

MATERIALS FOR A HIGH TECH WORLD

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ANNUAL REPORT

2023

ABN 88 644 982 123

CORPORATE DIRECTORY

Directors

Warrick Hazeldine

Tara Berrie

Alwyn Vorster

Stephen Strubel

Chief Executive Officer

Peter Lee

Company Secretary

Stephen Strubel

Registered Office

Danpalo Group Pty Ltd
Suite 1, 1 Tully Road
East Perth WA 6004

Principal place of business

3 Flindell Street
O'Connor
WA 6163

Share Register

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Phone: 1300 850 505

Auditor

William Buck
Level 20, 181 William Street
Melbourne Vic 3000

Solicitors

Steinepreis Paganin
Level 4, 50 Market Street
Melbourne VIC 3000

Stock Exchange Listing

ChemX Materials Limited shares are listed on the Australian Securities Exchange

(ASX code: CMX)

Website

www.chemxmaterials.com.au

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CHAIRMAN'S ADDRESS

Dear Shareholders,

It is my pleasure to present your company's Annual Report for the 2023 Financial Year.

This is ChemX Materials Ltd.'s (ChemX or the Company) first full Financial Year as an Australian Securities Exchange listed Company. Since listing in January 2022 after a successful Initial Public Offering raising \$8 million, the development of the Company's projects has been progressing strongly. This is outlined in more detail in the Chief Executive Officer's and the Operations reports.



Over the course of the financial year, ChemX continued to expand and evolve the management team to ensure a strong focus on project development, product research and marketing. One of the key changes was the founding Managing Director, David Leavy, stepping down on 27 October 2022 to focus on product marketing and support the Company's growth strategy. I would like to thank David for his efforts in seeing the Company through its capital raise and IPO.

On 6 February 2023, Mark Tory was appointed as Chief Executive Officer. Subsequent to the end of the financial year, Mr Tory made the decision to step down from the role for personal reasons on 4th August 2023. Under an orderly succession plan, ChemX's Chief Operating Officer, Peter Lee, was appointed to the CEO role on the same date.

On 19th October 2022, Alwyn Vorster was appointed to the board. Alwyn brings a wealth of experience and knowledge in project development and operations as well as corporate governance to ChemX.

I would like to acknowledge ChemX's founding Chair Kristie Young for her guidance through the capital raise and IPO of ChemX and into the project development phase before resigning in February 2023.

On 10th February 2023, Tara Berrie joined the Board as a non-Executive Director. Tara brings a wealth of direct lithium battery supply chain experience to the Company having worked with many of the largest names in the battery materials and automotive manufactures in Australia and the United States of America.

As you will see from the Chief Executive Officer's Report and Review of Operations, it has been an extremely busy year on many fronts, with significant progress made across the Company's projects and assets. The Company will see activity over the coming year ramp up again with the construction of the High Purity Alumina Pilot Plant underway and the High Purity Manganese project entering studies phase and continuing with process optimisation testwork.

I am very pleased that ChemX boasts a Board and management team that has such a demonstrable depth and breadth of experience. ChemX has a very exciting future as it looks to take its projects through development and into production at a time of significant growth in its end markets. It is rapidly becoming increasingly apparent that the world has reached a point where both investors and battery materials product markets need to focus beyond the lithium phase of the transition to the other essential ingredients. This is the critically important space your company occupies.

I want to thank all members of the Board, management and operational teams for their hard work and ongoing commitment to ChemX.

Thank you for your support of ChemX Materials.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Warrick Hazeldine'.

Warrick Hazeldine
Chair
GAICD, BCom

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CHIEF EXECUTIVE OFFICER'S REPORT



ChemX is an advanced materials technology company focused on providing critical materials required for the electrification and decarbonisation of the global economy. The Company's vision is to deliver the high purity critical materials for the global battery industries.

Over FY 2023, the Company has made significant progress on its main projects - HiPurA® High Purity Alumina (HPA) production technology and the High Purity Manganese (HPM) project based on the Eyre Peninsula.

The HiPurA® HPA project has achieved several key milestones in the development of our technology. In conjunction with Primero, ChemX completed the prefeasibility study on the pilot plant, which found no fatal flaws in the HiPurA® technology or the plant process. An industrial site to build the pilot plant was secured to house both the micro-plant and the pilot plant. The micro plant has seen significant progress in the purity, yield and recoveries. The experience of operating the micro-plant has provided a significant amount of information with which to design and optimise the future pilot plant. This has enabled the pilot plant to be re-scaled, while still achieving the planned outcomes yet at a significantly reduced capital cost.

The HiPurA® process is not tied to any mining operation meaning that there are no mine development timeframes or similarly associated risks involved. The modular nature of our HiPurA® process is ideally suited to having multiple production centres close to end users. The continued development of the HiPurA® technology will enable ChemX to enter the battery supply chain quickly at a time of significant growth.

At the company's 100% owned Eyre Peninsula tenements, a follow up drill program over the Jamieson Tank manganese deposit was completed. The results achieved have enabled work to be undertaken on a maiden JORC Compliant Resource estimate.

The metallurgical testwork program for the vertically integrated HPM project have continued throughout the year with further work ongoing in FY24.

The progress ChemX has made over FY 2023 has continued to build momentum across its major projects for the coming year.

I would like to thank the Board of Directors and the Company's operational and management team for their efforts and progress made over the period.

Thank you for your continued support of ChemX Materials.

Yours Sincerely,

A handwritten signature in blue ink, appearing to be 'P. Lee'.

Peter Lee
Chief Executive Officer

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COMPANY OVERVIEW

ChemX Materials is a high purity critical materials business, focused on providing the critical materials required for electrification and decarbonisation.

HiPurA® High Purity Alumina (HPA)

HPA is a high value critical material used in lithium-ion batteries to manufacture ceramic separators, which provides increased thermal insulation for improved safety and charging. HPA is also a critical ingredient in the production of synthetic sapphire used in LED's, semiconductors, and optical lenses.

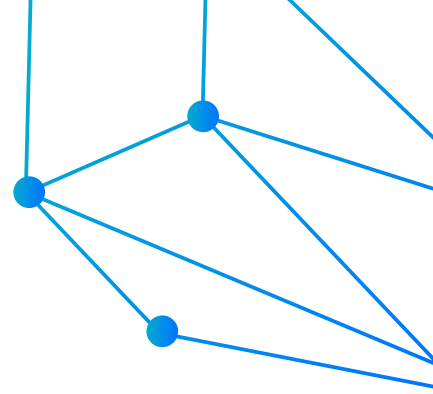
In comparison with incumbent technologies, the HiPurA® HPA technology is expected to be relatively low cost, scalable, modular allowing production to grow with market and customer demand, and facilitating production located close to end users, shortening supply chains and reducing the carbon footprint of production.

High Purity Manganese (HPM)

HPM is an essential component of many lithium battery cathode chemistries, in particular Nickel-Cobalt-Manganese (NCM) batteries. The Jamieson Tank HPM project is poised to become a vertically integrated project, with manganese ore to be sourced from its 100% owned project on the Eyre Peninsula in South Australia and processed into HPM.

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HIGH PURITY JOURNEY



Since inception ChemX has been focused on participating in the energy transition and developing the advanced critical materials required to deliver new energy solutions to consumers and business as the world seeks to electrify and decarbonise. While much focus has been made on the need to find new sources of critical materials like lithium, cobalt and nickel, less focus has been seen in advancing the chemistry required to process these minerals into usable materials.

At ChemX we are investing in the chemistry to deliver the high purity outcomes that lithium-ion battery producers require, as well those with emerging requirements in synthetic sapphire and semiconductors.

Achieving high purity outcomes requires measuring the properties of materials at incredibly small scales, in parts per million (ppm) and parts per billion (ppb). This level of accuracy allows the production of materials at 99.99% purity (4N) and 99.999% purity (5N).

Successfully achieving these levels of purity has been the focus of ChemX in FY23, through constant iteration and optimisation, ChemX has been driving its unique HiPurA® HPA production method on its HPA Micro Plant and as at the date of this annual report has successfully achieved the desired HPA purity of 4N (99.99%) after a process of selectively targeting elements to drive impurities to incredibly low levels across sixty-six elements measured¹. This work has formed the foundation of the pilot plant design with construction is expected to be completed in FY24.

Soon ChemX will begin applying these skills and process knowledge to its HPM project developing a flow sheet that aims to achieve manganese purity for lithium-ion battery chemistry at 99.99%.

To achieve this, ChemX has been reaching out to developers of precursor cathode active materials (pCAM) and Cathode Active Materials (CAM) to understand more about required specifications of products at the cutting edge of the energy transition sector.



Pure Battery Technologies

ChemX has signed a non-binding MOU with Pure Battery Technologies (PBT). PBT is developing the battery material refinery hub in Kalgoorlie, Western Australia. Under the MOU, ChemX and PBT will progress studies and associated works to enable ChemX to supply a suitable manganese product to PBT's Kalgoorlie battery hub from the Company's Jamieson Tank HPM Project located on the Eyre Peninsula in South Australia.



C4V

C4V is a global leader in renewable battery technology and involved in a number of gigafactory developments, including iM3NY's 38GWh gigafactory in the US. In FY23 ChemX and CFV entered a non-binding MOU. The agreement provides a framework to ensure ChemX's battery materials meet the requirements of C4V's technology and qualify for inclusion in C4V's supply chain.

1. ASX Announcement, 3 October 2023,, " Updated - Micro Plant Delivers Critical 4N HPA Milestone".

MAIDEN MANGANESE RESOURCE ESTIMATE

As this is the initial resource there is no summary of annual review of ore reserves and mineral resources in comparison with prior years.

Additional details including JORC 2012 reporting tables, where applicable can be found in cross referenced announcements lodged with ASX². The Company is not aware of any new data or information that materially affects the information in the announcement referenced in the annual report and that all material assumptions and technical parameters underpinning the mineral resource estimate continue to apply and have not materially changed.

The Company ensures that all Mineral Resource estimates are subject to

appropriate levels of governance and internal controls. Exploration results are collected and managed by independent qualified geologist. All data collection activities are conducted to industry standards based on a framework of quality assurance and quality control protocols covering all aspects of sample collection, topographical and geophysical surveys, drilling, sample preparation, physical and chemical analysis and data and sample management. Mineral Resource estimates are prepared by qualified Competent Persons. The Company reports its Mineral Resources on an annual basis in accordance with JORC Code 2012.

JORC classification	Tonnes (Mt)	Mn (%)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)
Indicated	2.7	5.9	14.8	48.9	9.1	0.093
Inferred	10.4	5.6	14.8	48.7	10.2	0.095
Total	13.1	5.7	14.8	48.7	10.0	0.094

Table A: Mineral Resource estimate (MRE) summary, with applied grade cut-off 4%Mn

2. ASX Announcement, 20 September 2023, "Manganese Resource Supports CMX High Purity Strategy"

CEO Peter Lee commented:

“ ChemX is pleased with the delivery of this maiden Mineral Resource Estimate (MRE) for the Jamieson Tank manganese deposit, the first of four manganese prospects within the South Australian 100%-owned tenements, and today represents a key milestone for the company's shareholders.

“Importantly, the company expects to grow the mineral resource in grade and scale following the planned summer 2023/24 drilling program.

“This Mineral Resource defines a solid foundation for further strategic project advancement including internal scoping studies and mine optimisation plans, supported by the development of high purity manganese sulphate products for the global battery market. These studies will be supported by Wood (internal scoping study) and CSA Global (mine optimisation plan).

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Battery Market Demand for Manganese

Demand for manganese-based battery chemistries is projected to double from 2022 to 2025 with existing and emerging battery chemistries requiring more manganese (Figure 5).

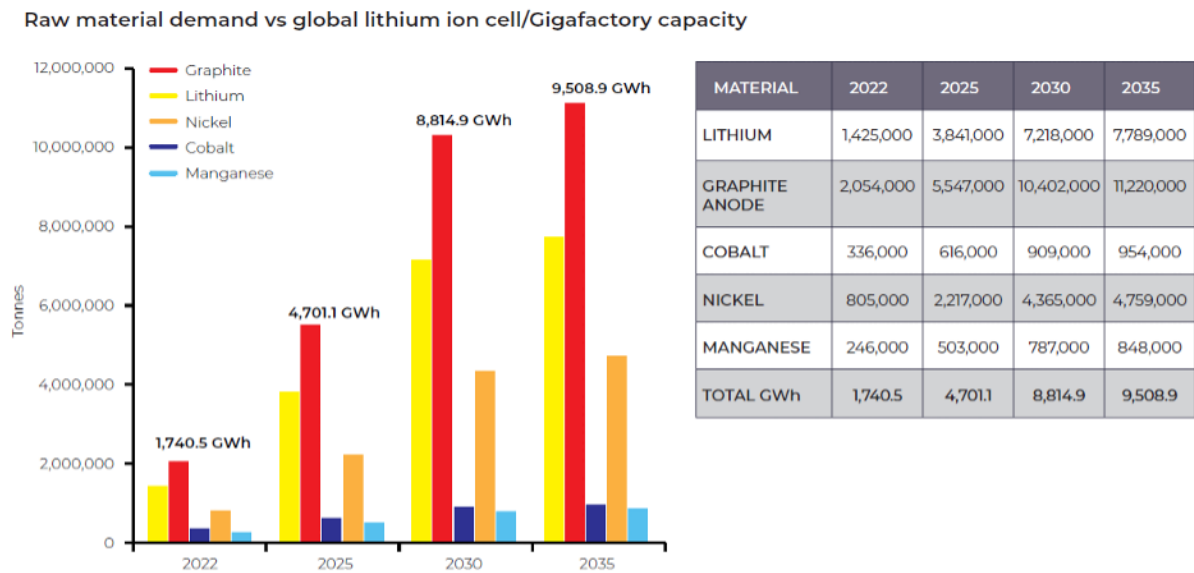


Figure 1 - Projected raw battery material demand (Source: Benchmark Mineral Intelligence)

Emerging chemistries such as Lithium Manganese Iron Phosphate (LMFP) are targeting improved energy density upon lithium iron phosphate (LFP) chemistries, providing more affordability as a potential alternative to medium nickel NMC 532/622 chemistries.

