

INTERIM FINANCIAL REPORT

**FOR THE HALF YEAR ENDED
31 DECEMBER 2023**

AUSTRALIAN BATTERY GRAPHITE FROM MINE TO MARKETS



INTERNATIONAL
GRAPHITE

(ASX:IG6)

ACN 624 579 326

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Philip Hearse Non-Executive Chairman
Andrew Worland Managing Director and CEO
David Pass Non-Executive Director
Matthew O’Kane Non-Executive Director

COMPANY SECRETARY

Robert Hodby

PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

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North Perth, WA 6006
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SHARE REGISTRY

Automic Group Pty Ltd
Level 5, 191 St Georges Terrace, Perth, WA 6000

AUDITORS

Armada Audit and Assurance Pty Ltd
18 Sangiorgio Court, Osborne Park, WA 6017

SECURITIES EXCHANGE

Australian Securities Exchange
www.asx.com.au
ASX Code: IG6

OTHER STOCK EXCHANGES

Frankfurt Stock Exchange
www.boerse-frankfurt.de
FSE Code: A3DJY5

International Graphite acknowledges the Traditional Owners of Country throughout Australia, particularly the Whadjuk, Willman, and Wudjari Peoples of the Noongar Nation, and recognises their continuing connection to lands, waters and communities. We pay our respects to Aboriginal and Torres Strait Islander cultures and to Elders past and present.

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Chairman Phil Hearse, left, Project Manager Josh Hearse and Managing Director/CEO Andrew Worldand inspect product from the new qualification-scale micronising plant at Collie.

Directors' Report

The Directors present their report on International Graphite Limited (the Company) for the half year ended 31 December 2023 and the auditor's report thereon.

DIRECTORS

The Directors who held office during the half year are:

Philip Hearse, appointed 21 February 2018

Andrew Worland, appointed 7 May 2019

David Pass, appointed 9 July 2021

Matthew O'Kane, appointed 5 April 2022

COMPANY SECRETARY

Robert Hodby appointed as Company Secretary on 20 July 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the development of a vertically integrated mine to market graphite business in Western Australia comprising exploration and development of the Springdale Graphite Project, at Hopetoun, and downstream graphite processing facilities, at Collie.

OPERATING RESULT

The operating loss of the Company for the six months ended 31 December 2023 was \$1,962,989 (2022: \$944,465).

Cash and cash equivalents at 31 December 2023 totalled \$1,527,258 (30 June 2023: \$2,712,717).

Review of Operations

International Graphite is developing world class graphite assets in Western Australia to supply products to industrial and advanced battery manufacturing markets worldwide. The Company owns 100% of the Springdale Graphite Project (Springdale), located 25km from Hopetoun and 30km from the leading Mt Caitlin lithium mine and Ravensthorpe nickel mine, near Ravensthorpe on Western Australia's south coast.

Springdale is within easy reach of the regional industrial centre of Collie, 200km south of Perth, where the Company is developing a downstream graphite processing hub. The Company has established graphite research and development facilities in the Colie light industrial area and has recently expanded the facility to incorporate a qualification-scale graphite micronising plant.

Directors' Report (continued)

COLLIE MICRONISING FACILITY

Construction of the new qualification-scale micronising plant at Collie was completed during the period and the equipment has since been successfully commissioned. Designed to produce 100tpa to 200tpa of micronised graphite, the plant is the largest of its kind in Australia and an important advance for the Company's downstream processing capability.

Micronised graphite is the first stage in the production of graphite for battery anodes. It is also widely used for household and industrial applications, such as ceramics, lubricants, plastics and polymers.

Products from the qualification plant will be used for verification and acceptance testing by domestic and international customers. The product qualification process is essential for securing sales contracts. Successful qualification of micronised products will support and refine the case for construction and operation of planned commercial-scale micronising facilities.

The equipment will also be used to launch the International Graphite brand into the global market, develop graphite marketing and product handling experience.

The qualification-scale plant will also be available to testwork on graphite concentrates from Springdale to support the ongoing testwork and feasibility studies for battery anode facilities. It can also be extended to shape micronised graphite and produce a spheroidised product.

The new plant has attracted widespread attention and strong support from State and Federal Governments, including a visit by the Chair of the Australian Government's Net Zero Economy Board, the Hon Greg Combet AO.

The Company anticipates making a final investment decision for a planned \$12.5M¹ 4,000tpa commercial micronising operation at Collie by mid-2024.

SPRINGDALE GRAPHITE PROJECT

DRILLING AND MINERAL RESOURCE ESTIMATE

The Company reported a significant mineral resource increase as a result of the extensive 2022/2023 drilling campaign at Springdale. The new mineral resource estimate ranked Springdale as the second largest graphite find in Australia and resulted in Springdale being named Discovery of the Year in the 2023 Australian Mining Prospect Awards.

At a 2% Total Graphitic Carbon (TGC) cut-off, the Mineral Resource estimate is 49.3Mt @ 6.5% TGC (Table 1, 3 and 4). At 5% TGC cut-off, the Mineral Resource estimate is 28.0Mt @ 8.7% TGC (Table 2 and 5).

The new JORC 2012 compliant Mineral Resource estimate was prepared by independent consultancies OMNI GeoX Pty Ltd and Trepanier Pty Ltd. Figures are rounded to one decimal place.

