



(Formerly BlackEarth Minerals NL)
ABN 66 610 168 191

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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CORPORATE DIRECTORY

DIRECTORS

George Bauk
Non-Executive Chairman

Thomas Revy
Managing Director

David Round
Finance Director

Heather Zampatti
Non-Executive Director

COMPANY SECRETARY

David Round

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CHAIRMAN'S LETTER

Dear Shareholders

I am pleased to present to you the Evion Group NL Annual Report for the year ended 30 June 2023.

Despite challenging geopolitical conditions, our Company has made substantial developments, all of which are designed to position us to be a key graphite supplier to the energy storage market for state of the art battery energy vehicles.

Our Definitive Feasibility Study ("DFS") was completed and published in early November 2022. The DFS is a major step forward in the development of our Maniry Project. We have also completed the Environmental & Social Impact Assessment ("ESIA") program in June 2023 quarter and proceeded with the submission of the ESIA report to Office National pour l'Environnement ("ONE") and the Mines Ministry in Madagascar for approval. Approval from ONE is a key launch pad to Evion receiving Mining Approval to commence construction of our Maniry Project. We look forward to updating the market about the progress of this space.

The progress in our Joint Venture project with Metachem, India (the Panthera Expandable Graphite Technologies ("PGT") Joint Venture) has rapidly advanced to construction stage at the plant site in India. Extensive infrastructure is now in place, and we can expect the installation of equipment and commissioning to take place soon. The project is on track for its first production in the next quarter. In February 2023, the Evion Executive team visited the plant site in India and recently, the Directors of Metachem also visited Evion Directors in Perth.

The initial Scoping Study to build a Battery Anode Material ("BAM") plant using fines from our Maniry Project has been completed and demonstrates strong financial returns. To complement this, our collaboration with Urbix, USA, a leading group that has developed clean battery anode material technology, is a great step forward in our goal of developing a BAM plant in Europe. These will drive Evion's growth and opportunity within the lithium batteries supply chain and the EV industry.

With strong progress being made on the development of PGT, and the graphite market outlook being positive, we are confident of a busy and productive year ahead and I look forward to keeping you updated on our progress.

Finally, I thank my fellow directors and all members of Evion's management team and staff for their achievement and contribution over the past year. I also thank our Shareholders for their continued support as we work toward a number of exciting milestones in the growth and development of our Company and seek to maximise returns to our Shareholders.



George Bauk
Chairman

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DIRECTORS' REPORT

The Directors present their report on Evion Group NL ("Evion" or the "Company") and its subsidiaries (the "Group") for the financial year ended 30 June 2023.

BOARD OF DIRECTORS

The following persons were directors of the Company in office during the financial year and up to the date of this report, unless otherwise stated.

George Bauk	Non-Executive Chairman
Thomas Revy	Managing Director
David Round	Finance Director and Company Secretary
Heather Zampatti	Non-Executive Director

INFORMATION ON DIRECTORS

George Bauk - Non-Executive Chairman

Qualifications

MBA, BBus, GAICD, FCPA

Experience

Mr Bauk is an experienced director with over 15 years' experience as a listed company director in Australia with the resources industry in both production and exploration with assets in Western Australia, Australia and internationally. He is an experienced executive, with 30 years' experience in the resources industry. Mr Bauk has held global operational and corporate roles with WMC Resources and Western Metals. Mr Bauk has a strong background in strategic management, business planning, building teams, finance and capital/debt raising, and experience with a variety of commodities in particular rare earths, gold and industrial minerals. During his time as Managing Director of Northern Minerals, he led its rapid development from a greenfields heavy rare earth explorer to one of a few global producers of high value dysprosium outside of China.

Other current ASX listed directorships in last 3 years

Lithium Australia Limited – Non-Executive Chairman since July 2015

PVW Resources Limited – Executive Director since February 2021

Valour Resources Limited – Executive Chairman since October 2020

Firetail Resources Limited – Non-Executive Director since 5 September 2023

Former ASX listed directorships in last 3 years

Gascoyne Resources Limited – Non-Executive Chairman from August 2020 to January 2022

Thomas Revy - Managing Director

Qualifications

BAppSc (Metallurgy), GradDipBus, MAusIMM

Experience

With more than 30 years' experience within the resources industry Mr Revy is considered a corporate and project development specialist, with an extensive international network in the mining sector. Mr Revy has held senior operational and corporate positions within reputable organisations including GRD Minproc, WorleyParsons and Ferrum Crescent.

Other current and former ASX listed directorships in last 3 years

None

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DIRECTORS' REPORT

INFORMATION ON DIRECTORS (continued)

David Round - Finance Director and Company Secretary

Qualifications

BBus, FCPA, MBA

Experience

Mr Round is an experienced CFO and Company Secretary with many years' experience as an advisor to the resource sector. Amongst his roles, Mr Round was previously CFO and Company Secretary to Ironbark Zinc Ltd and Wolf Minerals Ltd, and acted for nickel sulphide producer, Albidon Ltd, overseeing their operations in Zambia. Mr Round previously acted as CFO and Head of Sales and Marketing for Australian listed graphite and critical minerals producer, Bass Metals Ltd and was instrumental in the company's acquisition of its assets, and development and growth of their operations over a 5-year period. Mr Round has been involved in a number of Board and Committee roles that have seen the growth and development of resource and mining services companies in Australian and overseas.

Other current ASX listed directorships

Resource Mining Corporation Limited – Non-Executive Director since March 2022

Former ASX listed directorships in last 3 years

None

Heather Zampatti - Non-Executive Director

Qualifications

BSc, Diploma of Education, Certified Financial Planner, Master of Stockbroking (MSAA), Doctor of Commerce (Hon)

Experience

Ms Zampatti has over 35 years of experience in stockbroking, finance, investment policy, strategy and funds management.

Ms Zampatti has been the head of wealth management at Bell Potter Securities since 2002. Ms Zampatti sits on the boards of the Federal Government Remuneration Tribunal, Osteoporosis Australia, The University of WA Club, Theatre 180, ASIC Financial Services Consultative Committee, and Edith Cowan University (ECU) Resources Committee. Ms Zampatti was a former member of the Federal Government's Takeover Panel and the Financial Sector Advisory Council; Chair of Lotterywest and Princess Margaret Hospital Foundation; and board member of Healthways, AIM WA, Chief Executive Women (CEW) and WA Ballet.

Other current and former ASX listed directorships in last 3 years

None

MEETINGS OF DIRECTORS

The number of meetings of the Directors and the number of meetings attended by each Director during the financial year ended 30 June 2023 were:

	Board Meetings		Remuneration Committee	
	Number held and eligible to attend	Number attended	Number held and eligible to attend	Number attended
George Bauk	9	9	2	2
Heather Zampatti	9	9	2	2
Thomas Revy	9	9		
David Round	9	9		

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

Evion is a vertically integrated graphite developer with projects currently based in the Republic of Madagascar, India and Europe. At present, the Company is building three core projects.

(i) Maniry Graphite Project in Madagascar

The Company holds 100% interest in this project. During the financial year, the Company successfully completed and published its Definitive Feasibility Study ("DFS"). The DFS demonstrates compelling financial returns and found the graphite produced will be suitable for a range of value-added products, including the EV industry. It also supports Madagascar as an optimal location for graphite processing. The company also completed the Environmental & Social Impact Assessment ("ESIA"), which has been submitted to Office National pour l'Environnement ("ONE") for approval subsequent to year-end.

In addition, the Company constructed a new primary school, which can house 100 students, in the town of Maniry and donated food to local villages. To-date, 30mt of food were donated.

(ii) Panthera Expandable Graphite Joint Venture ("the JV") in India

The Company holds 50% interest in the JV project with Metachem Manufacturing Company Pvt. Ltd. During the financial year, the Feasibility Study of the Expandable Graphite Plant was completed with financial outcomes including a post-tax NPV of US\$78 million and initial stage CAPEX of US\$3 million. Evion Executives visited the site of operations in Pune, India in February 2023. Meetings were held with the development architects and engineers and a final construction plan for the plant was established and construction is underway. Strong progress was made, including securing initial financing from an Indian bank, confirming the JV project is on track for production in Q4, 2023.

(iii) Battery Anode Materials ("BAM") Plant in Europe

During the current financial year, the Company completed and published its Scoping Study on its proposed BAM plant in Europe. The study found a BAM plant could generate strong financial returns. In addition, the Company signed a Collaborative Agreement with Urbix Inc, a company in the USA which is positioned to become one of the world's largest producers of advanced, green anode material for the rapidly expanding EV battery market.

In a recent site visit, Evion Executives met with a number of funding and development parties in the USA. Evion now plans to expand on the completed Scoping Study by incorporating a clean technology and production methods that are available as part of the Collaborative Agreement. This will result in an advanced pre-feasibility study.

STATE OF AFFAIRS

There were no significant changes in the Group's state of affairs during the financial year, other than as set out in the Review of Operations on pages 5 to 14.

OPERATIONS UPDATE

Maniry Graphite Project in Madagascar

Throughout the 2022/2023 financial year ("financial year"), the Company continued to advance the development of the Maniry Graphite Project with our completed Definitive Feasibility Study ("DFS") released in early November 2022 and the Environmental & Social Impact Assessment Study ("ESIA") program submitted to Office National pour l'Environnement ("ONE") for approval soon after the June 2023 quarter end.

Publication of Definitive Feasibility Study

The published DFS demonstrates compelling financial returns and found the graphite produced will be suitable for a range of value-added products, including in the EV industry. It also supports Madagascar as an optimal location for graphite processing and has the potential to be the largest global graphite producer outside of China.

The study plans for US\$80 million capital expenditure ("CAPEX") for 500ktpa (Stage 1) ore processing and an expansion to 1 Mtpa (Stage 2) for another US\$25 million CAPEX. The larger CAPEX for Stage 1 allows a quicker and less disruptive

OPERATIONS UPDATE (continued)

Maniry Graphite Project in Madagascar (continued)

construction and commissioning period for Stage 2 expansion. Additionally substantial resource expansion during the financial year has contributed significantly to Maniry Project's increased life of mine, project returns and long-term project revenue. Additional exploration programs within the high-grade Razafy Northwest area were undertaken to further increase the resource and hence the project economics. The DFS key financial outcomes and assumptions are as follows:

Table 1 – DFS Key Financial Metric

Financial Metric	Unit	2022 DFS Result
Project Life	(Yrs)	21
CAPEX Stage 1 (1) (incl contingency)	(US\$ M, real)	79.2
CAPEX Stage 2 (incl contingency)	(US\$ M, real)	24.6
Average Sales Price (LOM) (2)	(US\$/t)	1,448
Average OPEX (LOM) - C1 (FOB)	(US\$/t)	658
Stage 1 Production of Concentrate	(t / pa)	39,000 average
Stage 2 Production of Concentrate (from yr4)	(t / pa)	56,400 average
IRR - before tax	(%, real)	32.65%
NPV - before tax	(US\$ M, real)	263
NPV - after tax	(US\$ M, real)	205
Payback Period	(Yrs)	3.8

(1) Forecast CAPEX has been classified as a Class 3 estimate with accuracy of $\pm 15\%$ as defined by AACE International

(2) Average LOM pricing based on forecast data prescribed by Benchmark Minerals Intelligence, Wood McKenzie and UBS

The table below indicates the estimated total mineral resources of 40 million tonnes at 6.5% TGC, which was published in August 2022.

