Appendix 4E

Full Year Report
to the Australian Securities Exchange

The following sets out the requirements of Appendix 4E with the stipulated information either provided here or cross referenced to the 2022 Unaudited Financial Report which is attached.

1. Details of the reporting period and the previous corresponding period

Name of Entity :	1414 DEGREES LIMITED
ABN :	57 138 803 620
Financial Year Ended :	30 Jun 2022
Previous Corresponding Reporting Period:	30 Jun 2021

2. Results for announcement to the market

	Key Information	30 Jun 2022 AUD$	30 Jun 2021 AUD$	Change %	Change AUD$
2.1	Revenue from continuing operations	566,612	486,553	16%	80,059
2.2	Profit/(Loss) from ordinary activities after tax attributable to members	(1,369,310)	(5,974,178)	(77%)	4,604,868
2.3	Net Profit/ (Loss) for the period attributable to members	(1,369,310)	(5,974,178)	(77%)	4,604,868

	Dividends	Amount per security	Franked amount per security
2.4	Interim Dividend	Nil	Nil
	Final Dividend	Nil	Nil

2.5 Record date for determining entitlements to the dividends (if any):
Not Applicable

2.6 Brief explanation of any of the figures reported above necessary to enable the figures to be understood:
N/A

3. Statement of Comprehensive Income with notes to the statement

The Appendix 4E should be read in conjunction with the Unaudited Financial Report for the year ended 30 June 2022, specifically:

- Statement of Profit Or Loss and Other Comprehensive Income
- Notes to the financial statements

4. Balance Sheet with notes to the statement

The Appendix 4E should be read in conjunction with the Unaudited Financial Report for the year ended 30 June 2022, specifically:

- Statement of Financial Position
- Notes to the financial statements

5. Statement of Cash Flows with notes to the statement

The Appendix 4E should be read in conjunction with the Unaudited Financial Report for the year ended 30 June 2022, specifically:

- Statement of Cash Flows
- Notes to the financial statements

6. Statement of Changes in Equity

The Appendix 4E should be read in conjunction with the Unaudited Financial Report for the year ended 30 June 2022, specifically:

- Statement of Changes In Equity
- Notes to the financial statements

7. **Details Relating to Dividends**

Information	30 Jun 2022	30 Jun 2021
Date the dividend is payable :	n/a	n/a
Record date to determine entitlement to the dividend :	n/a	n/a
Amount per security (AUD Cents) :	n/a	n/a
Total dividend (AUD$) :	n/a	n/a
Amount per security of foreign sourced dividend or distribution :	n/a	n/a

8. **Dividend or distribution reinvestment plan details**

Information	30 Jun 2022	30 Jun 2021
Details of any dividend reinvestment plans in operation :	n/a	n/a
The last date for receipt of an election notice for participation in any dividend reinvestment plans :	n/a	n/a

9. **Net tangible assets per ordinary share**

Security	30 Jun 2022 AUD (Cents)	30 Jun 2021 AUD (Cents)
Ordinary shares	5.03	4.07

10. **Control gained or lost over entities during the period, and those having material effect**

Not applicable.

11. **Details of Associates and Joint Venture Entities**

On 29 June 2022 1414 Degrees Ltd (14D) sold 50% of the shares in SiliconAurora Pty Ltd (Silicon Aurora) to Vast Solar Aurora Pty Ltd (Vast Solar). 14D and Vast Solar executed a Shareholders Agreement that will govern the ongoing operation of Silicon Aurora and the development of the Aurora Energy Project.
Under the terms of the Share Sale Agreement, the sale price was $2.5m, with $1.0m payable following completion and a further $1.5m payable following the receipt by Silicon Aurora of an offer to connect to the transmission system from the relevant Network Service Provider under the rules of the National Energy Market connection agreement. Entities associated with Vast Solar will also be granted Call Options in up to 9.9% of the shares in 14D with a strike price of $0.16/share conditional upon the execution by Silicon Aurora of the Connection Agreement.

12. **Any other significant information needed by an investor to make an informed assessment of the Group's financial performance and financial position**

All significant information has been included elsewhere in this document or in the Unaudited Financial Report for the year ended 30 June 2022

13. **For foreign entities, which set of accounting standards is used in compiling the report**

Not applicable.

14. **Commentary on the results**

The Appendix 4E should be read in conjunction with the Unaudited Financial Report for the year ended 30 June 2022.

15. **Status of Audit and Audit dispute or qualification**

Audited financial statements will be released during September 2022.