Table 1: Springdale JORC 2012 Mineral Resource estimate (using 2% TGC cut-off)

Springdale Graphite Project - September 2023			
Classification	Tonnes (Mt)	Graphite (TGC%)	Contained Graphite (Mt)
Indicated	11.5	7.5	0.9
Inferred	37.8	6.1	2.3
Total	49.3	6.5	3.2

¹ ASX release 15 March 2023

Table 2: Springdale JORC 2012 Mineral Resource estimate (using 5% TGC cut-off)

Springdale Graphite Project – September 2023			
Classification	Tonnes (Mt)	Graphite (TGC%)	Contained Graphite (Mt)
Indicated	7.9	9.3	0.7
Inferred	20.1	8.5	1.7
Total	28.0	8.7	2.4

Table 3: Springdale JORC 2012 Mineral Resource by oxidation (using 2% TGC cut-off)

Oxidisation Profile	Tonnes (Mt)	Graphite (TGC%)	Contained Graphite (Mt)	Tonnes (Mt)
Oxide	Indicated	3.6	6.9	0.3
	Inferred	5.4	6.1	0.3
	Total	9.0	6.4	0.6
Transition	Indicated	2.4	8.0	0.2
	Inferred	7.0	6.9	0.5
	Total	9.4	7.2	0.7
Fresh	Indicated	5.5	7.7	0.4
	Inferred	25.3	5.9	1.5
	Total	30.8	6.2	1.9
Combined	Indicated	11.5	7.5	0.9
	Inferred	37.7	6.1	2.3
	Total	49.3	6.5	3.2

Table 4: Springdale JORC 2012 Mineral Resource (using 2% TGC cut-off)

	Springdale Main			Mason Bay			Total		
	Tonnes (Mt)	Graphite (TGC%)	Contained Graphite (Mt)	Tonnes (Mt)	Graphite (TGC%)	Contained Graphite (Mt)	Tonnes (Mt)	Graphite (TGC%)	Contained Graphite (Mt)
Indicated	8.8	7.6	0.7	2.7	7.1	0.2	11.5	7.5	0.9
Inferred	36.2	6.1	2.2	1.5	6.0	0.1	37.7	6.1	2.3
Total	45.0	6.4	2.9	4.3	6.7	0.3	49.3	6.5	3.2

² ASX Announcement 12 September 2023

Directors' Report (continued)

Table 5: Springdale JORC 2012 Mineral Resource (using 5% TGC cut-off)

	Springdale Main			Mason Bay			Total		
	Tonnes (Mt)	Graphite (TGC%)	Contained Graphite (Mt)	Tonnes (Mt)	Graphite (TGC%)	Contained Graphite (Mt)	Tonnes (Mt)	Graphite (TGC%)	Contained Graphite (Mt)
Indicated	5.9	9.6	0.6	2.0	8.3	0.2	7.9	9.3	0.7
Inferred	19.0	8.6	1.6	1.1	6.9	0.1	20.1	8.5	1.7
Total	24.9	8.8	2.2	3.1	7.8	0.3	28.0	8.7	2.4

Springdale has exceptional potential for expansion. Approximately 10% of the Company's tenement area has been explored and less than 20% of the exploration targets identified in a 2019 aeromagnetic survey (AEM) have been tested.

The 2022-2023 drilling campaign at Springdale comprised 12 diamond drill holes and 261 reverse circulation (RC) drill holes for 20,574m of drilling. It was designed to upgrade the existing resource from Inferred to Indicated status and explore promising new areas identified in the AEM survey.

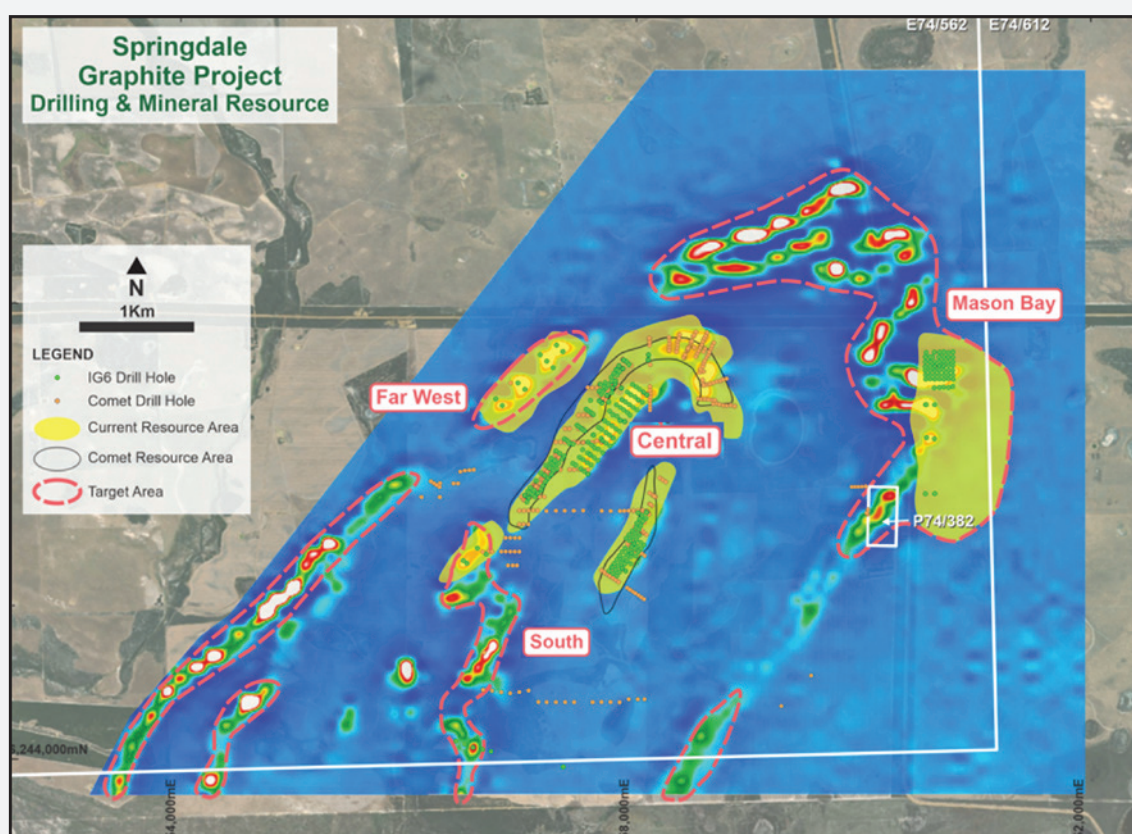


Figure 1: Springdale Drilling and Mineral Resource, with aeromagnetic survey target areas

Directors' Report (continued)

The new Mineral Resource estimate also incorporates earlier drilling, consisting of 32 diamond holes and 129 RC / AC holes for 9,533 metres. Combined drilling to date is 44 diamond drill holes, 390 RC / AC holes for 30,107 metres at an average depth of 69 metres per hole. Significant intercepts are identified in the ASX Announcement dated 12 September 2023.