Table 2 – Total Inventory Mineral Resources (as released on 9 August 2022)

Area	Classification	Tonnes (Mt)	Total Graphitic Carbon (%TGC)	Contained Graphite (tonnes)
Razafy*	Indicated	13.6Mt	6.5%	890,000
	Inferred	12.1Mt	5.9%	720,000
Razafy NW*	Indicated	3.1Mt	8.6%	266,000
	Inferred	2.2Mt	8.5%	186,000
Haja**	Indicated	-	-	-
	Inferred	9.0Mt	5.8%	522,000
TOTAL	Indicated	16.7Mt	6.9%	1,156,000
	Inferred	23.3Mt	6.1%	1,428,000

*3% TGC cut-off grade

**5% TGC cut-off grade

Reported at the cut off grades above; figures in the table above have been rounded, reported to the appropriate significant figures with graphite tonnages rounded to the nearest thousand, in accordance with the 2012 JORC Code

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OPERATIONS UPDATE (continued)

Maniry Graphite Project in Madagascar (continued)

Completion of Environmental & Social Impact Assessment

Post completion of the DFS, work progressed to complete the process of receiving final mining permits and approvals. Leading consultants were engaged to assist in the management of this process. The detailed Environmental & Social Impact Assessment ("ESIA") program was conducted and completed in June 2023 quarter. The independent assessment was performed by Resolve Consulting. Evion also engaged two other leading Madagascar consultants to assist with the completion of our ESIA to IFC Performance Standards. The outcome of the ESIA demonstrates strong environmental and social merits of the Maniry Project. As part of the process and prior to submission to the Office National pour l'Environnement ("ONE"), the Mines Ministry in Madagascar required several Project related documents to be reviewed. These included the ESIA, capital cost breakdown, as well as an understanding of the development plans for the Maniry Graphite Project. All supplementary and supporting documentation required as part of the ESIA was approved and stamped by the Mines Ministry.

Following the June 2023 quarter end, the Company submitted the ESIA to ONE. On completion of the official evaluation of the ONE assessment (including public consultation), Evion will be provided with a global environmental permit subject to conditions established by ONE, a key license which will pave the way for construction to start. This will see Evion become a global player in the production of graphite and downstream products suitable for the booming EV and alternative energy markets.

At the same time, the Company continues to hold formal meetings and discussions with the local community around Maniry and seek feedback from the local stakeholders.

Figure 1 - Recent meetings held with villagers to discuss potential Company plans and Community benefits.



Maniry Graphite Project Environmental, Social and Governance ("ESG") Update

A new primary school, which was under construction back in August 2022, was completed and handed over to the community leaders. It is located within the broader Maniry area, which also houses Evion's Maniry Graphite Project. Evion will fund ongoing costs, including salaries for teachers and maintenance of the school, which can accommodate 100 students.

Evion also supplied food, a tonne for each of the five local villages, taking the amount of food provided to the communities to 30Mt. In addition, the Company will establish a Maniry mine medical centre, providing free of charge medical care to the families of all employees. Evion's commitment to supporting the community has received strong community endorsement - from the Mayor of Maniry, the Chief of Village, Village spokesman and the Member of Parliament for Ampanihy-Ouest.

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DIRECTORS' REPORT

OPERATIONS UPDATE (continued)

Maniry Graphite Project in Madagascar (continued)

Maniry Graphite Project Environmental, Social and Governance ("ESG") Update (continued)

In addition, several meetings and discussions were held between Evion's Managing Director and senior officials of the World Bank in Madagascar and the Malagasy Minister of Mines with positive outcomes - commitment from the World Bank to fast-track short-term infrastructure spending for regional Madagascar and support from the Malagasy Minister of Mines on Evion's plans to provide employment and to invest substantially in the local community.

Key Short-Term Activities of the Maniry Graphite Project

At the date of this report, the following key activities are underway:

- awaiting the approval from ONE in relation to the mining approval to be granted to the Company;
- working towards the completion of the Resettlement Action Plan ("RAP");
- discussion and finalisation of key offtake arrangements;
- meetings with several potential funding partners to advance development planning as the adjacent Molo Mine commences production of substantial graphite material from Madagascar;
- continuation of the engagement with local stakeholders and all levels of Madagascan government; and
- ongoing provision of social and community support to the local villages.

The above activities are vital for the development of the Maniry Graphite Project and ultimately lead to the Board's Financial Investment Decision to formally proceed with the construction of the project.

Panthera Expandable Graphite Joint Venture ("the JV") in India

Completion of Feasibility Study

During the financial year, the Company and its JV partner, Metachem Manufacturing Company Pvt. Ltd. ("Metachem") had completed their Feasibility Study ("FS") of the Panthera Expandable Graphite Project and a decision was made to proceed with the investment in the project.

The key financial outcomes of the FS are shown in Table 3 - FS Key Financial Metric. Subsequent to the release of the FS and the decision to proceed, Metachem undertook a significant amount of work, discussions and meetings with various consultants, engineers and local suppliers to commence construction of the processing plant.

Construction Commenced at the Selected Production Site

During the reporting period, the JV signed a land purchase agreement with a local land holder in November 2022. The land is located at the Kurkumbh Industrial Area, Pune. The Kurkumbh site is an advanced industrial location within the Indian Special Economic Zone which offers various economic, taxation and business concessions. The site development also includes a 34% 'green zone' allowance in compliance with the local environmental regulations.

The final plant design was finalised in March 2023 quarter. A site safety plan has been established and the plan meets the world-class industrial and mine operational standards. Long lead equipment items have also been secured in anticipation of installation in the subsequent periods. Mr Ulhas Jagdhane has been appointed as the CEO of the JV entity to ensure development is on the right track and he reports to the Board of the JV entity.

Following the approved plant design and meeting the licensing and permit requirements, the civil works commenced. An extensive team of engineers and construction personnel are on site completing civil works and prefabrication of 4,000 sqm of buildings with the installation of production equipment due to be completed over the coming three months ahead of an immediate ramp up plan. Over the course of construction activities, the site has recorded no lost-time injuries to date.

Prior to the commencement of construction, the main processing facility structure was increased to accommodate doubling of production in the short-term. The change will result in lower capital and minimal disruption during the expansion, which is expected to kick start in the second year of production.

DIRECTORS' REPORT

OPERATIONS UPDATE (continued)

Panthera Expandable Graphite Joint Venture ("the JV") in India (continued)

Table 3 - FS Key Financial Metric

Financial Metric	Unit	Panthera Graphite JV	Evion's Share
Ownership	(%)	100%	50.00%
Project Life	(Yrs)	25	25
Total Gross Revenue	(US\$ M, real)	477.7	238.8
Total EBITDA	(US\$ M, real)	226.0	113.0
Total Net Cash Flows Before Tax	(US\$ M, real)	218.5	109.3
Total Net Cash Flows After Tax	(US\$ M, real)	174.8	87.4
Discount rate	(%)		6.50%
NPV - before tax	(US\$ M, real)	100.0	50.0
NPV - after tax	(US\$ M, real)	77.7	38.9
IRR - after tax	(%, real)		570.66%
Project Capital Expenditure - Stage 1 (Year 0)	(US\$ M, real)	2.96	1.48
Project Capital Expenditure - Stage 2 (Year 3)	(US\$ M, real)	1.59	0.8
Sustaining Capital Expenditure - (life of project)	(US\$ M, real)	2.89	1.45
Payback Period - after tax - from 1st feed	(Yrs)		1.2

Figure 2 – Our JV development site located in Kurkumbh, India



DIRECTORS' REPORT

OPERATIONS UPDATE (continued)

Panthera Expandable Graphite Joint Venture ("the JV") in India (continued)

Funding of the Panthera Expandable Graphite Project

In March 2023 quarter, the Project successfully secured US\$2.1 million financing from an Indian based bank. The funding ensures that the Project is fully funded to production, with repayments starting at the commencement of production. With the debt funding, the JV entity will qualify for very favourable power and other concessions as part of the Special Economic Zone incentives.

Key Short-Term Activities of the Panthera Expandable Graphite Project

As at the date of this report, the followings are key activities to complete prior to the commencement of production and export activities in the December 2023 quarter:

- delivery of long lead items;
 - These items are sourced from reputable companies within India and therefore, delivery is expected to be on track.
- progress to complete building and infrastructure development;
- installation of plant and equipment items and commencement of commissioning; and
 - Key experienced personnel from our JV partner, Metachem will assist with the commissioning of the processing facility.
- concentrate supplies and sale of the product
 - Supply of graphite concentrate to the processing plant is being finalised, with an initial 500t to be delivered in the first quarter of production.
 - Metachem has a strong business model in the production and supply of expandable graphite for decades, which adds a degree of commercial security to the Project.
 - Evion manages the marketing and sales of the product produced utilising its strong logistics and global marketing network.

Battery Anode Materials ("BAM") Plant in Europe

Completion of Scoping Study

In September 2022, Evion commenced a scoping study to confirm the commercial viability of processing fines from the Maniry Graphite Project into BAM. The anode scoping study was released in January 2023, which found that:

- Maniry graphite can be processed into the required form using an environmental-friendly process which also requires lesser energy than conventional processes; and
- a BAM plant could generate strong financial returns.

Table 4 - BAM Study Results January 2023

	Product Output	
	30,000tpa	15,000tpa
Pre-Tax NPV8% (US\$M) (2)	\$392m	\$152m
Pre-Tax IRR (%)	39.50%	28.40%
Initial CAPEX (US\$M) (1)	\$117m	\$74.m
Total Pre-Tax Cashflow (US\$M)	\$2,808m	\$1,404m
Payback (years)	3.51	4.67

(1) Includes 30% contingency

(2) The NPV value does not include the positive impact of grants and other subsidies that may be apparent in the short term and positively impact these results

OPERATIONS UPDATE (continued)

Battery Anode Materials ("BAM") Plant in Europe (continued)

Partnership with Urbix

During the December 2022 quarter, Evion signed a non-binding offtake agreement with Urbix Inc, USA. Under the terms of the non-binding offtake agreement, Evion will supply 15,000 metric tonnes per annum of product from its Maniry Graphite Project to feed Urbix's early-stage production of advanced Coated Spheroidized Purified Graphite for the EV battery industry.

The ongoing joint development discussions between the parties create the opportunity for both parties to enter into a Collaborative Agreement. The key details of the Collaborative Agreement included:

- Both parties to the Collaborative Agreement will seek to collaborate for site identification, general feasibility and costing for a BAM plant to be constructed in Europe.
- A Preliminary Feasibility Study will be conducted with a view to moving to a more mature project phase for commercial construction and operation of a proposed BAM plant.
- Subject to the positive outcome from the Preliminary Feasibility Study, the parties may form a joint venture company for the construction and operation of the BAM plant. It is proposed that the parties would jointly own the BAM Plant on a 50/50 basis.
- The BAM plant will process graphite products from Maniry graphite project using Urbix's proprietary technology for the production of Coated Spheroidized Purified Graphite (CSPG). A royalty fee may be payable by the joint venture company to Urbix for their proprietary process.

The proposed BAM plant, together with the supply agreement, perfectly places Evion to become a major contributor in the EV and alternative green energy sectors. Partnership with Urbix marks a significant milestone of Evion's establishment in the rapidly growing market. Urbix is a highly experienced and well-regarded player in the BAM industry.

