





# Vertically integrated graphite business positioned to support the global transition to clean energy and E-mobility.



EcoGraf Limited (ASX: EGR) is focused on becoming a major supplier of responsibly produced battery active anode materials for the rapidly expanding battery storage and electrical vehicle manufacturing.

It holds 100% interests in a combination of attractive businesses that are poised for development, highly profitable and scalable.

Once established, EcoGraf will operate a diversified material portfolio, supplying high quality natural flake graphite products through TanzGraphite to established markets in Asia and Europe, together with EcoGraf,

a multi-hub development commencing in Kwinana, Western Australia that will provide a global new supply of environmentally responsible battery graphite for lithium-ion batteries.

The effective application of the EcoGraf™ process for recycling of production waste and end-of-life battery material significantly improves the EcoGraf™ value proposition for customers, especially in Europe, where EU directive 2006/66/EC requires battery manufacturers to finance the cost of recycling a minimum of 50% of battery materials.



#### **CONTENTS**

Chairman's letter	02
Review of operations	05
Directors' report	16
Auditor's independence declaration	28
Financial statements	29
Directors' declaration	65
Independent auditor's report	66
Shareholder information	71
Corporate directory	77





#### **CHAIRMAN'S LETTER**

The importance of batteries in our global future has never been more apparent. In attacking air pollution with electric vehicles, in improving efficiency in grid power delivery, in the pivotal transitioning from fossil fuels to renewable energy, batteries and energy storage technology has become fundamental to a clean energy future.

As a result, and with weighty public sector intervention and climate change action globally, there is huge investment being made in battery development and manufacturing. This is no more evident than in the massive and rapid investment in lithium-ion battery manufacturing, with 115 mega factories currently in the pipeline. Along with this has been a diversification of battery cell manufacturing from China and the Asia Pacific to Europe and America to support locally the manufacturing of electric vehicles.

It is no wonder that there is a market fixation on the supply of battery minerals. To date this has been mainly focused on the cathode minerals. The lithium, nickel, copper, manganese and cobalt which make up the cathode in a lithium-ion battery. But more attention is now shifting to the anode and the supply of the high purity spherical graphite that is used in its manufacture. Indeed, this represents almost half of the total minerals in a lithium-ion battery, with demand growing exponentially. Currently all global supply of this battery graphite is produced in China using a very toxic purification process.

EcoGraf has spent many years and many millions of dollars in developing its own eco-friendly process to produce this critical, high purity graphite product. In research and development, in process design, piloting, feasibility studies, product testing and endorsement by customers and more recently in engineering and design for a processing facility to be built in Western Australia for export of spherical graphite to customers in Europe, America and the Asia Pacific.

This facility is expected to be the first built outside of China and will cater to the strong demand by anode manufacturers outside of China seeking a price competitive, reliable long term supply of eco-friendly battery graphite as an alternative to Chinese supply. Reliability and diversification of supply are important to these manufacturers, particularly following the recent global events and supply disruptions. But of particular importance is the product's green and sustainable credentials.

Electric vehicle manufacturers don't just sell motor cars, they sell a clean and sustainable future. So, it should not be surprising that the sustainability of the supply chain would have such importance, particularly to those selling cars in major American, European and related markets. These manufacturers are not only looking for reliable and resilient supply but are also under pressure to ensure that materials and components throughout the entire supply chain are sustainably and ethically produced.

All these factors bode well for EcoGraf as we gear up to manufacture our green, battery graphite in Western Australia. There may be no better time to be entering the battery supply chain.

The manufacturing facility will be located in the Kwinana Industrial Area in Perth, Western Australia and is initially designed to produce 20,000 tonnes per annum representing 10-12% of the battery graphite market and with capacity to expand production as demand increases. The project will be built in two stages and on completion is currently estimated to generate a healthy EDITDA of US\$35 million per annum.

Work by the EcoGraf team during the year has had the single objective of getting this project ready for development and achieving key milestones for a final investment decision. This has included; optimisation of the project design, selection of preferred graphite feedstock and a supply agreement, support from the Western Australian Government and Premier with land allocated in the Kwinana Industrial Area, debt financing support secured from Export Finance Australia, arrangement of offtake with German technology group thyssenkrupp AG and negotiations on an EPC construction agreement. All this has been the backdrop and prerequisites for project financing on which our team is now fully focused.





Another key element of a clean energy future is effective recycling. What happens to all these batteries when they wear out and what happens to all the scrap material generated in their manufacturing? This has now become a major issue for those pursuing climate action and those in the battery and electric vehicle industries. While considerable effort is being applied by others to recover cathode metals using hydrometallurgy, EcoGraf has been applying its proprietary graphite purification technology to recycling of anode material and anode production scrap.

Working with customers, EcoGraf has been able to demonstrate excellent recoveries of high purity anode material from both anode production scrap and black mass. Black mass is the remnant graphite material remaining after hydrometallurgical processing of end of life batteries. The ability to recover and recycle this material as a high purity product not only provides another potent application for the EcoGraf purification process but also supports electric vehicle and battery manufacturers to achieve sustainable closed-loop manufacturing.

This recycling success has generated significant interest from leading electric vehicle manufacturers, battery manufacturers and recyclers and with the battery recycling market expected to reach US\$18 billion over the next decade, this will be a major component of our business development during the coming year.

EcoGraf has always aspired to develop an integrated graphite business. Our Epanko mining project in Tanzania is fundamental to this plan. This project is also development ready. It is a highly profitable, long life and sustainable project that will produce high quality flake graphite, while making a significant contribution to the regional Tanzanian economy. The project has already completed bankable feasibility, stringent bank due diligence and compliance with Equator Principles for environmental and social standards.

This year a US\$60 million debt financing proposal, developed in conjunction with KfW IPEX-Bank and designed to simplify and fast track funding, was presented to the Government of Tanzania. This proposal is live with discussions focused on the structuring of the funding to conform with Tanzanian legislative requirements.

The work effort at EcoGraf has not slackened and the board and the team are fully focused on seizing the battery market opportunities before us, becoming a significant player in the battery supply chain as a sustainable graphite product producer and delivering sustained value to you, our shareholders.

Finally, I would like to thank my fellow directors and the EcoGraf team for their efforts, support and positive response to the COVID-19 pandemic challenges experienced during the year. I also wish to thank our shareholders, for your enduring support.

Robert Pett Chairman





# ENGINEERING CLEAN ENERGY

The Kwinana facility will be the first of its kind to be constructed outside of China and will provide a new supply of high quality and cost competitive purified spherical graphite for the lithium-ion battery market.







#### **REVIEW OF OPERATIONS**

#### **BATTERY GRAPHITE MANUFACTURING PROJECT (EGR: 100%)**

The first new state-of-the-art EcoGraf<sup>™</sup> processing facility in Western Australia will manufacture battery graphite products for export to Asia, Europe and North America using a superior, environmentally responsible purification technology to provide customers with sustainably produced, high performance battery anode graphite.

The battery graphite production base is planned to be expanded to include additional processing facilities in Europe and North America to support the global transition to clean, renewable energy in the coming decade.

The Company made significant progress during the year to achieve key milestones for the development of the new 20,000tpa battery graphite facility at Kwinana, in Western Australia.

In February 2020, EcoGraf announced Export Finance Australia, a corporate entity under the Federal Department of Foreign Affairs and Trade, had provided in-principle debt funding support for the development of EcoGraf's proposed Kwinana battery graphite purification plant. Export Finance Australia is continuing to undertake commercial and technical due diligence on the project before making a funding decision.





Commercial terms for the EPC agreement and pre-development activities were advanced with GR Engineering for the construction, operation and maintenance of the Kwinana facility. Preparation of final contract documentation is underway.

Pre-development activities for the project progressed to schedule and the Company has executed an option agreement with the Western Australian Land Authority (DevelopmentWA) over a 6.7ha site in the highly soughtafter Kwinana Industrial Area, located 40km's south of Perth. The Company's decision to locate its first EcoGraf™ facility in Kwinana was based on the strong European customer support, including EV manufacturers seeking responsibly produced, diversified battery graphite supply and the positive Government support for its development.

The Company has received letters of support from customers and signed a product sales agreement with thyssenkrupp Materials Trading GmbH, a subsidiary of major German technology group thyssenkrupp AG, for the sale of battery graphite products.

Securing the site provides location certainty, as due diligence processes continue in relation to in-principle debt funding support received by Export Finance Australia.

A Memorandum of Understanding was entered into with German trading group Technografit GmbH for the supply of natural flake graphite feedstock for the proposed facility in Western Australia.

EcoGraf is also working with Water Corporation WA to access partly treated water from the adjacent wastewater treatment plant as process water, as an alternative to utilising the available mains water supply. The water pipeline passes along an easement on the northern side of the site which allows construction of a dedicated line to the EcoGraf™ facility. The initiative of recycling of water from the treatment plant supports the Company's strong sustainability strategy and provides potential recycling and cost benefits.







# EcoGraf has signed a battery graphite sales agreement with major German technology group thyssenkrupp.



European gigafactory production



#### REVIEW OF OPERATIONS

Independent testwork results from the purification process flow sheet program confirmed the effectiveness and eco-friendly nature of the EcoGraf™ proprietary purification process, with no adverse emissions recorded for gaseous, aqueous or solid residues. Results of this testwork provided GR Engineering with the information required to finalise the detailed design of the process flow sheet and equipment design data. Studies are ongoing to finalise the mass balance, process flows and quantification of wastewater volumes.

Other pre-development technical programs were undertaken to progress the Kwinana development including:

- · Equipment testing campaigns by suppliers; and
- Feedstock optimisation benchmarking to determine the preferred feedstocks and finalise purchase agreements.

 Battery electrochemical testwork for preferred feedstocks was carried out at a leading German Research Institute and was undertaken to evaluate the relationship between electrochemical performance and individual graphite sources. The results increased product intelligence and confirmed that feed source perform differently, with some performing better than others.

Further opportunities for commercial advantage and funding support include:

 The positive response from customers to an extensive 18 month qualification process, where EcoGraf's product samples of by-product fines utilising the EcoGraf™ process were evaluated by European customers, provides the basis for entering sales arrangements for the value-added high purity fines and an additional commercial advantage for the Kwinana Facility.



Testwork confirmed the effectiveness and eco-friendly nature of the EcoGraf<sup>™</sup> proprietary purification process.





• In the production of battery (spherical) graphite for the lithium-ion battery market up to 50% of the initial graphite feedstock reports as fines. The ability to further process this low value by-product and sell as a high value product adds significant further value to the processing economics for production of battery (spherical) graphite using the EcoGraf™ proprietary non-hydroflouric purification process.

Market opportunities for this high purity fine graphite product are also being pursued in Australia.

Agreement with the Future Battery Industries
 Cooperative Research Centre ("FBI CRC"). The
 \$135 million FBI CRC, based at Curtin University in
 Perth, aims to position Australia as a global leader in
 the environmentally, ethically and socially responsible
 manufacture, deployment, recycling and supply of
 batteries and battery materials. EcoGraf is one of
 the FBI CRC industry partners, helping to provide
 the technology and resources needed to identify
 opportunities for greater efficiency in battery mineral
 extraction and processing.

EcoGraf's proposed manufacturing development is consistent with FBI CRC goals, which aim to expand battery minerals and chemicals production and develop opportunities for manufacturing batteries in Australia.

The Kwinana facility will be the first of its kind to be constructed outside of China and will provide a new supply of high quality and cost competitive purified spherical graphite for the lithium-ion battery market.

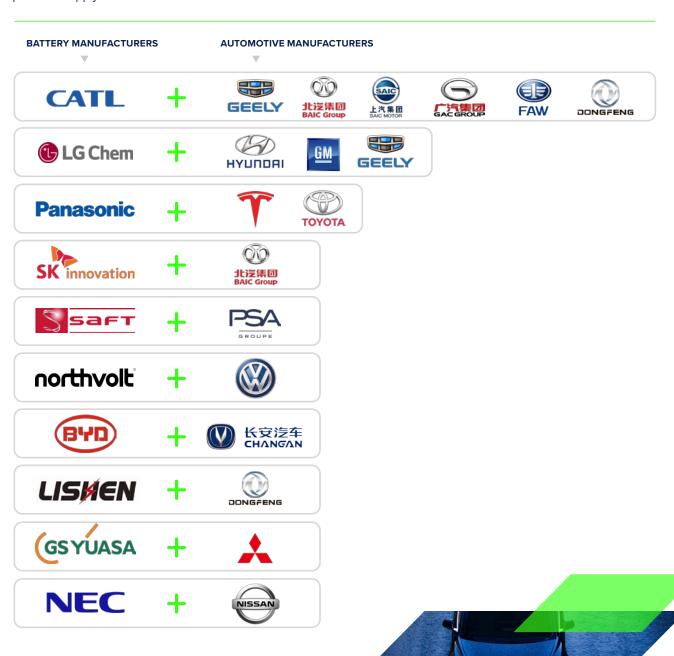
EcoGraf's proposed manufacturing development is consistent with FBI CRC goals.



