevant data privacy regulations, including the EU General Data Protection Regulation, to safeguard the security and privacy of data.

Intellectual Property Risk

Talga continues to invest significantly in product development and innovation and the success of the Company's graphite processing business depends, in part, on its continued ability to protect its intellectual property (IP) including trademarks to increase brand awareness, its trade secrets and patents on its products and production processes. The Company has 15 active patent families encompassing 65 active cases (10 granted patents and 55 pending/under examination) that relate to processing graphite for Li-ion batteries as well as graphene products

Given the dependence of the Company on intellectual property and the quality of its products and brands, and whilst the Company has IP management systems and processes in place, in the event that the Company is unable to protect its intellectual property adequately, then the value of the Company's products and brands could be adversely affected. This may further impact over all business, with respect to its financial position and overall profitability and operational output.

Within the industry that the processing business operates, there exists an ongoing risk of third parties claiming involvement in technological discoveries. The Company has taken steps to protect and confirm its interest in its intellectual property and will endeavour to implement all reasonable processes to protect its intellectual property. The Company is not aware of any third-party interests in relation to its intellectual property rights, however as stated above, the risk of third parties claiming involvement exists, which may result in litigation risks (see 'Litigation and Infringement risk' below), and there can be no assurance that the measures in place by the Company will be sufficient.

Talga has policies, procedures and practices in place and seeks appropriate patent, design, and trademark protection to manage any potential IP risk.

Reliance on Key Management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. Whilst the key management team has been well established with on-going stability, there can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment or are incapacitated for any length of time.

Access to Infrastructure Risk

Mining, processing, development and exploration activities depend, to a significant degree, on adequate infrastructure. In the course of developing future mines, the Company may need to construct and/or update existing infrastructure, which includes permanent water supplies, dewatering, tailings storage facilities, power, maintenance facilities and logistics services and access roads. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could materially adversely affect the Company's operations, financial condition and results of operations. Any such issues arising in respect of the supporting infrastructure or on the Company's sites could materially adversely affect the Company's results of operations or financial condition. Furthermore, any failure or unavailability of the Company's operational infrastructure (for example, through equipment failure or disruption to its transportation arrangements) could materially adversely affect its exploration activities or development of a mine or project.

Competition

Competition from other international graphite producers and explorers may affect the potential future cash flow and earnings which the Company may realise from its Vittangi Anode Project. This includes competition from existing production and new entrants into the market. The introduction of new mining and processing facilities and any increase in competition and supply in the global graphite market could lower the price of this commodity. The Company may also encounter competition from other mining and exploration companies for the acquisition of new projects required to sustain or increase its potential future production levels. The Company's downstream operation may also be impacted by new entrants to the market, or existing graphite producers, pursuing a similar strategy.

Litigation and Infringement Risk

The Company may be involved in claims, litigation and disputes from time to time including in relation to contractual disputes, claims from local indigenous groups, tenure disputes, environmental claims, occupational health and safety claims, intellectual property disputes and employee claims. Claims, litigation and disputes can be costly, including amounts payable in respect of judgments and settlements made against, or agreed to by, the Company. They can also take up significant time and attention from management and the Board. Accordingly, the Company's involvement in claims, litigation and disputes may have an adverse impact on its financial performance.

Pandemic Risk

Supply chain disruptions resulting from the transmission of pandemics such as COVID-19 in the community and measures implemented by governments around the world to limit the transmission of the virus may adversely impact the Company's operations, financial position, prospects and ability to raise capital. Travel bans may also lead to shortages of skilled personnel. Further outbreaks of COVID-19 or other pandemics and the implementation of travel restrictions also have the potential to restrict access to sites. Whilst the COVID-19 pandemic has had both short-term and long-term consequences that Talga, like other companies, must take into account, there have been no significant adverse impacts on the Company to date. The Company may also be subject to the severity of future lockdowns and relevant operators / supplier personnel not becoming infected which could result in delays.

Climate Change Risk

Climate change is a risk the Company has considered. The climate change risks particularly attributable to the Company include:

- the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and
- climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns.

Whilst all these risks associated with climate change may significantly change the industry in which the Company operates, as announced on the ASX on 9 August 2023, the Life Cycle Assessment of Talga's flagship lithium-ion battery anode product, Talnode®-C, emits 92% less CO₂-equivalent than incumbent electric vehicle battery anode materials largely due to avoiding the use of fossil-fuel power to either produce natural graphite anode or graphitise petroleum/coal derived feedstocks for energy intensive synthetic graphite anode production, as is the case with anode technology currently imported into Europe from Asia. the use of 100% renewable power.

The Company has identified air emissions and greenhouse gases in the environmental impact assessment (EIA) process for the proposed mine. Mitigation measures have been identified for reducing dust and greenhouse gas emissions. Further EIA process for the refinery which includes best available technology air emission treatment technologies, was completed in 2022.

12. SUBSEQUENT EVENTS

Other than as disclosed below, there has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

- Early works in preparation for Luleå Anode Refinery construction commenced following approved environmental permit gaining legal force. Groundbreaking attended by local, regional and national Swedish government representatives.
- Updated Life Cycle Assessment demonstrates global warming potential of Talnode®-C manufacture is 92% less than existing synthetic EV anodes imported into Europe.
- Final stage of statutory appeals process commenced following Court of Appeal decision to Final stage of statutory appeals process commenced with Supreme Court reviewing submissions following the Court of Appeal's decision to uphold Talga's approved Nunasvaara South mine environmental and Natura 2000 permit.
- Banking consortium of credit agencies and European commercial banks selected to provide all debt funding for Vittangi Anode Project, complementing European Investment Bank.
- Early-stage discovery of lithium-bearing pegmatites at Talga's Aero Project.

13. DIRECTORS' AND COMMITTEE MEETING

The number of meetings attended by each of the Directors of the Group during the financial year was:

Directors Meetings

Directors	Number Eligible to Attend	Number Attended
Terry Stinson	7	7
Mark Thompson	7	7
Grant Mooney	7	6
Stephen Lowe	7	7
Ola Rinnan	7	7

Remuneration Committee Meetings

Directors	Number Eligible to Attend	Number Attended
Terry Stinson	2	2
Grant Mooney	2	2
Stephen Lowe	2	2
Ola Rinnan	2	2

Audit and Risk Committee Meetings

Directors	Number Eligible to Attend	Number Attended
Grant Mooney	1	1
Terry Stinson	1	1
Stephen Lowe	1	1

14. ENVIRONMENTAL REGULATIONS

The Group's operations are subject to local, State and Federal laws and regulations concerning the environment. Details of the Group's performance in relation to environmental regulations are as follows:

The Group's exploration activities are subject to the Swedish Minerals Act ("Minerallagen") and operational activities in Germany are subject to the German Federal Emissions Control Act (Bundes-Immissionsschutzgesetz) and the AwSV Regulations relating to water discharge. The Group has a policy of complying with or exceeding its environmental performance obligations. The Board believes that the Group has adequate systems in place to meet its obligations. The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The Directors of the Group are not aware of any breach of environmental legislation for the financial year under review.

For the year ending 30 June 2023, the Group was below the reporting threshold requirements under the Australian National Greenhouse Emission Regulation ("NGER") to report its annual greenhouse gas emissions and energy use and is therefore not required to register or report. The Directors will continue to monitor the Group's registration and reporting obligations.

15. SHARE OPTIONS AND PERFORMANCE RIGHTS

As at the date of this report, there were 7,500,000 ordinary shares under option and 4,947,900 shares subject to performance rights:

- 5,000,000 unlisted options with an exercise price of \$1.12 expiring on 31 December 2023;
- 500,000 unlisted options with an exercise price of \$1.93 expiring on 4 July 2024;
- 2,000,000 unlisted options with an exercise price of \$2.16 expiring on 14 September 2024;
- 2,100,000 performance rights expiring 31 December 2023;
- 2,000,000 performance rights expiring 31 December 2025; and
- 847,900 performance rights expiring 31 March 2025

No person entitled to exercise any option or performance right referred to above has or had, by virtue of the option or performance right, a right to participate in any share issue of any other body corporate.

During or since the end of the financial year only 3,400,000 share options with an exercise price of \$0.71 expired on 23 Oct 2022.

16. REMUNERATION REPORT (Audited)

This report details the type and amount of remuneration for each director and Key Management Personnel (“KMP”) (defined as those having authority and responsibility for planning, directing and controlling the activities of the Group).

Remuneration Policy

The performance of the Group depends upon the quality of its directors and executives. To be successful, the Group must attract, motivate and retain highly skilled directors and executives.

It is the Group’s objective to provide maximum stakeholder benefit from the retention of a high-quality board and KMP by remunerating them fairly and appropriately with reference to relevant employment market conditions. The Board links the nature and amount of some director and KMP emoluments to the Group’s financial and operational performance. To assist in achieving the objective the Board set up a Remuneration Committee.

The responsibilities of the Remuneration committee are to:

- Attract, retain and motivate high quality directors and KMP;
- Reward directors and KMP for Group performance;
- Align the interest of directors and KMP with those of shareholders;
- Link reward with strategic goals and performance of the Group; and
- Ensure total remuneration is competitive with market standards.

The remuneration of a director or KMP will be decided by the Remuneration Committee. In determining competitive remuneration rates the Remuneration Committee reviews local and international trends among comparative companies and the industry generally. It also examines terms and conditions for the employee share option plan. The Remuneration Committee also relies on remuneration consultants from time to time. Remuneration consultants were used this year. That being for the employee incentive & retention scheme - BDO Australia; \$4,250 for the remuneration report - BDO Australia \$27,500.

Non-executive director remuneration

The maximum remuneration of non-executive directors is the subject of shareholder resolution in accordance with the Company’s Constitution, and the Corporations Act 2001 as applicable. The allocation of non-executive director remuneration within that maximum will be made by the Remuneration Committee having regard to the inputs and value to the Group of the respective contributions by each non-executive director. Shareholders at a general meeting approved an aggregate amount of \$500,000 to be paid to non-executive directors. The Board, upon consultation with the Remuneration Committee, may allocate this pool (or part of it) at their discretion.