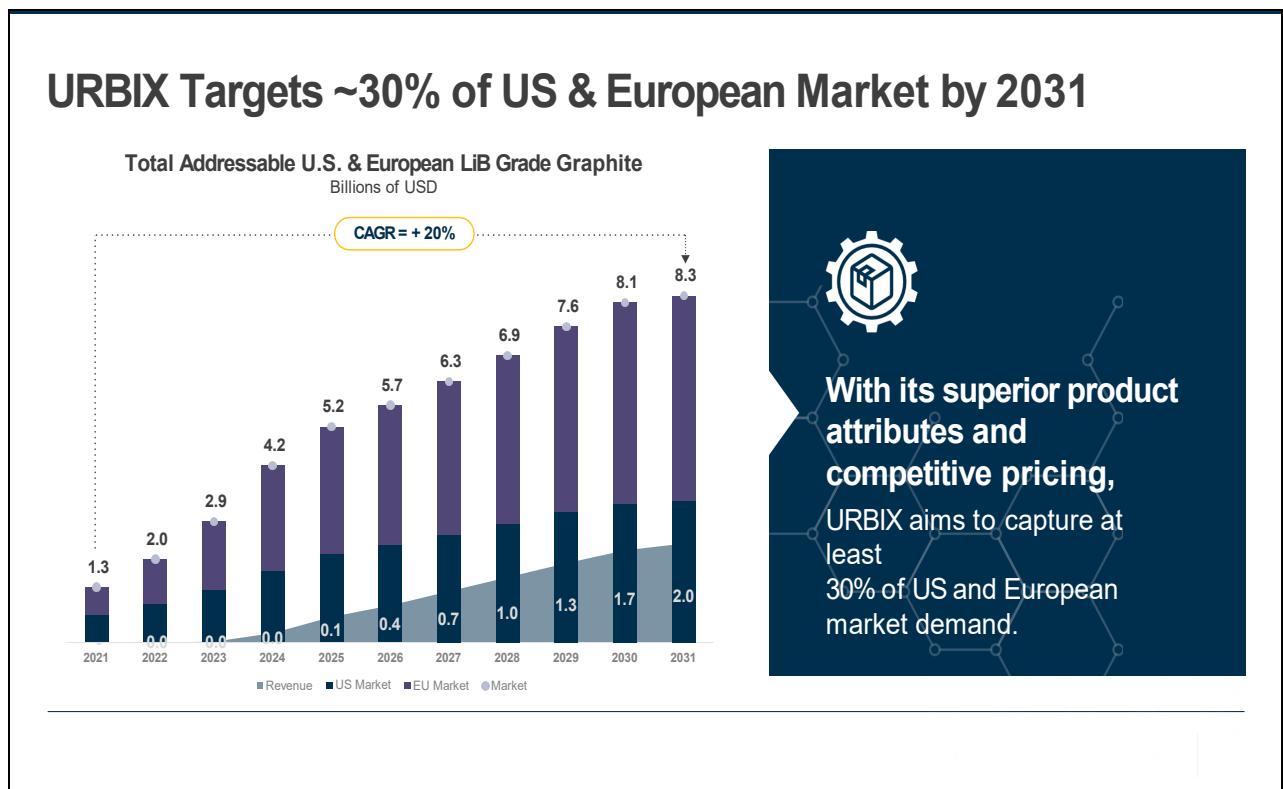


Figure 3 – Urbix Targets ~30% of US & European Market by 2031

OPERATIONS UPDATE (continued)

Battery Anode Materials ("BAM") Plant in Europe (continued)

With the outstanding results from the latest BAM purification test work, which was conducted by Dorfner Anzaplan, Evion now plans to expand the completed scoping study relating to the proposed BAM plant by incorporating clean technology and production methods available under the current Collaborative Agreement with Urbix. This will result in an advanced Pre-Feasibility Study ("PFS") with the parameters and final scope of the study currently being finalised.

The BAM purification test work was on a large batch sample from the Maniry Project using two processing routes with both delivering a Fixed Carbon ("FC") content of greater than 99.95%, which is a key ingredient to reach a battery-grade product purity. The result from this test work complements the outcomes from the extensive test works previously carried out in 2020, which established that Maniry graphite met the other chemical and physical parameters needed to be considered suitable for BAM production.

Key Short-Term Activities of the BAM Plant

As at the date of this report, the current developments are:

- Ongoing development discussions including advancing agreements in relation to the proposed battery anode operations in Europe; and
- A large batch sample is currently being tested in the USA, as part of this program, that will generate key results to complete the BAM PFS.

Graphite Demand

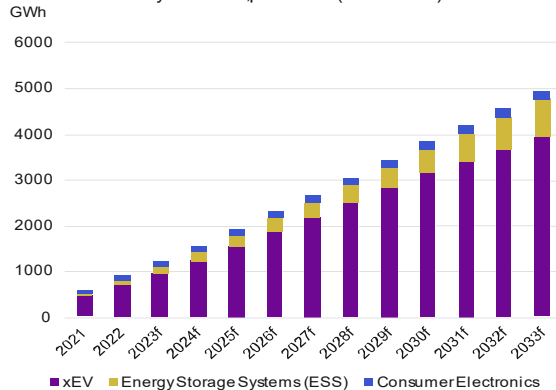
Historically the graphite market is driven by industrial demand, but the strong increase and positive outlook for EV and battery have emerged as key growth drivers. Graphite is becoming immensely popular and important among industries in the current scenario. As the demand for EVs continues to increase, Wood Mackenzie is forecasting graphite will be in short-supply - particularly for natural, battery-grade material.

World demand for graphite concentrate which is suitable for use in battery anode material is expected to increase 5 fold over the next 5 years which will see many new mines needed.

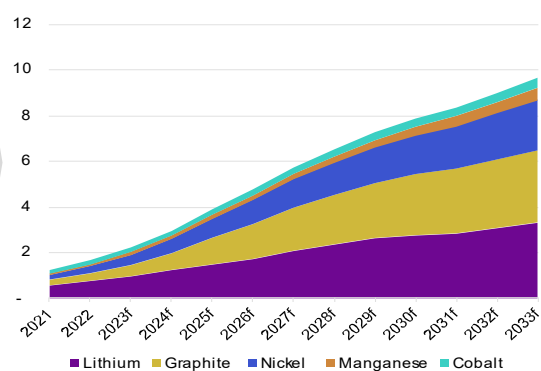
Figure 4- EV and alternative energy demand and the corresponding growth expected in graphite demand

Demand reaching 5TWh of batteries in 2033, requiring nearly 10mn tonnes of key BRM metals

Lithiumion battery demand,per sector(2021-2033)



Lithiumion metal demand(2021-2033) million tonnes



Source: Fastmarkets Long Term Forecasts
2023 | Fastmarkets | Demand Outlook - Las Vegas BRM Conference

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DIRECTORS' REPORT

Competent Persons Statement

The information in this report that relates to in situ Mineral Resources for Razafy NW was prepared, and fairly reflects information compiled, by Mr Grant Louw and Dr Andrew Scogings, each of whom have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Mr Louw is an employee of Snowden Optiro and is a Member of both the Australian Institute of Geoscientists and the Geological Society of South Africa. Dr Scogings is an employee of Snowden Optiro, a Member of the Australian Institute of Geoscientists and the Geological Society of South Africa and is a Registered Professional Geoscientist (RP Geo. Industrial Minerals). Mr Louw and Dr Scogings consent to the inclusion of information in the Mineral Resource report that is attributable to each of them, and to the inclusion of the information in the release in the form and context in which they appear.

The information in this report that relates to the Maiden Mineral Resource Estimation for Razafy at the Maniry Graphite Project is extracted from the report entitled "Update – Maiden Resource Estimation for Razafy at the Maniry Graphite Project" dated 14 August 2018 and is available to view on the Company's website (www.eviongroup.com). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The information in this report that relates to the Maiden Mineral Resource Estimation for Haja at the Maniry Graphite Project is extracted from the report entitled "Update – Maiden Resource Estimation for Haja at the Maniry Graphite Project" dated 27 December 2018 and is available to view on the Company's website (www.eviongroup.com). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Forward Looking Statements

Some of the statements appearing in this report may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industries in which Evion operates and proposes to operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets, among other things. Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement.

No forward looking statement is a guarantee or representation as to future performance or any other future matters, which will be influenced by a number of factors and subject to various uncertainties and contingencies, many of which will be outside the Company's control.

The Company does not undertake any obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions or conclusions contained in this report. To the maximum extent permitted by law, none of the Company's Directors, employees, advisors or agents, nor any other person, accepts any liability for any loss arising from the use of the information contained in this report. You are cautioned not to place undue reliance on any forward-looking statement. The forward-looking statements in this report reflect views held only as at the date of this report.

This report is not an offer, invitation or recommendation to subscribe for, or purchase securities by the Company. Nor does this report constitute investment or financial product advice (nor tax, accounting or legal advice) and is not intended to be used for the basis of making an investment decision. Investors should obtain their own advice before making any investment decision.

DIRECTORS' REPORT

Corporate

New company name

On 25 November 2022, a special resolution had been passed by the shareholders at the 2022 Annual General Meeting approving the change of name of the Company from BlackEarth Minerals NL to Evion Group NL.

Capital raisings

(i) Partly paid ordinary shares

On 5 September 2022, an additional 400,000 partly paid ordinary shares were fully paid to raise \$16,000 and these shares were designated as fully paid ordinary shares of EVG (formerly BEM).

(ii) Share placement

On 29 May 2023, the Company completed the issue of 62,962,965 shares at \$0.054 per share under a placement pursuant to its Listing Rule 7.1 and 7.1A capacity. The placement raised a total of \$3.4 million before costs. Funds raised were applied towards further development and advancing the Company's projects.

(iii) Issuance of options

On 9 June 2023, the Company issued 31,481,483 listed options exercisable at \$0.075 expiring 12 months from the date of issue and 17,000,000 unlisted options exercisable at \$0.125 expiring three years from the date of issue.

RESULTS OF OPERATIONS

For the financial year ended 30 June 2023, the Group incurred a loss of \$3,573,273 (2022: \$3,439,825).

There were no dividends paid or recommended during the financial year ended 30 June 2023 (2022: No dividends were paid or recommended).

FINANCIAL POSITION

The Group working capital surplus was \$3,922,789 at 30 June 2023 (2022: working capital surplus of \$5,146,146).

In the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's operations are subject to environmental regulation under the laws of Commonwealth of Australia and the jurisdictions in which the Group has operations. The Board believes that adequate systems are in place to manage all applicable environmental requirements relevant to the operations of entities in the Group and are not aware of any breach of environmental requirements as they apply to the entities of the Group.

EVENTS OCCURRING AFTER THE REPORTING DATE

- On 12 July 2023, the Company announced its current plans to expand on the completed BAM Scoping Study (which has been prepared by Wave International in Australia with the ongoing assistance of Dorfner Anzaplan, Germany) by working together with Urbix to generate a pre-feasibility study.
- On 13 July 2023, the Company announced the ESIA on its Maniry Graphite Project was submitted to ONE in Madagascar for approval.
- On 10 August 2023, the Company announced that its joint venture operation in India has advanced its construction of plant and is on track for its first production of expandable graphite in Q4, 2023.

Other than the above, the Directors are not aware of any matter or circumstance that has significant or may significantly affect the Group's operations, results or state of affairs in subsequent financial years.

DIRECTORS' REPORT

FUTURE DEVELOPMENTS

The Review of Operations section set out on pages 5 to 14 of this Annual Report gives an indication of likely developments and the expected results of the operations. In the opinion of the Directors, disclosure of any further information would be likely to result in unreasonable prejudice to the Group.