#### **REVIEW OF OPERATIONS**

#### **BATTERY MANUFACTURERS AND EV - JOINT VENTURES**

Over the past year alliances between lithium-ion battery manufacturers and electric vehicle automotive manufacturers have become apparent. Below are the confirmed joint ventures and potential targets for EcoGraf in the lithium-ion battery products supply chain.



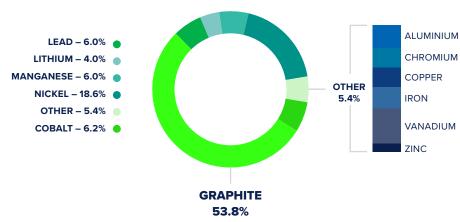
Source: After Zenn (Europe)



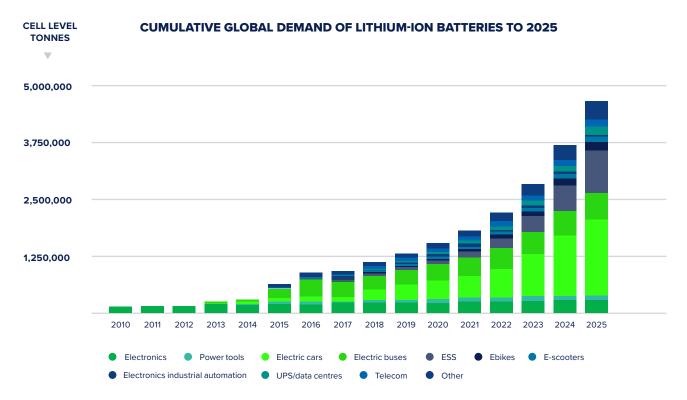


The World Bank released a report earlier this year titled 'Minerals for climate change'. The report outlines the future share of mineral demand for battery manufacturing. Graphite, used for the anode, accounts for nearly 53.8 percent of mineral demand.

#### SHARE OF MINERAL DEMAND FROM ENERGY STORAGE



Source: World Bank Minerals for Climate Change



Source: H. Melin, Circular Energy Storage, Global Battery Alliance, 2019



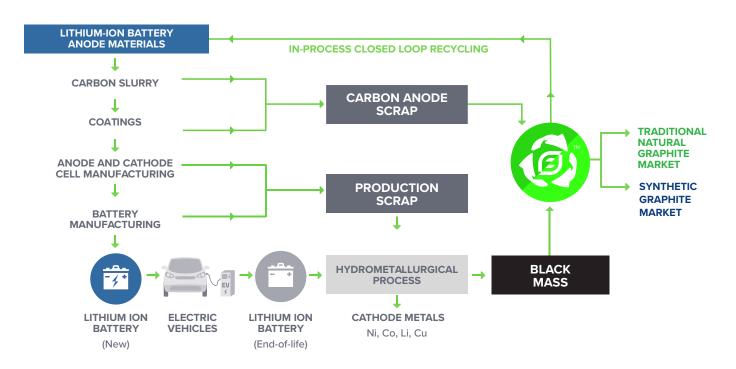
#### REVIEW OF OPERATIONS

#### LITHIUM-ION BATTERY RECYCLING

Significant interest has been received from third parties since the Company reported that it has successfully trialled its EcoGraf™ proprietary graphite purification technology to recycle lithium-ion battery anode material in Germany.

During the year, recycling programs commenced with a range of battery industry participants operating in Australia, Asia and Europe. The testwork programs are focused on recycling of lithium-ion battery production scrap and end-of-life lithium-ion batteries after hydrometallurgical processes have recovered cathode metals (Ni, Co, Li, Cu).

Recycling provides an opportunity to support electric vehicle and battery manufacturers achieve sustainable, closed-loop manufacturing processes as part of the global effort to develop a circular economy through zero-waste batteries to address the growing environmental costs from end-of-life batteries and to improve battery manufacturing efficiencies.



EcoGraf's recycling strategy for re-use of recovered anode material from Production Scrap and Black Mass materials.





The Company has lodged a new patent application with IP Australia (an agency of the Department of Industry, Innovation and Science) over the Company's EcoGraf™ proprietary purification process, to include the recovery of high purity graphite from recycled lithium-ion battery material and to incorporate improvements to optimise the battery graphite purification process flowsheet.

Government and industry are actively working to establish effective recycling processes to improve waste recovery, with Bloomberg forecasting the battery recycling market to reach US\$18 billion over the next decade.



EcoGraf's closed-loop recycling for a circular economy



#### **REVIEW OF OPERATIONS**

#### **EPANKO GRAPHITE MINING PROJECT (EGR: 100%)**

The Epanko Graphite Project ("Epanko" or the "Project") is a long life, highly profitable graphite project located approximately 370km from the city of Dar es Salaam in Tanzania. It is forecast to produce 60,000 tonnes of natural flake graphite products each year and during its initial 18 years of operation Epanko will generate annual EBITDA¹ of US\$44.5 million, a 38.9% internal rate of return and pre-tax net present value of US\$211 million.

#### Key milestones achieved to date include:

- Bankable Feasibility Study ("BFS") completed by GR Engineering
- Bank appointed Independent Engineer's Review completed by SRK Consulting (UK), confirming that the BFS adequately addresses all technical aspects of the proposed development and that the social and environmental planning aspects satisfy IFC Performance Standards and World Bank Group Environmental, Health and Safety Guidelines
- Offtake commitments for the planned production secured in Asia (Sojitz Corporation) and Europe (thyssenkrupp and European Trader)
- Resettlement Action Plan approved by the Tanzanian Government
- Granted Mining Licence
- Letter of Intent with GR Engineering for early works program and EPC construction contract.

The remaining milestone is to finalise debt and equity funding arrangements to enable construction to proceed.

During the year, the Company continued to progress the senior debt financing of the new Epanko graphite mine with KfW IPEX-Bank and a second financial institution.

# Fast-tracking the debt financing process.

Note 1 - Earnings Before Interest, Tax, Depreciation and Amortisation

Meetings were held with relevant Government Ministries in Tanzania to discuss the US\$60 million financing proposal made to the Government for the construction of the Project.

The proposal was developed in conjunction with KfW IPEX-Bank with the aim of simplifying and fast-tracking the entire debt financing process in Tanzania.

The financing proposal accommodates the Government's requirements under the new mineral sector legislation and provides an opportunity for Tanzania to develop a world class graphite mine in the Ulanga District, Morogoro Region that will operate under globally leading Equator Principles for social and environmental planning, including International Finance Corporation Performance Standards and World Bank Group Environmental, Health and Safety Guidelines.

Subject to the agreement of the Government of Tanzania, the Company and KfW IPEX-Bank are ready to proceed to prepare formal loan documentation that will enable the proposed financing arrangements to be implemented.

The on-going support the Company has received from KfW IPEX-Bank and offtake customers in Germany and Asia, has been critical to this process and EcoGraf remains committed to establishing Epanko as a new supplier of responsibly produced, high-quality natural flake graphite products.







#### TANZANIAN ECONOMIC AND SOCIAL DEVELOPMENT

Epanko is forecast to make a significant positive impact on the Tanzanian economy, with key benefits that include:

- Over US\$3 billion in direct financial contributions over the first 40 years of operation through procurement, employment, royalties, taxes, interest income, dividends and inspection fees;
- Direct employment of approximately 300 Tanzanians (over 95% of all staff), creating an estimated 4,500 indirect jobs through the supply of local goods and services; and
- Construction of new community housing, school facilities, Church and medical dispensary, together with the provision of social supports such as health insurance and training programs to build lasting local partnerships.

Epanko is unique in its Equator Principles development model. The Project has been designed to meet the strictest standards for social and environmental sustainability and to be fully compliant with IFC Performance Standards and the Equator Principles. These high standards of sustainability provide assurance to financiers and customers that Epanko products will be responsibly produced for the benefit of all stakeholders. The importance of sustainable development is reflected in the increasing emphasis globally on transparent supply chains and ethically sourced minerals.

\$3B

Financial contributions

40 years

Financial support

300

Direct employment

4,500

Indirect employment

#### Defined, de-risked and ready for construction.

#### ECOGRAF BATTERY GRAPHITE MANUFACTURING PROJECT - KWINANA, WA

- 20,000tpa Battery (Spherical Graphite)
- ✓ US\$35m Annual EBITDA
- ✓ 37% Internal Rate of Return
- ✓ US\$141m Pretax NPV<sub>10</sub>

#### TANZGRAPHITE EPANKO GRAPHITE MINING PROJECT

- 60,000tpa Natural Flake Graphite
- ✓ US\$44.5m Annual EBITDA
- ✓ 38.9% Internal Rate of Return
- ✓ US\$211m Pretax NPV<sub>10</sub>

#### **DIRECTORS' REPORT**

#### **BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT**

#### Robert Pett

Independent Non-Executive Director and Chairman

Robert Pett is a minerals economist with over 30 years' experience working in exploration and mining. During this time, he has worked internationally in the resources sector at senior levels both in Australia and Africa. He has been involved with listed companies at all levels, from grass-roots exploration through to mine development, production and financing of more than ten mining projects globally including East and West Africa and the construction of the Golden Pride Gold Mine in Tanzania.

He was founding Chairman of Resolute Mining Limited (gold mines and exploration Africa and Australia), Sapphire Mines Limited (gemstone mining and exploration), Reliance Mining Limited (nickel mining Kambalda), Senex Energy Limited (petroleum production and exploration) and director of several other mining and exploration companies operating in Africa, Asia and Australia in gold, base metals, petroleum and uranium.

Robert has also had an active involvement in education and community activities including over 10 years' service to Murdoch University Western Australia as Senator and Chairman of their Resources (Finance) Committee.

#### **Andrew Spinks**

**Managing Director** 

Andrew Spinks is a geologist with over 25 years' professional experience in Australia, Asia and Africa on a range of commodities including speciality and industrial minerals.

Andrew has worked in a range of diverse roles across exploration through to successful project developments, and has held a number of board positions on both ASX and TSX.V listed companies.

Andrew was co-founder of TanzGraphite Pty Ltd and has been Managing Director of EcoGraf since its acquisition.

#### John Conidi

Independent Non-Executive Director

John Conidi is a Certified Practicing Accountant. He has over 20 years' experience developing, acquiring and managing businesses in the technology and healthcare sectors. In his roles as Managing Director of Capitol Health Limited, Mr Conidi's role drove its sustained expansion, increasing its market capitalisation.

John has extensive interests in the graphite sector. He is an experienced investor specialising in technology and resources and is the Chairman of 333D Limited that with EcoGraf, jointly owns 3D Graphtech Industries Pty Ltd.

#### **Howard Rae**

Chief Financial Officer and Company Secretary

Howard Rae is a Chartered Accountant with over 20 years' experience in acquiring, developing, financing and operating a range of businesses in Australia, Canada, Asia, Africa and Europe.

His career includes Chief Financial Officer roles with a number of successful ASX listed companies active internationally in the precious and base metals, steel-making materials and industrial minerals sectors, together with Directorships of several unlisted and not-for-profit organisations.

During this time, he's been responsible for new business development, joint ventures, structuring and negotiating corporate, project and infrastructure funding transactions, sales and marketing, risk management and implementing business improvement programs.



The directors' of EcoGraf Limited ("EcoGraf" or "the Company") and its controlled entities (collectively, the "consolidated entity") present their report (including the remuneration report) together with the financial statements of the Company for the year ended 30 June 2020.

#### **BOARD OF DIRECTORS**

The qualifications of the directors are set out on page 16.

