MARGOSA GRAPHITE LIMITED

Exploiting the differentiating brilliance of VEIN Graphite

Annual Report

June 2024

CHAIRMAN'S LETTER

Dear Fellow Shareholders

It has been a year of caution and consideration for Margosa Graphite Board and Management as they closely kept abreast of the economic and political rebirth of the Sri Lankan economy. Whist keeping a firm view of the economic situation, the team was in no way lax with regards to achieving the required results to ensure the Company met milestones and continued its focus on expanding and enhancing the quality of its Pathakada, Ridee Ganga Project.

The government continued to adopt a constructive and sustainable approach to the fiscal situation with the guidance and assistance of the major international funding organisations who also reflected their support with significant funding options that enhanced the road back to recovery. Fiscal forecasts indicated consistent growth for the second consecutive year which allowed the Board of Directors the confidence to announce the completion of the condition's precedent relative to the official handing over of the Industrial Mining License for the RG Project area.

Margosa's product is extremely valuable, positioning it at the pivotal edge within the critical mineral market space. Continued analytical and validation test works are defining the potential of the RG Project carbon concentrate which is entering into the production line test programs and will define the level of value that this product can reach, it's no longer a case of "if", but how far we can take this product into the high-end use case applications. The production test program is also attached to a potential Offtake partner from Europe with regards to a specific use case scenario. Other offtake options are still very much alive as most groups wait the test work program results.

Efforts to raise capital continue with the welcoming of a major manufacturing firm from the UK with international agencies abroad as well as continued due diligence with several international, reputable institutions and organisations. Margosa Mines to Many Markets (MtM2) strategy continues to generate interest with its value proposition and market differentiation.

I wish to express my sincere appreciation to my fellow Directors and the executive management team for their hard work and commitment which has enabled us to achieve excellent progress. I am confident that the required works associated with taking the Company to a Public offering is on track and will deliver value to the shareholders at the require time of inception. Margosa is uniquely positioned to positively disrupt the market, to turn heads and to pave the way for a cleaner, sustainable, and more sophisticated future for the global community.

Overall, Margosa's Board of Directors believes that Sri Lanka has made commendable progress in implementing difficult policy reforms and stabilizing the economy and has confidence that sustainable solutions will continue to be delivered irrespective of what political party succeeds in this year's Presential and General Elections.

I would like to thank our shareholders for their continued support and belief in Margosa's future. The Directors are cognizant of the patience of shareholders and believe that recent testing and reporting support management's belief in the quality and commerciality of Margosa's Sri Lankan graphite. The Director's look forward to sharing these developments over the coming months.

Furthermore, I would like to take this opportunity to commend the hard work and dedication of my fellow office holders and in particular the personal sacrifices of the Group's Managing Director, Mr. John Shackelton. Together with all members of our Sri Lankan management team their commitment to navigating governmental, economic, and political hurdles thrown at Margosa in the last year has been exemplary.

Congratulations to all concerned.

Sincerely

Colin Belton
Chairman
Margosa Graphite Ltd

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Margosa Graphite Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2024.

Directors

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

Mr. John Shackleton (Managing Director) – appointed 7 December 2012
Mr. Varuna Mallawarachchi (Non-Executive Director) – appointed 8 February 2017
Mr. Colin Belton (Non-Executive Director) - appointed 5 October 2022
Mr. Craig Pentland (Non-Executive Director) - appointed 5 October 2022

Information on Directors

Name:	Colin Belton
Title:	Non-Executive Chairmen (appointed 5 October 2022)
Experience and expertise:	Colin has extensive experience in business having held a number of partner positions in several Accounting and Business Advisory firms in Australia. He has over 40 years' experience as a Certified Practicing Accountant (CPA) and is now a Principal Consultant and Chartered Tax Advisor for SLS Advisory, a highly regarded Chartered Accounting and Business Advisory Firm. He has extensive experience advising ASX listed organisations across a multitude of industry and commerce. Colin has deep experience of operating in Sri Lanka having been one of the founding Directors of Lankan Resources Development Fund, an organisation which demerged in 2017 to form CGS Australia (a mining resources company operating a Silica Quartz mine in Sri Lanka) and Margosa Graphite in 2017. Colin's knowledge of Sri Lanka and experience in-country with the Geological Survey and Mines Bureau and respective Sri Lankan Ministers has proven essential in assisting the organisation to navigate its way to the award of Environmental Approvals and the Class 'A' Industrial Mining License in 2023. Colin is adept at managing complex business scenarios that require strategic thinking and a systematic approach. He has shown Margosa Shareholders that he intends to support the achievement of the company's strategic objectives with drive and an innovative no-nonsense approach.
Interest in equity	
Shares	4,480,153
Performance rights	- Nil

Name:	John Shackleton
Title:	Managing Director
Experience and expertise:	John is a mining executive with over 35 years of experience delivering operational excellence for Electrical Engineering and Mining construction and development projects globally. John's industry experience stems from his electrical engineering background and includes the design and construction of mine critical infrastructure and utilities, plant construction and mine expansion. He brings deep operational knowledge across a range of commodities and a strategic approach to development and growth opportunities. John is now leading Margosa from in-country as a resident with a focus on managing critical stakeholder relationships with government mining agencies. He has a deep understanding of Sri Lanka stemming from his role with CGS Australia, a mining resources company operating a silica quartz mine in country. He was instrumental in the conduct of feasibility study, the design, development and construction of a process facility, negotiation with government agencies and ultimately the award of a Class 'A' Industrial Mining License. This Project has successfully operated for the past 10 years supplying the Silica market with products. John is committed to Margosa's goal of uplifting Sri Lanka's Mining Industry maturity, building strong relationships with the government, indigenous partners, community stakeholders and business partners to ensure the company's activities deliver mutual benefit to these stakeholders while driving strong value for shareholders.
Interest in equity:	
Shares	8,088,918
Performance rights	- Nil

Name:	Varuna Mallawarachchi
Title:	Non-Executive Director (Appointed 8th February 2017)
Experience and expertise:	Highly experienced Attorney-at-Law and Notary Public defender with over 30 years of experience in civil instruction. Possesses a proven track record of success in providing legal counsel to clients across industry and commerce. Holds excellent relationships with government departments and has a truly international network across professional services, mining, manufacturing and wider industry and commerce. Varuna has invested in international collaboration and knowledge transfer on Labour relations with trade unions in Netherlands, Switzerland, Belgium, Malaysia and Singapore. Varuna is the Managing Director of Peraj Mining, a well-established silica quartz producer, which has been operating for over 25 years, bringing product from mine to market consistently. He also leads a Sri Lankan Legal Firm which focuses on corporate law, arbitration and resolution, Labour and domestic inquiry. Varuna is a Non-Executive Director of Margosa graphite and continues to hold the respect of company shareholders who have recognised his drive and determination in directing the company on its pathway to support the global community in establishing a more sustainable, greener, and sophisticated future.
Interest in equity	
Shares	4,837,307
Performance rights	- Nil