SHARE OPTIONS

(a) Unissued ordinary shares

At the date of this report, the unissued ordinary shares of Evion Group NL under option are as follows:

Date options granted	Expiry date	Exercise price (cents)	Number of shares under option
16 February 2021	9 February 2025	15	4,500,000
26 May 2023	8 June 2026	12.5	17,000,000
26 May 2023	8 June 2024	7.5	31,481,483
			52,981,483

Options granted to the Directors of the Company, in their capacity as a holder of ordinary shares, during the year were set out in the Remuneration Report.

PERFORMANCE RIGHTS

(a) Performance rights granted to the Directors

During and since the end of the financial year, no new performance rights were granted to Directors of the Company.

(b) Performance rights on issue

The total number of performance rights on issue as at 30 June 2023 is set out in Note 15 to the financial statements. No new rights have been granted since the end of 30 June 2023.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company paid insurance premiums to insure the Directors against liabilities incurred by them in their capacity as a Director of the Group. The total amount of insurance premiums paid has not been disclosed for confidentiality reasons.

During the year and as at the date of this report, no indemnity in favour of a current or former Director or officer of the Group has been called on.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

During the year, no non-audit services were provided by the auditor (or by another person or firm on the auditor's behalf).

AUDITOR'S INDEPENDENCE DECLARATION

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

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

The report outlines the remuneration arrangements in place for Evion Group NL's key management personnel ("KMP") for the financial year ended 30 June 2023. For the purposes of this report KMP personnel refers to as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Group.

Key management personnel

The KMP of the Group during or since the end of the financial year were:

George Bauk	Non-Executive Chairman	Appointed 16 November 2020
Thomas Revy	Managing Director	Appointed 15 August 2016
David Round	Finance Director and Company Secretary	Appointed 16 November 2020 Appointed 5 August 2020
Heather Zampatti	Non-Executive Director	Appointed 25 October 2021

Remuneration policy

The Board policy is to remunerate Directors, officers and employees at market rates for time, commitment and responsibilities. The Board determines payment to the Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of Directors' fees that can be paid is subject to approval by shareholders in general meeting, from time to time. Fees for Non-Executive Directors are not linked to the performance of the Group. There is currently no scheme to provide retirement benefits, other than statutory superannuation, to Non-Executive Directors.

The Group's aim is to remunerate at a level that will attract and retain high-calibre directors, officers and employees. The Group's officers and Directors are remunerated to a level consistent with the size of the Group.

Details of remuneration for year ended 30 June 2023

The following table discloses the remuneration of the Directors of the Company:

Name	Year	Fixed remuneration ⁽¹⁾	Cash bonus	Non-monetary benefits	Other long-term benefits ⁽³⁾	Share-based payment ⁽⁴⁾	Total	Performance related
		\$	\$	\$	\$	\$	\$	%
George Bauk	2023	90,000	-	-	-	144,668	234,668	62
	2022	90,000	-	-	-	78,994	168,994	47
Thomas Revy	2023	361,619	-	3,740	61,740	404,946	832,045	49
	2022	342,692	-	4,045	-	194,586	541,323	36
David Round	2023	335,538	30,000 ⁽²⁾	3,155	-	381,405	750,098	55
	2022	289,904	-	3,506	-	168,414	461,824	36
Heather Zampatti	2023	60,273	-	-	-	125,818	186,091	68
	2022	41,775	-	-	-	29,177	70,952	41

(1) Fixed remuneration includes cash salary, fees, superannuation, and annual leave benefits.

(2) Related to prior year cash bonus.

(3) Other long-term benefits are the accounting expense of long service leave accrued.

(4) Represents amounts expensed through the Company's profit or loss for performance rights issued under the Company's Securities Incentive plan. These amounts are recognised in the Company's profit or loss over the vesting period in accordance with AASB2 Share-based Payment.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Details of rights held by the KMP

The table below shows a reconciliation of rights over EVG ordinary shares held directly, indirectly, or beneficially by each KMP from the beginning to the end of the financial year 30 June 2023 (FY23).

KMP and grant dates of rights	Opening balance	Granted in FY23	Vested ⁽¹⁾		Exercised	Forfeited or other changes		Closing balance	Anticipated vesting date
	Number		Number	Number		%	Number		
George Bauk	4,975,000	-	1,700,000	-	(1,700,000)	-	-	3,275,000	
30 November 2018	2,000,000	-	1,000,000	100	(1,000,000)	-	-	1,000,000	30 November 2023
20 January 2022	2,975,000	-	700,000	100	(700,000)	-	-	2,275,000	20 January 2026
Thomas Revy	12,500,000	-	4,000,000	-	(2,000,000)	-	-	10,500,000	
30 November 2018	4,000,000	-	2,000,000	100	(2,000,000)	-	-	2,000,000	30 November 2023
20 January 2022	8,500,000	-	2,000,000	100	-	-	-	8,500,000	20 January 2026
David Round	9,475,000	-	3,000,000	-	(1,000,000)	-	-	8,475,000	
11 January 2021	600,000	-	-	-	(600,000)	-	-	-	
9 July 2021	2,500,000	-	1,500,000	100	(400,000)	-	-	2,100,000	30 November 2023
20 January 2022	6,375,000	-	1,900,000	100	-	-	-	6,375,000	20 January 2026
Heather Zampatti	2,625,000	-	700,000	-	(700,000)	-	-	1,925,000	
20 January 2022	2,625,000	-	700,000	100	(700,000)	-	-	1,925,000	20 January 2026

(1) Rights converted to ordinary shares of EVG for nil consideration on 28 September 2022.

Shares and options over shares of the Company held by KMP

This table shows the movement of EVG ordinary shares held directly, indirectly, or beneficially by each KMP, including their related parties from the beginning to the end of the financial year 30 June 2023.

KMP	Opening balance	Received on exercise of rights	Other changes	Closing balance
	Number of shares	Number of shares	Number of shares	Number of shares
George Bauk	3,180,341	1,700,000	-	4,880,341
Thomas Revy	10,172,426	2,000,000	370,370	12,542,796
David Round	2,415,586	1,000,000	370,370	3,785,956
Heather Zampatti	-	700,000	185,185	885,185

This table shows the movement of options of the Company held directly, indirectly, or beneficially by each KMP, including their related parties from the beginning to the end of the financial year 30 June 2023.

KMP	Opening balance	Granted free attaching	Other changes	Closing balance
	Number of options	Number of options	Number of options	Number of options
George Bauk	-	-	-	-
Thomas Revy	-	185,185	-	185,185
David Round	-	185,184	-	185,184
Heather Zampatti	-	92,593	-	92,593

Financial transactions with KMP

During the financial year, the followings were paid and payable to KMP for services.

Director	\$	Description of services
George Bauk	70,240	Amounts to PVW Resources Ltd, a company George Bauk is a director of, for the provision of rental and administration services to EVG.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Financial transactions with KMP (continued)

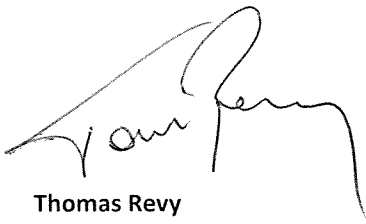
At the end of the reporting period, the following was recognised in relation to the above transactions.

	2023	2022
	\$	\$
Current liabilities (amounts payable)	6,842	16,500

END OF REMUNERATION REPORT

The Directors' Report is signed in accordance with a resolution of the Board of Directors made pursuant to section 298(2) of the *Corporations Act 2001*.

On behalf of the Directors.



Thomas Revy
Managing Director

Perth, 15 September 2023

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To the Board of Directors,

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit Director for the audit of the financial statements of Evion Group NL for the financial year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully,

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis
MARK DELAURENTIS CA
Director

Dated this 15th day of September 2023
Perth, Western Australia

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
For the year ended 30 June 2023

	Notes	2023 \$	2022 \$
Other income	3	785,052	129,637
Exploration and evaluation costs written off		(511,760)	(744,750)
Personnel and consulting costs		(1,473,544)	(1,253,503)
Share-based payments expense		(1,056,837)	(530,362)
Occupancy costs		(76,528)	(70,939)
Administration costs		(1,051,950)	(914,022)
Depreciation of non-current assets		(16,925)	(12,647)
Net foreign currency exchange differences		(13,370)	(7,731)
Other expenses from ordinary activities	4	(76,508)	(35,508)
Finance costs		(3,169)	-
Share of loss of equity accounted joint venture		(77,734)	-
Loss before income tax		(3,573,273)	(3,439,825)
Income tax benefit	5	-	-
Loss after income tax		(3,573,273)	(3,439,825)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to the consolidated statement of profit or loss:			
Exchange differences on translation of foreign operations		(193,472)	(37,926)
Items not to be reclassified subsequently to the consolidated statement of profit or loss:			
Investments designated as fair value through other comprehensive income		(7,779)	-
Total comprehensive income/(loss) for the year attributable to owners of Evion Group NL		(3,774,524)	(3,477,751)
Basic and diluted loss per share (cents per share)	16	1.21	1.44

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

As at 30 June 2023

	Notes	2023 \$	2022 \$
Current assets			
Cash and cash equivalents	6	4,303,402	5,809,297
Trade and other receivables	7	137,716	248,069
Other current assets		102,460	87,143
Total current assets		4,543,578	6,144,509
Non-current assets			
Other financial assets	8	230,466	-
Equity accounted investments	19 (b)	607,533	-
Capitalised exploration and evaluation expenditure	9	6,339,257	5,606,642
Property, plant and equipment	10	182,826	65,629
Total non-current assets		7,360,082	5,672,271
TOTAL ASSETS		11,903,660	11,816,780
Current liabilities			
Trade and other payables	11	438,769	908,700
Provisions	12	182,020	89,663
Total current liabilities		620,789	998,363
TOTAL LIABILITIES		620,789	998,363
NET ASSETS		11,282,871	10,818,417
Equity			
Issued capital	13	27,716,757	24,294,834
Reserves	14	1,884,691	1,456,674
Accumulated losses		(18,318,577)	(14,933,091)
TOTAL EQUITY		11,282,871	10,818,417

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

	Issued capital \$	Share-based payment reserve \$	Financial assets reserve ⁽¹⁾ \$	Foreign currency translation reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2022	24,294,834	1,504,107	-	(47,433)	(14,933,091)	10,818,417
Loss for the year	-	-	-	-	(3,573,273)	(3,573,273)
Other comprehensive income/(loss)	-	-	(7,779)	(193,472)	-	(201,251)
Total comprehensive income/(loss) for the year	-	-	(7,779)	(193,472)	(3,573,273)	(3,774,524)
Issue of shares	3,400,000	-	-	-	-	3,400,000
Share issue transaction costs	(554,421)	303,602	-	-	-	(250,819)
Employee Securities Incentive Scheme issues	17,000	-	-	-	-	17,000
Issue of performance rights	-	-	-	-	-	-
Amortisation of performance rights	-	1,056,837	-	-	-	1,056,837
Exercise of performance rights	543,384	(543,384)	-	-	-	-
Exercise of options	-	-	-	-	-	-
Expired options transferred to accumulated losses	-	(187,787)	-	-	187,787	-
Partly paid ordinary shares fully paid up and become fully paid ordinary shares	15,960	-	-	-	-	15,960
Balance at 30 June 2023	27,716,757	2,133,375	(7,779)	(240,905)	(18,318,577)	11,282,871

(1) Represents the fair value movement in financial assets designated as fair value through other comprehensive income.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 30 June 2023