ChemX is advancing its manganese program in rapid succession to support the global demand for electrification and seeks to provide downstream customers and users, a superior Australian sourced and produced High Purity Manganese (HPM) with exceptional ESG credentials.

TENEMENT SCHEDULE

Tenement	Registered Holder	Tenement Status	Location	% Interest
EL 6634	ChemX Materials Ltd	Granted	Eyre Peninsula South Australia	100%
EL 5920	ChemX Materials Ltd	Granted	Eyre Peninsula South Australia	100%

For Tenements EL 6634 and EL 5920 the Company is a party to a mineral rights agreement with Pirie Resources Pty Ltd a subsidiary of Itech Minerals Ltd (ASX:ITM) to explore for and if warranted develop mining operations exclusively for graphite.

Competent Persons Statement

The information in this report that relates to Mineral Resources is based on information compiled by Mr Mark Pudovskis and Mr Aaron Meakin. Mr Mark Pudovskis is a full-time employee of ERM Sustainable Mining Services and is a Member of the Australasian Institute of Mining and Metallurgy. Mr Aaron Meakin is a full-time employee of ERM Sustainable Mining and is a Member and Chartered Professional of the Australasian Institute of Mining and Metallurgy. Mr Mark Pudovskis and Mr Aaron Meakin have sufficient experience 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 the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).

Mr Mark Pudovskis and Mr Aaron Meakin consent to the disclosure of the information in this report in the form and context in which it appears.

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SUSTAINABILITY AT CHEMX

ChemX's commitment to develop advanced high purity materials is built on our conviction to grow a business that integrates the values of sustainable development in everything we do. Our success will be part of the economy of the future and, as such, we endeavour to ensure we start our journey contributing to society and the natural environment.

One of the most pressing challenges of our generation is the decarbonisation of our energy system, and at ChemX we want to be part of the solution by deeply aligning with the values of sustainable development.

Our business is at the forefront of developing advanced materials technology to support the energy transition and global decarbonisation, through the development of its two projects in HPA and HPM. Both projects are set to contribute to the development of the lithium-ion battery and energy transition sectors, which in turn have the potential to accelerate the global decarbonisation of our society.

Who we are



Purpose

Delivering high-purity critical materials for the battery industry.

Aspiration

Leading ethical high purity materials supplier for the energy transition.

Values



Collaboration

We work collaboratively across our supply chain to deliver innovative, mutually beneficial outcomes.



Innovation

We're always looking for better, lower impact, lower cost ways of doing business.



Delivery

We take accountability for our activities, strive to deliver positive outcomes for our stakeholders, and contribute to the creation of a brighter future.

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We live a culture of integrity, trust, innovation, and responsibility to drive shareholder value.

Meeting market demand for products that will make better batteries for a decarbonising world.

SUSTAINABILITY AT CHEMX

Materiality Assessment and Stakeholder Mapping

Based on the guidelines provided by the Global Reporting Initiative, in 2022 we conducted a materiality assessment to identify and prioritise the sustainability topics that are most relevant for our business and its stakeholders. This process resulted in the identification of our key stakeholders and our material topics, which in 2023 was reviewed and validated by ChemX Sustainability Project Team.

Our Stakeholders

Employees	Shareholders	Customers	Government	Regulators
Industry Organisations	Investment market	Suppliers	Landowners	Traditional owners
Local Community	Service providers and consultants	Educational institutions	Media, press, and the general public	Research Institutions

The material topics identified are structured into four sustainability pillars, which help us to understand our areas of impact.

Pillars	 Governance	 Environmental	 Social	 Economics
Material topics	Business Ethics & Governance	Decarbonisation	Health & Safety Indigenous Engagement & Employment Local Community Diversity Employee Engagement and Talent Acquisition	Financial Performance

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SUSTAINABILITY AT CHEMX



Governance

In 2023 we reviewed our corporate strategy with the objective to review our **purpose, aspiration, values and goals**, along with our organisational structure to ensure we have an agile operation able to adapt and respond to market opportunities, shareholders' interests, and regulatory requirements. As part of this the Company moved to a majority of independent Non-Executive Directors on its Board.



Environmental

Decarbonisation is the north star of our environmental pillar. Our products are part of the global efforts to reduce our dependency on fossil fuels.

HPA is an essential coating separator in lithium-ion batteries, synthetic sapphire for LED, microchips, and semi-conductors, as well as aluminous products for emerging cathode chemistries. Increasing adoption of battery technology will require increasing amounts of HPA produced with sound environmental credentials. In comparison with incumbent HPA production, ChemX's process works at ambient temperatures, reducing energy intensity, and recycling liquid waste streams.

HPM is an essential lithium-ion battery cathode material that provides energy density, battery stability and overall reduces the cost of battery production. It is an essential material of all major battery chemistries. We have a 100% owned manganese mineral deposit in South Australia and in-house processing and development expertise. The Eyre Peninsula in South Australia is uniquely positioned as a future supplier of critical materials due to its abundance of renewable projects across wind, solar and hydrogen.

As our projects advance, we intend to develop a fit-for-purpose framework to measure carbon and water intensity in our supply chain which will be built into future feasibility studies.

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SUSTAINABILITY AT CHEMX



Social

We are an Australian company on the forefront of producing critical materials essential for the rapidly changing battery industry. We recognise our responsibility in **shaping a future-ready workforce**, one capable of not only understanding current industry demands but also forecasting potential scenarios for further advancements in our products. To fulfill this mission, we have chosen to collaborate with Curtin University's Career Fair, where we are piloting an **Internship Program** specifically designed for undergraduate **STEM students**. ChemX has also welcomed Students seeking STEM experience from external universities.

In FY23, we welcomed three talented students, offering them full-time summer internships that seamlessly transitioned into part-time employment as laboratory and process assistants, working 8-10 hours per week. Through this immersive experience, these students have had the opportunity to apply the knowledge acquired in their degree to real-world scenarios, gaining profound insights into the challenges of developing advanced materials.

Under the mentorship of our senior professionals, these students have become proficient in utilizing our state-of-the-art laboratory equipment, mastering complex protocols, and gaining a comprehensive understanding of the dynamics within a private enterprise. As a result, they have reported improvements in their performance in university-based laboratory tasks, crediting their ChemX experience for bolstering their confidence in tackling research assignments.

Hailing from the bachelor programs in science and engineering, the students not only fulfill their academic work-placement requirements but also have the chance to continue their growth and development within ChemX, extending their learning journey beyond the confines of their degree programs. This provides them with a clear vision of the significant impact their studies can have on our ever-evolving industry as they graduate.

Looking to the fiscal year 2024, we are committed to further strengthening our relationships with key stakeholders. ChemX has developed detailed plans to engage the community on the Eyre Peninsula, the region where exploration activities are based. This reflects our unwavering commitment to sustainable and responsible business practices, ensuring that our activities harmonize with the values and aspirations of the local communities in which we operate.

Figure 2 ChemX Student Intern with Atomic Absorption Spectrometer.

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SUSTAINABILITY AT CHEMX



Economic

Delivering value to our shareholders is key to strengthen our position in the market and increase the positive role our products play in the decarbonisation of our society.

The results from the manganese exploration campaign were positive: The mineral resource estimation will support future preliminary manganese beneficiation optimisation plans and provide confidence in the quality and quantity of the feedstock, for the processing of the manganese ore, ultimately destined for the global battery grade manganese market. Across the Eyre Peninsula ChemX has engaged local businesses, and employed local citizens during the exploration and environmental rehabilitation programs to ensure the local community obtains as much economic benefit as possible for the resources in their community. The HPA Project continues to progress with a focus on minimising scale up risks and finalising the international patent which is expected to add further economic value to ChemX.

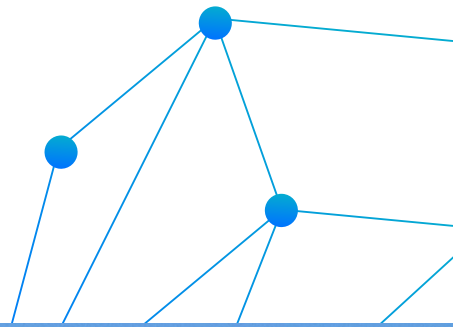


Our way forward

As ChemX's projects develop the Company intends to continue with its governance, community, and stakeholder engagement framework.

As the HPA and HPM projects proceed through study phase the Company intends to build into each study, the required reporting and mapping requirements at project level to provide analytical data to potential customers, investors and wider stakeholder groups.

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DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of ChemX Materials Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Directors

The following persons were Directors of ChemX Materials Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Warrick Hazeldine
Independent Non-Executive Chair

Tara Berrie
Non-Executive Director
(appointed 10 February 2023)

Alwyn Vorster
Independent Non-Executive Director
(appointed 18 October 2022)

Stephen Strubel
Executive Director

Kristie Young
Independent Non-Executive Chair
(resigned 3 February 2023)

David Leavy
Managing Director
(resigned 27 October 2022)

Principal activities

The principal activity is mining exploration and the development of its propriety High Purity Alumina (HiPurA) technology.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

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DIRECTORS' REPORT

Review of operations

The loss for the Group after providing for income tax amounted to \$4,182,306 (30 June 2022: \$1,885,521).

On 30 May 2022, the Company announced its intention to issue Loyalty Options on a 1.4 ratio for shareholders as at 3 June 2022. The issue was closed oversubscribed on 7th July 2022, with the issue of 22,693,038 \$0.30 3-year options issued to subscribers and 1,500,000 \$0.40 3-year options issued to Amvest Capital Principal Strategies LLC. Application was made on 11 July 2022 for the quoting of the Loyalty Options on the ASX.

On 18th August 2022, the Company announced the successful Pilot Plant Pre-Feasibility Study and the achievement of a milestone payment for the acquisition of HiPurA Pty Ltd. 2,000,000 ordinary shares in the Company were issued to the vendors.

The risks associated with the projects listed above are those common to exploration activities and minerals processing generally.

The main environmental and sustainability risks that ChemX Materials currently face are through ground disturbance when undertaken drilling or sampling activities during exploration. The Company's approach to exploration through environmental, heritage and other clearances allows these risks to be minimised. The Company's HiPurA® technology is subject to risks common to the development of a novel technology including but not limited to scale up risks, costs increases and commissioning risks. The Company is also subject to the risks that its current level of funding may not be sufficient to meet its objectives. COVID 19, war in Ukraine and related impacts on financial conditions, logistics and the markets that the Company operate in represent additional risks which are difficult to quantify.

The financial impact of the projects listed above is a requirement for further expenditure where successful exploration leads to follow up activities. Furthermore, the development of the HiPurA® technology requires ongoing development funding which may be funded from the Company's existing cash reserves.

The future strategy of the Company is to continue exploration activities at the Eyre Peninsula Project on the most prospective targets on the tenement portfolio. In addition, the Company seeks to develop a vertically integrated model by undertaking value added processing of minerals for the battery market. The Company will continue to develop its HiPurA® technology and where possible seek to expand into related value-added minerals technology businesses.

The Company confirms that it has used its cash and assets in a form readily convertible to cash that it had at the time of ASX admission in a way that is consistent with its business objectives. Deferred consideration shares, also referred to as contingent consideration, relate to the acquisition of HiPurA Pty Ltd which was completed on 31 December 2021.

As at 30 June 2023, the number of deferred consideration shares pending issue was 2,500,000. The terms and conditions of the remaining deferred consideration shares comprise commissioning of the HiPurA Pilot Plant. During the reporting period there were 2,000,000 deferred consideration shares issued upon satisfactory completion of the Flow Sheet design milestone. There remain 2,500,000 Deferred Consideration shares to be issued subject to the commissioning of the HiPurA Pilot Plant.

DIRECTORS' REPORT

High Purity Manganese (HPM)

The Company owns 100% of two exploration tenements on the Eyre Peninsula in South Australia, EL 5920 & EL 6634 covering a combined area of 718 sq km. The tenements are located 115 kms south-west of Whyalla in South Australia, a significant mining and industrial city with ready access to port, rail and a skilled workforce.

During FY23 the Company conducted an exploration campaign, completing a 94-hole drill campaign over the Jamieson Tank deposit, totalling 6,164m.

The purpose of the 2023 drilling program was to infill the drill spacing to an approximate 100m by 50m over the northern-most 2km strike of Jamieson Tank for estimating a maiden Mineral Resource.

Metallurgical test work on High Purity Manganese (HPM) flowsheet design and optimisation continued over the year. The current work stream is based on representative samples of ore from the 2023 drill campaign designed to provide detailed data for the planned project design studies.