#### **DIRECTORS' INTERESTS AND OTHER DIRECTORSHIPS**

As at the date of this report, the interests (directly or indirectly held) of the directors in the shares and options of the Company are:

Director	Term of office	Interest in ordinary shares <sup>1</sup>	Interest in options over ordinary shares	Australian listed company directorships	Former directorships (last 3 years):
Independe	nt Non-Executive Direc	tor & Chairman			
Robert Pett	Director since 9 November 2015  Chairman since 9 November 2015	3,984,615	-	None	None
Executive [	Director				
Andrew Spinks	Director since 20 July 2012 Managing Director since 22 April 2015	13,673,822	-	None	Kingsrose Mining Limited (resigned 16 August 2017)
Independe	nt Non-Executive Direc	tor			
John Conidi	Director since 4 May 2015	5,269,402	-	333D Limited (appointed 25 March 2015)	None

<sup>1</sup> Securities interest in EcoGraf – as notified by the directors to the Australian Securities Exchange ("ASX") in accordance with s.205G(1) of the Corporations Act 2001.

#### **DIRECTORS' MEETINGS**

During the financial year, five meetings of directors were held and attendances by each director were as follows:

	Directors' meetings in person and by resolution			
Director	Number eligible to attend	Number attended		
Robert Pett	5	5		
Andrew Spinks	5	5		
<b>Grant Pierce</b>	4	4		
John Conidi	5	5		
Christoph Frey	3	3		

#### **DIRECTORS' REPORT**

#### **OPERATING AND FINANCIAL REVIEW**

The information reported in this operating and financial review should be read in conjunction with the review of operations on pages 5 to 15.

#### **PRINCIPAL ACTIVITIES**

EcoGraf is building a vertically integrated business to produce high purity graphite for the lithium-ion battery market.

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

To complement the battery graphite operations, EcoGraf is also developing the TanzGraphite natural flake graphite business, commencing with the Epanko Graphite Project, which will supply additional feedstock for the spherical graphite processing facilities and provide customers with a long term supply of high quality graphite products for industrial applications such as refractories, recarburisers and lubricants.

#### **OPERATING RESULTS**

The loss after income tax incurred by the consolidated entity for the year ended 30 June 2020 was \$2,769,000 (2019: loss \$3,340,000).

#### **DIVIDENDS**

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

#### **CORPORATE STRUCTURE**

EcoGraf Limited is a public company incorporated and domiciled in Australia, limited by shares. At the date of this report, the Company had 363,986,768 ordinary shares on issue.

#### **DISCLOSURE NOTICES**

#### **Forward looking statements**

This report may contain references to forecasts, estimates, assumptions and other forward-looking statements. Although the Company believes that its expectations, estimates and forecast outcomes are based on reasonable assumptions, it can give no assurance that they will be achieved. They may be affected by a variety of variables and changes in underlying assumptions that are subject to risk factors associated with the nature of the business, which could cause actual results to differ materially from those expressed in this report. Investors should rely upon their own enquiries before deciding to acquire or deal in the Company's securities.

#### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Significant changes in the state of affairs of the consolidated entity during the year (if any) are contained in the operating and financial review section of this report.



#### SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances have arisen since 30 June 2020 that have significantly affected or may significantly affect:

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

#### **FUTURE DEVELOPMENTS. PROSPECTS AND BUSINESS STRATEGIES**

Likely future developments in the activities of the Company are referred to in the review of operations section of this report.

#### **ENVIRONMENTAL ISSUES**

The Company's operations are subject to environmental regulation under the laws of the Commonwealth of Australia and Republic of Tanzania. The directors believe that the Company has adequate systems in place for environmental management and are not aware of any breach of environmental requirements as they apply to the Company.

#### 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 purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

#### **COVID-19 PANDEMIC**

In recognition of the impact on shareholders of the COVID-19 containment measures globally, the Company has implemented a number of actions to preserve shareholder funds, under which the directors agreed to waive their fees and executives reduced their salaries by up to 50% for the 3 months ended 30 June 2020 and thereafter both directors and executives agreed to reduce their fees and salaries by 20% for the 6 months to 31 December 2020.

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

#### **EMPLOYEES**

In addition to the directors, the Company has one employee as at the date of this report.

#### **COMPANY SECRETARY**

Howard Rae is the company secretary, having been appointed on 18 July 2017. Howard's qualifications are set out on page 16.

#### **DIRECTORS' REPORT**

#### **INDEMNIFYING DIRECTORS AND OFFICERS**

The Company has entered into an agreement to indemnify all directors and officers against any liability arising from a claim brought by a third party against the Company. The Company has paid premiums to insure each director and officer against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director and officer of the Company, other than as a result of conduct involving a willful breach of duty in relation to the Company.

#### **INDEMNIFICATION OF AUDITORS**

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement, against claims by third parties arising from the audit (for an unspecified amount). No payments have been made to indemnify Ernst & Young to the date of this report.

#### **NON-AUDIT SERVICES**

The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors ensure that:

- non-audit services are reviewed and approved to ensure that the provision of such services does not adversely
  affect the integrity and objectivity of the auditor; and
- audit services do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The total remuneration for audit and non-audit services provided during the prior and current financial years is set out in note 17 of the consolidated financial statements.

#### **AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001*, is set-out on page 28 of this report.

#### **EXTENSION OF LEAD AUDIT PARTNER**

On 24 June 2018, the Board granted approval pursuant to section 324DAC of the *Corporations Act 2001* ("the Act"), for Mr. Gavin Buckingham of Ernst & Young to play a significant role in the audit of the Company for an additional two financial years ending 30 June 2020.

The Board considered the matters set out in section 324DAB(3) of the Act and is satisfied that the approval:

- i) is consistent with maintaining the quality of the audit provided to the Company; and
- ii) would not give rise to a conflict of interest situation.

Reasons supporting this decision include:

- the benefits associated with the continued retention of knowledge regarding key audit matters
- · the Board being satisfied with the quality of Ernst & Young and Mr. Buckingham's work as auditor; and
- the Company's on-going governance processes to ensure the independence of the auditor is maintained.



#### **ROUNDING**

The amounts contained in this report and in the consolidated financial statements have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the legislative instrument applies.

#### **CORPORATE GOVERNANCE**

The directors of EcoGraf are responsible for the corporate governance of the Company and have applied ASX Corporate Governance Principles in a manner that is appropriate to the Company's circumstances.

The Company's corporate governance statement is available on the Company's website at www.ecograf.com.au.

#### **REMUNERATION REPORT (AUDITED)**

#### 1. INTRODUCTION

The following sections provide details of the remuneration paid to key management personnel by the Company and its controlled entities for the year ended 30 June 2020. It forms part of the directors' report and has been audited in accordance with section 308C of the *Corporations Act 2001*.

Key management personnel are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the consolidated entity and include:

- · non-executive directors; and
- executive directors and senior executives (collectively "executives").

Key management personnel	Position	Tenure during the year	
Non-executive directors			
Robert Pett	Non-Executive Chair	Full financial year	
John Conidi	Non-Executive Director	Full financial year	
Christoph Frey	Non-Executive Director	1 July 2019 - 14 April 2020	
<b>Executive directors</b>			
Andrew Spinks	Managing Director	Full financial year	
Grant Pierce	Executive Director – Projects	1 July 2019 - 12 June 2020	
Senior executives			
Howard Rae	Chief Financial Officer & Company Secretary	Full financial year	

#### **DIRECTORS' REPORT**

#### 2. EXECUTIVE REMUNERATION

The remuneration structure has been designed to promote alignment between the objectives and interests of shareholders, directors and executives. Accordingly, as the Company's key assets have not yet reached the operational phase, a greater emphasis is placed on rewarding long-term performance through the award of equity in the Company that preserves cash resources and is directly linked to the creation of shareholder value.

#### 2.1 Principles of executive remuneration

Key principles that guide decisions about executive remuneration are:

- Fairness: provide a fair level of reward to all employees
- Transparency: establish transparent links between reward and performance
- · Alignment: promote mutually beneficial outcomes by aligning employee, customer and shareholder interests; and
- Culture: drive leadership performance and behaviours that promote safety, diversity and employee engagement.

#### 2.2 Executive remuneration framework

A combination of fixed and variable reward is provided to executives, based on their responsibility within the Company in relation to the achievement of its strategic objectives and capacity to contribute to the generation of long-term shareholder value.

The components of executive remuneration currently consist of:

- a base cash salary
- · statutory superannuation contributions; and
- · non-cash share-based payments.

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

#### 2.3 Financial performance

The table below sets out information about the Company's results and movements in shareholder value for the past five years up to and including the current financial year. The historic numbers have not been assessed and adjusted for the impact of the new accounting standards.

	30 June 2020	30 June 2019	30 June 2018	30 June 2017	30 June 2016
Net loss after tax (\$'000)	(2,769)	(3,340)	(3,764)	(4,099)	(4,268)
Share price at end of year (\$)	0.07	0.12	0.14	0.18	0.26
Basic loss per share (cents)	(0.91)	(1.19)	(1.50)	(1.86)	(2.46)



#### 2.4 Remuneration decision making

Due to the current size of the Company, it is more efficient and effective for the functions otherwise undertaken by a remuneration committee to be performed by the Board. All directors are therefore responsible for determining and reviewing compensation arrangements for key management personnel, including periodically assessing the appropriateness of the nature and amount of remuneration by reference to relevant market conditions and prevailing practices.

From time to time the directors seek independent external advice on the appropriateness of the remuneration framework and remuneration arrangements for key management personnel.

#### 2.5 Use of remuneration advisors

During the year ended 30 June 2020, the Board did not engage the services of remuneration advisors.

#### 2.6 Employee share and option plan

Under the Employee share and option plans, shares and options are issued at the discretion of the Board. No shares or options were issue during the year ended 30 June 2020. (2019: Nil).

#### 2.7 Executive employment agreements

The remuneration and other conditions of employment of executives are formalised in employment contracts, a summary of which is set out below.

Mr. Andrew Spinks, Managing Director, has an employment contract with the Company that specifies duties and obligations to be fulfilled and provides for an annual review of remuneration. Mr. Spinks receives fixed remuneration of \$355,875 per annum inclusive of statutory superannuation and did not receive an increase in fixed remuneration during the reporting period. In recognition of the impact of the on-going COVID-19 containment measures, the directors and management implemented a number of actions to preserve shareholder funds, whilst maintaining the positive business progress. Mr. Spinks voluntarily reduced his salary by 50% during the June quarter and will voluntarily reduce his salary by 20% for the remainder of 2020.

Mr. Grant Pierce, Executive Director - Projects, has an employment contract with the Company that specifies duties and obligations to be fulfilled and provides for an annual review of his remuneration. Mr. Pierce was based in Tanzania and until he ceased as a director and employee on 12 June 2020, he received fixed remuneration of \$134,400 plus US\$50,000 (net of tax) per annum, a maintained vehicle and furnished accommodation in Dar es Salaam. In recognition of the impact of the on-going COVID-19 containment measures, the directors and management implemented a number of actions to preserve shareholder funds, whilst maintaining the positive business progress. Mr. Pierce voluntarily reduced his salary by 50% during the June quarter.

Mr. Howard Rae, Chief Financial Officer and Company Secretary, has an employment contract with the Company that specifies duties and obligations to be fulfilled and provides for an annual review of remuneration. Mr. Rae receives fixed remuneration of \$355,875 per annum, inclusive of statutory superannuation and did not receive an increase in fixed remuneration during the reporting period. In recognition of the impact of the on-going COVID-19 containment measures, the directors and management implemented a number of actions to preserve shareholder funds, whilst maintaining the positive business progress. Mr. Rae voluntarily reduced his salary by 30% during the June quarter and will voluntarily reduce his salary by 20% for the remainder of 2020.

#### **DIRECTORS' REPORT**

#### 2. EXECUTIVE REMUNERATION (CONTINUED)

#### **Termination provisions**

Executive termination notice periods and payment provisions are as follows:

	Resignation	Termination for cause	Termination in case of death, disablement, redundancy or notice without cause	Termination payment
<b>Andrew Spinks</b>	6 months	None	1 month	3 months
Howard Rae	3 months	1 month	3 months	3 months

#### 3. NON-EXECUTIVE DIRECTOR REMUNERATION

#### 3.1 Remuneration policy

Non-executive director remuneration is structured in order to attract and retain persons with the experience and skills necessary to oversee the Company's business activities and to guide its growth and development into a successful mining and manufacturing company. Fees are not linked to the financial performance of the Company. Directors may be paid additional amounts for special duties or exertions (consultancy services outside of director's duties) and are entitled to be reimbursed for reasonable out-of-pocket expenses incurred in the course of their duties.

#### 3.2 Maximum aggregate amount

Total fees payable to all non-executive directors, excluding amounts for special exertion or the reimbursement of reasonable business expenditures, must not exceed \$300,000 per annum, in accordance with the approval provided by shareholders in 2010.

