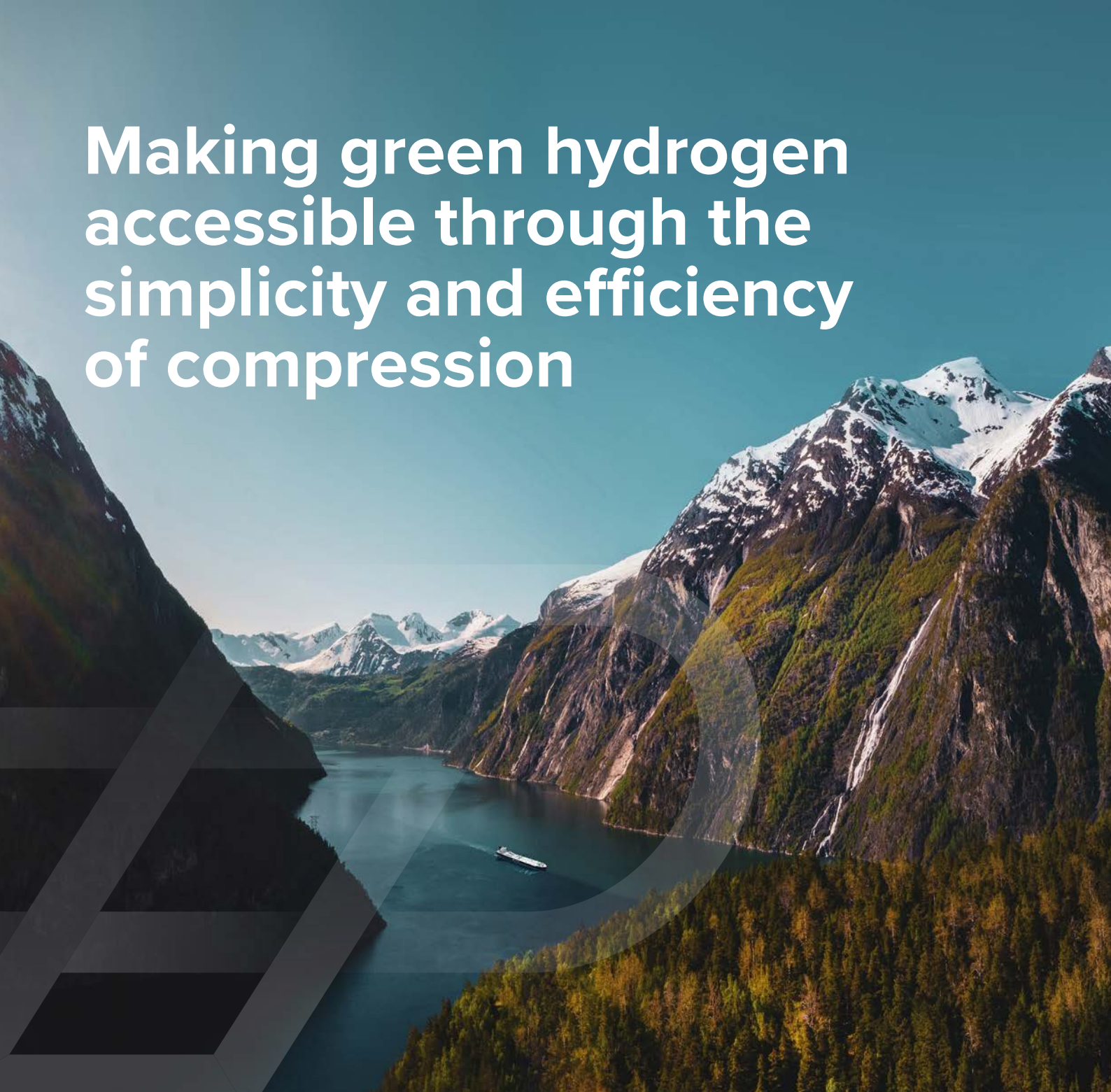




Making green hydrogen
accessible through the
simplicity and efficiency
of compression

PROVARIS ENERGY
Annual Report 2023



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Corporate Directory

Directors	Greg Martin (Independent, Non-Executive Chairman) Martin Carolan (Managing Director and Chief Executive Officer) Garry Triglavcanin (Executive Director and Chief Development Officer) Andrew Pickering (Independent, Non-Executive Director) David Palmer (Independent, Non-Executive Director)
Company Secretary	Norman Marshall
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Connecting the future of energy

Chairman and Managing Director's Letter

Dear Shareholders

As we reflect on our accomplishments and look ahead to the future, we are excited by the significant developments and achievements that have shaped FY23.

This year has been marked by remarkable progress in advancing Provaris towards establishing a first-mover advantage in the delivery of green hydrogen in a compressed gaseous form required by the demand hubs in South-East Asia and Europe, ensuring these key industrial hubs have an economic, safe and efficient supply of green hydrogen to kick-start their decarbonisation goals pre 2030 and beyond.

Globally, many governments continue to double-down on their ambitions to achieve net-zero targets which is increasing the need for energy efficient solutions and advance the energy transition away from fossil fuels towards low carbon renewable energy. Net-zero targets are underpinning the requirement for the development of green hydrogen, which continues to be a key element in the switch to renewables with hydrogen expected to account for approximately 15 – 30% of future global energy needs.

As the demand for hydrogen increases specifically across Europe, where the policy support for end-markets and supporting infrastructure are more advanced, our unique compressed hydrogen business model is gaining further traction. Our 2023 Hydrogen Marine Transport Comparison Report, underscores compression as the most compelling option for regional transport distances, aligning perfectly with the requirements of REPowerEU's ambitious targets for the import of 10 million tonnes per annum of green hydrogen by 2030. The report further highlights the cost-effectiveness and efficiency of compressed hydrogen compared to other energy vectors, such as liquefaction and ammonia.

We continue to develop a safe, flexible, efficient and economical way to produce, load, store and transport

hydrogen by sea. This year we obtained the world's first 'Design Approval' for the H2Neo compressed hydrogen carrier from the American Bureau of Shipping (ABS). In addition to the two carriers under development, Provaris has leveraged this IP, design and approvals to launch the H2Leo storage solution with a capacity range of 300 to 600 tonnes of hydrogen. The floating storage solution further enhances the versatility and optimisation of our compressed hydrogen supply chain projects in Asia and Europe, and it will also be suitable for all hydrogen production projects at scale which have the requirement for buffer storage.

We have remained focused on our purpose to become an integrated hydrogen development company and our commitment to innovation and collaboration has enabled us to make positive strides towards a more sustainable future. Europe is now a vital region for the Company, after opening European headquarters in Norway last year. It is pleasing to observe continued success in the region for the business with strategic collaborations with Norwegian Hydrogen AS and Gen2 Energy AS. Together, we are working on unique projects that can be first to market.

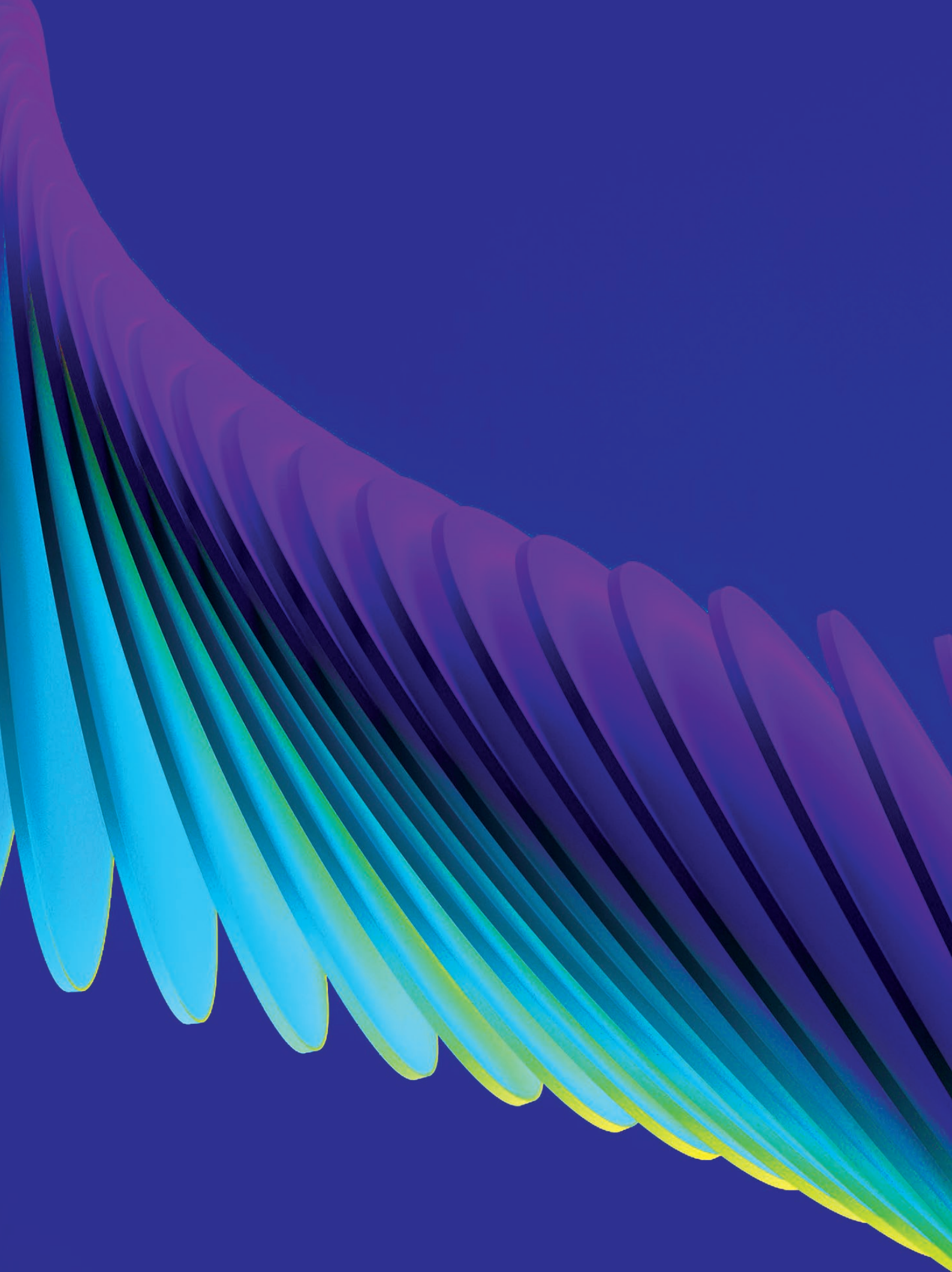
We would like to extend our appreciation to our dedicated team and valued shareholders for their continued support. Together, we are making strides towards a greener and more sustainable future. A summary of operations and outcomes for financial year 2023 are presented in the Operations Report that follows. We look forward to updating you on the progress we make over the coming year.



Greg Martin
Chairman



Martin Carolan
Managing Director



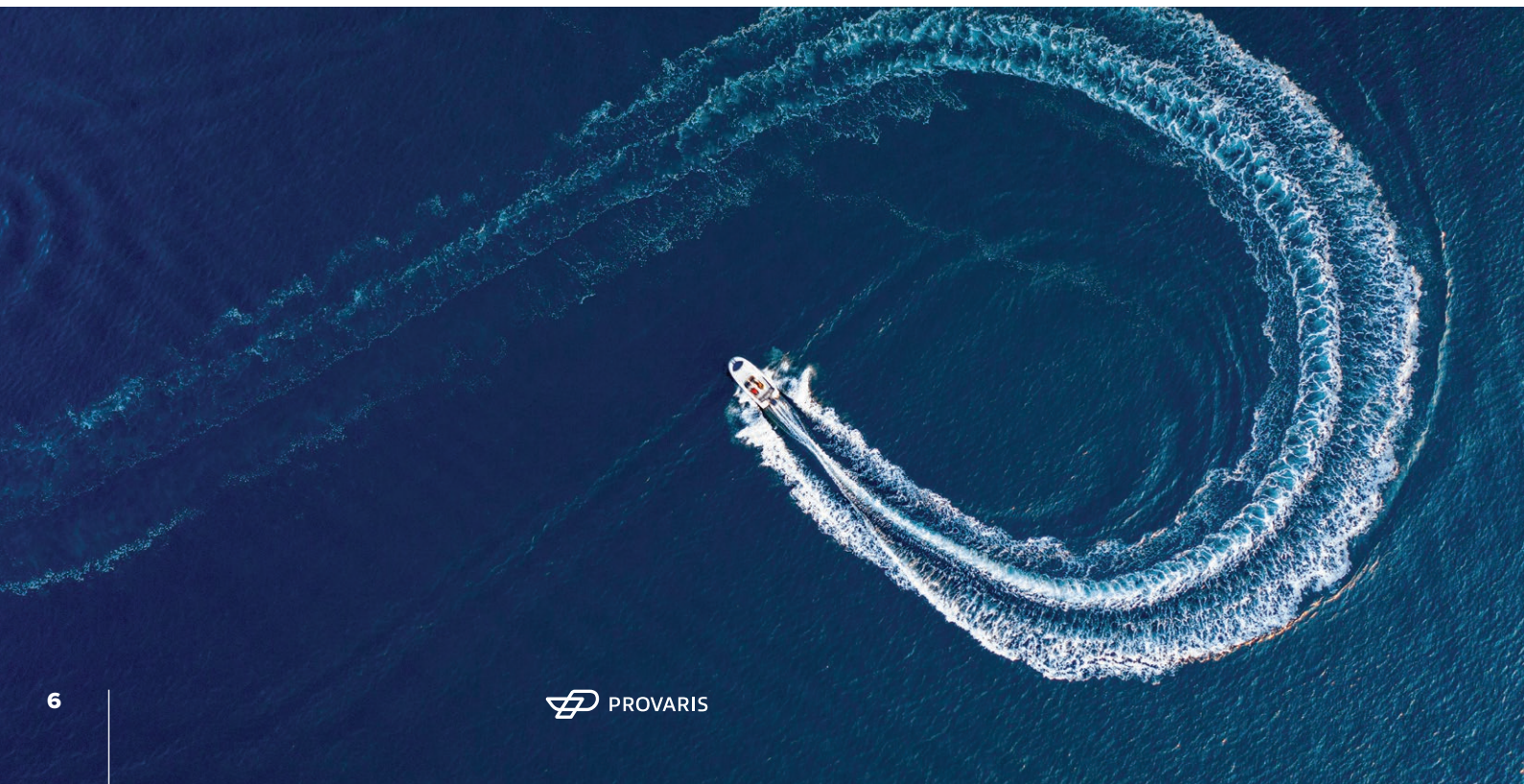
Operations Report For 2023

Developing a global portfolio of integrated compressed hydrogen projects

Provaris' business model includes the development and investment in profitable projects across the hydrogen value chain to commercialise the Company's proprietary and innovative compressed gaseous supply chain, which includes our unique hydrogen carrier and storage solutions (H2Neo and H2Leo).

Provaris is advancing a portfolio of hydrogen development projects towards detailed feasibility studies, including:

- in Norway, the establishment of Provaris Norway AS and location of key management has resulted in two collaboration agreements being announced for the development of green hydrogen supply chains to deliver hydrogen in gaseous form to the high demand markets of continental Europe. Prefeasibility level studies are now underway;
- in Australia, the Tiwi H2 project, located on the Tiwi Islands, has completed a Design Concept Study and detail design of the solar farm and transmission line to the proposed hydrogen production precinct; and
- discussions remain ongoing for collaboration with renewable hydrogen project developers in Europe and Asia to move hydrogen to regional demand locations which are highly suitable and commercial for the application of our compressed hydrogen storage and shipping solutions.



Collaboration on hydrogen export supply chains in Norway to fast-track supply to high demand European markets

During the reporting period, Provaris announced two collaboration agreements to undertake prefeasibility studies on the development of export hydrogen projects in Norway, utilizing Provaris' proprietary compressed hydrogen storage and transport solutions.

FjordH2 Project with Norwegian Hydrogen AS

Completion of the first phase of a cooperative prefeasibility study with Norwegian Hydrogen AS resulted in the execution of a Collaboration Agreement to jointly progress the development of the 270 MW FjordH2 hydrogen export project in Norway. The focus of development is now on advancing pre-FEED activities, permitting, power purchase agreement, and offtake. Provaris and Norwegian Hydrogen are now working to define and agree the key terms of a definitive Joint Development Agreement for the FjordH2 project. A detailed timetable for the development of the project through to FID is being progressed, with the first export of green hydrogen targeted in 2027.

Located in the Alesund municipality of Norway, the project will access renewable power from the Ørskog substation, with a targeted hydrogen production capacity of 270MW when fully developed and an export capacity of 40,000 tonnes of green hydrogen annually. A power reservation capacity of 20MW has been granted and an application for a further 250MW reservation capacity has been submitted.

Regional benefits will be significant, with the project to create more than 50 new jobs in Ørskog and, together with the indirect economic ripple effects, it will also lead to many more employment opportunities for the region.

During the production of hydrogen, through electrolysis using renewable energy, related business opportunities will also be created utilizing the project's large volumes of surplus heat for district heating and clean oxygen generation for the local aquaculture industry.