	Issued capital \$	Share-based payment reserve \$	Financial assets reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2021	17,371,915	1,046,035	-	(9,507)	(11,493,266)	6,915,177
Loss for the year	-	-	-	-	(3,439,825)	(3,439,825)
Other comprehensive income/(loss)	-	-	-	(37,926)	-	(37,926)
Total comprehensive income/(loss) for the year	-	-	-	(37,926)	(3,439,825)	(3,477,751)
Issue of shares	7,294,265	-	-	-	-	7,294,265
Share issue transaction costs	(631,423)	187,787	-	-	-	(443,636)
Employee Securities Incentive Scheme issue	-	-	-	-	-	-
Issue of performance rights	-	266,702	-	-	-	266,702
Amortisation of performance rights	-	263,660	-	-	-	263,660
Exercise of performance rights	184,009	(184,009)	-	-	-	-
Exercise of options	76,068	(76,068)	-	-	-	-
Expired options transferred to accumulated losses	-	-	-	-	-	-
Partly paid ordinary shares fully paid up and become fully paid ordinary shares	-	-	-	-	-	-
Balance at 30 June 2022	24,294,834	1,504,107	-	(47,433)	(14,933,091)	10,818,417

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

		2023	2022
	Notes	\$	\$
Cash flows from operating activities			
Receipts from customers		169,759	78,169
Payments to suppliers and employees		(2,531,493)	(2,382,003)
Expenditure on exploration		(504,323)	(742,559)
Proceeds from government grants and tax incentives		622,486	-
Interest received		20,086	1,328
Interest paid		(3,131)	-
Net cash used in operating activities	6	(2,226,616)	(3,045,065)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(1,538,035)	(4,530,602)
Purchase of plant and equipment		(2,996)	(55,277)
Proceeds from disposal of non-current assets		-	2,096
Investment in a joint venture		(698,579)	-
Investment in financial assets		(238,245)	-
Net cash used in investing activities		(2,477,855)	(4,583,783)
Cash flows from financing activities			
Proceeds from issue of shares		3,415,960	7,309,704
Payments for share issue transaction costs		(236,996)	(443,636)
Net cash generated by financing activities		3,178,964	6,866,068
Net (decrease)/increase in cash held		(1,525,507)	(762,780)
Cash and cash equivalents at the beginning of the year		5,809,297	6,565,750
Effect of exchange rates on cash and cash equivalents		19,612	6,327
Cash and cash equivalents at the end of the year	6	4,303,402	5,809,297

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

This section sets out the significant account policies adopted in the preparation of these consolidated financial statements of Evion Group NL and its subsidiaries and joint arrangements (collectively, the “Group”). Where an accounting policy and critical accounting estimates, assumptions, and judgements are specific to a note, they are described within the note to which they relate.

Evion Group NL is a no liability company, incorporated and domiciled in Australia. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The financial statements for the year ended 30 June 2023 were approved and authorised for issue by the Board of Directors on 15 September 2023.

1. BASIS OF PREPARATION

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (“AASB”) and the *Corporations Act 2001*.

(a) Compliance with IFRS

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

(b) Historical cost convention

The financial statements have been prepared under the historical cost convention. History cost is generally based on the fair values of the consideration given in exchange for goods and services.

(c) Functional and presentation currency

All amounts are presented in Australian dollars, which is the Group’s reporting currency and functional currency of the Company.

(d) Adoption of new and revised accounting standards

The Group has adopted all new and revised standards and interpretations issued by AASB that are relevant to its operations of the Group and effective for the current reporting period.

(e) Standards and interpretations in issue not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2023 reporting period and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

(f) Going concern

The consolidated financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group incurred a loss for the period of \$3,573,273 (2022: loss of \$3,439,825) and net cash outflows from operating activities of \$2,226,616 (2022: \$3,045,065). As at 30 June 2023, the Group had a cash balance of \$4,303,402 (2022: \$5,809,297).

The ability of the Group to continue as a going concern is principally dependent upon the ability of the Company to secure funds by raising capital from equity markets and managing cashflow in line with the available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Group to continue as a going concern.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

1. BASIS OF PREPARATION (continued)

(f) Going concern (continued)

The Directors are satisfied that the going concern basis of preparation of the consolidated financial report is appropriate due to:

- The Company has a history of successful capital raising to date and the Directors are confident of the Company's ability to raise additional funds as and when they are required; and
- The Directors have prepared a cash flow forecast which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for a period of 12 months from the date of this report.

Based on the reasons above, the Directors believe it is appropriate that the consolidated financial report be prepared on a going concern basis.

Should the Group be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

(g) Principles of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. Control exists when the Group 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised profits on transactions between members of the Group are eliminated in full. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(h) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the statement of profit or loss.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

On the disposal of a foreign operation, the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

1. BASIS OF PREPARATION (continued)

(i) Critical accounting estimates, assumptions, and judgements

The preparation of these financial statements requires management to make judgements, estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. Actual results may differ from those reported in these statements.

The areas involving significant estimates, judgements or assumptions are found in the following notes:

- Recognition of deferred tax assets for carried forward tax losses – Note 5
- Carry forward value of exploration and evaluation expenditure – Note 9
- Classification of joint arrangements – Note 19 (b)

Environmental matters

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.

(j) Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's 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.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Impaired assets are reviewed for possible reversal of the impairment at each reporting date. When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so 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 (or cash-generating unit) in prior years.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

2. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board has identified that the Group has three reportable segments which are exploration activities relating to minerals within Australia and the Republic of Madagascar, a joint venture operation in India and activities relating to pre-feasibility study of battery anode materials plant.

(i) Segment revenue and results

For the year ended 30 June 2023	Australia \$	Madagascar \$	India \$	Total \$
Revenue	-	90,890	-	90,890
Exploration and evaluation expenditure	(382,115)	(129,645)	-	(511,760)
Personnel and consulting costs	(1,301,629)	(171,915)	-	(1,473,544)
Share-based payment expense	(1,056,837)	-	-	(1,056,837)
Occupancy costs	(53,200)	(23,328)	-	(76,528)
Administration costs	(937,387)	(104,579)	-	(1,041,966)
Depreciation of non-current assets	(10,307)	(6,618)	-	(16,925)
Other expenses from ordinary activities	-	(73,243)	-	(73,243)
Finance costs	(3,131)	(38)	-	(3,169)
Share of loss of equity accounted joint venture	-	-	(77,734)	(77,734)
Segment result	(3,744,606)	(418,476)	(77,734)	(4,240,816)
Other income				694,163
Other expenses				(26,620)
Loss from continuing operations				(3,573,273)

For the year ended 30 June 2022	Australia \$	Madagascar \$	India \$	Total \$
Revenue	-	86,443	-	86,443
Exploration and evaluation expenditure	(476,642)	(268,107)	-	(744,750)
Personnel and consulting costs	(1,076,208)	(177,295)	-	(1,253,503)
Share-based payment expense	(530,362)	-	-	(530,362)
Occupancy costs	(48,800)	(22,139)	-	(70,939)
Administration costs	(717,425)	(188,650)	-	(906,075)
Depreciation of non-current assets	(6,122)	(6,525)	-	(12,647)
Other expenses from ordinary activities	-	(35,508)	-	(35,508)
Finance costs	-	-	-	-
Share of loss of equity accounted joint venture	-	-	-	-
Segment result	(2,855,559)	(611,781)	-	(3,467,340)
Other income				43,194
Other expenses				(15,679)
Loss from continuing operations				(3,439,825)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

2. SEGMENT INFORMATION (continued)

(ii) Segment Assets

30 June 2023	Australia \$	Madagascar \$	India \$	Total \$
Segment Assets	440,923	6,256,506	607,533	7,304,962
Unallocated:				
Cash and cash equivalents				4,303,402
Other assets				295,296
Total Group Assets				11,903,660
30 June 2022	Australia \$	Madagascar \$	India \$	Total \$
Segment Assets	82,751	5,523,891	-	5,606,642
Unallocated:				
Cash and cash equivalents				5,809,297
Other assets				400,841
Total Group Assets				11,816,780

(iii) Segment Liabilities

30 June 2023	Australia \$	Madagascar \$	India \$	Total \$
Segment Liabilities	-	-	-	-
Unallocated:				
Trade and other payables				438,769
Other current liabilities				182,020
Total Group Liabilities				620,789
30 June 2022	Australia \$	Madagascar \$	India \$	Total \$
Segment Liabilities	-	-	-	-
Unallocated:				
Trade and other payables				908,700
Other current liabilities				89,663
Total Group Liabilities				998,363

(iv) Other segment information

30 June 2023	Australia \$	Madagascar \$	India \$	Total \$
Investment in a joint venture	-	-	607,533	607,533
Capital expenditure ⁽¹⁾	937,139	137,884	-	1,075,023

(1) Capital expenditure consists of additions to exploration and evaluation assets and property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

2. SEGMENT INFORMATION (continued)

(iv) Other segment information (continued)

30 June 2022	Australia \$	Madagascar \$	India \$	Total \$
Investment in a joint venture	-	-	-	-
Capital expenditure ⁽¹⁾	2,622,334	2,382,013	-	5,004,347

(1) Capital expenditure consists of additions to exploration and evaluation assets and property, plant and equipment.

3. OTHER INCOME

	2023 \$	2022 \$
Research and development ("R&D") rebate	625,267	-
Royalties	90,890	86,443
Interest income	20,086	1,328
Recovery of expenses	48,809	41,866
	<u>785,502</u>	<u>129,637</u>

4. OTHER EXPENSES

	2023 \$	2022 \$
Fines, penalties and donations	39,793	9,581
Provision for non-recoverability of value-added tax	(842)	24,712
Net loss on disposal of non-current assets	-	362
Allowance for expected credit losses	36,750	-
Others	807	853
	<u>76,508</u>	<u>35,508</u>

5. INCOME TAX EXPENSE

Income tax expense comprises current and deferred tax and is recognised in the consolidated statement of profit or loss except to the extent that it relates to items recognised in the consolidated statement of other comprehensive income.

	2023 \$	2022 \$
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>

(a) Reconciliation of income tax expense to prima facie tax payable

	2023 \$	2022 \$
Loss before income tax	(3,573,273)	(3,439,825)
Deduct: Loss from equity-accounted investments	(77,734)	-
Loss subject to tax	(3,495,539)	(3,439,825)
Prima facie tax benefit at 25% (2022:25%)	(873,885)	(859,956)
Non-deductible expenses	323,749	200,106
Movement in unrecognised temporary differences	(204,457)	(47,316)
Movement in deferred tax assets not brought into account	754,593	707,166
Income tax benefit	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

5. INCOME TAX EXPENSE (continued)

Current income tax benefit/(expense) is calculated on the basis of the taxation laws enacted or substantially enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Current tax is the expected tax payable on the taxable income for the year and any adjustments to tax payable in respect to prior years.

Result from equity accounted investments has been taxed in the company whose result is disclosed as equity accounted investments in the consolidated financial statements.

(b) Deferred tax

Deferred tax is provided using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. No deferred income tax is recognised if temporary differences arise from the initial recognition of an asset or a liability (other than in a business combination) affects neither the accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that is probable that taxable profits will be available against which the asset can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and adjusted to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are not recognised for temporary differences between carrying amounts and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

(c) Unrecognised deferred tax assets

Unused tax losses for which no deferred tax asset has been recognised are \$13,415,015 (2022: \$9,883,057). Potential tax benefit is \$3,353,754 (2022: \$2,607,193).

Critical accounting estimates and judgements

Deferred tax

Judgement is required in determining whether deferred tax assets are recognised in the consolidated statement of financial position. Deferred tax assets are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable income. Assumptions about the generation of future taxable income depend on management's estimates of future cash flows from operations.