High Purity Alumina (HPA)

HiPurA® HPA Micro Plant

During FY23, the Company established the HiPurA® Micro Plant at its facility in O'Connor, Perth, Western Australia. Following recommissioning of the Plant, continued process development has seen significant improvements in purity, yield and recoveries in continuous operation. Taking any new and novel technology from the laboratory to a continuous process requires a significant amount of test work, analysis, implementation and re-work to optimise each stage. The experience from operating the Micro Plant has provided a significant amount of information to the optimisation of the Pilot Plant.

HiPurA® HPA Pilot Plant

As a result of the experience developing and operating the Micro Plant, ChemX has been able to optimise the pilot plant flowsheet and size while still achieving the planned outcomes. Using data from the Company's HPA Micro Plant operation, the design outlined in the Primero PFS for the

Pilot plant has been optimised to produce 24tpa at a significantly reduced capital cost estimate of \$600,000. Construction commenced in June, with key equipment being delivered in September 2023. Completion and commissioning expected to start late 2023. In addition, ChemX will be investing further in house laboratory analytical equipment and them human resources necessary to speed process iteration and collect further data, which will aide in future scale up initiatives as well as position ChemX as a specialist developer of high purity and high value critical materials.

As result of marketing initiatives and industry discussions ChemX identified additional aluminous products which were capable of being produced for the battery separator market and made the decision to incorporate the additional pathway to the pilot plant flowsheet.

Importantly, the optimised design will enable continued process development along with the production of material for qualification with potential buyers.

Once the Pilot plant is operational, the Micro Plant will be used to develop a range of high purity aluminous materials that the HiPurA® Process is able to produce.

Significant changes in the state of affairs

During FY23, the Board of Directors and Management of the Company underwent significant change, with the resignation of Managing Director David Leavy in October 2022, resignation of Non-Executive Chair Kristie Young in February 2023, appointment of Non-Executive Director Warrick Hazeldine as Non-Executive Chairman and appointment of Mark Tory as Chief Executive Officer in February 2023, following by his subsequent resignation and replacement by Chief Operating Officer Peter Lee in August 2023.

There were no other significant changes in the state of affairs of the Group during the financial year.

DIRECTORS' REPORT

Matters subsequent to the end of the financial year

On 4 August 2023 the Company secured a funding facility of up to \$6,000,000 via convertible notes from US institutional shareholder, Mercer Street Global Opportunity Fund, LLC, with \$500,000 to be drawn initially and a potential further \$1,700,000 to be provided following shareholder approval which was granted on 26 September 2023, along with an additional \$850,000 worth of options as per the agreement. The funding is to maintain momentum and advance the Eyre Peninsula High purity Manganese Project (HPM) in South Australia and HiPurA HPA Project in Perth, Western Australia. On 14 August 2023 the Company issued 2,415,761 fully paid ordinary shares (commencement shares) and 600,000 convertible notes (face value \$1), to Mercer and received the initial subscription of \$500,000. Following shareholder approval on 26 September 2023, a further 155,668 commencement shares and 2,272,727 options are to be issued to Mercer. The options will have an exercise price of \$0.11 and will expire three years after they have been issued.

On 4 August 2023 the Company also announced that Mark Tory resigned as Chief Executive Officer (CEO) and was replaced by Peter Lee, who was previously the Chief Operating Officer (COO).

On 18 August 2023 the Company issued 1,000,000 unquoted employee incentive options to Peter Lee, Chief Executive Officer (CEO). The options expire 9 August 2026 and the exercise price is \$0.205.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

Deferred consideration shares

Deferred Consideration Shares, also referred to as contingent consideration, relate to the acquisition of HiPurA Pty Ltd which was completed on 31 December 2021. The details are provided below.

- i. As at 30 June 2022, the number of Deferred Consideration Shares pending issue was 4,500,000 at a fair value of \$0.20 per share totalling \$900,000 which was credited to the share-based payments reserve.
- ii. Upon the commissioning the HiPurA Pilot Plant, 2,500,000 Deferred Consideration Shares will be issued.
- iii. At the date of this report the number of Deferred Consideration Shares pending issue was 2,500,000. No Deferred Consideration Shares were cancelled during the reporting period.
- iv. During the reporting period, on 1 September 2022, the Company issued 2,000,000 Deferred Consideration Shares upon completion of the Flow Sheet Design milestone.
- v. The terms and conditions comprised 2,000,000 shares to be issued upon the completion of the Flow Sheet Design and a further 2,500,000 shares to be issued upon commissioning the HiPurA Pilot Plant.

Environmental regulation

The Directors believe that the Group has, in all material respects, complied with all particular and significant environmental regulations relevant to its operations.

The Group's operations are subject to various environmental regulations under the Commonwealth and State laws of Australia. The majority of its activities involve low levels of disturbances associated with exploration drilling programs. Approvals, licences and other regulatory requirements are performed as required by the Group's management for each of its exploration tenements. The Company's High Purity Alumina project is conducted in line with local government environmental regulations.

DIRECTORS' REPORT

Information on Directors



Name: Warrick Hazeldine

Title: Independent Non-Executive Chair

Experience and expertise: An Australian Institute of Company Directors graduate, Mr Hazeldine holds a Bachelor of Commerce from Curtin University. He is a winner of Business News' 40 Under 40 award, which recognises the top 40 entrepreneurs in WA under the age of 40.

Mr Hazeldine has more than 20 years' capital markets experience from working with a range of ASX-listed companies on investor relations activities to attract capital and grow shareholder value.

He has worked predominately in the natural resources sector, focusing on initial public offerings, mergers and acquisitions, and secondary capital raisings. In recent years, he has played a key role in several lithium, hydrogen and battery metal transactions.

Mr Hazeldine is a founding director of investor and corporate communications firm Cannings Purple. A communications strategist and Board level advisor, he has an established network across the global resources and generalist funds and a track record in assisting companies build and manage their institutional and retail investor bases.

Other current directorships: None

Former directorships (last 3 years): Global Lithium Exploration Ltd (ASX:GL1) since 1 Feb 21 to 9 August 23.

Interests in shares: 300,000

Interests in options: 1,075,000

Interests in rights: 1,500,000

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DIRECTORS' REPORT



Name: Stephen Strubel

Title: Executive Director

Experience and expertise: Stephen has approximately 10 years' experience working in financial markets predominantly with Paterson's Securities. Stephen has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting and shareholder relations. Stephen holds a Bachelor of Business Banking & Finance/International Trade, Graduate Certificate of Business in Finance from Victoria University and Master of Business Administration from the Australian Institute of Business.

Other current directorships: None

Former directorships (last 3 years): Star Minerals Ltd (ASX:SMS) from 18 Feb 21 to 21 Oct 22 and Auric Mining Ltd (ASX:AWJ) 12 Aug 19 to 27 May 22.

Interests in shares: 5,125,000

Interests in options: 1,250,000



Name: Alwyn Vorster

Title: Independent Non-Executive Director

Experience and expertise: Mr Vorster holds a Bachelor of Science (Hons) Geology and Master of Business Administration (MBA) from the University of Stellenbosch in South Africa and a Master of Science (Mineral Economics) from the University of Witwatersrand, Johannesburg.

Mr Vorster is a mining executive with 30 years' experience in the Australian, African and Asian minerals industry across a range of commodities including iron ore, coal, mineral sands, graphite, salt, potash and various other industrial minerals. He has a proven track record of delivery in exploration, project development and approvals, infrastructure access, project transactions, and company M&A - all underpinned by strong operational leadership, financial discipline and technical & commercial capability.

Other current directorships: Lindian Resources Ltd (ASX:LIN) since 22 Aug 23, Arrow Minerals Ltd (ASX:AMD) since 24 Oct 22 and Alien Metals Ltd (AIM:UFO) since 4 Aug 23.

Former directorships (last 3 years): BCI Minerals Ltd (ASX:BCI) from Sep 16 to Sep 22.

Interests in shares: 52,941

Interests in options: 1,500,000

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DIRECTORS' REPORT



Name: Tara Berrie

Title: Non-Executive Director

Experience and expertise: Ms Berrie is a seasoned professional with over 15 years of experience in the mining, chemical, and construction materials industries, specialising in the battery materials sector for the past 7 years.

Throughout her career, Tara has demonstrated expertise in a variety of commercial roles, including sourcing strategy, contract development and negotiation, sales and marketing, strategic planning, M&A, corporate development, market analysis, and product development.

Ms Berrie's passion for all aspects of ESG is evident in her work. Her journey from the mining and refining sector to electrification has driven her to bridge the gap between different parts of the supply chain by promoting collaboration and understanding of the challenges faced in achieving mass electrification.

Other current directorships: None

Former directorships (last 3 years): None

Interests in shares: None

Interests in options: 1,500,000



Name: David Leavy

Title: Managing Director (*resigned as Director 27 October 2022, then Strategic Product Consultant from 28 October 2022 to 31 March 2023 and thereafter was Marketing Strategy Manager*).

Experience and expertise: Mr Leavy has over 25 years' experience in financial markets and as a CFO and/or director of several mining companies with advanced projects of a range of commodities, including five years working with several HPA technologies. Mr Leavy holds a Bachelor of Economics from Murdoch University and a Master of Applied Finance from Macquarie University.

Other current directorships: None

Former directorships (last 3 years): Pure Alumina Ltd (ASX:PUA) from 21 Jul 17 to 11 May 21.

Interests in shares: 3,862,500

Interests in options: 778,126

Contractual rights to shares: 937,500 shares to be issued as a vendor of HiPurA Pty Ltd subject to certain conditions and milestones pursuant to the HiPurA Share Sale Agreement.

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DIRECTORS' REPORT



Name: Kristie Young

Title: Independent Non-Executive Chair (*resigned as a Director 3 February 2023*)

Experience and expertise: Ms Young has over 20 years' professional experience across mining (underground and open cut), project evaluation, financial modelling, strategy, business development, commercial, growth, marketing, executive search, advisory, consultancy, technology, education and solutions.

Prior to her Non-Executive Director portfolio career, she held growth and Business Development Director roles with leading professional services firms PwC and EY. As a mining engineer she worked with Mt Isa Mines, Plutonic Gold, Hamersley Iron, Gunpowder Copper, New Hampton Goldfields and Surpac Software.

Ms Young holds a Bachelor of Engineering (Mining) Hons UQ 1995, Post Graduate Diploma of Education (Maths, IT) UWA 2001, Cert IV Human Resources 2014 and is a Graduate of the AICD 2015. She is a member of the AICD, WA Mining Club, WA School of Mines Alumni & the Energy Club of WA.

Other current directorships: Lithium Australia NL (ASX:LIT) since 21 Dec 20 and Tesoro Resources Ltd (ASX:TSO) since 14 Sep 21.

Former directorships (last 3 years): Primero Group Ltd (ASX:PGX) from 18 Aug 20 to 24 Feb 21.

Interests in shares: 1,250,000

Interests in options: 1,312,500

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

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DIRECTORS' REPORT

Company secretary

Tamara Barr resigned as Company Secretary on 24 March 2023.

Stephen Strubel was appointed as Company Secretary on 24 March 2023. Stephen is also Executive Director of the Company.

Meetings of Directors

Due to the size and nature of the Company, the Board fulfils the role of both the Audit & Risk Committee and Nomination & Remuneration Committee.

The number of meetings of the Company's Board of Directors held during the year ended 30 Jun 2023, and the number of meetings attended by each Director were:

	Full Board	
	Attended	Held
Warrick Hazeldine	15	16
Stephen Strubel	16	16
Alwyn Vorster (appointed 18 October 2022)	7	7
Tara Berrie (appointed 10 February 2023)	3	3
Kristie Young (resigned 3 February 2023)	13	13
David Leavy - Managing Director (resigned 27 October 2022)	10	10

Held: represents the number of meetings held during the time the Director held office.

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DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Link between remuneration and performance
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aims to align executive reward with the achievement of strategic objectives and the creation of value for shareholders. The Board of Directors ('the Board') aims to ensure that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

Non-Executive Director remuneration

The total maximum non-executive director fee pool is initially set by the Board and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The current non-executive director fee pool, which excludes non-cash performance incentives such as options and performance rights, has been set at an amount not to exceed \$300,000 per annum. The determination of individual remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive director. During the reporting period the Board set non-executive director base remuneration levels at \$96,000 for the Board chair and \$60,000 for other non-executive directors.

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DIRECTORS' REPORT REMUNERATION REPORT (AUDITED)

Executive remuneration

The Group aims to reward executives including directors and other key management personnel based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The Board reviews and approves the remuneration levels to enable the Company to attract and retain executives who will create shareholder value having regard to the amount considered to be commensurate for a company of its size, level of activity and the executive's responsibilities. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

The executive remuneration and reward framework has four components:

- base pay, superannuation and non-monetary fringe benefits (fixed remuneration)
- short and long-term based performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Short and long-term performance incentives

During the year, the Group commenced the development of programs covering short-term incentive payments ('STIP') and a long-term incentive payments ('LTIP').

Employees may be entitled to a STIP of an approved percentage of base salary in cash (or equivalent value of securities in the Employer) subject to achievement of key performance indicators / milestones determined by the Board. The targets forming the basis of the STIP will be approved annually by the Board.