METALLURGY

Bulk pilot-scale metallurgical testing was carried out on ore from Springdale². Approximately 120kg of graphite concentrate was produced from 1.5 tonnes of sample material sourced from the Springdale Mineral Resource including Mason Bay.

The results add to preliminary testing which showed that the Springdale graphite is well suited for battery anode material. The sample concentrate is now being used to advance downstream processing trials and to inform the design of the Springdale concentrator plant..

PERMITTING AND ENVIRONMENT

A spring botanical survey was completed focusing on vegetation mapping, including mapping the distribution of any Priority Ecological Communities (PEC) in the Springdale tenement area. The survey was used to rescore quadrat sites from the previous survey to ensure positional accuracy. Additional quadrat sites were installed to achieve adequate replication across different vegetation associations to support final statistical analysis and reporting. Priority flora searches were conducted across significant areas of the project. Survey work will continue to collect baseline data through the first half of 2024 and will be used to support applications for mining and environmental approvals.

SPRINGDALE-COLLIE INTEGRATED SCOPING STUDY

The Springdale-Collie Integrated Mine to Market Scoping Study was released on 29 January 2024. It positions the Company's planned Springdale mine and Collie downstream processing facilities as a world leading development-stage project with:

- a globally competitive cost structure
- multi-decade operating life – ~15% of the existing Springdale Mineral Resource has been scheduled
- robust project economics with significant potential for expansion at both Springdale and Collie.

The Springdale-Collie Integrated Mine to Market Scoping Study incorporates a preliminary technical and economic investigation to assess the viability of developing a graphite mining and concentrate production operation at the Springdale Graphite Project (Springdale Scoping Study).

It is intended that Springdale will supply graphite concentrates to the Company's planned downstream processing facility at Collie. The Collie operation, known as the Collie BAM Facility, would produce battery anode materials (BAM) for the lithium-ion battery industry.

An initial scoping study for the Collie BAM Facility was completed in April 2023. It was updated, based on using concentrates produced at Springdale instead of imported graphite feedstock.

Key results from the Integrated Scoping Study are shown in Tables 6, 7 and 8.

A Definitive Feasibility Study for the Springdale Graphite Project is expected to be completed by December 2024.

³ ASX Announcement 13 July 2023

Directors' Report (continued)

Table 6: Summary of processing plant attributes

	Unit of measure	Result
Springdale mining and ore processing capacity	Ktpa	500
Springdale capital cost estimate	A\$M	75.7
Collie BAM Facility capital cost estimate		
USPG	A\$M	124.0
CSPG	A\$M	341.5
Notional average annual primary production		
USPG	Ktpa	20.0
CSPG	Ktpa	18.6
Annualised micronised by-product production	Ktpa	17.0

Table 7: Key findings for Uncoated Spheroidised Purified Graphite and Coated Spheroidised Purified Graphite

	Unit of measure	Uncoated Spheroidised Purified Graphite		Coated Spheroidised Purified Graphite	
		First 10 years of operations	15 years of operations	First 10 years of operations	15 years of operations
Total production	Kt	187.7	284.3	165.2	255.1
Pre-tax / pre finance NPV10 approximately	A\$M	270.0	375.3	399.2	602.8
IRR approximately	%	34.4	35.8	28.4	30.5
Average annual revenues approximately	A\$M	150.9	149.2	235.2	238.1
Average annual EBITDA approximately	A\$M	79.6	78.0	140.0	141.7
Springdale–Collie average all in sustaining cash operating cost – gross	US\$/tonne product	2,468	2,443	3,744	3,687
Springdale–Collie average all in sustaining cash operating cost net of by-product credits	US\$/tonne product	1,497	1,603	2,563	2,699

Directors' Report (continued)

Table 8: Summary of key findings from the Springdale Scoping Study

	Unit of measure	First 10 Years of Operations	15 years of Operations
Indicated Mineral Resource mined and processed as a % of total Mineral Resource processed	%	86	72
Total tonnes mined	Mt	35.4	53.2
Ore mined (inc. low grade stockpiled)	Mt	6.5	10.1
Waste mined	Mt	28.9	43.1
Strip ratio	Waste: Ore	4.4	4.3
Total ore tonnes milled	Mt	5.0	7.5
Ore stockpiles available for processing	Mt	1.5	2.6
Average head grade processed	TGC %	10.0	9.5
Average annual concentrate production	Ktpa	47.4	45.1
All in sustaining cash operating cost estimate – delivered to Collie ³	US\$/tonne concentrate/ A\$/tonne concentrate	460.8 / 709.0	484.6 / 745.6

³ All in sustaining cash operating cost estimate includes the cost of stockpiled ore which remains available for processing and generating sales revenue at the end of the modelled period.

COMMUNITY RELATIONS AND ESG

The Company continues to build strong government and community relationships, and to demonstrate its commitment to high standards of Environment, Social and Governance (ESG) performance. Our vertically integrated strategy is designed to ensure complete product oversight from mine to customer, enabling the Company to maintain its ESG standards along the complete supply chain.