Name:	Craig Pentland
Title:	Non-Executive Director (appointed 5 October 2022)
Experience and expertise:	Craig is a Chartered Accountant (CA), Certified Practising Accountant (CPA) and Chartered Tax Adviser with over 25 years' experience as a business leader in the public domain and across a spectrum of commerce industries. He is currently the Managing Director (founding) of SLS Advisory, a Chartered Accounting practice and SME advisory firm in Perth, WA. He has spent the last 15 years as a director of a multitude of start-up projects, ranging from exploration and production phased mining, mining, IT businesses and agriculture. Craig has extensive experience of operating in Sri Lanka and was one of the founding directors, CFO and Company Secretary of Margosa Graphite Ltd (Formerly Lankan Resources Development Fund Pty Ltd) between 2011-2017. Craig is now a director, CFO and Company Secretary of CGS Australia, a mining resources company operating a Silica Quartz mine in Sri Lanka. Craig brings a pioneering mindset and a wealth of experience to Margosa's Board of Directors.
Interest in equity	
Shares	4,422,313
Performance rights	- Nil

Company secretary

Mr Craig Douglas Pentland (Appointed 31 January 2023)
Craig is a Chartered Accountant (CA), Certified Practising Accountant (CPA) and Chartered Tax Adviser with over 25 years' experience as a business leader in the public domain and across a spectrum of commerce industries. He is currently the Managing Director (founding) of SLS Advisory, a Chartered Accounting practice and SME advisory firm in Perth, WA. He has spent the last 15 years as a director of a multitude of start-up projects, ranging from exploration and production phased mining, mining, IT businesses and agriculture. Craig has extensive experience of operating in Sri Lanka and was one of the founding directors, CFO and Company Secretary of Margosa Graphite Ltd (Formerly Lankan Resources Development Fund Pty Ltd) between 2011-2017. Craig is now a director, CFO and Company Secretary of CGS Australia, a mining resources company operating a Silica Quartz mine in Sri Lanka. Craig brings a pioneering mindset and a wealth of experience to Margosa's Board of Directors.

Principal activities

The Company, through its subsidiaries is primarily involved in mineral exploration. mining and development of Graphitic (Carbon) Ore resources in Sri Lanka.

Review of operations

Overview

Margosa is a public unlisted company incorporated in Western Australia. The Company, through its subsidiaries (the Group) is primarily involved in mineral exploration, mining, and development of Graphitic (Carbon) Ore resources in Sri Lanka.

Company Strategy

The Group's vision is to find, develop and mine high-grade vein graphite deposits in Sri Lanka, and become the leading supplier of this rare and superior graphite form.

Company Milestones for the financial year ended 30 June 2024

(1) The Company continues to maintain its presence, standing and reputational integrity as the Sri Lankan economy and political situation improves. Senior Management remains in country to ensure that the integrity of the Projects remained within the Company control and as the appointed government continued to adopt a constructive and sustainable approach to the fiscal and political issues, global confidence slowly returned to this island nation. The World Bank and International Monetary Fund (IMF) have continued to recognize the Sri Lankan Government's positive efforts and ongoing diligence in constructively addressing Sri Lanka's economic recovery. Inflation has decelerated to single digits, foreign exchange reserves continue to be built and the exchange rate has appreciated, all key indicators of recovery. The Company has concluded that although the upheaval was of a disturbing and at times distressing event for the people of Sri Lanka, management maintained full and informed situational awareness to ensure effective security, threat and risk management.

(2) During this period of recovery, the Board of Directors took a considered and cautious approach to the declaration of operational readiness to the Geological Survey and Mines Bureau (GSMB) and the conclusion of the final condition precedent of the transfer of moneys into a local (Foreign Currency) account within Sri Lanka. The Board announced to the GSMB and governing Ministerial agency the deposit of funds in June 2024 which would lead to the physical presentation of the IML to Margosa within the pending month preceding this reporting period. The license was presented to Margosa within the Month of July 2024.

(3) The Company continued minor works at the RG Project site with regards to infrastructure installation during the year pending the announcement related to Operational Readiness. Its focus centred around the conclusion of relevant activities to facilitate the pending update of the 2020 Feasibility Technical Report to 2024 costings levels in line with requirements for the Company to participate in a Public Offering. The Company engaged with a number of Advisors and alike to review and consider the most relevant and supportive market space for the commodity as well as identifying areas of within the Company that would ensure a secure and value driven market entry level.

(4) The Company, after adopting its Mines to Many Markets (MtM2™) strategy successfully engaged with a UK based manufacturer of critical metals/minerals/elements for high end and and has completed extensive test works on its RG Project concentrate product, along with testing of a number of other Project product areas. The test work, although not fully completed within the reporting period has highlighted the differential brilliance of the RG Project product and has opened the door for further analytical and production level test works directly related to the potential offtake for the RG Project product. These test work results are also related to the requirements of a Public Offering to ensure the Company viability and level of value for its shareholders.

(5) As mentioned, the Company's expanded vision into "Vertical Integration" (MtM2) has seen it heavily engaged with the UK experts into the possibility of an investment partnerships for a group that would not only control its feedstock capability, but command a significant presence into the higher end of manufacturing to meet specific use case scenario's with this unique product. These discussions and negotiations have reached advanced stage and are progressing strongly toward a beneficial outcome that would move both Margosa, and the UK Experts into a position of strength within the market space.

(6) During this period, the Company received its letters of award for its tenements being held, as well as the 3 tenements that it had in application from the Ministry of Environment. Continued comprehensive review of exploration data and plans assisted Margosa with the identification of prospective, high-value opportunities within the Company's extensive tenement portfolio. With the changes adopted by the GSMB with regards to the Minerals Licensing Act, Regulations of Extraordinary Gazette No. 2313/37 of 4th January 2023, the Company took the decision of cost cutting options toward holding tenements of little value or tenements that the Company has assessed as not economically viable to proceed with. As also advised, the Company will continue to systematically assess each of the license areas, along with new opportunities being presented, with regards to potential and will complete further analysis on those potential opportunities to determine the extent of which it would like to maintain and/or participate in other Project areas. Applications to secure additional grids maybe made at any time and as the Sri Lankan Mineral Act applies to all entities, the Company views this as an opportunity.

(7) The Company, along with other organisations are developing sustainability strategies that focus on creating value amongst a broad group of stakeholders - including employees, customers, suppliers, investors and community groups - whilst managing their broader obligations to society and the environment. Investors are raising expectations for how companies operate, and

ESG has become an important criterion to evaluate the management and performance of companies. Margosa has engaged a well-known and respected entity (Decarbonate) within this field and has developed its roadmap for ESG Sustainability.

(8) The Company successfully continues to adopt practices to help protect and keep safe its Sri Lankan employees, consultants, and contractors.

Projects Review

A review of work at Pathakada, and over the Company's other Sri Lankan license areas during the year is set out below:

Pathakada EL 219

Development

The Company has started the installation of the Egress and Emergency shaft Headframe and associated equipment. Other minor installation works on support infrastructure have been completed as the Company waited for the announcement of Operational Readiness to the GSMB.

Metallurgy

The Company successfully completed a series of analytical and material validation test work with UK Specialists to identify the RG Project concentrate product as a possible product for the displacement of Synthetic Graphite in specific use case scenarios. This work has culminated in an extended work program to now determine further use case scenarios from this product given the positive nature of the tests completed. It has also led to the introduction to a substantial offtake opportunity that the prevailing test works will validate.

Mining

Physical mining activities during this period where limited with infrastructure installation being progressed as a priority on the surface. The Board of Directors took a considered and cautious approach to the declaration of operational readiness to the GSMB and the conclusion of the final condition precedent of the transfer of moneys into a local (Foreign Currency) account within Sri Lanka pending a regaining of confidence within the fiscal and political climate for this period. The Board announced to the GSMB and governing Ministerial agency the deposit of funds in June 2024 which would lead to the physical presentation of the IML to Margosa within the pending month preceding this reporting period.