16. **Attachments forming part of Appendix 4E**

Attachment Number	Details
1	2022 Unaudited Financial Report

Signed By Company Secretary

Tania Sargent

Date: 31 August 2022

1414 DEGREES LIMITED

ACN 138 803 620

UNAUDITED FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2022

CONTENTS

1414 DEGREES LIMITED
ACN 138 803 620

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 AUD$	2021 AUD$
Other Income	5	566,612	486,553
Profit on Sale of 50% of Shares in SiliconAurora	20	1,563,046	-
SiliconAurora Fair Value Gain/(Loss)	20	1,730,609	-
Research and Development Expenses		-	6,553
Administration and Professional Expenses		1,596,249	1,319,515
Provision for Gas-TESS Decommissioning (Glenelg Project)		500,000	-
Occupancy Expenses		1,556	73,739
Marketing Expenses		69,541	50,851
Depreciation and Amortisation		380,879	136,772
Asset Impairment		997,516	2,933,040
Employee Benefits Expense	6	1,063,714	1,285,226
Share Based Payments (Equity-settled)		149,121	252,949
Directors Fees		161,338	83,561
Other Expenses		32,666	214,276
Finance Costs		276,998	104,249
(Loss) before income tax		(1,369,310)	(5,974,178)
Income tax benefit / (expense)	8	-	-
(Loss) for the year		(1,369,310)	(5,974,178)
Other comprehensive income for the year		-	-
Items that will be reclassified subsequently to profit or loss:		-	-
		-	-
Total comprehensive (loss) for the year		(1,369,310)	(5,974,178)
Basic loss per share	17	(0.68) cents	(3.11) cents
Diluted loss per share	17	(0.68) cents	(3.11) cents

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

1414 DEGREES LIMITED
ACN 138 803 620

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	2022 AUD$	2021 AUD$
ASSETS			
Current assets			
Cash and cash equivalents	9	3,549,416	5,704,957
Trade and other receivables	10	3,442,624	544,370
Other current assets		137,021	131,721
Total current assets		7,129,061	6,381,048
Non-current assets			
Property, plant and equipment		60,966	173,434
Investments	20	2,500,000	-
Silicon Aurora Loan A/C		64,075	-
Intangible Assets	11	1,822,904	5,661,300
Right-of-use assets	12	414,705	1,601,502
Total non-current assets		4,862,650	7,436,236
Total assets		11,991,711	13,817,284
LIABILITIES			
Current liabilities			
Trade and other payables	13	444,991	608,819
Other Current Liabilities	14	500,000	-
Provision for employee benefits		58,577	78,825
Lease liabilities		205,000	315,000
Total current liabilities		1,208,568	1,002,644
Non-current liabilities			
Provision for employee benefits		75,238	31,072
Lease liabilities (NC)	15	232,167	1,255,232
Total non-current liabilities		307,405	1,286,304
Total liabilities		1,515,973	2,288,948
Net assets		10,475,738	11,528,336
EQUITY			
Contributed equity	16	32,656,879	32,486,429
Share Based Payments Reserve	18	323,395	196,904
Accumulated losses		(22,504,536)	(21,154,997)
Total equity		10,475,738	11,528,336

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

1414 DEGREES LIMITED
ACN 138 803 620

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 AUD$	2021 AUD$
Cash flows from operating activities			
Cash received from customers		172,334	50,975
Cash paid to suppliers and employees		(3,019,385)	(2,912,441)
Research & Development tax offset received		-	-
Government grants		-	492,250
Interest received		19,004	18,398
Ovida Payments (Partner Project Contributions)		390,909	-
Interest paid on lease liabilities		-	(42,637)
Net cash inflow/(outflow) from operating activities	19	(2,437,138)	(2,393,455)
Cash flows from investing activities			
Purchase of property, plant and equipment		(47,828)	(7,548)
Payments for product development activities		(2,259,751)	(1,376,133)
Partner Project Contributions		1,113,025	-
Government grant received and used for intangible asset		896,000	16,000
Proceeds from 50% sale of SiliconAurora Pty Ltd	20	100,000	-
Research and development tax offset received and used for intangible asset		830,107	1,954,840
Net cash inflow/(outflow) from investing activities		631,553	587,159
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Repayment of lease liabilities		(350,000)	-
Transaction costs related to issues of shares or options		-	(59,492)
Proceeds from exercise of share options		-	-
Proceeds from the issue of shares		-	3,175,540
Net cash inflow/(outflow) from financing activities		(350,000)	3,116,048
Net increase/(decrease) in cash and cash equivalents		(2,155,585)	1,309,752
Net foreign exchange differences		44	(274)
Cash and cash equivalents at beginning of period		5,704,957	4,395,479
Cash and cash equivalents at end of period	9	3,549,416	5,704,957