Figure 1
Illustration of the hydrogen production plant at Ørskog in Ålesund municipality



Figure 2
Compression plant located at adjacent site to a dedicated jetty for bulk export using Provaris H2Leo storage barge and H2Neo carrier

Afjord Project with Gen2 Energy AS

In June 2023, a collaboration agreement was signed to undertake a comprehensive prefeasibility study which will include hydrogen production and compression facilities, export and import terminals for loading and unloading of Provaris' H2Neo carriers, optimisation of storage utilising Provaris' H2Leo, and prospective offtake parties; together with economic models and schedules for Gen2 Energy's project site in Åfjord.

Both parties have a shared belief that Åfjord, with its access to low-cost renewable energy and industrial infrastructure, is an ideal site for large scale production of green hydrogen and seaborne supply of hydrogen to key European ports. Both companies are committed to green hydrogen production and export projects, with Gen2 Energy focusing on domestic supply and export to European markets and Provaris offering innovative integrated bulk-scale storage and marine transportation solutions for green hydrogen (delivering the hydrogen in immediately usable gaseous form). Gen2 Energy and Provaris are progressing a joint project study, which is scheduled for completion in early 2024.



Figure 3
Åfjord project location in the Trøndelag region, Norway

Tiwi H2 Project, Tiwi Islands, Northern Territory

Provaris acknowledges that its proposed Tiwi H2 Project is located on the traditional lands of the Munupi people. It is a privilege to have the support and such a close working relationship with the Munupi Clan and other key stakeholders.

In August 2023 the Company was pleased to announce that it completed a Concept Design Study (Study) for its proposed **Tiwi H2 Project**, a 100% owned green hydrogen export project located on the Tiwi Islands, Northern Territory. Tiwi H2 is an integrated compressed hydrogen production and export project, targeting South-East Asian markets.

The Study established a clear pathway for Provaris to progress the project forward to Pre-FEED and FEED level technical, commercial, and economic studies and consideration of potential financing options. The Study also reinforced the original key reasons for the selection of the Tiwi Islands for the development of a compressed H2 export project being their proximity to regional markets, high solar intensity, land availability cleared of native vegetation, and existing port infrastructure.

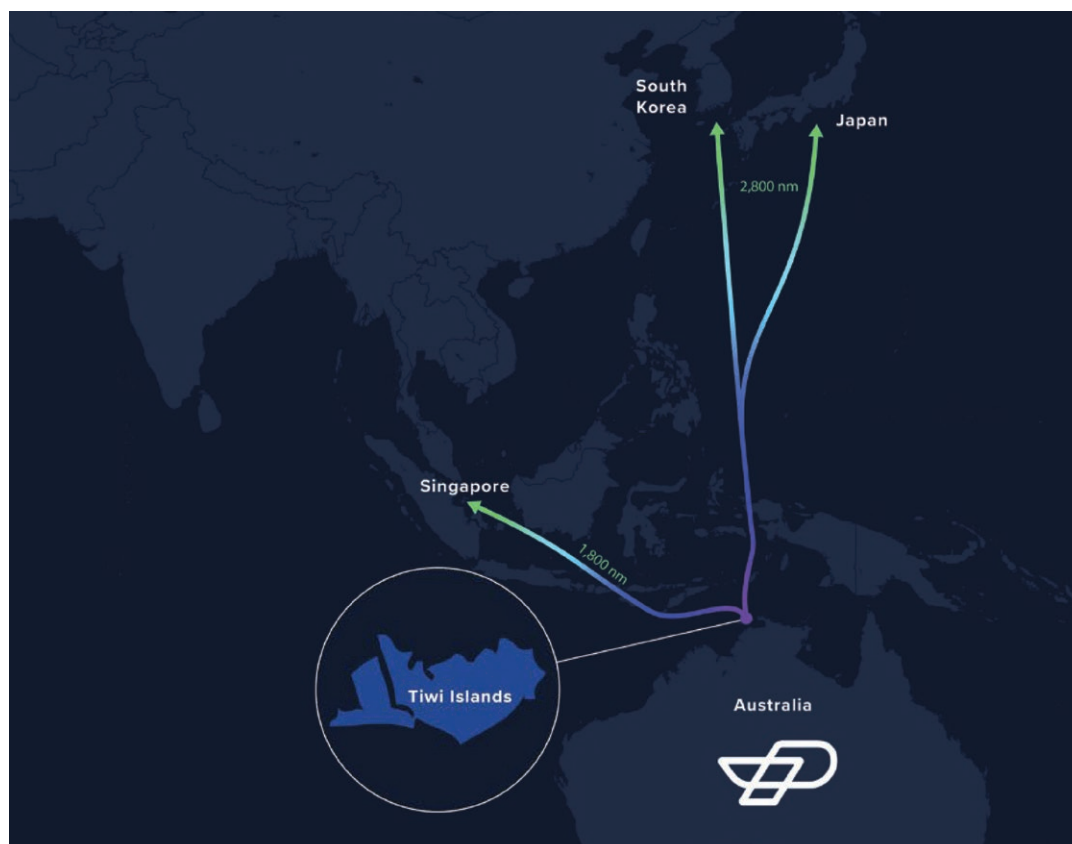


Figure 4
Location of Melville Island and the Tiwi H2 Project

The support of the Munupi Clan and Tiwi Land Council has been welcomed, with the Tiwi H2 project representing a significant and sustainable development to deliver meaningful employment and economic benefits for the local community and broader Tiwi Islanders and Northern Territory.

As identified in the Study, the Tiwi H2 project consists of five key precincts:

1. **Solar Precinct:** for the development of the solar farm, battery storage, and LV reticulation – all located on existing plantation land;
2. **HV Transmission Line:** 30 km, 275kV transmission line, adjacent to an existing road, to deliver electricity from the Solar Precinct to the existing H2 Production Precinct, adjacent to Port Melville;
3. **H2 Production Precinct:** comprising of step-down substation, electrolyser facility and balance of plant;
4. **H2 Export Precinct:** comprising of desalination plant (supply of demineralised water to the electrolyser facility) and compression and hydrogen loading facilities to facilitate loading of Provaris' H2Neo carriers; and
5. **H2 Shipping** – transport of gaseous compressed hydrogen to the nearby South-East Asian energy markets via a fleet of Provaris' proprietary H2Neo carriers each with a capacity of 26,000m3.

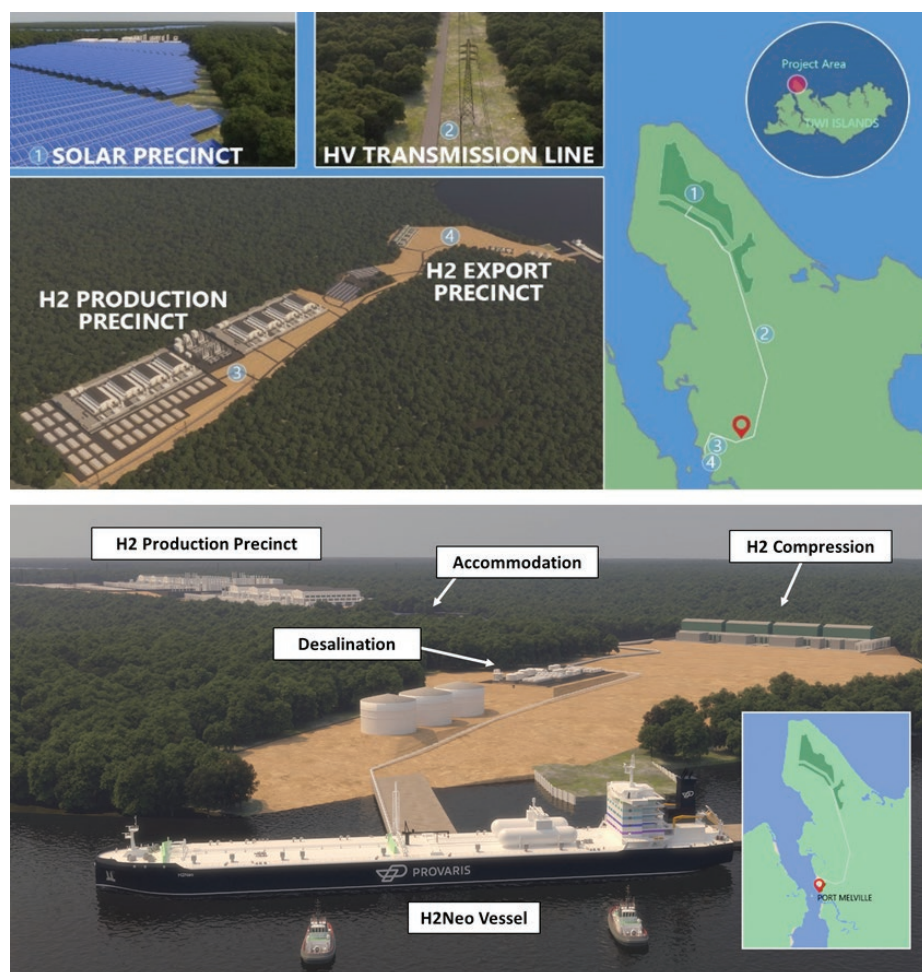


Figure 5
Outline of the proposed
Tiwi H2 Project

During 2022, the Northern Territory Government awarded the project Major Project Status for recognition as having significant strategic impact and potential benefits to the Northern Territory. The benefits of Major Project Status include whole of government support, coordination and facilitation, assistance in identifying and mapping regulatory approvals, a dedicated project case manager, and facilitation of engagement with the Australian Government.

The Northern Territory Environment Protection Authority (NT EPA) has advised the Company that the environmental assessment process for the Tiwi H2 project will require an Environmental Impact Statement (EIS), given the scale and location of the project. Following such assessment, the Company commenced an early works program, which involved:

- appointment of Darwin-based Lindsay Whiting as Tiwi H2's Facilitation Manager. Lindsay has a long family relationship with the Munupi Clan and local Pirlangimpi community. Lindsay has previously worked as Manager of the Port Melville facility on the Tiwi Islands;
- CE Partners commencement of an early-works program for ground survey and geotechnical activities and, as the appointed Owner's Engineer, advancement of the Solar Precinct to a 30% design level basis;
- Darwin-based EcOz' ongoing engagement as the lead Environmental Consultant for the preparation and submission of the EIS; and
- Appointment of Darwin-based legal counsel, Ward Keller, for drafting and negotiating of various land agreements required for the Tiwi H2 project.

The Company remains confident that it can demonstrate that the Tiwi H2 project will have a low environmental impact, given the availability of existing deep-water port infrastructure, existing plantation land that is substantially cleared of native vegetation, and the advantages of compressed hydrogen which eliminates the requirement for complex and energy intensive facilities.

In early 2023, the Company continued to commission and undertake relevant value-add engineering activities for the project, including a detailed aerial elevation survey of the solar / transmission precincts, a wind loading report determining a suitable solar mounting system for the site, and, most significantly, completion of the Design Feasibility Report by the Company's Owners Engineer. This report represented a 30% level of concept design for the solar farm and transmission system.



The key outcomes of the Design Feasibility Report are:

- the Solar Precinct area supports 2,600 MWp of solar capacity;
- the preferred solar mounting system is a single axis tracking system (as per Figure 1 below);
- annual generation is expected to be over 5,000 GWh, delivered to the HV transmission system;
- a four circuit, 275kV transmission line is proposed from the Solar Precinct to the Hydrogen Production and Export precincts, a distance of some 30km; and
- the expected export volume being adjusted to 90,000 tonnes per annum of green hydrogen.

The Company is now in discussions with the Tiwi Land Council in relation to its draft project and land agreements. The purpose of such negotiations is, amongst other things, to specify the value and definition of the annual multi-million dollar community benefits package that the Tiwi H2 project could deliver to the Munupi Clan and broader Tiwi Islands community.

Provaris is presently the sole developer of the project, however the project will require development partners as we de-risk and advance the project definition and development activities. The Company has received preliminary interest and will undertake a detailed partner process to seek interested groups in the areas of investment, offtake, construction, and operational support to jointly develop the project; in particular the upstream components that include solar generation, transmission, and electrolysis.

HyEnergy Export Project

In January 2022, Provaris announced the completion and release by the Western Australian Government of the Compressed Hydrogen Export Feasibility Study Public Sharing Report (the Study). First announced in September 2021, the Study received funding from the Renewable Hydrogen Fund as part of the Western Australian Government's Renewable Hydrogen Strategy.

Completion of the Study workstreams was achieved during 2022 and indicate that a compressed hydrogen export supply chain is a technically and commercially feasible method for exporting green hydrogen from projects such as the HyEnergy project (HyEnergy®) in Western Australia's Gascoyne Region to nominated Asia Pacific markets. HyEnergy® is a proposed green hydrogen production project being developed by Province Resources Ltd (ASX:PRL).

The Study scope analysed the compression and export of 200,000 tonnes per annum of green hydrogen from the proposed HyEnergy® hydrogen production facility to Singapore. Provaris is awaiting the completion of the HyEnergy project prefeasibility study before further collaboration is confirmed.

Unlocking regional hydrogen transport with the development of our proprietary GH2 Carriers – H2Neo for transport and H2Leo for storage

Compression provides a proven, simple and energy efficient supply chain for green hydrogen. To facilitate marine storage and transportation of compressed hydrogen at scale, Provaris is developing two capacity Gaseous Hydrogen (GH2) Carriers with a proprietary cargo containment system that allows for hydrogen to be safely managed at 250 bar pressure and ambient temperatures (H2Neo at 26,000m³ and the H2Max at 120,000m³).

The focus has been on the H2Neo (26,000m³ capacity containing 430 tonnes of hydrogen) with the engineering, safety studies and class approval program culminating in the milestone achievement of Design Approval at the end of 2022 from the American Bureau of Shipping (ABS). This achievement was made on time and within budget.

In parallel with the Design Approval of the H2Neo, a two-phase testing program has been underway to confirm the selection of materials and detailed welding procedures to be used to construct the cargo containment tanks. Finalisation of the program is expected in the second half of 2023, including testing in a specialized hydrogen environmental laboratory in the second phase.

The next milestone of final Class Approval for construction will involve the fabrication of a prototype scale tank and a fatigue testing program. The Company has appointed Prodtex AS in Norway to design, construct, and test the prototype tank, which program includes Norway's leading technical and research institution SINTEF for the testing.

A second marine classification society, Det Norske Veritas (DNV), has been appointed for certification and final Class Approval. The addition of a second classification society will increase the credibility of our final program and de-risk the commercial discussions ongoing with shipyards, shipowners, offtake groups, and lenders.

The prototype tank will encompass a comprehensive program that includes detailed (production) design, fatigue tests of multilayered welded steel plates, and construction and rigorous testing of the prototype tank. Throughout the contract SINTEF will be engaged for completion of testing in Q1 2024, and DNV and ABS will then assess the result for provision of Final Class approvals.

It is anticipated that the first H2Neo ships will be available for operation in 2027, subject to taking a Financial Investment Decision in conjunction with a hydrogen project.

Provaris was also successful in the launch and receipt of an Approval in Principle (AIP) for a compressed hydrogen storage design, the H2Leo. The AIP was granted in early 2023 with a design capacity of 300 to 600 tonnes of compressed hydrogen at 250 barg, with further design engineering undertaken to take the capacity up to 2,000 tonnes. The design of the storage tanks and integration with a hull have been leveraged from the H2Neo approved design. The H2Leo provides the hydrogen industry with a much needed energy efficient and cost-effective storage solution that has industry wide applications, as well as optimising our own development of hydrogen supply chain projects.

Utilising compression to manage the loading, discharging, and distribution of gaseous hydrogen, will limit the need for large-scale port facilities at either end of the hydrogen supply chain, thus enabling greenfield hydrogen projects to be developed at a scale that corresponds with market demand.

The many benefits of the compression supply chain to provide a first-mover advantage towards commercialising the green hydrogen export industry include:

- low environmental and emissions impacts;
- minimal technology risk, noting compression of hydrogen has taken place for more than 100 years;
- load following of the renewable power generation profile; and
- a modular approach to balancing supply and demand hubs as they develop.

These benefits continue to be recognised as a low CAPEX solution that can fast track the development of hydrogen demand and supply hubs and allow for scaled delivery of gaseous green hydrogen in 2027. Green hydrogen is largely what end-users require for the decarbonisation of power, heat, steel, and mobility/transport applications.

Provaris currently has no peers in the development of integrated supply chains based on a bulk-scale gaseous marine transport of green hydrogen. Alternatives are being developed for liquid or chemical carriers that require an increase in capital and energy intensive processes to convert and reconvert for regional transport..



Figure 6

Illustration of Provaris' H2Neo carrier and H2Leo storage providing simultaneous operations for loading and unloading of compressed hydrogen at 250 barg MOAP

Outlook

Governments across the globe continue to outline aggressive ambitions on net-zero targets and decarbonisation goals, which includes an increasing role for hydrogen as a pillar to achieve such ambitions. Government policy continues to outline new policy incentives and funding mechanisms to kick-start the hydrogen economy for both supply and downstream applications. Funding related to new innovation for the supply and transport of renewable (green) hydrogen to Europe is now a key focus for the EU regulators, providing Provaris with opportunities for capital and operating subsidy support for the project it is now involved.