The Remuneration Committee may recommend awarding additional remuneration to non-executive directors called upon to perform extra services or make special exertions on behalf of the Group such as representation on committees. There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

Executive remuneration

Executive remuneration may consist of both fixed and variable (at risk) elements.

Fixed remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is appropriate to the position and is competitive in the market and may be in variety of forms including

cash and fringe benefits. The remuneration is reviewed annually by the Remuneration Committee.

Variable (at risk) remuneration

Variable remuneration may be delivered in the form of a short-term incentive (STI) scheme, cash bonuses or long-term incentive schemes including share options or rights. All equity-based remuneration paid to directors and executives is valued at the cost to the Group and expensed. Options and performance rights are valued using the Black-Scholes methodology. All equity-based remuneration for directors must be approved by shareholders.

Performance Based Remuneration

Other than as noted below under Services Agreements of Executive Directors and KMP, the Group did not pay any other performance based bonuses to directors or KMP in the year ended 30 June 2023.

Group Performance, Shareholder Wealth and Directors' and Executives' Remuneration

The remuneration policy has been tailored to maximise the commonality of goals between shareholders, directors and executives. The method applied in achieving this aim to date has been the issue of options or performance rights to directors and executives under the Company's Employee Securities Incentive Scheme to encourage the alignment of personal and shareholder interests. Furthermore, STI's in the form of cash bonuses that are structured to remunerate KMP for achieving annual Group targets and individual performance targets that reflect the Group's development path and that can translate into long term value being created for shareholders have also been considered and implemented. The Group believes this policy will be the most effective in increasing shareholder wealth.

Services Agreements of Executive Directors and KMP

Mark Thompson's employment conditions as Managing Director are defined by way of a contract of employment with no fixed term. Mr Thompson's annual Base Salary and superannuation is \$452,049. His STI's have been agreed based on the four key performance milestones covering Commercial Agreements, Joint Venture/Corporate Development, Mineral Resource Upgrades and Market Capitalisation targets, up to a maximum at risk total of \$135,000 (including superannuation). A total STI amount of \$15,000 was paid to Mr Thompson in the 2023 financial year. The STI bonus was determined on 1 November 2022 after performance reviews were completed and approved.

The Company may terminate Mr Thompson's employment contract without cause by providing nine months written notice or making payment in lieu of notice, based on the individual's annual salary component. Mr Thompson may terminate his employment without cause by providing six months written notice and the Company may pay Mr Thompson in lieu of notice or require him to serve out his notice. In the event of a change in control of the Company, Mr Thompson will receive a bonus payment comprising of a lump sum gross payment of 12 months' Base Salary. If within 6 months after the change in control Mr Thompson elects to terminate his employment or his employment is terminated by the Company, Mr Thompson will not be entitled to any notice of termination or payment in lieu of notice.

Martin Phillip's conditions as Chief Operating Officer (COO) are defined by way of a contract of employment with no fixed term. Mr Phillip's Base Salary and superannuation is \$452,045. His STI's have been agreed based on the four key performance milestones covering Commercial Agreements, Joint Venture/Corporate Development, Vittangi Permit milestones and Market Capitalisation targets, up to a maximum at risk total of \$200,000 (including superannuation). A total STI amount of \$15,000 was paid to Mr Phillips in the 2023 financial year. The STI bonus was determined on 1 November 2022 after performance reviews were completed and approved.

Mr Phillips is predominately located in Europe and is also entitled to six return airfares for immediate family members per year (\$19,724 in airfare benefits (excluding Fringe Benefits tax) were paid in FY23. Mr Phillips is also the European Chief Executive Officer.

The Company may terminate Mr Phillips' employment contract without cause by providing six months written notice or making payment in lieu of notice, based on the individual's annual salary component. Mr Phillips may terminate the employment without cause by providing six months written notice and the Company may pay Mr Phillips in lieu of notice or require him to serve out his notice.

Melissa Roberts conditions as Chief Financial Officer (CFO) are defined by way of a contract of employment with no fixed term. Mrs Robert's Base Salary and superannuation is \$401,822. Her STI's have been agreed based on the three key performance milestones covering Joint Venture/Corporate Development, Corporate and Market Capitalisation targets, up to a maximum at risk total of \$120,000 (including superannuation). A total STI amount of \$45,000 was paid to Mrs. Roberts in the 2023 financial year. The STI bonus was determined on 1 November 2022 after performance reviews were completed and approved. No STI was paid to Mrs Roberts in the 2022 financial year.

The Company may terminate Mrs Roberts employment contract without cause by providing six months written notice or making payment in lieu of notice, based on the individual's annual salary component. Mrs Roberts may terminate the employment without cause by providing six months written notice and the Company may pay Mrs Roberts in lieu of notice or require her to serve out her notice.

The table below outlines the KMP of the Group for this financial year:

Name	Position	Term as KMP
Non-executive Directors		
Terry Stinson	Non-executive Chair	Full financial year
Grant Mooney	Non-executive Director	Full financial year
Stephen Lowe	Non-executive Director	Full financial year
Ola Rinnan	Non-executive Director	Full financial year
Executive Directors		
Mark Thompson	Managing Director	Full financial year
Senior executives		
Melissa Roberts	Chief Financial Officer	Full financial year
Martin Phillips	Chief Operating Officer	Full financial year

Details of Remuneration

Details of the remuneration of the directors, other Key Management Personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the Group) and specified executives of Talga are set out in the following tables.

2023	Short Term Benefits			Non-monetary leave entitlement (ii)	Post-Employment		Total including Share Based Payments		
	Salary	Director Fees	Other (i)		Super-annuation	Subtotal	Options and Rights (iii)	Total	Value of at risk share based payment as proportion of remuneration %
	\$	\$	\$	\$	\$	\$	\$	\$	%
Terry Stinson Chair	-	150,000	4,525	-	16,225	170,750	347,000	517,750	67%
Mark Thompson Managing Director	426,753	-	15,000	11,646	25,296	478,695	1,652,000	2,130,695	78%
Grant Mooney Non-Executive Director	-	66,364	6,787	-	7,681	80,832	289,167	369,999	78%
Steve Lowe Non-Executive Director	-	66,364	6,787	-	7,681	80,832	289,167	369,999	78%
Ola Rinnan Non-Executive Director (v)	-	93,332	2,500	-	-	95,832	289,167	384,999	75%
Martin Phillips Chief Operating Officer (iv)	455,375	-	52,215	1,309	25,296	534,195	526,921	1,061,116	76%
Melissa Roberts Chief Financial Officer	376,526	-	45,000	7,598	25,296	454,420	588,348	1,042,768	56%
Total	1,258,654	376,060	132,814	20,553	107,475	1,895,556	3,981,770	5,877,326	

Notes: All directors are paid under the terms agreed by way of director's resolution.

- (i) Grant Mooney was paid \$4,525 (plus superannuation) as Chair of Remuneration Committee and \$2,262 (plus superannuation) as a member of the Audit and Risk Committee. Steve Lowe was paid \$4,525 (plus superannuation) as Chair of Audit and Risk Committee and \$2,262 (plus superannuation) as a member of the Remuneration Committee. Terry Stinson was paid \$4,525 (plus superannuation) as a member of both the Remuneration Committee and Audit and Risk Committee. Ola Rinnan was paid \$2,500 as a member of the Remuneration Committee.

Mark Thompson was paid a \$15,000 STI bonus in the period relating to a 2022 financial year project development milestone. The \$52,215 paid to Martin Phillips was for \$37,215 in fringe benefits (including fringe benefits tax) and a \$15,000 STI bonus in the period relating to a 2022 financial year project development milestone. Melissa Roberts was paid a \$45,000 STI bonus in the period relating to a 2022 financial year corporate milestone.

- (ii) Non-monetary leave entitlements are the net movement of the balance of accrued annual and long-service leave entitlements.
- (iii) Option and rights represent the fair value expensed for the year ended 30 June 2023; for options issued to Mark Thompson in November 2020; for options/performance rights issued to Martin Phillips in October 2019, September 2020, November and December 2022; for options/performance rights issued to Melissa Roberts in September 2021 and December 2022; for performance rights issued to the Chair and non-executive directors in November 2020. Options and Rights expensed for Martin Phillips is the net after including a reversal of share based payments expense of \$1,122,000 which relates to 3,000,000 options that expired unvested in the current year.
- (iv) Part of Martin Phillips' remuneration is paid through Talga's German subsidiary and hence due to tax equalisation between Australia and Germany, Mr Phillips was paid a total annual base salary and superannuation of \$480,671 for the 2023 financial year.
- (v) Ola Rinnan director fees includes \$20,000 for representation on the subsidiary Talga AB board.

2022	Short Term Benefits				Post-Employment		Total including Share Based Payments		
	Salary	Director Fees	Other (vi)	Non-monetary leave entitlement (vii)	Super-annuation	Subtotal	Options and Rights (viii)	Total	Value of at risk share based payment as proportion of remuneration %
	\$	\$	\$	\$	\$	\$	\$	\$	%
Terry Stinson Chair	-	150,000	4,545	-	15,455	170,000	347,000	517,000	67%
Mark Thompson Managing Director	426,432	-	150,000	23,882	23,569	623,883	1,652,000	2,275,883	73%
Grant Mooney Non-Executive Director	-	66,364	6,818	-	7,318	80,500	289,167	369,667	78%
Steve Lowe Non-Executive Director	-	66,364	6,818	-	7,318	80,500	289,167	369,667	78%
Ola Rinnan Non-Executive Director (x)	-	93,000	2,500	-	-	95,500	289,167	384,667	75%
Martin Phillips Chief Operating Officer (ix)	455,057	-	150,000	68,938	23,568	697,563	526,308	1,223,871	43%
Melissa Roberts Chief Financial Officer	333,333	-	-	13,516	33,333	380,182	367,067	747,249	49%
Total	1,214,822	375,728	320,681	106,336	110,561	2,128,128	3,759,876	5,888,004	

Notes: All directors are paid under the terms agreed by way of director's resolution.