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

1414 DEGREES LIMITED
ACN 138 803 620

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Contributed equity $	Share Based Payments Reserve $	Accumulated Losses $	Total equity $
At 30 June 2020	29,197,369	116,968	(15,215,288)	14,099,049
Adjustment for prior period restatement of leased asset			34,471	34,471
Loss for the year	-	-	(5,974,178)	(5,974,178)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(5,974,178)	(5,974,178)
Transactions with owners in their capacity as owners				
Employee Share Scheme - Performance Rights Valuation	-	252,949	-	252,949
Employee Share Scheme - Conversion of Performance Rights	173,013	(173,013)	-	-
Contributions of equity net of transaction costs	3,116,047	-	-	3,116,047
	3,289,060	79,936	-	3,368,996
At 30 June 2021	32,486,429	196,904	(21,154,997)	11,528,336
Loss for the year	-	-	(1,369,310)	(1,369,310)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(1,369,310)	(1,369,310)
Transactions with owners in their capacity as owners				
Share Based Payment	11,000	147,820	19,772	178,592
Employee Share Scheme - Performance Rights Valuation	-	138,121	-	138,121
Employee Share Scheme - Conversion of Performance Rights	159,450	(159,450)	-	-
	170,450	126,491	19,772	316,713
At 30 June 2022	32,656,879	323,395	(22,504,536)	10,475,738

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

1414 DEGREES LIMITED
ACN 138 803 620

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1 CORPORATE INFORMATION

The financial statements are presented in the Australian currency.

1414 Degrees Limited is a company limited by shares incorporated and domiciled in Australia.

The address of the Company's registered office and principal place of business is 136 Daws Rd, Melrose Park SA 5039

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

These financial statements are general purpose financial statements prepared in accordance with Australian Accounting Standards, Australian Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. Amounts have been rounded to whole dollars.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements.
The accounting policies have been consistently applied, unless otherwise stated.

(b) Other Income Recognition

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

Grant

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to intangible assets are deducted from the cost of the asset.

Interest

Interest is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

(c) Goods and Services Tax (GST)

Revenues and expenses are recognised net of GST except where 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.

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 statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

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

1414 DEGREES LIMITED
ACN 138 803 620

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

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

Current and deferred tax balances relating to amounts recognised directly in other comprehensive income are also recognised in other comprehensive income.

(e) Impairment of Assets

At the end of each reporting period, the Company assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of 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. Goodwill on business acquisition and the intangible asset that is not yet ready for use is tested for impairment annually, or more frequently if events or changes in circumstances indicated that they might be impaired.

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

(f) Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

(g) Trade Receivables

Receivables are recognised and carried at original invoice amount less any allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

All trade and other receivables are non interest bearing.

(h) Property, Plant and Equipment

Plant and equipment is stated at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairments.

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The depreciable amount of all fixed assets is depreciated on a straight line or diminishing value basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. The following estimated useful lives will be used in the calculation of depreciation:

- Plant and equipment	2 - 15 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in profit or loss in the year that the item is derecognised.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Intangible Assets

Product Development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably. Expenditure capitalised comprises costs of materials and services. The carrying value of development costs is reviewed annually when the asset is not yet available for use, or when events or circumstances indicate that the carrying value may be impaired. As the asset is not yet available for use, the useful life has not yet been determined.

The R&D refund is recognised on an accrual basis, calculated using actual costs incurred on eligible activities and is subject to potential review by Government for up to 5 years.

(j) Leases

Right-of-use Assets

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

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

Lease Liabilities

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

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

(k) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the year end and which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

All trade and other payables are non interest bearing.

(l) Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

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

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

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

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

(m) Contributed Equity

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit.

(n) Financial Assets

Financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

(o) Principles of Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(p) Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(q) Accounting Standards Issued But Not Yet Effective

There are no accounting standards that have not been early adopted for the year ended 30 June 2022 but will be applicable to the Company in future reporting periods which are expected to have a material impact on the financial statements.

(r) Application of new and revised Accounting Standards

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

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

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NOTE 3 ACCOUNTING ESTIMATES AND JUDGEMENTS

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key Estimates - Impairment

The Company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

With respect to cash flow projections for intangible assets and those with a finite useful life but not yet considered ready for use, relevant inputs have been factored into valuation models on the basis of management's expectations regarding the growth of the market and the Company's ability to capture market share. Pre-tax discount rates of 11% have been used in all models.

Key Estimates - Gas-TESS Decommissioning Provision

The $500,000 provision for decommissioning the Gas-TESS (Glenelg Project) site is based on supplier estimates for removal and reinstatement works on major components (approximately $300,000), plus an estimate of $150,000 for relocation expenses based on similar costs incurred in past projects, plus $50,000 for project management, other minor costs, and contingency.

Key Judgements - Product Development

Included within intangible assets at the end of the reporting period is Product Development with a net carrying value of $1,822,904 (2021: $3,789,832) being the carrying value of the Product Development intangible asset of $10,018,165 (2021: $9,801,097) less the associated Government Grant funding of $1,896,000 (2021: $1,000,000), the R&D refundable tax offsets applied of $5,249,261 (2021: $5,011,265) and the Woodside Energy Technologies Pty Ltd contributions applied $1,050,000 (2021: Nil). The directors believe that while the development and commercialisation of the technology remains in-progress and the asset is not yet generating economic benefits (beyond customer trials), it is not considered ready for use. A reliable estimate for the useful life of the asset will only be capable of being determined once the asset is assessed as ready for use, after which point, amortisation will commence. The directors are satisfied that it is probable that the intangible asset will generate future economic benefits based on internal financial models and potential project scenario analysis.

