

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2021



 **EcoGraf**[™]

ABN 15 117 330 757

DIVERSIFIED BATTERY ANODE MATERIAL BUSINESS

TANZANIA GRAPHITE PROJECT

Scalable mining projects for long-term supply of natural graphite products



PRODUCT DEVELOPMENT & INNOVATION

Products to support new technologies and increase material value

BATTERY ANODE MATERIAL

Western Australia and Europe battery anode material processing facilities



LITHIUM-ION BATTERY RECYCLING

Recovery of carbon anode material from lithium-ion batteries

***SUPPORTING THE GLOBAL
TRANSITION TO CLEAN
ENERGY AND E-MOBILITY***



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DIRECTORS' REPORT

The directors of EcoGraf Limited ("EcoGraf" or "the Company") and its controlled entities (collectively, the "consolidated entity") present their report together with the financial statements of the consolidated entity for the half year ended 31 December 2021.

BOARD OF DIRECTORS

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

Robert Pett	Non-Executive Chairman
Andrew Spinks	Managing Director
John Conidi	Non-Executive Director
Howard Rae	Executive Director – Finance (ceased 26 November 2021)

PRINCIPAL ACTIVITIES

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

The first new state-of-the-art EcoGraf processing facility in Western Australia will manufacture spherical graphite products for export to Asia, Europe and North America using a superior, environmentally responsible HF-free purification technology to provide customers with sustainably produced high performance battery anode material. Subsequently, the battery graphite production base will be expanded to include additional processing facilities in Europe and North America to support the global transition to clean, renewable energy in the coming decade and the rapid growth in battery materials.

In addition, the Company's breakthrough recovery of carbon

anode material from recycled batteries using its EcoGraf™ process will enable the recycling industry to reduce battery waste and use recycled carbon anode material to improve battery lifecycle efficiency.

To complement these battery graphite operations, the Company is also advancing the TanzGraphite natural flake graphite business that will supply additional feedstock for the battery anode material facilities and provide customers with a long-term supply of high-quality graphite products for industrial applications such as refractories, recarburisers and lubricants.

OPERATING RESULTS

The loss after income tax incurred by the consolidated entity for the six months ended 31 December 2021 was \$2,721,000 (2020 loss: \$976,000).

No dividends were declared or paid during the six months ended 31 December 2021 (2020: nil).

Cash and cash equivalents at 31 December 2021 totalled \$50,089,000 (30 June 2021: \$52,633,000).





REVIEW OF OPERATIONS

During the half year EcoGraf advanced the development of its battery anode material business with the Australian facility to be located in the Kwinana-Rockingham Strategic Industrial Zone near the capital city of Perth in Western Australia. It will be the first of its kind to be constructed outside of China, providing a new supply of sustainably produced, high quality and cost competitive purified spherical graphite for the lithium-ion battery market.

This new state-of-the-art development has received endorsement from both Federal and State Governments through the award of Major Project Status and Lead Agency status from the Western Australian Government.

EcoGraf is actively working with the Australian Critical Minerals Facilitation Office, the Major Projects Facilitation Agency, Austrade, Export Finance Australia and the Western Australian Department of Jobs, Tourism, Science and Innovation to develop the new facility and support Australia’s future in the global lithium-ion battery industry.

Export Finance Australia recently advised the Company that it’s received conditional approval from the Australian Government to make available a loan of up to US\$40m to assist EcoGraf undertake the planned expansion of its Australian Battery Anode Material Facility to 20,000 tonnes per annum.

Applications for Development and Works Approvals for the construction and operation of the Australian Battery Anode Material Facility have been submitted.

Engineering, planning and optimising activities continued. The design of the plant allows flexibility for production of both standard EV batteries and hybrid EV batteries in order to maximise production yields, while the layout provides for future value-adding of bi-products to supply and to capitalise on new product market opportunities.

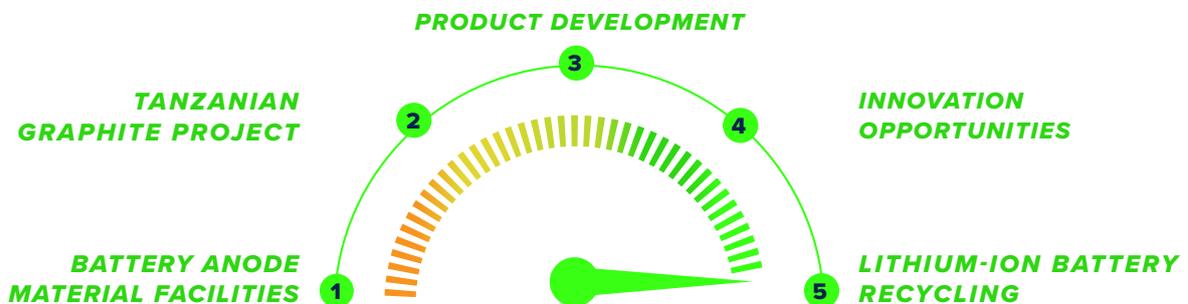
The Company has entered into a non-binding Memorandum of Understanding with POSCO, a multinational industrial company headquartered in South Korea and a leading manufacturer of lithium-ion battery cathodes and anodes.