Employees may also be entitled to performance rights (with a three year term) granted on an annual basis to the value of an approved percentage of base salary subject to the terms of a separate written offer letter from the Employer including milestones determined by the Board.

Long-term employee benefits include long service leave and any share-based payments pursuant to the STIP and LTIP programs.

Employee Securities Incentive Plan (Incentive Plan)

The STIP and LTIP programs are supported by an Incentive Plan to allow eligible participants to be issued securities in the Company.

Eligible participants include a person who is a full-time or part-time employee, a non-executive director, a contractor or a casual employee of the Company, or an Associated Body Corporate (as, defined in ASIC Class Order 14/1000), or such other person who has been determined by the Board to be eligible to participate in the Incentive Plan from time to time.

The purpose of the plan is to:

- assist in the reward, retention, and motivation of Eligible Participants;
- link the reward of Eligible Participants to Shareholder value creation; and
- align the interests of Eligible Participants with shareholders by providing an opportunity to receive an equity interest.

Use of remuneration consultants

No remuneration consultants were engaged during the financial reporting period.

Voting and comments made at the Company's Annual General Meeting ('AGM')

At the 11th of November 2022 AGM, 93.18% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

DIRECTORS' REPORT REMUNERATION REPORT (AUDITED)

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

The key management personnel of the Group consisted of the Directors of ChemX Materials Limited and the following persons:

- Peter Lee - appointed as Chief Executive Officer on 2 August 2023 from his role as Chief Operating Officer.
- Mark Tory - Chief Executive Officer (appointed 6 February 2023 and resigned 2 August 2023).
- David Leavy - Managing Director till 27 October 2022, Strategic Product Consultant from 28 October 2022 to 31 March 2023 and thereafter was Marketing Strategy Manager.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments**	Total
	Cash salary and fees	Cash bonus	Non-monetary*	Super-annuation	Long service leave	Equity-settled**	
30 Jun 2023	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Warrick Hazeldine ¹	136,847	-	-	-	-	227,925	364,772
Alwyn Vorster	39,146	-	-	-	-	227,925	267,071
Tara Berrie	21,996	-	-	2,324	-	148,380	172,700
Kristie Young ²	56,426	-	(5,063)	5,040	(12)	-	56,391
<i>Executive Directors:</i>							
Stephen Strubel	177,718	-	19,374	18,660	48	-	215,800
David Leavy (MD)	90,474	-	-	7,552	-	-	98,026
<i>Other Key Management Personnel:</i>							
David Leavy ²	100,800	-	(7,785)	3,938	59	-	97,012
Mark Tory (CEO)	143,188	-	16,369	9,876	24	-	169,457
Peter Lee (COO)	199,744	-	16,171	20,973	33	24,231	261,152
	-	-	-	-	-	-	-
	966,339	-	39,066	68,363	152	628,461	1,702,381

* Non-monetary short term benefits includes the change in annual leave entitlements for the reporting period.

** Refer to "Share-based compensation" section below for further information relating share-based payments for non-executive directors.

- (1) Cash salary and fees for Warrick Hazeldine includes \$59,708 paid to Cannings Purple in which Warrick Hazeldine is a director. Cannings Purple provides strategic communications support services to the Company.
- (2) Non-monetary short term benefits were negative for Kristie Young and David Leavy as a result of annual leave entitlements which were paid out upon their resignation from the Board.

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DIRECTORS' REPORT REMUNERATION REPORT (AUDITED)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary*	Super-annuation	Long service leave	Equity-settled	
30 Jun 2022	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Kristie Young	73,538	-	4,521	7,368	11	83,446	168,884
Warrick Hazeldine **	58,233	-	-	-	-	83,446	141,679
<i>Executive Directors:</i>							
Stephen Strubel	137,885	-	8,476	13,814	20	-	160,195
David Leavy	202,231	-	12,432	20,261	30	-	234,954
<i>Other Key Management Personnel:</i>							
Peter Lee	30,000	-	1,775	3,035	4	125,203	160,017
	501,887	-	27,204	44,478	65	292,095	865,729

* Non-monetary includes the change in annual leave entitlements for the reporting period.

** Cash salary and fees for Warrick Hazeldine includes \$11,800 paid to Cannings Purple in which Warrick Hazeldine is a director. Cannings Purple provides strategic communications support services to the Company.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
<i>Non-Executive Directors:</i>						
Warrick Hazeldine	38%	41%	-	-	62%	59%
Alwyn Vorster	15%	-	-	-	85%	-
Tara Berrie	14%	-	-	-	86%	-
Kristie Young	100%	51%	-	-	-	49%
<i>Executive Directors:</i>						
David Leavy	100%	100%	-	-	-	-
Stephen Strubel	100%	100%	-	-	-	-
<i>Other Key Management Personnel:</i>						
Mark Tory (CEO)	100%	-	-	-	-	-
Peter Lee (COO)	91%	22%	-	-	9%	78%
David Leavy	100%	-	-	-	-	-

DIRECTORS' REPORT REMUNERATION REPORT (AUDITED)

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Warrick Hazeldine
Title:	Independent Non-Executive Chair
Term of agreement:	Ongoing
Details:	<p>A consultancy agreement was entered into with a related entity (Northpoint Equity Pty Ltd). Effective 3 February 2023 and following his appointment as Board Chair, the agreement was varied to increase the annual fee directors fee from \$49,500 to \$96,000 (excluding GST).</p> <p>A service agreement to provide strategic communications support was entered into with a related entity (Cannings Purple) on 25 April 2022. The annual fee was \$70,800 (excluding GST).</p>
Name:	Alwyn Vorster
Title:	Independent Non-Executive Director
Agreement commenced:	18 October 2022 (<i>varied 10 February 2023</i>)
Term of agreement:	Ongoing
Details:	<p>A consultancy agreement was entered into with the Company. The material terms and conditions include an annual fee of \$60,000 (excluding GST).</p>
Name:	Tara Berrie
Title:	Non-Executive Director
Agreement commenced:	10 February 2023
Term of agreement:	Ongoing
Details:	<p>The material terms and conditions set out in a letter of appointment include an annual salary of \$60,000 plus superannuation required by law.</p>

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DIRECTORS' REPORT REMUNERATION REPORT (AUDITED)

Name:	Kristie Young
Title:	Independent Non-Executive Chair (<i>resigned as a Director 3 February 2023</i>)
Details:	The material terms and conditions set out in a letter of appointment include an annual salary of \$80,000 plus superannuation required by law.
Name:	Stephen Strubel
Title:	Executive Director, Corporate Affairs
Term of agreement:	3 years expiring 1 August 2024 unless terminated earlier in accordance with the Executive Services Agreement (ESA).
Details:	<p>An ESA was entered into with the Company which was varied effective 5 February 2023 following a change of title from Executive Director to Executive Director, Corporate Affairs. The material terms and conditions now include;</p> <ul style="list-style-type: none">* a base salary of \$220,000 (previously \$150,000) plus superannuation required by law,* a potential STIP of up to 40% of base salary and* a potential LTIP up to the value of up to 40% of base salary.
Termination:	<p>Either party may terminate the ESA by 3 months' notice in writing.</p> <p>Customary summary termination events apply in favour of the Company in the event of misconduct or breach by the CEO.</p> <p>Upon a change of control event a severance payment in lieu of notice of 3 months base salary may be made, subject to the ESA requirements.</p>

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DIRECTORS' REPORT REMUNERATION REPORT (AUDITED)

Name:	David Leavy
Title:	Managing Director (<i>resigned as Director 27 October 2022</i>)
Details:	<p>An executive services agreement was entered into with the Company. The material terms and conditions included:</p> <ul style="list-style-type: none">* a base salary of \$220,000 plus superannuation required by law,* an annual performance-based bonus or incentive payment to be determined by the Company at its absolute discretion by reference to key performance indicators; and* a long term performance-based bonus or incentive payment to be determined by the Company at its absolute discretion by reference to key performance indicators.

Name:	Mark Tory
Title:	Chief Executive Officer (<i>resigned 2 August 2023</i>)
Agreement commenced:	13 February 2023
Details:	<p>An Executive Services Agreement (ESA) was entered into with the Company. The material terms and conditions included:</p> <ul style="list-style-type: none">* a base fee of \$380,000 per annum plus superannuation required by law,* a potential STIP of up to 50% of base salary, and* a potential LTIP up to the value of up to 50% of base salary.

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DIRECTORS' REPORT REMUNERATION REPORT (AUDITED)

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Name:	Peter Lee
Title:	Chief Operating Officer
Agreement commenced:	19 May 2022
Term of agreement:	Commencing 19 May 2022 and ending on 2 August 2023 upon being appointed Chief Executive Officer.
Details:	<p>An employment agreement was entered into with the Company. The material terms and conditions included:</p> <ul style="list-style-type: none">* a base salary of \$200,000 plus superannuation required by law.* an annual performance-based bonus or incentive payment to be determined by the Company at its absolute discretion by reference to key performance indicators; and* a long term performance-based bonus or incentive payment to be determined by the Company at its absolute discretion by reference to key performance indicators.
Name:	David Leavy
Title:	Product Development Advisor (under a Consultancy Agreement)
Agreement commenced:	27 October 2022
Term of agreement:	27 October 2023 with a three month extension option
Details:	<ul style="list-style-type: none">* a fixed monthly fee of \$12,500 (excluding GST) subject to greed time allocations,* a 1 week notice period for the Company and the Consultant.
Name:	David Leavy
Title:	Marketing Strategy Manager
Term of agreement:	1 April 2023 to 31 March 2026.
Details:	Mr David Leavy entered into an employment agreement with the Company to act in the capacity of Marketing Strategy Manager. The material terms and conditions include a base salary of \$150,000 plus superannuation required by law.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

DIRECTORS' REPORT REMUNERATION REPORT (AUDITED)

Share-based compensation

Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2023.

Options

There were no options over ordinary shares issued to Directors and other key management personnel as part of compensation that were outstanding as at 30 June 2023.

Performance rights

On 18 November 2022 the Company granted a total of 4,500,000 performance rights to three non-executive directors outside of the Employee Incentive Securities Plan. On 3 February 2023, 1,500,000 performance rights granted lapsed following the retirement of a non-executive director.

On 10 February 2023, a further 1,500,000 performance rights were granted to Tara Berrie (Non-Executive Director) on the same terms as those granted to fellow non-executive directors on 18 November 2022.

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of Directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of rights granted	Grant date	Vesting status by class	Expiry date	Share price hurdle for vesting	Fair value per right at grant date
Peter Lee	250,000	20 May 2022	A - not vested	20 May 2025	\$0.000	\$0.2100
Warrick Hazeldine	750,000	18 Nov 2022	E - not vested	18 Nov 2025	\$0.400	\$0.1611
Warrick Hazeldine	750,000	18 Nov 2022	F - not vested	18 Nov 2025	\$0.600	\$0.1428
Alwyn Vorster	750,000	18 Nov 2022	E - not vested	18 Nov 2025	\$0.400	\$0.1611
Alwyn Vorster	750,000	18 Nov 2022	F - not vested	18 Nov 2025	\$0.600	\$0.1428
Tara Berrie	750,000	10 Feb 2023	I - not vested	10 Feb 2026	\$0.400	\$0.1077
Tara Berrie	750,000	10 Feb 2023	J - not vested	10 Feb 2026	\$0.600	\$0.0902

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DIRECTORS' REPORT REMUNERATION REPORT (AUDITED)

For each Non-executive Director, the vesting conditions are as follows:

- Class A: 250,000 Class A Performance Rights will vest on the announcement by the Company of the successful commissioning of the HiPurA HPA Pilot Plant.
- Class E&I: 750,000 Performance Rights will vest on the day the share price of the Company (ASX: CMX) trades on ASX at a volume weighted average price (VWAP) at or above \$0.40 for 20 consecutive days.
- Class F&J: 750,000 Performance Rights will vest on the day the share price of the Company (ASX: CMX) trades on ASX at a volume weighted average price (VWAP) at or above \$0.60 for 20 consecutive days.

Performance rights granted carry no dividend or voting rights.

Link between remuneration and performance

The Company aims to align our executive remuneration to our strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the Group's historical financial performance. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

	2023	2022
	\$	\$
Profit / (loss) after income tax	(4,182,306)	(1,885,521)
	cents	cents
Earnings / (loss) per share	(4.51)	(3.25)

The share-based compensation section above includes performance rights with vesting subject to the successful commissioning of the HiPurA HPA Pilot Plant and various share price hurdles.

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DIRECTORS' REPORT REMUNERATION REPORT (AUDITED)

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

Name	Balance at the start of the year	Received as part of remuneration	On market additions	Other** additions (net)	Balance at the end of the year
<i>Ordinary shares</i>					
Warrick Hazeldine	300,000	-	-	-	300,000
Stephen Strubel	5,125,000	-	-	-	5,125,000
Alwyn Vorster	-	-	-	52,941	52,941
Kristie Young	1,250,000	-	-	(1,250,000)	-
David Leavy *	3,112,500	-	-	750,000	3,862,500
Mark Tory	-	-	187,500	150,000	337,500
	9,787,500	-	187,500	(297,059)	9,677,941

* Other additions for David Leavy are shares issued relating to the acquisition of HiPurA Pty Ltd (Refer note 19 'Related party transactions').

** Other additions (net) for the other directors are shares held on appointment for Alwyn Vorster and Mark Tory and retirement for Kristie Young.

