Neometals

A.C.N. 099 116 631

Half-Year Report

For the 6 months ended 31 December 2023

ASX: NMT | LSE: NMT
neometals.com.au

The directors of Neometals Ltd ("**Company**") ("**Neometals**") submit herewith the financial report of Neometals and its subsidiaries (together the **'Group'** or **'Consolidated Entity'**) for the half-year ended 31 December 2023. Pursuant to the provisions of the *Corporations Act 2001*, the directors report as follows:

The following persons were Directors of Neometals Ltd at the date of this report:

Mr Steven Cole
Mr Christopher Reed
Dr Natalia Streltsova
Mr Douglas Ritchie
Mr Les Guthrie
Dr Jennifer Purdie

All directors have served on the Board from the period 1 July 2023 to 31 December 2023.

REVIEW OF OPERATIONS

COMPANY OVERVIEW

Neometals is focussed on commercialising three environmentally-friendly processing technologies that produce critical and strategic battery materials at lowest quartile costs with minimal carbon footprint.

Through strong industry partnerships, Neometals is demonstrating the economic and environmental benefits of sustainably producing lithium, nickel, cobalt and vanadium from lithium-ion battery recycling and steel waste recovery. This reduces the reliance on traditional mine-based supply chains and creates more resilient, circular supply to support the energy transition.

The Company's three core business units are exploiting the technologies under principal, joint venture and licensing business models:

- Lithium-ion Battery ("**LiB**") Recycling (50% technology) – Commercialisation via Primobius GmbH JV (NMT 50% equity). All plants built by Primobius' co-owner (SMS group 50% equity), a 150-year-old German plant builder. Providing recycling service as principal in Germany and commenced plant supply and licensing activities as technology partner to Mercedes-Benz. Primobius targeting first commercial, fully integrated, 21,000tpa plant offer to Canadian company Stelco in the JunQ 2025;

- Lithium Chemicals (70% technology) – Commercialising patented ELi™ electrolysis process, co-owned 30% by Mineral Resources Ltd, to produce battery quality lithium hydroxide from brine and/or hard-rock feedstocks at lowest quartile operating costs. Co-funding Pilot Plant trials in 2023 with planned Demonstration Plant trials and evaluation studies in 2024 for potential 25,000tpa LiOH operation in Portugal; and

- Vanadium Recovery (100% technology) – aiming to produce high-purity vanadium pentoxide from processing of steelmaking by-product ("**Slag**") at lowest-quartile operating cost. Targeting partnerships with steel makers and participants in the vanadium chemical value chain under a low-risk, low-capex technology licensing business model.

Figure 1: *Location map of Neometals' Projects together with partner developments*

CORE BATTERY MATERIALS BUSINESS UNITS

Lithium Battery Recycling

Intellectual Property via ACN 630 589 507 Pty Ltd- NMT 50%, SMS 50%)
Commercialising via Primobius GmbH, NMT 50% SMS group GmbH 50%

Primobius GmbH ("**Primobius**") is the 50:50 incorporated joint venture established in 2020 to co-fund the commercialisation of the lithium-ion battery recycling technology ("**LiB Recycling Technology**") originally developed by Neometals.

The LiB Recycling Technology recovers materials contained in LiB production scrap and end-of-life cells that might otherwise be disposed of in land fill. Current LiB recycling processes predominantly rely on high carbon emission pyrometallurgy processes. Primobius' two stage process recovers nickel, cobalt, lithium and manganese battery materials (and physically recovers metals and plastics) into saleable products that can be reused in the LiB supply chain. The LiB Recycling Technology prioritises maximum safety, environmental sustainability, and product recoveries, to support the circular economy and decarbonisation.