NOTE 4 SEGMENT REPORTING

There is only one segment which is the entire business, which operates entirely within Australia.

	2022 AUD$	2021 AUD$
NOTE 5 OTHER INCOME		
Interest Received	19,001	18,828
Rent & Office Recoveries	-	4,257
Claim Settlement	151,430	46,718
Ovida Contribution	390,909	-
Other Income	5,272	
Government grants	-	416,750
	566,612	486,553

NOTE 6 EXPENSES

Profit(loss) before income tax includes the following specific expenses:

	2022 AUD$	2021 AUD$
Defined contribution superannuation expense	79,691	107,841
Right of Use Assets - Depreciation expense	277,819	103,539
Right of Use Assets - Depreciation adjustment for change in Tripartite Agreement terms	64,851	-
Right of Use Assets - Interest expense	147,758	104,249
Right of Use Assets - Interest adjustment for change in Tripartite Agreement terms	129,240	-
	699,359	315,629

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 7 AUDITORS' REMUNERATION

Audit services		
Amounts paid/payable to BDO for audit/review of the financial statements of the group	35,000	31,225
Amounts paid/payable to the auditor or a related practice of the auditor for other services	-	-
	35,000	31,225

NOTE 8 INCOME TAX EXPENSE

Income Tax expense/(benefit) comprises:

Current tax expense		
Current tax expense/(benefit)	-	-
Adjustments for previous years	-	-
Total current income tax expense	-	-
Deferred tax expense		
Origination and reversal of temporary differences	-	-
	-	-
Total income tax expense/(benefit) in profit or loss	-	-

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense/(benefit) in the financial statements as follows:

Profit/(Loss) from operations before tax	(1,369,310)	(5,974,178)
Income tax calculated at 25.0% (2021: 26%)	(342,328)	(1,553,286)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	342,328	1,553,286
Non-deductible expenses	79,178	81,795
Assessable income not included in profit/loss	-	4,160
Other reconciling items	(47,422)	(49,319)
Timing differences on deferred tax assets not recognised	3,788	503
Tax losses not recognised	306,784	1,516,147
Tax expense	-	-

NOTE 9 CASH AND CASH EQUIVALENTS

Cash at bank	3,549,416	5,704,957
Cash term deposits	-	-
	3,549,416	5,704,957

An amount of $125,381 included as cash has been set aside to support a bank guarantee issued to the landlords of rented properties.

NOTE 10 TRADE AND OTHER RECEIVABLES

Trade receivables	-	696
R&D refundable tax offset	991,633	538,577
SiliconAurora Sales Proceeds Receivable	2,400,000	-
Other receivables	50,991	5,097
	3,442,624	544,370

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NOTES TO THE FINANCIAL STATEMENTS
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	2022 AUD$	2021 AUD$
NOTE 11 INTANGIBLE ASSETS		
Product Development - Intellectual Property		
Intangible assets under development - at cost	10,018,165	9,801,097
Government Grants applied	(1,896,000)	(1,000,000)
R&D Refundable Tax Offset applied	(5,249,261)	(5,011,265)
Woodside Funding applied	(1,050,000)	-
Goodwill - SiliconAurora	-	1,871,468
	1,822,904	5,661,300
Reconciliation of Intangible Assets		
Balance at the beginning of the year	5,661,300	8,359,688
Additions	2,259,751	1,376,133
Government Grants applied	(896,000)	(16,000)
R&D Refundable Tax Offset applied	(1,283,163)	(1,125,481)
TESS IND MKII Impairment	(997,516)	
GAS TESS Impairment	-	(2,933,040)
Woodside Funding applied	(1,050,000)	-
Sale of SiliconAurora	(1,871,468)	-
Closing carrying value	1,822,904	5,661,300

Intellectual property consists of TESS (thermal energy storage system) development of bulk energy storage solutions.

No amortisation has been recognised as the intellectual property is not available for use as at 30 June 2022. The intangible asset is tested for impairment annually. The government grants relate to accelerating the commercialisation of the Company's intellectual property.

The recoverable amount of the Company's Product Development intangible asset has been determined by a value-in-use calculation using a discounted cash flow model, based on an 8 year projection period approved by management.

The following key assumptions were used in the discounted cash flow model:
- 11% pre-tax discount rate;
- No revenue earned until 2024;
- Major project deliverables in 2024, 2027, and 2030.

The discount rate of 11% pre-tax reflects management’s estimate of the time value of money and the Company’s weighted average cost of capital, the risk free rate and the volatility of the share price relative to market movements.

Management believes the revenue presented in the model is justified, based on the potential indicated in the market.

There were no other key assumptions.