Key examples of government policy, seeking to accelerate the energy transition, includes the US Inflation Reduction Act (IRA). This landmark climate law has had a significant impact on the transition to renewable energy, the growth of clean manufacturing, and the affordability of climate-friendly purchases. The IRA has accelerated investments in battery and electric vehicle (EV) manufacturing, with nearly 80 major clean energy manufacturing facilities announced in less than a year. The IRA is directing nearly \$400 billion in federal funding to clean energy, with the goal of substantially lowering the nation's carbon emissions by the end of this decade. The funds will be delivered through a mix of tax incentives, grants, and loan guarantees. Examples includes the headline USD 3/kg subsidy for low-carbon hydrogen.

In Europe, the Green Deal Industrial Plan is a response to the IRA, in an attempt to avoid clean- energy companies prioritising the US over the EU. The plan builds predominantly on relaxing member State aid rules further, thus allowing more national support, including tax benefits. It has also outlined the REPowerEU Plan proposed by the European Commission which aims at rapidly decreasing the EU's dependency on Russian fossil fuels, by increasing the use of renewables in the energy mix to 45%. One key outcome is the forecast demand case for hydrogen, which is set at 20 million tonnes by 2030, with 10 million tonnes through import. Provaris anticipates further targeting of hydrogen subsidies in 2023 which will see our ambitions and plans for Norway export projects become a beneficiary as each project matures.

In Australia, the Federal Government has committed to a review of its 2019 National Hydrogen Strategy to ensure Australia remains internationally competitive in the market for clean energy fuel, with industry submissions expected to shape the nation's strategy to 2030. Provaris has made a submission and looks forward to continued consultation with Government to ensure the considerations for the Tiwi H2 project are understood. More recently, the Federal Government announced the establishment of Hydrogen Headstart, a A\$2 billion revenue program to support large scale renewable hydrogen. The details are still to be confirmed post a consultation period, however we would like to see the Tiwi H2 project qualify for future rounds given the timeframe of production by 2028 and scale of the project. Major buyers of Australian LNG such as South Korea and Japan have set ambitious hydrogen targets. South Korea wants to grow domestic annual consumption from 130,000 tons in 2018 to almost 5.3 million tons by 2040. Japan earlier this year said it wants to import 12 million tonnes. by 2040 – a significant increase on its previous target of 3 million tonnes.

Building upon the Government and macro events to establish the hydrogen economy, Provaris is proud to be an early mover in the hydrogen sector and in specifically meeting the objectives of policy across multiple jurisdictions. As such, Provaris continues to be highly focused on the hydrogen production and export value chain through its participation in export project developments and advancing the Class Approval processes for its H2Neo carrier and H2Leo floating storage. Compression continues to demonstrate it is a simple and efficient alternative to transport hydrogen, which is now demonstrated through the addition of two collaborations for hydrogen export projects in Norway.

The Company has made excellent progress on the development of its proprietary H2Neo compressed hydrogen carrier and has recently confirmed final milestones for a prototype tank test, leading to final class approvals.

The establishment of our European office in Oslo, Norway, to be closer to commercial opportunities under review in Europe, has proven a success with two collaborations for project developments and further opportunities continuing to be reviewed. The technical services available in Norway has also resulted in our plans for testing and final approvals in Norway. The introduction of DNV and support of the Norwegian authorities will provide additional credibility to our development program.

We expect the year ahead to generate value for the Company with the final approvals of the H2Neo and H2Leo and, in parallel, progression of projects through prefeasibility and FEED level studies, leading to future investment decisions and new partnerships. Our confidence in the relevance, maturity, and increasing awareness of compressed hydrogen transport, as both commercially and technically viable transport solutions for Europe, continues to be demonstrated by hydrogen project supply chains being announced. Equally important, this adds confidence to the future development of Tiwi H2 and hydrogen production and export projects in other growth regions where compression is a compelling solution for simple, safe, and efficient production and delivery.



Directors’ Report

The directors of Provaris Energy Ltd A.C.N. 109 213 470 (“Provaris” or “the Company”) present their report including the consolidated financial report of Provaris and its controlled entities (“Consolidated Entity” or “Group”) for the year ended 30 June 2023.

Directors

The directors of Provaris in office during the year and up to the date of this financial report are as follows. Directors were in office for the entire period unless otherwise stated.

Greg Martin	Independent, Non-Executive Chairman
Martin Carolan	Managing Director and Chief Executive Officer
Garry Triglavcanin	Executive Director and Chief Development Officer
Andrew Pickering	Independent, Non-Executive Director
David Palmer	Independent, Non-Executive Director

Principal Activities

The principal activities of Provaris during the year focussed on the ongoing progression of (i) Provaris’ direct involvement in the development of hydrogen production and export projects, including its 100% owned Tiwi Islands Hydrogen Export project in the Northern Territory, Australia, (ii) the development of a portfolio of export hydrogen projects in Europe, with a focus on local collaborations in Norway, and (iii) the approval and development processes for its proprietary H2Neo carrier and H2Leo Storage Barge for the marine storage and transportation of compressed hydrogen.

Operating Results and Financial Position

The operating loss for the Consolidated Entity, after income tax, amounted to \$12,407,340 (2022: loss of \$6,757,611). The operating loss for the year includes direct project development costs of \$3,234,836 (2022: \$2,381,135) and derecognition of intangible asset of \$5,179,025 (2022: \$nil), in addition to staff costs and operational overheads.

At 30 June 2023, the Consolidated Entity had cash and cash equivalents of \$5,069,836 (2022: \$11,616,888) and no debt (2022: Nil).

Review of Operations

Refer to the Operations Report for further information.

Corporate

In August 2022, the Company established Provaris Norway AS and opened an office in Oslo, Norway, where our Chief Technical Officer, Per Røed, resides full-time.

On 24 November 2022 Provaris' annual general meeting was held as a virtual meeting. All resolutions considered at the meeting were passed.

Significant Changes in the State of Affairs

The following significant changes in the state of affairs of the Consolidated Entity occurred during the financial year:

- On 30 October 2022, 2,500,000 PV1AM Performance Rights lapsed due to the service condition no longer being met;
- On 30 November 2022, 16,500,000 EF Performance Rights lapsed unexercised due to the vesting conditions not being met;
- On 6 December 2022, 14,000,000 Performance Shares lapsed due to vesting conditions not being met;
- On 7 March 2023, Provaris issued 2,500,000 unlisted options exercisable at \$0.07 and 2,500,000 unlisted options exercisable at \$0.14 to consultants;
- On 26 May 2023, 87 loyalty options were converted to ordinary shares at an exercise price of \$0.12;
- On 26 May 2023 the remaining 96,681,371 loyalty options expired unexercised; and
- 1,500,000 ordinary shares were issued under the Employee Share Plan.

Significant Events Subsequent to Balance Date

On 24 July 2023, the Company announced that it has commenced its tank prototype testing program for final Class Approval for the H2Neo compressed hydrogen carrier.

The Company's subsidiary, Provaris Norway AS, has awarded a contract to Norwegian-based Prodtex AS for the construction and testing of a prototype hydrogen tank. The tank is designed for Provaris' proprietary H2Neo compressed gaseous hydrogen carrier and the H2Leo floating storage solution. The agreed scope and program targets completion of prototype testing within Q1 2024, ultimately leading to the attainment of final Class Approval. Prodtex will utilize its state of the art facility in Fiska, Norway for automated steel structure production.

The Prototype Contract encompasses a comprehensive program that includes detailed (production) design, fatigue tests of multilayered welded steel plates, and construction and rigorous testing of the prototype tank. Throughout the contract SINTEF will be engaged for completion of testing in Q1 2024, and DNV and ABS will then grant Final Class approvals. Close dialogue will be maintained with select major shipbuilders during the Prototype Contract.

Simultaneously, Provaris and Prodtex have forged a Technology Collaboration Agreement to jointly develop an advanced, fully automated production line for constructing compressed hydrogen containment tanks. The automated production line is expected to offer significant cost advantages compared to other existing market solutions. Positioning Provaris as a front-runner in low cost hydrogen storage and distribution.

Successful completion of the Prototype Contract will enable an investment decision on a new full-scale production line capable of producing tanks for Provaris' H2Neo Carrier and H2Leo floating hydrogen.

Provaris and Prodtex are actively engaged with Norwegian Government agencies to secure funding of the initial production line. The innovative tank production facility aims to commence operations in mid-2025, providing hydrogen cargo tanks for Provaris' initial fleet of H2Neo carriers and H2Leo storage unit essential for Provaris' announced collaborations for hydrogen export projects.

On 31 July 2023, the Company announced an update on its Tiwi H2 Project. Significant feasibility work and reporting has been undertaken, including the Owner's Engineer's (CE Partners) completion of the Design Feasibility Report for the proposed solar farm and transmission system. The Design Feasibility Report advances the concept design of the solar farm and transmission system to a 30% level, providing the basis for optioneering and design optimisation. The project is awaiting feedback from the Tiwi Land Council on draft project agreement and proposed benefits package.

On 7 August 2023 the Company announced the appointment of Frankfurt based DGWA, the German Institute for Asset and Equity Allocation and Valuation (Deutsche Gesellschaft für Wertpapieranalyse GmbH) as the Company's investor relations advisor in Europe. This appointment seeks to develop and maximise the value of the pre-existing dual listing of the Company's shares on Frankfurt, Tradegate and other German exchanges (WKN: A3DMYM).

On 7 August 2023, the Company issued 448,656 ordinary fully paid shares to a consultant as part-payment for investor relations services.

The directors are not aware of any other matters or circumstances having arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Likely Developments and Expected Results

Provaris will continue to pursue and direct its funds to progression of:

- Direct involvement in the development of hydrogen production and export projects across the entire value chain with a current focus on Australia and Norway;
- Provaris' 100% owned Tiwi H2 export project in the Northern Territory, Australia, with a targeted production and export capacity of 90,000 tpa of compressed hydrogen;
- Development of hydrogen export supply projects in Norway, in collaboration with agreements signed with local partners; and
- Final Class Approval program for Provaris' proprietary H2Neo (shipping) and H2Leo (storage) for the marine storage and transportation of compressed hydrogen.

The likely outcomes of these activities depend on a range of technical, economic, industry, geographic, environmental, regulatory, and other activity specific factors many of which are outside Provaris' direct control. As a consequence, the directors consider it is not possible or appropriate to make a prediction on the future results of Provaris' activities, nor the future course of domestic and international markets for hydrogen.

Environmental & Cultural Heritage Regulations and Performance

Provaris has an established edict for its activities and operations to comply, in all respects, with the laws and regulations, including environmental and cultural heritage laws and regulations, of each country in which it has a presence and, as a minimum, adopt and comply with the laws, regulations and accepted practices as would apply in Australia.

There have been and are no known breaches of environmental or cultural heritage laws or regulations by Provaris.

With respect to Provaris' Tiwi Island Hydrogen Export project, Provaris acknowledges the project's location on the traditional lands of the Munupi people. It is a privilege to have the support and such a close working relationship with the Munupi Clan and other key stakeholders on the Tiwi Islands.

Environmental, Social and Governance (ESG)

Environmental, Social & Governance – ready to measure impact

During the financial year, as part of our commitment to continuously improve our approach to reporting on material and non-financial ESG matters, Provaris has taken the decisive step towards developing a more impactful ESG strategy by engaging external ESG consultants. This collaboration is set to guide us in the refinement of the Company's ESG strategy in the upcoming fiscal year.

Provaris will undertake a detailed materiality assessment, which helps to identify and prioritise key ESG topics that are considered most important to the business and its key stakeholders. The insights gained from this assessment will inform and guide the development and implementation of a concise ESG strategy, including the establishment of some ESG-related targets or commitments.

We look forward to reporting our company-specific ESG risks and opportunities in the new financial year.



¹www.weforum.org/stakeholdercapitalism/our-metrics

Our Purpose, and mission

Provaris is focused on becoming the leading developer of integrated compressed, green hydrogen projects for export to regional markets. Our purpose is to develop green hydrogen supply chains that are simple, efficient and economic to enable the development of regional markets for green hydrogen as a pillar for decarbonisation of hard to abate industries.

Our focus is to develop the design of two proprietary gaseous hydrogen gas (GH2) carriers, integrated in a portfolio of projects which align with the first principles of energy efficiency.

As Provaris moves towards producing and delivering green renewable energy for worldwide consumption – our value creation will support and act as drivers for long-term economic growth to allow for the decarbonisation of hard-to-abate sectors.

Leadership & Governance – the right minds matter

Provaris believes in good governance factors of decision-making, independence, diversity and social inclusion. Ensuring the Board of Provaris leads by example, demonstrating a depth of expertise and capability, for Provaris to achieve initial production by 2026 is important – the right minds really do matter. Provaris acknowledges the importance and benefits that come with an independent, diverse and socially inclusive Board.

Reporting Pillar	WEF Item	Corporate Action	Reported	Underway	To be Addressed
Governance	GO-01-C1	Purpose statement	●		
	GO-02-A	Governance board composition (matrix)	●		
	GO-03-A	Material issues impacting stakeholders		●	
	GO-04-A	Anti-corruption practices (completed FY21 G3V Appendix 4G)	●		
	GO-04-a	Mechanisms to protect Ethical Behaviour (completed FY21 G3V Appendix 4G)	●		
	GO-05-A	Integrating risk and opportunities into business process		●	

Planet – managing climate change and biodiversity for future generations

Protecting the planet and ensuring our operations do not cause harm to the environment and biodiversity on the projects we are collaborating on in remote Northern Australia's Tiwi Islands, and the pristine West Coast of Norway is a priority for Provaris. As we look to become the leading developer of integrated compressed, green hydrogen projects for export to regional markets – we are looking to identify and understand the impact our production will have on the environment. Over the 2023 financial year, Provaris engaged several external consultants to help quantify the level of impact in the areas of GHG emissions, financial cost of climate change on our business (TCFD), EPA studies and water consumption.

Reporting Pillar	WEF Item	Corporate Action	Reported	Underway	To be Addressed
Planet	PL-01-A	GHG emissions		●	
	PL-01-B	TCFD implementation			●
	PL-02-A	Land use and ecology sensitivity		●	
	PL-03-A	Water Consumption	●		



People – human capital and social license to operate

Provaris seeks to employ, develop and grow its team with a focus on diversity and equality. It ensures a safe and healthy environment being aware the physical and mental wellness of our staff and contractors has a direct impact on our performance.

Our future development for the Tiwi H2 Project will be on the traditional lands of the Munupi people. Provaris is honoured to be developing a working relationship with the traditional owners and key government bodies, and we look forward to developing these relationships as our project matures, providing future employment opportunities, training and economic prosperity.

Provaris wishes to acknowledge and thank the project's stakeholders for their time and insights into how they view the impact – both social and economic - that the Tiwi H2 Project will have on local Tiwi communities. Specifically, Provaris thanks the Munupi Landowners, Tiwi Land Council, Tiwi Plantation Corporation, NT Government, Office of Township Leasing and NT Port and Marine.

Reporting Pillar	WEF Item	Corporate Action	Reported	Underway	To be Addressed
People	PE-01-C1	People – Diversity & Inclusion		●	
	PE-02-C1	Health & Safety		●	
	PE-03-01	Training provided		●	
	PE-01-C2	People – Pay equality		●	
	PE-01-C3	Wage level		●	
	PE-01-C4	Child, forced or compulsory	●		

Prosperity – contributing to societal, environmental development and economic development

Provaris' focus to deliver clean energy will by the very nature of our mission bring societal, environmental, and economic development to the local people of Tiwi Islands, the broader Australian economy and improve the prosperity of the planet.

Reporting Pillar	WEF Item	Corporate Action	Reported	Underway	To be Addressed
Prosperity	PR-01-C1	Rate of employment		●	
	PR-02-C1	Total R&D Tax	●		
	PR-03-C1	Total Tax Paid	●		
	PR-01-C2	Economic contribution	●		
	PR-01-C3	Financial investment contribution	●		

We're making the future of green hydrogen accessible – and we're happy to report it

Each year Provaris will continue to report on material and non-financial material ESG matters. As our business matures so too will the sophistication of our ESG reporting mechanisms.

Provaris is committed to its ESG reporting pathway and operationalising our reporting mechanisms set in accordance to leading global frameworks and standards.

We look forward to reporting our ESG risks and opportunities in the new financial year.

Information on Directors and Company Secretary

Greg Martin **Independent, Non-Executive Chairman**

Appointed: 1 February 2022

Qualifications and Experience:

Mr Martin holds a Bachelor of Economics and a Bachelor of Laws degrees conferred by the University of Sydney and University of Technology Sydney respectively, and is a Member of the Australian Institute of Company Directors.

Mr Martin has over 40 years' experience in the mining, utilities, financial services, energy and energy related infrastructure sectors in Australia, New Zealand and internationally. Mr Martin held the position of Managing Director and Chief Executive Officer of The Australian Gas Light Company (AGL) for five years. After AGL, he joined Challenger Financial Services Group as Chief Executive, Infrastructure, and subsequently Mr Martin was Managing Director of Murchison Metals Limited.