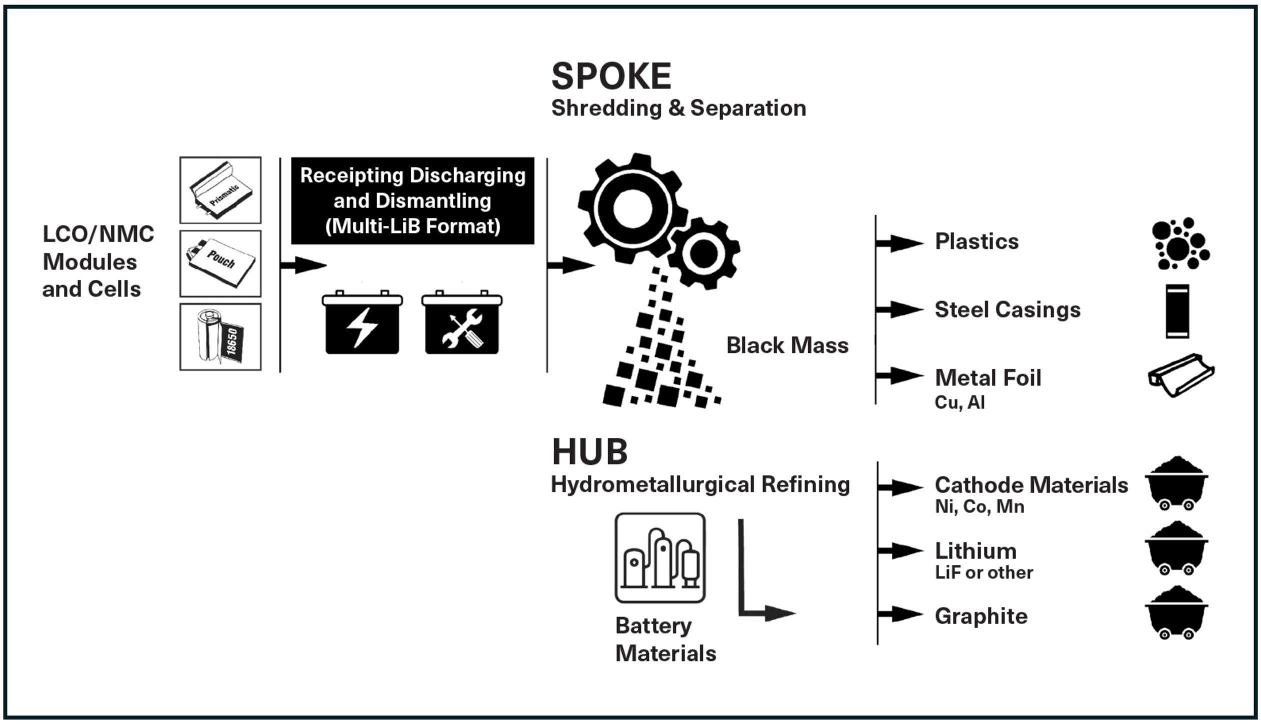


Figure 2 – *High level flowsheet showing the movement of materials from Shredding and Beneficiation ('Spoke') through to refining ('Hub') stages for the LiB Recycling Technology.*

Intellectual Property Status

During the period the LiB Recycling Technology IP holding company, ACN 630 589 507 Pty Ltd ("**ACN630**"), was granted three national phase patents (in Australia, Singapore and Eurasia). Fourteen other national phase patents are at various stages of prosecution globally.

Commercialisation Status

Primobius' current business model contemplates the following revenue sources:

1. Disposal fees (for LiBs supplied by multiple waste aggregators delivering predominantly whole modules) and sale of recovered products (metallic scrap, chemical intermediates and chemicals purchased by various recyclers and smelting customers) from its Disposal Operation in Hilchenbach, Germany;

2. Mechanical equipment and plant supply; and

3. Royalties from licensing proprietary, patented recycling process.

Hilchenbach Disposal Operation

The Spoke section of the demonstration plant in Hilchenbach Germany ("**Hilchenbach Spoke**") is providing commercial LiB disposal services and the hydrometallurgical refinery 'Hub' operates as a demonstration plant for discrete customer trials, research and development.

The Hilchenbach Spoke produces intermediate mixed nickel/cobalt product ("**Black Mass**"). The typical LiB contains approximately 48% Black Mass which Primobius is recovering at high levels and selling to a number of global offtakers on a spot basis with pricing set according to nickel and cobalt content.

Mechanical Equipment and Plant Supply

Primobius' key near-term commercial agreements are summarised below:

- A Cooperation Agreement with Mercedes-Benz's ("**Mercedes**") ("**Mercedes Cooperation**") for the engineering, equipment supply and installation for a 2,500tpa fully integrated, closed-loop recycling plant ("**Mercedes Pilot Plant**"), 5 year research, collaboration and development of an industrial-scale solution for Mercedes[1]; and
- Spoke and Hub equipment and plant supply agreements relating to the Mercedes Pilot Plant.

Technology Licensing

- Technology licensing and joint venture option agreements with a subsidiary of Stelco Inc. ("**Stelco**") ("**Stelco Agreements**") which plans to secure large volumes of end-of-life vehicles in North America for scrap steel and recycle LiBs, with offer of maiden 21,000tpa integrated plant ("**Stelco Spoke**" followed by "**Stelco Hub**") expected before 30 June 2025 [2].
- Three exclusive licences have been issued for Scandinavia, the Balkans and Italy to third-party licensees and one non-exclusive licence to the UK. Neometals is the largest individual shareholder in the licensees and ACN630 is entitled to receive a 10% gross revenue royalty from the technology licences.

Activity Summary

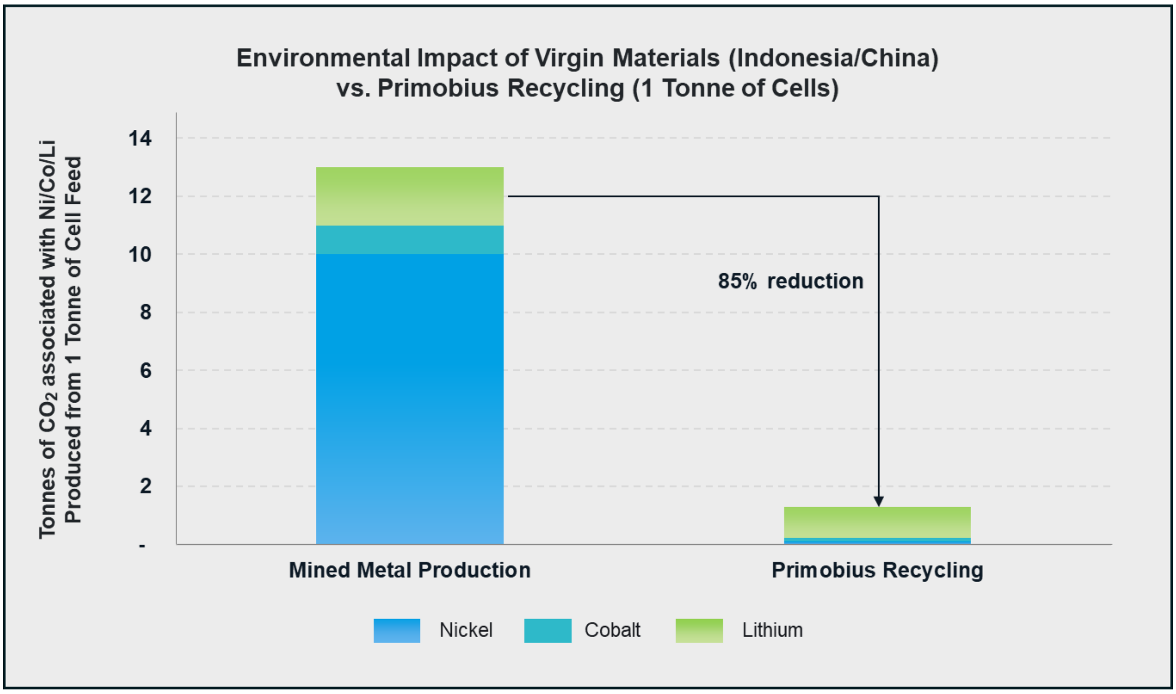
During the period, Primobius made significant technical and commercial progress highlighting its potential to produce battery materials with exceptionally low CO_2 footprint. It also received its second plant package purchase order from Mercedes subsequent to period end on 10 January 2024. The offer and award of mechanical equipment package plant supply agreements is underpinning a growing order book consistent with the Company's preferred plant supply and technology licensing/royalty business model. Primobius remains busy with evaluation, engineering and design activities associated with the above.