#### 3.3 Non-executive director share and option plans

Under the non-executive director share and option plans, shares and options are issued at the discretion of the Board. No shares or options were issue during the year ended 30 June 2020. (2019: Nil).



#### 4. KEY MANAGEMENT PERSONNEL REMUNERATION

Details of the remuneration of directors and executives of the consolidated entity are set out in the following table.

		Short ben	-term efits	Post- employment	Long-term benefits		
		Salary/ Fees³	Fees for special duties or exertion	Super- annuation	Long Service Leave expense	Total	Equity % of compensation
Non-executive d	irectors						
Robert Pett	2020	54,795	7,700¹	5,205	-	67,700	0%
Robert Pett	2019	73,059	15,000	6,941	-	95,000	0%
John Conidi	2020	41,063	-	-	-	41,063	0%
John Comai	2019	54,750	-	-	-	54,750	0%
Christoph Frey	2020	25,000	100,5622	-	-	125,562	0%
Christophi Frey	2019	50,000	130,638	_	-	180,638	0%
Executives							
Andrew Chinks	2020	292,356	-	25,000	(871)	316,485	0%
Andrew Spinks	2019	338,321	-	25,000	16,155	379,476	0%
Grant Pierce	2020	197,051	-	-	-	197,051	0%
Grant Pierce	2019	330,424	-	-	-	330,424	0%
Howard Rae	2020	319,501	-	24,000	(196)	343,305	0%
Howard Rae	2019	351,163	-	24,000	4,933	380,096	0%
Total	2020	929,766	108,262	54,205	(1,067)	1,091,166	0%
remuneration	2019	1,197,717	145,638	55,941	21,088	1,420,384	0%

<sup>1</sup> Consulting services for additional work undertaken for capital raising activities

Robert Pett is a director and shareholder of the following related party entity which transacted with the consolidated entity. Represented by invoices related to work performed for the consolidated entity.

Entity	Services provided	2020 \$'000	2019 \$'000
Prevelly Holdings Pty Ltd	Consultancy services	14	16

Christoph Frey is a director and shareholder of the following related party entity which transacted with the consolidated entity. Represented by invoices related to work performed for the consolidated entity.

Entity	Services provided	2020 \$'000	2019 \$'000
ProGraphite GmbH	Consultancy services	99	265

<sup>2</sup> Consulting services for additional work undertaken for research and development activities

<sup>3</sup> In recognition of the impact on shareholders of the COVID-19 containment measures globally, the Company has implemented a number of actions to preserve shareholder funds, under which the directors agreed to waive their fees and executives reduced their salaries by up to 50% for the 3 months ended 30 June 2020 and thereafter both directors and executives agreed to reduce their fees and salaries by 20% for the 6 months to 31 December 2020.

#### **DIRECTORS' REPORT**

#### 5. SHARE BASED COMPENSATION

Plan shares are issued to directors and employees in recognition of their performance with the Company and as incentive remuneration under the respective director and employee share plans (together the "Share Plans"). The terms and conditions of the Share Plans are identical, other than in respect of who is eligible to participate in each plan. Plan shares are issued at the discretion of the Board.

Under the Share Plans, eligible directors and employees are offered plan shares in the Company at prices determined by the Board, which has the discretion to impose conditions on the shares issued under the Share Plans and may also grant a loan, in the form of a non-cash credit facility, to a participant for the purposes of subscribing for plan shares. Shares issued via loan facility may not be granted at less than the volume weighted average price of the Company's shares during the 5 trading days up to and including the date of acceptance and are escrowed as security until the loan has been fully repaid, via cash payment and/or the sale of the plan shares. If the loan is repaid by the sale of shares, any surplus on sale is remitted to the participant and any shortfall is borne by the consolidated entity.

There were no shares issued to non-executive directors or executives, during the year ended 30 June 2020.

#### 6. KEY MANAGEMENT PERSONNEL EQUITY OWNERSHIP

#### 6.1 Shares

	Balance at 1 July 2019	Balance at date of appointment	Movement during the year	Balance at 30 June 2020
Non-executives				
Robert Pett	3,600,000	-	384,615¹	3,984,615
John Conidi	4,560,000	-	709,4021,2	5,269,402
Christoph Frey	2,125,000	-	$(2,125,000)^{3,5}$	-
Executives				
Andrew Spinks	15,116,130	-	(1,442,308) <sup>1,4</sup>	13,673,822
<b>Grant Pierce</b>	4,720,000	-	(4,720,000)6	-
Howard Rae	3,150,000	-	-	3,150,000
Total	33,271,130	-	(7,193,291)	26,077,839

<sup>1</sup> Shares purchased under Share Purchase Plan June 2020

<sup>2 555,555</sup> Shares acquired via placement September 2019

<sup>3 (2,000,000)</sup> Shares expired under Director Share Plan April 2020

<sup>4 (1,750,000)</sup> Shares expired under Employee Share Plan October 2019

<sup>5 (125,000)</sup> Shares - resigned 14 April 2020 and as a result is no longer considered key management personnel

<sup>6 (4,720,000)</sup> Shares - resigned 12 June 2020 and as a result is no longer considered key management personnel



#### 6.2 Shares issued under non-executive director and employee share plans

Included in table 6.1 are plan shares held by key management personnel. The balance and movement during the reporting period in the number of plan shares held directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Balance at 1 July 2019	Net Change	Balance at 30 June 2020
Non-executives	<u>'</u>		
Robert Pett	3,250,000	-	3,250,000
John Conidi	3,250,000	-	3,250,000
Christoph Frey	2,000,000	(2,000,000)1	-
Executives			
Andrew Spinks	6,000,000	(1,750,000)2	4,250,000
Grant Pierce	4,250,000	(4,250,000)3	-
Howard Rae	3,000,000	-	3,000,000
Total	21,750,000	(8,000,000)	13,750,000

<sup>1 (2,000,000)</sup> Shares expired under Director Share Plan April 2020

#### 6.3 Loans to key management personnel

There were no loans granted to key management personnel during the year ended 30 June 2020.

#### 6.4 Other transactions with key management personnel

There were no other transactions with key management personnel of the consolidated entity, including their personally related parties during the year ended 30 June 2020 other than 'Fees for special duties or exertion' and payments to related entities disclosed in the remuneration table in section 4.

Signed in accordance with a resolution of the directors made pursuant to s298 (2) of Corporations Act 2001.

Andrew Spinks
Managing Director

24 September 2020

<sup>2 (1,750,000)</sup> Shares expired under Employee Share Plan October 2019

<sup>3 (4,250,000)</sup> Shares - resigned 12 June 2020 and as a result is no longer considered key management personnel. At the discretion of the Board, Mr. Pierce retains these plan shares until expiry.

#### **AUDITOR INDEPENDENCE DECLARATION**



Ernst & Young 11 Mounts Bay Road Perth WA 6000 Australia GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222 Fax: +61 8 9429 2436 ey.com/au

#### Auditor's independence declaration to the directors of EcoGraf Limited.

As lead auditor for the audit of the financial report of EcoGraf Limited for the financial year ended 30 June 2020, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of EcoGraf Limited and the entities it controlled during the financial year.

Ernst & Young

Ermit & Young

Gavin Buckingham

Partner

24 September 2020

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GB:JG:ECOGRAF:008

# FINANCIAL STATEMENTS

Consolidated statement of profit or loss & comprehensive income	30
Consolidated statement of financial position	31
Consolidated statement of changes in equity	32
Consolidated statement of cash flows	33
Notes to the consolidated financial statements	34



### CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Nata	2020	2019
	Note	\$'000	\$'000
REVENUE		_	
Interest income		3	8
Other income	3	281	243
		284	251
EXPENSES			
Accounting & audit		(249)	(175)
Consultants & contractors	4	(1,446)	(1,052)
Employee benefits		(563)	(541)
Depreciation	10	(41)	(45)
Directors fees		(126)	(185)
Exploration and evaluation written off	8	-	(964)
Exploration and evaluation expensed		(138)	-
Information systems & technology		(76)	(59)
Listing & compliance		(74)	(60)
Office rental & outgoings		(157)	(204)
Other		(102)	(133)
Travel & accommodation		(79)	(170)
Unrealised foreign exchange differences		(2)	(3)
		(3,053)	(3,591)
Loss before income tax		(2,769)	(3,340)
Income tax expense	5	-	-
Loss after income tax for the year		(2,769)	(3,340)
Total comprehensive loss for the year		(2,769)	(3,340)
Loss attributable to members of EcoGraf Limited		(2,769)	(3,340)
Total comprehensive loss attributable to members of EcoGraf Limited		(2,769)	(3,340)
Loss per share attributable to the members of EcoGraf Limited			
	16	(0.91)	(110)
Basic loss per share (cents per share)	-	(0.91)	(1.19)
Diluted loss per share (cents per share)	16	(0.91)	(1.19)



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	2020 \$'000	2019 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	6	2,779	1,462
Other receivables	7	76	118
Prepayments		39	29
Total current assets		2,894	1,609
Non-current assets			
Property, plant and equipment	10	148	189
Exploration and evaluation assets	8	18,039	17,292
Total non-current assets		18,187	17,481
Total assets		21,081	19,090
LIABILITIES			
Current liabilities			
Trade and other payables	9	349	602
Employee provisions		90	74
Total current liabilities		439	676
Non-current liabilities			
Employee provisions		20	22
Total non-current liabilities		20	22
Total liabilities		459	698
Net assets		20,622	18,392
EQUITY			
Contributed equity	11	49,060	44,852
Reserves	12	3,385	2,594
Accumulated losses	13		(29,054)
Accumulated 1055e5	13	(31,823)	(29,054)
Total equity		20,622	18,392

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	Contributed equity \$'000	Accumulated losses \$'000	Loan share reserve \$'000	Share based payment reserve \$'000	Total \$'000
Balance at 30 June 2018	43,786	(25,714)	(5,049)	6,649	19,672
Loss for the year	-	(3,340)	-	-	(3,340)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	(3,340)	-	-	(3,340)
Transactions with owners in their capacity as owners					
Shares issued during the year	2,168	-	-	-	2,168
Share plan shares cancelled	(994)	-	994	-	-
Share issue expense	(108)	-	-	-	(108)
Balance at 30 June 2019	44,852	(29,054)	(4,055)	6,649	18,392
Loss for the year	-	(2,769)	-	-	(2,769)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	(2,769)	-	-	(2,769)
Transactions with owners in their capacity as owners					
Shares issued during the year	5,149	-	-	-	5,149
Share plan shares cancelled	(791)	-	791	-	-
Share issue expense	(150)	<u>-</u>	_	-	(150)
Balance at 30 June 2020	49,060	(31,823)	(3,264)	6,649	20,622



## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$'000	2019 \$'000
OPERATING ACTIVITIES	,		
Research and development tax credit received		232	243
Payments to suppliers and employees		(3,123)	(2,477)
Net cash flows used in operating activities	14	(2,891)	(2,234)
INVESTING ACTIVITIES			
Payments for exploration and evaluation		(744)	(1,367)
Interest received		3	8
Research and development tax credit received		-	33
Net cash flows from / (used in) investing activities		(741)	(1,326)
FINANCING ACTIVITIES			
Proceeds from issue of shares		5,099	2,303
Capital raising costs for issue of shares		(150)	(108)
Net cash flows from financing activities		4,949	2,195
Net increase / (decrease) in cash and cash equivalents held		1,317	(1,365)
Cash and cash equivalents at beginning of the year		1,462	2,827
Cash and cash equivalents at end of the year	6	2,779	1,462

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

#### 1. COMPANY INFORMATION

The consolidated financial statements of EcoGraf Limited and its subsidiaries (collectively, "the consolidated entity") for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors on 23 September 2020.

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

The nature of the operations and principal activities of the consolidated entity are described in the directors' report. Information on the consolidated entity's structure is provided in note 22 and details of other related party relationships is provided in note 21.

#### 2. BASIS OF PREPARATION

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on a historical cost basis.

The financial report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

#### **Going concern**

The directors have prepared the consolidated financial statements on a going concern basis which contemplates the continuation of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

During the year, the consolidated entity incurred a net loss of \$2,769,000 (2019: loss \$3,340,000) and had cash outflows from operating and investing activities of \$3,632,000 (2019: \$3,560,000).

The consolidated entity had cash and cash equivalents at 30 June 2020 of \$2,779,000 (2019: \$1,462,000) and while this is sufficient to meet its short-term expenditure requirements, the consolidated entity expects to raise additional working capital funds during the next 12 months in order to develop its graphite mining, purification and recycling businesses. Based on the consolidated entity's history of raising working capital funds, the directors are satisfied that they have a reasonable basis to conclude that further working capital can be raised as required.

