



(Formerly known as Hexagon Energy Materials Limited)

ABN 27 099 098 192

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED
31 DECEMBER 2024

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CORPORATE DIRECTORY

Board of Directors

Charles Whitfield - Non-Executive Chairman

Garry Plowright - Non-Executive Director

Andrew Kirk – Non-Executive Director

Philipp Kin – Non-Executive Director

Officers of the Company

Stephen Hall – Chief Executive Officer

Joan Dabon – Company Secretary

Registered Office & Principal Place of Business

45 Ventnor Avenue

West Perth WA 6005

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E-mail: info@nh3ce.com

Website: www.nh3ce.com

Domicile and Country of Incorporation

Australia

Australian Business Number

27 099 098 192

Auditors

BDO Audit Pty Ltd

Level 9, Mia Yellagonga Tower 2

5 Spring Street

Perth, WA 6000

Website: www.bdo.com.au

Share Registry

Automic Group

Level 5, 191 St Georges Terrace

Perth, WA 6000

Website: www.automicgroup.com.au

Securities Exchange

Australian Securities Exchange Limited (ASX)

Home Exchange - Perth

ASX Code – NH3 (Ordinary Shares)

DIRECTORS' REPORT

Your Directors present their half-year report on NH3 Clean Energy Ltd ('NH3CE' or 'Company') (formerly known as Hexagon Energy Materials Limited) and its controlled entities ('Consolidated Entity' or 'Group') for the half-year ended 31 December 2024.

1. BOARD OF DIRECTORS

The Directors of the Company in office at the date of this report or at any time during the period are:

Name	Position	Period of Directorship
Charles Whitfield	Non-Executive Director Non-Executive Chairman	Appointed 22 August 2016 Appointed 5 May 2017
Garry Plowright	Non-Executive Director	Appointed 10 June 2015
Andrew Kirk	Non-Executive Director	Appointed 17 May 2022
Philipp Kin	Non-Executive Director	Appointed 11 August 2023

2. CORPORATE INFORMATION

NH3 is a company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX). NH3 has prepared a consolidated interim financial report encompassing the entities that it controlled during the period.

3. NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

NH3 Clean Energy Limited (ASX: NH3) is an Australian company focused on Future Energy project development and Future Energy materials exploration and project development.

NH3 is developing a business to deliver decarbonised hydrogen (low-emission ammonia) into export and domestic markets at scale, via its WAH₂ Project.

NH3 100% owns the McIntosh Nickel-Copper-PGE project and the Halls Creek Gold and Base Metals project in Western Australia. The Company has two earn-in arrangements on its graphite properties.

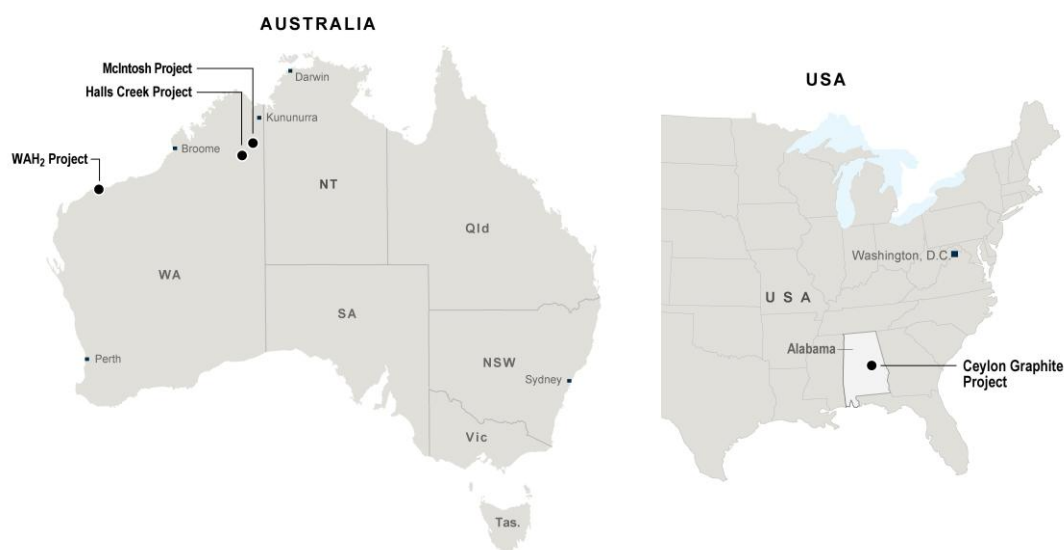


Figure 1 - NH3's Project Locations

DIRECTORS' REPORT

4. FINANCIAL REVIEW

For the half-year ended 31 December 2024, the loss for the Consolidated Entity after providing for income tax was \$972,671 (2023: \$352,037).

The Company received a research and development income tax concession of \$407,557 during the period.

The Consolidated Entity's main expenses were as follows:

	31-Dec-24	31-Dec-23
	\$	\$
Business development	290,677	175,040
Corporate and administration expenses	473,313	338,300
Exploration and evaluation expenditure	221,247	163,783
Impairment of exploration and evaluation expenditure	1,443	145,722
Personnel expenses and director fees	288,372	230,136

5. CORPORATE

Capital Structure

On 16 and 19 December 2024, the Company announced completed a capital raising of \$732,500 (before costs) through the issue of fully paid ordinary shares (**Shares**) at an issue price of \$0.018 per Share (**Placement**). The Placement was conducted in three tranches, the first of which was completed on 19 December 2024 through the issue of 31,133,328 Shares, raising \$560,400. The second tranche was completed on 8 January 2025 through the issue of the 5,555,556 Shares, raising \$100,000. The third tranche of \$72,100 pertaining to director commitments is expected to settle following to the receipt of shareholder approval at the next general meeting.