Exploration

Exploration activities have continued in the surrounding grids to the RG Project throughout FY23/24 at Pathakada EL/219. Current works have identified significant results which the Company will continue to evaluate and will culminate into a resource report in the near future.

All associated grids within this license area are now under retention and are being assessed for Mining License applications.

Aluketiya EL218

- Aluketiya is located in the Kalutara district. The Company was able to successfully conclude its Exploration License Appeals hearings for this Project area with the Ministry of Environment. The Company will continue to evaluate and review its level of holding on this Project as it completes exploration assessment across the grids.

  .
- Exploration was limited to statutory requirements, along with accessibility and economic viability aligned with the changes attributed to the Minerals Act. The Company will work closely with the local Mines Department, (GSMB), to complete further works in FY24/25.

Dumbara EL264, EL311, EL312, EL313

- The project is located about 55 km southeast of Colombo and is recorded as the first area to be commercially mined for graphite in Sri Lanka in the 1850s. The Company was awarded this Project area by the Ministry of Environment. The Company will continue to evaluate and review its level of holding on this Project as it completes exploration assessment across the grids.

  Exploration was limited to statutory requirements, along with accessibility and economic viability aligned with the changes attributed to the Minerals Act. The Company will work closely with the local Mines Department, (GSMB), to complete further works in FY24/25.

Waharaka EL294

- The Waharaka project is located about 40 km east northeast of Colombo and about 15 km southwest of the Graphite Kropfmuhl's Bogala graphite mine. The Company was awarded this Project area by the Ministry of Environment. The Company will continue to evaluate and review its level of holding on this Project as it completes exploration assessment across the grids.

  Exploration was limited to statutory requirements, along with accessibility and economic viability aligned with the changes attributed to the Minerals Act. The Company will work closely with the local Mines Department, (GSMB), to complete further works in FY24/25.

Kithulgala EL270

- Kithulgala lies about 60 km east of Colombo. The Company was awarded this Project area by the Ministry of Environment. The Company will continue to evaluate and review its level of holding on this Project as it completes exploration assessment across the grids.

  Exploration was limited to statutory requirements, along with accessibility and economic viability aligned with the changes attributed to the Minerals Act. The Company will work closely with the local Mines Department, (GSMB), to complete further works in FY24/25.

Dehiowita EL319

- The Dehiowita project is situated about 45 km east of Colombo and south of the Waharaka project.
  The Company was awarded this Project area by the Ministry of Environment. The Company will continue to evaluate and review its level of holding on this Project as it completes exploration assessment across the grids.

  Exploration was limited to statutory requirements, along with accessibility and economic viability aligned with the changes attributed to the Minerals Act. The Company will work closely with the local Mines Department, (GSMB), to complete further works in FY24/25.

Yattawatura EL271

- The Yattawatura project is located about 45 km east of Colombo, located between the Dehiowita and Dumbara projects.
  The Company was awarded this Project area by the Ministry of Environment. The Company will continue to evaluate and review its level of holding on this Project as it completes exploration assessment across the grids.

  Exploration was limited to statutory requirements, along with accessibility and economic viability aligned with the changes attributed to the Minerals Act. The Company will work closely with the local Mines Department, (GSMB), to complete further works in FY24/25.

Avissawella & Kukulaga

- The Avissawella & Kukulaga license areas represent strike extensions to the Dehiowita-Waharaka and Dumbara. The Company was awarded this Project area by the Ministry of Environment. The Company will continue to evaluate and review its level of holding on this Project as it completes exploration assessment across the grids.

  Exploration was limited to statutory requirements, along with accessibility and economic viability aligned with the changes attributed to the Minerals Act. The Company will work closely with the local Mines Department, (GSMB), to complete further works in FY24/25.

Gabbala

- The Gabbala licence area is located approximately 100 km northeast of Colombo in the Kegalle District in Sabaragamuwa Province.
  The Company was awarded this Project area by the Ministry of Environment. The Company will continue to evaluate and review its level of holding on this Project as it completes exploration assessment across the grids.

  Exploration was limited to statutory requirements, along with accessibility and economic viability aligned with the changes attributed to the Minerals Act. The Company will work closely with the local Mines Department, (GSMB), to complete further works in FY24/25.

Corporate Activities

During the year, the Company has raised $2,911,400 through the issue of shares.

Directors' Meetings

During the financial year, in addition to regular Board discussions, the number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

Director	Number of Meetings Eligible to Attend	Number of Meetings Attended
Mr. John Shackleton	7	7
Mr. Varuna Mallawarachchi	7	7
Mr. Colin Belton	7	7
Mr. Craig Pentland	7	7

Financial results and condition

The loss for the Group after providing for income tax amounted to $2,923,700 (2023 restated: $1,109,003). The net assets of the Group as at 30 June 2024 were $7,307,933 (2023 restated: $7,373,015).

For the year ended 30 June 2024, the Group had a working capital deficit of $70,186 (2023: $1,028,452) and net cash inflows of $2,134,498 (2022: $125,908 outflow).

Summary of results

	2024 $	2023 $
Other income	115,403	39,550
Expenditure	(3,039,103)	(1,148,553)
Loss from continuing operations	(2,923,700)	(1,109,003)
Other comprehensive income	(130,327)	674,829
Total comprehensive loss	(3,054,027)	(434,174)

The Directors believe the Group is well positioned to continue to deliver significant shareholder value.

Significant changes in the state of affairs

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

Dividends

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

Shares under option

There were no share under options issued during the year ended 30 June 2024 and up to the date of this report.

Shares issued on the exercise of options

There were no ordinary shares issued on the exercise of options during the year ended 30 June 2024 and up to the date of this report.

Shares under performance rights

There were no unissued ordinary shares under performance rights outstanding at the date of this report.

Shares issued on the exercise of performance rights

There were no ordinary shares issued on the exercise of performance rights during the year ended 30 June 2024 and up to the date of this report.

Indemnity and insurance of officers

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

During the financial year, the Group paid a premium in respect of a contract to insure the Directors and executives of the Group against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

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

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

Environmental regulation

The Group is subject to environmental regulation in relation to its exploration activities. It aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation. The Directors are not aware of any breaches during the period covered by this report.

Likely developments and expected results of operations

Likely developments in the operations of the Group are set out in the above review of operations in this annual report. Any future prospects are dependent upon the results of future exploration and evaluation.

Proceedings on behalf of the Group

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

Matters subsequent to the end of the financial year

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's independence declaration

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

Auditor

RSM Australia Partners continue in office in accordance with section 327 of the Corporation Act 2001.