Under the agreement, the parties will work together in relation to EcoGraf supporting POSCO’s anode production expansion plans through the supply of EcoGraf™ HFFree battery anode material products from the Company’s new Australian Battery Anode Material Facility and its planned facility in Europe.

Development of the Company’s natural flake graphite business, that is focussed on the long-life, high quality Epanko Graphite Project (Epanko) in Tanzania received a boost following positive feedback to the proposed Epanko debt funding structure. The Company has appointed financial advisors to co-ordinate the financing program and project information and supporting debt structuring financial modelling analysis have been provided to a range of institutions who’ve expressed interest in participating in the proposed financing with KfW IPEX-Bank.

Discussions are also continuing with SungEel Hitech and interested battery manufacturers in relation to the development of a recycling pilot plant to support their battery recycling programs.

2022: CHARGING AHEAD



LITHIUM-ION ANODE DEMAND TO DRIVE GROWTH ACROSS 5 KEY AREAS



BATTERY ANODE MATERIAL BUSINESS

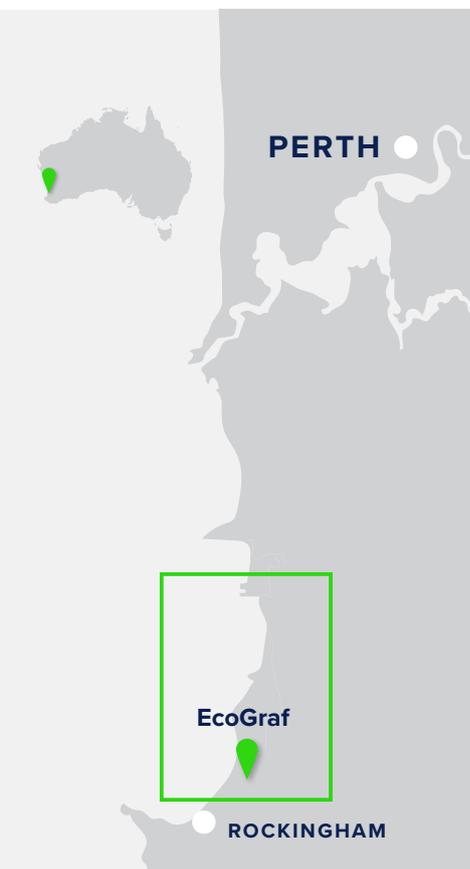
The Company's first EcoGraf™ Battery Anode Material Facility will be located in the Kwinana-Rockingham Strategic Industrial Zone near the capital city of Perth in Western Australia and will be the first of its kind to be constructed outside of China, providing a new supply of sustainably produced, high quality and cost competitive purified spherical graphite for the lithium-ion battery market.

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PROVIDING A NEW SUPPLY OF SUSTAINABLY PRODUCED, HIGH QUALITY AND COST COMPETITIVE PURIFIED SPHERICAL GRAPHITE FOR THE LITHIUM-ION BATTERY MARKET





CONSTRUCTION APPROVALS

Applications for Development and Works Approvals for the construction and operation of the Australian Battery Anode Material Facility have been submitted. The applications have been prepared with the support of leading industry experts who have extensive experience in undertaking similar processes in the Kwinana-Rockingham Strategic Industrial Area.

The area is located approximately 30km south of Western Australia's capital city Perth and has been designated as a priority zone for the development of a globally leading battery minerals processing centre.

Both submissions are supported by detailed independent studies into environmental planning (emissions, noise levels, ground water management, traffic management, flora

and fauna management), together with health and safety (site access, layout and fire management), building design, site infrastructure and offsite services.

The optimised layout and design of the new EcoGraf™ facility incorporates positive results from the commercial scale mechanical shaping program that demonstrated increased product yields exceeding 60%. GR Engineering have developed the site plan to minimise the on-site construction schedule to achieve operational commissioning in 1H 2023 and facilitate modular expansion to increase production to 20,000 tonnes per annum.

Design of the plant allows flexibility for production of both standard EV batteries and hybrid EV batteries in order to maximise production yields, while the layout provides for future value-adding of bi-products to supply

and to capitalise on new product market opportunities.

The assessment process for the West Australian Government Works Approval and the City of Rockingham Development Approval typically takes 3-4 months, during which EcoGraf will finalise major construction contracts, procure key processing equipment and complete detailed engineering plans.

In addition to adopting a zero-waste operating strategy that includes maximising the recycling and re-purposing of production inputs, eliminating all gaseous emissions and value-adding bi-products, the new facility also adopts a low impact visual design that complements its immediate surrounds and advanced manufacturing purpose.



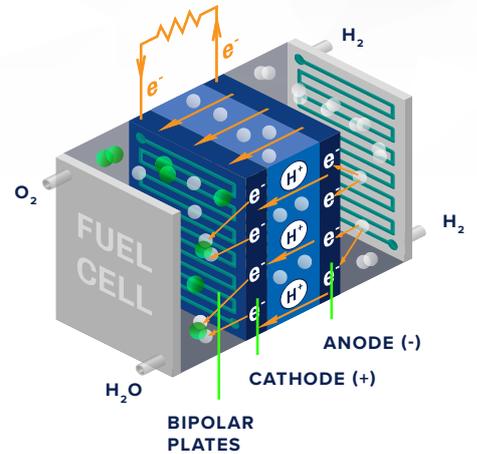


In conjunction with the permitting and approvals process, EcoGraf has been in discussion with the Government and several major operators in the Kwinana-Rockingham area to evaluate opportunities for the supply of clean, renewable energy to the operation, co-funding a regional product innovation centre and undertaking further downstream processing to produce value-added anode and cathode material products for the lithium battery and green steel markets.