Significant activities comprised:

Technical

- Results of trials on a new lithium recovery option for Primobius Hub plant packages confirmed lithium (in precipitated lithium fluoride) recoveries exceeding 93% with purity of 95%. This process improvement option can replace Primobius' current lithium solvent-extraction circuit which produces lithium sulphate ("**$LiSO_4$**") and is expected to reduce both operating and capital costs. Lithium Fluoride has historically traded at a significant premium to lithium carbonate;
- LiB recycling demonstration trial generated battery-grade nickel sulphate exceeding Chinese cathode producer specifications from recycling EV batteries; and
- Positive results were announced from an independent ISO-compliant cradle-to-gate life cycle assessment ("**LCA**") completed by Minviro Ltd using detailed engineering data from operations and demonstration trials:
  - The LCA focused on Primobius' production of key battery materials (including lithium fluoride, nickel sulphate hexahydrate and cobalt sulphate heptahydrate) and confirmed its integrated hydrometallurgical refining process to have a significantly lower carbon footprint than incumbent production pathways in terms of global warming potential ("**GWP**"). Total GWP was confirmed to be approximately 85% lower than comparisons with predominant EV supply chains that start with primary mined nickel, cobalt and lithium sources.

[1] *(for full details refer to Neometals ASX announcement headlined "Cooperation Agreement with Mercedes Benz" released on 13th May 2022)*
[2] *(for full details refer to Neometals ASX announcement headlined "Primobius Commercial Update" released on 22nd December 2023)*



Adapted from Minviro 2023 LCA Report by NMT. Excludes minor/by-product footprints.
Source: NMT ECS (battery composition) and Minviro 2023 LCA report.

Figure 3 – *Comparison of GWP impact for producing key materials in Primobius' hydrometallurgical product 'basket' versus those same refined chemicals that originated from primary mined extraction. Refining data for chemicals was derived using Chinese (cobalt and lithium) and Indonesian (nickel) operating benchmarks which represent the largest manufacturing jurisdictions for the respective primary products.*

Commercial

- In January, Primobius was awarded a purchase order (value ~ €18.8M (~ A$30.8M)) from Mercedes for the supply of a hydrometallurgical refining Hub for installation at its Kuppenheim Pilot Plant operation in Germany. PO covers fabrication, installation and commissioning of the Hub which will refine intermediate products from the 2,500tpa shredding 'Spoke' currently being fabricated and installed;

- Primobius amended the technology licence and option agreements with 1340455 B.C. LTD, Stelco's lithium-ion battery recycling special purpose vehicle ("**Stelco SPV**"):

    - The changes reflect Stelco's preferred business case to start up as a fully-integrated operation (as opposed to staggered Spoke operations followed by Hub to make integrated facility) to provide the carmakers, who supply the end-of-life EVs, with a secure supply of key battery cathode chemicals. The option agreement amendment extends the option expiry date for Primobius to buy-in to Stelco SPV until 30 June 2025. The technology licence amendment changes the product offering from a shredding spoke to a hydrometallurgical refinery hub and the product readiness date to 30 June 2025. Primobius is working to achieve product readiness for its commercial spoke plants by April 2024. Primobius plans to offer a fully-integrated plant supply contract to the Stelco SPV (and other customers) in the June Q 2025 following completion of a detailed engineering study and final factory acceptance testing of the fully-integrated Mercedes-Benz 2,500tpa pilot plant; and

- Ongoing business development activities to build a global pipeline of potential future recycling plants.

Figure 4

Figure 5

Corporate

- Continued recruitment activities to expand the Primobius technical, operational, commercial and management teams in line with corporate milestones associated with offering mechanical plant and equipment package supply contracts as demand grows.
- Appointment of dedicated Primobius CEO, Dr Michel Siemon on 23 August 2023; and
- Appointment of former Mercedes and VW electric vehicle and battery recycling expert, Christian Reiche to lead Neometals' LiB recycling activities.

Figure 8 – LHS, newly appointed Primobius CEO, Michel Siemon and RHS Neometals newly appointed 'Head of Recycling', Christian Reiche

Lithium Chemicals
(Intellectual Property via Reed Advanced Materials Pty Ltd ("RAM") – NMT 70%, Mineral Resources Ltd 30%)
RAM co-funding pilot scale trials with Bondalti Chemicals SA (and related entity)

Neometals, through RAM, is commercialising its proprietary process (**ELi™ Processing Technology** ("**ELi™**")) to produce lithium hydroxide from lithium chloride solutions using electrolysis. Neometals has used ELi™ to convert lithium chloride solutions produced from both natural spodumene and brine feedstocks at semi-pilot scale. ELi™ has the flexibility to produce lithium hydroxide and lithium carbonate and at a significantly lower operating cost than for conventional commercial production processes. ELi's key economic advantage lies in the potential to replace costly, imported bulk reagents for traditional carbonation and causticising processing steps with electricity and low-cost internally generated reagents. RAM holds 19 granted patents in the hard rock and brine producing countries and has a further 12 pending patent applications.

Evaluation studies in 2016 and 2023 indicated the potential for ELi™ to significantly reduce the operating cost (~50%) and carbon footprint associated with production of lithium hydroxide from lithium brine sources.