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

On behalf of the Directors

____
Colin Belton
Chairman

14 October 2024
Perth, WA

RSM Australia Partners

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

T +61 (0) 8 9261 9100

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Margosa Graphite Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) Any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA

MATTHEW BEEVERS
Partner

Perth, WA
Dated: 14 October 2024

	Note	2024 $	Restated 2023 $
Revenue			
Other income		115,403	39,550
Expenses			
Professional fees	5	(576,614)	(437,204)
Directors fees		(480,108)	(352,105)
Other operating expenses	6	(502,041)	(241,096)
Finance expenses		(17,170)	(7,149)
Lease payments		(37,946)	(37,568)
Depreciation and amortisation expense	11,12	(42,197)	(45,894)
Loss on sales of assets		(81)	-
Share based payments		(87,500)	-
Impairment loss on exploration and evaluation assets	10	(1,288,021)	(27,537)
Foreign exchange loss		(7,325)	-
Loss before income tax expense		(2,923,700)	(1,109,003)
Income tax expense	7	-	-
Loss after income tax expense for the year		(2,923,700)	(1,109,003)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(130,327)	674,829
Other comprehensive income for the year, net of tax		(130,327)	674,829
Total comprehensive Loss for the year		(3,054,027)	(434,174)
Loss for the year is attributable to:			
Non-controlling interest		(112,245)	576,728
Owners of Margosa Graphite Limited		(2,811,455)	(1,685,731)
		(2,923,700)	(1,109,003)
Total comprehensive Loss for the year is attributable to:			
Non-controlling interest		(35,948)	448,180
Owners of Margosa Graphite Limited		(3,018,079)	(882,354)
		(3,054,027)	(434,174)

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

	Note	2024 $	Restated 2023 $	1 July 2022 $
Assets				
Current assets				
Cash and cash equivalents	8	2,014,665	70,596	135,489
Trade and other receivables		149,397	86,247	51,493
Inventories		151,604	149,740	124,522
Other		53,225	48,378	45,089
Total current assets		2,368,891	354,961	356,593
Non-current assets				
Exploration and evaluation*	10	6,667,498	7,512,368	6,653,699
Property, plant and equipment	11	747,281	976,048	1,034,289
Right-of-use assets	12	282,494	295,299	303,249
Other		9,930	11,001	17,676
Total non-current assets		7,707,203	8,794,716	8,008,913
Total assets		10,076,094	9,149,677	8,365,506
Liabilities				
Current liabilities				
Trade and other payables	14	1,910,335	1,349,630	739,151
Lease liabilities	13	33,638	33,783	37,197
Borrowings	15	495,104	74,197	-
Total current liabilities		2,439,077	1,457,610	776,348
Non-current liabilities				
Lease liabilities	13	329,084	319,052	300,419
Total non-current liabilities		329,084	319,052	300,419
Total liabilities		2,768,161	1,776,662	1,076,767
Net assets		7,307,933	7,373,015	7,288,739
Equity				
Issued capital	16	23,474,166	20,485,221	19,966,771
Reserves*		(537,560)	(330,936)	(1,134,313)
Other Equity	18	2,496,417	2,496,417	-
Accumulated losses*		(16,103,357)	(13,291,902)	(11,606,171)
Equity attributable to the owners of Margosa Graphite Limited		9,329,666	9,358,800	7,226,287
Non-controlling interest		(2,021,733)	(1,985,785)	62,452
Total equity		7,307,933	7,373,015	7,288,739

***Restated – Refer to Note 3**

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

	Issued capital	Foreign currency translation reserve	Other Equity	Accumulated losses	Non-controlling interest	Total equity
	$	$	$	$	$	$
Balance at 1 July 2022	19,966,771	(3,847,587)	-	(10,606,171)	62,452	5,575,465
Adjustment for correction of error (note 3)	-	2,713,274	-	(1,000,000)	-	1,713,274
Balance at 1 July 2022 - restated*	19,966,771	(1,134,313)	-	(11,606,171)	62,452	7,288,739
Loss after income tax expense for the year	-	-	-	(1,685,731)	576,728	(1,109,003)
Other comprehensive income for the year, net of tax*	-	803,377		-	(128,548)	674,829
Total comprehensive income for the year	-	803,377	-	(1,685,731)	448,180	(434,174)
Transactions with owners in their capacity as owners:						
Transactions with Non-Controlling interest (note 18)		-	2,496,417	-	(2,496,417)	-
Share Issue (note 16)	518,450	-	-	-	-	518,450
Balance at 30 June 2023*	20,485,221	(330,936)	2,496,417	(13,291,902)	(1,985,785)	7,373,015

	Issued capital	Foreign currency translation reserve	Other Equity	Accumulated losses	Non-controlling interest	Total equity
	$	$		$	$	$
Balance at 1 July 2023	20,485,221	(330,936)	2,496,417	(13,291,902)	(1,985,785)	7,373,015
Profit/(loss) after income tax expense for the year	-	-	-	(2,811,455)	(112,245)	(2,923,700)
Other comprehensive income for the year, net of tax	-	(206,624)		-	76,297	(130,327)
Total comprehensive income for the year	-	(206,624)	-	(2,811,455)	35,948	(3,054,027)
Transactions with owners in their capacity as owners:						
Share issue (note 16)	2,911,400	-	-	-	-	2,911,400
Share base payment (note 16)	87,500	-	-	-	-	87,500
Share issue costs (note 16)	(9,955)	-	-	-	-	(9,955)
Balance at 30 June 2024	23,474,166	(537,560)	2,496,417	(16,103,357)	(2,021,733)	7,307,933

***Restated-refer to note 3**

	Note	2024 $	2023 $	
Cash flows from operating activities				
Receipts from customers		-	38,303	
Payments to suppliers and employees (inclusive of GST)		(912,540)	(398,017)	
Interest received		2,542	427	
Net cash used in operating activities	9	(909,998)	(359,287)	
Cash flows from investing activities				
Payments for property, plant and equipment	11	696	(449)	
Payments for exploration and evaluation	10	(220,766)	(300,952)	
Proceeds from sales of plant and equipment		(80)	-	
Net cash used in investing activities		(220,150)	(301,401)	
Cash flows from financing activities				
Proceeds from issue of shares	16	2,911,400	518,450	
Proceeds from Borrowings		401,651	70,245	
Lease payments		(38,450)	(53,915)	
Share issue costs paid		(9,955)	-	
Net cash from financing activities		3,264,646	534,780	
Net increase / (decrease) in cash and cash equivalents		2,134,498	(125,908)	(1,750,481)
Cash and cash equivalents at the beginning of the financial year		70,596	135,489	1,901,501
Effects of exchange rate changes on cash and cash equivalents		(190,429)	61,015	(15,531)
Cash and cash equivalents at the end of the financial year	8	2,014,665	70,596	135,489

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

Note 1. General information

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

Margosa Graphite Limited is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	Principal place of business
1-3 Brixton Street, Cottesloe WA 6011	1-3 Brixton Street, Cottesloe WA 6011

The Group is primarily involved in graphite exploration and development in the Sri Lanka.

The financial statements were authorised for issue, in accordance with a resolution of Directors, 29 October 2024

Note 2. Material accounting policies

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

New or amended Accounting Standards and Interpretations adopted

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

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

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

Going concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the group recorded a loss of $2,923,700 (2023: $1,109,003) and had net cash outflows from operating and investing activities of $1,130,148 (2023: $660,689). The Group had a working capital deficit of $70,186 (2023: $1,102,649) These conditions indicate the existence of uncertainty that may cast doubt about the Group's ability to continue as a going concern.

The ability of the entity to continue as a going concern is dependent on securing additional funding through capital raising activities to continue its operational and exploration activities.