The new EcoGraf™ facility is ideally located to benefit from clean hydrogen developments proposed

for the Kwinana-Rockingham area by multinational energy groups Woodside and bp, which will provide an additional source of clean energy for the EcoGraf™ processing operations.

Hydrogen fuel cells use graphite to improve the charging/discharging efficiency of the bipolar plates which distribute the fuel within the cell. Development of clean hydrogen technologies in the region provides a potential additional market opportunity for EcoGraf™ HFfree high purity products to support Australia's emerging hydrogen industry.



ECOGRAF AND POSCO BATTERY ANODE MATERIAL AGREEMENT

The Company has entered into a non-binding Memorandum of Understanding with POSCO, a multinational industrial company headquartered in South Korea and a leading manufacturer of lithium-ion battery cathodes and anodes.

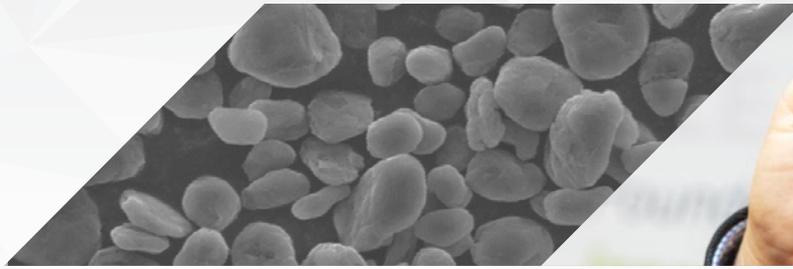
Under the agreement, the parties will work together in relation to EcoGraf

supporting POSCO's anode production expansion plans through the supply of EcoGraf™ HFfree battery anode material products from the Company's new Australian Battery Anode Material Facility and its planned facility in Europe.

EcoGraf and POSCO intend to enter into a formal offtake agreement for the proposed arrangements, containing terms and conditions customary for

such contracts and they will also evaluate other opportunities for co-operation on product development, battery anode recycling and the development of EcoGraf's battery anode material business.





DEVELOPMENT FUNDING

The Company plans to fund the initial phase of the development using its cash reserves and Australian Government export credit agency Export Finance Australia recently advised the Company that it's received conditional approval from the Australian Government to make available a loan of up to US\$40m to assist EcoGraf undertake the planned expansion of its Australian Battery Anode Material Facility to 20,000 tonnes per annum. This loan is provided under the Federal Government A\$2 billion Critical Minerals Facility initiative to help secure the vital supplies of resources needed to drive the new energy economy and support the resources jobs of the future.

The proposed loan is subject to a number of conditions relating to completion of all due diligence to the satisfaction of Export Finance Australia, the successful construction and commissioning of the initial 5,000tpa facility and the execution of material agreements for the expansion construction, operations and sales arrangements. These conditions are customary for project financings of this nature, or otherwise required under the Critical Minerals Facility.

EcoGraf has appointed financial advisors to coordinate the remaining

due diligence activities with Export Finance Australia to enable the parties to execute binding agreements for the loan.

ECOGRAF™ HFFREE PATENT AND TRADEMARKS

Since developing the proprietary EcoGraf™ HFFree purification technology in 2017, the Company has sought to protect its intellectual property assets through patents and trademarks. The patent submissions cover a range of applications relating to the manufacture of battery anode material and high purity graphite products, together with the recycling of lithium-ion battery anodes.

The Company recently reported that the International Preliminary Examining Authority of the Patent Co-operation Treaty has deemed the EcoGraf™ purification process as novel and inventive. After an extensive examination, the written opinion of the Examiner at the International Preliminary Examining Authority is that all 25 of the patent claims are novel and inventive.

As a result, in December 2021 the Australian Government, through IP Australia, confirmed acceptance of the Company's patent application for its unique EcoGraf™ HFFree purification technology. The purification technology was first developed by

EcoGraf in Australia and has been refined through extensive testing and analysis conducted in Europe and Asia.

The effectiveness of the EcoGraf™ HFFree process has been demonstrated using a range of different graphite feedstocks produced in Asia, Africa and South America, outperforming existing HF reference material during independent electrochemical battery testing. EcoGraf has also applied to register various product trademarks to enhance market recognition among its global customer base.

PRODUCT DEVELOPMENT AND SALES

The Company has successfully completed a product qualification program for a major anode producer in which EcoGraf™ HFFree battery anode material outperformed reference material from existing producers in battery testing. The EcoGraf product achieved the anode producer's physical and chemical specifications and outperformed against reference materials in half-cell electrochemical testing. The results are an important milestone and confirm the effectiveness of the Company's environmentally superior EcoGraf™ processing technology to provide anode, battery and electric vehicle manufacturers with high quality, sustainably produced battery anode material.