- (i) Grant Mooney was paid \$4,545 (plus superannuation) as Chair of Remuneration Committee and \$2,273 (plus superannuation) as a member of the Audit and Risk Committee. Steve Lowe was paid \$4,545 (plus superannuation) as Chair of Audit and Risk Committee and \$2,273 (plus superannuation) as a member of the Remuneration Committee. Terry Stinson was paid \$4,545 (plus superannuation) as a member of both the Remuneration Committee and Audit and Risk Committee. Ola Rinnan was paid \$2,500 as a member of the Remuneration Committee.

Both Mark Thompson and Martin Phillips were paid a \$150,000 STI bonus in the period relating to the 2021 financial year market capitalisation milestones.

- (ii) Non-monetary leave entitlements are the net movement of the balance of accrued annual and long-service leave entitlements.
- (iii) Option and rights represent the fair value expensed for the year ended 30 June 2022; for options issued to Mark Thompson in November 2020; for options issued to Martin Phillips in October 2019 and September 2020; for options issued to Melissa Roberts in September 2021; for performance rights issued to the Chair and non-executive directors in November 2020.
- (iv) Due to tax equalisation, Martin Phillips was paid a total annual base salary and superannuation of \$478,625 for the 2022 financial year.
- (v) Ola Rinnan director fees includes \$20,000 representation on the subsidiary Talga AB board.

Option, Right and Shareholdings of Directors and Officers

The number of options and performance rights over ordinary shares in Talga held by Key Management Personnel of the Group during the financial year is as follows:

Key Management Personnel Options and Rights 2023

30 June 2023	Balance at Beginning of the Year	Granted as Remuneration during the Year	Exercised during the Year	Other changes during the Year ⁽ⁱ⁾	Balance at end of the Year	Vested during the Year	Vested and Exercisable
Terry Stinson	600,000	-	-	-	600,000	-	-
Mark Thompson	4,000,000	-	-	-	4,000,000	-	-
Grant Mooney	500,000	-	-	-	500,000	-	-
Stephen Lowe	500,000	-	-	-	500,000	-	-
Ola Rinnan	500,000	-	-	-	500,000	-	-
Martin Phillips	4,000,000	2,000,000	(500,000)	(3,000,000)	2,500,000	500,000	500,000
Melissa Roberts	2,000,000	500,000	-	-	2,500,000	-	-

(i) These are options that expired unvested during the year.

The number of ordinary shares in Talga held by Key Management Personnel of the Group during the financial year is as follows:

Key Management Personnel Shareholdings 2023

30 June 2023	Balance at Beginning of the Year	Granted as Remuneration During the Year	Issued on Exercise of Options During the Year	Other Changes During the Year ⁽ⁱ⁾	Balance at End of the Year
Terry Stinson	175,554	-	-	1,818	177,372
Mark Thompson	14,354,901	-	-	27,273	14,382,174
Grant Mooney	-	-	-	-	-
Stephen Lowe	2,050,000	-	-	27,273	2,077,273
Ola Rinnan	-	-	-	-	-
Martin Phillips	229,950	-	500,000	-	729,950
Melissa Roberts	-	-	-	-	-

(i) Issue of shares as a result of Share Purchase Plan allotment.

30 June 2022	Balance at Beginning of the Year	Granted as Remuneration During the Year	Issued on Exercise of Options During the Year	Other Changes During the Year	Balance at End of the Year
Terry Stinson	175,554	-	-	-	175,554
Mark Thompson	14,354,901	-	-	-	14,354,901
Grant Mooney	-	-	-	-	-
Stephen Lowe	2,050,000	-	-	-	2,050,000
Ola Rinnan	-	-	-	-	-
Martin Phillips	229,950	-	-	-	229,950
Melissa Roberts	-	-	-	-	-

Share based payments

The following table summarises the value of options or rights granted, expensed, and exercised during the financial year, in relation to options or rights granted to Key Management Personnel as part of their remuneration:

Key Management Personnel	Granted in Year \$	Value of Options and Rights Expensed During Year \$	Value of Options Exercised in Year \$
Terry Stinson	-	347,000	-
Mark Thompson	-	1,652,000	-
Grant Mooney	-	289,167	-
Stephen Lowe	-	289,167	-
Ola Rinnan	-	289,167	-
Martin Phillips	2,800,000	526,921	675,000
Melissa Roberts	715,000	588,348	-

Additional disclosures relating to options, performance rights and shares

The table below discloses the number of share options and performance rights as at 30 June 2023 granted to Key Management Personnel as remuneration as well as the number of options that vested or lapsed during this year.

Share options do not carry any voting or dividend rights and can be exercised once the vesting conditions have been met until their expiry date.

Class	Grant Date	Number of Options / Rights Awarded	Fair Value per Option / Right at Award Date	Vesting Date	Exercise Price	Expiry Date	No. Vested During this Year	No. Lapsed During this Year
As at 30 June 2023								
Mark Thompson	12/11/20	4,000,000	\$1.239	*	\$1.12	31/12/23	-	-
Martin Phillips	24/10/19	3,000,000	\$0.374	*	\$0.71	23/10/22	-	3,000,000
Martin Phillips	24/09/20	1,000,000	\$0.495	*	\$1.12	31/12/23	-	-
Terry Stinson	12/11/20	600,000 ⁽ⁱ⁾	\$1.735	*	-	31/12/23	-	-
Stephen Lowe	12/11/20	500,000 ⁽ⁱ⁾	\$1.735	*	-	31/12/23	-	-
Grant Mooney	12/11/20	500,000 ⁽ⁱ⁾	\$1.735	*	-	31/12/23	-	-
Ola Rinnan	12/11/20	500,000 ⁽ⁱ⁾	\$1.735	*	-	31/12/23	-	-
Melissa Roberts	16/09/21	2,000,000	\$0.696	*	\$2.16	14/09/24	-	-
Martin Phillips	14/11/22	1,500,000 ⁽ⁱ⁾	\$1.390	*	-	31/12/25	500,000	-
Martin Phillips	23/12/22	500,000 ⁽ⁱ⁾	\$1.430	*	-	31/12/25	-	-
Melissa Roberts	23/12/22	500,000 ⁽ⁱ⁾	\$1.430	*	-	31/12/25	-	-

* Subject to vesting conditions as described in Note 26.

(i) Performance rights granted

END OF REMUNERATION REPORT

17. INDEMNIFICATION AND INSURANCE

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Group paid a premium of \$176,625 (2022: \$110,264) to insure directors and officers of the Group. The directors and officers have indemnities in place with the Group whereby the Company has agreed to indemnify the directors and officers in respect of certain liabilities incurred by the director or officer while acting as a director of the Group and to insure the director or officer against certain risks the director or officer is exposed to as an officer of the Group.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

18. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2023 has been received and immediately follows the Directors' Report. On 6 July 2023, Stantons International has resigned as auditor of the Company, and Ernst and Young has been appointed as auditor of the Company. There were \$48,308 fees paid to Ernst and Young for non-audit services (Stantons International \$40,918) provided during the year ended 30 June 2023. The directors are satisfied that the provisions of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed did not compromise the external auditor's independence.

19. CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors support and have adhered to principles of sound corporate governance.

The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council and considers that Talga is in compliance with those guidelines which are of critical importance to the commercial operation and commensurate of an ASX listed company of its size. During the financial year, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy for the Group.

This report is made in accordance with a resolution of the directors.



Managing Director
Perth, Western Australia
29 September 2023



**Building a better
working world**

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Auditor's independence declaration to the directors of Talga Group Ltd

As lead auditor for the audit of the financial report of Talga Group Ltd for the financial year ended 30 June 2023, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Talga Group Ltd and the entities it controlled during the financial year.

A handwritten signature in black ink that reads 'Ernst + Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink, appearing to be 'T S Hammond', written in a cursive style.

T S Hammond
Partner
29 September 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2023 \$	2022 \$
Revenues from ordinary activities	2	279,572	16,420
Other Income	2	1,714,328	648,160
Expenses			
Administration expenses		(5,140,842)	(3,212,573)
Compliance and regulatory expenses		(4,796,270)	(1,670,169)
Depreciation expense		(3,753,750)	(972,187)
Employee benefits expenses and Directors Fees		(3,917,088)	(3,691,963)
Exploration and evaluation expenditure		(756,927)	(3,259,532)
Exploitation costs Sweden		(6,319,067)	(7,911,689)
Trial Mine and anode production		(11,805,665)	(1,823,592)
Operations – Test Facility, Research & Product Development		(4,334,680)	(5,083,598)
FX realised and unrealised gain / (loss)		(451,476)	(2,736,487)
Share based payments	26	(4,074,202)	(7,102,110)
(Loss) before income tax expense		(43,356,067)	(36,799,320)
Income tax expense	3	-	-
Net (loss) attributable to members of the parent entity		(43,356,067)	(36,799,320)
Other comprehensive income / (loss):			
Items that will not be reclassified to profit or loss			
Changes in the fair value of financial assets at fair value through OCI	13	-	(53,657)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		555,678	982,230
Total other comprehensive (loss) / income for the year		555,678	928,573
Total comprehensive (loss) for the year		(42,800,388)	(35,870,747)
Total comprehensive (loss) attributable to members of the parent entity		(42,800,388)	(35,870,747)
Basic loss per share (cents per share)	16	(12.00)	(12.10)
Diluted loss per share (cents per share)	16	(12.00)	(12.10)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2023 \$	2022 \$
Current Assets			
Cash and cash equivalents	4	38,226,375	13,012,565
Trade and other receivables	5	2,516,243	1,517,075
Prepayments	7	687,970	858,892
Total Current Assets		41,430,588	15,388,532
Non-Current Assets			
Other receivables	6	568,608	444,077
Property, plant and equipment	8 (a, b)	20,714,979	15,177,583
Right of use assets	8 (c)	2,303,006	1,743,181
Exploration and evaluation acquisition costs	9	132,022	397,970
Total Non-Current Assets		23,718,615	17,762,811
TOTAL ASSETS		65,149,203	33,151,343
Current Liabilities			
Lease Liability	8 (c)	801,411	574,417
Trade and other payables	10	4,818,877	4,024,562
Provisions	11	978,791	783,731
Total Current Liabilities		6,599,079	5,382,710
Non-Current Liabilities			
Lease liability	8 (c)	1,565,762	1,121,055
Total Non-Current Liabilities		1,565,762	1,121,055
TOTAL LIABILITIES		8,164,841	6,503,765
NET ASSETS		56,984,362	26,647,577
Equity			
Issued capital	12	203,434,497	133,472,526
Reserves	13	19,879,082	16,148,202
Accumulated losses	14	(166,329,217)	(122,973,151)
TOTAL EQUITY		56,984,362	26,647,577