Mr Martin is currently Chairman of Nasdaq listed Mawson Infrastructure Group Inc. (MIGI:NASDAQ); Deputy Chairman of The Electricity Networks Corporation (trading as, Western Power), Chairman of Sierra Rutile Holdings Limited, Chairman of Hunter Water Corporation, Chairman of East Coast Rail, and a Non-Executive Director of Power & Water Corporation.

Mr Martin's prior directorships include the Sydney Desalination Plant, Prostar Capital, Everest Financial Group, NGC Holdings Limited (NZ), Empresa de Gas de la V Region S.A. (Chile) and Kyungnam Energy Co. Ltd (South Korea).

Directorships of other listed companies in the 3 years prior to the end of the Financial Year:

Chairman of Iluka Resources Limited (ASX:ILU) from January 2013 to April 2022 and Non-Executive Director of Spark Infrastructure RE (ASX:SKI) from January 2017 to December 2021.

Martin Carolan **Managing Director And Chief Executive Officer**

Appointed: 2 April 2019

Qualifications and Experience:

Mr Carolan holds a Bachelor of Business (Banking and Finance) and a Graduate Diploma in Applied Finance.

Mr Carolan was appointed as an Executive Director and Chief Financial Officer in 2019 and Managing Director and Chief Executive Officer in June 2021. Mr Carolan has been involved in Provaris since the Company's inception in 2016, firstly as an advisor and founding shareholder, before joining the Board as an Executive Director in 2019, responsible for corporate strategy and finance. More recently Martin has been leading Provaris' hydrogen development strategy and business model. Martin brings extensive capital markets and corporate strategy experience having worked in the Australian capital markets for over 15 years.

Directorships of other listed companies in the 3 years prior to the end of the Financial Year:

None.

Garry Triglavcanin
Executive Director And Chief Development Officer

Appointed: 24 November 2016

Qualifications and Experience:

Mr Triglavcanin holds a Bachelor of Engineering (Mechanical) and Master of Business Administration (MBA). He has over 25 years' experience in the international energy industry across commercial, technical and legal aspects of project development, negotiation and delivery. He spent 12 years with ASX listed Liquefied Natural Gas Limited as Group Commercial Manager, developing a range of projects, including the Australian Fisherman's Landing LNG Project, Magnolia United States LNG Project and the Middle East Qeshm Island LNG Project (as Project Director for 3 years).

He joined Woodside Petroleum in 2001 as Senior Commercial Advisor, working on a portfolio of renewable energy projects, as well as several merger and acquisition opportunities until 2004. As Business Development Manager of Energy Equity Corporation from October 1992 to March 2001, he was responsible for the assessment and development of energy projects in Australia and Indonesia.

Directorships of other listed companies in the 3 years prior to the end of the Financial Year:

None.

Andrew Pickering
Independent, Non-Executive Director

Appointed: 1 February 2021

Qualifications and Experience:

Mr Pickering holds a bachelor degree in Environmental Science from University of Colorado and a Masters of Science in Environmental Management from University of London. He has 40 years' experience in shipping and logistics, including a distinguished career with Stolt-Nielsen Limited and the founding CEO of Avenir LNG Limited, both listed in Norway. Stolt-Nielsen Limited has a market capitalisation of circa 1 billion USD (SNI:NO), that provides transportation, storage, and distribution solutions for chemicals and other bulk-liquid products worldwide.

More recently, Mr Pickering led the development of an integrated global energy supply business as CEO of Avenir LNG Limited, located in London. Avenir LNG was established as a Joint Venture between Stolt-Nielsen; Golar LNG and Hoegh LNG, before becoming a publicly listed company on the OTC exchange in Norway. Avenir LNG provides LNG supply solutions for off-grid industry, power generation, marine bunkering and the transport industry, including the construction of 6 new small-scale LNG vessels and an LNG terminal.

Directorships of other listed companies in the 3 years prior to the end of the Financial Year:

None.

David Palmer
Independent, Non-Executive Director

Appointed: 1 November 2021

Qualifications and Experience:

Mr Palmer holds a Masters Degree in Economics from the University of Cambridge and an Executive MBA from Harvard Business School.

Mr Palmer has held many senior positions in the shipping industry including John Swire and Sons, Stolt-Nielsen Inc, and more recently was CEO of Pareto Securities Asia, CEO of Wah Kwong Holdings (HK) Ltd and COO and CFO of Britoil Offshore Services Pte Ltd. Mr Palmer brings extensive shipping, capital markets, corporate strategy, M&A and management experience having worked in these markets for 45 years.

Directorships of other listed companies in the 3 years prior to the end of the Financial Year:

None.

Norman Marshall
Company Secretary

Appointed: 15 March 2021

Qualifications and Experience:

Mr Marshall has a Master of Applied Finance from Macquarie University Sydney. He had over 20 years managerial and executive experience in project and corporate financing and a similar period in Company Secretary, Chief Financial Officer, and Executive Director positions in listed public companies. Prior to his appointment as Company Secretary and Commercial Manager of Provaris Energy Ltd, Mr Marshall was a consultant to the Company on all commercial agreements and had a key role in Provaris' 2017 acquisition of the SeaNG Group and its compressed gas marine transportation technology.

Meetings of Directors

The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

Directors' meetings	13
Greg Martin	13
Martin Carolan	13
Garry Triglavcanin	12
Andrew Pickering	12
David Palmer	11

Directors' Interests in Shares and Share Based Instruments of Provaris

As at the date of this report, the interests of the directors in the ordinary shares and performance rights of Provaris were:

	Ordinary Shares	Performance Rights
Greg Martin	2,000,000	—
Martin Carolan	15,000,000	5,000,000
Garry Triglavcanin	12,440,036	5,000,000
Andrew Pickering	2,800,000	—
David Palmer	2,800,000	—
	35,040,036	10,000,000



Remuneration Report (Audited)

The information provided in this remuneration report has been audited as required by Section 300A of the *Corporations Act 2001*. The prior year Remuneration Report was approved at the 2022 Annual General Meeting with the votes against the resolution being less than 25 per cent.

Key Management Personnel

The names and positions of key management personnel of Provaris and of the Consolidated Entity who have held office during the financial year are:

Independent Directors:

Greg Martin	Non-Executive Chairman
Andrew Pickering	Non-Executive Director
David Palmer	Non-Executive Director

Executive Directors:

Martin Carolan	Managing Director and Chief Executive Officer
Garry Triglavcanin	Executive Director and Chief Development Officer

Other Key Management Personnel:

Per Røed	Chief Technical Officer (appointed 1 August 2022)
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Remuneration Objective

The objective of Provaris' executive remuneration is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market best practice for delivery of reward.

Executive remuneration is based on fees set by resolution of the Board of Directors and reviewed annually based on market practices. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

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

No remuneration consultants were engaged during the financial year.

Executive Directors

The Executive Directors' remuneration and reward framework have the following components:

- base pay and non-monetary benefits
- discretionary short term incentives (generally paid in cash)
- share based payments (with options or performance rights generally issued to executives over a period and based on long-term incentives), and
- other remuneration such as superannuation and long service leave.

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

PV1AM Performance Rights, issued under Provaris' Performance Rights Plan, were granted to Executive Directors during the 2021 financial year (2023 and 2022: no rights issued). Refer to page 40 for the performance rights held by key management personnel, including the terms and conditions.

Non-Executive Directors

Fees and payments to non-executive directors reflect the demands that are made on, and the responsibilities of, the directors. Non-Executive Directors' fees and payments are reviewed annually by the Board to ensure fees are appropriate and in line with the market.

In accordance with the provisions of Listing Rule 10.11 of the Australian Securities Exchange, a meeting of shareholders held on 22 November 2019 approved the sum of \$500,000 per annum to be the total aggregate annual fees payable to Non-Executive Directors of Provaris. The current total of Non-Executive Director fees is \$219,450.

Shares are issued to Non-Executive Directors from time to time to align their interests to those of Provaris' shareholders. The number and value of Provaris shares issued, together with any other terms, are determined by the Board and, in all cases, subject to shareholder approval.

Refer to page 39 for shares issued under Provaris' Employee Share Plan to Non-Executive Directors during the previous financial year.

No Provaris performance rights were issued to Executive or Non-Executive Directors during the financial year (2022: nil).

Service Agreements

Provaris has executed the following employment contracts with key management personnel:

Martin Carolan (Managing Director & Chief Executive Officer)

Provaris has executed an Employee Service Agreement with Mr Martin Carolan, as Chief Executive Officer, which commenced on 1 July 2021 and terminates on 30 June 2024, unless terminated earlier. The base salary is \$318,300 per annum, plus statutory superannuation contributions.

Provaris may terminate the agreement, without cause, subject to 6 months prior written notice and immediately with cause. Mr Carolan may terminate the agreement for any reason subject to 3 months prior written notice. The agreement does not include any special termination payment or benefit.

Garry Triglavcanin (Executive Director & Chief Development Officer)

Provaris has executed an Employment Agreement with Mr Garry Triglavcanin, as Chief Development Officer, which commenced on 1 August 2021 and terminates on 31 July 2024, unless terminated earlier. The base salary is \$297,080 per annum, plus statutory superannuation contributions.

Provaris may terminate the agreement, without cause, subject to 6 months prior written notice and immediately with cause. Mr Triglavcanin may terminate the agreement for any reason subject to 3 months prior written notice. The agreement does not include any special termination payment or benefit.

Per Røed (Chief Technical Officer)

Provaris, through its wholly owned subsidiary Provaris Norway AS, has executed an Employment Agreement with Mr Per Røed, as Chief Technical Officer, which commenced on 1 August 2022 and continues until terminated in accordance with the agreement. The base salary is NOK 2,300,000 per annum, plus statutory pension contributions.

The mutual termination period of the agreement is 3 months written notice.

There are no other employment contracts for any of the key management personnel and no termination benefits are payable for any of the key management personnel.

The following table sets out the remuneration paid to directors and named executives of the Group during the financial year. Other than those noted below, the Group had no other executives designated as key management personnel.

2023	Salary and Fees (\$)	Short-Term Annual Leave Accrued (\$)	Bonus (\$)	Post-Employment Super-annuation (\$)	Share-Based Payments Performance Rights (\$)	Share-Based Payments Ordinary Shares (\$)	Total (\$)	Performance related (%)
Executive Directors								
Martin Carolan	315,250	24,250	100,000 ¹	43,601	57,208 ²	–	540,309	29%
Garry Triglavcanin	294,233	22,633	84,000 ¹	39,714	57,208 ²	–	497,788	28%
Other key management personnel								
Per Røed (appointed 1 August 2022)	288,086	34,570	–	3,774	–	89,500 ³	415,930	22%
	897,569	81,453	184,000	87,089	114,416	89,500	1,454,027	27%
Non-Executive Directors								
Greg Martin	90,000	–	–	9,450	–	–	99,450	0%
Andrew Pickering	60,000	–	–	–	–	–	60,000	0%
David Palmer	60,000	–	–	–	–	–	60,000	0%
	210,000	–	–	9,450	–	–	219,450	0%
Total Key Management Personnel	1,107,569	81,453	184,000	96,539	114,416	89,500	1,673,477	23%

2022	Salary and Fees (\$)	Short-Term Annual Leave Accrued (\$)	Bonus (\$)	Post-Employment Super-annuation (\$)	Share-Based Payments Performance Rights (\$)	Ordinary Shares (\$)	Total (\$)	Performance related (%)
Executive Directors								
Martin Carolan	300,000	23,077	–	30,000	111,681 ²	–	464,758	24%
Garry Triglavcanin	282,214	21,709	–	25,670	111,681 ²	–	441,274	25%
	582,214	44,786	–	55,670	223,362	–	906,032	25%
Non-Executive Directors								
Greg Martin	37,500	–	–	3,750	–	178,000 ⁴	219,250	0%
Andrew Pickering	67,500 ⁵	–	–	–	–	124,000 ⁶	191,500	0%
David Palmer	40,000	–	–	–	–	250,000 ⁷	290,000	0%
	145,000	–	–	3,750	–	552,000	700,750	0%
Total Key Management Personnel	727,214	44,786	–	59,420	223,362	552,000	1,606,782	14%

Notes to the Remuneration Report Tables:

1. On 30 August 2022, the non-executive directors approved a bonus of \$100,000 to Martin Carolan and \$84,000 to Garry Triglavcanin. This discretionary short-term incentive was paid to recognise and reward the performance of the executive directors, including the achievement of business objectives. The bonuses were paid on 15 September 2022.
2. On 6 August 2021, Provaris issued 5,000,000 PV1AM Performance Rights to Martin Carolan and 5,000,000 PV1AM Performance Rights to Garry Triglavcanin under Provaris' Performance Rights Plan. Refer to page 41 for the terms and conditions of the rights granted.
3. On 6 July 2022, Provaris issued 500,000 fully paid ordinary shares to Per Røed under his previous consulting agreement. On 10 February 2023, Provaris issued 1,000,000 fully paid ordinary shares to Per Røed. No performance conditions have been applied as the Company considers that Mr Røed's industry experience and global contacts will be beneficial to the Company's project development activities and the overall remuneration is reasonable and aligns his interests to those of the Company and its Shareholders.
4. On 9 May 2022, Provaris issued 2,000,000 fully paid ordinary shares to Greg Martin, as approved by Provaris' shareholders at the May 2022 General Meeting. The shares are subject to trading restrictions whereby 1,000,000 shares could not be traded until 9 May 2023 and 1,000,000 cannot be traded until 9 May 2024. No performance conditions have been applied as the Company considers that Mr Martin's industry experience and global contacts will be beneficial to the Company's project development activities and the overall remuneration is reasonable and aligns his interests to those of the Company and its Shareholders.
5. In the previous financial year, Andrew Pickering's director's fees included additional fees for the role of Chairman before Greg Martin's appointment.
6. On 29 July 2021, Provaris issued 2,000,000 ordinary shares to Andrew Pickering, as approved by Provaris' shareholders at the July 2021 General Meeting. The shares are subject to trading restrictions whereby 1,000,000 shares could not be traded until 28 July 2022 and 1,000,000 until 28 July 2023. No performance conditions have been applied as the Company considers that Mr Pickering's industry experience and global contacts will be beneficial to the Company's project development activities and the overall remuneration is reasonable and aligns his interests to those of the Company and its Shareholders,
7. On 30 November 2021, Provaris issued 2,000,000 ordinary shares to David Palmer, as approved by Provaris' shareholders at the November 2021 Annual General Meeting. The shares are subject to trading restrictions whereby 1,000,000 shares could not be traded until 30 November 2022 and 1,000,000 cannot be traded until 30 November 2023. No performance conditions have been applied as the Company considers that Mr Palmer's industry experience and global contacts will be beneficial to the Company's project development activities and the overall remuneration is reasonable and aligns his interests to those of the Company and its Shareholders.
8. There were no loans to key management personnel during the financial year (2022: Nil).

Shares Held by Key Management Personnel

Year Ended 30 June 2023	Number of Ordinary Shares				30 June 2023
	1 July 2022	Conversion Perf Rights	Issued as Remuneration	Net Change Other	
Greg Martin	2,000,000	–	–	–	2,000,000
Martin Carolan (note 1)	13,500,000	–	–	1,000,000	14,500,000
Garry Triglavcanin	12,440,036	–	–	–	12,440,036
Andrew Pickering	2,800,000	–	–	–	2,800,000
David Palmer	2,800,000	–	–	–	2,800,000
Per Røed (note 2)	500,000	–	1,500,000	–	2,000,000
	34,040,036	–	1,500,000	1,000,000	36,540,036

- **Note 1:** Shares purchased on market.
- **Note 2:** The opening balance for Per Røed was before he was a Key Management Personnel.

Performance Rights Held by Key Management Personnel Directly and Indirectly

Year Ended 30 June 2023	1 July 2022	Number of Performance Rights		Unvested 30 June 2023 ⁵
		Granted as Remuneration	Expired	
Greg Martin	–	–	–	–
Martin Carolan (note 3)	10,000,000	–	(5,000,000)	5,000,000 ⁵
Garry Triglavcanin (note 4)	8,750,000	–	(3,750,000)	5,000,000 ⁵
Andrew Pickering	–	–	–	–
David Palmer	–	–	–	–
Per Røed	–	–	–	–
	18,750,000		(8,750,000)	10,000,000⁵

- **Note 3:** 2,000,000 Class E Performance Rights and 3,000,000 Class F Performance Rights expired without the vesting conditions being met.
- **Note 4:** 1,500,000 Class E Performance Rights and 2,250,000 Class F Performance Rights expired without the vesting conditions being met.
- **Note 5:** PV1AM Performance Rights, issued under Provaris' Performance Rights Plan (Expiry: 6 August 2024).

No performance rights have vested or are exercisable in the current or prior year. In the current financial year, the impact of performance rights on compensation was \$114,416 (2022: \$223,362).