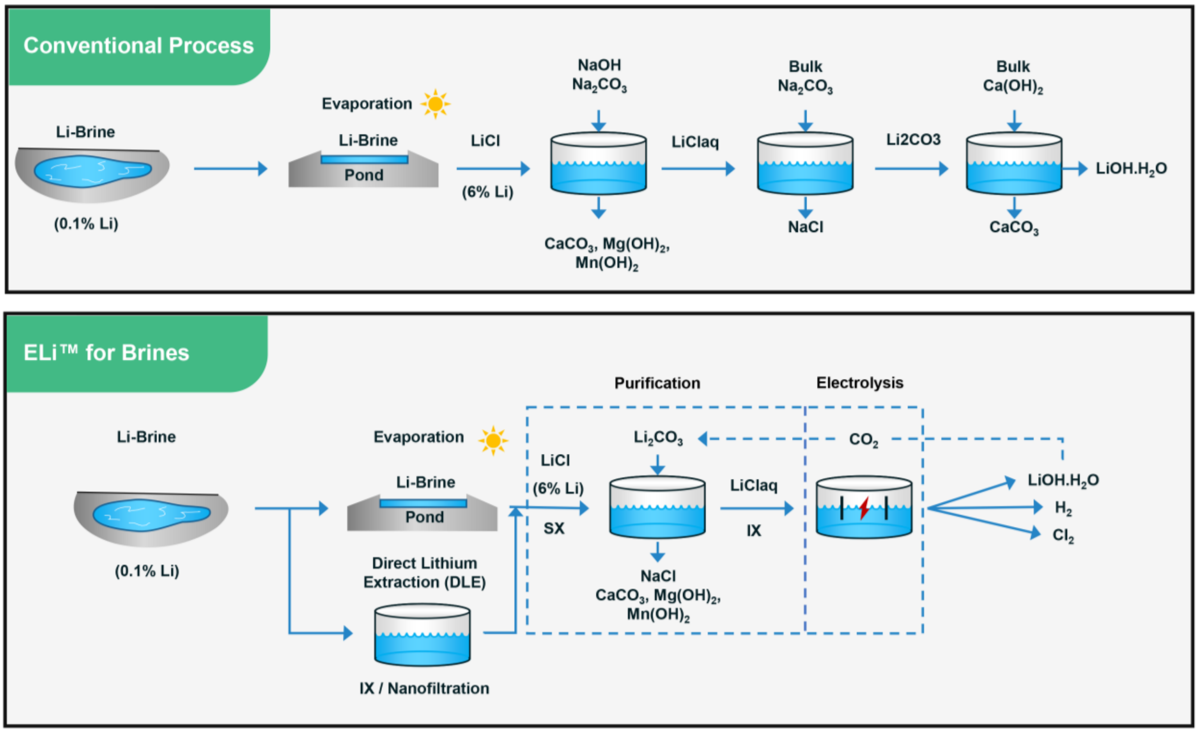


Figure 6 – *Schematic showing a comparison of the conventional flowsheet for the production of lithium hydroxide from brines with the patented Eli™ process.*

Intellectual Property Status

During the period RAM was granted a national phase patent in Argentina and advised of the intention to grant one patent in the USA. RAM holds 18 granted patents and 14 patents pending globally at various stages of prosecution across three patent families covering hard rock and brine feedstock flowsheets.

Commercialisation Status

Estarreja Lithium Refinery Project

In the December quarter 2021, RAM entered into a Co-operation Agreement ("**ELi Co-operation**") with Portugal's largest chlor-alkali producer, Bondalti Chemical SA. Bondalti is part of the Jose De Mello Group, one of Portugal's largest conglomerates, family controlled and founded in 1898. Bondalti and RAM have co-funded evaluation activities to assess the feasibility for construction and operation of a commercial-scale lithium refinery ("**Estarreja Lithium Refinery**" or "**ELR**"") adjacent to Bondalti's chlor-alkali operations in Estarreja, Portugal.

With the original Pilot Trial activities nearing conclusion, and Bondalti's parent incorporating a dedicated lithium subsidiary, Lifthium Energy SA ("**Lifthium**"), the Parties allowed the current ELi™ Cooperation to lapse on the 30th September 2023. RAM and Bondalti are continuing to co-fund the agreed Pilot Trials in parallel with advanced discussions for a new cooperation agreement which is intended to address the completion of evaluation activities, construction of a demonstration plant and Front-End Engineering and Design Study ("**ELi™ FEED Study**") as well as key commercial terms for licensing and operation.

Activity Summary

The ELR opportunity was progressed during the period with strong focus on Pilot Trial activities and sourcing feedstocks for future demonstration and longer-term commercial operations. A report based on trial results to provide an updated to the Class 3 engineering and cost study ("**Cl.3 ECS**") will be prepared following Pilot Trials.

Technical

- Completed Pilot Trials comprising 3 stages being 'purification', 'electrolysis' and 'crystallisation'. The purification test-work at SGS in Canada (processing concentrated and purified salar brine (6% Li basis)) was completed during the period and preparations are underway for the follow-on electrolysis stage;
- The purification testwork, conducted on a salar brine feed source, confirmed earlier bench-scale testing by removing >97% of brine feed source impurities. The result is the production of a purified brine solution that is suitable feed for the subsequent Pilot Trial electrolysis stage; and

Commercial

- Commercial dialogues were progressed with aspiring and existing producers of lithium brine concentrates to develop terms of supply to the ELR. This included ongoing discussions with the commercial brine source feed suppliers to the planned Demonstration Plant;
- Commercial discussions progressed with potential lithium hydroxide offtake partners for the ELR; and
- Commercial discussions with potential ELi licensees in areas outside Portugal and Spain.

Corporate

- Advanced negotiations for a new Cooperation Agreement with Lifthium Energy SA to replace the expired RAM-Bondalti Cooperation Agreement and to reflect the current status of activities and the parties' commercial intentions.