The current income tax position represents the Directors' best estimate, pending on assessment by the Australian Taxation Office. With regards to R&D incentive, AusIndustry reserves the right to review claims made under the R&D legislation.

6. CASH AND CASH EQUIVALENTS

	2023	2022
	\$	\$
Cash at bank and in hand	1,303,402	5,809,297
Short-term deposits	3,000,000	-
	4,303,402	5,809,297

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

6. CASH AND CASH EQUIVALENTS (continued)

Reconciliation of loss for the year to net cash flows from operating activities

	2023	2022
	\$	\$
Loss after income tax	(3,573,273)	(3,439,825)
Share-based payments to key management personnel	1,056,837	530,362
Depreciation of non-current assets	16,925	12,647
Net foreign currency differences	(27,156)	(2,474)
Net loss on disposal of non-current assets	-	362
Allowance for expected credit losses	36,750	-
Share of (profit)/loss of equity accounted investments	77,734	-
Changes in assets and liabilities:		
(Increase)/decrease in receivables	58,285	(93,349)
(Decrease)/increase in trade and other payables	34,925	(78,357)
Increase in employee entitlement provision	92,357	25,569
Net cash used in operating activities	(2,226,616)	(3,045,065)

Cash and cash equivalents include cash at bank and on hand as well as short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

7. TRADE AND OTHER RECEIVABLES

	2023	2022
	\$	\$
GST receivable	32,036	75,580
Other receivables ⁽¹⁾	105,680	172,489
	137,716	248,069

(1) Net of allowances for expected credit losses of \$36,750 (2022: \$nil).

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any expected credit losses.

At each reporting date, the Group applies the AASB 9 simplified approach to measuring expected credit losses. If there is objective evidence of impairment, the amount of expected credit losses is the difference between the receivable's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. Cashflows relating to short-term receivables are not discounted if the effect is immaterial. The expected credit losses are recognised in the statement of profit or loss.

Goods and services tax (GST) and value added tax (VAT)

Revenue, expense and assets are recognised net of the amount of GST/VAT, except:

- where the GST/VAT incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of the asset or as part of the expense;
- for receivables and payables which are recognised inclusive of GST/VAT.

The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are presented in the cash flow statement on a gross basis, except for the GST/VAT component of investing and financing activities which is disclosed as an operating cash flow.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

8. OTHER FINANCIAL ASSETS

These represent investments in unlisted equity securities of Urbix Inc., which are designated as fair value through other comprehensive income ("FVOCI").

Investments in equity instruments designated as FVOCI are subsequently measured at fair value. Dividends are recognised as income in the consolidated statement of profit or loss unless the dividends clearly represent recovery of investment costs. Other fair value gains or losses are recognised in other comprehensive income and are not reclassified to the consolidated statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

On disposal of the equity instruments, any related balance within the financial assets reserve is reclassified to retained earnings.

9. CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE

	2023	2022
	\$	\$
Balance at the beginning of the year	5,606,642	659,646
Additions	944,321	4,949,070
Foreign currency translation	(211,706)	(2,074)
Balance at the end of the year	<u>6,339,257</u>	<u>5,606,642</u>

Exploration and evaluation costs for each area of interest in the early stages of the project life are expensed as they are incurred.

Exploration and evaluation costs for each area of interest that has progressed to the definitive feasibility stage are capitalised as exploration and evaluation assets. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, otherwise costs are expensed.

Exploration and evaluation assets are reviewed at each reporting date for indicators of impairment and tested for impairment where such indicators exist. If the test indicates that the carrying value might not be recoverable, the asset is written down to its recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets in respect of that area of interest are first tested for impairment and then reclassified from exploration and evaluation expenditure to development expenditure.

Critical accounting estimates and judgements

Impairment of exploration and evaluation expenditure

The Group's accounting policy for exploration and evaluation expenditure results in expenditure being capitalised for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make estimates as to future events and circumstances. If, after having capitalised the expenditure under the policy, a judgement is made that recovery of the capitalised expenditure is unlikely, the relevant amount will be written off.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

10. PROPERTY, PLANT AND EQUIPMENT

	Australia	Madagascar	Total
	\$	\$	\$
IT and other equipment			
Balance at 30 June 2021	6,699	17,419	24,118
Additions	34,951	20,326	55,277
Depreciation	(6,122)	(6,525)	(12,647)
Disposals	(1,707)	(2,413)	(4,120)
Foreign currency translation	-	3,001	3,001
Balance at 30 June 2022	33,821	31,808	65,629
Additions	2,268	728	2,996
Depreciation	(10,307)	(6,618)	(16,925)
Disposals	(119)	-	(119)
Foreign currency translation	-	3,539	3,539
Balance at 30 June 2023	25,663	29,457	55,120
Capitalised development costs			
Balance at 30 June 2022	-	-	-
Additions	127,706	-	127,706
Balance at 30 June 2023	127,706	-	127,706
Net book value at 30 June 2023	153,369	29,457	182,826

Each class of plant and equipment is stated at historical cost less, where applicable, any accumulated depreciation and impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the assets and 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 management.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with these subsequent costs will flow to the Group and the costs can be measured reliably. All repairs and maintenance costs are recognised in profit or loss during the reporting period in which they are incurred.

Gains and losses arising on a disposal of plant and equipment are recognised in the statement of profit or loss and determined by comparing proceeds from the sale of the assets to their carrying amount.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Assets are depreciated on a diminishing value basis to write down the cost, net of their residual values over their estimated useful lives as follows:

- IT equipment 2 – 5 years
- Furniture and fittings 3 – 12 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

11. TRADE AND OTHER PAYABLES

	2023	2022
	\$	\$
Trade payables	176,576	439,555
Accruals	148,791	350,439
Other liabilities	113,402	118,706
	<u>438,769</u>	<u>908,700</u>

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

12. PROVISIONS

	2023	2022
	\$	\$
Leave obligations – current	<u>182,020</u>	<u>89,663</u>

Employee benefits

Liabilities for unpaid wages and salaries are recognised in other liabilities. The leave obligations cover the Group's liabilities for annual leave and long service leave which are classified as either short-term benefits or long-term benefits.

The current liability includes all of accrued annual leave and the unconditional entitlements to long service leave where employees are entitled to pro rata payments in accordance with their employment contracts. The entire amount of the provision is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

	2023	2022
	\$	\$
Current leave obligations expected to be settled after 12 months	<u>61,740</u>	<u>-</u>

13. ISSUED CAPITAL

(a) Share capital

	2023		2022	
	Number of Securities	\$	Number of securities	\$
Fully paid ordinary shares (i)	342,359,187	27,628,394	273,346,222	24,198,431
Partly paid ordinary shares at 2.01 cents (ii)	4,396,186	88,363	4,796,186	96,403
	<u>346,755,373</u>	<u>27,716,757</u>	<u>278,142,408</u>	<u>24,294,834</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

13. ISSUED CAPITAL (continued)

(i) Movement in fully paid ordinary shares

	2023		2022	
	Number of securities	\$	Number of securities	\$
Balance at the beginning of the year	273,346,222	24,198,431	211,474,527	17,311,653
Exercise of performance rights	5,400,000	543,384	5,300,000	184,009
Partly paid ordinary shares fully paid up	400,000	24,000	2,720,740	163,245
Issued for services rendered at 13.5 cents per share	-	-	200,000	27,000
Issued for cash at 13.5 cents per share	-	-	50,650,955	6,837,879
Exercise of options	-	-	3,000,000	306,068
Issued for cash at 5.4 cents per share	62,962,965	3,400,000	-	-
Employee securities incentive scheme issues	250,000	17,000	-	-
Share issue transaction costs	-	(554,421)	-	(631,423)
Balance at the end of the year	342,359,187	27,628,394	273,346,222	24,198,431

(ii) Movement in partly paid ordinary shares

	2023		2022	
	Number of securities	\$	Number of securities	\$
Balance at the beginning of the year	4,796,186	96,403	7,516,926	60,262
Partly paid ordinary shares fully paid up and become fully paid ordinary shares	(400,000)	(8,040)	(2,720,740)	(54,085)
Proceeds from 2 cents call per share	-	-	-	90,226
Balance at the end of the year	4,396,186	88,363	4,796,186	96,403

Issued and paid-up capital is recognised at fair value of the consideration received. Transaction costs arising on the issue of ordinary shares or options are recognised in equity as a deduction, net of tax, from the proceeds.

Partly paid ordinary shares carry one vote per share and carry a right to dividends in proportion to the amount already paid.

Upon the exercise of the options, each option is convertible into one ordinary share of the Company.

14. RESERVES

	2023	2022
	\$	\$
Options (a)	888,070	772,255
Performance rights (a)	1,245,305	731,852
Financial assets reserve	(7,779)	-
Foreign currency translation reserve	(240,905)	(47,433)
	1,884,691	1,456,674

(a) Refer to Note 15 for details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

15. SHARE-BASED PAYMENTS

The Company provides benefits to employees and others (that is, consultants of the Company) in the form of share-based payment transactions, whereby the employees and others render services in exchange for rights over shares (“equity-settled transactions”). The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted.

The fair value of the equity-settled securities is measured to reflect expected market vesting conditions but excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in the assumptions about the number of equity-settled securities that are expected to become exercisable. The fair value of the equity-settled securities is recognised as an employee benefits expense over the vesting period which is the period over which all of the specified vesting conditions are to be satisfied, with a corresponding increase in equity. At the end of each period, the Company revises its estimates of the number of equity-settled securities that are expected to become exercisable. The impact of the revision to original estimates, if any, is recognised in the profit or loss with a corresponding adjustment to equity.

(a) Share options issued to a service provider during the year

During the year ended 30 June 2023, 17,000,000 options were granted to a service provider as consideration for services rendered. Options granted have an exercise price of 12.50 cents per option and a contractual term of three years.

Fair value of options granted

The weighted average fair value of the options granted during the year was 1.8 cents. The price was calculated by using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted.

Inputs into the model:

Grant date share price (cents)	4.1
Exercise price (cents)	12.5
Expected volatility (%)	104.1
Option life (years)	3.0
Dividend yield (%)	0.00
Risk-free interest rate (%)	3.5

(b) Movement in performance rights issued to the Directors

	2023	2022
	Number of rights	Number of rights
Balance at the beginning of the year	29,575,000	11,900,000 ⁽¹⁾
Granted during the year	-	22,975,000
Exercised during the year	(5,400,000)	(5,300,000)
Balance at the end of the year	24,175,000	29,575,000

(1) The comparative figure was restated to exclude 2,000,000 rights held by ex-director of the Company, where during the current year these rights were cancelled. The ex-director resigned in December 2020.

Weighted average remaining contractual life of rights outstanding at end of the year	2.11 years	2.93 years
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

15. SHARE-BASED PAYMENTS (continued)

(c) Movement in options on issue to service providers

	2023	2022
	Number of options	Number of options
Balance at the beginning of the year	8,500,000	7,500,000
Granted during the year	17,000,000	4,000,000
Exercised during the year	-	(3,000,000)
Expired during the year	(4,000,000)	-
Balance at the end of the year	21,500,000	8,500,000

(d) Movement in free attaching options on issue to the Directors

	2023	2022
	Number of options	Number of options
Balance at the beginning of the year	-	-
Granted free attaching during the year	462,962	-
Balance at the end of the year	462,962	-

Options outstanding at the end of the financial year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price (cents)	2023	2022
			Number of options	Number of options
16 February 2021	9 February 2025	15	4,500,000	4,500,000
9 July 2021	30 March 2023	17.5	-	4,000,000
26 May 2023	8 June 2026	12.5	17,000,000	-
Total			21,500,000	8,500,000

Weighted average remaining contractual life of options outstanding at end of the year

0.34 years 1.74 years

16. EARNINGS PER SHARE (EPS)

Basic earnings per share is calculated by dividing profit for the year after income tax attributable to the ordinary shareholders by the weighted average number of ordinary shares on issue during the financial year.