At 31 December 2024, the Company had 544,049,229 ordinary shares on issue.

AGM

On 29 November 2024 the Company held its Annual General Meeting (**2024 AGM**), all resolutions put to the AGM were decided and passed via a poll.

Legal Proceedings

NH3's McIntosh graphite rights earn-in counterparty GCM Graphite Pty Ltd ('GCM Graphite') previously commenced legal proceedings in the Supreme Court of Western Australia against the Company and its wholly owned non-core subsidiary McIntosh Resources Pty Ltd¹ with respect to information disclosure warranties in the parties' earn-in agreement. NH3 strongly refutes GCM Graphite's claims, considers them to be without merit, and will vigorously defend them.

¹ McIntosh Graphite Project, GCM Legal Proceedings (NH3:ASX - 13 June 2024)

DIRECTORS' REPORT

6. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Change of Company Name and ASX Ticker

Following receipt of shareholder approval at the 2024 AGM, the Australian Securities and Investments Commission officially recorded the change of the Company's name from Hexagon Energy Materials Ltd (ASX: HXG) to NH3 Clean Energy Ltd (ASX: NH3) on Friday 6 December 2024².

At the 2024 AGM, the Chairman stated that the change of the Company name from Hexagon Energy Materials Ltd to NH3 Clean Energy Ltd "is a critical initiative in recognition of the Company's transformation in establishing itself as a recognised player in the clean ammonia industry and is a foundation on which to build the future of the company."

7. REVIEW OF OPERATIONS

7.1 WAH₂ Low Emission Ammonia

The WAH₂ Project is NH3's flagship project to supply low-emissions ammonia to the decarbonising powerhouse economies of the Asia Pacific, including Japan and South Korea as well as being a source of decarbonised fuel for the bulk carriers carrying iron ore from Australia to Asia.

The project is well placed as Asia's energy transition drives an increasing demand for low emissions energy.

As of January 2025, the Company had completed the Pre-FEED engineering and design work for the WAH₂ clean ammonia project.

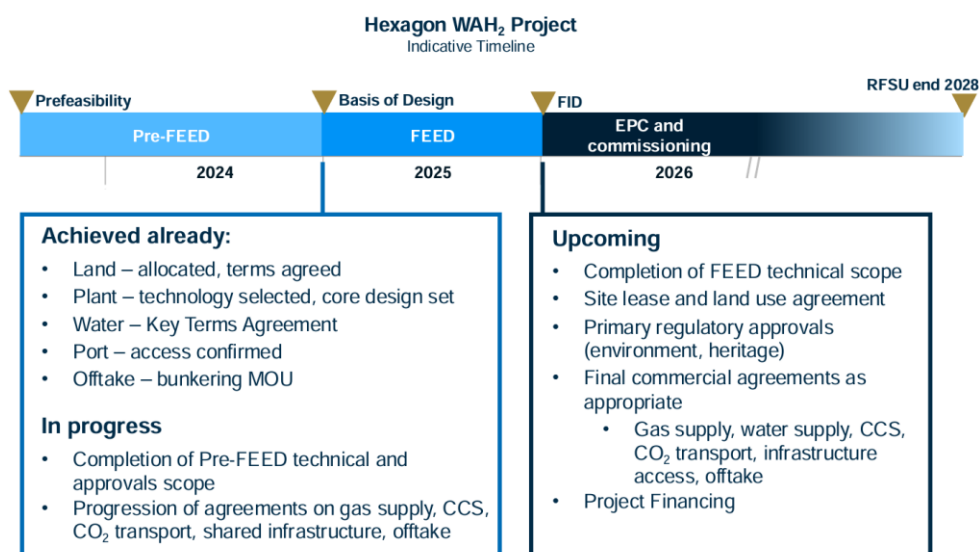


Figure 2 - WAH₂ Project Timeline

WAH₂ Concept

The WAH₂ Project will use established technology to decarbonise gas and produce clean ammonia for export via the Port of Dampier and use in existing infrastructure to replace coal for power generation, and to replace hydrocarbon marine fuels. Effectively decarbonising Australian gas to help the energy transition.

² Change of Company Name and ASX Ticker (NH3:ASX – 3 December 2024)

DIRECTORS' REPORT

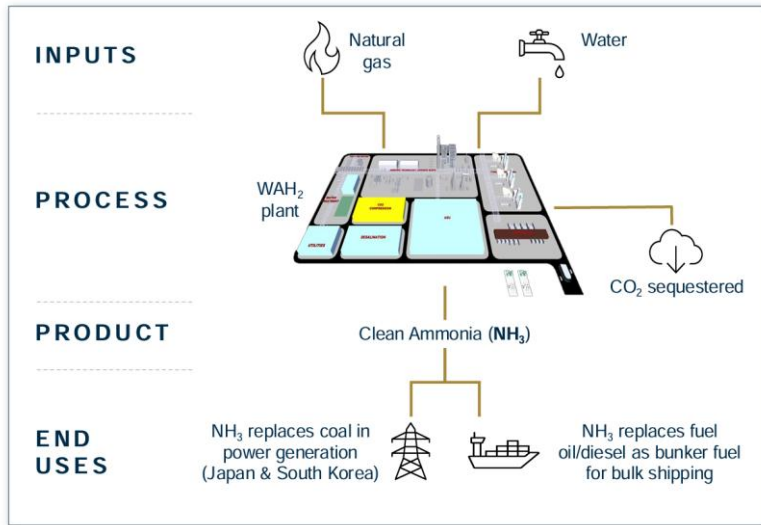


Figure 3 - WAH₂ Project Concept

Land Allocation

In May 2023 the Western Australian Government approved allocation of land for Hexagon’s proposed WAH₂ Project. The 40 Ha site is in Hexagon’s preferred location in the Maitland Strategic Industrial Area and is proximal to existing services, an existing infrastructure corridor and established export routes.