Terms and conditions of Performance Rights:

PV1AM Performance Rights

A total of 10,000,000 PV1AM Performance Rights are on issue, which were granted on 6 August 2021. Vesting and fair values of PV1AM Performance Rights is as follows:

- a. 3,000,000 will vest when Provaris' share price reaches \$0.20, based on the volume weighted average market price of shares over 20 consecutive days on which Provaris' securities have traded (fair value \$0.047 per right);
- b. 3,000,000 will vest when Provaris' share price reaches \$0.30, based on the volume weighted average market price of shares over 20 consecutive days on which Provaris' securities have traded (fair value \$0.040 per right); and
- c. 4,000,000 will vest when Provaris' share price reaches \$0.40, based on the volume weighted average market price of shares over 20 consecutive days on which Provaris' securities have traded (fair value \$0.032 per right).

While there is no explicit service condition attached to the above PV1AM Performance Rights:

- Any shares issued on the relevant vesting condition being satisfied are subject to a 14 month trading restriction period from the date the PV1AM Performance Rights were issued;
- Unless otherwise determined by the Board the PV1AM Performance Rights lapse after 30 days of a holder ceasing to be employed by Provaris; and
- PV1AM Performance Rights expire 3 years from their relevant date of issue.

The Board considered that market conditions (Provaris share price) best aligned the PV1AM Performance Rights holders interests to those of Provaris' shareholders.

No PV1AM Performance Rights have vested at 30 June 2023 (2022: nil). Any PV1AM Performance Rights not vested before their expiry date (6 August 2024) will lapse. The PV1AM Performance Rights were issued pursuant to Provaris' Performance Rights Plan, which was approved at the general meeting of shareholders held on 22 July 2021. No key management personnel PV1AM Performance Rights were exercised (as vesting conditions were not met) or cancelled during the period.

The maximum amount of PV1AM Performance Rights that could be recognised in future financial periods is \$51,222.

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

Loyalty Options (Not Compensation) Held by Key Management Personnel

Year Ended 30 June 2023	Number of Loyalty Options				30 June 2023
	1 July 2022	Converted to Ordinary Shares	Issued as Remuneration	Net Change Other	
Greg Martin	–	–	–	–	–
Martin Carolan (note 5)	9,930,783	–	–	(9,930,783)	–
Garry Triglavcanin (note 5)	3,866,066	–	–	(3,866,066)	–
Andrew Pickering	–	–	–	–	–
David Palmer	–	–	–	–	–
Per Røed	–	–	–	–	–
	13,796,849	–	–	(13,796,849)	–

- **Note 5:** Loyalty options expired unexercised on 26 May 2023.

The loyalty options were offered to all shareholders in a non-renounceable entitlement issue on 25 June 2020. They were issued at \$0.005, exercisable at \$0.12 each and expired on 26 May 2023. All Loyalty Options not exercised before their expiry date lapsed. Refer to note 7(b).

Loans to Key Management Personnel

There were no loans made to key management personnel during the financial year (2022: Nil).

Other Transactions and Balances with Key Management Personnel

There were no other transactions or balances with key management personnel or their related parties during the financial year.

Overview of Provaris' Performance

The table below sets out information about Provaris' results and movements in shareholder wealth for the past five years, up to and including the current financial year:

	2023	2022	2021	2020	2019
Net loss after tax (\$)	(12,407,340)	(6,757,611)	(3,088,132)	(2,881,583)	(8,883,857)
Loss per share (cents)	(2.26)	(1.32)	(0.74)	(0.73)	(2.62)
Share price (cents) 30-Jun	4.6	4.3	6.7	6.1	18.5

* Years 2019 and 2020 have not been restated for any bonus element in the share placement during the prior year

No dividends have been paid or provided in any of these financial years.

End of Remuneration Report

Instruments Over Unissued Shares – Exercised, Granted or Expired

On 30 October 2022, 2,500,000 PV1AM performance rights lapsed due to service conditions not being met.

On 30 November 2022, 6,600,000 Class E Performance Rights and 9,900,000 Class F Performance Rights lapsed on their Expiry Date, due to the vesting conditions not being met.

On 7 March 2023, Provaris issued 2,500,000 unlisted options exercisable at \$0.07 and 2,500,000 unlisted options exercisable at \$0.14 to consultants.

On 26 May 2023, 87 loyalty options were exercised for \$0.12 per option.

On 26 May 2023, remaining loyalty options of 96,681,371 lapsed unexercised on their Expiry Date.

During and subsequent to the year ended 30 June 2023, no other options over unissued shares were granted, exercised or expired.

Instruments Over Unissued Shares Outstanding

The following instruments to subscribe for unissued fully paid ordinary shares in Provaris are outstanding at the date of this report:

10,000,000 PV1AM Performance Rights, issued on 6 August 2021, remained on issue at the end of the year (2,500,000 lapsed during the year due to service conditions not being met). PV1AM Performance Rights expire on 6 August 2024 and on vesting each Performance Right entitles the holder to one fully paid ordinary share in Provaris.

Vesting of PV1AM Performance Rights is as follows:

- a. 3,000,000 will vest when Provaris' share price reaches \$0.20, based on the volume weighted average market price of shares over 20 consecutive trading days on which Provaris' securities have traded;
- b. 3,000,000 will vest when Provaris' share price reaches \$0.30, based on the volume weighted average market price of shares over 20 consecutive trading days on which Provaris' securities have traded; and
- c. 4,000,000 will vest when Provaris' share price reaches \$0.40, based on the volume weighted average market price of shares over 20 consecutive trading days on which Provaris' securities have traded.

Any PV1AM Performance Rights not vested before their expiry date (6 August 2024) will lapse. The PV1AM Performance Rights were issued pursuant to the Performance Rights Plan, which was approved at the general meeting of shareholders held on 22 July 2021. 2,500,000 PV1AM performance rights lapsed during the period due to service conditions not being met. No PV1AM Performance Rights were exercised, nor were any vesting conditions met, during the period.

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

Indemnification and Insurance of Directors and Officers

In addition to the rights of indemnity provided to directors and officers under Provaris' Constitution (to the extent permitted by the *Corporations Act 2001* (Cth)), Provaris has entered in a Deed of Access, Insurance, and Indemnity with each director pursuant to which Provaris indemnifies each director named in this report against all liabilities to persons (other than Provaris or a related body corporate) which arise out of the performance of their normal duties as directors unless the liability relates to conduct involving bad faith or is otherwise prohibited from indemnification under the *Corporations Act 2001* (Cth).

Furthermore, during the financial year, Provaris paid premiums of \$69,518 for Directors and Officers liability insurance. The policy insures the directors and officers against any liabilities and expenses that may arise because of work performed in their respective capacities, provided that the liability does not arise out of conduct involving:

- i. A wilful breach of duty; or
- ii. A contravention of sections 182 or 183 of the *Corporations Act 2001*, as permitted by section 199B of the *Corporations Act 2001*.

Dividends

No dividends have been paid or declared since the start of the financial year by Provaris. The directors have recommended that no dividend be paid by Provaris in respect of the year ended 30 June 2023.

Proceedings on Behalf of Provaris

No person has applied for leave of Court to bring proceedings on behalf of Provaris or intervene in any proceedings to which Provaris is a party for the purpose of taking responsibility on behalf of Provaris for all or any part of those proceedings. Provaris was/is not a party to any such proceedings during or since the end of the 2023 financial year.

Auditor Independence and Non-Audit Services

Provaris' auditor is Ernst & Young Australia. In accordance with the *Corporations Act 2001* section 307C a signed Auditor's Independence Declaration to the directors in relation to the year ended 30 June 2023 has been provided to Provaris. This declaration has been included on page 93.

Indemnification of Auditors

To the extent permitted by law, Provaris has agreed to indemnify its auditors, as part of the terms of its audit engagement agreement, against claims by third parties arising from the audit. No payments have been made to indemnify Ernst & Young Australia during or since the 2023 financial year.

Non-Audit Fees

Fees for non-audit services charged by the auditors to the Group were indirect tax and tax compliance costs of \$88,549. The directors are satisfied that the provision of these non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of these non-audit services means that auditor independence was not compromised.

Signed in accordance with a resolution of the directors.



Martin Carolan
Managing Director and
Chief Executive Officer

27 September 2023

Sydney, New South Wales



Corporate Governance Statement

Provaris' directors are committed to conducting Provaris' business in an ethical manner and in accordance with the highest standards of corporate governance. Provaris has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (4th Edition) (Recommendations) to the extent appropriate for the size and nature of Provaris' operations.

Provaris has prepared a Corporate Governance Statement which sets out the corporate governance practices that were in operation throughout the financial year for Provaris, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations.

Provaris' Corporate Governance Statement and policies can be found on its website:

www.provaris.energy/contact



Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year Ended 30 June 2023

	Note	Consolidated Entity 2023 (\$)	2022 (\$)
Income	2	586,104	367,057
Corporate and administrative		(4,138,158)	(3,215,697)
Project development		(3,234,836)	(2,381,135)
Amortisation of intangible asset	5	(207,161)	(414,322)
Derecognition of intangible asset	5	(5,179,025)	–
Share based payments	14	(234,264)	(1,113,514)
Loss before income tax expense		(12,407,340)	(6,757,611)
Income tax expense	3	–	–
Loss after related income tax expense		(12,407,340)	(6,757,611)
Other comprehensive income			
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Exchange differences on translating foreign operations	8	(9,073)	(425)
Income tax relating to components of other comprehensive income		–	–
Other comprehensive loss after income tax		(9,073)	(425)
Total comprehensive loss for the year		(12,416,413)	(6,758,036)
Basic (loss) per share (cents per share)	4	(2.26)	(1.32)
Diluted (loss) per share (cents per share)	4	(2.26)	(1.32)

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position

As At 30 June 2023

	Note	Consolidated Entity 2023 (\$)	2022 (\$)
Current assets			
Cash and cash equivalents	10	5,069,836	11,616,888
Other assets		158,785	342,615
Total current assets		5,228,621	11,959,503
Non-current assets			
Plant and equipment		—	1,110
Intangible asset	5	—	5,386,186
Total non-current assets		—	5,387,296
Total assets		5,228,621	17,346,799
Current liabilities			
Trade and other payables	6	782,327	771,453
Provisions		114,609	61,522
Total current liabilities		896,936	832,975
Total liabilities		896,936	832,975
Net assets		4,331,685	16,513,824
Equity			
Issued capital	7	85,901,440	85,811,930
Reserves	8	3,856,401	3,720,710
Accumulated losses		(85,426,156)	(73,018,816)
Total equity		4,331,685	16,513,824

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows

Year Ended 30 June 2023

	Note	Consolidated Entity 2023 (\$)	2022 (\$)
Cash flows from operating activities			
Payments to suppliers and employees		(3,907,196)	(3,110,378)
Project development		(3,341,470)	(1,910,413)
Interest received		154,760	22,634
Research and development tax concession rebate		374,766	45,775
WA Renewable Hydrogen Fund grant		154,500	145,500
Net cash outflow used in operating activities	10	(6,564,640)	(4,806,882)
Cash flows from investing activities		–	–
Net cash outflow from investing activities		–	–
Cash flows from financing activities			
Proceeds from equity issues		–	10,538,750
Exercise of loyalty options	10	72	72
Capital raising costs		–	(716,416)
Net cash inflow from financing activities	10	9,822,406	
Net (decrease)/increase in cash held		(6,564,630)	5,015,524
Net foreign exchange differences		17,578	37,648
Cash and cash equivalents at beginning of year		11,616,888	6,563,716
Cash and cash equivalents at end of year	10	5,069,836	11,616,888

The accompanying notes form part of these financial statements



Consolidated Statement of Changes in Equity

Year Ended 30 June 2023

Attributable to Members of the Company	Issued Capital	Share Based Payments Reserve	Consolidated Entity		Accumulated Losses	Total Equity
			Currency Translation Reserve	Fair Value Reserve		
At 1 July 2022	85,811,930	3,726,806	(6,096)	–	(73,018,816)	16,513,824
Comprehensive loss						
Currency translation	–	–	(9,073)	–	–	(9,073)
Loss for year	–	–	–	–	(12,407,340)	(12,407,340)
Total comprehensive loss for the year	–	–	(9,073)	–	(12,407,340)	(12,416,413)
Transactions with owners, in their capacity as owners						
Issue of shares under ESOP	89,500	–	–	–	–	89,500
Issue of options – consultants	–	80,000	–	–	–	80,000
Expense of performance rights	–	64,764	–	–	–	64,764
Loyalty options exercised	10	–	–	–	–	10
At 30 June 2023	85,901,440	3,871,570	(15,169)	–	(85,426,156)	4,331,685

Attributable to Members of the Company	Consolidated Entity					Total Equity
	Issued Capital	Share Based Payments Reserve	Currency Translation Reserve	Fair Value Reserve	Accumulated Losses	
At 1 July 2021	75,727,744	2,791,992	(5,671)	(2,639,591)	(63,621,614)	12,252,860
Comprehensive loss						
Currency translation	–	–	(425)	–	–	(425)
Loss for year	–	–	–	–	(6,757,611)	(6,757,611)
Total comprehensive loss for the year	–	–	(425)	–	(6,757,611)	(6,758,036)
Transactions with owners, in their capacity as owners						
Share placement	10,000,000	–	–	–	–	10,000,000
Share Purchase Plan	538,750	–	–	–	–	538,750
Capital raising costs - cash	(716,416)	–	–	–	–	(716,416)
Capital raising costs – non-cash	(661,800)	661,800	–	–	–	–
Issue of shares - ESOP	840,500	–	–	–	–	840,500
Issue of shares - consultant	83,080	–	–	–	–	83,080
Issue of performance rights	–	273,014	–	–	–	273,014
Loyalty options exercised	72	–	–	–	–	72
Transfer to accumulated losses	–	–	–	2,639,591	(2,639,591)	–
At 30 June 2022	85,811,930	3,726,806	(6,096)	–	(73,018,816)	16,513,824

The accompanying notes form part of these financial statements

Notes to the Financial Statements

Note 1. Significant Accounting Policies

The consolidated financial statements of Provaris Energy Ltd (the Company) and its subsidiaries (collectively the Group) for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the directors on 27 September 2023. The Company is a listed public company limited by shares, incorporated and domiciled in Australia. The registered office is located at 19/40 St Quentin Avenue, Claremont WA 6010.

The Group is principally involved in the development of hydrogen production, storage and transport projects, including its 100% owned Tiwi Islands Hydrogen Export project in the Northern Territory, Australia; (ii) export projects under collaboration with local Norway Partners, and (iii) the approval and development processes for its proprietary H2Neo carrier and H2Leo Storage Barge for the marine storage and transportation of compressed hydrogen.

Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASs) and the *Corporations Act 2001*. The consolidated financial report of the Group also complies with the International Financial Reporting Standards ("IFRS") and interpretations issued by the International Accounting Standards Board.

The consolidated financial statements have been prepared on a historical cost basis. The presentation currency used in this financial report is Australian Dollars.

Going concern basis for preparation of financial statements

The Group incurred a loss after tax of \$12,407,340 (2022: \$6,757,611) and had cash outflows from operations of \$6,564, 640 (2022: \$4,806,882) for the year ended 30 June 2023. The Group held cash and cash equivalents at 30 June 2023 of \$5,069,836 (30 June 2022: \$11,616,888).

The Group's cashflow forecast for the period ended 30 September 2024 reflects that the Group will require additional working capital during this period to enable it to continue to meet its ongoing operational and project expenditure commitments. The Directors are satisfied that the Group will be able to either secure additional working capital as required through raising additional equity or reducing the Group's discretionary spending. Accordingly, the directors consider it appropriate to prepare the consolidated financial statements on a going concern basis.

In the event the Group is unable to raise additional working capital to meet its ongoing operational and project expenditure commitments as and when required, there is material uncertainty as to whether the Group will be able to meet its debts as and when they fall due and thus continue as a going concern and, therefore whether it will be able to realise its assets and discharge its liabilities in the normal course of business at the amounts stated in the consolidated financial statements.

No adjustments have been made relating to the recoverability and classification of recorded asset amounts nor to the amounts or classification of liabilities that might be necessary should the Group not continue as a going concern.

New or Amended Accounting Standards or Interpretations Adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period and were relevant to the Group. The adoption of the new and amended accounting standards and interpretations had no material impact on the Group.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been adopted early, and are not expected to have a material impact on the Group.

Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies adopted by the Group in the preparation of these financial statements.

a. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at and for the period ended 30 June each year (the Group). Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intragroup transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries are accounted for at cost in the separate financial statements of the parent entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate income statement of the parent entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised. The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a gain on bargain purchase. A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction. Non-controlling interests are allocated their share of net profit after tax in the statement of profit or loss and other comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent. Losses are attributed to the non-controlling interest even if that results in a deficit balance.

If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary; derecognises the carrying amount of any non-controlling interest; derecognises the cumulative translation differences, recorded in equity; recognises the fair value of the consideration received; recognises the fair value of any investment retained; recognises any surplus or deficit in profit or loss and reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

b. Foreign currency translation

The Group's consolidated financial statements are presented in Australian dollars, which is also the functional currency of the Company. For each group entity, the Group determines the functional currency and items included in the financial statements of each group entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences in the consolidated financial report are taken to the income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the income statement. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of overseas subsidiaries is Canadian dollars and United States dollars. As at the reporting date the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of the Company at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the period. The exchange differences arising on the retranslation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement as part of the gain or loss on sale as applicable.

c. Taxes

Income Tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences:

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

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

d. Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries and annual leave and are recognised at the rates payable when these provisions are expected to be settled.