Vanadium Recovery
(Intellectual Property via Avanti Materials Ltd – NMT 100%)
Commercialising via Recycling Industries Scandinavia AB ("RISAB") – 72.5% NMT

Neometals is commercialising its sustainable, proprietary vanadium recovery process ("**VRP Technology**") to produce vanadium products for battery and aerospace alloying applications from stockpiles of vanadium-bearing steel making by-product. The unique selling points of the technology are:

- A processing flowsheet utilising conventional equipment at atmospheric pressure, mild-temperatures, and non-exotic materials of construction (refer to figure 7);
- Potential lowest-quartile operating costs[3] from processing steelmaking slags without upstream mining costs/risk/carbon footprint (refer to figure 8); and
- Likely very low or net zero greenhouse gas footprint given the absence of mining and a processing route requiring the mineral sequestration of CO_2 into a potentially saleable carbonate by-product which sequesters CO_2 (refer to figure 9).

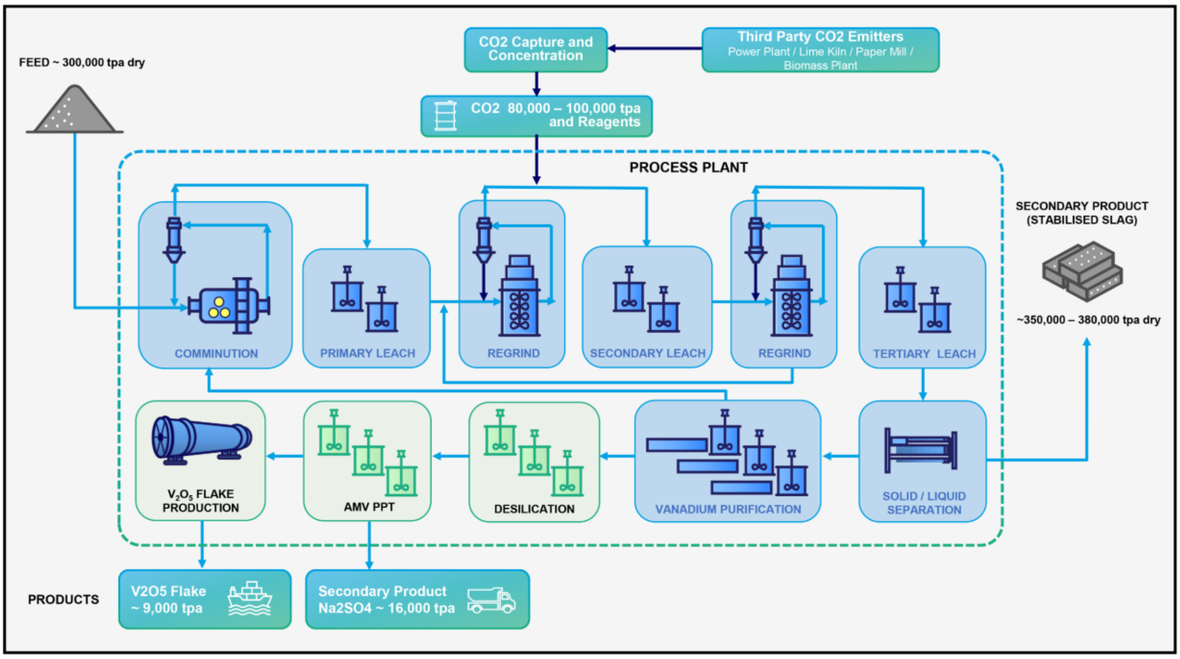
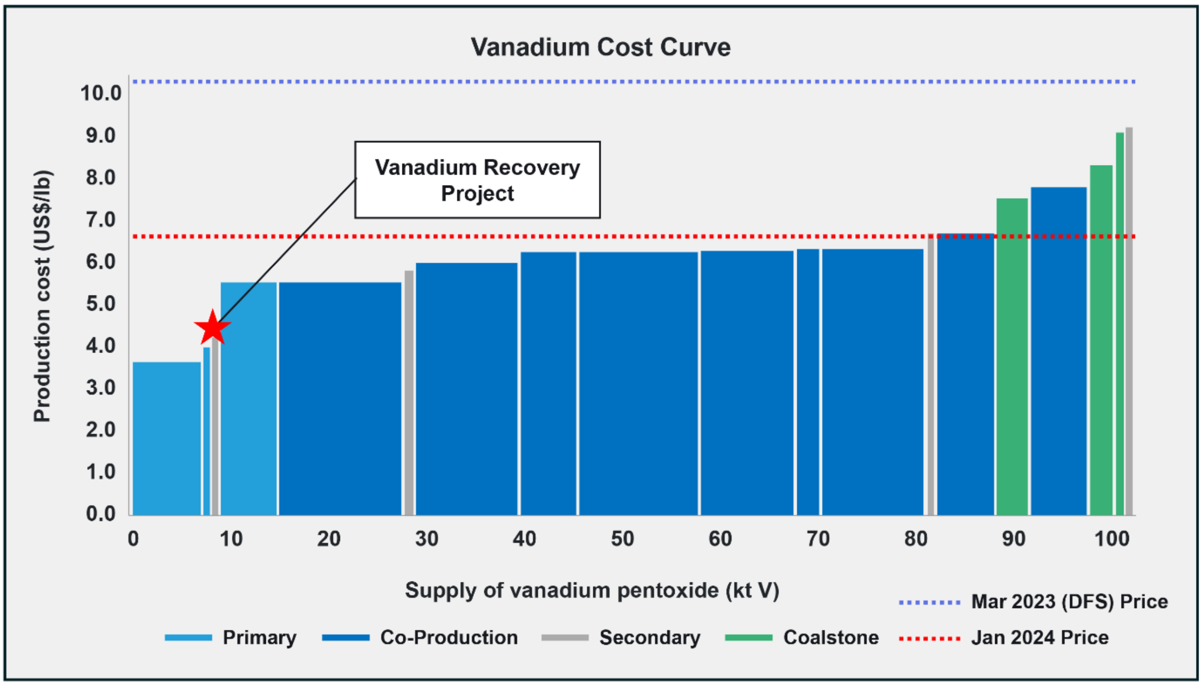