Proximity enables lower cost access to required services and infrastructure

NH3’s site in the Maitland SIA¹ is a key asset, providing access to existing infrastructure that is located nearby

With significant additional **opportunities to share infrastructure** with the proponents of other projects

Together, **underpinning the competitiveness** of the WAH₂ Project

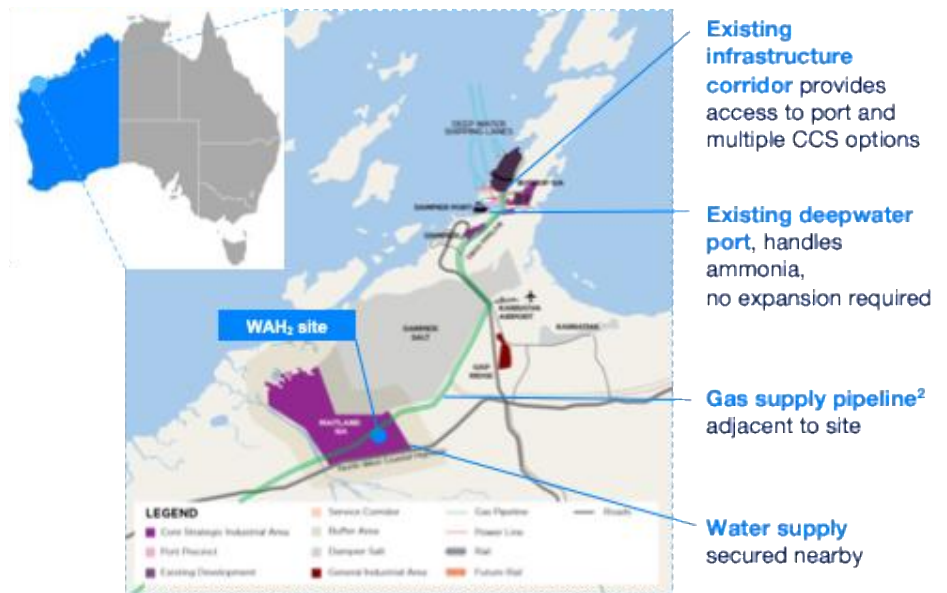


Figure 4 - WAH₂ Project Location

DIRECTORS' REPORT

Pre-FEED Technical Summary

The technical work has been completed in collaboration with Petrofac Asset Solutions Australia Ltd as Lead Engineer and Topsoe A/S as core technology provider.

Pre-FEED technical work involved considerable evaluation of the interrelationships between plant cost, efficiency and emissions profile. A single design basis for FEED has been defined that preserves the flexibility to optimize product price and emissions intensity during operations to meet customer preferences. This flexibility also allows the project to adjust emissions considering the eligibility criteria of any potential government subsidies.

Phase 1 production capacity has increased from 600 kTPA (in the Pre-Feasibility study) to 650 kTPA based on efficiencies identified during Pre-FEED.

Commercial Discussions

The Company is engaged with multiple potential offtake and strategic partners including potential gas suppliers, CCS service providers, infrastructure owners, utility providers and ammonia customers.

The Company has secured preliminary commercial agreements for key elements of the project including:

- A Key Terms Agreement with DevelopmentWA for the 40ha site allocation to NH3 by the WA Government³;
- Confidential agreements regarding majority gas supply⁴ for WAH₂'s Phase 1 requirements;
- A Key Terms Agreement with the Water Corporation of WA⁵ for the supply of water to the WAH₂ Project; and
- A Memorandum of Understanding with the Australian Gas Infrastructure Group ('AGIG')⁶ regarding transport of CO₂ to either of the two sequestration sites being considered. NH3 is in separate confidential discussions with both CSS projects, each of which has the capacity to sequester WAH₂ Phase 1 CO₂ volumes.

Subsequent to the half-year, the Company executed a Memorandum of Understanding with Pilbara Ports⁷ outlining the collaboration intended to support ammonia export from the WAH₂ Project.

Pre-FEED Economic Update

Subsequent to the half-year, the Company announced⁸ the results of updated Pre-FEED financial modelling that incorporated the results of the completed Pre-FEED technical work with pricing from the preliminary commercial agreements that NH3 has already entered into.

Key highlights include:

- Ung geared project Phase 1 Base Case NPV₈ increased from PFS estimate of A\$248 M to A\$493 M;
- Geared company-level Phase 1 Base Case NPV₈ A\$603 M;
- Geared NPV₈ for combined Phase 1 and 2 Base Case of A\$1,140 M; and
- Infrastructure sharing opportunities offer further capex reduction and value enhancement and are the subject of ongoing commercial discussions.