Diluted earnings per share is calculated by dividing profit for the year after income tax attributable to the ordinary shareholders by the weighted average number of ordinary shares on issue during the financial year, after adjusting for the effects of all potential dilutive ordinary shares that were outstanding during the financial year.

	2023	2022
Loss attributable to ordinary equity holders of Evion Group NL (\$)	(3,573,273)	(3,439,825)
Weighted average number of ordinary shares used in calculating basic and diluted EPS	295,665,747	239,334,009

The Group's options potentially dilute basic earnings per share in the future. However, they have been excluded from the calculation of diluted earnings per share because they are anti-dilutive.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

17. KEY MANAGEMENT PERSONNEL COMPENSATION

Total remuneration paid to key management personnel of the Group during the year is as follows:

	2023	2022
	\$	\$
Short-term benefits	812,972	713,123
Post-employment benefits	71,353	58,798
Share-based payments	1,056,837	471,171
Long-term employee benefits	61,740	-
	<u>2,002,902</u>	<u>1,243,092</u>

Detailed remuneration disclosures are provided in the Remuneration Report on page 16.

Refer to Note 18 (c) for transactions with key management personnel related entities.

18. RELATED PARTY TRANSACTIONS

(a) Parent entities

The ultimate parent entity within the Group is Evion Group NL. Madagascar Graphite Ltd is the parent entity of BlackEarth Minerals Madagascar SARL.

(b) Subsidiaries and joint ventures

Interests in subsidiaries and joint ventures are set out in Note 19.

(c) Key management personnel related entities

	2023	2022
	\$	\$
Purchase of rental and administration services from related parties	<u>70,240</u>	<u>63,640</u>

PVW Resources Ltd provides rental space and administration to Evion Group NL. George Bauk is a director of PVW Resources Ltd. Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms.

19. INTERESTS IN OTHER ENTITIES

(a) Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries.

Name of subsidiary	Country of incorporation	Ownership interest (%) ⁽¹⁾	
		2023	2022
BlackEarth Australia Pty Ltd	Australia	100	100
Madagascar Graphite Ltd	Mauritius	100	100
BlackEarth Minerals Madagascar SARL	Madagascar	100	100

(1) All shares held are ordinary shares. The proportion of ownership interest is equal to the proportion of voting power held.

(b) Equity accounted investments

The Company has a 50% interest in Panthera Graphite Technologies Pvt Limited, a joint venture which is involved in the business of manufacturing and selling expandable graphite-based flame/fire retardants into the local market in India. The principal place of business and country of incorporation of the joint venture is in India. The joint venture is an unlisted private entity. The interest in this joint venture is accounted for using the equity method.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

19. INTERESTS IN OTHER ENTITIES (continued)

(b) Equity accounted investments (continued)

The summarised financial information for the joint venture is set out below. The information disclosed reflects the amounts presented in the financial statements of the joint venture and not Evion's share of those amounts.

Summarised statement of profit or loss and other comprehensive income

	2023
	\$
Revenue	-
Interest income	-
Depreciation of non-current assets	(426)
Interest expense	(20,192)
Other expenses	(134,850)
Profit/(loss) before income tax	(155,468)
Income tax expense	-
Profit/(loss) for the year	(155,468)
Other comprehensive income	-
Total comprehensive income	(155,468)
Dividend received	-
Group's share of profit/(loss) for the year	(77,734)

Summarised statement of financial position

	2023
	\$
Current assets, including cash and cash equivalents of \$604,833	686,484
Non-current assets	1,295,237
Total assets	1,981,721
Current financial liabilities (excluding trade and other payables and provisions)	-
Other current liabilities	4,748
Non-current financial liabilities (excluding trade and other payables and provisions)	768,473
Other non-current liabilities	-
Total liabilities	773,221
Net assets	1,208,500

Reconciliation to carrying amount

Evion's 50% interest in the net assets of joint venture	604,250
Consolidation adjustments	3,283
Carrying amount of Evion's interest in joint venture	607,533

Commitments and contingent liabilities of the joint venture

	2023
	\$
Commitment to provide funding for the joint venture's capital commitments, if called	200,000

As at 30 June 2023, the joint venture had no contingent liabilities.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

19. INTERESTS IN OTHER ENTITIES (continued)

Joint ventures are joint arrangements in which two or more parties with joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A separate vehicle, not the parties, will have the rights to the assets and obligations for the liabilities relating to the arrangement. If more than an insignificant share of output from a joint venture is sold to third parties, this indicates that the joint venture is not dependent on the parties to the arrangement for funding and that the parties to the arrangement have no obligation for the liabilities of the arrangement. Joint ventures are accounted for using the equity method.

Equity accounted investments are initially recorded at cost, including the value of any goodwill on acquisition. Subsequently, the carrying amount of the investment is adjusted to reflect the share of post-acquisition profit or loss and other comprehensive income. After application of the equity method, including recognising the Group's share of the joint ventures' results, the value of the investment will be assessed for impairment if there is objective evidence that an impairment of the investment may have occurred. Where the carrying value of an equity accounted investment is reduced to nil after having applied equity accounting principles (and the Group has no legal or constructive obligation to make further payments, nor has made payments on behalf of the joint venture), dividends received from the joint venture will be recognised in share of profit/(loss) of equity accounted investments in the consolidated statement of profit or loss.

20. REMUNERATION OF AUDITOR

	2023	2022
	\$	\$
Amount paid or payable for audit or review of the financial statements	<u>33,932</u>	<u>33,428</u>

The auditor of Evion Group NL is Hall Chadwick WA Audit Pty Ltd.

21. CONTINGENCIES

Madagascar Graphite Ltd - vendor fee

Upon completion of listing on the Australian Securities Exchange, the Group acquired the share capital of Madagascar Graphite Ltd. As a result of the acquisition, the vendor and/or its nominee(s) is entitled to receive a final cash payment of \$1,000,000 should the Company decide to mine within eight years after completion of the acquisition agreement.

Other than the above, the Group has no contingent assets or liabilities outstanding at end of the financial year. The Directors are not aware of any significant breaches of environmental legislation and requirements during the financial year.

22. COMMITMENTS

(a) Exploration

The Group has certain obligations with respect to tenements and minimum expenditure requirements in Australia.

	2023	2022
	\$	\$
Within 12 months	122,916	123,296
Between 12 months and 5 years	122,916	123,296
Total	<u>245,832</u>	<u>246,592</u>

There is no minimum exploration expenditure for tenements in Madagascar. The Group is obliged to pay permit fees of \$99,915 per annum (2022: \$107,404 per annum).

(b) Capital commitments

The Group has no capital expenditure contracted at year end (2022: \$nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

23. FINANCIAL INSTRUMENTS

(a) Capital management

The Group manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

Capital management activities require the maintenance of a strong cash balance to support ongoing business growth and exploration. Given the nature of the business, the Group monitors capital on the basis of current business operations and cash flow requirements. The Group's approach to capital management remains unchanged from 2022.

At the end of the financial year, the financial instruments of the Group are as follows:

	2023	2022
	\$	\$
Financial assets at amortised cost		
Cash and cash equivalents	4,303,402	5,809,297
Trade and other receivables	137,716	248,069
Financial assets at fair value through other comprehensive income		
Other financial assets	230,466	-
	<u>4,671,584</u>	<u>6,057,366</u>
Financial liabilities at amortised cost		
Trade and other payables	438,769	908,700
	<u>438,769</u>	<u>908,700</u>
Net financial instruments	<u>4,232,815</u>	<u>5,148,666</u>

(b) Financial risk management objectives

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of those risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. Whilst the Board is responsible for risk management, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly financial reports through which it reviews the effectiveness of the processes put in place and the appropriateness of objectives and policies. The Group's overall risk management focuses and seeks to minimise potential adverse impacts on the financial performance of the Group.

(c) Market risk

Cash flow and fair value interest rate risk

The Group is exposed to interest rate risk through cash and cash equivalents. Trade and other receivables and payables are non-interest bearing financial assets and liabilities. The Group does not enter into any derivative instruments to mitigate this risk. As this is not considered a significant risk for the Group, no policies are in place to formally mitigate this risk.

A 30 June 2023, if the interest rates had weakened/strengthened by 100 basis points from year-end rates with all other variables held constant, the loss for the year would have been \$13,034 higher/lower (2022: \$58,093).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

23. FINANCIAL INSTRUMENTS (continued)

(c) Market risk (continued)

Foreign exchange risk

The Group operates internationally and is primarily exposed to foreign exchange risk arising from currency exposures to the US dollars and Malagasy Ariary. Foreign exchange risk arises from commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The functional currency of the operations in Australia is the Australian dollar and that of its operations in Madagascar is the Malagasy Ariary. Transactions are primarily incurred by these operations in their functional currency. In addition, Evion Group NL (the ultimate parent entity) advances funds to its Malagasy subsidiary in the US dollars. The gains or losses on re-measurement of these intercompany fundings are not eliminated on consolidation as they do not form part of the net investment in foreign operations.

The Group's exposure to foreign exchange risk at the end of the year, expressed in Australian dollars, was as follows:

	USD	MGA	EUR
	\$	\$	\$
2023			
Financial assets			
Cash and cash equivalents	146,959	55,829	-
Trade and other receivables	-	105,680	-
Other financial assets	230,466	-	-
	377,425	161,509	-
Financial liabilities			
Trade and other payables	-	172,378	13,098
	-	172,378	13,098
Net financial instruments	377,425	(10,869)	(13,098)
	USD	MGA	EUR
	\$	\$	\$
2022			
Financial assets			
Cash and cash equivalents	11,961	3,557	-
Trade and other receivables	-	172,489	-
Other financial assets	-	-	-
	11,961	176,046	-
Financial liabilities			
Trade and other payables	1,741	216,702	10,369
	1,741	216,702	10,369
Net financial instruments	10,220	(40,656)	(10,369)

The exposure to foreign exchange risk is mitigated by having comparable assets and liabilities in the US dollars. Hence, a sensitivity analysis has not been performed.

(d) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

23. FINANCIAL INSTRUMENTS (continued)

(d) Credit risk (continued)

Credit risk arises from cash and cash equivalents and receivables. Cash and cash equivalents are held with recognisable banks. Other receivables are due from third parties considered credit worthy.

The carrying amounts of financial assets represent the maximum credit exposure. Impairment adjustment of \$36,750 (2022: \$nil) has been made to trade receivables balance for amounts determined to be unrecoverable at reporting date.

(e) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity by maintaining adequate banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The maturity profiles of financial liabilities, based on contractual undiscounted amounts are as follows:

	2023	2022
	On demand or less than one year \$	On demand or less than one year \$
Trade and other payables	438,769	908,700

(f) Fair value

The carrying values of the Group's financial assets and liabilities measured at amortised cost are equal to or approximate their respective fair values due to their short-term nature.

The fair value of the Group's investment in unlisted equity securities is classified as Level 3 on the fair value hierarchy with reference to the nature of valuation inputs used:

- Level 1 – Valuation is based on unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – Valuation is based on inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly.
- Level 3 – Valuation inputs are unobservable market data.