Community activities during the period included:

- Promoting science education in the regions by bringing the award-winning Einstein-First and Quantum Girls programs to schools in Hopetoun and Ravensthorpe during National Science Week. International Graphite is a key partner in the innovative program which aims to turn students on to STEM careers and halt the growing shortage of skills in Australia's workforce, particularly underrepresentation of women and a lack of skills in the regions. Einstein-First is developed by science educators from The University of Western Australia and Australian National University.
- Encouraging community sport through ongoing sponsorship of the Collie Eagles Football Club and assistance for Collie hockey star Brayden Dalton to compete in the Hockey Australia National Country Championships.
- Helping to foster economic growth and transition in Collie as a committee member of the Collie Chamber of Commerce.
- Supporting career education by contributing to parent-student careers forums hosted by the Collie Jobs and Skills Centre.

Directors' Report (continued)

INVESTOR RELATIONS

The Company held its annual general meeting on 24 November 2023 and all resolutions were passed.

International Graphite is actively building its profile and brand in both the investor and battery manufacturing sectors. Over the past six months, senior executives presented at conferences and industry events in Perth, Melbourne, Sydney and London, including international gigafactory conferences in Japan and the US.

The Company's promotional activities and interviews with CEO Andrew Worland have generated significant media coverage in metropolitan and community publications, international business and finance, and mining and manufacturing media.

This resulted in Austrade including International Graphite in its flagship publication, the Australian Critical Minerals Prospectus. The prospectus is widely used across international markets by investors, offtake partners and foreign governments, original equipment manufacturers, as the go-to source for Australian-based investment-ready critical minerals projects that have satisfied major development milestones.

MAJOR SHAREHOLDER SUPPORT

In July 2023, the Company agreed⁴ to contribute to the refinancing of its major shareholder Comet Resources Limited (Comet) to support the planned reinstatement of Comet shares for trading on the ASX. Comet owns 40,000,000 shares, or approximately 24% of International Graphite's issued share capital. The shares are subject to ASX escrow until 7 April 2024.

The Company contributed \$250,000 to a secured convertible loan and agreed to act as security trustee on behalf of the investors who are also party to the loan. The loan matures in 12 months, accrues interest at 8% per annum in cash. It includes a mandatory conversion into new Comet shares, if Comet's shares are requoted on the ASX, at the lower of \$0.09 per share or a 10% discount to the next capital raise. Upon conversion of the loan, and with the approval of Comet shareholders, a 1-for-2 option to acquire a share will be issued by Comet with an exercise price of \$0.20 and an expiry of three years.

Refer to Subsequent Events for further information.

DIVIDENDS

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

CORPORATE AND SIGNIFICANT CHANGES IN AFFAIRS

Other than disclosed in this Financial Report, there have been no significant changes in the affairs of the Company.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company will continue with its principal activities.

SAFETY AND ENVIRONMENT REGULATION

The Company is aware of its safety and environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work.

PROCEEDINGS ON BEHALF OF THE COMPANY

No persons have applied for leave pursuant to s.237 of the Corporation Act 2001 to bring, or intervene in, proceedings on behalf of the Company.

⁴ ASX Announcement 27 July 2023

Directors' Report (continued)

FINANCIAL POSITION

The financial report has been prepared on the going concern basis, which contemplates the continuation of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. The Company's primary source of funding is from equity and debt financings. Research and Development Tax Incentives and Government grants.

For the half year ended 31 December 2023, the Company recorded a loss of \$1,962,989 (2022: \$944,465) and had net cash outflows from operating activities of \$1,929,354 (2022: \$953,866).

For the half year ended 31 December 2023, the Company had net cash inflows from investing activities of \$96,895 (2022: outflows of \$2,964,411) due to the receipt government grants and research and development incentives.

At reporting date the Company had a current asset deficit of \$1,110,165 (June 2023: surplus \$566,287).

The current asset deficit includes Government Grants Received in Advance of \$1,370,600 (June 2023: \$1,306,864) recorded as Current Liabilities. The amounts relate to two grant agreements in place: (i) a Critical Minerals Development Program grant with the federal government for \$4,700,000 of which \$2,985,000 has been drawn down as at 31 December 2023 with a further \$1,715,000 to be received and (ii) a \$2,000,000 Financial Assistance Agreement with the Western Australian Government's Department of Jobs, Tourism, Science and Innovation that has been drawn down to \$1,333,333 to 31 December 2023 with a further \$666,667 to be received (of which \$333,333 was received subsequent to period end). The total amount yet to be drawn down at period end for both grants is \$2,381,667.

On 8 March 2024, the Company received \$1,289,925 from the Australian Taxation Office for its 30 June 2023 research and development incentive rebate.

The Directors have prepared detailed cash flow forecasts that consider a range of expenditure level commitments. Based on the research and development incentives of \$1,280,925 received on 8 March 2024, the balance of the government grants of \$2,381,667 yet to be drawn down, the ability to raise further equity and debt capital, further Research and Development Tax Incentives and the ability to reduce discretionary costs, the Directors consider the going concern basis of preparation to be appropriate.

EVENTS OCCURRING AFTER THE REPORTING DATE

On the 8 March 2024, the Company received an R&D tax refund of \$1,289,925.

On 12 March 2024, the Company agreed to loan Comet \$1.5 million and Comet granted International Graphite the right to appoint a majority of directors to the Comet board. The loan has a two year maturity and accrues interest at 10% per annum. It includes customary terms for a facility of this kind including change of control protections for International Graphite.

Other than these, no matters or circumstance have arisen since the end of the half year which significantly affected or could significantly affect the operations of the Company in future financial years.

The auditor's independence declaration for the half year ended 31 December 2023 has been received and can be found on page 14 of this report.

This Directors' Report is signed in accordance with a resolution of the Board of Directors.



Phillip Hearse

Non-Executive Chairman

Dated this 15th of March 2024 in Perth.

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

INTERNATIONAL GRAPHITE LIMITED

As lead auditor for the review of International Graphite Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief there have been:

- i) No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii) No contraventions of any applicable code of professional conduct in relation to the review.