Contributions are made by the Group to employee superannuation funds and are charged as expenses when incurred. The Group has no legal obligation to cover any shortfall in any superannuation fund's obligation to provide benefits to employees on retirement.

e. Cash and cash equivalents

Cash and short term deposits in the balance sheet comprise cash at bank and in hand and short term deposits with a maturity of three months or less. For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts and investments in money market instruments with less than 90 days to original maturities.

f. Interest income

Interest income is recognised using the effective interest rate method, taking into account the interest rates applicable to the financial assets.

g. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST; except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority. Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from the investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

h. Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In assessing the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, then an appropriate valuation model is used.

Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

i. Leases – Group as lessee

Right of use assets

The Group recognises right-of-use assets at the commencement date of the lease (ie. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (s) Impairment of non-financial assets.

Lease liabilities

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

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are expensed on a straight-line basis over the lease term.

j. Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

k. Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment – over 1 to 15 years

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any indication of impairment exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of plant and equipment is the greater of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

l. Other receivables

Other receivables are initially recognised at fair value and subsequently carried at amortised cost, less an allowance for any expected credit losses.

For short-term receivables, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

m. Trade and other payables

Trade payables and other payables are carried at amortised cost which represents future liabilities for goods and services received, whether or not billed to the Company.

n. Financial assets*Initial recognition and measurement*

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value

through profit or loss, transaction costs. Receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

- Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost include other receivables.

Financial assets designated at fair value through other comprehensive income (OCI) with no recycling

- Financial assets fair value through OCI are subsequently measured using appropriate valuation techniques. The Group's financial assets at fair value through OCI previously included their equity investment in Meridian Holdings Company. This investment was written down to \$0 fair value at 30 June 2019. At 31 December 2021, this investment was forfeited and the \$2,639,591 fair value reserve balance was transferred to accumulated losses.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment

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

For short-term receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

o. Significant accounting judgements, estimates and assumptions

Significant judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

- *Key judgements – Derecognition of Intangible Assets:*
Management makes an assessment on the asset's expectation to generate future economic benefits. Intangible assets are derecognised on disposal or when no future economic benefits are expected from its use or disposal.
- *Significant accounting estimates and assumptions:*
The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:
- *Key estimates – Impairment of Intangible Assets:*
The Group assesses impairment for intangible assets at each reporting date or when an impairment indicator exists, by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include technical, economic and political environments, and future expectations. If an impairment indicator exists, the recoverable amount of the asset is determined. For further information on intangible assets refer to note 5.
- *Recovery of deferred tax assets:*
Deferred tax assets are recognised for deductible temporary differences when management considers that it is probable that future taxable profits will be available to utilise those temporary differences.
- *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 using the Monte Carlo model or a binomial model, using the assumptions detailed. The Group measures the cost of cash-settled share-based payments at fair value at the grant date using a binomial formula taking into account the terms and conditions upon which the instruments were granted.

Once the fair value is determined the Company applies an estimate for the probability that the non-market and service vesting conditions attached to each award will be met. This probability is applied to the fair value and expensed across the vesting period. If the estimated probability of vesting is determined to be less than 50 per cent then none of the fair value is expensed. If the estimated probability of vesting is determined to be 50 per cent or higher, the fair value is expensed over the vesting period. The estimated probability of market vesting conditions is taken into account in determining the fair value of the share-based payments.

p. Share-based payment transactions

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Black-Scholes option pricing model or a binomial model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ('market conditions'). The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- i. the extent to which the vesting period has expired; and
- ii. the number of awards that, in the opinion of the directors of the Group, will ultimately vest.

This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

q. Earnings/(loss) per share

Basic earnings per share is calculated as net result attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net result attributable to members of the parent, adjusted for: costs of servicing equity (other than dividends) and preference share dividends; the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

r. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit and loss in the period in which the expenditure is incurred. The useful lives of the intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic life and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of economic future benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortised expense of intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets. Intangible assets with indefinite useful lives or those that are not yet available for use are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supported. If not, the changes in the useful life from indefinite to finite are made on a prospective basis.

Intangible assets are derecognised on disposal or when no future economic benefits are expected from its use or disposal.

Refer to note 1(t) below for the policy on research and development expenditure.

s. Government grants

Research and development tax rebates are treated as a government grant. Government grants are recognised as income recognised in profit and loss on a systematic basis over the periods in which the Group recognises as expenses the related costs.

t. Research and development expenditure

Research costs are expensed as incurred. Development expenses are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development the asset is tested for impairment annually.

Note 2. Income and Expenses

The loss before income tax includes the following income and expenses where disclosure is relevant in explaining the performance of the Group:

	Consolidated Entity	
	2023 (\$)	2022 (\$)
Interest received	154,760	22,634
Unrealised exchange gains	17,578	37,648
Research and development tax concession rebate	374,766	45,775
Other income – WA State Government Renewable Hydrogen Fund	39,000	261,000
Total Income	586,104	367,057
Expenses include:		
Employee benefits and consultants' expenses	2,801,794	2,203,429
Depreciation expense	1,110	1,539

Note 3. Income Tax

	Consolidated Entity	
	2023 (\$)	2022 (\$)
Income tax benefit	–	–
Numerical reconciliation between tax expense and pre-tax net loss:		
Loss before income tax benefit	(12,407,340)	(6,757,611)
Income tax using the Company's domestic tax rate of 25% (2022: 25%)	(3,101,835)	(1,689,403)
Share-based payments	58,566	306,216
Deferred tax asset not recognised	3,043,269	1,383,187
Income tax benefit (expense) attributable to entity	–	–

Estimated Australian unused tax losses of \$43,606,666 (2022: \$31,199,326) and estimated Canadian tax losses of C\$19,000,525 (2022: C\$18,423,279) have not been recognised as a deferred tax asset as the future recovery of these losses is subject to the Company satisfying the requirements imposed by the relevant regulatory authorities in each of the jurisdictions in which the Company operates. The benefit of deferred tax assets not brought to account will only be brought to account if its recovery is considered probable and future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised and the conditions for deductibility imposed by the relevant tax legislation continue to be complied with and no changes in tax legislation adversely affect the Company in realising the benefit.

Note 4. Earnings Per Share

	Consolidated Entity	
	2023 (\$)	2022 (\$)
Basic loss per share (cents per share)	(2.26)	(1.32)
Diluted loss per share (cents per share)	(2.26)	(1.32)
(Loss) used in the calculation of basic EPS	(12,407,340)	(6,757,611)

	2023 Shares	2022 Shares
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	548,659,924	512,860,714

Basic and diluted earnings per share for all periods prior to the share issuance on 11 November 2021 have been restated by an adjustment factor of 1.01 to account for the bonus element in the share issue. Details of shares issued are outlined in note 7.

10,000,000 PV1AM Performance Rights and 14,000,000 unlisted options, with rights to convert to fully paid ordinary shares (on vesting conditions being satisfied or exercise price paid, as applicable) remained outstanding at 30 June 2023. These securities are not considered dilutive for the purposes of the calculation of diluted earnings per share as their conversion to ordinary shares would not increase the net loss from continuing ordinary operations per share. Consequently, diluted earnings per share is the same as basic earnings per share.

14,000,000 Performance Shares, 16,500,000 E & F Performance Rights, 12,500,000 PV1AM Performance Rights and 96,681,458 Loyalty Options, with rights to convert to fully paid ordinary shares (on vesting conditions being satisfied or exercise price paid, as applicable) remained outstanding at 30 June 2022. These securities are not considered dilutive for the purposes of the calculation of diluted earnings per share as their conversion to ordinary shares would not increase the net loss from continuing ordinary operations per share. Consequently, diluted earnings per share is the same as basic earnings per share.

Note 5. Intangible Asset

	Consolidated Entity	
	2023 (\$)	2022 (\$)
Gross carrying amount at cost	–	6,214,830
Less: Accumulated amortisation	–	(828,644)
	–	5,386,186
Reconciliation of movement		
Carrying amount at beginning of year	5,386,186	5,800,508
Less: Amortisation	(207,161)	(414,322)
Less: Derecognition of intangible asset	(5,179,025)	–
Carrying amount at end of year	–	5,386,186

Intellectual property comprised compressed natural gas (CNG) marine transport design technology and associated patents, derived from the acquisition on 7 December 2017 of 100% of Sea NG Corporation (SeaNG), a Calgary based company (now GEV Canada Corporation).

At 1 July 2020, a decision was made to begin to amortise the Intellectual Property as it satisfied the criteria of being available for use at that date. The Intellectual Property is being amortised on a straight-line basis over a period of 15 years, being the estimated useful life of the asset. The amortisation expense for the period was \$207,161 (2022: \$414,322).

At present, Provaris is focused on progression of its hydrogen projects, including new IP ("H2-IP") for the storage and marine transportation of hydrogen in compressed form (including the H2Neo & H2Max carriers and H2Leo barge). Although some high-level enquiries have been received from external parties with potential for CNG projects, that would have once contemplated the use of the CNG Optimum IP, given the move to the new H2-IP, it is likely that any commercialisation event involving CNG would be delivered via the new H2-IP compressed gas tank and carrier design, with modifications to meet the certification and safety approvals to store and transport natural gas (instead of hydrogen). Therefore, it is uncertain whether the CNG Optimum IP will ever be commercialised, and as such it the intangible asset has been derecognised as no future benefits are expected.

Note 6. Trade and Other Payables (Current)

	Consolidated Entity	
	2023 (\$)	2022 (\$)
Trade creditors	464,390	554,802
Sundry creditors and accrued expenses	317,937	216,651
	782,327	771,453

Trade payables are non-interest bearing and normally settled on 14-30 day terms.

Note 7. Issued Capital

	Consolidated Entity	
	2023 (\$)	2022 (\$)
Ordinary shares		
549,280,552 (2022: 547,780,465) fully paid ordinary shares – Note 7(a)	85,491,804	85,402,294
Loyalty options		
Nil (2022: 96,681,458) loyalty options – Note 7 (b)	409,636	409,636
	85,901,440	85,811,930

a. Movements in Ordinary Shares

	Date	Number of Shares	\$
Opening balance	01-Jul-21	452,118,223	75,318,109
Shares issued pursuant to Employee Share Plan	29-Jul-21	4,000,000	248,000
Shares issued to consultant	11-Aug-21	1,051,644	83,080
Share Placement at \$0.125 per share	11-Nov-21	80,000,000	10,000,000
Less: Issue costs of share placement	11-Nov-21	–	(1,378,217)
Shares issued pursuant to Employee Share Plan	18-Nov-21	500,000	62,500
Shares issued pursuant to Employee Share Plan	30-Nov-21	2,000,000	250,000
Exercise of loyalty entitlement options at \$0.12	15-Dec-21	598	72
Share Purchase Plan at \$0.125 per share	21-Dec-21	4,310,000	538,750
Shares issued pursuant to Employee Share Plan	7-Feb-22	500,000	50,000
Shares issued pursuant to Employee Share Plan	9-May-22	2,000,000	178,000
Shares issued pursuant to Employee Share Plan	20-Jun-22	1,300,000	52,000
Balance at 30 June 2022		547,780,465	85,402,294
Shares issued pursuant to Employee Share Plan	6-Jul-22	500,000	28,500
Shares issued pursuant to Employee Share Plan	1-Feb-23	1,000,000	61,000
Exercise of loyalty entitlement options at \$0.12	25-May-23	87	10
At the end of the financial year	30-Jun-23	549,280,552	85,491,804

Terms and Conditions of Contributed Equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of, and amounts paid up, of shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at any meeting of the Company.

b. Movements in loyalty options on issue

	Date	Number of Options	\$
Opening balance	01-Jul-21	96,682,056	409,636
Exercise of loyalty options at \$0.12	15-Dec-21	(598)	–
Prior year closing balance	30-Jun-22	96,681,458	409,636
Exercise of loyalty options at \$0.12	26-May-23	(87)	–
Expiry of remaining loyalty options unexercised	26-May-23	(96,681,371)	–
At the end of the financial year	30-Jun-23	–	409,636

Terms and Conditions of Loyalty Options

On 25 June 2020, the Company issued 96,682,056 listed options to existing shareholders in a non-renounceable entitlement issue (“Loyalty Options”), at an issue price of \$0.005. On exercise, each Loyalty Option entitles the holder to one fully paid ordinary share in the Company. Any Loyalty Options not exercised before their expiry date will lapse.

598 Loyalty Options were exercised on 15 December 2021, and 87 Loyalty Options were exercised on 26 May 2023 at the exercise price of \$0.12. All other Loyalty Options lapsed unexercised on the Expiry Date of 26 May 2023.

c. Movements in unlisted options on issue

	Date	Number of Options
Opening balance	01-Jul-21	–
Issued during the year	18-Nov-21	9,000,000
Prior year closing balance	30-Jun-22	9,000,000
Issued during the year	6-Mar-23	5,000,000
Outstanding/exercisable at the end of the financial year	30-Jun-23	14,000,000

Terms and Conditions of Unlisted Options

On 7 March 2023, the Company issued 5,000,000 unlisted options over ordinary shares as payment for consulting services, at an issue price of \$nil. The Unlisted Options were issued at the market value of services provided and have been included in share based payments expense. All Unlisted Options remained on issue at the end of the year. 2,500,000 unlisted options have an exercise price of \$0.07 and 2,500,000 have an exercise price of \$0.14, and all expire on 7 March 2025. On exercise, each Unlisted Option entitles the holder to one fully paid ordinary share in the Company. Any Unlisted Options not exercised before their expiry date will lapse.

On 18 November 2021, the Company issued 9,000,000 unlisted options over ordinary shares as part-payment for share issue costs under the November 2021 Share Placement, at an issue price of \$nil. All Unlisted Options remained on issue at the end of the year. Unlisted Options have an exercise price of \$0.1875 and expire on 18 November 2024. On exercise, each Unlisted Option entitles the holder to one fully paid ordinary share in the Company. Any Unlisted Options not exercised before their expiry date will lapse.

Refer to note 14 for further details of the unlisted options.

d. Movements in EF Performance Rights

	Date	Number of Perf Rights
Opening balance	01-Jul-21	16,500,000
Prior year closing balance	30-Jun-22	16,500,000
Lapse of all EF Performance Rights on expiry date	30-Nov-22	(16,500,000)
At the end of the financial year	30-Jun-23	–

Terms and Conditions of EF Performance Rights

At 30 June 2023:

There were no unissued ordinary shares for which EF Performance Rights were outstanding at 30 June 2023. All EF Performance Rights lapsed on the expiry date of 30 November 2022 as vesting conditions had not been met. No EF Performance Rights were exercised during the period.

At 30 June 2022:

There were 6,600,000 Class E Performance Rights and 9,900,000 Class F Performance Rights outstanding at 30 June 2022.

e. Movements in PV1AM Performance Rights

	Date	Number of Perf Rights
Opening balance	01-Jul-21	–
Issued under the Performance Rights Plan	6-Aug-21	12,500,000
Prior year closing balance	30-Jun-22	12,500,000
Lapsed due to service condition not being met	30-Oct-22	(2,500,000)
AT THE END OF THE FINANCIAL YEAR	30-Jun-23	10,000,000

Terms and Conditions of PV1AM Performance Rights**At 30 June 2022:**

10,000,000 PV1AM Performance Rights, issued on 6 August 2021, remained on issue at the end of the year. 2,500,000 PV1AM Performance Rights lapsed during the year due to a service condition no longer being met. PV1AM Performance Rights expire on 6 August 2024 and on vesting, each Performance Right entitles the holder to one fully paid ordinary share in the Company.

Vesting of PV1AM Performance Rights is as follows:

- 3,000,000 will vest when the Company's share price reaches \$0.20, based on the volume weighted average market price of shares over 20 consecutive trading days on which the Company's securities have traded;
- 3,000,000 will vest when the Company's share price reaches \$0.30, based on the volume weighted average market price of shares over 20 consecutive trading days on which the Company's securities have traded; and
- 4,000,000 will vest when the Company's share price reaches \$0.40, based on the volume weighted average market price of shares over 20 consecutive trading days on which the Company's securities have traded.

Any PV1AM Performance Rights not vested before their expiry date will lapse. The PV1AM Performance Rights were issued pursuant to the Performance Rights Plan, which was approved at the general meeting of shareholders held on 22 July 2021. No PV1AM Performance Rights were exercised during the period. None of the PV1AM Performance Rights had their vesting conditions met during the period.