	2022 AUD$	2021 AUD$
NOTE 12 NON-CURRENT ASSETS - RIGHT-OF-USE ASSETS		
Land and buildings - Right-of-Use	716,307	1,766,174
Less: Accumulated depreciation	(301,602)	(164,672)
	414,705	1,601,502
Opening Balance	1,601,502	1,126,136
Initial recognition of Daws Rd lease	-	570,437
Daws Rd amortisation	(214,686)	(60,045)
Asset revaluation on cease of Daws Rd sub-let	119,000	-
Tripartite Lease revaluation on terms adjustment	819,774	-
Tripartite lease amortisation	(51,646)	(35,026)
Sale of SiliconAurora Pty Ltd	(1,859,239)	-
	414,705	1,601,502
NOTE 13 TRADE AND OTHER PAYABLES		
Trade and other payables	355,481	395,133
Other payables and accruals	89,510	213,686
	444,991	608,819
NOTE 14 OTHER CURRENT LIABILITIES		
Provision for Gas TESS Decommissioning	500,000	-

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NOTE 15 NON-CURRENT LIABILITIES - LEASE LIABILITIES

	2022 AUD$	2021 AUD$
Opening Value	1,255,232	975,485
Revaluation of SiliconAurora Lease to reflect change in timing of lease payments	-	37,983
Initial recognition of Daws Road lease	-	365,437
Revaluation of SiliconAurora Lease on adjustment to terms of Tripartite Agreement	1,014,161	-
Disposal of SiliconAurora Subsidiary	(1,988,964)	-
Revaluation of Daws Rd Lease on cessation of sub-let agreement	151,130	-
Re-class to Current Liability	(199,392)	(123,583)
Lease liabilities	232,167	1,255,232

Lease Type	**Term**	**Rate Applied to Lease Liability**		
Tripartite Agreement - Pastoral Lease	40 years	6.23%	-	965,089
Office Space	2 years & 2 months, 1 year right of renewal	4.98%	232,167	290,143
			232,167	1,255,232

Total cash outflow for the year ended 30 June 2022	**2022 AUD$**
Tripartite Agreement - Pastoral Lease	110,000
Office Space	250,000
	360,000

NOTE 16 CONTRIBUTED EQUITY

	2022 No. of Shares	**2022 AUD$**	**2021 No. of Shares**	**2021 AUD$**
Share capital				
Ordinary shares - authorised, issued and fully paid opening balance	200,310,458	32,486,429	172,904,923	29,197,369
Shares issued	100,000	11,000	-	-
Employee Share Scheme - Conversion of Performance Rights	1,575,000	159,450	942,500	173,013
Share Purchase Plan	-	-	26,463,035	3,175,540
Costs of issue	-	-	-	(59,493)
Ordinary shares - authorised, issued and fully paid closing balance	201,985,458	32,656,879	200,310,458	32,486,429

Ordinary shareholders are entitled to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. Every ordinary shareholder present at a meeting in person or by proxy is entitled to one vote on a show of hands or by poll.
Ordinary shares have no par value.

Capital Management

Management controls the capital of the Company in order to ensure that the Company can fund its operations and continue as a going concern.

The Company's capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. There have been no changes in the strategy adopted by management to control the capital of the Company since the prior year and the objectives for managing capital have been met.

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NOTE 17 EARNINGS PER SHARE

	2022 AUD$	2021 AUD$
Earnings per share for profit (loss)		
Profit (loss) after income tax	(1,369,310)	(5,974,178)
Profit (loss) after income tax attributable to the owners of 1414 Degrees Ltd	(1,369,310)	(5,974,178)
Profit (loss) after income tax attributable to the owners of 1414 Degrees Ltd used in calculating diluted earnings per share	(1,369,310)	(5,974,178)
	Cents	**Cents**
Basic earnings per share	(0.68)	(3.11)
Diluted earnings per share	(0.68)	(3.11)
	Number	**Number**
Weighted average number of ordinary shares		
Weighted average number of ordinary shares used in calculating basic earnings per share	200,968,335	191,870,410
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares if dilutive	-	-
Convertible notes	-	-
	-	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	200,968,335	191,870,410

The 2,250,000 performance rights have not been taken into account when calculating diluted earnings per share as they are anti dilutive.

NOTE 18 SHARE BASED PAYMENTS

700,000 shares were issued to key management personnel in this financial year as part of the Company's Performance Rights plan, with an additional 50,000 shares issued to key management personnel as part of compensation. In the year ended 30 June 2021 350,000 shares were issued to key management personnel during the financial year.

A Performance Rights plan was established by the Company in the 2019 financial year, whereby the Company may, at the discretion of the board, grant Performance Rights (PR) over ordinary shares in the Company to certain employees of the Company. The PR are issued for nil consideration and vest in accordance with performance guidelines established by the board.