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total \$
At 1 July 2021	130,184,218	(86,173,831)	11,086,687	55,097,074
Comprehensive income:				
Loss after income tax for the year	-	(36,799,320)	-	(36,799,320)
Fair value adjustment in relation to financial assets at FVTOCI	-	-	(53,657)	(53,657)
Exchange differences on translation of foreign operations	-	-	982,230	982,230
Total comprehensive income (loss) for the year	-	(36,799,320)	928,573	(35,870,747)
Transactions with owners in their capacity as owners:				
Issue of share capital	336,308	-	-	336,308
Capital raising costs	-	-	(17,168)	(17,168)
Share based compensation	2,952,000	-	4,150,110	7,102,110
At 30 June 2022	133,472,526	(122,973,151)	16,148,202	26,647,577
	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total \$
At 1 July 2022	133,472,526	(122,973,151)	16,148,202	26,647,577
Comprehensive income:				
Loss after income tax for the year	-	(43,356,066)	-	(43,356,066)
Fair value adjustment in relation to financial assets at FVTOCI	-	-	-	-
Exchange differences on translation of foreign operations	-	-	555,678	555,678
Total comprehensive income (loss) for the year	-	(43,356,066)	555,678	(42,800,388)
Transactions with owners in their capacity as owners:				
Issue of share capital	72,288,201	-	-	72,288,201
Capital raising costs	(3,225,230)	-	-	(3,225,230)
Share based compensation	899,000	-	3,175,202	4,074,202
At 30 June 2023	203,434,497	(166,329,217)	19,879,082	56,984,362

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2023 \$	2022 \$
Cash Flows from Operating Activities			
Receipts from Customers		279,110	82,176
Payments for exploration, evaluation & exploitation		(22,633,676)	(16,566,701)
Payments to suppliers, contractors and employees		(9,596,155)	(8,629,657)
German and UK Operations including R&D		(5,560,794)	(3,787,641)
Interest received		583,700	45,381
Interest paid on leases		(90,681)	(40,325)
Other income – grants		771,234	2,043,083
Net cash flows (used in) operating activities	15	(36,247,262)	(26,853,684)
Cash Flows from Investing Activities			
Purchase of plant and equipment		(6,394,582)	(12,428,175)
Payment other – Security Bonds payments		(20,900)	(545,327)
Proceeds from sale of financial asset		-	566,343
Net cash (used in) investing activities		(6,415,482)	(12,407,159)
Cash Flows from Financing Activities			
Proceeds from issue of securities		72,109,679	-
Payment for costs of issue of securities		(3,131,249)	(20,018)
Lease payments		(1,122,737)	(469,284)
Net cash flows (used in) / from financing activities		67,855,693	(489,302)
Net (decrease) / increase in cash and cash equivalents		25,192,949	(39,750,145)
Cash and cash equivalents at the beginning of the financial year		13,012,565	52,497,518
Net foreign exchange differences		20,861	265,192
Cash and cash equivalents at the end of the financial year	4	38,226,375	13,012,565

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial report of the Group complies with all International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board, in their entirety.

The financial report covers the parent Talga Group Ltd and Controlled Entities (the "Group"). Talga Group Ltd is a public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Going Concern

The directors have prepared the financial statements on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

The Group has cash and cash equivalents of \$38.2 million and net current assets of \$34.8 million as at 30 June 2023. The Group made a net loss of \$42.8 million and has incurred net operating and investing cash outflows of \$42.8 million for the year ended 30 June 2023.

The Directors acknowledge that further funding in the form of debt and/or equity raisings will be required in order to progress the Group's planned objectives, including the development of the Vittangi Anode Project.

Subsequent to 30 June 2023, the Group (ASX: TLG 12 September 2023) has completed selection of the banking consortium to provide all of the debt funding for the Vittangi Anode Project. In addition to the European Investment Bank (ASX:TLG 20 June 2023), the consortium comprises multiple government-owned export credit agencies and European commercial banks with strong credentials in the energy transition and mining sectors. Talga's strategic selection of financiers is a key step in delivering the Project financing and follows an extensive process that included comprehensive independent market, technical, financial, and environmental due diligence reports. The independent due diligence investigation was undertaken by a number of leading consultancy groups acting for the financiers. Finalisation of Project debt facilities with the selected banking consortium remains subject to finalisation of approvals, completion of remaining due diligence and execution of definitive debt facility documentation, which are expected to include customary project financing terms and conditions. Drawdowns under the facility would be subject to customary conditions precedent. Customer negotiations to allocate supply and underpin debt financing agreements are progressing.

As at the date of this report, the Directors are satisfied that there is a reasonable basis that the Group will be able to achieve the matters set out above, including the securing of funding for the Vittangi Anode Project, and thus it is appropriate to prepare the financial statements on a going concern basis.

If, however the Group is unable to achieve these matters, then there is a material uncertainty that may cast significant doubt on whether the Group will continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e., parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired, and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is re-measured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the profit or loss.

(b) Exploration, Evaluation and Development Expenditure

Exploration and evaluation costs are written off in the year they are incurred. Costs of acquisition are capitalised to areas of interest and carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

When an area of interest is abandoned, or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated acquisition costs written off to the extent that they will not be recoverable in the future. Where projects have advanced to the stage that directors have made a decision to mine, they are classified as development properties. When further development expenditure is incurred in respect of a development property, such expenditure is carried forward as part of the cost of that development property only when substantial future economic benefits are established. Otherwise, such expenditure is classified as part

of the cost of production or written off where production has not commenced.

(c) Plant and Equipment

Plant and equipment are initially recognised at acquisition cost (including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management) and subsequently measured using the cost model (cost less subsequent depreciation and impairment losses).

Depreciation is calculated on either the straight-line basis or diminishing value basis over their useful lives to the Group commencing from the time the asset is held ready for use. The following useful lives are applied:

Operating Equipment:	3-20 years
Office equipment:	1-15 years
Vehicles:	5-8 years
Buildings:	10 -40 years

Material residual value estimates and estimates of useful life are updated as required, but at least annually. Gains or losses arising on the disposal of plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

(d) Financial Instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial instruments (except for trade receivables) are measured initially at fair value adjusted by transaction costs, except for those carried at 'fair value through profit or loss', in which case transaction costs are expensed to profit or loss. Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted. Subsequent measurement of financial assets and financial liabilities are described below.

Trade receivables are initially measured at the transaction price if the receivables do not contain a significant financing component in accordance with AASB 15.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Classification and measurement

Financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost;
- fair value through other comprehensive income (FVOCI); and
- fair value through profit or loss (FVPL).
Classifications are determined by both:
 - the contractual cash flow characteristics of the financial assets; and
 - the Group's business model for managing the financial asset.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet with the following conditions (and are not designated as FVPL);

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through other comprehensive income

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling the financial asset.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI.

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 Financial Instruments: Presentation and are not held for trading.

Financial assets at fair value through profit or loss (FVPL)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss. All interest-related charges and, if applicable, gains and losses arising on changes in fair value are recognised in profit or loss.

Impairment

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(e) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within financial liabilities in current liabilities on the Statement of Financial Position.

(f) Trade and Other Receivables

Trade and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 -90 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 1(d).

(g) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of goods and services tax (GST).

(h) Grants

Government and other grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs it is compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

(i) Impairment of Assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from the other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Goodwill, intangible assets with indefinite useful lives and intangible assets not yet ready for use are tested for impairment annually regardless of whether there are impairment indicators or not.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generated unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the income statement immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

A reversal of an impairment loss is recognised in the income statement immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation increase.

(j) Goods and Services Tax (GST) and Value Added Tax (VAT)

Revenues, expenses, and assets are recognised net of the amount of GST/VAT, except where the amount of GST/VAT incurred is not recoverable from the Australian Tax Office (ATO) or relevant Tax Authority. In these circumstances the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST/VAT.

The net amount of GST/VAT recoverable from, or payable to, the ATO or other Tax Authority is included as a current asset or liability in the statement of financial position.

Cash flows are included in the cash flow statement on a gross basis. The GST/VAT components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO or relevant Tax Authority are classified as operating cash flows.

(k) Taxation

The Group adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit/loss from ordinary activities adjusted for any non-assessable or disallowed items.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised, or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(l) Trade and Other Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(m) Share Based Payments

The Group operates an employee share and option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting period. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments used, if it is determined the fair value of the goods and services cannot be reliably measured and are recorded at the date the goods or services are received.

Fair value is measured by use of a Black - Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

The value of shares issued to employees financed by way of a non-recourse loan under the employee Share Plan is recognised with a corresponding increase in equity when the Company receives funds from either the employees repaying the loan or upon the loan termination. All shares issued under the plan with non-recourse loans are considered, for accounting purposes, to be options.

(n) Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(o) Earnings Per Share

Basic earnings per share is calculated as net earnings attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for a bonus element.

Diluted EPS is calculated as net earnings attributable to members, adjusted for costs of servicing equity (other than dividends) and preference share dividends; the after tax effect of dividends and interest associated with dilutive potential ordinary shares that would have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(p) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates - Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. If impairment triggers are identified, then recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key Judgement – Exploration and evaluation costs

Acquisition costs are accumulated in respect of each identifiable area of interest where the right of tenure is current and are expected to be recouped or where an area that has not at balance sheet date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are continuing.