*Armada Audit
& Assurance*

ARMADA AUDIT & ASSURANCE PTY LTD



NIGEL DIAS

DIRECTOR

Perth, Dated 15 March 2024

Statement of Profit or Loss and other Comprehensive Income

for the half year ended 31 December 2023

	Note	31 December 2023 \$	31 December 2022 \$
REVENUE FROM CONTINUING OPERATIONS			
Other income		-	13,270
		-	13,270
EXPENSES			
Administrative Expenses		(689,585)	(314,766)
Corporate Expenses		(691,418)	(381,331)
Employment Expenses		(582,435)	(283,782)
TOTAL EXPENSES		(1,963,438)	(979,879)
Operating loss		(1,963,438)	(966,609)
Finance income	2	12,679	24,739
Finance expense		(12,230)	(2,595)
Loss before income tax expense		(1,962,989)	(944,465)
Income tax expense		-	-
NET LOSS AFTER INCOME TAX EXPENSE		(1,962,989)	(944,465)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(1,962,989)	(944,465)
Basic and diluted loss per share (cents per share)		(1.18)	(0.57)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

as at 31 December 2023

	Note	31 December 2023 \$	30 June 2023 \$
CURRENT ASSETS			
Cash and cash equivalents		1,527,258	2,712,717
Trade and other receivables		51,784	156,361
Other current assets		32,840	23,305
		1,611,882	2,892,383
NON-CURRENT ASSETS			
Property, plant and equipment	3	1,448,374	1,371,480
Exploration and evaluation asset	4	13,746,303	13,764,042
Related party loans	5	250,000	-
Right-of-use asset		74,109	65,404
Other non-current assets		2,284	1,970
		15,521,070	15,202,896
TOTAL ASSETS		17,132,952	18,095,279
CURRENT LIABILITIES			
Trade and other payables		220,571	827,763
Payroll liabilities		37,569	23,937
Lease liabilities		8,709	8,376
Accruals		109,711	124,366
Provisions		12,250	-
Right of use liability		62,637	34,790
Government Grants Received in Advance		1,370,600	1,306,864
Other current liabilities	6	900,000	-
		2,722,047	2,326,096
NON-CURRENT LIABILITIES			
Lease liabilities		17,424	21,823
Right of use liability		12,519	30,790
		29,943	52,613
TOTAL LIABILITIES		2,751,990	2,378,709
NET ASSETS		14,380,962	15,716,570
EQUITY			
Issued capital	7	23,919,566	23,629,566
Reserves	8	1,524,596	1,187,215
Accumulated losses		(11,063,200)	(9,100,211)
TOTAL EQUITY		14,380,962	15,716,570

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes In Equity

for the half year ended 31 December 2023

	Note	ISSUED CAPITAL \$	SHARE BASED PAYMENTS RESERVE \$	ACCUMULATED LOSSES \$	TOTAL \$
Balance at 30 June 2022		23,629,566	730,939	(6,566,982)	17,793,523
Loss for the half year		-	-	(944,465)	(944,465)
Total comprehensive loss for the half year		-	-	(944,465)	(944,465)
Transactions with owners in their capacity as owners:					
Issue of shares (net of transaction costs)		-	-	-	-
Capital raising costs		-	-	-	-
Share based payments	8(b)	-	26,782	-	26,782
Balance at 31 December 2022		23,629,566	757,721	(7,511,447)	16,875,840
Balance at 30 June 2023		23,629,566	1,187,215	(9,100,211)	15,716,570
Loss for the half-year		-	-	(1,962,989)	(1,962,989)
Total comprehensive loss for the half-year		-	-	(1,962,989)	(1,962,989)
Transactions with owners in their capacity as owners:					
Share based payments	8(b)	-	627,381	-	627,381
Shares based payments vested		290,000	(290,000)	-	-
Balance at 31 December 2023		23,919,566	1,524,596	(11,063,200)	14,380,962

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

for the half year ended 31 December 2023

	31 December 2023 \$	31 December 2022 \$
CASH FLOW FROM OPERATING ACTIVITIES		
Grant income received		
Payments to suppliers and employees	(1,259,242)	(978,605)
Payments for process development	(670,561)	-
Interest paid	(12,230)	-
Interest income received	12,679	24,739
Net cash used in operating activities	(1,929,354)	(953,866)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(384,420)	(603,780)
Grant income received	1,703,933	
Payments for exploration and evaluation	(1,222,304)	(1,851,553)
R&D Tax incentive received ¹	-	116,840
Payments for intangible assets ¹	(314)	(625,918)
Net cash used in investing activities	96,895	(2,964,411)
CASH FLOW FROM FINANCING ACTIVITIES		
Investment in loans	(250,000)	-
Security Bond	(3,000)	-
Proceeds from loans	900,000	-
Increase/(Reduction) in lease liabilities	-	(19,686)
Net cash (used in)/provided by financing activities	647,000	(19,686)
Net (decrease) in cash held	(1,185,459)	(3,937,963)
Cash at beginning of period	2,712,717	8,857,409
CASH AT END OF PERIOD	1,527,258	4,919,446

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

¹ R&D Tax incentive received has been offset against the payments for process development costs capitalised for the half year ended 31 December 2023.

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Corporate Information

The financial report covers International Graphite Limited (International Graphite or the Company) and consists of financial statements, notes to the financial statements and the Directors' declaration. International Graphite Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

The nature of operations and principal activities of the Company are described in the Directors' Report.

b) 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 Standard AASB 134 Interim Financial Reporting and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with AASB 134 ensures compliance with International Accounting Standard 34 Interim Financial Reporting.

The financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial report for the year ended 30 June 2023, together with any public announcements made by the Company during the half year ended 31 December 2023 in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

The financial statements were authorised for issue by the Directors on 14th March 2024.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of financial assets, financial liabilities and selected non-current assets for which the fair value basis of accounting has been applied. The presentation currency of the Company is Australian dollars (AUD).