In the event that the consolidated entity is unable to obtain sufficient funding to meet its liabilities as required, there will be a material uncertainty whether it will continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report. The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities, that may be necessary should the consolidated entity not be able to continue as a going concern.

#### Functional and presentational currency

These consolidated financial statements are presented in Australian dollars, which is the consolidated entity's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise stated in accordance with ASIC Corporations (Rounding In Financial/Directors' Reports) Instrument 2016/191.



	2020 \$'000	2019 \$'000
3. OTHER INCOME		
Research and development tax credit	231	243
Government COVID-19 cash boost	50	-
	281	243
4. CONSULTANTS AND CONTRACTORS		
Accounting and administrative services	245	330
Downstream processing research, development and engineering	561	511
Fees to finance advisors	263	-
Legal	143	78
Public relations	220	126
Other	14	7
	1,446	1,052

## 5. INCOME TAX EXPENSE

Reconciliation of tax benefit/expense and the accounting loss multiplied by Australia's domestic tax rate:

Accounting loss before tax	(2,769)	(3,340)
At Australia's statutory income tax rate of 30.0% (2019: 30.0%)	(831)	(1,002)
Tax effect of amounts not deductible	(69)	(73)
Effect of different tax rates	-	-
Benefit of tax losses and timing differences not brought to account as an asset	900	1,075
Income tax expense attributable to entity	-	-
Deferred income tax at balance date relates to the following:		
Deferred tax assets		
Tax losses available to offset against future taxable income	9,271	8,147
Total deferred tax asset	9,271	8,147
Deferred tax liabilities		
Exploration and evaluation assets	(5,412)	(5,188)
Deferred tax asset used to offset deferred tax liability	5,412	5,188
	-	-
Net deferred tax assets not brought to account	3,859	2,959

The benefit of deferred tax assets not brought to account will only be recognised if:

- Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised
- The conditions for deductibility imposed by tax legislation continue to be complied with
- No changes in tax legislation adversely affect the consolidated entity in realising the benefit.

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$'000	2019 \$'000
6. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	2,779	1,462
	2,779	1,462
7. OTHER RECEIVABLES		
Goods and services tax receivable (1)	36	38
Security deposits	40	80
	76	118
(1) Non-interest bearing and generally on 14-day terms at the end of each quarter.		
8. EXPLORATION AND EVALUATION ASSET		
Exploration and evaluation expenditure carried forward:		
Carrying amount as at 1 July	17,292	16,922
Capitalised expenditure at cost	747	1,367
Exploration and evaluation expenditure written off	-	(964)
Research and development refund	-	(33)
	18,039	17,292

Recoverability of the carrying amount of exploration and evaluation assets is dependent on the successful development and commercial exploitation of areas of interest and the sale of minerals, or the sale of the respective areas of interest. The Company is in discussion with the Government of Tanzania with respect to regulatory arrangements and approvals for the development of the Epanko Graphite Project, including mining licence conditions past due for the commencement of regular production. On 4 September 2018, the Mining Commission confirmed to the Company that it will be ready to renew the mining licence upon expiry of the licence period in 2025, provided that the requirements of section 53 of the *Mining Act 2010* are fulfilled.

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

A write-off of exploration and evaluation expenditure carried forward for the Merelani and Tanga tenements was made in the prior financial year.

#### 9. TRADE AND OTHER PAYABLES

Trade payables (1)	280	433
Accrued expenses	69	169
	349	602

<sup>(1)</sup> Trade creditors are non-interest bearing and are normally settled on 30-day terms.



# 10. PROPERTY, PLANT AND EQUIPMENT

	Plant & equipment office \$'000	Plant & equipment field \$'000	Motor Vehicles \$'000	Furniture & equipment \$'000	Leasehold assets \$'000	Total \$'000
At cost	31	22	261	37	8	359
Accumulated depreciation	(19)	(16)	(147)	(26)	(3)	(211)
Net carrying amount	12	6	114	11	5	148

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year, is as follows:

Balance at 30 June 2018	19	11	177	20	7	234
Additions	-	-	-	-	-	-
Depreciation expense	(5)	(3)	(32)	(4)	(1)	(45)
Balance at 30 June 2019	14	8	145	16	6	189
Additions	2	-	-	-	-	2
Disposals	(1)	-	-	-	(1)	(2)
Depreciation expense	(3)	(2)	(31)	(5)	-	(41)
Balance at 30 June 2020	12	6	114	11	5	148

	2020 \$'000	2019 \$'000
11. CONTRIBUTED EQUITY		
363,986,768 (2019: 292,620,967) fully paid ordinary shares	49,060	44,852

	No. of shares	\$'000
a) Ordinary shares		
At 30 June 2018	275,680,967	43,786
Share placement	21,690,000	2,168
Plan shares expired	(4,750,000)	(994)
Capital raising costs		(108)
At 30 June 2019	292,620,967	44,852
Share placement - October 2019	14,537,224	1,307
Issue of shares to consultant in lieu of cash - November 2019 $^{(1)}$	555,556	50
Plan shares expired - October 2019	(2,050,000)	(489)
Plan shares expired - April 2020	(2,000,000)	(302)
Share placement - May 2020	24,615,385	1,600
Share purchase plan - June 2020	35,707,636	2,192
Capital raising costs	<u> </u>	(150)
Balance at 30 June 2020	363,986,768	49,060

(1) 150,000 shares issued at \$0.15 per share to settle an invoice. Refer Note 19 for details.

FOR THE YEAR ENDED 30 JUNE 2020

#### 11. CONTRIBUTED EQUITY (CONTINUED)

## b) Options unissued are as follows:

Year ended 30 June 2020							
Grant date	Date of expiry	Exercise price	Balance at start of the year	Granted	Exercised	Expired unexercised	Balance at end of the year
07/03/17	06/03/20	0.23	1,050,000	-	-	(1,050,000)	-
	Total	0.23	1,050,000	-	-	(1,050,000)	-

Weighted average exercise price of options outstanding at 30 June 2020: \$0.00

	Year ended 30 June 2019								
Grant date	Date of expiry	Exercise price	Balance at start of the year	Granted	Exercised	Expired unexercised	Balance at end of the year		
27/06/16	02/06/19	0.228	1,000,000	-	-	(1,000,000)	-		
07/03/17	06/03/20	0.23	1,050,000	-	-	-	1,050,000		
07/03/17	31/12/18	0.30	1,000,000	-		(1,000,000)	-		
	Total		3,050,000	-	-	(2,000,000)	1,050,000		

Weighted average exercise price of options outstanding at 30 June 2019: \$0.23

	2020 \$'000	2019 \$'000
12. RESERVES		
Share based payment reserve	6,649	6,649
Loan share reserve	(3,264)	(4,055)
	3,385	2,594
Movement in share-based payment reserve		
Balance at beginning of year	6,649	6,649
Share based payments	-	-
Balance at end of year	6,649	6,649
Movement in loan share reserve		
Balance at beginning of year	(4,055)	(5,049)
Plan shares expired/(issued)	791	994
Balance at end of year	(3,264)	(4,055)

#### **Share based payments reserve**

The reserve recognises the value of equity provided as remuneration to employees and also to other parties as compensation for services provided to the consolidated entity.



#### Plan share reserve

The reserve represents the non-cash nominal value of loan shares on issue to employees and is deducted from equity.

	2020 \$'000	2019 \$'000
13. ACCUMULATED LOSSES		
Balance at beginning of year	(29,054)	(25,714)
Loss for the year	(2,769)	(3,340)
Balance at end of year	(31,823)	(29,054)

#### 14. CASH FLOW INFORMATION

Reconciliation of cash flow from operations with loss for the year		
Loss for the year	(2,769)	(3,340)
Adjustments for:		
Interest income	(3)	(8)
Depreciation	41	45
Write off of exploration assets	-	964
Issue of shares to consultant in lieu of cash	50	-
Unrealised foreign exchange (gains) and losses	(1)	3
Changes in assets and liabilities:		
(Increase) / decrease in Other receivables	31	(33)
Increase / (decrease) in Trade and other payables	(259)	113
Increase / (decrease) in Employee provisions	19	22
Net cash outflows used in operations	(2,891)	(2,234)

#### 15. EXPENDITURE COMMITMENTS

#### **Mineral tenements**

In order to maintain current rights of tenure to exploration tenements, the consolidated entity is required to outlay rentals and to satisfy minimum expenditure requirements of \$27,594 (2019: \$1,402,673) over the next 12 months, in accordance with agreed work programs submitted over the Company's exploration licences. Financial commitments for subsequent periods are contingent upon future exploration results.

#### 16. LOSS PER SHARE

Data used in the basic loss per share computations:		
Loss for the year	(2,769)	(3,340)
Weighted average number of ordinary shares	304,867,963	280,159,433
Basic and diluted loss per share (cents)	(0.91)	(1.19)

Loss per share is calculated by dividing the loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Share options outstanding at 30 June 2020: Nil (2019: 1,050,000) have not been included in determining the diluted loss per share as they are not considered to be dilutive due to the loss position of the Company for years ended 30 June 2019 and 2020.

FOR THE YEAR ENDED 30 JUNE 2020

#### 17. AUDITOR'S REMUNERATION

	2020 \$	2019 \$
Fees to Ernst & Young (Australia)		
Fees for auditing the statutory financial reports of the consolidated entity	42,912	45,600
Fees for assurance services that are required by legislation to be provided by the auditor.	412	403
Fees for other services		
- Tax compliance	9,854	19,194
- Project financial modelling	39,449	-
Total fees to Ernst & Young (Australia)	92,627	65,197
Fees to other overseas member firms of Ernst & Young (Australia)		
Fees for auditing the financial report of any controlled entities	-	9,702
Fees for other services		
- Tax compliance	2,606	5,164
Total fees to overseas member firms of Ernst & Young (Australia)	2,606	14,866
Total auditor's remuneration	95,233	80,063



#### 18. SEGMENT INFORMATION

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

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

Revenue by geographical region	Australia \$'000	Tanzania \$'000	Consolidated \$'000
2020 Results			
Segment other income	284	-	284
Segment expenses			
Accounting and audit	(229)	(20)	(249)
Consultants and contractors	(970)	(476)	(1,446)
Employee benefits	(559)	(4)	(563)
Depreciation	(5)	(36)	(41)
Directors fees	(126)	-	(126)
Exploration & evaluation expensed	-	(138)	(138)
Information systems and technology	(64)	(12)	(76)
Listing and compliance	(74)	-	(74)
Office rental and outgoings	(151)	(6)	(157)
Other	(83)	(19)	(102)
Travel and accommodation	(72)	(7)	(79)
Unrealised foreign exchange loss	-	(2)	(2)
	(2,333)	(720)	(3,053)
Segment results	(2,049)	(720)	(2,769)

FOR THE YEAR ENDED 30 JUNE 2020

#### 18. SEGMENT INFORMATION (CONTINUED)

Revenue by geographical region	Australia \$'000	Tanzania \$'000	Consolidated \$'000
2019 Results			
Segment other income	251	-	251
Segment expenses			
Accounting and audit	(169)	(6)	(175)
Consultants and contractors	(830)	(222)	(1,052)
Employee benefits	(516)	(25)	(541)
Depreciation	(7)	(38)	(45)
Directors fees	(185)	-	(185)
Exploration and evaluation written-off	-	(964)	(964)
Information systems and technology	(43)	(16)	(59)
Listing and compliance	(60)	-	(60)
Office rental and outgoings	(159)	(45)	(204)
Other	(107)	(26)	(133)
Travel and accommodation	(117)	(53)	(170)
Unrealised foreign exchange loss	(1)	(2)	(3)
	(2,194)	(1,397)	(3,591)
Segment results	(1,943)	(1,397)	(3,340)

Assets by geographical region	Australia \$'000	Tanzania \$'000	Consolidated \$'000
2020 Assets			
Property, plant and equipment	15	133	148
Exploration and evaluation assets	-	18,039	18,039
Segment non-current assets	15	18,172	18,187
Unallocated assets:			
Cash and cash equivalents			2,779
Other receivables			76
Prepayments			39
Total assets			21,081
2020 Liabilities			
Segment liabilities	(428)	(31)	(459)
Total liabilities			(459)



Assets by geographical region	Australia \$'000	Tanzania \$'000	Consolidated \$'000
2019 Assets	l .	I	
Property, plant and equipment	20	169	189
Exploration and evaluation assets	-	17,292	17,292
Segment non-current assets	20	17,461	17,481
Unallocated assets:			
Cash and cash equivalents			1,462
Other receivables			118
Prepayments			29
Total assets			19,090
2019 Liabilities			
Segment liabilities	(613)	(85)	(698)
Total liabilities			(698)

#### 19. SHARE BASED PAYMENTS

The Company seeks to incentivise staff and consultants to remain with the consolidated entity and to improve the longer-term performance of the Company and its return to shareholders. This is achieved through the issue of a combination of shares and options.