Key Judgment – Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Group's development and its current environmental impact, the directors believe such treatment is reasonable and appropriate. As at 30 June 2023, the Group had no environmental rehabilitation issues to provide for.

Share based payments

The Group measures the cost of equity-settled and cash-settled transactions by reference to the fair value of the goods or services received in exchange if it can be reliably measured. If the fair value of the goods or services cannot be reliably measured, the costs is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model and the assumptions and carrying amount at the reporting date, if any, is disclosed in note 26.

Deferred tax

The potential deferred tax asset arising from the tax losses and temporary differences have not been recognised as an asset because recovery of the tax losses is not yet considered probable (refer note 3).

(q) Application of new and revised Accounting Standards

New and Amended Accounting Policies Adopted by the Group

The Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2022. New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments
- AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections (insofar as the Standard relates to editorial corrections that are effective for the current year)

New and Amended Accounting Policies Not Yet Adopted by the Group

- *AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*

The amendment amends AASB 101 to clarify whether a liability should be presented as current or non-current. The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The amendment is not expected to have a material impact on the financial statements once adopted.

- *AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*

The amendment amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. These amendments arise from the issuance by the IASB of the following International Financial Reporting Standards: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) and Definition of Accounting Estimates (Amendments to IAS 8).

The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The impact of the initial application is not yet known.

- *AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendment amends the initial recognition exemption in AASB 112: *Income Taxes* such that it is not applicable to leases and decommissioning obligations – transactions for which companies recognise both an asset and liability and that give rise to equal taxable and deductible temporary differences. The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The impact of the initial application is not yet known.

(r) Foreign Currency

(i) Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency. The functional currency of the Consolidated Entity's subsidiaries, Talga Mining Pty Ltd, is Australian dollars, Talga AB and Talga Battery Metals AB, is the Swedish Krona (SEK), Talga Advanced Materials GmbH, is the Euro (EUR) and Talga Technologies Limited is Great Britain Pounds (GBP) and Talga Anode UK Limited are in (GBP).

(ii) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are generally recognised in profit or loss. However, foreign currency differences arising from the retranslation of the following items are recognised in other comprehensive income:

- Investments at fair value through other comprehensive income (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);
- A final liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is ineffective; or
- Qualifying cash flow hedges to the extent the hedge is effective.

(iii) Foreign operations

For the purposes of presenting consolidated financial statements, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such items are considered to form part of the net investment in the foreign operation and are recognised in other comprehensive income and presented in the translation reserve in equity.

(s) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Talga Group Ltd) and all of its subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 25.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly, or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling

interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(t) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e., unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1: Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- (i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- (ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e., transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

(u) Leases – The Group as Lessee

At inception of a contract the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. leases with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows;

- Fixed lease payments less any lease incentives;
- variable lease payments that depend on index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of options to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the costs of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

(v) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provision for Employee Entitlements

Provision is made for employee entitlements accumulated as a result of employees rendering services up to the end of the reporting period. These benefits include wages, salaries, annual leave and long service leave. Liabilities in respect of employees' services rendered that are not expected to be wholly settled within one year after the end of the period in which the employees render the related services recognised as long-term employee benefits. These liabilities are measured at the present value of the estimated future cash outflow to the employees using the projected unit credit method. Liabilities expected to be wholly settled within one year after the end of the period in which the employees render the related services are classified as short-term benefits and are measured at the amount due to be paid.

2. REVENUE AND OTHER INCOME

	2023 \$	2022 \$
Product Sales	<u>279,572</u>	<u>16,420</u>
Interest revenue	584,068	45,381
Research and development refund	104,791	101,716
Grants	<u>1,025,469</u>	<u>501,063</u>
	<u>1,714,328</u>	<u>648,160</u>

3. INCOME TAXES

Prima facie income tax benefit at 25% (2022: 25%) on loss from ordinary activities is reconciled to the income tax provided in the financial statements*

(a) Income tax

	2023 \$	2022 \$
Loss before income tax	<u>(14,852,194)</u>	<u>(13,458,252)</u>
Current Tax Expense / (Benefit)	(3,713,048)	(3,364,563)
Tax effect of:		
Expenses not allowed	1,388,544	1,777,279
Section 40-880 deduction (writeoff for certain capital costs)	(824,628)	(4,292)
Future income tax benefit not brought to account	<u>3,149,132</u>	<u>1,591,576</u>
Income tax attributable to operating losses	<u>-</u>	<u>-</u>

(b) Deferred tax assets and (liabilities)

	2023 \$	2022 \$
Australian tax losses	10,363,108	8,048,437
Provisions	184,062	155,832
Section 40-880 deduction	1,105,686	687,382
Other deferred amounts	289,637	205,173
Prepayments	<u>(74,310)</u>	<u>(26,197)</u>
Unrecognised deferred tax assets relating to the above temporary differences	<u>11,868,183</u>	<u>9,070,627</u>

* The tax calculations for the year ended 2023 are based on the tax jurisdiction of the parent entity tax consolidated group (Talga Group Ltd and Talga Mining Pty Ltd) only.

The estimated foreign (German/Swedish/UK) cumulative tax losses are approximately \$84.8 million and the deferred tax benefit from the cumulative foreign tax losses not recognised is approximately \$16.6 million (based on a German/Swedish/UK tax rate of 15%/20.6%/19%).

The benefits will only be obtained if:

- The Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the losses to be realised.
- The Group continues to comply with the conditions in deductibility imposed by the Law; and
- No change in tax legislation adversely affects the Group in realising the benefits from the deductions or the losses.

4. CASH AND CASH EQUIVALENTS

	2023	2022
	\$	\$
Cash at bank	<u>38,226,375</u>	<u>13,012,565</u>

5. TRADE AND OTHER RECEIVABLES

	2023	2022
	\$	\$
CURRENT		
Trade debtors and grant receivables	1,314,191	238,975
GST / VAT receivable	<u>1,202,052</u>	<u>1,278,099</u>
Total trade and other receivables	<u>2,516,243</u>	<u>1,517,074</u>

6. OTHER RECEIVABLES

	2023	2022
	\$	\$
NON CURRENT		
Security Term Deposit	290,059	160,677
Environmental Bond	<u>278,549</u>	<u>283,400</u>
Total security deposits	<u>568,608</u>	<u>444,077</u>

Security term deposit relates to a term deposit taken out as security for rent of the Perth head office and German pilot plant facility. The Environmental Bond (SEK 2,000,000) relates to a term deposit taken out as security for the Vittangi Trial Mine.

7. PREPAYMENTS

	2023 \$	2022 \$
Balance at the start of the financial year	858,892	37,570
Movement for the period	(170,922)	821,322
Balance at the end of the financial year	687,970	858,892

8. PROPERTY, PLANT & Equipment

	2023 \$	2022 \$
(a) Property, plant and equipment		
Property, plant and equipment at cost	23,424,868	16,798,850
Less: accumulated depreciation	(2,709,888)	(1,621,267)
Total property, plant and equipment	20,714,980	15,177,583
Balance at the beginning of the financial year	2,466,303	3,408,450
Additions	6,572,782	679,120
Transferred from Construction in progress	13,090,986	-
Adjustment for written down value	-	(1,122,874)
Depreciation expense	(1,922,881)	(618,927)
Effect of foreign currency exchange differences	(787,008)	120,534
Balance at the end of the financial year	19,420,182	2,466,303

	2023 \$	2022 \$
(b) Construction in progress		
Balance at the beginning of the financial year	12,711,280	962,225
Additions	1,623,425	11,749,055
Transferred to plant and equipment	(13,090,986)	-
Effect of foreign currency exchange differences	51,078	-
Balance at the end of the financial year	1,294,797	12,711,280
	20,714,979	15,177,583

	2023	2022
	\$	\$
(c) Right of use assets		
Right of Use Assets at Cost	3,752,869	2,434,877
Less accumulated depreciation	(1,449,863)	(691,696)
Balance at the end of the financial year	2,303,006	1,743,181
Right of Use Assets at Cost		
Balance at the beginning of the financial year	2,434,877	813,903
Additions	1,317,992	1,620,974
Balance at the end of the financial year	3,752,869	2,434,877

Right of Use Assets Accumulated Depreciation

Balance at the beginning of the financial year	(691,696)	(417,155)
Charge for the year	(758,167)	(274,541)
Balance at the end of the period	(1,449,863)	(691,696)
Balance of right of use assets at the end of the period	2,303,006	1,743,181

Liabilities at the end of period in the relation to right of use assets are:

	2023	2022
	\$	\$
Current Lease Liability	801,411	574,417
Non-Current Lease Liability	1,565,762	1,121,055

Amounts recognised in statement of profit or loss for the period in the relation to right of use assets and lease liabilities are:

Depreciation Right of Use Assets	1,224,965	546,947
Interest Expense	90,681	40,325

The lease payments totaling \$1,122,737 (2022: \$509,609) during the year are recorded in the statement of cashflow.

At initial recognition, the lease liability was measured as the present value of minimum lease payments using the Group's incremental borrowing rate of 4% - 6.9%. The incremental borrowing rates was based on the unsecured interest rate that would apply if finance was sought for an amount and time period equivalent to the lease requirements of the Group. Each lease payment is allocated between the liability and interest expense. The interest expense of \$90,681 (2022: \$40,325) was included in administration expenses in the consolidated statement of profit or loss and other comprehensive income. Lease payments during the year were \$1,122,737 (2022: \$509,609) excluding interest.