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NOTE 18 SHARE BASED PAYMENTS (continued)

Set out below are summaries of PR's outstanding at the end of the financial year:

2022

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
2/04/2019	15/01/2023	$0.00	500,000	-	-	-	500,000
23/07/2020	1/07/2021	$0.00	250,000	-	(250,000)	-	-
23/07/2020	1/07/2022	$0.00	100,000	-	-	(100,000)	-
23/07/2020	15/01/2023	$0.00	1,000,000	-	-	-	1,000,000
30/11/2020	30/11/2021	$0.00	500,000	-	-	(500,000)	-
30/11/2020	30/11/2022	$0.00	400,000	-	-	(400,000)	-
9/04/2021	15/07/2021	$0.00	250,000	-	(200,000)	(50,000)	-
9/04/2021	31/07/2021	$0.00	100,000	-	-	(100,000)	-
9/04/2021	1/09/2021	$0.00	100,000	-	(100,000)	-	-
9/04/2021	15/01/2022	$0.00	325,000	-	(25,000)	(300,000)	-
9/04/2021	15/01/2023	$0.00	100,000	-	-	(50,000)	50,000
9/04/2021	15/01/2024	$0.00	500,000	-	-	-	500,000
9/04/2021	31/12/2021	$0.00	500,000	-	(500,000)	-	-
11/04/2022	14/04/2022	$0.00	-	300,000	(300,000)	-	-
11/04/2022	1/08/2024	$0.00	-	3,200,000	-	(3,200,000)	-
6/06/2022	15/06/2022	$0.00	-	200,000	(200,000)	-	-
6/06/2022	15/06/2023	$0.00	-	200,000	-	-	200,000
							-
			4,625,000	3,900,000	(1,575,000)	(4,700,000)	2,250,000
Weighted average exercise price			$0.00	$0.00	$0.00	$0.00	$0.00

2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
2/04/2019	1/07/2020	$0.00	250,000	-	(75,000)	(175,000)	-
2/04/2019	15/01/2021	$0.00	775,000	-	(125,000)	(650,000)	-
2/04/2019	15/01/2022	$0.00	875,000	-	-	(875,000)	-
2/04/2019	15/01/2023	$0.00	750,000	-	-	(250,000)	500,000
23/07/2020	31/07/2020	$0.00	-	742,500	(542,500)	(200,000)	-
23/07/2020	1/07/2021	$0.00	-	250,000	-	-	250,000
23/07/2020	15/01/2021	$0.00	-	600,000	(200,000)	(400,000)	-
23/07/2020	15/01/2022	$0.00	-	400,000	-	(400,000)	-
23/07/2020	1/07/2022	$0.00	-	100,000	-	-	100,000
23/07/2020	15/01/2023	$0.00	-	1,000,000	-	-	1,000,000
30/11/2020	30/11/2021	$0.00	-	700,000	-	(200,000)	500,000
30/11/2020	30/11/2022	$0.00	-	600,000	-	(200,000)	400,000
9/04/2021	15/07/2021	$0.00	-	250,000	-	-	250,000
9/04/2021	31/07/2021	$0.00	-	100,000	-	-	100,000
9/04/2021	1/09/2021	$0.00	-	100,000	-	-	100,000
9/04/2021	15/01/2022	$0.00	-	325,000	-	-	325,000
9/04/2021	15/01/2023	$0.00	-	100,000	-	-	100,000
9/04/2021	15/01/2024	$0.00	-	500,000	-	-	500,000
9/04/2021	31/12/2021	$0.00	-	500,000	-	-	500,000
			2,650,000	6,267,500	(942,500)	(3,350,000)	4,625,000
Weighted average exercise price			$0.00	$0.00	$0.00	$0.00	$0.00

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NOTE 18 SHARE BASED PAYMENTS (continued)

There are no Performance Rights exercisable at the end of the financial year.

The weighted average remaining contractual life of Performance Rights outstanding at the end of the financial year was 0.80 years (2021: 0.94).

During the year the expense recognised in relation to the valuation of these Performance Rights was $138,121.
All Performance Rights granted during the year had zero dollar exercise price, such Rights have a default value per Right being the Company share price on grant date. Therefore an option pricing model for estimating the fair value of Rights granted was not required.