THE RESULTS CONFIRM THE EFFECTIVENESS OF THE COMPANY'S ENVIRONMENTALLY SUPERIOR ECOGRAF™ PROCESSING TECHNOLOGY





Following announcement of the Battery Anode Material Agreement with POSCO, the Company has received an increased level of enquiry from potential customers in Asia and Europe, as electric vehicle and battery manufacturers have noticeably focussed in recent months on securing anode material supplies for their planned developments.

In parallel with the sales activities, an extensive international product development program is being undertaken to evaluate new market opportunities to value-add products from the Company's new Australian Battery Anode Material Facility.

This work includes three bi-product development programs focussed on steel recarburiser, alkaline battery and specialised industrial applications.

EcoGraf™ GreenRECARB is a low emission recarburiser additive for the steel manufacturing industry. After an initial successful assessment, a major testing program is underway to develop a premium additive for the electric arc and induction furnace steel manufacturing industry. Steel makers

are seeking more sustainably produced additive materials to replace the use of energy intensive, fossil fuel based calcined petroleum coke products.

Electric arc furnace steel production currently accounts for approximately 30% of the global steel market and requires a minimum of 3-4% recarburiser additive, providing a market opportunity of up to 1 million tonnes of recarburiser each year.

EcoGraf has completed the initial production phase of the GreenRECARB program, consisting of bench scale formulation of the optimum binding, granulation and pelletisation processes to produce a cost-effective and environmentally superior recarburiser product for steel manufacturers.

The Company's GreenRECARB product will provide customers with a high purity additive, containing reduced sulfur and nitrogen content and which is manufactured using a lower emission production process compared to existing calcined petroleum coke additives, which will reduce the carbon footprint of the steel manufacturing process.

Importantly, the high carbon absorption efficiency of natural crystalline graphite additives in both electric arc and induction furnace steel manufacturing processes is expected to increase the operating efficiency of these furnaces and lower steel production costs.

Data obtained from the process flowsheet and pelletiser manufacturing route adopted for the GreenRECARB production program will be used for initial engineering design works in parallel with the customer testing program, targeting existing steel manufacturers and the rapidly emerging green steel industry.



GRANULISATION



PELLETISATION

greenRECARB

GROWING INDUSTRIAL DEMAND GREEN STEEL & STEEL FOUNDRY/ EAF FURNACE



PRODUCT DEVELOPMENT AND INNOVATIVE STRATEGY = VALUE-ADD BI-PRODUCT FINES

LOW COST ADVANTAGE = NATURALLY OCCURRING, HIGH HEAT RESISTANT, HIGHLY CONDUCTIVE



LOW EMISSIONS = LOW POLLUTION, ENVIRONMENTALLY FRIENDLY



EcoGraf™ ecoCEM is a conductivity enhancement material (CEM) to improve the performance of cathodes and alkaline batteries. Ultra-fine sizes of this premium product used in battery coatings are priced at up to US\$30,000/tonne and the products represent a complementary extension of the Company's battery anode material production capabilities.

The alkaline battery market represents 10-15% of the total graphite market and is expected to grow at ~5% per annum, with key participants being Duracell Inc. and Energizer Holdings in the United States, Camelion Batterien in Germany and Sanyo, Sony and Panasonic in Japan.

EcoGraf™ hpFines is a product additive for use in specialised industrial applications that require its lubrication, thermal efficiency and fire-resistant properties. Initial samples of these products have been successfully qualified by two leading European industrial groups and the Company is investigating additional purified fines product market opportunities.

Successful bi-product development enhances the environmental advantages of the new Australian EcoGraf™ Battery Anode Material Facility by maximising productive efficiency, reducing production waste and providing customers with high quality, sustainably produced products to support their environmental objectives.

Improving supply chain sustainability through Life Cycle Assessment (LCA) methodology is a key focus globally and as part of these product development programs, EcoGraf is working with prospective customers to optimise their LCA models.

As part of its focus on high quality, sustainably manufactured graphite products, the Company is investigating a number of coatings processes, which could provide a significant downstream processing opportunity for the new EcoGraf™ Battery Anode Material Facility, with coated battery anode material attracting prices of US\$6,000 to US\$10,000 per tonne.

Following the signing of a non-binding Memorandum of Understanding with FYI Resources Limited (FYI), the parties have commenced a program to develop an enhanced High Purity Alumina (HPA) coatings material that will improve battery performance. The innovative technical program is being undertaken in a leading US commercial battery material research facility using EcoGraf™ HFfree battery anode material and FYI high purity nanoparticle HPA material.

Independent research has demonstrated that HPA-doped carbon coatings enhance battery anode performance due to minimising first cycle losses during battery charging by improving the protective layering of the anode.