9. EXPLORATION AND EVALUATION EXPENDITURE

	2023	2022
	\$	\$
Balance at the beginning of the financial year	397,970	265,800
Foreign currency exchange movement in assets	(265,948)	132,170
Balance at the end of the financial year	132,022	397,970

10. TRADE AND OTHER PAYABLES

	2023	2022
	\$	\$
CURRENT PAYABLES		
Trade creditors	2,040,661	2,367,646
Accruals	2,430,683	1,353,391
Superannuation / PAYG payable	<u>347,533</u>	<u>303,524</u>
Total trade and other payables	<u>4,818,877</u>	<u>4,024,561</u>

Trade liabilities are non-interest bearing and normally settled on 30-day terms.

11. PROVISIONS – CURRENT LIABILITIES

	2023	2022
	\$	\$
Provision for annual Leave	751,855	597,636
Provision for long service leave	<u>226,936</u>	<u>186,095</u>
	<u>978,791</u>	<u>783,731</u>

12. ISSUED CAPITAL

	2023	2022
	\$	\$
Issued and fully paid	<u>203,434,497</u>	<u>133,472,526</u>
	<u>203,434,497</u>	<u>133,472,526</u>

Issued and fully paid

	2023	2023	2022	2022
	Number	\$	Number	\$
Fully Paid Ordinary Shares	<u>665,728,691</u>	<u>203,434,497</u>	<u>304,974,519</u>	<u>133,472,526</u>

Movement Reconciliation

ORDINARY SHARES	Date	Quantity	Issued Price	\$
Balance 30 June 2021		303,229,906		130,184,218
Exercise of unlisted cashless options	8/11/2021	150,243	1.97	296,004
Exercise of unlisted cashless options	8/11/2021	150,243	1.97	296,004
Exercise of unlisted cashless options	10/11/2021	149,254	2.01	300,000
Exercise of unlisted cashless options	10/11/2021	149,254	2.01	300,000
Exercise of unlisted cashless options	10/11/2021	129,353	2.01	260,000
Exercise of unlisted cashless options	10/11/2021	746,266	2.01	1,499,994
Shares to Vittangi property owners	22/04/2022	270,000	1.19	321,300
Other adjustments				15,005
Less transaction costs				-
Balance 30 June 2022		304,974,519		133,472,526

ORDINARY SHARES	Date	Quantity	Issued Price	\$
Balance 30 June 2022		304,974,519		133,472,526
Placement	13/10/2022	20,100,000	1.10	22,110,000
Exercise of unlisted options	21/10/2022	162,343	1.20	194,000
Share Purchase Plan	28/10/2022	9,090,858	1.10	10,000,000
Placement	23/02/2023	25,806,452	1.55	40,000,001
Exercise of performance rights	9/03/2023	500,000	1.41	705,000
Placement for land purchase	30/06/2023	120,000	1.49	178,200
Less transaction costs				(3,225,230)
Balance 30 June 2023		360,754,172		203,434,497

Capital Management

Management controls the capital of the Group in order to ensure that the Group can fund its operations and continue as a going concern.

The Group's capital includes ordinary share capital. There are no externally imposed capital requirements. The working capital position of the Group as at 30 June 2023 is as follows:

	2023	2022
	\$	\$
Cash and cash equivalents	38,226,375	13,012,565
Trade and other receivables	2,516,244	1,517,074
Prepayments	687,970	858,892
Trade and other payables	(4,818,877)	(4,024,562)
Lease Liability	(2,367,172)	(574,417)
Provisions – employee entitlements	(978,791)	(783,731)
Working capital position	33,265,749	10,005,821

13. RESERVES

	2023	2022
	\$	\$
(a) Unlisted option reserve	17,659,177	14,483,975
(b) Listed option reserve	843,939	843,939
(c) Foreign currency reserve	1,394,623	838,945
(d) Financial assets reserve	(18,657)	(18,657)
Total reserves	19,879,082	16,148,202

(a) UNLISTED OPTION AND PERFORMANCE RIGHTS RESERVE	2023	2022
	\$	\$
Balance at the start of the financial year	14,483,975	10,333,865
Share based payment Options issued	3,175,202	4,150,110
Balance at the end of the financial year	17,659,177	14,483,975

The unlisted options and performance rights reserve is to record the value of equity benefits provided to employees and Directors as part of their remuneration.

(b) LISTED OPTION RESERVE	2023	2022
	\$	\$
Balance at the start of the financial year	843,939	861,107
Movement	-	(17,168)
Balance at the end of the financial year	843,939	843,939

The listed option reserve represents the value of 45.5m options issued to shareholders in December 2018 for \$0.02 which were exercisable at \$0.45 and expired in December 2018.

(c) FOREIGN CURRENCY RESERVE	2023	2022
	\$	\$
Balance at the beginning of the financial year	838,945	(143,285)
Movement during the year	555,678	982,230
Balance at the end of the financial year	1,394,623	838,945

The foreign currency translation reserve represents exchange differences arising from the translation of non-AU dollar functional currency operations within the Group into Australian dollars.

(d) FINANCIAL ASSET RESERVE	2023	2022
	\$	\$
Balance at the start of the financial year	(18,657)	35,000
Movement during the year	-	(53,657)
Balance at the end of the financial year	(18,657)	(18,657)
Total reserves	19,879,082	16,148,202

The financial asset reserve represents the revaluation of investments in shares recognised through other comprehensive income.

14. ACCUMULATED LOSSES

	2023 \$	2022 \$
Balance at the beginning of this year	(122,973,151)	(86,173,831)
Impact of change in accounting policy	-	-
(Loss) for the year	(43,356,066)	(36,799,320)
Balance at the end of the financial year	(166,329,217)	(122,973,151)

15. CASHFLOW INFORMATION

	2023 \$	2022 \$
Reconciliation of cash flows from operating activities with loss after income tax		
Loss after income tax	(43,356,066)	(36,799,320)
Non-cash flows in loss for the year:		
- Depreciation expense - office and field equipment and right of use assets	3,753,750	972,187
- Lease Interest	90,681	40,325
- Share based payment	4,074,202	7,102,110
- Foreign exchange loss	451,476	2,736,487
- Other non-cash items	(1,297,904)	35,424
Changes in assets and liabilities		
- Decrease (increase) in trade and other receivables	(1,123,698)	835,768
- Increase (decrease) in trade and other payables	794,315	(943,369)
- Decrease (increase) in prepayments	170,922	(821,322)
- Decrease (increase) in inventory	-	16,268
- Increase (decrease) in provisions	195,060	277,275
Net cash outflows from Operating Activities	(36,247,262)	(26,548,167)

Non-Cash Financing and Investing Activities

There have been non-cash financing and investing activities for the 2023 financial year where 120,000 shares were issued in consideration of the land access and acquisition agreement at the Vitangi Project (\$178,200) and cashless exercise of 162,343 unlisted options (\$194,000) and exercise of 500,000 performance rights. In 2022: 270,000 shares were issued in consideration of land access and acquisition agreement at the Vitangi Project (\$320,300) and cashless exercise of options amounting to \$2,952,000.

16. LOSS PER SHARE

	2023	2022
	\$	\$
Net loss used in calculating the basic loss per share	(43,356,066)	(36,799,320)
	Number	Number
Weighted average number of shares on issue during the financial year used in the calculation of basic loss per share	360,754,172	304,219,883
Basic loss per share (cents per share)	(12.0)	(12.1)
Diluted loss per share (cents per share)	(12.0)	(12.1)

This calculation does not include shares under option that could potentially dilute basic earnings per share in the future as the Group has incurred a loss for the year, and therefore those options are anti-dilutive. See Note 12 (b) for unlisted options and performance rights that could potentially dilute basic earnings per share in the future, but not included in the calculation of diluted earnings per share.

17. KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Directors and Specified Executives

The names and positions held by Key Management Personnel in office at any time during the year are:

Key Management Personnel	Position	Duration of Appointment
Terry Stinson	Non-Executive Chair	Appointed 8 th February 2017
Mark Thompson	Managing Director	Appointed 21 st July 2009
Grant Mooney	Non-Executive Director	Appointed 20 th February 2014
Stephen Lowe	Non-Executive Director	Appointed 17 th December 2015
Ola Rinnan	Non-Executive Director	Appointed 7 th August 2017
Martin Phillips	Chief Operating Officer	Appointed 1 st July 2017
Melissa Roberts	Chief Financial Officer	Appointed 2 nd August 2021

(b) Remuneration of Director and Key Management Personnel

The aggregate compensation paid to directors and other KMP of the Group and recognised as an expense during the reporting period is set out below:

	2023	2022
	\$	\$
Short-term employee benefits	1,788,081	2,017,567
Post-employment benefits	107,475	110,561
Share-based payments	3,981,770	3,759,876
Total	5,877,326	5,888,004

(c) Remuneration Options and Performance Rights: Granted and Vested during the year

The total expense recognised in the 2023 financial year for the options and performance rights issued to Key Management Personnel was \$5,103,770 (2022: \$3,759,876).

During the year ended 30 June 2023, the value of options and performance rights granted to directors and Key Management Personnel was calculated applying the following inputs:

	Vested	Granted	Exercise Price	Share Market Price at grant date	Valuation per Option / Right	Exercise Date	Valuation Date	Expiry Date
Martin Phillips	500,000	500,000	-	\$1.39	\$1.39	9/03/2023	14/11/2022	31/12/2025
MartinPhillips	-	500,000	-	\$1.39	\$1.39	-	14/11/2022	31/12/2025
Martin Phillips	-	500,000	-	\$1.39	\$1.39	-	14/11/2022	31/12/2025
Martin Phillips	-	500,000	-	\$1.43	\$1.43	-	23/12/2022	31/12/2025
Melissa Roberts	-	500,000	-	\$1.43	\$1.43	-	23/12/2022	31/03/2025
Talga group employees	-	847,900	-	\$1.48	\$1.48	-	31/03/2023	31/03/2025

(d) Related Party Transactions

No related party transactions occurred during the current or prior financial year.