The Directors are satisfied they will be able to raise additional working capital as required and thus it is appropriate to prepare the financial statements on a going concern basis. In arriving at this position, the directors have considered the following matters:

- The Directors have assessed the cash flow requirements for the 12 months period from the date of approval of the financial statements and its impact on the Group and believe there will be sufficient funds to meet the Group's working capital requirements;
- The Group is in ongoing discussions with certain creditors which will be settled upon funding through a debt or equity event. At the date of this report, the Group has not received any demands for payment from creditors;
- Active cost cutting measures have continued;
- Key shareholders have confirmed willingness to financially support the Group via debt or equity event;
- A history of successfully completing capital raisings over the preceding financial period, including via a placement, an entitlement issue; and
- From 1 July 2023 to 30 June 2024 the company successfully raised $2,998,900 by issuing 8,679,392 shares.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differs from those stated in the financial statements and the financial report does not include any adjustments relating to the recoverability and classification of recorded assets amounts or liabilities that might be necessary should the entity not continue as a going concern.

Basis of preparation

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

Historical cost convention

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

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 25.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Margosa Graphite Limited ('Company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. Margosa Graphite Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

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

Foreign currency translation

The financial statements are presented in Australian dollars, which is Margosa Graphite Limited's functional and presentation currency.

Foreign currency transactions

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

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
The Group recognises revenue as follows:

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

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

Fair value
A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurable date. Fair value for measurement and / or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2,and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:
- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurable date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Cash and cash equivalents, trade and other receivables, trade creditors, other creditors, accruals and employee entitlements have been excluded from the above analysis as their fair values are equal to the carrying values.

Impairment of non-financial assets
Non-financial assets, other than deferred tax assets ("DTAs") are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

An impairment loss is recognised if the carrying amount of an asset exceeds it recoverable amount. Impairment losses are recognised in profit or loss.

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

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

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

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

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

Lease liabilities

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

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2024. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. Restatement of comparative balances

Correction of error

In the current year, the Company determined that incorrect translation adjustments were made for certain historic capitalised exploration and evaluation expenditure in prior financial periods. In addition, capitalised exploration and evaluation expenditure which did not satisfy the criteria for carry forward and had been incorrectly included in capitalised exploration and evaluation expenditure.

These errors resulted in exploration and evaluation assets being understated as at 1 July 2022 by $1,713,274 and as at 30 June 2023 by $3,788,378, with corresponding understatements of the foreign currency translation reserve and accumulated losses in the respective periods.

Extracts (being only those lines affected) are disclosed below:

Statement of profit or loss and other comprehensive income

	Previously presented 2023 $	Adjustments 2023 $	Restated 2023 $
Loss after income tax expense for the year	(1,109,003)	-	(1,109,003)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	(1,400,275)	2,075,104	674,829
Other comprehensive income for the year, net of tax	(1,400,275)	2,075,104	674,829
Total comprehensive income for the year	(2,509,278)	2,075,104	(434,174)
Total comprehensive income for the year is attributable to:			
Non-controlling interest	448,180	-	448,180
Owners of Margosa Graphite Limited	(2,957,458)	2,075,104	(883,354)
	(2,509,278)	2,075,104	(434,174)

Statement of financial position

	Previously presented 2023 $	Adjustments 2023 $	Restated 2023 $
Exploration and Evaluation	3,723,990	3,788,378	7,512,368
Accumulated Losses	(12,291,902)	(1,000,000)	(13,291,902)
Reserves	(5,119,314)	4,788,378	(330,936)

	Previously presented 1 July 2022 $	Adjustments 1 July 2022 $	Restated 1 July 2022 $
Exploration and Evaluation	4,940,425	1,713,274	6,653,699
Accumulated Losses	(10,606,171)	(1,000,000)	(11,606,171)
Reserves	(3,847,587)	2,713,274	(1,134,313)

Note 3. Restatement of comparative balances (continued)

Statement of changes in equity

	Previously presented 2023 $	Adjustments 2023 $	Restated 2023 $
Accumulated Losses	(12,291,902)	(1,000,000)	(13,291,902)
Foreign currency translation reserve	(5,119,314)	4,788,378	(330,936)

	Previously presented 1 July 2022 $	Adjustments 1 July 2022 $	Restated 1 July 2022 $
Accumulated Losses	(10,606,171)	(1,000,000)	(11,606,171)
Foreign currency translation reserve	(3,847,587)	2,713,274	(1,134,313)

The above matter had no effects on the Statement of Cash Flows for the year ended 30 June 2023.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements.

Control over subsidiaries

On 5 December 2022, Lankan Resources & Mining (Pvt) Ltd issued 60% of its shares to Carbon six (Pvt) Ltd which is a local partner in Sri Lanka.

Management has made an assessment of control over Lankan Resources in accordance with the principles set forth in AASB 10-Consolidated Financial statements. Under AASB 10, control is defined as the power to govern the financial and operating policies of an entity to obtain benefits from its activities. Control is not solely determined by the ownership of the majority of shares. Management has considered the following factors in its judgment of control:

- Significant Rights: Control may be established through significant rights granted by contractual arrangements. The group has signed a number of agreements with the local partner, in particular a shareholder agreement is in place which restricts the local partner’s ability to sell, pledge or assign its shares without permission from the group.
- Representation on the Board of Directors: The group has control of the board of directors as it has the power to appoint or remove key management personal. As per contractual agreements, the board of directors of Lankan resources can have a maximum of 4 directors and two of which is appointed by the Group. Additionally, the group nominates the chairperson who has a casting vote in the event of an equity in votes.
- Decision-Making Influence: Control can be demonstrated if the Group had the practical ability to participate in the significant financial and operating policy decision of the subsidiary. A management agreement is in place which allows the group to direct Lankan Resources to enter into significant transactions or prohibit such transactions.
- Exposure to Variable returns: The Group is exposed to variable returns related to the performance of the subsidiary. The Group has provided and continues to provide significant financial support to Lankan Resources and therefore has full control of all mining and exploration projects of Lankan resources.

Taking into consideration the above factors as outlined in AASB 10, the Group has determined that it retains control of Lankan Resources & Mining (Pvt) Ltd and, therefore, the consolidated financial statements incorporate Lankan Resources’ assets, liabilities and results with non-controlling interest.

Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

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

Exploration and evaluation costs

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of the tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploration 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.

Control of entities where less than half of voting rights held

Management have determined that the Group controls the subsidiary Kumbuk Investments, even though it holds less than half of the voting rights of this entity. This is because the Group has contributed majority of share capital amount in Kumbuk Investments and hence are significantly exposed to the risks of Kumbuk Investments. The Group has rights, under a shareholder agreement, to direct the activities of Kumbuk Investments and also has rights to the variable returns from its involvement with Kumbuk Investments.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Note 5. Professional fees

	2024 $	2023 $
Consulting fees	301,875	227,187
Legal fees	109,393	58,127
Accounting fees	106,350	96,000
ASIC fees	8,264	19,547
Audit and taxation fees	50,373	34,826
Company secretarial fees	359	1,517
	576,614	437,204

Note 6. Other operating expenses

	2024 $	2023 $
Travel and accommodation	246,878	89,631
Insurance	58,246	52,322
Computer, telephone and IT expenses	26,939	23,606
Employee benefit expense	36,644	22,878
Other expenses	133,334	52,659
	502,041	241,096

Note 7. Income tax

	2024 $	2023 $
Income tax expense		
Current tax	-	-
Deferred tax - origination and reversal of temporary differences	-	-
Aggregate income tax expense	-	-
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(2,923,700)	(1,109,003)
Tax at the statutory tax rate of 25% (2023: 25%)	(730,925)	(277,251)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	(21,875)	-
Other permanent adjustments	129,328	79,759
	(623,472)	(197,492)
Current year tax losses not recognised	623,472	197,492
Income tax expense	-	-

Note 7. Income tax

	2024 $	2023 $
Tax losses not recognised		
Carried Forward unused tax losses for which no deferred tax asset has been recognised	5,580,720	5,130,528
Potential tax benefit @ 25%	1.395.180	1,282,632
Current Year unused tax losses for which no deferred tax asset has been recognised	2,493,834	789,966
Potential tax benefit at statutory tax rates	-	-

These tax losses can only be utilised in the future 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 legalisation continue to be complied with, no changes in tax legislation adversely affect the Group in realising the benefit and, the continuity of ownership test is passed, or failing that, the same business test is passed.