There were no options issued during the year ended 30 June 2020 (2019: Nil).

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2020 Number	2020 WAEP	2019 Number	2019 WAEP
Outstanding at 1 July	1,050,000	0.23	3,050,000	0.25
Issued during the year	-	-	-	-
Exercised/expired during the year	(1,050,000)	0.23	(2,000,000)	0.26
Outstanding at 30 June	-	-	1,050,000	0.23
Exercisable at 30 June (1)	-	-	1,050,000	0.23

<sup>(1)</sup> All exercisable options expired on 6 March 2020.

#### **Employee share plan**

Under the plan, eligible employees are offered shares in the Company at prices determined by the Board, which has the ultimate discretion to impose conditions on the shares issued under the plan and may grant a loan to a participant for the purposes of subscribing for plan shares. Shares issued under loan facilities are escrowed until the loan is fully repaid. The loans are limited recourse and interest free and are to be repaid via cash settlement and/or the sale of the plan shares. Where the loan is repaid by the sale of shares, any remaining surplus is remitted to the participant and any shortfall is borne by the consolidated entity.

FOR THE YEAR ENDED 30 JUNE 2020

#### 19. SHARE BASED PAYMENTS (CONTINUED)

There were no plan shares issued during the year ended 30 June 2020 (2019: Nil).

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, plan shares during the year:

	2020 Number	2020 WAEP	2019 Number	2019 WAEP
Outstanding at 1 July	22,300,000	0.1818	22,300,000	0.1818
Granted during the year	-	-	-	-
Forfeited during the year	(2,000,000)	0.1509	-	-
Exercised during the year	-	-	-	-
Expired during the year	(2,050,000)	0.2384	-	-
Outstanding at 30 June	18,250,000	0.1789	22,300,000	0.1818

#### Shares issued in lieu of cash

Where considered appropriate the Company will settle consulting invoices by issue of shares. During the year 555,556 shares were issued in settling invoices to the value of \$50,000. (2019: Nil)

#### 20. DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES

#### a) Names and positions of key management personnel in office at any time during the financial year:

Robert Pett Non-Executive Chairman

John Conidi Non-Executive Director

**Christoph Frey** Non-Executive Director (resigned 14 April 2020)

**Andrew Spinks** Managing Director

Grant Pierce Executive Director (resigned 12 June 2020)

Howard Rae Chief Financial Officer and Company Secretary

#### b) Key management personnel remuneration

Aggregate compensation of key management personnel of the consolidated entity:

	2020 \$'000	2019 \$'000
Short term employee benefits	1,038	1,343
Post-employment benefits	54	56
Long term employee benefits	(1)	21
Share based payments (non-cash)	-	-
	1,091	1,420

Detailed information about the remuneration received by key management personnel is provided in the remuneration report on pages 21 to 27.



#### 21. RELATED PARTY DISCLOSURES

Transactions between related parties are on normal commercial terms.

#### **Ultimate parent**

EcoGraf 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 20 and the remuneration report in the directors' report.

#### Transactions with related parties

The following transactions were undertaken with key management personnel during the year ended 30 June 2020. The transactions reflected below have been included in 'Fees for special duties or exertion' disclosed in the remuneration table in section 4 of the remuneration report in the director's report.

Robert Pett is a director and shareholder of the following related party entity which transacted with the consolidated entity.

Entity	Services provided	2020 \$'000	2019 \$'000
Prevelly Holdings Pty Ltd	Consultancy services	14	16

Christoph Frey is a director and shareholder of the following related party entity which transacted with the consolidated entity.

Entity	Services provided	2020 \$'000	2019 \$'000
ProGraphite GmbH	Consultancy services	99	265

### **Director Loan Facility**

During the year a loan facility of \$300,000 was arranged with director related entities to provide the Company with working capital for the purposes of paying creditors, if required. This loan facility was provided on an unsecured and interest free basis to support the Company for an indefinite term, subject to cancellation and repayment on receipt of 30 days written notice.

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

FOR THE YEAR ENDED 30 JUNE 2020

#### 22. CONSOLIDATED ENTITY INFORMATION

## Information about subsidiaries

The financial statements of the consolidated entity include the following subsidiaries:

		Percentage owned (%)	
	Country of incorporation	2020	2019
Tanzanian Exploration Company Pty Ltd	Australia	100	100
TanzGraphite Pty Ltd	Australia	100	100
TanzGraphite (AUS) Pty Ltd	Australia	100	100
EcoGraf (Australia) Pty Ltd	Australia	100	100
Westoz Technologies Pty Ltd (Australia)	Australia	100	100
EcoGraf (Mauritius) Limited	Mauritius	100	100
EcoGraf (Tanzania) Limited	Tanzania	100	100
TanzGraphite Technologies Limited	Tanzania	100	100
TanzGraphite (TZ) Limited	Tanzania	100	100
TanzGraphite Exploration (TZ) Limited	Tanzania	100	100

#### 23. PARENT INFORMATION

	2020	2019
EcoGraf Limited	\$'000	\$'000
Current assets	2,874	1,552
Non-current assets	25,830	24,388
Total assets	28,704	25,940
Current liabilities	408	592
Non-current liabilities	20	21
Total liabilities	428	613
Net assets	28,276	25,327
Equity		
Contributed equity	49,060	44,852
Share option reserve	3,385	2,594
Accumulated losses	(24,169)	(22,119)
Total equity	28,276	25,327
Loss of the parent entity	(2,049)	(1,943)
Total comprehensive loss of the parent entity	(2,049)	(1,943)



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

The parent entity did not have any guarantees at 30 June 2020 or 30 June 2019.

#### **Contingent liabilities**

The parent entity did not have any contingent liabilities at 30 June 2020 or 30 June 2019.

#### **Capital commitments**

The parent entity did not have any capital commitments at 30 June 2020 or 30 June 2019.

#### Significant accounting policies

The parent entity's financial information has been prepared using the same basis, including the accounting policies, as the consolidated entity.

#### 24. FINANCIAL INSTRUMENTS

The consolidated entity is exposed to a variety of financial risks, including market risk, credit risk and liquidity risk.

The consolidated entity's financial instruments consist of cash and deposits with banks, accounts receivable and accounts payable. No trading in any financial instruments is undertaken.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in note 26. Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

The main risks arising from the consolidated entity's financial instruments are foreign currency risk, interest rate risk, liquidity risk and credit risk. The Board determines policies for managing each of these risks and they are summarised below.

#### Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. Foreign exchange risk also arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency other than the consolidated entity's functional currency. The consolidated entity operates internationally and is exposed to foreign exchange risk arising from currency exposures to the USD, EUR, TZS and GBP.

The carrying amount, in Australian dollars of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

	Cash and cash equivalents		Trade and other payables	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
USD	1	49	-	-
EUR	-	-	22	11
TZS	12	9	15	72
GBP	-	-	86	86
Total	13	58	123	169

FOR THE YEAR ENDED 30 JUNE 2020

#### 24. FINANCIAL INSTRUMENTS (CONTINUED)

The financial impact of a 10% change in the Australian dollar exchange rate on the consolidated entity is as follows:

	Appreciation in AUD exchange rate		Depreci	Depreciation in AUD exchange rate		
	% change	Effect on loss before tax	Effect on equity	% change	Effect on loss before tax	Effect on equity
2020	10%	\$10,374	\$10,374	10%	\$(10,374)	\$(10,374)
2019	10%	\$26,582	\$26,582	10%	\$(26,582)	\$(26,582)

The assumed percentage change used in the above analysis is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations, taking into consideration movements during the year and the spot rate at each reporting date.

#### Interest rate risk

The consolidated entity's exposure to market risk for changes in interest rates arises from holding cash and deposits. Funds held in operating accounts and term deposits earned variable interest at rates ranging between 0% to 1.35% (2019: 0% to 2.3%), depending on the type of bank account and cash balance. The consolidated entity does not have interest-bearing loans or borrowings.

The interest-bearing financial instruments held by the consolidated entity are:

	30 June 2020 \$'000	30 June 2019 \$'000	
n and cash equivalents	2,779	1,462	

A change of 1% in the variable interest rate at the reporting date would have an impact on the consolidated entity profit and loss and equity of \$28,000 (2019: \$15,000) assuming all other variables remain constant.

#### Liquidity risk

Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as and when they fall due. The consolidated entity manages liquidity risk by maintaining adequate cash reserves, by continuously monitoring actual and forecast cash flows and by matching the maturity profiles of its financial assets and liabilities.

The following table sets out the contractual maturity of the consolidated entity's financial instrument liabilities based on undiscounted cash flows.



	Carrying amount \$'000	Contractual cash flows \$'000	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000 s	Over 5 years \$'000
2020						
Trade and other payables	349	349	349	-	-	-
2019						
Trade and other payables	602	602	602	-	-	-

#### **Credit risk management**

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the consolidated entity. The consolidated entity is exposed to credit risk from its bank deposits and other receivables as disclosed in the statement of financial position. The consolidated entity does not have any significant credit risk exposure to any single counterparty or any consolidated entity of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. (S+P Australian AA-, Tanzanian B).

Holdings by geographical region	Australian \$'000	Tanzanian \$'000	Total \$'000
Cash and cash equivalents	2,767	12	2,779
Other receivables	76	-	76
	2,843	12	2,855

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in notes 6, 7 and 9.

#### Fair value measurement

The carrying amounts of Other receivables and Trade and other payables are assumed to approximate their fair values due to their short-term nature.

#### 25. EVENTS AFTER BALANCE DATE

There have been no events that have arisen between 30 June 2020 and the date of this report or any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to materially affect the operations of the Company, the results of those operations or the state of affairs of the Company, in future financial years.

FOR THE YEAR ENDED 30 JUNE 2020

#### 26. SIGNIFICANT ACCOUNTING POLICIES

#### a) Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only, and information about the parent entity is disclosed in note 22.

#### b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2020. Subsidiaries are entities that are controlled by the Company. Control is achieved when the Company is exposed to, or has rights to, variable returns from its involvement with its subsidiaries and has the ability to affect those returns through its capacity to direct the activities of its subsidiaries.

Specifically, the consolidated entity controls a subsidiary if, and only if, the consolidated entity has:

- power over the subsidiary (i.e., existing rights that give it the current ability to direct the relevant activities of the subsidiary)
- exposure, or rights, to variable returns from its involvement with the subsidiary
- the ability to use its power over the subsidiary to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the consolidated entity has less than a majority of the voting or similar rights of an subsidiary, the consolidated entity considers all relevant facts and circumstances in assessing whether it has power over a subsidiary, including:

- the contractual arrangement(s) with the other vote holders of the subsidiary
- rights arising from other contractual arrangements
- the consolidated entity's voting rights and potential voting rights.

The consolidated entity re-assesses whether or not it controls an entity if facts and circumstances indicate that there is a change to the elements of control. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the consolidated entity gains control until the date the consolidated entity ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries align to their accounting policies with the consolidated entity. All consolidated entity assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the consolidated entity are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

#### c) Taxes

#### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the consolidated entity operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.



#### Deferred tax

Deferred tax liabilities are provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the time of the transaction, it affects neither the accounting profit nor taxable profit or loss; or
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
- Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax
  credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable
  profit will be available against which the deductible temporary differences and the carry forward of unused tax
  credits and unused tax losses can be utilised, except:
- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in atransaction that is not a business combination and at the time of the transaction, it affects neither the accounting profit nor taxable profit or loss
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### d) Exploration and development expenditure

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 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.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. (Refer to note 26g).

FOR THE YEAR ENDED 30 JUNE 2020

#### 26. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### d) Exploration and development expenditure (continued)

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with the permits. Such costs are determined using estimates of future costs, current legal requirements and applicable technology on a discounted basis.

Payments for exploration and evaluation expenditure are recorded net of any government grants.

#### e) Operating segments

Operating segments are presented on the same basis as the internal reports provided to the chief operating decision maker who is responsible for the allocation of resources to operating segments and for assessing their performance.