Significant Accounting Judgments and Key Estimates

The accounting policies adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the year ended 30 June 2023.

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

Financial Position

The financial report has been prepared on the going concern basis, which contemplates the continuation of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. The Company's primary source of funding is from capital raisings, Research and Development Tax Incentives and Government grants.

For the half year ended 31 December 2023, the Company recorded a loss of \$1,962,989 (2022: \$944,465) and had net cash outflows from operating activities of \$1,929,354 (2022: \$953,866).

For the half year ended 31 December 2023, the Company had net cash inflows from investing activities of \$96,895 (2022: outflows of \$2,964,411) due to the receipt government grants and research and development incentives.

At reporting date the Company had a current asset deficit of \$1,110,165 (June 2023: surplus \$566,287).

Notes to the Financial Statements (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Basis of Preparation (continued)

The Company has two grant agreements in place: (i) a Critical Minerals Development Program grant with the federal government for \$4,700,000 of which \$2,985,000 has been drawn down as at 31 December 2023 with a further \$1,715,000 to be received and (ii) a \$2,000,000 Financial Assistance Agreement with the Western Australian Government's Department of Jobs, Tourism, Science and Innovation that has been drawn down to \$1,333,333 to 31 December 2023 with a further \$666,667 to be received (of which \$333,333 was received subsequent to period end). The total amount yet to be drawn down at period end for both grants is \$2,381,667.

On 8 March 2024 the Company received \$1,289,925 from the Australian Taxation Office for its 30 June 2023 research and development incentive.

The Directors have prepared a cash flow forecast and based on that forecast the Directors have the ability reduce discretionary costs and raised further funds from capital raisings as well receiving further research and development incentives based on the exploration and development work already performed to 31 December 2023 plus planned future work.

The Directors have prepared detailed cash flow forecasts that consider a range of expenditure level commitments. Based on the research and development incentives of \$1,280,925 received on 8 March 2024, the balance of the government grants of \$3,651,667 yet to be drawn down, the ability to raise further equity and debt capital, further Research and Development Tax Incentives and the ability to reduce discretionary costs, the Directors consider the going concern basis of preparation to be appropriate.

NOTE 2: OTHER INCOME

	31 December 2023 \$	31 December 2022 \$
Interest income	12,679	24,739

NOTE 3: PROPERTY, PLANT AND EQUIPMENT

	31 December 2023 \$	30 June 2023 \$
Plant and equipment at cost	1,921,356	1,444,852
Less grant income offset	(357,756)	-
Less accumulated depreciation	(115,226)	(73,372)
	1,448,374	1,371,480
Reconciliation:		
Opening balance	1,371,480	348,322
Additions	118,747	1,096,530
Depreciation ¹	(41,853)	(73,372)
Closing balance	1,448,374	1,371,480

¹ Plant and equipment are not yet installed or operational and therefore depreciation has not commenced.

Notes to the Financial Statements (continued)

NOTE 4: EXPLORATION AND EVALUATION ASSET

	31 December 2023 \$	30 June 2023 \$
Opening balance	13,764,042	8,971,694
Exploration costs incurred	1,040,248	4,890,694
Grant income & tax rebates attributable to Exploration Expenditure	(1,057,987)	(98,346)
Closing balance	13,746,303	13,764,042

The ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation.

NOTE 5: RELATED PARTY LOANS

	31 December 2023 \$	30 June 2023 \$
Secured Convertible Note Receivable	250,000	-

In July 2023, the Company agreed to contribute to the refinancing of its major shareholder Comet to support the planned reinstatement of Comet shares for trading on the ASX. Comet owns 40,000,000 shares, or approximately 24% of International Graphite's issued share capital and is a related party. The shares are subject to ASX escrow until 7 April 2024.

The Company contributed \$250,000 to a secured convertible loan and agreed to act as security trustee on behalf of the investors who are also party to the loan. The loan matures in 12 months, accrues interest at 8% per annum in cash. It includes a mandatory conversion into new Comet shares, if Comet's shares are requested on the ASX, at the lower of \$0.09 per share or a 10% discount to the next capital raise. Upon conversion of the loan, and with the approval of Comet shareholders, a 1-for-2 option to acquire a share will be issued by Comet with an exercise price of \$0.20 and an expiry of three years. Refer Subsequent Events for further information.

NOTE 6: OTHER CURRENT LIABILITIES

	31 December 2023 \$	30 June 2023 \$
R&D Finance Facility	900,000	-

On the 14 July 2023, the Company established a \$900,000 loan facility through Innovative Technology Funding ("ITF"), an R&D finance provider offering strategic capital by way of early access to refunds secured against the ATO rebate. The facility is secured by a featherweight security agreement based on approximately 80% of International Graphite's 2023 R&D tax incentive determined on eligible domestic research and development spending. The loan has an annual interest rate of 16%, repayable by 31 March 2024. The 2023 R&D grant was received from the ATO on 8 March 2024 – refer subsequent event note.