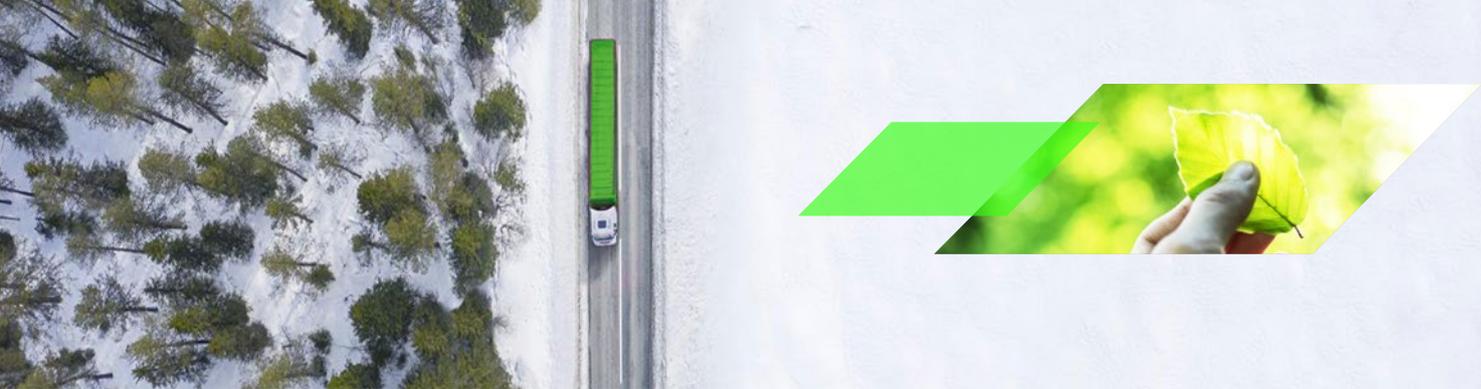
Lithium-ion battery anodes are composed of synthetic graphite, natural graphite, carbon black and silicon. HPA can be applied as a nano thickness coating on the separator sheets within a lithium-ion battery, improving its ability to withstand high rates of discharge and delivering better durability and safety.

The joint program with FYI involves an evaluation of the electrochemical performance of industry standard coated HF battery anode material versus industry standard coated EcoGraf™ HFfree battery anode material and enhanced HPA coated EcoGraf™ HFfree battery anode material, using CR2016 coin cells.

Early results in this program have proved outstanding, having met battery manufacturers technical specifications with electrochemical performance outperforming industry standard material.

EARLY RESULTS MEET TECHNICAL SPECIFICATIONS WITH ELECTROCHEMICAL PERFORMANCE AND OUTPERFORM INDUSTRY STANDARD MATERIAL





EUROPEAN BATTERY ANODE MATERIAL FACILITY

A key part of the Company's growth strategy is to develop additional EcoGraf™ HFfree Battery Anode Material Facilities in high growth market regions that are establishing more localised, sustainably operated battery mineral supply chains.

There is presently approximately 1,000 GWh/a of new battery capacity planned across Europe, with the EU forecasting that the European battery market will be worth €250 billion per year by 2025, supported by new EU battery

regulations covering responsible sourcing, CO₂ performance, traceability and recycling.

EcoGraf has entered into a land reservation agreement for a 65,000m² industrial site at Skellefteå in Sweden as a potential location for a future European EcoGraf™ Battery Anode Material Facility.

Skellefteå is located within the Västerbotten region and has an abundant supply of clean, renewable energy, with the lowest industrial power costs in Europe, an educated and skilled labour force and a nearby port

for ready access to key battery and industrial markets across Europe.

Data generated from the GR Engineering pre-construction program and approvals studies for the Australian facility will be used to undertake a more detailed assessment of a potential new development in Skellefteå and to commence the regulatory permitting processes.

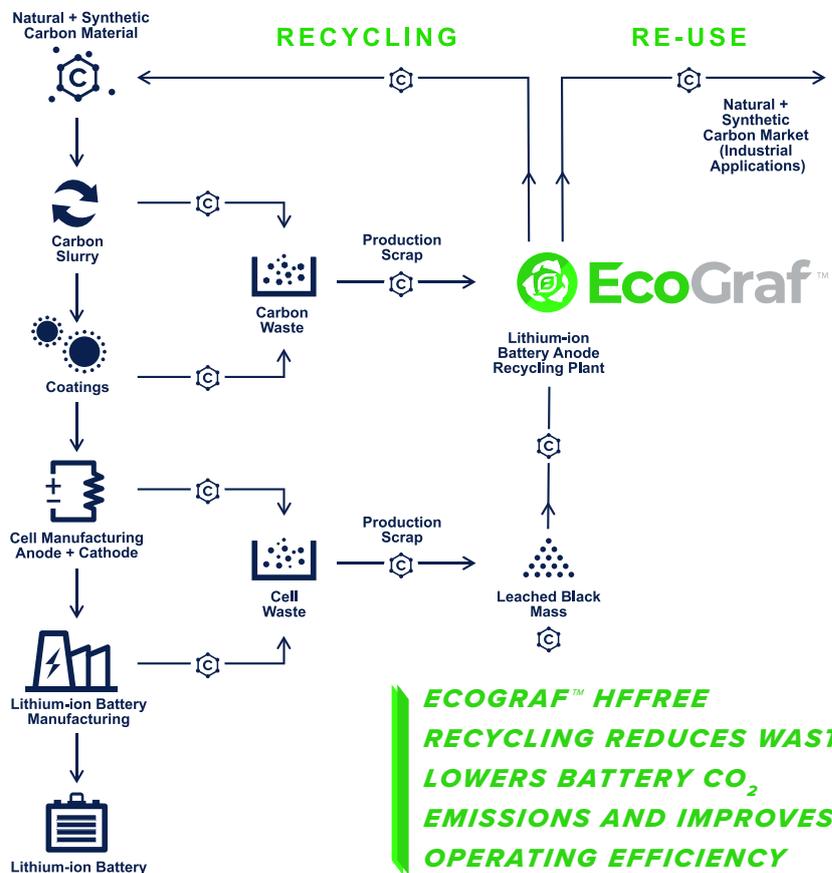
EcoGraf's environmentally superior HFfree anode material processing technology is ideally positioned to support the transition to electric energy in Europe.