#### f) Property plant & equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Property plant & equipment is recorded at the value directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

#### Plant and equipment

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the amounts recoverable on the basis of net cash flows that are expected to be received from the employment and subsequent disposal of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the profit and loss component of the statement of comprehensive income during the financial period in which they are incurred.

#### Depreciation

The depreciable amount of all fixed assets including any buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives, commencing from the time the asset is held ready for use as follows:

Plant and equipment office	8 years
Plant and equipment field	2–5 years
Motor vehicles	5 years
Furniture and equipment	4 years
Leasehold assets	3 years

Residual values of the assets and their useful lives are reviewed and if necessary adjusted, at each reporting date.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the profit and loss component of the statement of comprehensive income.



#### g) Impairment of non-financial assets

At each reporting date, the consolidated entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss component of the consolidated statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### h) Foreign currency transactions and balances

#### Transactions and balances

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the date of the transaction and foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction and non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss component of the statement of profit or loss and other comprehensive income, except where they are deferred in equity as a qualifying cash flow or net investment hedge.

#### **Subsidiaries**

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the exchange rate prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. Exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

# i) Employee benefits

Provision is made for the consolidated entity's liability for employee benefits arising from services rendered by employees up to reporting date. Short term employee benefits have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Long term employee benefits have been measured at the present value of the estimated future cash outflows to be made for those benefits.

#### Share-based payments

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

The cost of equity-settled transactions is 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 consolidated entity 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 is 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.

FOR THE YEAR ENDED 30 JUNE 2020

#### 25. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### i) Employee benefits (continued)

#### Share-based payments (continued)

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification had 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 a non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation.

If the condition is not within the control of the consolidated entity 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 an equity-settled award is 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 are treated as if they were a modification.

#### j) 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.

#### k) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### i. Financial assets

#### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the consolidated entity's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the consolidated entity has applied the practical expedient, the consolidated entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the consolidated entity has applied the practical expedient are measured at the transaction price determined under AASB 15 Revenue from Contracts with Customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The consolidated entity's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.



#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- · Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss.

## Financial assets at amortised cost (debt instruments)

This category is the most relevant to the consolidated entity. The consolidated entity measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The consolidated entity's financial assets at amortised cost includes trade and other receivables.

#### Impairment of financial assets

Expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss will be recognised through an allowance. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the consolidated entity expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For other debt financial assets (i.e., cash on deposit at bank). the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The consolidated entity considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the consolidated entity may also consider a financial asset to be in default when internal or external information indicates that the consolidated entity is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the consolidated entity. A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

FOR THE YEAR ENDED 30 JUNE 2020

#### 25. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### k) Financial instruments (continued)

#### ii. Financial liabilities

#### Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value.

The consolidated entity's financial liabilities include trade and other payables.

#### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### iii. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### I) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of 3 months or less.

#### m) Revenue

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the consolidated entity expects to be entitled in exchange for those goods or services.

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

All revenue is stated net of the amount of goods and services tax (GST).

#### n) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.



#### o) Goods and services tax (GST)

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

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### p) Earnings per share

#### Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to the owners of EcoGraf 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 any 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 past 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.

#### q) Government grants

Government grants are recognised where they can be reliably measured, it is certain that the grant will be received, and all attached conditions will be satisfied. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs for which it is intended to compensate, are expensed. When the grant relates to an asset, it is offset against the capitalised amount and recognised as income in equal amounts over the expected useful life of the related asset (when the asset is depreciated).

#### r) Critical accounting estimates and judgements

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

#### Key estimates — impairment

The consolidated entity assesses impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

FOR THE YEAR ENDED 30 JUNE 2020

#### 25. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### r) Critical accounting estimates and judgements (continued)

#### Recoverability of exploration and evaluation costs

The consolidated entity assesses the recoverability of the carrying value of capitalised exploration and evaluation costs at each reporting date (or at closer intervals should the need arise). In completing this assessment, regard is had to the Company's intentions with regard to proposed future exploration and development plans for individual exploration areas, to the success or otherwise of activities undertaken in individual areas in recent times, to the likely success of future planned exploration activities and to any potential plans for divestment of individual areas. Any required adjustments to the carrying value of capitalised exploration are completed based on the results of this assessment.

#### Share-based payment transactions

The consolidated entity measures the cost of shares and options issued to employees and third parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of unlisted options is determined using either the binomial or Black-Scholes pricing model, taking into account the terms and conditions upon which the instruments were granted.

#### s) Leases policy

The consolidated entity assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Consolidated entity as a lessee

The consolidated entity applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The consolidated entity recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### (i) Right-of-use assets

The consolidated entity recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives. If ownership of the leased asset transfers to the consolidated entity at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (g) Impairment of non-financial assets.

#### ii) Lease liabilities

At the commencement date of the lease, the consolidated entity recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the consolidated entity and payments of penalties for terminating the lease, if the lease term reflects the consolidated entity exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.



#### t) New accounting standards and interpretations

AASB 16 supersedes AASB 17 Leases. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases.

The accounting policies adopted in the preparation of the financial report are consistent with those adopted and disclosed in the Company's annual financial report for the year ended 30 June 2019, except for the adoption of new standards and interpretations as of 1 July 2019.

The Company changed its accounting policies as a result of adopting the following standards:

- · AASB 16 Leases, and
- AASB Interpretation 23 Uncertainty over Income Tax Treatments.

#### AASB 16: Leases

AASB 16 replaces AASB17 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation 115 Operating leases – Incentives, and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar manner to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the rightof-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The consolidated entity has assessed the impact on its consolidated financial statements resulting from the application of AASB 16. The new standard did not significantly impact the consolidated entity as it has not entered into any significant leasing arrangements.

#### AASB Interpretation 23 Uncertainty over Income Tax Treatments.

The Interpretation clarifies the application of the recognition and measurement criteria in IAS 12 Income Taxes when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- · How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances.

The consolidated entity has assessed the impact on its consolidated financial statements resulting from the application of AASB Interpretation 23. The new interpretation does not materially impact the consolidated entity.

#### 26. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting periods and have not been early adopted by the consolidated entity. The standards and interpretations that were issued but not yet effective are set out below. The consolidated entity is in the process of considering the impact of the new standards. Unless stated otherwise below, the potential effects of the following standards and interpretations have not yet been fully determined.

The list below is considered those relevant to the consolidated entity.

FOR THE YEAR ENDED 30 JUNE 2020

## **26. STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)**

Reference	Summary	Application date of standard	Application date for consolidated entity
AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform	These amendments to AASB 7 Financial Instruments: Disclosures, AASB 9 and AASB 139 Financial Instruments: Recognition and Measurement were issued in response to the effects of Interbank Offered Rates reform on financial reporting. They provide mandatory temporary relief enabling hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative "nearly risk-free" benchmark.	1 January 2020	1 July 2020
	These amendments apply retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated, nor can any hedge relationships be designated with the benefit of hindsight. Early application is permitted.		
Conceptual Framework AASB 2019-1 Conceptual Framework for	The Conceptual Framework for Financial Reporting (Conceptual Framework) describes the objective of, and the concepts for, general purpose financial reporting. The purpose of the Conceptual Framework is to:	1 January 2020	1 July 2020
Financial Reporting Amendments	Assist in the development of accounting standards;		
to Australian Accounting	<ul> <li>Help preparers develop consistent accounting policies where there is no applicable standard in place; and</li> </ul>		
Standards –	Assist all stakeholders to understand the standards better.		
Reference to the Conceptual Framework	The Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard.		
	The application of the Conceptual Framework is at present limited to for-profit entities. On the other hand, the Framework for the Preparation and Presentation of Financial Statements (July 2004) (Framework) will continue to apply to not-for-profit entities.		
	The revised Conceptual Framework includes: a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance - in particular, the definitions of an asset and a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.		



Reference	Summary	Application date of standard	Application date for consolidated entity
Conceptual Framework AASB 2019-1 Conceptual Framework for Financial Reporting Amendments to Australian Accounting Standards – Reference to the Conceptual Framework (continued)	<ul> <li>Two exemptions to the application of the Conceptual Framework were provided:</li> <li>When developing accounting policies for regulatory account balances using the previous Framework.</li> <li>Requiring entities to continue applying the previous Framework when developing or revising accounting policies for regulatory account balances prevents unhelpful and unnecessary disruption for both preparers and users. It avoids revising accounting policies for regulatory account balances twice within a short time frame – once for the revised Conceptual Framework and again when a revised standard on rate-regulated activities is issued.</li> <li>When applying AASB 3 Business Combinations, such that entities must continue to apply the definitions of an asset and a liability (and supporting concepts) in the previous Framework, and not the definitions in the revised Conceptual Framework.</li> <li>In some cases, applying the revised definitions might change which assets and liabilities qualify for recognition in a business combination. As a consequence, post-acquisition accounting required by other standards could lead to immediate derecognition of such assets or liabilities, causing 'day 2 gains or losses' to arise, which do not depict economic gains or losses. The IASB has since assessed how AASB 3 Business Combinations can be updated for the revised definitions, without these unintended consequences.</li> </ul>	1 January 2020	1 July 2020
AASB 2020-4 Amendments to AASs – COVID-19 Related Rent Concessions	Due to the COVID-19 pandemic, many lessors are granting rent concessions to lessees that impact lease payments. Rent concessions granted by a lessor can take many forms, including any combination of:  A rent payment holiday;  A reduction in lease payments for a period of time;  A deferral of payments to a later date; or  Other arrangements providing rent relief.  A concession might also include a change to the lease term.	1 June 2020	1 July 2020

FOR THE YEAR ENDED 30 JUNE 2020

#### **26. STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)**

Reference	Summary	Application date of standard	Application date for consolidated entity
AASB 2020-4 Amendments to AASs – COVID-19 Related Rent Concessions (continued)	From the lessee's perspective, a change in lease payments that was contemplated in the original terms and conditions of the lease would not be accounted for as a lease modification. For example, it might be treated as a variable lease payment, with the effect of the rent concession recognised in profit or loss. In contrast, accounting for a lease modification generally requires a lessee to remeasure the lease liability by discounting the revised lease payments using a new discount rate.	1 June 2020	1 July 2020
	The IASB received feedback that assessing whether COVID-19 rent concessions are lease modifications could be challenging, compounding the AASB 16 implementation work lessees have recently undertaken. Consequently, the Board amended IFRS 16, allowing lessees to not account for rent concessions as lease modifications, provided certain conditions are met.		
	The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic, and only if all of the following conditions are met:		
	<ul> <li>The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;</li> </ul>		
	<ul> <li>Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and</li> </ul>		
	There is no substantive change to other terms and conditions of the lease.		
	Once elected, the practical expedient is required to be applied consistently to all lease contracts with similar characteristics and in similar circumstances.		
	The amendment to AASB 16 is applied retrospectively with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the beginning of the annual reporting period in which the lessee first applies the amendment.		



Reference	Summary	Application date of standard	Application date for consolidated entity
AASB 2020-3 Amendments to AASB 3 – Reference to the Conceptual Framework	The IASB's assessment of applying the revised definitions of assets and liabilities in the Conceptual Framework to business combinations showed that the problem of day 2 gains or losses would be significant only for liabilities that an acquirer accounts for after the acquisition date by applying AASB 137 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies. The Board updated AASB 3 in May 2020 for the revised definitions of an asset and a liability and excluded the application of the Conceptual Framework to liabilities and contingent liabilities within the scope of AASB 137 or IFRIC 21.  The AASB released the equivalent amendments to AASB 3 in June 2020.	1 January 2022	1 July 2022
	These amendments are applied prospectively.		
	A liability is classified as current if the entity has no right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. The AASB recently issued amendments to AASB 101 to clarify the requirements for classifying liabilities as current or non-current. Specifically:	1 January 2022	1 July 2022
or Non-current	<ul> <li>The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists.</li> </ul>		
	<ul> <li>Management intention or expectation does not affect classification of liabilities.</li> </ul>		
	<ul> <li>In cases where an instrument with a conversion option is classified as a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current.</li> </ul>		
	These amendments are applied retrospectively.		