Notes to the Financial Statements (continued)

NOTE 7: ISSUED CAPITAL

a) Shared Based Payment Reserve

	31 December 2023		30 June 2023	
	No.	\$	No.	\$
Fully paid ordinary shares	166,158,330	23,919,566	165,158,330	23,629,566

b) Movement in Issued Capital

	No.	\$
Balance as at 30 June 2023	165,158,330	23,629,566
Shares issued for cash	-	-
Vesting of Performance Shares	1,000,000	290,000
Capital raising costs	-	-
Balance as at 31 December 2023	166,158,330	23,919,566
Balance as at 31 December 2023	166,158,330	23,919,566

NOTE 8: RESERVES

a) Shared Based Payment Reserve

	31 December 2023	30 June 2022
	\$	\$
Share based payment reserve	1,524,596	1,187,215
	1,524,596	1,187,215

Movement in share based payment reserve:

	31 December 2023	30 June 2022
	\$	\$
Beginning balance	1,187,215	730,939
Shares based payments vested	(290,000)	-
Share based payments	627,381	456,276
Closing balance	1,524,596	1,187,215

The share-based payments reserve is used to recognise the fair value of shares and options issued to Directors, employees, contractors and brokers. The share-based payments expense of \$627,381 as follows:

- a) Options Issued in the current period:** \$356,000 relating to 4,000,000 options issued to consultants on 24 November 2023
- b) Performance Rights issued in the current period:** \$119,897 relates to Class A, C, D & G performance rights issued in the current period. Of this amount \$85,348 relates to directors and key management personnel and \$34,548 relates to consultants
- c) Amortising the expense of performance rights over the vesting period for performance rights issued in prior periods:** \$151,484 relates to performance rights issued to directors in prior periods being expensed over the vesting period.

Notes to the Financial Statements (continued)

NOTE 8: RESERVES (continued)

b) Share Based Payments

	31 December 2023 \$	31 December 2022 \$
Directors and key management personnel	236,832	26,782
Consultants	390,549	-
	627,381	26,782

c) Share Based Payments Granted During the Current Period

1. Performance rights issued in the current period.

On 24 November 2023, the shareholders approved the grant of 5,100,000 Performance Rights to the Directors, and on 24 July 2023 the Company granted 6,500,000 Performance Rights to key management personnel and consultants. The total performance rights being issued of 11,600,000.

The performance rights have the following vesting terms as disclosed below:

- 1) Class A Incentive Performance Rights (3,500,000):** exercisable upon the completion by the Company of a definitive feasibility study to a AACE Class 3 standard for the Springdale Graphite Project;
- 2) Class C Incentive Performance Rights (2,500,000):** exercisable upon the completion by the Company of a definitive agreement with an end user for the offtake of purified spherical graphite / battery anode material, or the provision of technology to facilitate the completion of coating of purified spherical graphite at the Company's Collie facilities to the Board's satisfaction, acting reasonably;
- 3) Class D Incentive Performance Rights (3,500,000):** exercisable upon the completion by the Company of a definitive standard feasibility study to a AACE Class 3 standard for commercial-scale battery anode materials production facilities at Collie; and
- 4) Class G Incentive Performance Rights (2,100,000):** exercisable upon the Collie Graphite Micronising Facility achieving the production of 150t of finished product per month for three consecutive months within six months of the completion of dry commissioning.

The Performance Rights have a nil exercise price and will expire four years from the date of issue, after which the Performance Rights lapse and may no longer be exercised or converted. The Directors, key management personnel and employees must remain in the Company until the vesting conditions are satisfied.

Class A, C, D & G Incentive Performance Rights have been valued based on probability estimates in achieving the non-market vesting conditions of the respective classes.

The Class A, C, D & G performance rights were valued at 19 cents per right based on the fair value of the share price on grant date.

Performance Rights issued to Directors

	Number granted	Grant date	Exercise price	Term of maturity	Fair value on grant date	Most likely outcome	Total fair value	% vested
Class A	1,500,000	24 Nov 23	Nil	4 years	285,000	50%	142,500	0%
Class C	1,500,000	24 Nov 23	Nil	4 years	285,000	25%	71,250	0%
Class D	1,500,000	24 Nov 23	Nil	4 years	285,000	50%	142,500	0%
Class G	600,000	24 Nov 23	Nil	4 years	114,000	33%	37,620	0%
Total	5,100,000							

Notes to the Financial Statements (continued)

NOTE 8: RESERVES (continued)

Performance Rights issued to KMP's and Consultants

	Number granted	Grant date	Exercise price	Term of maturity	Fair value on grant date	Most likely outcome	Total fair value at reporting date	% vested
Class A	2,000,000	24 July 2023	Nil	3.5 years	380,000	50%	190,000	0%
Class C	1,000,000	24 July 2023	Nil	3.5 years	190,000	25%	47,500	0%
Class D	2,000,000	24 July 2023	Nil	3.5 years	380,000	50%	190,000	0%
Class G	1,500,000	24 July 2023	Nil	3.5 years	285,000	33%	94,050	0%
Total	6,500,000							

The total fair value of the Performance Rights is expensed over the term of maturity. The share-based expense of \$119,897 was recognised in the Statement of Profit or Loss and Other Comprehensive Income for the year. Management shall revise the most likely outcome of Class A, C, D and G when subsequent information indicates that the number of performance rights expected to vest differs from previous estimate.

II. Options Issued in Current Periods.

On 24 November 2023, 4,000,000 options were issued to consultants, the options were valued by an external expert using the Hoadley's ESO1 Model. The key valuation inputs were as follows:

Input	Details
Spot Price	19 cents
Exercise Price	40 cents
Term	3.6 years
Risk Free Rate	3.99%
Volatility	85%
Fair Value	\$0.089
Fair Value on Grant Date	\$356,000

III. Performance Rights Issued in Prior Periods

(i) On 30 November 2022, the shareholders approved the grant of 8,400,000 Performance Rights to the Directors, of which 1,000,000 (Class B) has been fully vested the full expense taken up at 30 June 2023 with amount of \$290,000 being transferred to share capital in the half year ended 31 December 2023 with the vesting terms as below:

- 1) Class A Incentive Performance Rights (1,000,000):** exercisable upon the completion by the Company of a definitive feasibility study to a AACE Class 3 standard for the Springdale Graphite Project;
- 2) Class C Incentive Performance Rights (1,000,000):** exercisable upon the completion by the Company of a definitive agreement with an end user for the offtake of purified spherical graphite / battery anode material, or the provision of technology to facilitate the completion of coating of purified spherical graphite at the Company's Collie facilities to the Board's satisfaction, acting reasonably;
- 3) Class D Incentive Performance Rights (1,000,000):** exercisable upon the completion by the Company of a definitive standard feasibility study to a AACE Class 3 standard for commercial-scale battery anode materials production facilities at Collie;
- 4) Class E Incentive Performance Rights (2,000,000):** exercisable upon the Company achieving a daily weighted average ASX share price exceeding \$1.00 per share for 20 consecutive days; and
- 5) Class F Incentive Performance Rights (2,400,000):** exercisable upon the Company achieving daily weighted average ASX share price exceeding \$1.00 per share for 20 consecutive days.