The completed technical work, preliminary commercial agreements and Pre-FEED financial modelling are the basis for the next stage of strategic customer discussions. These were supported by the establishment of a WAH₂ Project data room during February, with multiple potential strategic partners undertaking due diligence.

³ Hexagon Secures Land for WAH₂ Project (NH3:ASX – 15 May 2023)

⁴ Hexagon and Chevron Australia agree on Indication of Gas Supply for WAH₂ Project (NH3:ASX: 4 Nov 2024)

⁵ WAH₂ Project – Water Supply Key Terms Agreement (NH3:ASX – 11 March 2024)

⁶ NH3 Clean Energy and AGIG sign MOU on CO₂ transportation for WAH₂ Project (NH3:ASX – 10 December 2024)

⁷ NH3 Clean Energy and Pilbara Ports sign MOU on ammonia shipment for WAH₂ Project (NH3:ASX – 11 February 2025)

⁸ Pre-FEED Results Indicate Doubling of Value for NH3 Clean Energy's WAH₂ Project (NH3:ASX – 24 February 2025)

DIRECTORS' REPORT

Regulatory Approvals

The terms of the Option to Lease for the land allocated to NH3 for the WAH₂ Project have been agreed in-principle with Development WA and final approvals are pending.

Planning for baseline environmental surveys continued through the period. Survey timing will be dependent on approval of NH3's application for a Section 91 Licence (per Land Administration Act 1997).

7.2 McIntosh

The McIntosh Project comprises 16 exploration tenements spanning 542km² in the East Kimberley region of Western Australia.

Graphite

The McIntosh graphite project continues to progress via the earn-in arrangement with Green Critical Minerals ('GCM').

The earn-in arrangement provided GCM the right to earn up to 80% interest in the Graphite Mineral Rights only across NH3's McIntosh Project tenements. The tenements will remain wholly held and managed by NH3.

On 1 July 2024 and 8 July 2024, GCM released ASX announcements 'Major Mineral Resource Estimate Upgrade for the McIntosh Graphite Project' and 'Clarification and Retraction Announcement' respectively which reported an updated mineral resource estimate of 30.2 Mt grading 4.40% total graphitic carbon, a 26% increase over the previous estimate.

On 8 August 2024 GCM released ASX announcement 'Wave International Awarded PFS Engineering for McIntosh Graphite Project' regarding the upstream pre-feasibility study.

Ni-Cu-PGEs

McIntosh lies in the centre of an area known for active Ni-Cu-PGE extraction and is surrounded by well-established Nickel and/or PGE producers, exporters and substantial Ni-Cu-PGE JORC resources.

During the period, NH3 undertook additional appraisal work to further establish the prospective geology of the project.

7.3 Ceylon (USA) - Graphite

The Ceylon Graphite Project is located on the northeast end of the Alabama Graphite Belt and covers approximately 500 acres in Coosa County, Alabama. The Project is a historic mine active during World Wars I and II. It is 80% owned by NH3.

The Company has a binding Earn-In and Option Agreement signed on the project with South Star Battery Metals Corp (HXG ASX Announcement 7 December 2021). The agreement provides the right for South Star to acquire 75% in the project in return for C\$750,000 in expenditure on the project and delivery of a Preliminary Economic Assessment (PEA) within agreed deadlines.

South Star announced on 10 October 2024 that it had completed its Preliminary Economic Assessment ('PEA'), which included an updated mineral resource estimate of 52.2 Mt of Inferred pit-constrained Mineral Resources, a significant increase from the previous estimate of 22 Mt.

In December 2024, NH3 notified South Star that it wished to exercise its put option for its residual interest in the project back to South Star for which the Company will receive CAD200,000 worth of South Star stock.

DIRECTORS' REPORT

7.4 Hall Creek – Gold and Base Metals

NH3CE's Halls Creek project has demonstrated significant potential for Au-Base Metal-PGE located in prospective anomalous areas. During the period, the Company consolidated data sets for additional exploration to be undertaken including target generation within these prospective areas.

8. COMPETENT PERSONS' ATTRIBUTION

Exploration Results

The information within this report that relates to exploration results including geological data for the McIntosh Project and Halls Creek Project is based on information generated and compiled by Ms. Sarah Dyer. Ms. Dyer is a consultant to the Company and has 12 years of experience as a Geologist. Sarah Dyer is a member of AusIMM (305853), and Australian Institute of Geoscientists (5509) and has sufficient experience relevant to the styles of mineralisation and types of deposits under consideration and to the activities currently being undertaken to qualify as a Competent Person(s) as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results Mineral Resources and Ore Reserves and he consents to the inclusion of the above information in the form and context in which it appears in this report.

9. SUBSEQUENT EVENTS

On 8 January 2025 the Company issued 5,555,556 ordinary fully paid shares at \$0.018 per share raising \$100,000 (before costs).

The Directors are not aware of any matters or circumstances at the date of the report, other than those referred to in this report or the financial statements or notes thereto, that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Company in subsequent financial years.

10. AUDITOR'S INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration forms part of the Directors' Report and is attached on page 10.

Signed in accordance with a resolution of the Board of Directors.



Charles Whitfield
Chairman
14 March 2025

DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF NH3 CLEAN ENERGY LIMITED

As lead auditor for the review of NH3 Clean Energy Limited for the half-year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of NH3 Clean Energy Limited and the entities it controlled during the period.