18. AUDITOR'S REMUNERATION

	2023 \$	2022 \$
Fees to Ernst & Young		
Amounts received or due and receivable by Auditor and related network firms for:		
Audit or review of the financial statements		
- Group	83,200	-
- Controlled entities	8,440	-
	91,640	-
Other services - Taxation advice and compliance services	107,039	-
Total Fees to Ernst & Young	198,679	-
Fees to Stantons International		
Amounts received or due and receivable by Auditor and related network firms for:		
Audit or review of the financial statements		
- Group	96,721	89,805
- Controlled entities	-	-
	96,721	89,805
Other assurance services	-	-
Total Fees to Stantons International	96,721	89,805
Other auditors and firms:		
Audit or review of the financial reports		
- Subsidiaries	12,911	15,000
- Non-audit services	6,489	-
- Taxation advice and compliance services	4,867	-
Total Fees to other auditors and firms	24,267	15,000
Total Auditor's Remuneration	319,667	104,805

19. COMMITMENTS

The Group does not have any minimum exploration or development commitments.

20. FINANCIAL INSTRUMENTS

Financial Risk Management Policies

The Group's financial instruments consist of deposits with banks, receivables, payables, and lease liabilities. No financial derivatives are held.

Financial Risk Exposures and Management.

The main risk the Group is exposed to through its financial instruments is interest rate risk.

Interest Rate Risk

Interest rate risk is managed by obtaining the best commercial deposit interest rates available in the market by the major Australian Financial Institutions.

Credit Risk Exposures

Credit risk represents the loss that would be recognised if the counterparties default on their contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group measures credit risk on a fair value basis.

The Group does not have any significant credit risk to any single counterparty or any group of counterparties having similar characteristics. The credit risk on financial assets of the Group, which have been recognised in the Statement of Financial Position, is the carrying amount, net of any provision for doubtful debts.

	2023	2022
	\$	\$
Trade and other current receivables		
Group 1	-	-
Group 2	2,516,242	1,517,074
Group 3	-	-
Total trade and other current receivables	2,516,242	1,517,074
Cash at bank and short-term deposits	38,226,375	13,012,565
Total cash at bank and short-term deposits	38,226,375	13,012,565

Group 1 – new customers (less than 6 months).

Group 2 – existing customers (more than 6 months) with no defaults in the past.

Group 3 – existing customers (more than 6 months) with some defaults in the past. All defaults were fully recovered.

Cash at bank and short term deposits are held in financial institutions which must have a minimum AA2 rating.

i. Liquidity Risk

Liquidity risk is the risk that the Group might be unable to meet its financial liability obligations. The Group manages liquidity risk by monitoring forecast cash flows. The Group does not have any significant liquidity risk as the Group does not have any collateral debts.

ii. Net Fair Values

The net fair values of:

- Other financial assets and other financial liabilities approximate their carrying value.

iii. Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2023, the effect on loss as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2023	2022
	\$	\$
Change in loss		
- Increase in interest rate by 100 basis points	382,264	130,126
- Decrease in interest rate by 100 basis points	(382,264)	(130,126)
Change in equity		
- Increase in interest rate by 100 basis points	382,264	130,126
- Decrease in interest rate by 100 basis points	(382,264)	(130,126)

	Floating Interest Rate	Fixed Interest Rate	Non interest bearing	Total	Weighted average interest rate
	\$	\$	\$	\$	%
2023					
Financial Assets					
Cash and cash equivalents	3,416,557	34,300,000	509,818	38,226,375	1.5%
Trade and other receivables	-	-	3,084,849	3,084,849	-
Security Deposits	-	53,925	514,683	568,608	3.4%
Other financial assets					
Total financial assets	3,416,557	34,353,925	4,109,350	41,879,832	
Financial liabilities					
Trade and other payables	-	-	4,818,877	4,818,877	
Lease Liability	-	2,367,172	-	2,367,172	
Total financial liabilities	-	2,367,172	4,818,877	7,186,049	

2022	Floating Interest Rate	Fixed Interest Rate	Non interest bearing	Total	Weighted average interest rate
	\$	\$	\$	\$	%
Financial Assets					
Cash and cash equivalents	13,004,158	157	8,250	13,012,565	0.1%
Trade and other receivables	-	-	1,517,074	1,517,074	-
Security Deposits	-	20,900	423,177	444,077	-
Other financial assets	-	-	-	-	-
Total financial assets	13,004,158	21,057	1,948,501	14,973,716	
Financial liabilities					
Trade and other payables	-	-	4,024,562	4,024,562	
Lease Liability	-	1,695,472	-	1,695,472	
Total financial liabilities	-	1,695,472	4,024,562	5,720,034	

iv. Foreign currency risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency.

The Group conducts exploration, mining development and battery anode production activities in Sweden (transaction currency is SEK), product development in the United Kingdom (transaction currency is GBP) as well as Germany where the Group is developing a graphite/graphene pilot plant facility (transaction currency is EUR). The Group is subject to foreign currency value fluctuations in the course of its operations. To mitigate the Group's exposure currency rates are monitored regularly and funds are transferred to the foreign operations when rates are more favourable and also plans to curtail this impact by paying foreign currency invoices in a timely fashion.

At 30 June 2023, the parent has a loan receivable from Talga Mining Pty Ltd AUD 1,662,525 (2022: A\$1,662,525) a loan receivable from Talga AB of SEK 552,873,198 or A\$76,911,858 equivalent (2022: SEK 360,197,043 or A\$51,026,711 equivalent), a loan receivable from Talga Battery Metals AB of SEK 15,157,009 or A\$2,108,537 (2022: SEK 14,390,034 or A\$2,038,540 equivalent), a loan receivable from Talga Technologies Limited of GBP 5,913,122 or A\$11,263,089 (2022: GBP 5,331,649 or A\$9,401,603), a loan receivable from Talga Anode UK Limited of GBP 2,303,554 or A\$4,387,721 equivalent (2022: GBP 1,692,784 or A\$2,959,208) and a loan receivable from Talga Advanced Materials GmbH of EUR 13,627,881 or A\$22,278,700 (2022: EUR 3,340,803 or A\$5,076,317 equivalent). A 5% movement in foreign exchange rates would increase or decrease loss before tax by approximately \$5,847,495. The company fully provided for inter-company loans at the reporting date.

As at 30 June 2023, the Group had cash and cash equivalents denominated in foreign currencies amounting to AUD 297,151 (2022: AUD 1,849,290)

21. SEGMENT NOTE

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The term 'chief operating decision maker' identifies a function, not necessarily a manager with a specific title. That function is to allocate resources to and assess its performance of the operating segments of an entity. The Company's Board is the chief operating decision maker as it relates to segment reporting.

The Group operates in three operating segments being graphite exploration, graphite development; and research and development in four geographical locations, being graphite exploration and development in Sweden, graphite/graphene research and development in Germany and research and development in the United Kingdom, with Australia as unallocated corporate. This is the basis on which internal reports are provided to the directors for assessing performance and determining the allocation of resources within the Group.

2023	Sweden	Germany	United Kingdom	Australia unallocated corporate	Total
	\$	\$	\$	\$	\$
SEGMENT PERFORMANCE					
Revenues from ordinary activities	241,360	35,431	1,601	1,180	279,572
Other Income	125,625	67,147	937,856	583,700	1,714,328
Total segment revenue	366,985	102,578	939,457	584,880	1,993,900
Segment expense (including write offs)	(25,460,851)	(2,973,445)	(2,885,466)	(14,030,204)	(45,349,966)
Major segment expense breakdown:					
Trial mine and anode production	(11,805,665)	-	-	-	-
R&D and test facility	-	(1,904,558)	(2,187,002)	-	-
Exploitation and studies	(6,319,067)	-	-	-	-
Exploration	(756,927)	-	-	-	-
Employee & director fees	-	-	-	(3,917,088)	-
Admin, compliance and regulatory	(3,011,291)	(419,299)	(659,029)	(5,756,660)	-
Share based payments	-	-	-	(4,074,202)	-
Reconciliation of segment result to net loss before tax					(43,356,066)
Segment Result					-
Unallocated items					-
Net loss before tax from continuing operations					(43,356,066)
SEGMENT ASSETS					
As at 30 June 2023	Sweden	Germany	United Kingdom	Australia unallocated corporate	Total
Segment assets as at July 2022	12,678,643	2,206,937	5,946,185	12,319,577	33,151,342
Movement					
- Cash and cash equivalents	(752,503)	(275,779)	(532,107)	26,774,198	25,213,809
- Grant funding receivable	1,041,630	289,374	(1,258,361)	1,495,134	1,567,777
- Financial assets	-	-	-	-	-
- Plant and equipment	4,899,517	880,356	481,894	(164,546)	6,097,221
- Exploration and evaluation expenditure	(265,948)	-	-	-	(265,948)
- Other	(235,534)	(36,105)	(10,007)	(333,354)	(615,000)
	17,365,805	3,064,783	4,627,604	40,091,009	65,149,201
Reconciliation of segment assets to total assets					-
Other assets					-
Total assets from continuing operations					65,149,201
SEGMENT LIABILITIES					
Segment liabilities as at 30 June 2023	(4,359,314)	(764,256)	(1,359,691)	(1,681,578)	(8,164,839)
Reconciliation of segment liabilities to total liabilities					-
Unallocated items:					-
- Provision					-
Total liabilities from continuing operations					(8,164,839)