The following table shows the movements in the Group's Level 3 financial assets:

	2023	2022
	\$	\$
At the beginning of the year	-	-
Addition of financial assets	238,245	-
Unrealised losses recognised in the consolidated statement of comprehensive income (in the financial assets reserve)	(7,779)	-
At the end of the year	230,466	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

24. EVENTS OCCURRING AFTER THE REPORTING DATE

- On 12 July 2023, the Company announced its current plans to expand on the completed BAM Scoping Study (which has been prepared by Wave International in Australia with the ongoing assistance of Dorfner Anzaplan, Germany) by working together with Urbix to generate a pre-feasibility study.
- On 13 July 2023, the Company announced the ESIA on its Maniry Graphite Project was submitted to ONE in Madagascar for approval.
- On 10 August 2023, the Company announced that its joint venture operation in India has advanced its construction of plant and is on track for its first production of expandable graphite in Q4, 2023.

25. PARENT ENTITY INFORMATION

	2023	2022
	\$	\$
Financial position of parent entity at year end		
Current assets	4,379,098	5,953,027
Total assets	11,372,776	11,159,959
Current liabilities	434,114	781,662
Total liabilities	434,114	781,662
Net assets	<u>10,938,662</u>	<u>10,378,297</u>
<i>Equity</i>		
Issued capital	27,716,757	24,294,834
Reserves	2,125,596	1,504,107
Accumulated losses	<u>(18,903,690)</u>	<u>(15,420,644)</u>
	<u>10,938,662</u>	<u>10,378,297</u>
Result of parent entity		
Loss for the year	(3,670,833)	(7,252,896)
Other comprehensive loss:		
Investments designated as fair value through other comprehensive income	(7,779)	-
Total comprehensive loss for the year	<u>(3,678,612)</u>	<u>(7,252,896)</u>

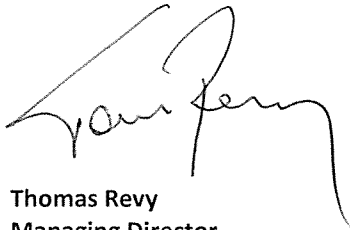
The financial information presented has been prepared using accounting policies consistent with those applied in the consolidated financial statements, except for the investment in subsidiaries which are accounted for at cost in the financial statements of Evion Group NL. As at 30 June 2023, the Company has no capital and contractual expenditure commitments in place (2022: \$nil). Contingent liabilities are consistent with Note 21.

DIRECTORS' DECLARATION

The directors of Evion Group NL declare that:

1. The financial statements and notes are in accordance with the *Corporations Act 2001* including:
 - (a) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
 - (b) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
 - (c) complying with International Financial Reporting Standards, as stated in Note 1 to the financial statements.
2. At the date of this statement there are reasonable grounds to believe that the Group 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 made pursuant to section 295(5) of the *Corporations Act 2001*.



Thomas Revy
Managing Director

Perth, 15 September 2023

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EVION GROUP NL

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Evion Group NL and its subsidiaries ("Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. 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 Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (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(f) in the financial report which indicates that the Consolidated Entity incurred a net loss of \$3,573,273 during the year ended 30 June 2023. As stated in Note 1(f), these events or conditions, along with other matters as set forth in Note 1(f), indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our opinion is not modified in this respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Exploration and Evaluation Expenditure – \$6,339,257.</p> <p>(Refer to Note 9)</p> <p>Exploration and evaluation is a key audit matter due to:</p> <ul style="list-style-type: none"> The significance of the balance to the Consolidated Entity's consolidated financial position. The level of judgement required in evaluating management's application of the requirements of AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>. AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge. This includes specific requirements for expenditure to be capitalised as an asset and subsequent requirements which must be complied with for capitalised expenditure to continue to be carried as an asset. 	<p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"> Assessing management's determination of its areas of interest for consistency with the definition in AASB 6. This involved analysing the tenements in which the consolidated entity holds an interest and the exploration programmes planned for those tenements. For each area of interest, we assessed the Consolidated Entity's rights to tenure by corroborating to government registries and evaluating agreements in place with other parties as applicable; We considered the activities in each area of interest to date and assessed the planned future activities for each area of interest by evaluating budgets for each area of interest. We assessed each area of interest for one or more of the following circumstances that may indicate impairment of the capitalised expenditure: <ul style="list-style-type: none"> the licenses for the right to explore expiring in the near future, or are not expected to be renewed; substantive expenditure for further exploration in the specific area is neither budgeted or planned; decision or intent by the Consolidated Entity to discontinue activities in the specific area of interest due to lack of commercially viable quantities of resources; and

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Key Audit Matter	How our audit addressed the Key Audit Matter
	<ul style="list-style-type: none"> ○ data indicating that, although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recovered in full from successful development or sale. <p>We assessed the appropriateness of the related disclosures in notes to the financial statements.</p>
<p>Share Based Payments - \$1,056,837 (Refer to Note 15)</p> <p>During the year ended 30 June 2023 the Consolidated Entity incurred share based payments of \$1,056,837.</p> <p>Share based payments are considered to be a key audit matter due to:</p> <ul style="list-style-type: none"> • the value of the transactions; • the complexities involved in the recognition and measurement of these instruments; and • the judgement involved in determining the inputs used in the valuations. 	<p>Our procedures included amongst others:</p> <ul style="list-style-type: none"> • Analysing agreements to identify the key terms and conditions of share based payments used and relevant vesting conditions used in accordance with AASB Share Based Payments; • Evaluating valuation models and assessing the assumptions and inputs used; • Assessing the amount recognized during the year in accordance with the vesting conditions of the agreements; • Assessing the amount recognised during the year in accordance with the vesting conditions of the agreements; • Assessing the achievement of relevant milestones; and • Assessing the adequacy of the disclosures included in the notes to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity’s annual report for the year ended 30 June 2023 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.

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 Note 1, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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 judgement 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 Consolidated Entity'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 Consolidated Entity'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 Consolidated Entity 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 Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity 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, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period 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 Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2023. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 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.

Auditor's Opinion

In our opinion, the Remuneration Report of the Company, for the year ended 30 June 2023, complies with section 300A of the Corporations Act 2001.

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis
MARK DELAURENTIS CA
Director

Dated this 15th day of September 2023
 Perth, Western Australia

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ADDITIONAL ASX INFORMATION

The information set out below is as at 5 September 2023, pursuant to the requirements of ASX Listing Rule 4.10.

1. CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance Statement can be found at <https://eviongroup.com/corporate-governance>

2. SUBSTANTIAL SHAREHOLDERS

There are no shareholders with holdings greater than 5%.

3. EQUITY SECURITIES

The number of holders of each class of securities is as follows:

<u>Quoted/Unquoted</u>	<u>Class</u>	<u>Number of units</u>	<u>Number of holders</u>
Quoted	Fully paid ordinary shares	345,963,187	2,584
Quoted	\$0.075 Options	31,481,483	100
Unquoted	Partly paid ordinary shares	4,392,186	23
Unquoted	\$0.125 Options	17,000,000	3
Unquoted	\$0.15 Options	4,500,000	2
Unquoted	Performance rights	3,000,000	2
Unquoted	Performance rights	1,000,000	1
Unquoted	Performance rights	6,125,000	4
Unquoted	Performance rights	4,725,000	4
Unquoted	Performance rights	4,725,000	4
Unquoted	Performance rights	1,000,000	1

4. VOTING RIGHTS

Ordinary shares

In accordance with the Company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

Partly paid ordinary shares

In accordance with the Company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has a pro rata vote for every equivalent fully paid ordinary share held.

5. HOLDERS HOLDING LESS THAN A MARKETABLE PARCEL

There were 1,067 shareholders of ordinary shares who held less than a marketable parcel of shares.

6. DISTRIBUTION OF SHAREHOLDERS

<u>Distribution of equity securities</u>	<u>Number of holders of fully paid ordinary shares</u>	<u>Number of holders of partly paid ordinary shares</u>
0-1,000	67	-
1,001 - 5,000	329	1
5,001 – 10,000	412	-
10,001 - 100,000	1,260	16
100,001 and over	516	6
TOTAL	2,584	23

7. 20 LARGEST SHAREHOLDERS

Position	Name	Number of fully paid ordinary shares held	% Held
1	BNP PARIBAS NOMS PTY LTD <DRP>	16,891,017	4.88%
2	LITHIUM AUSTRALIA LTD	13,106,571	3.79%
3	MR TOM REVY	12,942,796	3.74%
4	YARRAANDOO PTY LTD <YARRAANDOO SUPER FUND A/C>	10,000,000	2.89%
5	MR BILAL AHMAD	8,970,316	2.59%
6	MR GEORGE BAUK	4,880,341	1.41%
7	MR DAVID ROUND	4,720,771	1.36%
8	ONE MANAGED INVESTMENT FUNDS LIMITED <TI GROWTH A/C>	4,629,630	1.34%
9	DR JOSEPH RABAR	3,942,500	1.14%
10	CITICORP NOMINEES PTY LIMITED	3,625,385	1.05%
11	TEGAR PTY LTD <HEALY SUPER FUND A/C>	3,600,000	1.04%
12	ALTOR CAPITAL MANAGEMENT PTY LTD <ALTOR ALPHA FUND A/C>	3,351,852	0.97%
13	MR GREGORY ALLAN HEAD	3,094,764	0.89%
14	MS JOHANNA FAESSEN	2,800,000	0.81%
15	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	2,638,928	0.78%
16	MR FRANCIS JOSEPH MAHER & MRS SHARON JANE MAHER <THE MAHER FAMILY A/C>	2,400,000	0.69%
17	JETOSEA PTY LTD	2,300,000	0.66%
18	MR ADRIAN CHRISTOPHER GRIFFIN MS JOSEPHINE NORMAN <GLOBAL SUPER FUND A/C>	2,171,583	0.63%
18	CAPRICORN METALS LTD	2,171,583	0.63%
19	MR KARTIKAY SHARMA	2,149,000	0.62%
20	JHY INVESTMENTS PTY LTD	2,032,245	0.59%
	Total	112,465,282	32.51%

8. UNQUOTED SECURITIES

The followings are holders who held 20% or more of the unquoted securities:

<u>Class</u>	<u>Name of holder</u>	<u>Number of units held</u>	<u>% Held</u>
Partly paid ordinary shares	Thomas & Valeria Revy	2,000,000	45.54%
\$0.15 Unquoted Options	Luxcarbon Rohstoff	2,250,000	50%
\$0.15 Unquoted Options	Dominik George Luh Technogرافit GMBH	2,250,000	50%
\$0.125 Unquoted Options	Zenix Nominees Pty Ltd	14,500,000	85.29%

9. SCHEDULE OF MINERAL TENEMENTS

Australia			
Tenement ID	Location	State	Interest
E70/4824	Yanmah, Donnelly	WA	100%
E70/4825	Manjimup, Donnelly	WA	100%
International			
Tenement ID	Location	Country	Interest
PR25605	Maniry	Madagascar	100%
PR25606	Maniry	Madagascar	100%
PR3432	Maniry	Madagascar	100%
PR39750	Maniry	Madagascar	100%
PR39751	Maniry	Madagascar	100%
PE5394	Maniry	Madagascar	100%
PE19932	Maniry	Madagascar	100%
PE5391	Ianapera	Madagascar	100%
PE5392	Ianapera	Madagascar	100%
PE5393	Ianapera	Madagascar	100%
PE25093	Ianapera	Madagascar	100%
PE25094	Ianapera	Madagascar	100%
PE25095	Ianapera	Madagascar	100%

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