The Group is not a tax consolidated group.

Accounting policy for income tax

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

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

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

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

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

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

Note 8. Cash and cash equivalents

	2024 $	2023 $
Current assets		
Cash and cash equivalents	2,014,665	70,596

Accounting policy for cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 9. Cash flow information

Reconciliation of loss after income tax to net cash used in operating activities

	2024 $	2023 $
Loss after income tax expense for the year	(2,923,700)	(1,109,003)
Adjustments for:		
Depreciation and amortisation	42,197	45,894
Sale of Asset	80	-
Share based payment	87,500	-
Interest on leases	-	640
Lease payments made	38,450	53,091
Foreign exchange gains/losses	93,362	(62,679)
Impairment loss on exploration and evaluation assets	1,288,021	27,537
Change in operating assets and liabilities:		
Trade and other receivables	(63,118)	(33,154)
Other assets	1,093	8,593
Prepayments	(4,622)	(5,436)
Inventories	(218)	2,570
Right of use assets	(12,805)	(7,950)
Lease liability	9,887	15,219
Trade and other payables	553,649	639,780
Net cash used in operating activities	(909,998)	(359,287)

Non-cash investing and financing activities

	2024 $	2023 $
Share-based payments	87,500	-
	87,500	-

Note 10. Exploration and evaluation

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

	Exploration and evaluation $
Balance at 1 July 2022*	6,653,699
Additions	521,585
Impairment	(27,537)
Exchange differences*	364,621
Balance at 30 June 2023*	7,512,368
Additions	431,598
Impairment	(1,288,021)
Exchange differences	11,380
Balance at 30 June 2024	6,667,498

* Restated – Refer to Note 3

For the year ended 30 June 2024, the recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

During the year, the company relinquished mining tenements which failed to uncover economically viable mineral deposits. As a result, the company recognised an impairment loss of $366,874 on the related capitalised exploration expenditure.

A further impairment of $921,147 was recognised for exploration licences that are yet to be renewed during the year. Although the Ministry of Environment has instructed the issuing of the licenses for the following tenements – Aluketiya (EL218), Dumbara (EL312), Waharaka (EL294), Dehiowita (EL319), management has impaired any capitalised costs relating to the licences as legal rights to tenure is yet to be established. In the future reporting period, should legal right of tenure be established, the impairment of these could be reversed.

Accounting policy for exploration and evaluation assets
Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

i. the rights to tenure of the area of interest are current; and

ii. at least one of the following conditions is also met:

(a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

(b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Note 11. Property, plant and equipment

	2024 $	2023 $
Non-current assets		
Land - at cost	147,830	147,355
Plant and equipment - at cost	1,592,212	1,587,695
Less: Accumulated depreciation	(1,004,153)	(776,303)
	588,059	811,392
Fixtures and fittings - at cost	4,424	4,424
Less: Accumulated depreciation	(2,507)	(2,507)
	1,917	1,917
Motor vehicles - at cost	13,216	13,216
Less: Accumulated depreciation	(13,216)	(13,084)
	-	132
Computer equipment - at cost	24,682	26,237
Less: Accumulated depreciation	(15,207)	(10,985)
	9,475	15,252
	747,281	976,048

Reconciliations

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

	Land $	Plant and equipment $	Office equipment $	Computer equipment $	Motor vehicle $	Total $
Balance at 1 July 2022	122,397	890,289	2,802	16,495	2,306	1,034,289
Additions	150	163	-	136	-	449
Exchange differences	24,807	123,914	-	2,610	149	151,480
Depreciation expense	-	(202,974)	(885)	(3,989)	(2,322)	(210,170)
Balance at 30 June 2023	147,355	811,392	1,917	15,252	132	976,048
Additions	-	353	-	-	-	353
Disposal	-	-	-	(1,620)	-	(1,620)
Exchange differences	475	(195)	-	(14)	-	266
Depreciation expense	-	(223,491)	-	(4,143)	(132)	(227,766)
Balance at 30 June 2024	147,830	588,059	1,917	9,475	-	747,281

Accounting policy for property, plant and equipment

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

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Computer equipment	20% (2023: 20%)
Office equipment	20% (2023: 20%)
Plant and equipment	15% to 25% (2023: 15% to 25%)

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

Note 11. Property, plant and equipment (continued)

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

Note 12. Right-of-use assets

Reconciliations

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

	Land & Building $
Balance at 1 July 2022	303,249
Exchange differences	11,585
Depreciation expense	(19,535)
Balance at 30 June 2023	295,299
Exchange differences	(6,112)
Depreciation expense	(6,693)
Balance at 30 June 2024	282,494

Accounting policy for right-of-use assets

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

Right-of-use assets are amortised on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the amortisation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities. The subsequent measurement of the right-of-use assets is at cost less accumulated amortisation and impairment losses.

Note 12. Right-of-use assets (continued)

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

Note 13. Lease liabilities

	2024	2023
	$	$
Current		
Lease liability	33,638	33,783
Non-current		
Lease liability	329,084	319,052
Future Lease payments		
Future lease payments are due as follows:		
Not later than 1 year	33,638	33,783
Later than 1 year but not later than 5 years	188,869	173,899
Later than 5 years	1,431,035	1,434,717

Note 14. Trade and other payables

	2024	2023
	$	$
Current liabilities		
Trade payables	1,852,004	1,298,098
Other payables and accrued expenses	58,331	51,532
	1,910,335	1,349,630

Refer to note 19 for further information on financial risk management.

Amount owing to key management personnel is set out in note 22.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. The amounts are unsecured and are usually paid at the end of the month following date of recognition.

Note 15. Borrowings

As at 30 June 2024, the Group had the following borrowings:

Lender	Principal Amount $	Interest Rate	Maturity Date	Security
Attvest finance	42,423	6.9%	29/02/2025	Unsecured
Quickfee	60,662	9.3%	14/01/2025	Unsecured
John Shackleton	2,641		On Call	Unsecured
Kanchana Kodituwakku	16,509		On Call	Unsecured
Taplan Pty Ltd	32,834		On Call	Unsecured
Taplan Pty Ltd	340,035	10%	On Call	Unsecured
	495,104			

Note 16. Issued capital

	2024 Shares	2023 Shares	2024 $	2023 $
Ordinary shares - fully paid	96,026,829	87,347,437	23,474,166	20,485,221

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2022	86,037.581		19,966,771
Share issue - share placement at $0.50		760,400	$0.50	200,000
Share issue - share placement at $0.35		66,958	$0.35	318,450
Balance	30 June 2023	87,347,437		20,485,221
Share issue - share placement at $0.35		7,873,836	$0.35	2,755,844
Share issue – Vendor in lieu of services at $0.35		250,000	$0.35	87,500
Share issue - share placement at $0.28		555,556	$0.28	155,556
Share issue costs				(9,955)
Balance	30 June 2024	96,026,829		23,474,166

Ordinary shares

Ordinary shares are classified as equity.