Figure 7 – *High level flowsheet of Neometals VRP Technology.*

[3] *(for full details refer to Neometals ASX announcement headlined "Vanadium Recovery Project Delivers Strong Feasibility Results" released on 8th March 2023).*



Source: Wood Mackenzie

Figure 8 – *Vanadium Cost Curve.*

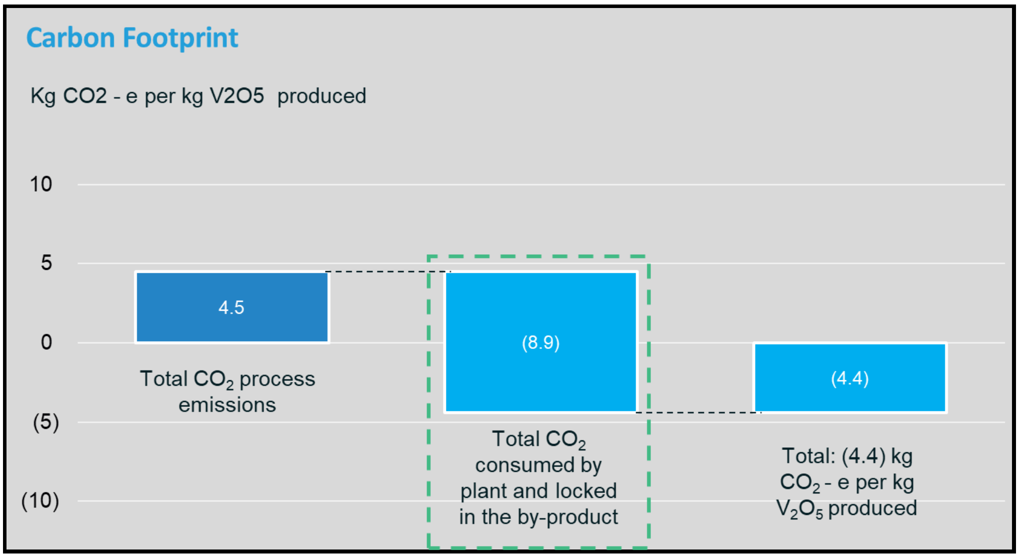


Figure 9 – *Carbon Footprint for VRP1 at Pori, Finland highlighting benefit of sequestering CO2 in by-product.*

Intellectual Property Status

During the period the Vanadium Recovery IP holding company, Avanti Materials Ltd, had a request for national phase examinations of its foundation patent from two countries and has separately lodged an additional national phase patent for the recovery of Vanadium from leach residues in 10 countries.

Commercialisation Status

Vanadium Recovery Project 1 - Finland

Neometals and unlisted Scandinavian-focused explorer, Critical Metals Ltd ("**Critical**"), are jointly evaluating the feasibility of recovering high-purity vanadium pentoxide ("**V_2O_5**") from high-grade vanadium-bearing steel by-product ("**Slag**") in Scandinavia. Neometals has funded and managed evaluation activities earning a 72.5% interest in an incorporated JV RISAB with Critical.

In March 2023, Neometals announced results of a feasibility study ("**VRP1 FS**") based on the AACE® Class 3 engineering cost study completed by Nordic engineering group Sweco Industry OY. The VRP1 FS confirmed the potential for lowest-quartile operating costs in a high-purity vanadium chemical operation with a low-to-negative carbon footprint[4].

A take-or-pay offtake agreement has been struck with Glencore International AG and the VRP1 is at the financing stage ahead of a decision to construct and produce high-purity vanadium pentoxide from high-grade vanadium-bearing steel making by-product ("**Slag**") under a feedstock supply agreement with SSAB EMEA AB and SSAB Europe Oy (collectively "**SSAB**").

During the period Neometals provided notice to its partner in the VRP1 project confirming it does not wish to proceed with providing equity for the construction of a slag processing facility in Finland.

Neometals has requested that RISAB consider alternative methods of funding, including outright sale of the VRP1 project holding company. Neometals has reverted to a technology licensing business model to commercialise its proprietary VRP Technology. Neometals is engaging directly with potential technology licensing partners as well as assisting RISAB in the process of seeking funding for the project.

While RISAB continues to evaluate funding alternatives for the project the European Investment Bank has approved provision of debt financing for the project and Business Finland has approved the provision of a 15 million Euro grant. Both are conditional on equity financing stream and other condition precedents applicable to transactions of this type.

UPSTREAM – MINERAL EXTRACTION

Barrambie Titanium/Vanadium Project
(Neometals 100%)

The Barrambie Vanadium and Titanium Project in Western Australia ("**Barrambie**") is one of the largest vanadiferous-titanomagnetite ("**VTM**") Mineral Resources globally (280.1Mt at 9.18% TiO_2 and 0.44% V_2O_5), containing the world's second highest-grade hard rock titanium Mineral Resource (53.6Mt at 21.17% TiO_2 and 0.63% V_2O_5) and high-grade vanadium resource (64.9Mt at 0.82% V_2O_5 and 16.9% TiO_2) subsets (referred to as the Eastern and Central Bands respectively) based on the latest Neometals 2018 Mineral Resource Estimate[4].

Barrambie is located approximately 80km north-west of Sandstone in Western Australia ("**WA**") and the Mineral Resource is secured under a granted mining lease. Neometals secured environmental approval in 2012 to mine and construct a 3.2 Mtpa processing plant (Ministerial Statement 911), extended the timeframe for implementation in 2019 (Ministerial Statement 1119) and is currently in the process of securing a further extension of the timeframe for project implementation. The project also has a granted mining proposal to extract approximately 1.2Mtpa of mineralisation.

The current stage of development sees Neometals deeply engaged with third-party titanium producers and mining services companies in relation to offtake, equity investment and contract mine-to-port solutions.