FOR THE YEAR ENDED 30 JUNE 2020

#### **26. STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)**

Reference	Summary	Application date of standard	Application date for consolidated entity
AASB 2018-7 Amendments to AASs – Definition of Material	The amendments align the definition of 'material' across AASB 101 Presentation of Financial Statements and AAS 108 Accounting Policies, Changes in Accounting Estimates and Errors, and clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'  The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.	1 January 2020	1 July 2020
	The amendments are applied prospectively.		
AASB 2019-5 Amendments to AASs – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia	It is possible that an entity complying with Australian Accounting Standards cannot assert compliance with IFRS Standards if its reporting date falls between the issuance date of a new IFRS Standard and a later release date of an equivalent Australian Accounting Standard. To enable IFRS compliance assertion despite such delays, this standard amends AASB 1054 Australian Additional Disclosures to require disclosure of the possible impact of initial application of forthcoming IFRS Standards not yet adopted by the AASB, as specified in paragraphs 30 and 31 of AASB 108. Entities complying with Australian Accounting Standards can assert compliance with IFRS Standards by making this additional disclosure.	1 January 2020	1 July 2020
	The amendments are applied prospectively.		



# **DIRECTORS' DECLARATION**

#### In the directors' opinion:

- 1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes, are in accordance with the *Corporations Act 2001* and:
  - a) Comply with accounting standards and the Corporations Regulations 2001; and
  - b) Give a true and fair view of the financial position at 30 June 2020 and of the performance for the year ended on that date.
- 2. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
- 3. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable subject to achieving the matters set out in note 2 to the financial statements.
- 4. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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

Andrew Spinks
Managing Director

Perth, 24 September 2020

# **AUDITOR'S REPORT**



Ernst & Young 11 Mounts Bay Road Perth WA 6000 Australia GPO Box M939 Perth WA 6843 Tel: +61 8 9429 2222 Fax: +61 8 9429 2436 ey.com/au

#### Independent auditor's report to the members of EcoGraf Limited

#### Report on the audit of the financial report

#### Opinion

We have audited the financial report of EcoGraf Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

# Basis for opinion

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

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

#### Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about 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 judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report. For the matter below, our description of how our audit addressed the matter is provided in this context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Repor*t section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.

1. Carrying value of capitalised exploration and evaluation for the Epanko Project

#### Why significan

As disclosed in Note 8 to the financial report as at 30 June 2020, the Group held capitalised exploration and evaluation expenditure assets of \$18,039,000 relating to the Epanko Graphite Project. Note 8 also includes references to the status of the Group's Epanko mining licence in Tanzania.

The carrying value of exploration and evaluation expenditure is assessed for impairment by the Group when facts and circumstances indicate that the exploration and evaluation expenditure may exceed its recoverable amount.

The determination as to whether there are any indicators to require an exploration and evaluation asset to be assessed for impairment, involves a number of judgments including whether the Group has tenure, intends to perform ongoing expenditure and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable.

During the year the Group determined that there had been no indicators of impairment for the Epanko area of interest. Refer to Note 8 in the financial report for further details.

#### How our audit addressed the key audit matter

Our audit procedures included the following:

- ► Considered the Group's right to explore in the relevant area of interest, which included obtaining and assessing supporting documentation. We also considered the status of the Epanko mining licence as it related to
- Considered the Group's intention to carry out significant exploration and evaluation activity in the relevant exploration area, which included assessment of the Group's cash-flow forecast models, discussions with senior management and Directors as to the intentions and strategy of the Group
- ➤ Considered whether the exploration activities within the Epanko area of interest had reached a stage where a commercially viable resource estimate could be made, which included obtaining and assessing supporting documentation such as exploration reports and the Group's announcements to the Australian Stock Exchange in relation to its mineral resources
- Assessed the adequacy of the disclosure included in the financial report

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# **AUDITOR'S REPORT**



#### Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's 2020 Annual Report, but does not include the financial report and our auditor's report thereon.

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

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

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

#### Responsibilities of the Directors for the financial report

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

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

#### Auditor's responsibilities for the audit of the financial report

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

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

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- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern
- ► Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

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

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

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

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# **AUDITOR'S REPORT**



## Report on the audit of 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 2020.

In our opinion, the Remuneration Report of EcoGraf Limited for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

#### Responsibilities

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

Ernst & Young

Ermit & Young

your Buckingham

Gavin Buckingham

Partner Perth

24 September 2020

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# **SHAREHOLDER INFORMATION**

#### **DISTRIBUTION OF LISTED SECURITIES**

Range	Units	% of holding	Total holders	% of issued capital
100,001 and Over	319,396,705	87.74	387	16.72
10,001 to 100,000	39,810,547	10.94	1,021	44.10
5,001 to 10,000	3,409,800	0.94	417	18.01
1,001 to 5,000	1,344,522	0.37	390	16.85
1 to 1,000	25,194	0.01	100	4.32
Total	363,986,768	100.00	2,315	100.00

## **TOP 20 HOLDERS OF ORDINARY SHARES**

Rank	Name	Number of Ordinary Shares held	% of issued capital
1	Citicorp Nominees Pty Limited	46,198,541	12.69
2	J P Morgan Nominees Australia Pty Limited	45,777,141	12.58
3	Dr Peter Dennett Meier & Mrs Lynette Suzanne Meier	10,433,340	2.87
4	GR Engineering Services Limited	5,737,807	1.58
5	RWH Nominees Pty Ltd	5,281,970	1.45
6	Mr Andrew Peter Spinks	4,359,538	1.20
7	Grant Pierce	4,250,000	1.17
7	Andrew Spinks	4,250,000	1.17
8	Cornwall Holdings Pty Ltd	3,709,615	1.02
9	Reindeer Investments Pty Limited	3,257,692	0.90
10	Mr Yung Wing Ho & Mrs Katherine Kam Ling Ho	3,207,324	0.88
11	LAX Consulting Pte Ltd	3,039,318	0.84
12	BCV Nominees Pty Ltd	3,000,000	0.82
13	Mr Gregory Robert Hackshaw	2,900,000	0.80
14	RWH Nominees Pty Ltd	2,810,386	0.77
15	Mr Nicholas Bolger	2,701,681	0.74
16	Mr Kosta Trajkovski & Mrs Susanne Trajkovski	2,652,818	0.73
17	Mr Yingjie Chen	2,570,000	0.71
18	Phelps Hill Investments Pty Ltd	2,544,095	0.70
19	Andrew Spinks	2,429,434	0.67
20	Mr Nicola Conidi & Mrs Giannina Conidi	2,401,417	0.66
	Total	163,512,117	44.95

# **SHAREHOLDER INFORMATION**

#### **MINERAL TENEMENTS**

Consolidated entity's 100% interest:

Licence	Area (km²)	Location
ML 548/2015	9.62	Mahenge, Tanzania
PL 7907/2012	26.42	Merelani-Arusha, Tanzania
PL 9306/2013	17.53	Mahenge, Tanzania
PL 9331/2013	2.76	Mahenge, Tanzania
PL 10092/2014	23.23	Merelani-Arusha, Tanzania
PL 10388/2014	2.57	Mahenge, Tanzania
PL 10390/2014	2.81	Mahenge, Tanzania
PL 10869/2016	29.95	Merelani-Arusha, Tanzania
PL 10872/2016	2.60	Merelani-Arusha, Tanzania
PL 10972/2016	3.83	Mahenge, Tanzania
PL 11081/2017	2.08	Merelani-Arusha, Tanzania
PL 11082/2017	20.77	Merelani-Arusha, Tanzania
PL 11143/2017	2.62	Simanjiro, Tanzania
PL 11196/2018	46.72	Merelani-Arusha, Tanzania
PL 11386/2019	6.73	Simanjiro, Tanzania

# **MINERAL RESOURCE STATEMENT**

# **Epanko Graphite Project Mineral Resource Estimate**

	30 June 2020			30 June 2019		
Classification	Tonnage Grade Contained (Mt) (%TGC) Graphite (Kt)		Tonnage (Mt)	Grade (%TGC)	Contained Graphite (Kt)	
Measured	7.5	9.8	738.9	7.5	9.8	738.9
Indicated	12.8	10.0	1,280.0	12.8	10.0	1,280.0
Inferred	10.4	9.9	1,030.6	10.4	9.9	1,030.6
Total	30.7	9.9	3,049.5	30.7	9.9	3,049.5

## Merelani-Arusha Graphite Project Mineral Resource Estimate

30 June 2020			30 June 2019			
Classification	Tonnage Grade Contained (Mt) (%TGC) Graphite (Kt)		Tonnage (Mt)	Grade (%TGC)	Contained Graphite (Kt)	
Measured	7.4	6.7	500.0	7.4	6.7	500.0
Inferred	10.3	6.3	650.0	10.3	6.3	650.0
Total	17.7	6.5	1,150.0	17.7	6.5	1,150.0

#### Notes

- The Epanko and Merelani-Arusha Graphite Projects are located in Tanzania.
- Totals may not sum due to rounding.
- Mt = 1,000,000 tonnes.
- Tonnage figures have been rounded to the nearest 1,000 and % TGC grades have been rounded to 1 decimal place.
- Mineral Resources are quoted from blocks where the TGC grade is greater than 8%.



#### **Competent Persons' Statement**

The information in this report that relates to Exploration Results is based on information compiled by Mr. Andrew Spinks, a Competent Person, who is a Member of The Australasian Institute of Mining and Metallurgy and is employed by EcoGraf Limited. Mr. Spinks has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Spinks consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources is based on information compiled by Mr. David Williams, a Competent Person, who is a Member of The Australasian Institute of Mining and Metallurgy and is employed by CSA Global Pty Ltd, an independent consulting company. Mr. Williams has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Williams consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Ore Reserves has been compiled by Mr. Steve O'Grady who is a Member of The Australasian Institute of Mining and Metallurgy. Mr. O'Grady is employed by Intermine Engineering and produced the Ore Reserve estimate based on data and geological information supplied by Mr. Williams. Mr. O'Grady has sufficient experience that is relevant to the estimation, assessment, evaluation, and economic extraction of the Ore Reserve that he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. O'Grady consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

#### **MINERAL RESOURCE ESTIMATION - GOVERNANCE STATEMENT**

EcoGraf Limited ensures that all Mineral Resource Estimates are subject to appropriate levels of governance and internal controls. Estimation procedures are well established and are subject to systematic internal peer review and external technical review undertaken by competent and qualified professionals. These reviews have not identified any material issues. EcoGraf Limited also periodically reviews this governance framework to ensure it remains appropriate for the requirements of its business activities.

Mineral Resource Estimates are reported on an annual basis in accordance with the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ('JORC Code'). Mineral Resource Estimates are quoted inclusive of Ore Reserves. Competent Persons named are Members or Fellows of The Australasian Institute of Mining and Metallurgy and/or The Australian Institute of Geoscientists and qualify as Competent Persons as defined under the JORC Code.

# **NOTES**





# ENGINEERING CLEAN ENERGY

# **CORPORATE DIRECTORY**

#### **DIRECTORS**

Robert Pett Non-Executive Chairman
Andrew Spinks Managing Director
John Conidi Non-Executive Director

#### **COMPANY SECRETARY**

#### **Howard Rae**

#### **REGISTERED AND PRINCIPAL OFFICE**

Level 1/18 Richardson Street West Perth WA 6005

Telephone: +61 8 6424 9000 Internet: www.ecograf.com.au Email: info@ecograf.com.au

#### **SHARE REGISTRY**

#### **Link Market Services**

Level 12, QV1 Building 250 St Georges Terrace Perth WA 6000

Telephone: 1300 554 474 (toll free within Australia)
Email: registrars@linkmarketservices.com.au

#### **SOLICITORS**

## Steinepreis Paganin

Level 4, The Read Buildings 16 Milligan Street Perth WA 6000

Telephone: +61 8 9321 4000 Facsimile: +61 8 9321 4333

## King & Wood Mallesons

Level 30, QV1 Building 250 St Georges Terrace Perth WA 6000

Telephone: +61 8 9269 7000 Facsimile: +61 8 9269 7999

#### **AUDITOR**

## **Ernst & Young**

11 Mounts Bay Road Perth WA 6000

Telephone: +61 8 9429 2222 Facsimile: +61 8 9429 2436

#### **BANKERS**

#### **Westpac Banking Corporation**

Level 3, Tower 2 123 St Georges Terrace Perth WA 6000

#### STOCK EXCHANGE LISTING

## **Australian Securities Exchange**

ASX Code: EGR

# Frankfurt Stock Exchange (Börse Frankfurt)

FSE Code: FMK

Fully paid ordinary shares







ABN 15 117 330 757

 $\textbf{P} + 61\,8\,6424\,9000$  / E info@ecograf.com.au

**ASX:** EGR **FSE:** FMK

www.ecograf.com.au