Neil Smith
Director

BDO Audit Pty Ltd

Perth

14 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

	Note	31-Dec-24 \$	31-Dec-23 \$
Other income	3	409,965	700,933
Exchange differences on translation of foreign currencies		(221)	11
Business development		(290,677)	(175,040)
Corporate and administration expenses		(473,313)	(338,300)
Exploration and evaluation expenditure	4	(221,247)	(163,783)
Finance costs		(66,343)	-
Impairment of exploration and evaluation expenditure		(1,443)	(145,722)
Personnel expenses and director fees		(288,372)	(230,136)
Share based payments	10	(41,020)	-
Loss from continuing operations before income tax		(972,671)	(352,037)
Income tax expense		-	-
Loss from continuing operations after income tax		(972,671)	(352,037)
Total comprehensive loss for the period		(972,671)	(352,037)
Loss from continuing operations for the period is attributable to:			
Owners of NH3 Clean Energy Ltd		(972,671)	(352,037)
		(972,671)	(352,037)
Total comprehensive loss for the period is attributable to:			
Owners of NH3 Clean Energy Ltd		(972,671)	(352,037)
		(972,671)	(352,037)
Loss per share attributable to ordinary equity holders			
- Basic and diluted loss per share		(0.002)	(0.001)

The Consolidated Statement of Profit or Loss & Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31-Dec-24	Restated 30-Jun-24
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		478,303	980,515
Trade and other receivables		52,135	39,135
Total current assets		530,438	1,019,650
Non-current assets			
Trade and other receivables		-	3,600
Plant and equipment		2,157	4,134
Exploration and evaluation assets	5	3,266,220	3,029,745
Total non-current assets		3,268,377	3,037,479
Total assets		3,798,815	4,057,129
LIABILITIES			
Current liabilities			
Trade and other payables	6	356,380	413,957
Provisions		9,518	-
Borrowings	7	1,186,449	1,000,000
Total current liabilities		1,552,347	1,413,957
Non-current liabilities			
Trade and other payables	6	1,342,978	1,342,978
Borrowings	7	-	-
Total non-current liabilities		1,342,978	1,342,978
Total liabilities		2,895,325	2,756,935
Net assets		903,490	1,300,194
EQUITY			
Contributed equity	8	76,810,952	76,276,005
Reserves	9	41,020	-
Accumulated losses		(75,948,482)	(74,975,811)
Total equity		903,490	1,300,194

*The Consolidated Statement of Financial Position
should be read in conjunction with the Notes to the Financial Statements.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Contributed Equity \$	Reserves \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2024		76,276,005	-	(74,975,811)	1,300,194
Comprehensive income:					
Loss for the period		-	-	(972,671)	(972,671)
Total comprehensive loss for the period		-	-	(972,671)	(972,671)
Transactions with owners in their capacity as owners:					
Issue of share capital		560,400	-	-	560,400
Capital raising costs		(25,453)	-	-	(25,453)
Share based payments	10	-	41,020	-	41,020
At 31 December 2024		76,810,952	41,020	(75,948,482)	903,490

	Contributed Equity \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2023	76,276,005	(73,420,308)	2,855,697
Comprehensive income:			
Loss for the period	-	(352,037)	(352,037)
Total comprehensive loss for the period	-	(352,037)	(352,037)
At 31 December 2023	76,276,005	(73,772,345)	2,503,660

*The Consolidated Statement of Changes in Equity
should be read in conjunction with the Notes to the Financial Statements*

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	31-Dec-24	31-Dec-23
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(838,737)	(562,753)
Payments for business development		(302,730)	(309,900)
Payments for exploration and evaluation expense		(201,062)	(169,214)
Receipt of funds in relation to WA Graphite transaction with GCM	3	-	200,000
Receipt of research and development income tax concession	3	407,557	493,528
Interest received		2,408	17,212
Net cash used in operating activities		(932,564)	(331,127)
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of plant and equipment		-	95
Payments for exploration and evaluation asset		(189,716)	(177,492)
Net cash used in investing activities		(189,716)	(177,397)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares, net of costs		499,962	-
Proceeds from borrowings	7	121,200	-
Payments for finance costs		(1,094)	-
Net cash inflow from financing activities		620,068	-
Net decrease in cash and cash equivalents		(502,212)	(508,524)
Cash and cash equivalents at the beginning of the period		980,515	1,534,879
Cash and cash equivalents at the end of the period		478,303	1,026,355

*The Consolidated Statement of Cash Flows
should be read in conjunction with the Notes to the Financial Statements.*

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

NH3 Clean Energy Limited (referred to as 'NH3' or the 'Company' or 'Parent Entity') (formerly known as Hexagon Energy Materials Limited) is a company domiciled in Australia. The address of the Company's registered office and principal place of business is disclosed in the Corporate Directory of this report. The consolidated financial statements of the Company as at and for the half-year ended 31 December 2024 (the 'Period') comprise the Company and its subsidiaries (together referred to as the 'Consolidated Entity' or the 'Group'). The Group is primarily involved in mineral exploration.

2. BASIS OF PREPARATION

This interim general purpose financial report for the half-year reporting Period ended 31 December 2024 has been prepared in accordance with *AASB 134 Interim Financial Reporting* and the Corporations Act 2001.

The half-year interim financial report of NH3 Clean Energy Limited was authorised for issue in accordance with a resolution of the Directors on 14 March 2025.