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

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

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

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital risk management policy remains unchanged from the 30 June 2023 Annual Report.

Accounting policy for 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.

Note 17. Non-controlling interest

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries with non-controlling interests in accordance with the accounting policy described in note 2:

		Parent		Non-controlling interest	
Name	Principal place of business / Country of incorporation	Ownership interest 2024 %	Ownership interest 2023 %	Ownership interest 2024 %	Ownership interest 2023 %
Kumbuk Investment (Private) Limited	Sri Lanka	19.6%	19.6%	80.4%	80.4%
Lankan Resources & Mining (Private) Limited	Sri Lanka	40%	40%	60%	60%

Kumbuk Investment (Private) Limited	2024 $	2023 $
Issued capital	108,802	108,802
Reserves	(33,020)	(27,896)
Accumulated Profit/ losses	(26)	(308)
	75,756	80,598

Summarised Financial Information
Summarised financial information of the subsidiary with non-controlling interest that are material to the consolidated entity are set out below:

Lankan Resources & Mining (Private) Limited **Summary statement of financial position**	2024 $	2023 $
Current assets	219,458	234,348
Non-current assets	3,442,884	3,320,610
Total assets	3,662,342	3,554,958
Current liabilities	38,123	18,088
Non-current liabilities	7,268,377	6,980,841
Total liabilities	7,306,500	6,998,929
Net assets	**(3,644,158)**	**(3,443,971)**

Note 17. Non-controlling interest (Continued)

Summarised statement of profit and loss and other comprehensive income		
Expenses	(116,467)	(279,010)
Foreign exchange (loss) / gain	(70,649)	1,195,118
(Loss)/profit before income tax	(187,116)	916,108
Income tax expense	-	-
(Loss)/profit after income tax expense	(187,116)	916,108
Other comprehensive income	-	-
Total comprehensive (loss)/income	**(187,116)**	**916,108**

Statement of cash flows

	2024	2023
	$	$
Net cash flow from operating activities	76,548	(100,065)
Net cash flow form investing activities	(42,061)	86,387
Net cash flow from financing activities	(9,673)	14,480
Net cash increase in cash held	24,814	802

	2024	2023
Other information	$	$
Profit attributable to non-controlling interest	(112,270)	576,411
Accumulated non-controlling interests at end of reporting period	**(2,178,653)**	**(2,066,383)**

Note 18. Other Equity

The group recognised other equity of $2,496,417 as a result of its dealings with non-controlling interest in Lankan resources. This amount represents 60% of the net assets of Lankan resources attributable to non-controlling interest in Lankan Resources as at 05 December 2022.

Note 19. Financial risk management

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Note 19. Financial risk management (continued)

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date were as follows:

		Assets		Liabilities
	2024 $	2023 $	2024 $	2023 $
US dollars	1,879,773	17,093	-	-

The Group is mainly exposed to United States Dollar (USD). The following table details the Group's sensitivity to a 10% (2023: 10%) increase and decrease in the Australian dollar against the relevant foreign currencies and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% (2023: 10%) change in foreign currency rates. A positive number indicates an increase in other profit and loss where the Australian dollar strengthens against the respective currency.

			AUD strengthened			AUD weakened
2024	% change	Effect on profit before tax	Effect on equity	% change	Effect on profit before tax	Effect on equity
US Dollar	10%	208,864	208,864	10%	(170,888)	(170,888)

			AUD strengthened			AUD weakened
2023	% change	Effect on profit before tax	Effect on equity	% change	Effect on profit before tax	Effect on equity
US Dollar	10%	1,899	1,899	(10%)	(1,554)	(1,554)

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

The Group only has interest rate risk relating to its funds on deposit with banking institutions. Accordingly, the Group does not hedge its interest rate risk exposure.

At the reporting date the Group hold variable rate financial assets and did not hold any variable rate financial liabilities.

As at the reporting date, the Group had the following variable rate financial assets as reported to management for the Group as follows

	2024 Balance $	2023 Balance $
Cash and cash equivalents	2,014,665	70,596
Net exposure to cash flow interest rate risk	2,014,665	70,596

The Group does not account for any other fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

A change of basis points in interest rates at the reporting date would have increased / (decreased) profit and loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for twelve months ended 30 June 2024.

			Basis points increase			Basis points decrease
2024	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Cash and cash equivalents	100	20,147	20,147	100	(20,147)	(20,147)

Note 19. Financial risk management (continued)

2023	Basis points increase: Basis points change	Basis points increase: Effect on profit before tax	Basis points increase: Effect on equity	Basis points decrease: Basis points change	Basis points decrease: Effect on profit before tax	Basis points decrease: Effect on equity
Cash and cash equivalents	100	706	706	(100)	(706)	(706)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investments in debt securities. The carrying amount of financial assets in represents the maximum credit exposure as follows:

	2024 $	2023 $
Financial assets		
Trade and other receivables	149,397	86,247

Currently, the Group undertakes exploration and evaluation activities exclusively in Sri Lanka, hence the Group is not generating trading revenue and does not have material trade receivables. Hence, the Group is not exposed to credit risk. Trade and other receivables relate to advances made to the director of the Company. There are no financial assets past due as at the reporting date.

Allowance for expected credit losses

The Group has not recognised a loss in profit or loss in respect of the expected credit losses for the year ended 30 June 2024. No allowances have been made for further expected credit losses.

Liquidity risk

Prudent liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. As at 30 June 2024, the Group had borrowings of $495,104 (2023: $74,197) with a weighted average maturity of 11 months and a net deficiency in current assets of $70,186 (2023: $1,102,649).

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Remaining contractual maturities

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

2024	1 year or less $	Over 1 year $	Remaining contractual maturities $
Non-derivatives			
Non-interest bearing			
Trade payables	1,910,335	-	1,910,335
Interest-bearing - variable			
Lease liability	33,638	329,084	362,722
Borrowings	495,104	-	495,104
Total non-derivatives	2,439,077	329,084	2,768,161

Note 19. Financial risk management (continued)

2023	1 year or less $	Over 1 year $	Remaining contractual maturities $
Non-derivatives			
Non-interest bearing			
Trade payables	1,349,630	-	1,349,630
Interest-bearing - variable			
Lease liability	33,784	319,052	352,836
Borrowings	74,197	-	74,197
Total non-derivatives	1,457,611	319,052	1,776,663

Fair value of financial instruments

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

Note 20. Remuneration of auditors

RSM Australia Partners were appointed as the Company's auditors on 24 April 2024. The Company's predecessor auditor was BDO Audit (WA) Pty Ltd (BDO).

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

	2024 $	2023* $
Audit services -		
Audit or review of the financial statements	56,500	32,136
Other services -		
Preparation of the tax return	3,966	2,060
Transfer pricing review	-	1,236
Valuation of mining projects	16,500	-
	20,466	3,296
	70,536	35,432

***** These amounts were paid to the Company's predecessor auditor, BDO.

It is the Group's policy to employ RSM on assignments additional to their statutory audit duties where RSM's expertise and experience with the Group are important.