NOTE 19 CASH FLOW INFORMATION

	2022 AUD$	2021 AUD$
Reconciliation of profit after income tax to net cash flow from operating activities		
Loss for the year	(1,369,310)	(5,974,178)
Non-cash flows in profit/(loss):		
- Depreciation and Amortisation (excluding SiliconAurora)	253,574	136,772
- Share Based Payments	316,713	252,949
- Foreign exchange differences	(44)	274
- SiliconAurora Sale Proceeds	(2,400,000)	-
- 50% of JV Assets sold	769,362	-
- Silicon Aurora Investment Fair Value Adjustment	(1,730,609)	-
- Asset Impairment	997,516	2,933,040
- Provision for Gas-TESS decommissioning	500,000	-
Change in operating assets and liabilities		
- (increase)/decrease in trade and other receivables	18,522	771
- (increase)/decrease in other current assets	(5,300)	11,161
- (increase)/decrease in lease liability	350,000	-
- increase/(decrease) in trade and other payables	(161,480)	241,393
- increase/(decrease) in employee benefits	23,918	4,363
Net cash flow from operating activities	(2,437,138)	(2,393,455)

NOTE 20 DISPOSAL OF SUBSIDIARY

On 13 December 2019 1414 Degrees Ltd (14D) acquired 100% of the issued shares in SolarReserve II Pty Ltd (Renamed to SiliconAurora Pty Ltd). SiliconAurora owns the Aurora Energy Project near Port Augusta in South Australia and includes development approval from the South Australian government for a Battery Energy Storage System (BESS) up to 140 MW / 280 MWh, 70 MW solar photo-voltaic array (PV) and 150 MW concentrated solar thermal plant (CSP) as well as connection to the adjacent 275 kV transmission line.

On 19 June 2022 14D entered into an agreement for the sale of 50% of the shares in SiliconAurora Pty Ltd to a wholly owned subsidiary of Vast Solar Pty Ltd (Vast Solar). In addition, 14D and Vast Solar have executed a Shareholders Agreement that will govern the ongoing operation of Silicon Aurora and the development of the Aurora Energy Project.

Sale of 50% of the shares in SiliconAurora Pty Ltd to Vast Solar Aurora Pty Ltd

Number of Shares Sold 1,105,672

		Net Assets	50% Sold	AUD$
Initial Payment Received - 29 June 2022				100,000
Balance Payment Received - 29 July 2022				900,000
Deferred Payment - Due 30 days from Connection Agreement				1,500,000
Total Sale consideration				2,500,000
SiliconAurora Assets Sold	PP&E	58,552	29,276	
	Right of Use asset	1,859,239	929,619	
	Goodwill	1,871,468	935,734	
	Lease liability	(2,250,535)	(1,125,267)	769,362
Call Option Valuation (12,119,127 Options)				167,592
				936,954
Consolidated Profit on disposal of 50% of Net Assets in SiliconAurora Pty Ltd				1,563,046

NOTE 20 DISPOSAL OF SUBSIDIARY (continued)

1414 Degrees Ltd.'s remaining 50% share in SiliconAurora was remeasured to its fair value of $2,500,000 on completion of the sale to Vast Solar Aurora Pty Ltd.

Silicon Aurora Fair Value Adjustment	
Opening value	1,538,724
Sale of 50% of SiliconAurora Investment to Vast Solar Aurora Pty Ltd	(769,362)
Value on Sale Completion	769,362
Fair Value Adjustment	1,730,638
Closing balance	2,500,000

NOTE 21 CONTINGENCIES

Contingent Liabilities

At 30 June 2022 those charged with governance of the Company note that there are no known contingent liabilities (2021: nil).

NOTE 22 RELATED PARTY

(a) Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

There were no transactions with related parties during the year ended 30 June 2022

(b) Director and Director-related Interests in the Company

Disclosures relating to director and director-related interests, as well as key management personnel are set out in Note 23 below and the remuneration report included in the director's report.

NOTE 23 KEY MANAGEMENT PERSONNEL COMPENSATION

The totals of remuneration paid to KMP of the Company during the year are as follows:

	2022 AUD$	2021 AUD$
Short-term employee benefits	800,395	823,291
Post-employment benefits	50,407	67,339
Other long term benefits	7,165	13,112
Share-based payments	75,300	50,800
Total KMP compensation	933,267	954,542

These amounts represent the Company's employee benefits and shared-based-payments expense for the year.

NOTE 24 FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2022 AUD$	2021 AUD$
Financial Assets			
Financial Assets at amortised cost:			
Cash and cash equivalents	9	3,549,416	5,704,957
Trade and other receivables - SiliconAurora Sales Proceeds	10	2,400,000	-
Trade and other receivables - R&D tax refund	10	991,633	538,577
Total financial assets		6,941,049	6,243,534
Financial Liabilities			
Financial Liabilities at amortised cost:			
Trade and other payables	13	444,991	608,819
Lease Liabilities		437,167	1,570,232
Total financial liabilities		882,158	2,179,051

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NOTE 24 FINANCIAL RISK MANAGEMENT (continued)

General objectives, policies and processes

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Market Risk

The Company's activities have no material exposure to financial risks of changes in interest rates. The Company analyses it's risk by considering sensitivity on its interest rate exposures and determining the potential impact on it's effected expenses and revenue of movements in these rates. If the potential variance is material then management may seek to minimise this exposure but it does not consider this to be the case at this time.