(a) Compliance with IFRS

The consolidated financial statements of the Consolidated Entity also comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

(b) Basis of measurement

The consolidated financial statements have been prepared on a going concern basis on the historical cost basis.

(c) Going Concern

These financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

For the half year ended 31 December 2024 the Group recorded a loss of \$972,671 (2023: \$352,037) and had net cash outflows from operating activities of \$932,564 (2023: \$331,127) and had a net working capital deficiency of \$1,021,909 (30 June 2024: \$394,307). These conditions indicate a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The ability of the entity to continue as a going concern is dependent on securing additional funding through capital raising or other fund-raising activities to continue its operational activities in the next 12 months. The Directors consider that additional working capital will be able to be raised as required and that the Group will continue as a going concern and as such the financial report has been prepared on 'a going concern' basis. In arriving at this position, the Directors have considered the following matters:

- The Group has the ability to defer some of its expenditure to conserve working capital if necessary;
- Should it be required, the Directors are satisfied that the Company could raise additional funds by either a form of equity raising such as a share purchase plan or entitlements issue or from the sale of non-core assets to fund on-going exploration commitments and for working capital.

The Directors are satisfied that there are sufficient opportunities to raise additional working capital as required and thus it is appropriate to prepare the financial statements on a going concern basis.

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

NOTES TO FINANCIAL STATEMENTS

(d) New and revised Accounting Standards and Interpretations adopted by the Group

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

AASB 2020-1 (issued March 2020): Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current.

The entity has reclassified its convertible debt instruments at 30 June 2024 from non-current to current liabilities. These instruments have been classified as current liabilities because the conversion feature fails the 'fixed for fixed' test to be classified as an equity instrument.

Non-current liabilities have therefore decreased and current liabilities have increased by \$1,000,000 in the restated comparative balance sheet for 30 June 2024 comparatives.

3. OTHER INCOME

	31-Dec-24	31-Dec-23
	\$	\$
Interest income	2,408	7,310
WA Graphite transaction with GCM	-	200,000
Research and development income tax concession	407,557	493,528
Other income	-	95
	409,965	700,933

4. EXPLORATION AND EVALUATION EXPENSES

	31-Dec-24	31-Dec-23
	\$	\$
Exploration and evaluation expenditure – McIntosh Project	221,247	163,783
	221,247	163,783

5. EXPLORATION AND EVALUATION ASSETS

	31-Dec-24	30-Jun-24
	\$	\$
Carrying amount of exploration and evaluation expenditure	3,266,220	3,029,745
<u>Movement reconciliation</u>		
Balance at the beginning of the period	3,029,745	2,869,923
Exploration expenditure during the period	237,918	287,303
Acquisition of tenements	-	24,000
Impairment of exploration and evaluation expenditure	(1,443)	(151,481)
Balance at the end of the period	3,266,220	3,029,745

NOTES TO FINANCIAL STATEMENTS

6. TRADE AND OTHER PAYABLES

	31-Dec-24	30-Jun-24
	\$	\$
CURRENT		
Trade payables	269,335	314,401
Other payables and accrued expenses	87,045	99,556
	356,380	413,957
NON-CURRENT		
Other payables and accrued expenses	1,342,978	1,342,978
	1,342,978	1,342,978

7. BORROWINGS

	31-Dec-24	Restated 30-Jun-24
	\$	\$
CURRENT		
Loan facility (i)	122,668	-
Convertible notes payable (ii)	1,063,781	1,000,000
	1,186,449	1,000,000
NON-CURRENT		
Convertible notes payable (ii)	-	-
	-	-

(i) Key terms of the loan facility:

- Lender: Innovation Structured Finance Co., LLC.
- Interest Rate: 17% p.a.
- Maturity Date: 30 November 2025.
- Loan Amount: \$121,000.
- Secured.

(ii) The adoption of AASB 2020-1 (issued March 2020) resulted in a restatement of the convertible note at 30 June 2024 from non-current to current liabilities.

Key terms of the Convertible Notes:

- There are 10 Convertible Notes issued with an issue price of \$100,000 each. Each may be converted into fully paid shares in the future at a minimum floor price of \$0.02 per share or higher, depending on the Company's share price at the time of conversion.
- Interest Rate: 12%.
- Maturity Date: 21 December 2025.
- The Convertible Notes are unsecured.
- Lender: Professional and sophisticated investors, via Investorlink Direct Pty Ltd as the Convertible Note Agent.
- Transactions costs were \$60,000.

NOTES TO FINANCIAL STATEMENTS

8. CONTRIBUTED EQUITY

	31-Dec-24		30-Jun-24	
	\$	No.	\$	No.
Fully paid ordinary shares	76,810,952	544,049,229	76,276,005	512,915,901
	76,810,952	544,049,229	76,276,005	512,915,901

Movement Reconciliation	Date	Issue Price	Quantity	\$
Balance 30 June 2024			512,915,901	76,276,005
Shares issued (i)	19/12/2024	\$0.018	31,133,328	560,400
Cost of placements				(25,453)
Balance 31 December 2024			544,049,229	76,810,952

- (i) During the period, the Company completed a placement, conducted in three tranches. The first tranche was completed on 19 December 2024 through the issue of 31,133,328 ordinary shares, raising \$560,400.

9. RESERVES

	31-Dec-24	30-Jun-24
	\$	\$
Performance rights reserve	41,020	-
	41,020	-

Movement Reconciliation		
Balance 30 June 2024	-	-
Vesting expenses relating to performance rights during the period (i)	41,020	-
Balance 31 December 2024	41,020	-

- (i) Refer Note 10 Share based payments for further detail on the performance rights.