LITHIUM-ION BATTERY RECYCLING

EcoGraf's recycling activities are part of the Company's diversified graphite business to provide a sustainably produced, high quality and cost competitive battery anode material through the initial EcoGraf™ Battery Anode Material Facility planned in Western Australia and the development of its long-life and low cost Epanko Graphite Project in Tanzania.

The Company plans to use its proprietary EcoGraf™ HFfree purification process to recover and re-use carbon anode materials, with an initial focus on production scrap from anode cell and battery manufacturing processes. Testing of battery manufacturer's production anode scrap material has been undertaken and the evaluation of recovered anode material is in progress, in conjunction with discussions in relation to the development of a recycling pilot plant to support their battery recycling programs.

RECYCLING STRATEGY FOR RECOVERED ANODE MATERIAL





NATURAL FLAKE GRAPHITE BUSINESS

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

- Completion of a Bankable Feasibility Study (BFS) that demonstrates a highly attractive development opportunity with a forecast annual EBITDA of US\$44.5 million;
- Government grant of mining licence and environmental approvals;
- Comprehensive Independent Engineer's Review by SRK Consulting on behalf of lenders, confirming technical aspects of the proposed development and that the Equator Principles social and environmental planning regime satisfies International Finance Corporation Performance Standards and World Bank Group Environmental, Health and Safety Guidelines;

- Flake graphite sales for key markets in Europe and Asia;
- Target cost EPC arrangements for construction of Epanko with GR Engineering; and
- Debt financing program with international banks and Tanzanian financial institutions.

After receiving positive feedback to the proposed Epanko debt funding structure, the Company appointed financial advisors in August 2021 to co-ordinate the financing program. Project information and supporting debt structuring financial modelling analysis have been provided to a range of institutions who've expressed interest in participating in the proposed financing with KfW IPEX-Bank.

The debt structuring analysis confirms that Epanko is a highly profitable, cash generative operation that can comfortably support the proposed US\$60m debt funding arrangements under a range of operating scenarios

and given the improved Tanzanian investment climate, EcoGraf is confident of a successful outcome for the new development.

To support the increased activity in Tanzania, the Company has recently appointed additional project and corporate personnel in Mahenge and Dar es Salaam, with further appointments expected to be made as the Epanko pre-development program progresses towards a final investment decision. Epanko presents an opportunity for Tanzania to develop a world class graphite mine in the Ulanga District, Morogoro Region that will operate under globally leading Equator Principles for social and environmental planning, including International Finance Corporation Performance Standards and World Bank Group Environmental, Health and Safety Guidelines.



RECENT PROJECT PROMOTION AND SOCIAL DEVELOPMENT ACTIVITIES UNDERTAKEN IN TANZANIA THROUGH ITS LOCAL SUBSIDIARY TANZGRAPHITE (TZ) LTD INCLUDE:

INTERNATIONAL MINERALS AND MINING INVESTMENT CONFERENCE

The TanzGraphite team presented at the 4th International Minerals and Mining Investment Conference held on 22-23 February in Dar es Salaam to a number of key Government officials, including Vice President, the Hon Dr Philip Mpango and Minister of Minerals, the Hon Dr Doto Biteko.

The Company was honoured to be recognised as ‘first runner’ at the conference, with the award presented by former Minister of Minerals, the Hon Nazir Karamagi, in recognition of the interest generated by the Epanko Graphite Project and TanzGraphite’s support for the Government’s efforts to promote Tanzania’s minerals sector.



COMPANY OFFICIALS MEETING WITH THE DISTRICT COMMISSIONER, HON. NGOLLO MALENYA

TanzGraphite met with the District Commissioner, the Hon. Ngollo Malenya and district representatives. The Company received the Ulanga ‘certificate of appreciation’ presented by the District Commissioner.





SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances have arisen since 31 December 2021 that have significantly affected or may significantly affect:

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

ROUNDING

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

AUDITOR INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 26 of this report.