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

At 30 June 2022:

There were 12,500,000 PV1AM Performance Rights outstanding at 30 June 2022.

f. Movements in Performance Shares

	Date	Number of Perf Shares
Opening balance	01-Jul-21	14,000,000
Prior year closing balance	30-Jun-22	14,000,000
Lapse of all Performance Shares on expiry date	6-Dec-22	(14,000,000)
At the end of the financial year	30-Jun-23	–

Terms and Conditions of Performance Shares

On 6 December 2022, 2,200,000 Class B Performance Shares, 2,350,000 Class C Performance Shares, 6,250,000 Class D Performance Shares and 3,200,000 Class E Performance Shares (together “Performance Shares”) lapsed on their expiry date, due to vesting conditions not being met. No Performance Shares remained on issue at the end of the year.

The Performance Shares were not previously recognised for accounting purposes due to the low certainty (<50%) of the non-market vesting conditions being met.

Capital Management

Management controls the capital of the Group, ensuring that the Group has enough liquid assets in order to fund its operations and continue as a going concern. The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements. Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of liability levels and share issues. There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

Note 8. Reserves

	Consolidated Entity	
	2023	2022
	(\$)	(\$)
Share based payments reserve	3,871,570	3,726,806
Currency translation reserve	(15,169)	(6,096)
	(3,856,401)	3,720,710

	Consolidated Entity	
	2023	2022
	(\$)	(\$)
Movements in Share Based Payments Reserve		
At the beginning of the financial year	3,726,806	2,791,992
Issue of unlisted options as payment for consulting services	80,000	–
Issue of unlisted options as part-payment of capital raising costs	–	661,800
Expense of PV1AM Performance Rights to employees	64,764	273,014
At the end of the financial year	3,871,570	3,726,806

	Consolidated Entity	
	2023	2022
	(\$)	(\$)
Movements in Currency Translation Reserve		
At the beginning of the financial year	(6,096)	(5,671)
Movement for the year	(9,073)	(425)
At the end of the financial year	(15,169)	(6,096)

Nature And Purpose Of Reserves

Share-Based Payments Reserve

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, and consultants as part of their remuneration or consulting fees. Refer to Note 14 for further details of these share-based payments.

Currency Translation Reserve

This reserve is used to record foreign exchange differences arising from the translation of the financial statements of subsidiaries that have functional currencies other than Australian dollars.

Note 9. Parent Entity

Financial Information on the Parent Entity as at the End of the Financial Year:

	Company	
	2023 (\$)	2022 (\$)
Current assets		
Cash and cash equivalents	5,021,929	11,597,775
Other assets	101,860	341,986
Total current assets	5,123,789	11,939,761
Non current assets		
Plant and equipment	-	1,110
Investments	7,246	5,017,425
Total non current assets	7,246	5,018,535
Total assets	5,131,035	16,958,296
Current liabilities		
Trade and other payables	743,806	763,866
Provisions	97,340	61,522
Total current liabilities	841,146	825,388
Total liabilities	841,146	825,388
Net assets	4,289,889	16,132,908
Equity		
Issued capital	85,901,440	85,811,930
Reserves	3,871,570	3,726,806
Accumulated losses	(85,483,121)	(73,405,828)
Total equity	4,289,889	16,132,908

Financial Information on the Parent Entity for the Financial Year:

	Company	
	2023	2022
	(\$)	(\$)
(Loss) after related income tax expense	(12,077,293)	(6,374,695)
Other comprehensive income	–	–
Total comprehensive income	(12,077,293)	(6,374,695)

There are no contingent liabilities (2022: Nil) of the Parent Entity as at the reporting date.

Note 10. Cash Flow Information**Reconciliation of Cash Flow From Operations with Loss After Income Tax**

	Consolidated Entity	
	2023	2022
	(\$)	(\$)
Loss after tax	(12,407,340)	(6,757,611)
Non-cash flows in loss		
Cost of share-based payments	234,264	1,113,514
Foreign exchange loss/(profit)	(26,651)	(38,073)
Depreciation of plant and equipment	1,110	1,539
Derecognition of intellectual property	5,179,025	–
Amortisation of intellectual property	207,161	414,322
Shares issued - consultant	–	83,080
Changes in assets and liabilities		
Decrease/(increase) in receivables	183,830	(237,192)
Increase in creditors and accruals	10,874	580,654
Increase in provisions	53,087	32,885
Net cash used in operating activities	(6,564,640)	(4,806,882)

Reconciliation of Cash and Cash Equivalents

Cash and cash equivalents at the end of the financial year is shown in the statement of financial position as

	Consolidated Entity	
	2023 (\$)	2022 (\$)
Cash	2,069,836	1,316,888
Term deposits	3,000,000	10,300,000
Cash and cash equivalents at the end of the financial year	5,069,836	11,616,888

Cash at banks earns interest at floating rates based on daily bank deposit rates

Non-Cash Financing and Investing Activities

There were no non-cash financing and investing activities during the year (2022: None).

Financing Facilities

There were no financing facilities in place for the Company at 30 June 2023 or 30 June 2022.

Note 11. Auditor's Remuneration

	Consolidated Entity	
	2023 (\$)	2022 (\$)
Remuneration of the auditor for:		
Auditing or reviewing the financial reports	61,465	47,726
Tax compliance services	88,549	27,233
	150,014	74,959

Note 12. Expenditure Commitments

	Consolidated Entity	
	2023	2022
	(\$)	(\$)
Non Cancellable leases contracted for but not capitalised in the statement of financial position:		
Payable		
not later than one year	23,248	4,500
later than 1 year but not later than 5 years	–	–
Aggregate expenditure contracted for at reporting date	23,248	4,500

The property leases included above are non-cancellable leases with rent payable monthly in advance. In the current financial year, the main lease for office space is less than 12 months so the Company has applied the short-term leases exemption under AASB 16.

Note 13. Key Management Personnel

	Consolidated Entity	
	2023	2022
	(\$)	(\$)
Remuneration of key management personnel		
Short term employee benefits	1,373,022	809,500
Post-employment benefits	96,539	59,420
Share based payment benefits	203,916	775,362
	1,673,477	1,644,282

Note 14. Share Based Payments

Performance Rights

The Company issued 12,500,000 PV1AM Performance Rights as share based payments during the previous financial year. Refer to Note 7(e) for an explanation of the terms and conditions applicable to the rights.

The fair value of the PV1AM Performance Rights grant date was determined by using a Monte-Carlo Simulation model, taking into account the terms and conditions associated with the rights. The key valuation inputs were as follows:

	PV1AM Rights Tranche 1	PV1AM Rights Tranche 2	PV1AM Rights Tranche 3
Fair value	\$0.047	\$0.040	\$0.032
Weighted average share price	\$0.062	\$0.062	\$0.062
Expected volatility	96%	94%	89%
Perf rights life	1 year	2 years	3 years
Risk-free rate	0.16%	0.16%	0.16%

2,500,000 of the PV1AM Performance Rights lapsed during the period due to a service condition no longer being met, as such 10,000,000 remained on issue at the end of the period. No other PV1AM Performance Rights were forfeited, exercised or expired during the financial year (2022: nil). The remaining contractual life of all PV1AM Performance Rights outstanding at 30 June 2023 is 1.10 years.

Company Shares

30 June 2023:

The Company issued the following ordinary shares during the financial year, pursuant to the Company's Employee Share Plan: 500,000 (6 July 2022) and 1,000,000 (10 February 2023), which were accounted for using the fair value (share price) at issue date.

30 June 2022:

The Company issued the following ordinary shares during the previous financial year, pursuant to the Company's Employee Share Plan: 4,000,000 (29 July 2021), 500,000 (18 November 2021), 2,000,000 (30 November 2021), 500,000 (7 February 2022), 2,000,000 (9 May 2022) and 1,300,000 (20 June 2022), which were accounted for using the fair value (share price) at issue date.

On 11 August 2021, the Company issued 1,051,644 ordinary shares issued in lieu of a cash payment, for the provision of digital media consulting and investor relations service. These shares were issued at the market value of services provided.

Unlisted Options

The Company issued the below unlisted options as share based payments during the current and prior year:

	Date	Number of Options	Weighted Avge Ex Price	Fair Value at Grant Date
Opening balance	01-Jul-21	–	–	–
Granted during the year	11-Nov-21	6,000,000	\$0.1875	\$0.748
Granted during the year	16-Nov-21	3,000,000	\$0.1875	\$0.710
Prior year closing balance	30-Jun-22	9,000,000	\$0.1875	–
Granted during the year	7-Mar-23	2,500,000	\$0.07	\$0.02
Granted during the year	7-Mar-23	2,500,000	\$0.14	\$0.012
Outstanding/exercisable at the end of the financial year	30-Jun-23	14,000,000	\$0.158	–

Terms And Conditions Of Unlisted Options

30 June 2023:

On 7 March 2023, the Company issued 5,000,000 unlisted options over ordinary shares as payment for consulting services, at an issue price of \$nil. The Unlisted Options were issued at the market value of services provided, and have been included in share based payments expense. All Unlisted Options remained on issue at the end of the year. 2,500,000 unlisted options have an exercise price of \$0.07 and 2,500,000 have an exercise price of \$0.14, and all expire on 7 March 2025. On exercise, each Unlisted Option entitles the holder to one fully paid ordinary share in the Company. Any Unlisted Options not exercised before their expiry date will lapse.

No unlisted options were forfeited, exercised or expired during the financial year (2022: nil).

The weighted average remaining contractual life of options outstanding at 30 June 2023 is 1.50 years.

The fair value of the options at grant date was determined using a Black-Scholes valuation model. The key valuation inputs were as follows:

	\$ 0.07 Options	\$ 0.14 Options
Fair value	\$0.02	\$0.012
Weighted average share price	\$0.047	\$0.047
Exercise price	\$0.07	\$0.14
Expected volatility	90%	90%
Option life	2 years	2 years
Risk-free rate	1.04%	1.04%

30 June 2023:

On 11 November 2021, the Company issued 6,000,000 unlisted options over ordinary shares, and on 16 November 2021 the Company issued 3,000,000 unlisted options over ordinary shares, as part-payment for share issue costs under the November 2021 Share Placement, at an issue price of \$nil. The Unlisted Options were issued at the market value of services provided, and have been included in share issue costs. All Unlisted Options remained on issue at the end of the year. Unlisted Options have an exercise price of \$0.1875 and expire on 18 November 2024. On exercise, each Unlisted Option entitles the holder to one fully paid ordinary share in the Company. Any Unlisted Options not exercised before their expiry date will lapse.

The fair value of the options at grant date was determined using a binomial valuation model.
The key valuation inputs were as follows:

	11-Nov-21 Options	16-Nov-21 Options
Fair value	\$0.748	\$0.710
Weighted average share price	\$0.145	\$0.14
Exercise price	\$0.1875	\$0.1875
Expected volatility	91-99%	91-100%
Option life	3 years	3 years
Risk-free rate	1.02%	1.03%

Total share-based payment expense of \$234,264 is included in profit or loss for the year ended 30 June 2023 (2022: \$1,113,514).



Note 15. Segment Information

The Group has only one operating segment, being the development of integrated compressed hydrogen supply chains.

Note 16. Controlled Entities

	Consolidated Entity	
	2023	2022
<i>Parent Entity</i>		
Provaris Energy Ltd		
<i>Entities controlled by Provaris Energy Ltd</i>		
Provaris Norway AS (a)	100%	100%
GEV Canada Corporation (b)	100%	100%
GEV International Pty Ltd	100%	100%
Global Gas Ventures Pty Ltd	100%	100%
Global Shipping Ventures Pty Ltd	100%	100%
Global Infrastructure Ventures Pty Ltd	100%	100%
GEV Technologies Pty Ltd	100%	100%

(a) Provaris Norway AS was incorporated on 2 June 2022 pursuant to the provisions of the Norwegian Limited Companies Act in Norway.

(b) GEV Canada Corporation is incorporated pursuant to the provisions of the Business Corporations Act (Alberta) in Canada.

Note 17. Contingent Liabilities

There are no significant contingent liabilities as at 30 June 2023 (2022: Nil).

Note 18. Financial Instruments

Financial Risk Management Policies

The Group's management of financial risk aims to ensure net cash flows are sufficient to meet financial commitments as and when they fall due, and to fund the progression of the Group's activities. The Group's financial instruments consist mainly of deposits with banks, and accounts payable, which arise directly from its operations.

The Board considers the Group's financial risk exposure and treasury management strategies in the context of the Group's operations. The Board's overall risk management strategy seeks to assist the consolidated Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The main risks the Group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk. The Board reviews each of these risks on an on-going basis.

Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash and term deposits held with one AA- rated Australian financial institution. The interest rate risk is managed by the Group through analysis of the market interest rates and its exposure to changes in variable interest. The Group currently has no debt.

Sensitivity analysis:

At 30 June 2023 the effect on profit and equity of the Group as a result of reasonably possible changes in the interest rate, with all other variables remaining constant would be as follows:

	Post-Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2023 \$	2022 \$	2023 \$	2022 \$
Increase in interest rate by 0.5% (2022: 0.5%)	25,349	58,084	25,349	58,084
Decrease in interest rate by 0.5% (2022: 0.00%)	(25,349)	–	(25,349)	–

Foreign Currency Risk

The Group is not exposed to material fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the Group's functional currency. The Group does not seek to hedge this exposure.

Liquidity Risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate funds are available through on-going business activity and capital raising.

Credit Risk

The maximum exposure to credit risk at balance date to recognised financial assets, is the carrying amount, net of any allowance for expected credit losses, as disclosed in the balance sheet and notes to the financial statements. There are no other material amounts of collateral held as security at 30 June 2023 or at 30 June 2022.

Credit risk is managed on a Group basis and reviewed by the Board. It arises from exposures to customers and through deposits with financial institutions. The Board monitors credit risk by actively assessing the quality and liquidity of counter parties, consequently only creditworthy banks are utilised for deposits. The Group's cash and term deposits held with one AA- rated Australian financial institution. The counterparties included in other receivables at 30 June 2023 and at 30 June 2022 are not rated, however given the amount and nature of these financial instruments, the Board is satisfied that they represent a low credit risk.

Financial Instrument Composition and Liquidity Analysis

The tables below reflect the settlement period for financial instruments:

	Consolidated Entity	
	2023	2022
Trade and other payables:		
Less than 6 months	782,327	771,453
	782,327	771,453

Fair Values

Financial assets are carried at amounts approximating fair value because of their short-term nature

Note 19. Related Party Transactions

The Company is not controlled by any other entity.

Winslow Vale Pty Ltd received benefits from the Company for services performed by Mr Pickering as a director of the Company. The remuneration received by Winslow Vale Pty Ltd for the services of Mr Pickering as a director of the Company of \$60,000 is included in the remuneration of Mr Pickering in the Remuneration Report which is within the Directors' Report.

At 30 June 2023, directors and their related entities held directly, indirectly or beneficially 34,540,036 ordinary shares in the Company (2022: 33,540,036), no options over ordinary shares in the Company (2022: 13,796,849) and 10,000,000 performance rights over ordinary shares in the Company (2022: 23,750,000).

Note 20. Dividends

No dividends have been paid or proposed during the year (2022: Nil).

Note 21. Events Subsequent to Balance Date

On 24 July 2023, the Company announced that it has commenced its tank prototype testing program for final Class Approval for the H2Neo compressed hydrogen carrier.

The Company's subsidiary, Provaris Norway AS, has awarded a contract to Norwegian-based Prodtex AS for the construction and testing of a prototype hydrogen tank. The tank is designed for Provaris' proprietary H2Neo compressed gaseous hydrogen carrier and the H2Leo floating storage solution. The agreed scope and program targets completion of prototype testing within Q1 2024, ultimately leading to the attainment of final Class Approval. Prodtex will utilize its state of the art facility in Fiska, Norway for automated steel structure production.

The Prototype Contract encompasses a comprehensive program that includes detailed (production) design, fatigue tests of multilayered welded steel plates, and construction and rigorous testing of the prototype tank. Throughout the contract SINTEF will be engaged for completion of testing in Q1 2024, and DNV and ABS will then grant Final Class approvals. Close dialogue will be maintained with select major shipbuilders during the Prototype Contract.

Simultaneously, Provaris and Prodtex have forged a Technology Collaboration Agreement to jointly develop an advanced, fully automated production line for constructing compressed hydrogen containment tanks. The automated production line is expected to offer significant cost advantages compared to other existing market solutions. Positioning Provaris as a front-runner in low cost hydrogen storage and distribution.

Successful completion of the Prototype Contract will enable an investment decision on a new full-scale production line capable of producing tanks for Provaris' H2Neo Carrier and H2Leo floating hydrogen.

Provaris and Prodtex are actively engaged with Norwegian Government agencies to secure funding of the initial production line. The innovative tank production facility aims to commence operations in mid-2025, providing hydrogen cargo tanks for Provaris' initial fleet of H2Neo carriers and H2Leo storage unit essential for Provaris' announced collaborations for hydrogen export projects.

On 31 July 2023, the Company announced an update on its Tiwi H2 Project. Significant feasibility work and reporting has been undertaken, including the Owner's Engineer's (CE Partners) completion of the Design Feasibility Report for the proposed solar farm and transmission system. The Design Feasibility Report advances the concept design of the solar farm and transmission system to a 30% level, providing the basis for optioneering and design optimisation.