NOTES TO FINANCIAL STATEMENTS

10. SHARE BASED PAYMENTS

	Number of Performance Rights	Share-based payment at 31-Dec-24	Remaining share- based payment expense at 31-Dec-24
Performance rights reserve	45,136,600	\$41,020	\$837,092
Total	45,136,600	\$41,020	\$837,092

Performance rights

Tranche	Vesting Condition	Grant Date		Expiry Date		Exercise Price	Balance at the start of period	Granted during period	Balance at the end of period
		Directors	Employees / Consultants	Directors	Employees / Consultants				
1	Announcement of entry into Memoranda of Understanding (MOU(s)) or equivalent for a minimum of 75% of gas supply (sufficient for Front End Engineering Design (FEED) entry)	29/11/24	9/12/24	28/11/29	08/12/29	Nil	-	3,927,470	3,927,470
2	Announcement of entry into Land Option to Lease and Water Supply Agreements	29/11/24	9/12/24	28/11/29	08/12/29	Nil	-	3,106,806	3,106,806
3	Announcement of entry into MOU(s) or equivalent for a minimum of 75% ammonia offtake (sufficient for FEED entry)	29/11/24	9/12/24	28/11/29	08/12/29	Nil	-	3,927,470	3,927,470
4	Announcement of entry into MOU(s) or equivalent for 100% CO2 sequestration	29/11/24	9/12/24	28/11/29	08/12/29	Nil	-	3,209,388	3,209,388
5	Announcement that the Board has made a decision to commence FEED	29/11/24	9/12/24	28/11/29	08/12/29	Nil	-	3,209,388	3,209,388
6	Announcement of entry into Gas Supply Agreements (sufficient for Final Investment Decision (FID))	29/11/24	9/12/24	28/11/29	08/12/29	Nil	-	3,927,470	3,927,470
7	Announcement of entry into Ammonia Offtake Agreements (sufficient for FID)	29/11/24	9/12/24	28/11/29	08/12/29	Nil	-	3,927,470	3,927,470
8	Announcement of entry into CO2 Sequestration Agreements	29/11/24	9/12/24	28/11/29	08/12/29	Nil	-	3,209,388	3,209,388
9	Announcement of entry into Financing Agreement(s) (sufficient for FID)	29/11/24	9/12/24	28/11/29	08/12/29	Nil	-	3,517,138	3,517,138
10	Announcement that primary environmental approvals have been received from relevant Government Agencies	29/11/24	9/12/24	28/11/29	08/12/29	Nil	-	2,491,306	2,491,306
11	Announcement that Board has made FID decision	29/11/24	9/12/24	28/11/29	08/12/29	Nil	-	3,209,388	3,209,388
12	Share Price above \$0.04 for 4 weeks (calculated as 20-day VWAP)	29/11/24	9/12/24	28/11/29	08/12/29	Nil	-	2,491,306	2,491,306
13	Share Price above \$0.08 for 4 weeks (calculated as 20-day VWAP)	29/11/24	9/12/24	28/11/29	08/12/29	Nil	-	2,491,306	2,491,306
14	Share Price above \$0.12 for 4 weeks (calculated as 20-day VWAP)	29/11/24	9/12/24	28/11/29	08/12/29	Nil	-	2,491,306	2,491,306
TOTAL							-	45,136,600	45,136,600

NOTES TO FINANCIAL STATEMENTS

The model and assumptions for the employee and consultant options are shown in the table below:

	Tranche 1-5		Tranche 6-11		Tranche 12		Tranche 13		Tranche 14	
	Directors	Employees / Consultants	Directors	Employees / Consultants	Directors	Employees	Directors	Employees	Directors	Employees
Grant Date	29/11/24	9/12/24	29/11/24	9/12/24	29/11/24	9/12/24	29/11/24	9/12/24	29/11/24	9/12/24
Backstop Date	31/12/25	31/12/25	31/12/26	31/12/26	31/12/26	31/12/26	31/12/26	31/12/26	31/12/26	31/12/26
Expiry Date	28/11/29	8/12/29	28/11/29	8/12/29	28/11/29	8/12/29	28/11/29	8/12/29	28/11/29	8/12/29
Exercise Price	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Share Price	\$0.021	\$0.021	\$0.021	\$0.021	\$0.021	\$0.021	\$0.021	\$0.021	\$0.021	\$0.021
Risk-free Rate	N/A	N/A	N/A	N/A	3.94%	3.83%	3.94%	3.83%	3.94%	3.83%
Volatility	N/A	N/A	N/A	N/A	100%	100%	100%	100%	100%	100%
Dividend yield	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Rights Issued	7,876,925	9,503,597	9,452,310	10,829,850	1,575,385	915,921	1,575,385	915,921	1,575,385	915,921
Value per Right	\$0.021	\$0.021	\$0.021	\$0.021	\$0.016	\$0.016	\$0.011	\$0.011	\$0.008	\$0.008
Probability	100%	100%	100%	100%	N/A	N/A	N/A	N/A	N/A	N/A
Total Fair Value of Rights	\$165,415	\$199,576	\$198,499	\$227,427	\$25,206	\$14,655	\$17,329	\$10,075	\$12,603	\$7,327

Tranche 1 to Tranche 11 performance rights are straight-forward, non-market-based performance rights, with no consideration upon achievement. Accordingly, the fair value of the performance rights is by direct reference to the share price on grant date. For the Directors, the grant date is deemed to be the date the performance rights were approved at the Annual General Meeting. For Employees and Consultants, the grant date is deemed to be the date offer letters were sent to each person.