Note 21. Related party transactions

Parent entity

Margosa Graphite Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 24.

Key management personnel

Disclosures relating to key management personnel are set out in note 22.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties (other than those relating to key management personnel) at the current and previous reporting date.

Note 18. Related party transactions (continued)

Loans to/from related parties

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

Note 22. Key management personnel disclosures

Compensation

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

	2024 $	2023 $
Short-term employee benefits	481,399	241,181
Post-employment benefits	28,600	15,645
	509,999	256,826

Other key management personnel transactions

A number of key management personnel, or their related parties, hold positions in other companies that result in them having control or significant influence over the financial or operating policies of those entities.

Some of these companies transacted with the Group during the year. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions to non-key management personnel related companies on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

	2024 $	2023 $
Noralee Pty Ltd[1]	-	163,042
Venn Family Trust[2]	-	-
Allbeach Nominees Pty Ltd[3]	-	22,500
Varuna Mallawarachchi[4]	-	53,750
4C Advisory[7]	-	53,750
Colin Belton[8]	2,968	42,680
Craig Pentland[9]	-	42,680
SLS Advisory	144,927	-
	147,895	378,402

The following balances are outstanding at the reporting date in relation to transactions with key management personnel:

Note 22. Key management personnel disclosures (continued)

	2024	2023
Noralee Pty Ltd[1]	198,940	229,450
Allbeach Nominees Pty Ltd[3]	24,750	24,750
Varuna Mallawarachchi[4]	98,750	53,750
Donald James[5]	-	10,832
Peter Sullivan[6]	-	10,000
4C Advisory[7]	-	59,125
Colin Belton[8]	84,245	46,948
Craig Pentland[9]	87,732	50,435
SLS Advisory	70,510	-
John Shackleton	573,344	-
	1,138,271	485,290

[1] Noralee Pty Ltd, a company associated with John Shackleton, has charged the Company for director fees, consulting fees, travel and disbursements in relation to his role as Chairman of the Company.
[2] Venn Family Trust, an entity associated with Peter Venn, has charged the Company for director fees, consulting fees and disbursements in relation to his role as a Director of the Company.
[3] Allbeach Nominees Pty Ltd, a company associated with Peter Cunningham, has charged the Company for director fees, consulting fees and other disbursements in relation to his role as a Director of the Company.
[4] Varuna Mallawarachchi, in relation to his role as a Director of the Company, has charged the Company for director fees, consulting fees and other disbursements.
[5] Donald James has been paid director fees and superannuation in relation to his role as a Non-executive Director of the Company.
[6] Peter Sullivan has been paid director fees in relation to his role as a Non-executive Director of the Company.
[7] 4C Advisory is an accounting firm associated with Craig Pentland, the company provides bookkeeping, management advisory and accounting services to the Group.
[8] Colion Belton, in relation to his role as non-executive director and chairman of the company, has charged the company for director fees and other disbursements.
[9] Craig Pentland, in relation to his role as non-executive director and secretary of the company, has charged the company for director fees and other disbursements.

Note 23. Share-based payments

Share based payments
During the financial year, the Company has issued share based payments as follows:
- On 10 October 2023, 250,000 shares at $0.35 in lieu of cash payments were issued to Juliet 357 Pty Ltd as part of a contractual agreement and incentive package for the provision of management services to the group.

Performance rights to directors
At 30 June 2024, the Directors noted there are no performance rights on issue at the reporting date any previous performance rights that were granted have lapsed.

No performance rights have been expensed as share based payments for the year.

Accounting policy for share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

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

Note 23. Share-based payments (continued)

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

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

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

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

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

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

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

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

Note 24. Interests in subsidiaries

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

		Ownership interest	
	Principal place of business /	2024	2023
Name	Country of incorporation	%	%
Margosa Holdings (Australia) Pty Ltd	Australia	100%	100%
Margosa Investments Pvt Ltd	Sri Lanka	100%	100%
Lankan Resources & Mining Pvt Ltd (i)	Sri Lanka	40%	40%
Kumbuk Investments (Private) Limited (i)	Sri Lanka	19.6%	19.6%

(i) The Group has undertaken an analysis of the key determination of control in relation to the subsidiaries, underlying consultation of shareholder agreements and has concluded that there is control over these entities.

Note 24. Interests in subsidiaries (continued)

Transactions with non-controlling interests

On 5 December 2022, Lankan Resources & Mining (Pvt) Ltd issued 60% of its shares to Carbon six (Pvt) Ltd which is a local partner in Sri Lanka. The Group has determined that it retains control of Lankan resources (refer to Note 3). Accordingly, the Group has consolidated the financial statements of Lankan Resources' assets and liabilities. Non-controlling interest at the date of transactions reflects 60% of the net assets of Lankan Resources and is reflected through other equity reserve.

Note 25. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent 2024 $	2023 $
Loss after income tax	6,776,343	7,602,862
Total comprehensive loss	6,776,343	7,602,862

Statement of financial position

	2024 $	Parent 2023 $
Total current assets	2,165,483	171,397
Total non-current assets	6,983,442	8,549,219
Total assets	9,148,925	8,720,617
Total current liabilities	1,840,992	1,347,601
Total liabilities	1,840,992	1,347,601
Equity		
Issued capital	23,474,166	20,485,222
Accumulated losses	(16,166,233)	(13,112,206)
Total equity	7,307,933	7.373,016

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

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2024 and 30 June 2023.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

Note 26. Events after the reporting period

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Basis of Preparation

Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the Corporations Act 2001. It includes certain 'mation for each entity that was part of the consolidated entity at the end of the financial year.

Determination of Tax Residency

Section 295 (3A) of the Corporation Acts 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency

Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in determining tax residency and ensure compliance with applicable foreign tax legislation.

Entity name	***Entity Type***	***Place formed/Country of incorporation***	***Ownership interest %***	***Tax Residency***
Margosa Graphite Ltd	Body corporate	Australia	100	Australia
Margosa Holdings (Australia) Pty Ltd	Body corporate	Australia	100	Australia
Margosa Investments Pvt Ltd	Body corporate	Sri Lanka	100	Sri Lanka
Lankan Resources & Mining Pvt Ltd	Body corporate	Sri Lanka	40	Sri Lanka
Kumbuk Investments (Private) Limited	Body corporate	Sri Lanka	19.6	Sri Lanka

In the Directors' opinion:

- The attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- The attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- The attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- The information disclosed in the Consolidated Entity Disclosure statement is true and correct.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

____
Colin Belton
Chairman

14 October 2024
Perth, WA

RSM Australia Partners

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

T +61 (0) 8 9261 9100

www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT

To the Members of Margosa Graphite Limited

Opinion

We have audited the financial report of Margosa Graphite Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material 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:

(i) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's report.

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 indicates that the Group incurred a loss of $2,923,700 and had net cash outflows from operating activities and investing activities of $1,130,148 for the year ended 30 June 2024. As at that date, the Group had working capital deficit of $70,186. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Restatement of Prior Period Financial Statements

We draw attention to Note 3 of the financial report which states that the amounts reported in the previously issued 30 June 2023 Financial Report have been restated and disclosed as comparatives in this financial report. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2024, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

RSM

RSM AUSTRALIA

MATTHEW BEEVERS
Partner

Perth, WA
Dated: 14 October 2024