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

Andrew Spinks
Managing Director

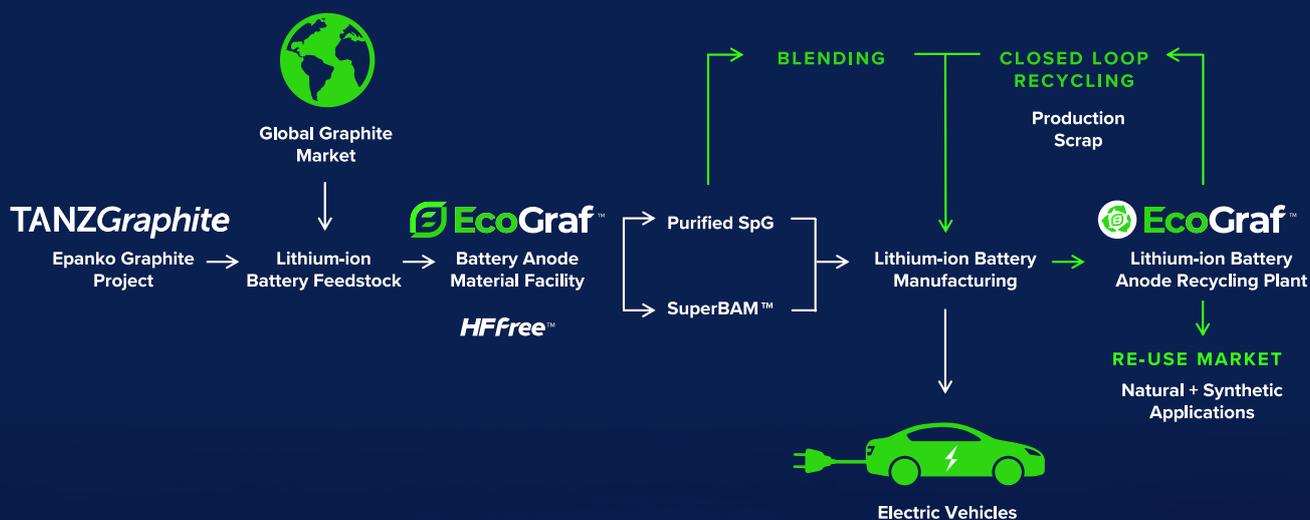
10 March 2022





ECOGRAF - POSITIONED FOR GROWTH ACROSS THE BATTERY SUPPLY CHAIN

ECOGRAF'S VERTICALLY INTEGRATED PRODUCT FLOW



CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME



FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Note	31 December 2021 \$'000	31 December 2020 \$'000
INCOME			
R&D tax offset		504	-
Other income		108	51
		612	51
EXPENSES			
Accounting, audit and taxation services		(70)	(32)
Consultants and contractors		(1,993)	(437)
Employee benefits		(739)	(259)
Depreciation		(6)	(7)
Directors' fees		(95)	(54)
Exploration & evaluation expensed		(20)	(17)
Information systems and technology		(14)	(33)
Listing and compliance		(97)	(43)
Office rental & outgoings		(87)	(73)
Other		(143)	(72)
Share based payments		(57)	-
Travel & accommodation		(1)	-
Foreign exchange losses (net)		(11)	-
		(3,333)	(1,027)
Loss before income tax		(2,721)	(976)
Income tax expense		-	-
Loss after income tax for the period		(2,721)	(976)
Other comprehensive loss			-
Total comprehensive loss for the period, net of tax		(2,721)	(976)
Loss per share attributable to equity holders of the Company:			
		Cents	Cents
Basic loss per share		(0.62)	(0.27)
Diluted loss per share		(0.62)	(0.27)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	31 December 2021 \$'000	30 June 2021 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		50,089	52,633
Other receivables		391	506
Prepayments		233	212
Total current assets		50,713	53,351
Non-current assets			
Property, plant and equipment		49	55
Exploration and evaluation assets	3	18,305	18,238
Total non-current assets		18,354	18,293
Total assets		69,067	71,644
LIABILITIES			
Current liabilities			
Trade and other payables		1,125	1,195
Employee provisions		114	97
Total current liabilities		1,239	1,292
Non-current liabilities			
Employee provisions		52	22
Total non-current liabilities		52	22
Total liabilities		1,291	1,314
Net assets		67,776	70,330
EQUITY			
Contributed equity	4	99,834	99,837
Reserves		8,000	7,830
Accumulated losses		(40,058)	(37,337)
Total equity		67,776	70,330

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY



FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Contributed equity \$'000	Accumulated losses \$'000	Loan share reserve \$'000	Share based payment reserve \$'000	Total \$'000
As at 1 July 2020	49,060	(31,823)	(3,264)	6,649	20,622
Loss for the period	-	(976)	-	-	(976)
Transactions with owners in their capacity as owners:					
Share plan shares expired	(651)	-	651	-	-
Share issue expense	(14)	-	-	-	(14)
Balance at 31 December 2020	48,395	(32,799)	(2,613)	6,649	19,632
As at 1 July 2021					
Loss for the period	99,837	(37,337)	(1,512)	9,342	70,330
Transactions with owners in their capacity as owners:					
Performance rights issued during the period	-	(2,721)	-	-	(2,721)
Share plan shares released	-	-	113	57	57
Share issue expense	(3)	-	-	-	(3)
Balance at 31 December 2021	99,834	(40,058)	(1,399)	9,399	67,776

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	31 December 2021 \$'000	31 December 2020 \$'000
OPERATING ACTIVITIES		
Payments to suppliers and employees	(3,104)	(983)
Research and development tax credit received	504	-
Interest received	-	1
Net cash flows (used in) operating activities	(2,600)	(982)
INVESTING ACTIVITIES		
Payments for exploration and evaluation	(67)	(116)
Interest received	13	83
Net cash flows (used in) investing activities	(54)	(33)
FINANCING ACTIVITIES		
Repayment of share plans loans	113	-
Capital raising costs for issue of shares	(3)	(14)
Net cash flows from (used in) financing activities	110	(14)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of the period	52,633	2,779
Cash and cash equivalents at end of the period	50,089	1,750

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



1. COMPANY INFORMATION

The consolidated financial statements of EcoGraf Limited and its subsidiaries (collectively, the “consolidated entity”) for the half year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 10 March 2022.