Option holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
<i>Options over ordinary shares</i>					
Warrick Hazeldine	1,000,000	75,000	-	-	1,075,000
Stephen Strubel	-	1,250,000	-	-	1,250,000
Kristie Young (lapsed upon retirement)	1,000,000	312,500	-	(1,312,500)	-
David Leavy	-	778,126	-	-	778,126
	2,000,000	2,415,626	-	(1,312,500)	3,103,126

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DIRECTORS' REPORT REMUNERATION REPORT (AUDITED)

Performance rights holding

The number of performance rights over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Vested	Expired/forfeited/other	Balance at the end of the year
<i>Performance rights over ordinary shares</i>					
Warrick Hazeldine	-	1,500,000	-	-	1,500,000
Alwyn Vorster	-	1,500,000	-	-	1,500,000
Tara Berrie	-	1,500,000	-	-	1,500,000
Kristie Young (lapsed upon retirement)	-	1,500,000	-	(1,500,000)	-
Peter Lee	1,000,000	-	-	-	1,000,000
	1,000,000		-	(1,500,000)	5,500,000

This concludes the remuneration report, which has been audited.

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DIRECTORS' REPORT

Shares under option

Unissued ordinary shares of ChemX Materials Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
18 January 2021	18 January 2024	\$0.300	2,000,000
1 November 2021	1 November 2024	\$0.300	2,000,000
30 May 2022 (issued 11 July 2022)	11 July 2025	\$0.400	1,500,000
11 July 2022	11 July 2025	\$0.300	22,693,038
18 August 2023	9 August 2026	\$0.205	1,000,000
			<u>29,193,038</u>

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares under performance rights

Unissued ordinary shares of ChemX Materials Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under rights
20 May 2022	20 May 2025	\$0.000	1,000,000
18 Nov 2022	18 Nov 2025	\$0.000	3,000,000
1 Dec 2022	1 Dec 2025	\$0.000	200,000
10 Feb 2023	10 Feb 2026	\$0.000	1,500,000
			<u>5,700,000</u>

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

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DIRECTORS' REPORT

Shares issued on the exercise of options

There were no ordinary shares of ChemX Materials Limited issued on the exercise of options during the year ended 30 June 2023 and up to the date of this report.

Shares issued on the exercise of performance rights

There were no ordinary shares of ChemX Materials Limited issued on the exercise of performance rights during the year ended 30 June 2023 and up to the date of this report.

Indemnity and insurance of officers

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

The Company has paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

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 part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 27 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 27 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

DIRECTORS' REPORT

Officers of the Company who are former partners of William Buck

There are no officers of the Company who are former partners of external auditor William Buck.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

Auditor

William Buck continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*. On behalf of the Directors



Stephen Strubel
Executive Director

27 September 2023

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AUDITOR'S INDEPENDENCE DECLARATION

WilliamBuck

ACCOUNTANTS & ADVISORS

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF CHEMX MATERIALS LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.



William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136



J. C. Luckins
Director
Melbourne, 27 September 2023

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Empowering Business Globally

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ANNUAL FINANCIAL STATEMENTS

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GENERAL INFORMATION

The financial statements cover ChemX Materials Limited as a Group consisting of ChemX Materials Limited and the entities it controlled at the end of, or during, the period. The financial statements are presented in Australian dollars, which is ChemX Materials Limited's functional and presentation currency.

ChemX Materials Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Danpalo Group Pty Ltd
Suite 1, 1 Tully Road
East Perth WA 6004

Principal place of business

3 Flindell Street
O'Connor
WA 6163

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 27 September 2023. The Directors have the power to amend and reissue the financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	Note	Consolidated	
		30 Jun 2023	30 Jun 2022
		\$	\$
Revenue			
Government grants		934,652	371,018
Interest income		14,200	412
Expenses			
Employee benefits expense	4	(2,115,944)	(825,942)
Corporate expense	4	(1,634,615)	(1,126,376)
Development expense		(1,344,334)	(304,633)
Finance expense		(36,265)	-
Loss before income tax expense		(4,182,306)	(1,885,521)
Income tax expense	5	-	-
Loss after income tax expense for the year		(4,182,306)	(1,885,521)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(4,182,306)	(1,885,521)
Basic earnings per share	25	(4.51)	(3.25)
Diluted earnings per share	25	(4.51)	(3.25)

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

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STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Note	Consolidated	
		30 Jun 2023	30 Jun 2022
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		798,012	5,750,668
Other receivables	6	1,049,569	418,215
Term deposits		20,000	20,000
Other assets		5,631	9,203
Total current assets		1,873,212	6,198,086
Non-current assets			
Property, plant and equipment		39,279	9,098
Right-of-use assets	7	565,785	-
Intangibles	8	1,105,534	1,235,534
Exploration and evaluation	9	4,324,509	2,987,865
Deposits		88,807	20,000
Total non-current assets		6,123,914	4,252,497
Total assets		7,997,126	10,450,583
Liabilities			
Current liabilities			
Trade and other payables	10	636,754	254,128
Lease liabilities	11	117,390	-
Employee benefits		74,969	31,215
Total current liabilities		829,113	285,343
Non-current liabilities			
Lease liabilities	11	475,286	-
Employee benefits		249	75
Total non-current liabilities		475,535	75
Total liabilities		1,304,648	285,418
Net assets		6,692,478	10,165,165
Equity			
Issued capital	12	11,130,414	10,669,031
Reserves	13	1,747,206	1,498,970
Accumulated losses		(6,185,142)	(2,002,836)
Total equity		6,692,478	10,165,165

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

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STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	Issued capital	Share-based payments Reserve	Accumulated losses	Total equity
Consolidated	\$	\$	\$	\$
Balance at 1 July 2021	1,836,360	-	(117,315)	1,719,045
Loss after income tax expense for the year	-	-	(1,885,521)	(1,885,521)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(1,885,521)	(1,885,521)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity (note 12)	8,195,050	-	-	8,195,050
Share-based payments (note 26)	160,000	598,970	-	758,970
Shares issued and to be issued in the future for asset acquisition (note 21)	400,000	900,000	-	1,300,000
Shares issued for acquisition of mineral exploration licenses (note 9)	464,224	-	-	464,224
Shares issued on conversion of borrowings	1,002,000	-	-	1,002,000
Capital raising costs	(1,388,603)	-	-	(1,388,603)
Balance at 30 June 2022	10,669,031	1,498,970	(2,002,836)	10,165,165

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

	Issued capital	Share-based payments Reserve	Accumulated losses	Total equity
Consolidated	\$	\$	\$	\$
Balance at 1 July 2022	10,669,031	1,498,970	(2,002,836)	10,165,165
Loss after income tax expense for the year	-	-	(4,182,306)	(4,182,306)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(4,182,306)	(4,182,306)
<i>Transactions with owners in their capacity as owners:</i>				
Vesting of share-based payments (note 26)	-	648,236	-	648,236
Shares issued as deferred consideration for achievement of intangible asset performance milestone (note 12)	400,000	(400,000)	-	-
Loyalty options issued (note 12)	113,465	-	-	113,465
Capital raising costs (note 12)	(52,082)	-	-	(52,082)
Balance at 30 June 2023	11,130,414	1,747,206	(6,185,142)	6,692,478

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

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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	Consolidated	
		30 Jun 2023	30 Jun 2022
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(3,813,018)	(1,632,547)
Interest received		14,200	412
Government grants received		(36,265)	28,583
Net cash used in operating activities	24	342,435	(1,603,552)
Cash flows from investing activities			
Payments for term deposits		(68,807)	(20,000)
Payments for property, plant and equipment		(40,728)	(9,675)
Payments for exploration and evaluation		(1,327,964)	(496,995)
Net cash used in investing activities		(1,437,499)	(526,670)
Cash flows from financing activities			
Proceeds from issue of shares	12	-	8,195,050
Proceeds from issue of options	12	113,465	-
Proceeds from borrowings		-	714,000
Capital raising transaction costs	12	(52,082)	(1,063,711)
Repayment of lease liabilities		(83,892)	-
Net cash from/(used in) financing activities		(22,509)	7,845,339
Net increase/(decrease) in cash and cash equivalents		(4,952,656)	5,715,117
Cash and cash equivalents at the beginning of the financial year		5,750,668	35,551
Cash and cash equivalents at the end of the financial year		798,012	5,750,668

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

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NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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

Going concern

The financial statements have been prepared on a going concern basis.

For the period ended 30 June 2023, the Group incurred a net loss of \$4,182,306, had operating cash outflows of \$3,492,648 and as at 30 June 2023 had net current assets of \$1,044,099, net assets of \$6,692,478 and cash and cash equivalents balance of \$798,012. As at 30 Jun 2023, further additional funding was needed to complete planned activities. These conditions indicate a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

However, it is important to note the following:

- as an ASX listed entity the Group has ready access to financial markets.
- on 4 August 2023 the Company secured a funding facility of up to \$6,000,000 via convertible notes from US institutional shareholder, Mercer Street Global Opportunity Fund, LLC, with \$500,000 to be drawn initially and a potential further \$1,700,000 to be provided following shareholder approval granted on 26 September 2023. On 14 August 2023 the Company issued 2,415,761 fully paid ordinary shares and 600,000 convertible notes, with a face value of \$1, to Mercer and received the initial subscription of \$500,000.

Based on the above and on its assessment of the cash flow projections over the ensuing 12 months from the date of this report the Board is satisfied that sufficient funds are available for the Group to pay its debts as and when they fall due for at least the next 12 months from the date of this report.

The financial statements are normally prepared on the assumption that the Group is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that the Group has neither the intention nor the need to liquidate or curtail materially the scale of its operations. If such an intention or need exists, the financial statements may have to be prepared on a different basis and, if so, the basis will be disclosed and the impacts quantified.

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NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 20.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of ChemX Materials Limited ('Company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. ChemX Materials Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity 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 de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue recognition

The Group recognises revenue as follows:

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Government grants

Government grants are recognised at a point in time when there is reasonable assurance that both the grant will be received and conditions will be met.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments 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.

Trade and other receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Investments and other financial assets

Investments

Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the Group has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3-7 years
---------------------	-----------

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Acquired intellectual property

Acquired intellectual property including the propriety High Purity Alumina (HiPurA) technology is capitalised where it is probable that future economic benefits exist and thereafter amortised on a straight line basis over the term of its expected useful economic life being 10 years.

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Impairment of non-financial assets

Non-financial assets are reviewed 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.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Contingent consideration for acquisitions

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. The amount recognised as contingent consideration is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Contingent consideration will be settled in shares is regarded as a share-based payment. Hence this has been classified as equity whereby proof of concept is adequately documented and the contingencies have a high probability of realisation. This has been included in the cost of the asset on acquisition. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

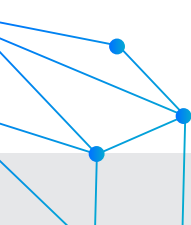
All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.



NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of ChemX Materials Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the reporting period ended 30 June 2023. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. 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. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees and other parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Recognition of refundable R&D tax offset receivable

Over the past year, the Company has successfully claimed from the Australian Taxation Office credits for its research and development program. Under this program, the ATO has the right, extending back 4 tax years to investigate, audit and potentially clawback these claims in the event that they fail to meet the necessary criteria as established under the research and development credit claim legislation and regulations. It is the directors' view that there is no probable likelihood that any potential action may take place based upon the following reasons:

- Upon submission of the claim, the ATO and AusIndustry conduct an overall desktop review of the claim, including the eligibility of any overseas research and development activity undertaken (which requires an Advanced Overseas Finding before being eligible);
- The industry environment in which the entity deals in is known for its research and development activities which have historically been supported through research and development claims; and
- The entity has a track record extending to last year of never ever being challenged on its research and development claims by the ATO or AusIndustry.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

**NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS
(CONTINUED)**

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and any unused tax losses only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Contingent consideration for acquisitions

Contingent consideration is accounted for as part of the cost of the asset acquired for acquisitions whereby proof of concept is adequately documented and the contingencies have a high probability of realisation. Significant judgement is involved in the determination of proof of concept and assessing the probability of contingency realisation.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the Group will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Capital raising costs included in equity

Significant judgement was required to identify costs incurred to include in equity on the basis of being directly attributable to capital raisings.

NOTE 3. OPERATING SEGMENTS

Based on the information used for internal reporting purposes by the chief operating decision maker (directors of the Company) the Group operated in one reportable segment during the period which was mining exploration and the development of its propriety High Purity Alumina technology within Australia.