Tranche 12 to Tranche 14 performance rights are market-based performance rights. Accordingly, the fair value of the performance rights has been determined using a hybrid up-and-in trinomial option pricing model with a Parisian barrier adjustment. The model takes into consideration that the Rights may vest at any time up until expiry, given that the 20-day VWAP of the Company's shares exceed the respective VWAP barrier for each tranche of Rights.

NOTES TO FINANCIAL STATEMENTS

11. SEGMENT REPORTING

Reportable Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing the performance of the operating segments, have been identified as the Board of Directors.

The Group operates two operating segments, mineral exploration in Australia, and the WAH₂ Project. This is the basis in which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Group.

(i) Segment performance

	Exploration Australia	WAH₂ Project	Total
31-Dec-24	\$	\$	\$
Other income			
Research and development income tax concession	43,777	363,780	407,557
Unallocated expenses net of unallocated income	-	-	2,408
Total segment other income			409,965

Reconciliation of segment results to net loss before tax

Amounts not included in segment results but reviewed by the Board

- Business development	-	(290,677)	(290,677)
- Exploration and evaluation expenditure	(221,247)	-	(221,247)
- Impairment of exploration and evaluation expenditure	(1,443)	-	(1,443)
- Corporate and administration expenses	-	-	(869,269)
Net loss before tax from continuing operations			(972,671)

	Exploration Australia	WAH₂ Project	Total
31-Dec-23	\$	\$	\$
Other income			
WA Graphite transaction with GCM	200,000	-	200,000
Government drilling co-funding	348,171	145,357	493,528
Unallocated expenses net of unallocated income	-	-	7,405
Total segment other income			700,933

Reconciliation of segment results to net loss before tax

Amounts not included in segment results but reviewed by the Board

- Business development	-	(175,040)	(175,040)
- Exploration and evaluation expenditure	(163,783)	-	(163,783)
- Impairment of exploration and evaluation expenditure	(145,722)	-	(145,722)
- Corporate and administration expenses	-	-	(568,425)
Net loss before tax from continuing operations			(352,037)

NOTES TO FINANCIAL STATEMENTS

(ii) Segment assets

	Exploration Australia	WAH ₂ Project	Total
	\$	\$	\$
31-Dec-24			
Segment assets	3,266,220	-	3,266,220
Unallocated assets			532,595
Total assets			3,798,815
30-Jun-24			
Segment assets	3,029,745	-	3,029,745
Unallocated assets			1,027,384
Total assets			4,057,129

(iii) Segment liabilities

	Exploration Australia	WAH ₂ Project	Total
	\$	\$	\$
31-Dec-24			
Segment liabilities	138,013	12,024	150,037
Unallocated liabilities			2,745,288
Total liabilities			2,895,325
30-Jun-24			
Segment liabilities	69,627	24,077	93,704
Unallocated liabilities			2,663,231
Total liabilities			2,756,935

12. 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.

Transactions with Related Parties

Charles Whitfield - Non-Executive Chairman

Drumrock Capital Ltd, an entity associated with Charles Whitfield, provided consulting services totaling \$42,500 to the Company during the financial period (2023: \$42,500).

An entity associated with Charles Whitfield is currently a creditor with respect to Ebony Energy for Director fees accrued prior to the acquisition. These rights have an audited book value in Ebony Energy's accounts at 31 December 2024 of \$195,085.

Philipp Kin - Non-Executive Director

Philipp Kin provided Consulting Services totaling \$5,000 to the Company during the period (2023: \$33,000).

During the period the Company issued performance rights to Directors and key management personnel, refer note 10: Share Based Payment.

There were no other transactions with related parties during the period.

NOTES TO FINANCIAL STATEMENTS

13. COMMITMENTS

Future exploration

The Group has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Group.

	31-Dec-24	30-Jun-24
	\$	\$
Exploration obligations to be undertaken:		
Payable within one year	668,579	578,085
Payable between one year and five years	49,616	128,301
	718,195	706,386

Other than the commitments noted above, there has been no other material change in the Group's commitments during the period.

14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets as at the date of this report.

15. DIVIDENDS & FRANKING CREDITS

There were no dividends paid or recommended during the period. There are no franking credits available to the shareholders of the Company.

16. SUBSEQUENT EVENTS

On 8 January 2025, the Company issued 5,555,556 ordinary fully paid shares at \$0.018 per share, raising \$100,000.

The Directors are not aware of any matters or circumstances at the date of the report, other than those referred to in this report or the financial statements or notes thereto, that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Company in subsequent financial years.

DIRECTORS' DECLARATION

The Directors are not aware of any matters or circumstances at the date of the report, other than those referred to in this report or the financial statements or notes thereto, that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Company in subsequent financial years.

In the Directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors



Charles Whitfield
Chairman
14 March 2025

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of NH3 Clean Energy Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of NH3 Clean Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- i. Giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the half-year ended on that date; and
- ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material uncertainty relating to going concern

We draw attention to Note 2(c) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

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

BDO Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'Neil Smith'. The signature is written in a cursive style with a large, looped 'N' and a long horizontal stroke extending to the right.

Neil Smith

Director

Perth, 14 March 2025