Activity Summary

During the period the following activities were undertaken:

Technical

- Metallurgical variability assessments completed in relation to comminution and grind size determination completed. Bulk metallurgical variability assessments temporarily paused;
- Regional exploration completed across Barrambie tenure to maintain tenements in good standing;
- Completion of seismic surveys, rehabilitation of drill lines, soil analysis and rock chip sampling, and a geological database risk assessment;
- Flora and vegetation studies continued during the period. Field programs to assess the potential of saline water prospects continued with next steps dependant on cultural heritage surveys. Baseline monitoring including dust, weather and water table depth continues; and
- 3 day on-country meeting held with Yugunga-Nya community and elders to discuss the project and request cultural heritage surveys.

Commercial

During the period, Neometals announced that its wholly owned subsidiary Australian Titanium Pty Ltd was unable to advance from offtake term sheet to binding take or pay offtake agreement with Jiuxing Titanium Materials Co ("Jiuxing"). The parties were unable to agree mutually acceptable terms in relation to offtake and equity funding. Regrettably, the broader macroeconomic backdrop has required Jiuxing to adjust its production plans and shelve further Barrambie related activities. The Company is continuing its engagement with third-party titanium producers and mining services companies in relation to offtake, equity investment and contract mine-to-port solutions.

Corporate

In parallel with its evaluation and commercial activities, Neometals continues to assess the optimal strategy to return Barrambie value to shareholders. This includes ongoing engagement with third-party titanium producers and mining services companies in relation to offtake, equity investment and contract mine-to-port solution.

[4] *(for full details refer to ASX announcement headlined "Barrambie Project - Mineral Resource Update" released on 17 April 2018 and Table 1 (Appendix 1)*

CORPORATE

Financial

Redivium Limited (ASX:RIL) (formerly Hannans Ltd) (Lithium-ion Battery Recycling)

As at 31 December 2023 Neometals held 879,812,014 ordinary fully paid shares (~26% of the issued capital) in RIL on an undiluted basis. RIL holds exclusive technology licences to Neometals' original LiB Recycling Technology in Italy and the Balkans, a non-exclusive licence in the United Kingdom and it is earning a 50% interest in an exclusive licence for Scandinavia held by Critical Metals Limited.

Critical Metals Ltd (Unlisted, Scandinavian Lithium/Cobalt/Base Metals)

Neometals holds ~18.4% of unlisted public company Critical Metals Ltd, a company which holds an exclusive licence to Neometals' original LiB Recycling Technology in Scandinavia and 27.5% interest in RISAB. During the period, Neometals reviewed the carrying value of the investment in Critical Metals Ltd. The assessment resulted in a fair value adjustment of the carrying value down to nil as at 31 December 2023. Neometals will continue to monitor the company's progress and assess whether impairment reversals may occur in future reporting periods.

Other Investments

The market value of the Company's other investments as at 31 December 2023 totalled $2.4 million. This excludes the abovementioned investments in Redivium and Critical Metals Ltd.

Finances

Cash and term deposits on hand as of 31 December 2023 totalled A$19.4 million. The Company has net receivables and investments totalling approximately $15.4 million.

During the December Quarter the Company initiated various austerity measures. There has been a reduction in both administration costs and head count, with administration and corporate costs down 19% quarter on quarter. In addition, the Directors and Key Management Personnel have agreed to a decrease in Non-Executive Director fees by 20% from 1 January and the removal of STI arrangements for FY24.

Issued Capital

During the period the Company issued:

- 6,060,793 ordinary shares to eligible employees, consultants and Non-executive Directors following the vesting and exercise of performance rights pursuant to the Neometals Ltd performance rights plan (2022: 4,364,781).
- 4,375,765 performance rights to Neometals employees, consultants and Non-executive Directors (2022: 1,705,325) for nil cash consideration.
- 63,888,347 ordinary shares were issued through a capital raise during the period (2022: nil).

During the period 754,650 performance rights were cancelled relating to Neometals employees (2022: nil). 1,186,779 performance rights lapsed relating to Neometals employees (2022: 956,432).

The total number of shares on issue as at 31 December 2023 was 622,690,316.

Dividends

Dividends issued during the half year period: nil (2022: nil).

Events Subsequent to Balance Date

On 10 January 2024, Neometals announced that Primobius had received a purchase order from Mercedes-Benz for the hydrometallurgical hub plant to complete its lithium-ion battery recycling facility.

Subsequent to reporting date, the Company has commenced workstreams to rationalise expenditure on upstream mineral portfolio, which may lead to the divestment of certain non-core assets.

No other matters have arisen since 31 December 2023 that would be likely to materially affect the operations of the Group, or its state of affairs which have not otherwise been disclosed in this financial report.

Compliance Statement

The information in this report that relates to Mineral Resource Estimates for the Barrambie Vanadium/Titanium Project is extracted from the ASX Announcement listed below, which is also available on the Company's website at www.neometals.com.au.

17/04/2018	Barrambie – Updated Barrambie Mineral Resource Estimate

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified form the original market announcements.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 14 of the half-year report.

Signed in accordance with a resolution of the directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the directors,

CReed.

Christopher Reed
Managing Director
Perth, 14 March 2024

Deloitte Touche Tohmatsu
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The Board of Directors
Neometals Ltd
Level 1/1292 Hay Street
West Perth WA 6005

14 March 2024

Dear Board Members

Auditor's Independence Declaration to Neometals Ltd

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Neometals Ltd.

As lead audit partner for the review of the financial statements of Neometals Ltd for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Peter Rupp
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Independent Auditor's Review Report to the to the members of Neometals Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Neometals Ltd (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2023, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of material accounting policies and other explanatory information, and the directors' declaration as set out on pages 17 to 36.

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:

- Giving a true and fair view of the Group's financial position as at 31 December 2023 and of 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.*

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 Half-year Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Directors' Responsibilities for the Half-year Financial Report

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

Auditor's Responsibilities for the Review of the Half-year Financial Report

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

Deloitte.