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

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

2. BASIS OF PREPARATION

(a) Statement of compliance

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

The financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial report for the year ended 30 June 2021, together with any public announcements made by the Company during the half year ended 31 December 2021 in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

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

(b) Significant accounting policies

The accounting policies adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Company’s annual financial report for the year ended 30 June 2021.

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

(c) Going concern

For the half year ended 31 December 2021, the consolidated entity reported a loss after income tax of \$2,721,000 (2020: loss \$976,000) and held cash and cash equivalents of \$50,089,000 (30 June 2021: \$52,633,000), which is sufficient to meet the consolidated entity’s planned expenditures over the next 12 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

3. EXPLORATION AND EVALUATION ASSETS

	31 December 2021 \$'000	30 June 2021 \$'000
Exploration and evaluation expenditure carried forward:		
Carrying amount at the beginning of the period	18,238	18,039
Capitalised expenditure at cost	67	199
Carrying amount at the end of the period	18,305	18,238

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

4. CONTRIBUTED EQUITY

	No. of shares	\$'000
1 July 2020	363,986,768	49,060
Plan shares expired – July 2020	(3,750,000)	(651)
Share placement – February 2021	90,996,691	54,598
Plan shares expired – April 2021	(2,000,000)	-
Incentive performance rights plan shares issued – June 2021	600,000	-
Capital raising costs	-	(3,170)
30 June 2021	449,833,459	99,837
Incentive performance rights plan shares issued – September 2021	100,000	-
Incentive performance rights plan shares issued – November 2021	400,000	-
Capital raising costs	-	(3)
31 December 2021	450,333,459	99,834



5. SEGMENT INFORMATION

The consolidated entity reports one segment, natural graphite products, to the chief operating decision maker, being the Managing Director, for the purposes of assessing performance and determining the allocation of resources.

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

	Australia \$'000	Tanzania \$'000	Total \$'000
Six months ended 31 December 2021			
Segment revenues	612	-	612
Segment results	(2,588)	(133)	(2,721)
Six months ended 31 December 2020			
Segment revenues	51	-	51
Segment results	(841)	(135)	(976)
31 December 2021			
Segment assets			
Property, plant and equipment	14	35	49
Exploration and evaluation assets	-	18,305	18,305
Segment non-current assets	14	18,340	18,354
Unallocated assets:			
Cash and cash equivalents			50,089
Other receivables			391
Prepayments			233
Total assets			50,713
Segment liabilities	(1,249)	(42)	(1,291)
Total liabilities	(1,249)	(42)	(1,291)
30 June 2021			
Segment assets			
Property, plant and equipment	16	39	55
Exploration and evaluation assets	-	18,238	18,238
Segment non-current assets	16	18,277	18,293
Unallocated assets:			
Cash and cash equivalents			52,633
Other receivables			506
Prepayments			212
Total assets			71,644
Segment liabilities	(1,301)	(13)	(1,314)
Total liabilities	(1,301)	(13)	(1,314)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

6. DIVIDENDS

No dividends were declared or paid during the half year ended 31 December 2021 (2020: nil).

7. RELATED PARTY TRANSACTIONS

There were no significant transactions with related parties entered into during the period.

8. COVID-19 PANDEMIC

The COVID-19 world-wide pandemic has not significantly affected the operating or financial activities of the Company at this stage of its development. Significant and prolonged pandemic lockdown conditions may impact development activities if not dealt with in future years. The Company remains confident that operations and financial activities will not be significantly affected.

9. EVENTS AFTER BALANCE DATE

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

DIRECTORS' DECLARATION



In the directors' opinion:

1. The interim financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and accompanying notes, are in accordance with the *Corporations Act 2001* and:
 - a) Comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*; and
 - b) Give a true and fair view of the consolidated entity's financial position at 31 December 2021 and of its performance for the financial half-year ended on that date.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Andrew Spinks
Managing Director

10 March 2022

INDEPENDENT AUDITOR'S REVIEW REPORT



RSM Australia Partners

Level 32 Exchange Tower, 2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61(0) 8 92619100

F +61(0) 8 92619111

www.rsm.com.au

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of EcoGraf Limited, which comprises the consolidated statement of financial position as at 31 December 2021, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of EcoGraf Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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Independence

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 10 March 2022

AUDITOR'S INDEPENDENCE DECLARATION



RSM Australia Partners

Level 32 Exchange Tower, 2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100

F +61 (0) 8 9261 9111

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of EcoGraf Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 10 March 2022

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#ENGINEERINGCLEANENERGY

ABN 15 117 330 757

P + 61 8 6424 9000 / **E** info@ecograf.com.au

ASX: EGR **FSE:** FMK **OTCQX:** ECGFF

www.ecograf.com.au