Notes to the Financial Statements (continued)

NOTE 8: RESERVES (continued)

The Performance Rights have a nil exercise price and will expire four years from the date of issue, after which the Performance Rights lapse and may no longer be exercised or converted. The Directors must remain in the Company until the vesting conditions are satisfied.

Class A, C and D Performance Rights were valued using the share price at grant date with the share-based payment recognised as share-based payment expense in the Statement of Profit or Loss and Other Comprehensive Income.

Class E and F Performance Rights were valued using the Parisian Barrier1 Model at grant date with the share-based payment recognised as share-based payment expense in the Statement of Profit or Loss and Other Comprehensive Income. The key inputs to the model used were as follows:

Grant date	30 November 2022
Dividend yield (%)	Nil
Expected volatility (%)	81%
Risk-free interest rate (%)	3.17%
Expected life of options (years)	4
Underlying share price (\$)	0.29
Option exercise price (\$)	Nil
Value of each right (\$)	0.1937

	Number granted	Grant date	Exercise price	Term of maturity	Fair value on grant date	Most likely outcome	Total fair value
Class A	1,000,000	30 Nov 22	Nil	4 years	\$0.29	50%	\$145,000
Class C	1,000,000	30 Nov 22	Nil	4 years	\$0.29	50%	\$145,000
Class D	1,000,000	30 Nov 22	Nil	4 years	\$0.29	25%	\$72,500
Class E	2,000,000	30 Nov 22	Nil	4 years	\$0.1937	N/A	\$387,400
Class F	2,400,000	30 Nov 22	Nil	4 years	\$0.1937	N/A	\$464,880
Total	7,400,000						1,214,780

NOTE 9: KMP RELATED PARTY TRANSACTIONS

On 24 November 2023, the shareholders approved the grant of 5,100,000 Performance Rights to Directors and key management personnel as below:

- **David Pass** – 1,000,000 each of Class A, C and D, and 600,000 Class G Performance Rights
- **Matthew O’Kane** – 500,000 each of Class A, C and D Performance Rights

On 24 July 2023 the Company issued the Chief Financial Officer, Robert Hodby - 1,000,000 each of Class A, C and D, and 500,000 Class G Performance Rights

Refer Note 7(c) for the terms and conditions of these Performance Rights.

Comet is a related party by virtue of its ownership of 40,000,000 shares, or approximately 24% of International Graphite shares on issue.

Notes to the Financial Statements (continued)

NOTE 9: KMP RELATED PARTY TRANSACTIONS (continued)

In July 2023, the Company agreed to contribute to the refinancing of Comet to support the planned reinstatement of Comet shares for trading on the ASX. Full details are provided at Note 5. Refer also subsequent event note.

Battery Limits Pty Ltd (an entity controlled by Mr Hearse) (Battery Limits) received professional services fees in respect of metallurgical, engineering, process design, project management and administration activities for the 2023 and 2022 half years amounting to \$460,304 and \$593,812 respectively (each ex GST). These fees include payments to consultants of Battery Limits including Mr. Pass.

In addition, the Company occupies an office space at a commercial premises owned by Juad Pty Ltd (an entity controlled by Mr Hearse) and leased by Battery Limits. In the 2023 half year, the Company paid Battery Limits \$21,236 (2022: 10,710) for its reasonable share of office rent and outgoings incurred by Battery Limits based on the Company's occupancy levels.

NOTE 10: COMMITMENTS - TENEMENTS

Prospecting Licenses, Exploration Licenses and Mining Leases are subject to annual rent and a prescribed minimum annual expenditure commitment. The total annual rents for 2023 for the Company's three granted licenses is \$40,912. The minimum expenditure commitment for 2024 is \$169,000.

NOTE 11: CONTINGENCIES AND COMMITMENTS

There were no material contingent liabilities, contingent assets and other commitments at reporting date.

NOTE 12: EVENTS SUBSEQUENT TO REPORTING DATE

On the 8 March 2024 the Company received an R&D tax refund of \$1,289,925.

On 12 March 2024 the Company agreed to loan Comet \$1.5 million and Comet granted International Graphite the right to appoint a majority of directors to the Comet board, therefore providing International Graphite with a guiding hand in the strategic direction of Comet. The loan has a two year maturity and accrues interest at 10% per annum. It includes customary terms for a facility of this kind including change of control protections for International Graphite.

Other than this there have been no matters or circumstance have arisen since the end of the half year which significantly affected or could significantly affect the operations of the Company in future financial years.

Directors' Declaration

In the Directors' opinion:

- the attached financial statements and notes comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Act 2001, and
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001 and is signed for and on behalf of the Directors by:

On behalf of the Directors:



Phillip Hearse

Non-Executive Chairman

Dated this 15th of March 2024 in Perth.

Independent Auditor's Review Report to the Members of International Graphite Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of International Graphite Limited ('the Company'), which comprises the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of International Graphite Limited is not in accordance with the *Corporations Act 2001* including:

- (a) Giving a true and fair view of the Company's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*;

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibility for the Review of the Half-Year Financial Report* section of our report. We are independent of the Company in accordance with the 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

*Armada Audit
& Assurance*

ARMADA AUDIT & ASSURANCE PTY LTD



NIGEL DIAS

DIRECTOR

Perth, Dated 15 March 2024



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