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

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

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the group, except for the Australian Taxation Office which is the counterparty to the R&D refundable tax offset shown in note 10 and Vast Solar Pty Ltd which is our Joint Venture partner following their purchase of 50% of the shares in Silicon Aurora Pty Ltd. Trade receivables represent the maximum exposure to credit risk, credit quality is considered good.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The directors manage liquidity risk by monitoring forecast cash flows and ensuring that the Company's operations are adequate to meet liabilities due.

Financial liability and financial asset maturity analysis

	Within 1 year		1 to 5 years		Over 5 years		Total	
	AUD$	AUD$	AUD$	AUD$	AUD$	AUD$	AUD$	AUD$
	2022	2021	2022	2021	2022	2021	2022	2021
Financial liabilities due for settlement								
Trade and other payables	444,991	608,819	-	-	-	-	444,991	608,819
Lease Liabilities	205,000	315,000	232,167	333,104	-	922,128	437,167	1,570,232
	649,991	923,819	232,167	333,104	-	922,128	882,158	2,179,051
Financial assets - cash flows realisable								
Cash at bank	3,549,416	5,704,957	-	-	-	-	3,549,416	5,704,957
Trade and other receivables	3,391,633	538,577	-	-	-	-	3,391,633	538,577
Cash term deposits	-	-	-	-	-	-	-	-
	6,941,049	6,243,534	-	-	-	-	6,941,049	6,243,534

NOTE 24 FINANCIAL RISK MANAGEMENT (continued)

Sensitivity Analysis
Interest rate risk

At 30th June 2022 investment in Cash, Fixed Interest and Floating Interest rate deposits amounted to $3,549,416. A +/-1% change in interest rates during the year ended 30th June 2022 will result in a +/- change in net interest income of $35,494.

At 30th June 2021 investment in Cash, Fixed Interest and Floating Interest rate deposits amounted to $5,704,957. A +/-1% change in interest rates during the year ended 30th June 2021 will result in a +/- change in net interest income of $57,050.

Management has considered that both a positive and negative 1% variance is sufficient to illustrate the potential variations in interest income.

Foreign currency risk

	Assets		Liabilities	
Cash at bank held in or trade payables denominated in	**2022 AUD$**	**2021 AUD$**	**2022 AUD$**	**2021 AUD$**
US dollars	840	772	-	-
Euros	486	510	-	-
	1,326	1,282	-	-

The Company had net assets denominated in foreign currencies of $1,326 as at 30 June 2022 (2021: $1,282).

Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 5% (2021: weakened by 10%/strengthened by 5%) against these foreign currencies with all other variables held constant, the Company's profit before tax for the year would have been $133 lower/$66 higher (2021: $128 lower/$64 higher) and equity would have been $133 lower/$66 higher (2021: $128 lower/$64 higher).

The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date.

The actual foreign exchange loss for the year ended 30 June 2022 was $6,138 (2021: loss of $497).

NOTE 25 COMMITMENTS FOR EXPENDITURE
There was one capital commitment as at 30 June 2022 (2021: nil)

Asset Class	**Within 1 Year**	**1 to 5 years**	**Over 5 years**
Plant & Equipment - Furnace	521,213	-	-

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NOTE 26 SUBSEQUENT EVENTS

An Extraordinary General Meeting was held on 28 July 2022, following receipt of a section 249D notice from Focem Pty Ltd as trustee for the Towarnie Superannuation Fund (Focem) (being a company associated with Dr Kevin Moriarty), as announced to the market on 1 June 2022. The meeting considered the resolutions proposed by Focem in the Notice, with the outcome being that Dr Kevin Moriarty was elected as a Director of the Company.

NOTE 27 INTERESTS IN SUBSIDIARIES

The financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

Name	**Principal place of business / Country of incorporation**	**Ownership Interest**	
		2022	**2021**
SiliconAurora Pty Ltd (ceased consolidating in 2022)	Australia	50%	100%
Aurora FinCo Pty Ltd	Australia	100%	100%

NOTE 28 DEFERRED TAXES

The balance comprises temporary differences attributable to:

	2022	**2021**
Deferred tax assets attributable to:		
Capital Raising Costs - 5yr write-off	3,603	32,754
Employee benefits	33,454	27,394
Superannuation accrual	8,587	10,858
Interest accrual	-	15,571
Lease liability	58,042	313,808
	103,685	400,386
Set-off deferred tax liabilities pursuant to set-off provisions:		
Deferred tax liabilities attributable to:		
Accrued interest revenue	(9)	(10)
Right of use asset	(103,677)	(400,376)
	(103,685)	(400,386)
Net deferred tax asset/(liability) balance	-	-

Deductible temporary differences have been brought to account as Deferred Tax Assets above to the extent they offset Deferred Tax Liabilities
Unrecognised deductible temporary differences relating to Capital Raising Costs $109,157 (2021: $257,798)
The company has no franking credits available for use in subsequent reporting periods.
The amount of gross tax losses carried forward though not brought to account as Deferred Tax Assets is $15,255,878 (2021: $14,171,581).