On 7 August 2023 the Company announced the appointment of Frankfurt based DGWA, the German Institute for Asset and Equity Allocation and Valuation (Deutsche Gesellschaft für Wertpapieranalyse GmbH) as the Company's investor relations advisor in Europe. This appointment seeks to develop and maximise the value of the pre-existing dual listing of the Company's shares on Frankfurt, Tradegate and other German exchanges (WKN: A3DMYM).

DGWA will assist Provaris to engage with retail, institutional and family office investors in the German speaking DACH region (Germany, Austria, and Switzerland) with a population of close to 100 million people, as well as the rest of Europe and UK. DGWA will further assist Provaris increase European investor and stakeholder awareness of the Company's activities in Norway and the Nordic regions, where the company is now executing multiple commercial and project development activities.

On 7 August 2023, the Company issued 448,656 ordinary fully paid shares to a consultant as part-payment for investor relations services.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Directors' Declaration

In accordance with a resolution of the directors of Provaris Energy Ltd A.C.N. 109 213 470 ("Company"), I state that:

In the opinion of the directors:

1. the financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001* including:
 - a. complying with Australian Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the Consolidated Entity; and
 - c. the remuneration report disclosures set out on pages 33 to 43 of the directors' report (as part of the Remuneration Report), for the year ended 30 June 2023, comply with section 300A of the *Corporations Act 2001*.
2. As required by section 295A of the *Corporations Act 2001*, the Chief Executive Officer, Mr Martin Carolan, and Chief Financial Officer, Mrs Emma Connor, have each declared in writing that:
 - a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b. the financial statements and notes for the financial year comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board; and
 - c. the financial statements and notes for the financial year give a true and fair view.
3. in the director's opinion, subject to the matters set out in Note 1 to the Financial Statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board of Directors.



Martin Carolan
Managing Director and Chief Executive Officer

27 September 2023

Sydney, New South Wales

Auditor's Independence Declaration



Building a better
working world

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Auditor's independence declaration to the directors of Provaris Energy Ltd

As lead auditor for the audit of the financial report of Provaris Energy Ltd for the financial year ended 30 June 2023, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Provaris Energy Ltd and the entities it controlled during the financial year.

Ernst & Young

Pierre Dreyer
Partner
27 September 2023

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Auditor's Report



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27 September 2023

The Directors
Provaris Energy Ltd
19/40 St Quentin Avenue
Claremont WA 6010

Private and confidential

Dear Directors

30 June 2023 audit of Provaris Energy Ltd ("Company") and its subsidiaries ("Group")

The purpose of this letter is to communicate matters that we are required to communicate to you in writing by professional standards or that in our judgement as auditors warrant written communication.

Our fieldwork is substantially complete pending technical clearance on the financial statements and we anticipate issuing an unqualified audit opinion.

Qualitative aspects of accounting practices and financial reporting

The following key audit and accounting issues were discussed and agreed with management. In our professional judgement, the findings below need to be communicated in writing to you.

A. Derecognition of intangible asset

In 2017, Provaris (under its former name GEV) acquired SeaNG, a Canadian company with a basis of design and associated patents for a Compressed Natural Gas ("CNG") vessel ("CNG Optimum IP"). As a result of this transaction, Provaris has carried an Intangible Asset (Intellectual Property)

of \$6,214,830 on its balance sheet since that date, being the excess of the purchase price over the net assets acquired. The carrying value (cost less accumulated depreciation) in the most recent half-year financial statements at 31 December 2022 was \$5,179,025. The Group was previously amortising this intangible asset over a 15 year period with amortisation of \$207,181 being recognised for the first half of the financial year.

Accounting Standard AASB 138 *Intangible Assets* refers to the derecognition of an intangible asset when no future economic benefits are expected from its use or subsequent disposal. At present, Provaris' has changed its focus such that it is now focussed on the progression of its hydrogen projects, rather than CNG. Management have determined that any commercialisation event involving CNG would be delivered via a hydrogen solution.

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As a result, they have determined that no future economic benefits are expected from CNG and hence they have determined that it is appropriate to derecognise the full carrying value of the intangible asset previously capitalised on the balance sheet. Once an asset has been derecognised, this derecognition cannot be reversed in future, even if a future economic benefit subsequently materialises.

As a result, the consolidated statement of profit or loss and other comprehensive income included an expense of \$5,179,025 for the derecognition of the Group's intangible asset.

As a result of the Group's focus on developing a hydrogen solution for any future transportation solution, we concur with management's determination that no future economic benefits were expected from this asset's future use or disposal and hence the decision to derecognise this asset is appropriate.

B. Going concern

As the Group is not currently generating revenue from operations, our audit procedures included challenging management's assessment of using the going concern basis of preparation in the financial report.

Our procedures included a review of the Group's budgeted cash flows for the next 12 months from date of anticipated signing of the financial report. The budgeted cash flows currently include a budgeted capital raising of \$5 million in October 2023. Based on the Group's latest cash flow forecast, it is dependent on raising these funds over the next 12 months in order to maintain a positive and sufficient level of cash to support its operations. Additionally, the Company has a successful track record of raising equity in the past.

We have assessed the reasonableness of management's forecast over future cash flows by evaluating their historical ability to accurately forecast its forecast cash flows by comparing their past projections to the most recent actual results.

Based on the above, the directors have determined that it is reasonable to assert that Provaris will have sufficient funds to continue as going concern for a period of at least 12 months from the anticipated signing date of the 2023 financial statements. Given that the going concern basis is reliant on the successful completion of the proposed equity raising to be finalised after the financial statements are finalised, management has included disclosure regarding this material uncertainty on going concern in the financial statements.

As a result of this material uncertainty on going concern, we will include an emphasis of matter in our audit report which highlights the material uncertainty on going concern disclosure in Note 1 of the financial statements.

Written representations from management

We have requested a letter of representation from management. A copy of this letter is available on request.

Internal control themes and observations

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control.

We have no matters to report to management in relation to significant deficiencies in internal control.

Independence

We are not aware of any other relationships between the Firm, other firms that are members of the global network of Ernst & Young firms ("EY Firms") and the Group that, in our professional judgment, may reasonably be thought to bear on independence.

We confirm that in our professional judgment, the engagement team, the Firm and other EY Firms have complied with relevant ethical requirements regarding independence.

We confirm that we have complied with the *Corporations Act 2001*, and in our professional judgment, the engagement team, the Firm and other EY Firms are independent.

We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. It is therefore important that you consider the facts of which you are aware and come to a view. Should you have any specific matters that you wish to discuss, please contact us.

Auditing Standard ASA 260 requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our independence and objectivity. The aim of these communications is to ensure full and fair disclosure by us to those charged with governance on matters in which you have an interest.

Listed in Appendix A are Ernst & Young's key firm-wide policies and processes to maintain independence and objectivity.

Uncorrected misstatements

During the course of our audit, we have not identified any uncorrected misstatements.

Sustainability Reporting

On 26 June 2023, the International Sustainability Standards Board ("ISSB") issued its first two International Financial Reporting Standards ("IFRS") Sustainability Disclosure Standards: IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* ("IFRS S1") and IFRS S2 *Climate-related Disclosures* ("IFRS S2").



These standards impact all entities preparing general purpose financial statements. The impact is expected for entities across all industries and not just extractive and industrial industries.

IFRS S1 is the conceptual framework which outlines the general principles of the standard - akin to AASB101/IAS1. It:

- ▶ Notes that a reporting entity shall disclose material information about all of the significant sustainability-related risks and opportunities to which it is exposed. The assessment of materiality shall be made in the context of the information necessary for users of general purpose financial reporting to assess enterprise value
- ▶ Sets out 'core content' being that an entity should provide disclosures about:
 - ▶ Governance
 - ▶ Strategy
 - ▶ Risk Management
 - ▶ Metrics and Targets.

IFRS S2 requires an entity to disclose information about its exposure to significant climate related risks and opportunities. It:

- ▶ Requires specific disclosures required relating to climate risks and opportunities in each of four core areas. It sets out comprehensive requirements for each category
- ▶ Specifically requires disclosures about scope 1, 2 and material scope 3 emissions and how the entity tracks and measures these emissions
- ▶ Requires an entity to disclose the effects of significant climate-related risks and opportunities on its financial information (balance sheet, income statement, cash flow, etc), and the anticipated effects over the short, medium and long term
- ▶ Includes climate resilience disclosures (sensitivity testing and scenario analysis)
- ▶ Does not specify where this information must be disclosed but the expectation is somewhere within the annual report or a separate sustainability report and the timing requirement is that these disclosures are required to be made at the same time as the financial disclosures.

The ISSB Standards are not mandatory In Australia. However, an Australian company can choose to voluntarily apply those Standards, which would allow the company to state that its sustainability disclosures (including sustainability disclosures for topics other than climate) comply with ISSB Standards.

In Australia, mandatory disclosure is currently being proposed for climate-related financial disclosures only. The Government has indicated that requirements for the disclosure of other sustainability-related risks will be considered further in time as additional ISSB standards are issued.

More standards are expected to come, with additional standards expected in other ESG areas such as water biodiversity, community, people etc.

Companies will be required to obtain assurance over these disclosures if these are included within the financial statements. For disclosures outside the financial statements, assurance isn't required by the ISSB, although more broadly stakeholders heavily expect this.

We note that Investor decision-making is increasingly being impacted by ESG disclosure benchmarking from organisations such as Climate Action 100+.

Other matters

We were engaged to audit and report on the financial report of Provaris and the Remuneration Report included in the directors' report for the year ended 30 June 2023.

EY has an internationally developed audit methodology that must be used for all audit engagements irrespective of their size and nature. The importance of adhering to a proven methodology, which addresses codified auditing standards is a prominent risk management issue for us in the current regulatory environment.

The following were our key areas of audit focus:

- ▶ Carrying value of intangible assets
- ▶ Going concern

Our audit approach has been designed to be fully substantive with limited controls testing. This approach has been selected as it is considered the most efficient approach based on our understanding of your control environment and the audit risks which need to be addressed.

This letter has been prepared for the sole use of the Board of Directors, management and others within the Company. It must not be disclosed to a third party or quoted to or referred to without our prior written consent. No responsibility is assumed by Ernst & Young to any other person.

Finally, we would like to take this opportunity to thank your management team and staff for the co-operation we have received throughout our audit. If there are any further matters which you wish to discuss concerning our audit, please do not hesitate to call us.

Yours faithfully



Pierre Dreyer
Partner
Ernst & Young

Attachment: Appendix A



Additional Information as at 15 September 2023

Analysis of holdings of shares, rights and options in the company

	Quoted Ordinary Shares	
	Number of holders	% of shares held
1 — 1,000	248	0.01%
1,001 — 5,000	668	0.44%
5,001 — 10,000	1,088	1.59%
10,001 — 100,000	2,644	17.61%
100,001 — and over	647	80.35%
Total number of holders	5,295	100.00%
Holdings of less than a marketable parcel	1,445	

	Performance Rights	
	Number of holders	% of shares held
1 — 1,000	0	0%
1,001 — 5,000	0	0%
5,001 — 10,000	0	0%
10,001 — 100,000	0	0%
100,001 — and over	2	100.00%
Total number of holders	2	100.00%

	Options Expiring 18 November 2024		Options Expiring 7 March 2025	
	Number of holders	% of rights held	Number of holders	% of rights held
1 — 1,000	0	0%	0	0%
1,001 — 5,000	0	0%	0	0%
5,001 — 10,000	0	0%	0	0%
10,001 — 100,000	0	0%	0	0%
100,001 — and over	2	100%	2	100%
Total number of holders	2	100%	2	100%

Registered Office of the Company

19/40 St Quentin Avenue
Claremont
Western Australia 6010

Tel: +61 (8) 9322 6955

Legal Entity Identifier: 2138003ILL8P2E7ZIF22

Stock Exchange Listing

Quotation has been granted for all ordinary shares on the Australian Securities Exchange. The State Office of Australian Securities Exchange in Perth, Western Australia has been designated the Home Branch of Provaris Energy Ltd.

There are no current on market buy back arrangements for the Company.

Share Registry

The registers of shares and options of the Company are maintained by:-

Computershare Registry Services Pty Ltd
Level 17
221 St Georges Terrace
Perth, Western Australia 6000

Tel: +61 1300 787 272

Fax: +61 (8) 9323 2033

Company Secretary

The name of the Company Secretary is Norman Marshall.

Taxation Status

Provaris Energy Ltd is taxed as a public company.

Voting Rights

For all ordinary shares, voting rights are one vote per member on a show of hands and one vote per share in a poll.

Total Number of Securities On Issue

Security Description	Number on issue
Quoted Fully Paid Ordinary Shares	549,729,208
Performance Rights Plan	10,000,000
Unlisted Options Expiring 18 November 2024	9,000,000
Unlisted Options Expiring 7 March 2025	5,000,000

Twenty Largest Holders of Ordinary Shares	Number on Shares	Percentage of Total
CITICORP NOMINEES PTY LIMITED	25,899,395	4.71
NATIONAL NOMINEES LIMITED	22,750,000	4.14
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	21,730,107	3.95
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	18,974,104	3.45
SPO EQUITIES PTY LIMITED <MARCH STREET EQUITY A/C>	14,922,213	2.71
MARJACK HOLDINGS PTY LTD <CAROLAN 2013 A/C>	11,000,000	2.00
SASIGAS NOMINEES PTY LTD	10,100,000	1.84
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	9,394,616	1.71
PROSPECT CUSTODIAN LIMITED	8,000,000	1.46
BNP PARIBAS NOMS PTY LTD <DRP>	7,737,740	1.41
MRS CERINA LEANNE TRIGLAVCANIN	7,000,000	1.27
ENBRIDGE INC	5,572,854	1.01
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	4,420,211	0.80
COPULOS SUPERANNUATION PTY LTD <COPULOS PROVIDENT FUND A/C>	4,185,200	0.76
BT PORTFOLIO SERVICES LIMITED <BEARDSLEY SUPER FUND A/C>	4,089,889	0.74
FULL CIRCLE STRATEGY PTY LTD <ENDLESS POWDER S/F A/C>	4,000,000	0.73
NASHA PRAVDA PTY LTD <525 RAMOSH ULITSA S/F A/C>	3,500,000	0.64
MRS LILY MAH <MJ A/C>	3,450,000	0.63
MR GARRY JOHN FRANK TRIGLAVCANIN	3,440,036	0.63
BDM CONSULTING PTY LTD	3,250,000	0.59
	193,416,365	35.18

Holders of Performance Rights, Under the Performance Rights Plan, with A Holding of 20% or More	Number of Right	Percentage of Total
Marjack Holdings Pty Ltd <Carolan 2013 A/C>	5,000,000	50.00%
Mr Garry John Frank Triglavcanin	5,000,000	50.00%
	10,000,000	100.00%

The Performance Rights were issued under the Company's Performance Rights Plan approved by shareholders on 22 July 2021.

Each Performance Right shall convert to one fully paid ordinary shares in the Company subject to satisfaction of the vesting conditions detailed in the below table. In the absence of the relevant vesting condition being satisfied each of the Performance Rights will automatically expire 3 years from their date of issue.

Any shares issued on the relevant vesting condition being satisfied are subject to a 14 month trading restriction period from the date the PV1AM Performance Rights were issued.

Vesting condition to be met	Number of Performance Rights that will vest
The Company's Share price reaching \$0.20 based on the volume weighted average market price of Shares over 20 consecutive trading days on which the Company's securities have actually traded.	3,000,000
The Company's Share price reaching \$0.30 based on the volume weighted average market price of Shares over 20 consecutive trading days on which the Company's securities have actually traded.	3,000,000
The Company's Share price reaching \$0.40 based on the volume weighted average market price of Shares over 20 consecutive trading days on which the Company's securities have actually traded.	4,000,000

Holders of Options (Expiring 18 November 2024)	Number of Options	Percentage of Total
Canaccord Genuity (Australia) Limited	6,000,000	66.67%
Evolution Capital Pty Ltd	3,000,000	33.33%
	10,000,000	100.00%

Each option is convertible to one fully paid ordinary share in the company on payment of the option exercise price of \$0.1875 per option. The term of the options is 3 years from their date of issue and any option not exercised by the expiry date will automatically lapse.

Holders of Options (Expiring 7 March 2025)	Number of Options	Percentage of Total
Bjørn Ships Invest AS	3,000,000	60.00%
Mats Fagerberg	2,000,000	40.00%
	5,000,000	100.00%

Each option is convertible to one fully paid ordinary share in the company on payment of the below option exercise prices. The term of the options is 3 years from their date of issue and any option not exercised by the expiry date will automatically lapse.

Bjørn Ships Invest AS: 1,500,000 options at an exercise price of \$0.07 per option and 1,500,000 options at an exercise price of \$0.14 per option.

Mats Fagerberg: 1,000,000 options at an exercise price of \$0.07 per option and 1,000,000 options at an exercise price of \$0.14 per option.

Substantial Shareholders		
Date Announced	Name	Number of Shares
N/A	N/A	N/A

Shares Subject to Voluntary Escrow	
Description	Number of Shares
Ordinary Shares subject to voluntary escrow until 30 November 2023	1,000,000
Ordinary Shares subject to voluntary escrow until 9 May 2024	1,000,000





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