The reportable segment financial information is therefore the same as the statement of financial position and the statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

NOTE 4. EXPENSES

	Consolidated	
	30 Jun 2023	30 Jun 2022
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Depreciation included in development expenditure</i>		
Motor vehicles	3,479	-
Buildings right-of-use assets	105,267	-
Plant and equipment right-of-use assets	5,516	-
Computer equipment	7,068	577
Total depreciation	121,330	577
<i>Amortisation included in development expenditure</i>		
Intellectual property (High Purity Alumina processing technology)	130,000	64,466
Total Depreciation and amortisation	251,330	65,043
<i>Corporate expense</i>		
Corporate and consulting	1,387,129	737,658
Due diligence	-	81,702
Marketing and promotion	95,072	109,514
Other expenses	152,414	55,519
Share-based payments - advisory services (refer to note 26 'Share-based payments')	-	141,983
Total corporate expense	1,634,615	1,126,376
<i>Finance costs</i>		
Interest and finance charges paid/payable on lease liabilities	(36,265)	-
<i>Employee benefits expense</i>		
Salaries, wages and non-superannuation related oncosts	1,342,630	490,866
Defined benefit superannuation expense	125,078	42,981
Vesting of share-based payments - performance rights (refer note 26 'Share-based payments')	648,236	125,203
Vesting of share-based payments - Director options (refer note 26 'Share-based payments')	-	166,892
Total employee benefits expense	2,115,944	825,942

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NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

NOTE 5. INCOME TAX

	Consolidated	
	30 Jun 2023	30 Jun 2022
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(4,182,306)	(1,885,521)
Tax at the statutory tax rate of 30%	(1,254,692)	(565,656)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Amortisation of intangibles	39,000	19,339
Entertainment expenses	2,894	1,510
Share-based payments	194,470	130,222
Section 40-880 deduction	(74,757)	(73,422)
Sundry items	-	28,402
	(1,093,085)	(459,605)
Current year tax losses not recognised	1,093,085	459,605
Income tax expense	-	-

	Consolidated	
	30 Jun 2023	30 Jun 2022
	\$	\$
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	5,511,830	1,868,214
Potential tax benefit @ 30%	1,653,549	560,464

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

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NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

NOTE 6. OTHER RECEIVABLES

	Consolidated	
	30 Jun 2023	30 Jun 2022
	\$	\$
<i>Current assets</i>	934,652	342,435
Refundable R&D tax offset receivable	114,917	75,780
BAS receivable	1,049,569	418,215

NOTE 7. RIGHT-OF-USE ASSETS

	Consolidated	
	30 Jun 2023	30 Jun 2022
	\$	\$
<i>Non-current assets</i>		
Land and buildings - right-of-use	635,201	-
Less: Accumulated depreciation	(105,267)	-
	529,934	-
Plant and equipment - right-of-use	41,367	-
Less: Accumulated depreciation	(5,516)	-
	35,851	-
Total	565,785	-

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NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Land and buildings - right-of-use	Plant and equipment - right-of-use	Total
Consolidated	\$	\$	\$
Balance at 1 July 2022	-	-	-
Additions	635,201	41,367	676,568
Depreciation expense	(105,267)	(5,516)	(110,783)
Balance at 30 June 2023	529,934	35,851	565,785

NOTE 8. INTANGIBLES

	Consolidated	
	30 Jun 2023	30 Jun 2022
	\$	\$
<i>Non-current assets</i>		
Intellectual property - at cost *	1,300,000	1,300,000
Less: Accumulated amortisation	(194,466)	(64,466)
	1,105,534	1,235,534

* High Purity Alumina processing technology.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Intellectual property	Total
Consolidated	\$	\$
Balance at 1 July 2022	1,235,534	1,235,534
Amortisation expense	(130,000)	(130,000)
Balance at 30 June 2023	1,105,534	1,105,534

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

NOTE 9. EXPLORATION AND EVALUATION

	Consolidated	
	30 Jun 2023	30 Jun 2022
	\$	\$
<i>Non-current assets</i>		
Exploration and evaluation	4,324,509	2,987,865

	Consolidated
	30 Jun 2023
	\$

Exploration and evaluation at end of the current period comprises:

Mineral exploration licences EL 5920 & EL 6634 located on the Eyre Peninsula.

- Deposits paid	150,000
- Share-based payment	2,314,224
- Legal fees	26,646
- Exploration and evaluation expenditure	496,995
Balance as at 30 June 2022	2,987,865
- Exploration and evaluation expenditure	1,336,644
Balance as at 30 June 2023	4,324,509

NOTE 10. TRADE AND OTHER PAYABLES

	Consolidated	
	30 Jun 2023	30 Jun 2022
	\$	\$
<i>Current liabilities</i>		
Trade payables	330,769	100,999
Accrued expenses and other payables	305,985	153,129
	636,754	254,128

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NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

NOTE 11. LEASE LIABILITIES

	Consolidated	
	30 Jun 2023	30 Jun 2022
	\$	\$
<i>Current liabilities</i>		
Lease liability	117,390	-
<i>Non-current liabilities</i>		
Lease liability	475,286	-
Total	592,676	-

Refer to note 15 for further information on financial instruments.

Maturity analysis - contractual undiscounted cashflows

	Consolidated	
	30 Jun 2023	30 Jun 2022
	\$	\$
Less than one year	154,417	-
One to five years	529,453	-
Total	683,870	-

NOTE 12. ISSUED CAPITAL

	Consolidated			
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	Shares	Shares	\$	\$
Ordinary shares - fully paid	92,771,744	90,771,744	11,016,949	10,669,031
Listed loyalty options ¹	-	-	113,465	-
	92,771,744	90,771,744	11,130,414	10,669,031

(1) On 11 July 2022, the Company issued 22,693,038 listed options under the trading symbol of CMXO. The options expire 11 July 2025 and the exercise price is \$0.30.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

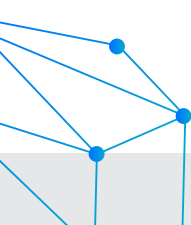
NOTE 12. ISSUED CAPITAL (CONTINUED)

Movements in ordinary share capital - current year

Details	Date	Shares	Issue price	\$
Balance	1 July 2022	90,771,744		10,669,031
<u>Options issued for cash</u>				
<u>Share-based payments</u>				
Shares issued for achievement of intangible asset performance milestone ⁽¹⁾	01 September 2022	2,000,000	\$0.200	400,000
Listed loyalty options				113,465
Capital raising costs				(52,082)
Balance	30 June 2023	<u>92,771,744</u>		<u>11,130,414</u>

(1) Consideration shares issued to the Vendors pursuant to the HiPurA Share Sale Agreement where the Completion of Flow Sheet Design milestone had been met.

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NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

NOTE 12. ISSUED CAPITAL (CONTINUED)

Movements in ordinary share capital - current year

Details	Date	Shares	Issue price	\$
Balance	1 July 2021	17,850,000		1,836,360
<u>Shares issued for cash</u>				
Issue shares to investors for seed capital	30 August 2021	875,625	\$0.080	70,050
Issue shares to investors for seed capital	3 November 2021	781,250	\$0.160	125,000
Shares issued under the prospectus offer	31 December 2021	40,000,000	\$0.200	8,000,000
<u>Convertible Loan repayments</u>				
Shares issued pursuant to the Founders (Convertible) Loan Note Facility - refer note 9 'Borrowings'	31 December 2021	18,000,000	\$0.016	288,000
Shares issued pursuant to the Seed Capital Convertible Loan Agreements - refer note 9 'Borrowings'	31 December 2021	781,250	\$0.160	125,000
Shares issued pursuant to the Seed Capital Convertible Loan Agreements - refer note 9 'Borrowings'	31 December 2021	7,362,500	\$0.080	589,000
<u>Share-based payments</u>				
Shares issued pursuant to the HiPurA acquisition - refer note 21 'Asset acquisition'	31 December 2021	2,000,000	\$0.200	400,000
Shares issued to the Lead Manager of the prospectus offer - refer note 26 'Share-based payments'	31 December 2021	800,000	\$0.200	160,000
Shares issued under the Archer Sale Deed - refer note 9 'Exploration and evaluation'	31 December 2021	2,321,119	\$0.200	464,224
Capital raising costs				(1,388,603)
Balance	30 June 2022	<u>90,771,744</u>		<u>10,669,031</u>

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NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Upon a poll every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Listed loyalty options

For each option held, the holder is entitled to exercise a right to acquire one fully paid ordinary share by paying the exercise price any time prior to the expiry date. The option does not provide any entitlements to dividends, voting at shareholder meetings or proceeds on the winding up of the Company.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

The Group may look to raise capital when an opportunity to invest in a business or existing asset growth acceleration was seen as value adding relative to the current Company's share price at the time of the investment.

NOTE 13. RESERVES

	Consolidated	
	30 Jun 2023	30 Jun 2022
	\$	\$
Share-based payments reserve	1,747,206	1,498,970

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NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

NOTE 13. RESERVES (CONTINUED)

Movements in reserves

Movements in each class of reserve during the current financial year are set out below:

Consolidated	Share-based payments reserve	Total
	\$	\$
Balance at 1 July 2022	1,498,970	1,498,970
Issue and vesting of Performance Rights to Non-Key Management Personnel (refer to note 26 'Share-based payments')	19,775	19,775
Issue and vesting of Performance Rights to Key Management Personnel (refer to note 26 'Share-based payments')	628,461	628,461
Shares issued as deferred consideration for achievement of intangible asset performance milestone (refer to note 21 'Asset acquisition')	(400,000)	(400,000)
Balance at 30 June 2023	1,747,206	1,747,206

NOTE 14. DIVIDENDS

There were no dividends paid, recommended or declared during the current or previous financial year.

NOTE 15. FINANCIAL INSTRUMENTS

Financial risk management objectives

During the year, the Group was exposed to only one material financial risk being liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Material financial instruments of the Group consist of cash and accounts payable.

The Board is responsible for managing the risks attached to financial instruments. As the only material risk relates to liquidity risk, this is done through cashflow forecasting techniques.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

Details of the contractual maturities of financial instruments are disclosed in notes to these financial statements, including significant accounting policies in Note 1.

NOTE 15. FINANCIAL INSTRUMENTS (CONTINUED)

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
Consolidated - 30 Jun 2023	%	\$	\$	\$	\$	\$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	330,769	-	-	-	330,769
Other payables	-	161,498	-	-	-	161,498
Convertible loans	-	-	-	-	-	-
<i>Interest-bearing - variable</i>						
Lease liability	7.24%	117,390	131,985	343,301	-	592,676
Total non-derivatives		609,657			-	1,084,943

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

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NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

NOTE 16. KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	30 Jun 2023	30 Jun 2022
	\$	\$
Short-term employee benefits	1,005,405	529,091
Post-employment benefits	68,363	44,478
Long-term benefits	152	65
Share-based payments	628,461	292,095
	<u>1,702,381</u>	<u>865,729</u>

NOTE 17. CONTINGENT LIABILITIES

The previous owner of the mineral exploration licences is entitled to a 2% Net Smelter Return royalty on the value of all minerals (excluding graphite) extracted from the Tenements. Refer note 9 'Exploration and evaluation'

The Company has a contingent liability associated with a \$20,000 environmental bond and in the same amount.

The Company has a contingent liability associated with a \$48,807 bank guarantee facility for the commercial property lease and in the same amount.

NOTE 18. COMMITMENTS

	Consolidated	
	30 Jun 2023	30 Jun 2022
	\$	\$
Minimum exploration expenditure commitments		
Within one year	140,000	205,000
One to five years	560,000	560,000
More than five years	140,000	140,000
	<u>840,000</u>	<u>905,000</u>

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NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

The Company holds two mineral exploration licences EL 5920 & EL 6634 located on the Eyre peninsula.

Expenditure commitments are reported and assessed every two years in an Expenditure Return. If expenditure commitments have not been met, the licence holder can request a variation to their expenditure commitment and ask to have the underspend carried over into the future term, or they can request to have the expenditure commitment waived, or they can request to reduce the area of the licence to ensure compliance.

EL 5920 is due to expire on 19 February 2028. During the financial year approval was granted to extend the renewal period for a further 6 years from 19 February 2022 to 19 February 2028.

EL 6634 is due to expire on 31 January 2026.

Other commitments

During the previous financial year, the Group entered as a party to a research project with Future Battery Industries CRC Limited with a commitment to contribute \$500,000 spread across agreed projects. During the current financial year this was reduced to \$477,600 in recognition of storage of equipment by the Group.

As at 30 Jun 2023, the Group has contributed \$209,750 towards the \$477,600 commitment.

NOTE 19. RELATED PARTY TRANSACTIONS

Parent entity

ChemX Materials Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 22.

Key management personnel

Disclosures relating to key management personnel are set out in note 16 and the remuneration report included in the Directors' report.

Transactions with related parties

(a) Assets acquired from related parties

On 01 September 2022 the Company issued 2,000,000 ordinary shares to the vendors of HiPurA Pty Ltd at an issue price of \$0.20 for consideration of \$400,000 pursuant to the HiPurA Share Sale Agreement where the completion of Flow Sheet Design milestone has been met. As one of the vendors, David Leavy, who resigned as a director on 27 October 2022, was issued 750,000 ordinary shares for consideration of \$150,000.

Refer to note 21 'Asset acquisition' and note 26 'Share-based payments'

(b) Receivable from and payable to related parties

As at 30 June 2023, trade payables included \$16,068.25 (2022: \$3,300) owing to related entities of Warrick Hazeldine (Director) and \$5,500 (2022: Nil) owing to a related entity of Alwyn Vorster (Director).

As at 30 June 2023, accrued expenses and other payables included \$3,124.88 owing to Tara Berrie (Director). There were no other payables to or receivables from related parties at the current and previous reporting date.

There were no other payables to or receivables from related parties at the current and previous reporting date.