2022	Sweden	Germany	United Kingdom	Australia unallocated corporate	Total
	\$	\$	\$	\$	\$
SEGMENT PERFORMANCE					
Revenues from ordinary activities	16,420	-	-	-	16,420
Other Income	-	2,180	600,599	45,381	648,160
Total segment revenue	16,420	2,180	600,599	45,381	664,580
Segment expense (including write offs)	(15,499,103)	(2,604,699)	(3,355,629)	(16,004,469)	(37,463,900)
Major segment expense breakdown:					
Trial mine and anode production	(1,823,592)	-	-	-	
R&D and test facility	-	(2,221,563)	(2,862,035)	-	
Exploitation and studies	(7,911,689)	-	-	-	
Exploration	(3,259,532)	-	-	-	
Employee & director fees	-	-	-	(3,691,963)	
Admin, compliance and regulatory	-	(349,605)	(349,605)	(4,183,532)	
Share based payments	-	-	-	(7,102,110)	
Reconciliation of segment result to net loss before tax					
Segment Result					(36,799,320)
Unallocated items					
Net loss before tax from continuing operations					(36,799,320)
SEGMENT ASSETS					
As at 30 June 2022					
	\$	\$	\$	\$	\$
Segment assets as at July 2021	2,589,774	2,880,019	2,665,059	52,831,646	60,966,498
Movement					
- Cash and cash equivalents	266,789	82,422	420,701	(40,254,865)	(39,484,953)
- Grant funding receivable	(704,701)	(276,666)	640,157	(865,509)	(1,206,719)
- Financial assets	-	-	-	(585,000)	(585,000)
- Plant and equipment	10,078,879	(429,152)	1,830,025	673,589	12,153,341
- Exploration and evaluation expenditure	132,170	-	-	-	132,170
- Other	315,732	(49,686)	390,243	519,716	1,176,005
	12,678,643	2,206,937	5,946,185	12,319,577	33,151,342
Reconciliation of segment assets to total assets					
Other assets					-
Total assets from continuing operations					33,151,342
SEGMENT LIABILITIES					
Segment liabilities as at 30 June 2022	2,770,883	452,486	1,839,804	1,440,592	6,503,765
Reconciliation of segment liabilities to total liabilities					
Unallocated items:					
- Provision					-
Total liabilities from continuing operations					6,503,765

22. SUBSEQUENT EVENTS

Other than as disclosed below, there has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

- Early works in preparation for Luleå Anode Refinery construction commenced following approved environmental permit gaining legal force.
- Final stage of statutory appeals process commenced following Court of Appeal decision to Final stage of statutory appeals process commenced with Supreme Court reviewing submissions following the Court of Appeal's decision to uphold Talga's approved Nunasvaara South mine environmental and Natura 2000 permit.
- Banking consortium of credit agencies and European commercial banks selected to provide all debt funding for Vittangi Anode Project, complementing European Investment Bank.

23. RELATED PARTIES

Related party transactions with management personnel are disclosed in Note 17.

24. PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

STATEMENT OF FINANCIAL POSITION

	2023	2022
	\$	\$
ASSETS		
Current assets	38,159,130	11,645,978
Non-Current assets	854,932	777,334
TOTAL ASSETS	39,014,062	12,423,312
LIABILITIES		
Current liabilities	2,205,698	1,396,541
Non-Current liabilities	19,071	94,542
TOTAL LIABILITIES	2,224,769	1,491,083
NET ASSETS	36,789,293	10,932,229
EQUITY		
Issued capital	203,419,391	133,472,526
Accumulated losses	(185,557,747)	(137,849,553)
Reserves	18,927,650	15,309,256
TOTAL EQUITY	36,789,294	10,932,229
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Net (loss) for the year	(13,445,325)	(45,787,607)
Total comprehensive (loss) for the year	(13,445,325)	(45,787,607)

Talga Group Ltd has not entered into cross guarantees in relation to the debts of its wholly owned subsidiaries. There are no guarantee contingencies and subsequent events other than mentioned elsewhere

in this report.

25. CONTROLLED ENTITIES

Talga Group Ltd has a 100% direct and indirect interest in the following subsidiaries:

Name of Entity	Country of Incorporation	Percentage Owned (%)	
		30 June 2023	30 June 2022
Talga Mining Pty Ltd	Australia	100%	100%
Talga Advanced Materials GmbH	Germany	100%	100%
Talga Technologies Limited	United Kingdom	100%	100%
Talga Anode UK Limited	United Kingdom	100%	100%
Talga AB	Sweden	100%	100%
Talga Battery Metals AB	Sweden	100%	100%
Talga Tech AB (incorporated on 25/08/2021)	Sweden	100%	100%
Jalk Graphite AB (incorporated on 25/8/2021)	Sweden	100%	100%
Raita Graphite AB (incorporated on 25/8/2021)	Sweden	100%	100%

* Percentage of voting power is in proportion to ownership.

26. SHARE BASED PAYMENTS

The expense recognised for the financial year, including what is disclosed at note 17(c) for options and performance rights that were granted in the current and previous years was \$4,074,202, this includes \$899,000 cashless exercise of options and performance rights, (2022: \$2,952,000). Share based payments for the financial year have been determined by allocating the grant date value on a straight line basis over the period from grant date to vesting date with the relevant proportion expensed for this financial year.

The Company will transfer or allot to the Participant that number of Shares equal in value to the positive difference between the then Market Value of the Shares at the time of exercise and the Exercise Price that would otherwise be payable to exercise those Convertible Securities.

The following share based payments in the form of performance rights were granted during the year:

- Series 1 - 1,500,000 performance rights granted 14/11/2022
- Series 2 - 500,000 performance rights granted 23/12/2022
- Series 3 - 500,000 performance rights granted 23/12/2022
- Series 4 - 847,000 performance rights granted 17/05/2023

	Series 1	Series 2	Series 3	Series 4
Grant date share price	\$1.39	\$1.43	\$1.43	\$1.48

These performance rights were valued at the share price at grant date.

	2023		2022	
	Number of options / rights	Weighted average exercise price (\$)	Number of options / rights	Weighted average exercise price (\$)
Balance at beginning of financial year	13,400,000	0.98	12,900,000	0.69
Rights granted during the financial year	3,347,000	-	2,500,000	2.11
Expired unvested during the financial year	(3,400,000)	0.13	-	-
Exercised during the financial year	(900,000)	0.39	(2,000,000)	0.53
Balance at end of the financial year	12,447,000	0.82	13,400,000	0.98
Exercisable at end of the financial year	500,000	1.93	500,000	1.93

The share based payment options and performance rights outstanding at the end of the financial year had a weighted average exercise price of \$0.82 (2022: \$0.98) and a weighted average remaining contractual life of 1.29 years (2022:1.87 years).

Unlisted Share Options and Performance Rights

During the period ending 30 June 2023, the Group had 16,347,900 ordinary shares under option or subject to performance rights (unlisted) either by cash or non-cash settlement.

- 3,000,000 unlisted options with an exercise price of \$0.71 cents expiring on 23 October 2022;
Vesting conditions: Vested upon the successful commissioning of the Vittangi Project. Lapsed unexercised on 23 October 2022.
- 400,000 unlisted options with an exercise price of \$0.71 cents expiring on 23 October 2022;
Vesting conditions: Vested upon the completion of the successful commissioning of Talga's commercial scale plant.
Lapsed unexercised on 23 October 2022.
- 5,000,000 unlisted options with an exercise price of \$1.12 cents expiring on 31 December 2023;
Vesting conditions: Vested upon the execution of binding documentation for commercial financing of the development of the Vittangi Anode Project.
Vesting date 30 November 2023.
- 2,100,000 unlisted performance rights with an exercise price of \$0.0 cents expiring on 31 December 2023;
Vesting conditions: Vested upon the execution of binding documentation for commercial financing of the development of the Vittangi Anode Project.
Vesting date 30 November 2023.
- 500,000 unlisted options with an exercise price of \$1.93 cents expiring on 04 July 2024;
Vesting conditions: Vesting immediately.

- 2,000,000 unlisted options with an exercise price of \$2.16 cents expiring on 14 September 2024;
Vesting conditions: Vested upon the execution of binding documentation for commercial financing of the development of the Vittangi Anode Project.
Vesting date 30 November 2023.
- 1,500,000 unlisted performance rights with an exercise price of \$0.0 cents expiring on 31 December 2025;
Vesting conditions: Vested upon remaining employed on the following dates 31 December 2022 - 500,000;
31 December 2023 - 500,000; 30 June 2025 - 500,000.
- 1,000,000 unlisted performance rights with an exercise price of \$0.0 cents expiring on 31 December 2025;
Vesting conditions: Vested upon the commencement of steady state of production of the Vittangi Anode Project.
Vesting date 31 March 2025.
- 847,900 unlisted performance rights with an exercise price of \$0.0 cents expiring on 31 March 2025.
Vesting conditions: Vested upon remaining employed on 30 September 2024.
Vesting date 31 March 2025.

27. CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 June 2023.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 36 to 71, are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards;
 - (b) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in note 1 to the financial statements; and
 - (c) give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the Group.
2. The Chief Executive Officer and Chief Financial Officer have each declared that:
 - (a) the financial records of the Group for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. Subject to the matters disclosed in Note 1, the Directors' opinion 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 Board of Directors.



Mark Thompson
Managing Director

Perth, Western Australia
29 September 2023



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working world**

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Independent auditor's report to the directors of Talga Group Ltd and controlled entities

Report on the audit of the financial report

Opinion

We have audited the financial report of Talga Group Ltd (the Company) and controlled entities (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2023, 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 year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2023 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.

Share Based Payments

Why significant	How our audit addressed the key audit matter
<p>As disclosed in Note 26 to the financial report, the Group has awarded share-based payments to its employees and directors, contributing to a total share-based payment expense of \$4.1 million for the year ended 30 June 2023.</p> <p>Due to the complex accounting treatment associated with share-based payments, and the judgmental estimates used in determining their fair value, we considered accounting for share-based payments to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▶ We obtained an understanding of the underlying transactions by reviewing agreements, minutes of Board and Committee meetings and ASX announcements. ▶ We involved our valuation specialists to test the Group’s measurement of the fair value of share-based payments issued during the year, including the assumptions used. ▶ We assessed the allocation of the share-based payment expense over the relevant vesting period. ▶ We assessed whether the accounting treatment was in accordance with the requirements of Australian Accounting Standards. ▶ We assessed the adequacy of the financial report disclosures contained in Note 26 of the financial report.

Information other than the financial report and auditor’s report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company’s 2023 annual report, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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

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

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

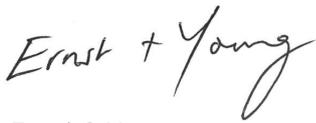
Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 27 to 34 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Talga Group Ltd and controlled entities for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Ernst & Young



T S Hammond
Partner
29 September 2023