(c) Loans to/from related parties & equity transactions with related parties

There were no loans to or from related parties at the reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

NOTE 20. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	30 Jun 2023	30 Jun 2022
	\$	\$
Loss after income tax	(3,345,002)	(1,646,148)
Total comprehensive loss	(3,345,002)	(1,646,148)

	Parent	
	30 Jun 2023	30 Jun 2022
	\$	\$
Total current assets	1,767,285	6,176,315
Total assets	8,947,129	10,675,787
Total current liabilities	702,439	271,174
Total liabilities	1,177,974	271,249
Equity		
Issued capital	11,130,414	10,669,031
Share-based payments reserve	1,747,206	1,498,970
Accumulated losses	(5,108,465)	(1,763,463)
Total equity	7,769,155	10,404,538

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 Jun 2023 and 30 Jun 2022.

Capital commitments

Refer to note 18 'Commitments'.

Contingent liabilities

Refer to note 17 'Contingent liabilities'.

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NOTE 20. PARENT ENTITY INFORMATION (CONTINUED)

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

NOTE 21. ASSET ACQUISITION

On 31 December 2021 the Company issued 2,000,000 ordinary shares at \$0.20 per share to vendors Nicholas Welham and David Leavy as partial consideration of \$400,000 for the acquisition of 100% of HiPurA Pty Ltd. At the time Director David Leavy held a 50% ownership interest in HiPurA Pty Ltd.

On 1 September 2022, having met the Completion of Flow Sheet Design milestone, the Company issued 2,000,000 ordinary shares at \$0.20 per share to vendors Nicholas Welham and David Leavy as partial consideration of \$400,000 for the acquisition of 100% of HiPurA Pty Ltd. At the time Director David Leavy held a 50% ownership interest in HiPurA Pty Ltd.

Additional shares were to be issued to the vendors subject to achievement of the following milestones:

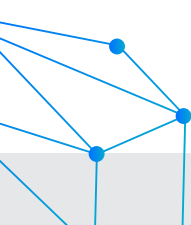
- (i) Commissioning of the Pilot Plant - 2,500,000 shares at \$0.20 per share.

In determination of fair value, the Company had assessed a 100% probability of meeting the milestones required for the issue of these shares in the future.

Details of the asset acquisition are as follows:

	Fair value
	\$
Intellectual property (High Purity Alumina processing technology)	1,300,000
Acquisition-date fair value of the total consideration transferred	<u>1,300,000</u>
Representing:	
Shares issued to vendors. Refer to note 26 'Share-based payments'.	800,000
Shares to be issued to vendors in the future (subject to the achievement of milestones).	<u>500,000</u>
	<u>1,300,000</u>

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NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

NOTE 22. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 Jun 2023 %	30 Jun 2022 %
HiPurA Pty Ltd	Australia	100.00%	100.00%

NOTE 23. EVENTS AFTER THE REPORTING PERIOD

On 4 August 2023 the Company secured a funding facility of up to \$6,000,000 via convertible notes from US institutional shareholder, Mercer Street Global Opportunity Fund, LLC, with \$500,000 to be drawn initially and a potential further \$1,700,000 to be provided following shareholder approval which was granted on 26 September 2023, along with an additional \$850,000 worth of options as per the agreement. The funding is to maintain momentum and advance the Eyre Peninsula High purity Manganese Project (HPM) in South Australia and HiPurA HPA Project in Perth, Western Australia. On 14 August 2023 the Company issued 2,415,761 fully paid ordinary shares (commencement shares) and 600,000 convertible notes (face value \$1), to Mercer and received the initial subscription of \$500,000. Following shareholder approval on 26 September 2023, a further 155,668 commencement shares and 2,272,727 options are to be issued to Mercer. The options will have an exercise price of \$0.11 and will expire three years after they have been issued.

On 4 August 2023 the Company also announced that Mark Tory resigned as Chief Executive Officer (CEO) and was replaced by Peter Lee, who was previously the Chief Operating Officer (COO).

On 18 August 2023 the Company issued 1,000,000 unquoted employee incentive options to Peter Lee, Chief Executive Officer (CEO). The options expire 9 August 2026 and the exercise price is \$0.205.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

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NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

NOTE 24. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES

	Consolidated	
	30 Jun 2023	30 Jun 2022
	\$	\$
Loss after income tax expense for the year	(4,182,306)	(1,885,521)
Adjustments for:		
Depreciation and amortisation	251,330	65,043
Share-based payments	648,236	434,078
Change in operating assets and liabilities:		
Increase in other receivables	(631,354)	(408,163)
Decrease in other current assets	3,572	3,742
Increase in other non-current assets	-	(20,000)
Increase in trade and other payables	373,946	175,979
Increase in employee benefits	43,928	31,290
Net cash used in operating activities	(3,492,648)	(1,603,552)

NOTE 25. EARNINGS PER SHARE

	Consolidated	
	30 Jun 2023	30 Jun 2022
	\$	\$
Loss after income tax	(4,182,306)	(1,885,521)

	Cents	Cents
Basic earnings per share	(4.51)	(3.25)
Diluted earnings per share	(4.51)	(3.25)

The performance rights and options on issue are non-dilutive as the Group has generated a loss for the year.

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NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

NOTE 25. EARNINGS PER SHARE (CONTINUED)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	92,771,744	57,949,382
Weighted average number of ordinary shares used in calculating diluted earnings per share	92,771,744	57,949,382

The performance rights and options on issue have not been included in the weighted average number of shares used for calculating the diluted loss per share as they do not meet the requirements for inclusion under AASB 133 'Earnings per share'.

NOTE 26. SHARE-BASED PAYMENTS

	Consolidated	
	30 Jun 2023	30 Jun 2022
	\$	\$
<i>Included in equity as capital raising costs</i>		
Shares issued to lead manager of the prospectus offer	-	160,000
Options granted to lead manager of the prospectus offer (a)	-	164,892
Total	-	324,892
<i>Statement of profit or loss and other comprehensive income</i>		
Options granted to directors under the Employee Securities Incentive Plan* (a)	-	166,892
Options granted to suppliers or advisory services (a)	-	141,983
Performance rights granted to Non-KMP under the Employee Securities Incentive Plan* (b)	19,775	-
Performance rights granted to KMP under the Employee Securities Incentive Plan* (b)	628,461	125,203
	648,236	434,078
<i>Other</i>		
Shares issued to acquire HiPurA Pty Ltd (refer note 21 'Asset acquisition')	400,000	400,000
Shares issued to acquire tenements (refer note 9 'Exploration and evaluation')	-	464,224
Shares to be issued as deferred consideration to acquire HiPurA Pty Ltd (refer note 21 'Asset acquisition')	(400,000)	900,000
Total	-	1,764,224
	648,236	2,523,194

* Shareholders have approved an Employee Securities Incentive Plan (Incentive Plan) whereby the Group may, at the discretion of the Board, grant securities including options and performance rights over ordinary shares in the Company to certain key management personnel of the Group. The securities are issued for nil consideration and are granted in accordance with performance guidelines established by the Board.

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NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

NOTE 26. SHARE-BASED PAYMENTS (CONTINUED)

(a) Options

No options were granted during the current financial year as share-based-payments.

Details of unexpired option grants are set out below:

30 Jun 2023

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted *	Exercised	Expired/forfeited/other	Balance at the end of the year
01/11/2021	01/11/2024	\$0.300	2,000,000	-	-	-	2,000,000
18/01/2022	18/01/2024	\$0.300	2,000,000	-	-	-	2,000,000
30/05/2022	11/07/2025	\$0.400	750,000	-	-	-	750,000
30/05/2022	11/07/2025	\$0.400	750,000	-	-	-	750,000
11/07/2022	11/07/2025	\$0.300	-	22,693,038	-	-	22,693,038
			5,500,000	22,693,038	-	-	28,193,038
Weighted average exercise price			\$0.327	\$0.300	\$0.000	\$0.000	\$0.305
Options exercisable			4,750,000	22,693,038	-	-	27,443,038

* Options granted during the financial year were listed loyalty options.

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.88 years (30 June 2022: 2.34 years).

(b) Performance rights

On 18 November 2022 the Company granted 1,500,000 performance rights to each of the three Non-Executive Directors (Kristie Young, Warrick Hazeldine and Alwyn Vorster) under the Incentive Plan. The fair value of these 4,500,000 performance rights was \$683,775 (Class E: \$0.1611 each and Class F: \$0.1428 each).

On 3 February 2023 the 1,500,000 performance rights granted to Kristie Young lapsed due to her resignation as a director of the Company.

On 10 February 2023 the Company granted 1,500,000 performance rights to Non-Executive Director Tara Berrie under the Incentive Plan. These performance rights were granted on the same terms as those granted to fellow Non-Executive Directors Warrick Hazeldine and Alwyn Vorster. The fair value of these 1,500,000 performance rights is \$148,380 (Class I: \$0.1077 each and Class J: \$0.0902 each).

For each Non-executive Director, the vesting conditions are as follows:

- Class E&I: 750,000 Performance Rights will vest on the day the share price of the Company (ASX: CMX) trades on ASX at a volume weighted average price (VWAP) at or above \$0.40 for 20 consecutive days.
- Class F&J: 750,000 Performance Rights will vest on the day the share price of the Company (ASX: CMX) trades on ASX at a volume weighted average price (VWAP) at or above \$0.60 for 20 consecutive days.

On 1 December 2022 the Company granted 200,000 performance rights to an employee, who was not key management personnel, under the Incentive Plan. The fair value of these 200,000 performance rights was \$30,447 (Class G: \$0.1700 each and Class H: \$0.1345 each).

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NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

NOTE 26. SHARE-BASED PAYMENTS (CONTINUED)

Vesting conditions are as follows:

- Class G: 100,000 Performance Rights will vest on the announcement by the Company of the successful commissioning of the HiPurA HPA Pilot Plant.
- Class H: 100,000 Performance Rights will vest on the day the share price of the Company (ASX: CMX) trades on ASX at a volume weighted average price (VWAP) at or above \$0.50 for 10 consecutive days.

As at 30 June 2023 and as at the date of this report none of the vesting conditions have been met.

Set out below are summaries of performance rights granted under the Incentive Plan:

30 Jun 2023

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted *	Exercised	Expired/forfeited/other	Balance at the end of the year
20/05/2022	20/05/2025	\$0.000	1,000,000	-	-	-	1,000,000
18/11/2022	18/11/2025	\$0.000	-	4,500,000	-	(1,500,000)	3,000,000
01/12/2022	01/12/2025	\$0.000	-	200,000	-	-	200,000
10/02/2023	10/02/2026	\$0.000	-	1,500,000	-	-	1,500,000
			1,000,000	6,200,000	-	(1,500,000)	5,700,000
Performance rights exercisable				-	-	-	-

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 2.40 years (30 June 2022: 2.89 years).

For the performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Class	Grant date	Expiry date	Share price at grant date	Share price hurdle for vesting	Expected volatility	Dividend yield	Risk free interest rate	Fair value at grant date
E	18/11/2022	18/11/2025	\$0.190	\$0.400	100.00%	-	3.16%	\$0.1611
F	18/11/2022	18/11/2025	\$0.190	\$0.600	100.00%	-	3.16%	\$0.1428
G	01/12/2022	01/12/2025	\$0.155	\$0.000	100.00%	-	3.19%	\$0.1700
H	01/12/2022	01/12/2025	\$0.155	\$0.500	100.00%	-	3.19%	\$0.1345
I	10/02/2023	10/02/2026	\$0.147	\$0.400	100.00%	-	3.41%	\$0.1077
J	10/02/2023	10/02/2026	\$0.147	\$0.600	100.00%	-	3.41%	\$0.0902

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NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

NOTE 27. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by William Buck, the auditor of the Company:

	Consolidated	
	30 Jun 2023	30 Jun 2022
	\$	\$
<i>Audit services - William Buck</i>		
Audit or review of the financial statements	47,261	31,000
<i>Other services - William Buck</i>		
Investigating accounting services	-	10,000
Employee incentive plan review	-	2,750
	-	12,750
	47,261	43,750

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DIRECTORS' DECLARATION

30 JUNE 2023

In the Directors' opinion:

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001. Signed in accordance with a resolution of Directors.

On behalf of the Directors



Stephen Strubel
Executive Director

27 September 2023

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INDEPENDENT AUDITOR'S REPORT

WilliamBuck
ACCOUNTANTS & ADVISORS

ChemX Materials Limited Independent auditor's report to members

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of ChemX Materials Limited (the Company) and its controlled entities (together, the Group)), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, 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 other explanatory information, and the directors' declaration.

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

- i. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial report, which indicates that the Group incurred a net loss of \$5,066,958 and net cash outflows from operating activities of \$3,492,648 for the year ended 30 June 2023. As stated in Note 1, these events or conditions along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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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. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

ASSESSMENT OF CARRYING VALUE OF INTANGIBLE ASSETS	
Area of focus Refer also to notes 1 and 8	How our audit addressed it
<p>In the prior year, the Group acquired HiPurA Pty Ltd and its High Purity Alumina processing technology currently under development. As a result of the transaction, an intangible asset of \$1,300,000 was recognised on the Group's Consolidated Statement of Financial Position which is being amortised over a 10-year period.</p> <p>There is a risk that the carrying amount of the intangible assets exceeds its recoverable value. As there is significant estimation and judgement involved, this has been deemed to be a key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> – Reviewing the amortisation charge applied to the intangible asset for consistency with accounting policies; – Enquiries with management on the ongoing progress of development of the pilot plant, together with an overall review comparing the market capitalization of the Group to its net assets as at 30 June 2023 and assessing whether there are indicators of impairment present; – Reviewing announcements and the track progress made to achieve listed milestones in the purchase agreement; and – Assessing the adequacy of the Group's disclosures in the financial report.
SHARE-BASED PAYMENTS	
Area of focus Refer also to notes 1, 13 and 26	How our audit addressed it
<p>The Group has incurred share-based payments expenses during the year as part of performance rights granted to employees during the year. The performance rights for key management personnel are split into 2 tranches which both have market conditions attached. The performance rights for non-key management personal are split into 2 tranches, 1 with market conditions attached and 1 with non-market conditions attached.</p> <p>The performance rights were valued using a Binominal model.</p> <p>The performance rights tranches with market conditions attached have vested immediately whilst the tranche without market conditions are vesting over the period in which management judges that the non-market condition will be achieved being 2 years.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> – Understanding the terms of the performance rights being issued including the number of performance rights issued, grant date, expiry date, exercise price and the presence of any market or non-market conditions; – For the specific application of the binomial model, we assessed the experience of the expert used to advise the value of the arrangements. We also assessed the reasonableness of the assumptions detailed in their report; – Agreeing the issue of shares upon the achievement of the Flow Sheet Design milestone during the year resulting in a decrease in the share-based payments reserve;

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SHARE-BASED PAYMENTS	
Area of focus Refer also to notes 1, 13 and 26	How our audit addressed it
<p>There is a risk that the Group may not have valued these performance rights appropriately and that the expense due to be recognised from these performance rights issued during the year is incorrect. As there is significant estimation and judgement involved, this has been deemed to be a key audit matter.</p>	<ul style="list-style-type: none"> – Recalculating the expense recognised during the year in line with the terms of the performance rights; and – Assessing the adequacy of the Group's disclosures in the financial report.
CAPITALISATION OF EXPLORATION AND EVALUATION COSTS	
Area of focus Refer also to notes 1 and 9	How our audit addressed it
<p>The Group has incurred exploration and evaluation costs for exploration projects in Australia of \$1,336,644 for the year ended 30 June 2023 and has elected to capitalise all these costs as a non-current asset in the Statement of Financial Position in accordance with the Group accounting policies.</p> <p>There is a risk that the Group may lose or relinquish its rights to explore and evaluate those areas of interest and therefore amounts capitalised to the Statement of Financial Position from the current and historical periods, be no longer recoverable. The assessment of the non-current assets for impairment requires significant judgement involved and as such, has been deemed to be a key audit matter.</p> <p>During the year no impairment charge was recognised in relation to exploration and evaluation.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> – Understanding and vouching the underlying contractual entitlement to explore and evaluate each area of interest; – Examining project spend per each area of interest and comparing this spend to the minimum expenditure requirements set out in the underlying exploration expenditure plan; – Examining project spend to each area of interest to ensure that it is directly attributable to that area of interest; – From an overall perspective, comparing the market capitalisation of the Group to the net carrying value of its assets on the Statement of Financial Position to identify any other additional indicators of impairment and – Assessing the adequacy of the Group's disclosures in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT



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

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2023.

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

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INDEPENDENT AUDITOR'S REPORT

WilliamBuck
ACCOUNTANTS & ADVISORS

Responsibilities

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



William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136



J. C. Luckins
Director
Melbourne, 27 September 2023

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ASX ADDITIONAL INFORMATION

The Company is listed on the Australian Securities Exchange.

The Shareholder information set out below was applicable as at 3 October 2023

Equity Securities Holders

Twenty Largest Equity Securities Holders

The Names of the twenty largest equity securities holders are listed below

CHEMX MATERIALS LIMITED		ORDINARY FULLY PAID (Total)	
Top Holders (Grouped) As Of 03/10/2023		Composition: ORD	
Rank	Name	Units	% Units
1	R J & A INVESTMENTS PTY LTD <MULLER MORVAN FAMILY A/C>	19,250,000	20.22
2	ARCHER MATERIALS LTD	11,571,119	12.16
3	MR STEPHEN STRUBEL	5,125,000	5.38
4	MR DAVID JOHN LEAVY	3,862,500	4.06
5	BRIO CAPITAL MASTER FUND LTD	2,716,152	2.85
6	3A CAPITAL ANSTALT	2,670,000	2.80
7	NEOMETALS INVESTMENTS PTY LTD	2,000,000	2.10
8	PANTHER TRADING PTY LTD <PANTHER A/C>	1,750,000	1.84
9	NICHOLAS JAMES WELHAM	1,450,000	1.52
10	BOTSIS HOLDINGS PTY LTD	1,387,500	1.46
11	MR NICHOLAS JAMES WELHAM + MS ERIKA BIBIANA ROSERO REYES <THE WELHAM ROSERO FAM A/C>	1,250,000	1.31
12	MS KRISTIE PETA YOUNG	1,145,000	1.20
13	MERCER STREET GLOBAL OPPORTUNITY FUND LLC	1,128,000	1.19
14	AMVEST CAPITAL PRINCIPAL STRATEGIES INC	1,000,000	1.05
14	MR CHRISTOPHER WILLIAM CHALWELL + MR IAN WAYNE WILSON <CHALWELL PENSION FUND A/C>	1,000,000	1.05
14	REPLAY HOLDINGS PTY LTD <SUNSET SUPER FUND A/C>	1,000,000	1.05
17	HSBC CUSTODY NOMINEES <(AUSTRALIA) LIMITED A/C>	923,731	0.97
18	VENTNOR SECURITIES PTY LTD	800,000	0.84
19	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	687,579	0.72
20	PETHOL (VIC) PTY LTD	625,000	0.66
Totals: Top 20 holders of ORDINARY FULLY PAID (Total)		61,341,581	64.44
Total Remaining Holders Balance		33,845,924	35.56

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ASX ADDITIONAL INFORMATION

CHEMX MATERIALS LIMITED		LISTED OPTIONS EXPIRING 11/07/2025 @ \$0.30 (Total)	
Top Holders (Grouped) As Of 03/10/2023		Composition : OPL	
Rank	Name	Units	% Units
1	R J & A INVESTMENTS PTY LTD <MULLER MORVAN FAMILY A/C>	4,812,500	21.21
2	ARCHER MATERIALS LTD	2,892,780	12.75
3	MR STEPHEN STRUBEL	1,250,000	5.51
4	FINCLEAR PTY LTD <SUPERHERO SECURITIES A/C>	968,312	4.27
5	MR MD AKRAM UDDIN	870,040	3.83
6	MR DAVID JOHN LEAVY	778,126	3.43
7	3A CAPITAL ANSTALT	667,500	2.94
8	HSBC CUSTODY NOMINEES <(AUSTRALIA) LIMITED A/C>	563,316	2.48
9	MADEIROS PTY LTD <VISSER SUPER FUND A/C>	548,980	2.42
10	NICHOLAS JAMES WELHAM	500,000	2.20
11	MERCER STREET GLOBAL OPPORTUNITY FUND LLC	475,000	2.09
12	MS KRISTIE PETA YOUNG	312,500	1.38
13	MR CHRISTOPHER RICHARD BRISCOE	300,000	1.32
14	MPL ENTERPRISES PTY LTD <MPL SUPERANNUATION FUND A/C>	250,000	1.10
14	MICHAEL EU SENG ILES	240,000	1.06
14	MR PATRICK JAMES BELL + DR FRANCESCA ANN BELL <FP BELL A/C>	237,500	1.05
17	MR ANUSH KARKI	234,310	1.03
18	TRANSFORM MANAGEMENT PTY LTD	222,500	0.98
19	MR DARREN JAMES MONK	212,692	0.94
20	MR MALCOLM JOHN STRACHAN	202,500	0.89
Totals: Top 20 holders of LISTED OPTIONS EXPIRING 11/07/2025 @ \$0.30 (Total)		16,538,556	72.88
Total Remaining Holders Balance		6,154,482	27.12

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ASX ADDITIONAL INFORMATION

Distribution of equity Securities

Analysis of number of listed equity security holders by size of holding.

The shareholder information set out below was applicable as at 3 October 2023.

Range of Units As Of 03/10/2023 – Fully Paid Ordinary Shares Composition : ORD

Range	Total holders	Units	% Units
1 - 1,000	17	3,163	0.00
1,001 - 5,000	167	558,602	0.59
5,001 - 10,000	212	1,867,617	1.96
10,001 - 100,000	330	11,999,203	12.61
100,001 Over	102	80,758,920	84.84
Rounding			0.00
Total	828	95,187,505	100.00

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum \$ 500.00 parcel at \$ 0.0850 per unit	5,883	205	0.00

CHEMX MATERIALS LIMITED LISTED OPTIONS EXPIRING 11/07/2025 @ \$0.30 (Total) Range of Units As Of 03/10/2023 Composition : OPL

Range	Total holders	Units	% Units
1 - 1,000	20	11,484	0.05
1,001 - 5,000	98	293,338	1.29
5,001 - 10,000	35	269,674	1.19
10,001 - 100,000	100	3,983,015	17.55
100,001 Over	31	18,135,527	79.92
Rounding			0.00
Total	284	22,693,038	100.00

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum \$ 500.00 parcel cannot be calculated due to no price			

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ASX ADDITIONAL INFORMATION

Distribution of equitable securities

Analysis of number of unlisted equity security holders by size of holding:

	Unlisted Options over Ordinary Shares		Unlisted Performance Rights over Ordinary Shares		Unlisted Convertible Notes	
	Number of Holders	% of Options Issued	Number of Holders	% of Performance Rights Issued	Number of Holders	% of Convertible Notes Issued
1 to 1,000	0	0	0	0	0	0
1,001 to 5,000	0	0	0	0	0	0
5,001 to 10,000	0	0	0	0	0	0
10,001 to 100,000	0	0	0	0	0	0
100,001 and over	5	100	5	100	1	100
Total Unlisted Securities	5	100	5	100	1	100

Unquoted equity securities

	Number on issue	Number of holders
CMXAD Fully Paid Ordinary Shares ASX Escrowed until 18/01/2024	40,110,618	15
Fully Paid Ordinary Shares ASX Escrowed until 01/09/2024	2,000,000	2
CMXAE Unlisted Options Expiring 18/01/2024 Escrowed until 18/01/2024	2,000,000	2
CMXAF Unlisted Options Expiring 01/11/2024 Escrowed until 01/11/2024	2,000,000	2
REVERSE HOLDINGS PTY LTD <REVERSE A/C>		
Unlisted Employee Options Expiring 09/08 2026	1,000,000	1
Unlisted Options Expiring 11/07/2025	1,500,000	1
CMXAG Unlisted Performance Rights	5,700,000	5
Convertible Note		1

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ASX ADDITIONAL INFORMATION

The following persons hold 20% or more of unquoted equity securities:

Name	Class	Number held
R J & A INVESTMENTS PTY LTD <MULLER MORVAN FAMILY A/C>	Ordinary Fully Paid Shares ASX Escrowed until 18/01/2024	16,560,000
ARCHER MATERIALS LTD	Ordinary Fully Paid Shares ASX Escrowed until 18/01/2024	11,571,119
MR NICHOLAS JAMES WELHAM + MS ERICA BIBIANA ROSERO REYES <THE WELHAM ROSERO FAM A/C>	Ordinary Fully Paid Shares ASX Escrowed until 01/09/2024	1,250,000
MR DAVID JOHN LEAVY	Ordinary Fully Paid Shares ASX Escrowed until 01/09/2024	750,000
MR WARRICK HAZELDINE	Unlisted Options Expiring 01/11/2024 Escrowed until 18/01/2024	1,000,000
MS KRISTIE PETA YOUNG	Unlisted Options Expiring 01/11/2024 Escrowed until 18/01/2024	1,000,000
CHEN DM PTY LTD	Unlisted Options Expiring 18/01/2024 Escrowed until 18/01/2024	1,000,000
VENTNOR SECURITIES PTY LTD	Unlisted Options Expiring 18/01/2024 Escrowed until 18/01/2024	1,000,000
AMVEST CAPITAL PRINCIPAL STRATEGIES LLC	Unlisted Options Expiring 11/07/2025	1,500,000
REVERSE HOLDINGS PTY LTD <REVERSE A/C>	Unlisted Employee Options Expiring 09/08 2026	1,500,000
REVERSE HOLDINGS PTY LTD <REVERSE A/C>	PERFORMANCE RIGHTS	1,000,000
NORTHPOINT AUSTRALIA PTY LTD <WN & D HAZELDINE FAMILY A/C>	PERFORMANCE RIGHTS	1,500,000
MR ALWYN PETRUS VORSTER <VORSTER FAMILY A/C>	PERFORMANCE RIGHTS	1,500,000
MS TARA BROOKE BERRIE	PERFORMANCE RIGHTS	1,500,000

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ASX ADDITIONAL INFORMATION

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
ChemX Materials Ltd*	40,110,618	43.04
RJ & A Investments Pty Ltd	19,250,000	20.22
Archer Materials Limited	11,571,119	12.16
Mr Stephen Strubel and Associates Entities	5,125,000	5.38

*Relevant interest arising from a restriction on disposal of shares due to ASX imposed escrow, as notified to ASX on 18 January 2022.

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

On market buy back

There was no on market buy back in operation.

There are no other classes of equity securities.

IPO Confirmation

The Company confirms that it has used its cash and assets in a form readily convertible to cash that it had at the time of ASX admission in a way that is consistent with its business objectives. As outlined in its IPO Documents.

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CHEMX
MATERIALS

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