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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Peter Rupp
Partner
Chartered Accountants
Perth, 14 March 2024

Directors' declaration

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

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

On behalf of the Directors

Christopher Reed
Managing Director
14 March 2024

Condensed consolidated statement of profit or loss and other comprehensive income

for the half-year ended 31 December 2023

		31 Dec 2023 $	31 Dec 2022 $
Continuing operations			
Foreign exchange (loss)/gain		(168,027)	2,701
Interest income		296,408	491,101
Other income		5,562	84,296
Employee expenses		(4,343,873)	(5,297,909)
Depreciation expenses		(244,813)	(241,562)
Finance costs		(34,397)	(6,637)
Occupancy expenses		(129,066)	(98,429)
Marketing expenses		(148,408)	(235,679)
Other expenses		(2,965,017)	(2,911,503)
Research and development		(225,955)	(2,219,743)
Fair value adjustment of non-listed investments	7	(3,180,000)	-
Impairment expense on investment in associate	5	(3,249,808)	-
Impairment of loan to Joint Ventures	6	(2,329,458)	(1,629,660)
Loss on disposal of subsidiary		-	(212,473)
Write-off of abandoned patents		(493,899)	-
Share of loss in associates	5	(269,439)	(555,868)
Share of loss in Joint Ventures	6	(3,843,874)	(865,687)
Loss before income tax		**(21,324,064)**	**(13,697,052)**
Income tax benefit		316,579	782,903
Loss for the period from continuing operations		**(21,007,485)**	**(12,914,149)**
Other comprehensive income		**-**	**-**
Total comprehensive loss for the period		**(21,007,485)**	**(12,914,149)**
Loss per share			
From continuing operations:			
Basic (cents per share)	10	**(3.73)**	**(2.34)**
Diluted (cents per share)	10	**(3.73)**	**(2.34)**

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

Condensed consolidated statement of financial position

as at 31 December 2023

	Note	31 Dec 2023 $	30 June 2023 $
Current assets			
Cash and cash equivalents		19,361,121	24,438,695
Trade and other receivables		2,403,462	2,031,604
Other financial assets	7	467,939	763,650
Total current assets		**22,232,522**	**27,233,949**
Non-current assets			
Property, plant and equipment		821,321	877,269
Exploration and evaluation expenditure	4	49,917,797	47,364,711
Intangible assets		217,687	945,994
Investment in joint ventures	6	4,399,570	5,449,045
Investment in associates	5	6,158,686	9,677,933
Other financial assets	7	2,178,971	5,298,971
Right of use assets	13	756,280	895,690
Total non-current assets		**64,450,312**	**70,509,613**
Total assets		**86,682,834**	**97,743,562**
Current liabilities			
Trade and other payables		726,782	2,190,866
Provisions		950,161	1,021,613
Lease liability	13	304,817	285,625
Total current liabilities		**1,981,760**	**3,498,104**
Non-current liabilities			
Provisions		51,508	72,685
Lease liability	13	505,836	652,049
Total non-current liabilities		**557,344**	**724,734**
Total liabilities		**2,539,104**	**4,222,838**
Net assets		**84,143,730**	**93,520,724**
Equity			
Issued capital	8	158,705,764	146,234,171
Reserves	9	1,939,449	10,835,122
Accumulated losses		(76,501,483)	(63,548,569)
Total equity		**84,143,730**	**93,520,724**

This condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Condensed consolidated statement of changes in equity

for the half-year ended 31 December 2023

	Issued Capital $	Investment revaluation reserve $	Other equity reserve $	Share based payments reserve $	Accumulated losses $	Total $
Balance as at 01/07/22	145,564,286	1,019,637	300,349	8,455,957	(28,744,200)	126,596,029
Loss for the period	-	-	-	-	(12,914,149)	(12,914,149)
Total comprehensive income for the period	-	-	-	-	**(12,914,149)**	**(12,914,149)**
Recognition of share-based payments	-	-	-	935,908	-	935,908
Recognition of issue of shares under the employee rights plan	688,259	-	-	(688,259)	-	-
Share issue costs, net of tax	(18,374)	-	-	-	-	(18,374)
Balance at 31/12/22	**146,234,171**	**1,019,637**	**300,349**	**8,703,606**	**(41,658,349)**	**114,599,414**
Balance as at 01/07/23	**146,234,171**	**1,019,637**	**300,349**	**9,515,136**	**(63,548,569)**	**93,520,724**
Loss for the period	-	-	-	-	(21,007,485)	(21,007,485)
Total comprehensive income for the period	-	-	-	-	(21,007,485)	(21,007,485)
Issue of share capital	12,131,024	-	-	-	-	12,131,024
Recognition of share-based payments	-	-	-	436,377	-	436,377
Recognition of issue of shares under the employee rights plan	1,277,479	-	-	(1,277,479)	-	-
Share issue costs	(936,910)	-	-	-	-	(936,910)
Historic reserve clearing (note 9)	-	(1,019,637)	(300,349)	(6,734,585)	8,054,571	-
Balance at 31/12/23	**158,705,764**	**-**	**-**	**1,939,449**	**(76,501,483)**	**84,143,730**

This condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed consolidated statement of cash flows

for the half-year ended 31 December 2023

	31 Dec 2023 $	31 Dec 2022 $
Cash flows from operating activities		
Research and development refund	591,752	-
Payments to suppliers and employees	(8,900,298)	(11,978,189)
Net cash used in operating activities	(8,308,546)	(11,978,189)
Cash flows from investing activities		
Payments for exploration and evaluation	(2,854,258)	(2,824,055)
Payments for intangible assets	(26,598)	(114,779)
Payment for property, plant & equipment	(35,097)	(192,622)
Payments for equity investments	(60,000)	(200,000)
Proceeds from equity investments	134,060	128,672
Interest received	296,408	339,446
Capital contributions to joint ventures	(3,929,900)	(1,457,960)
Loan to joint venture	(1,143,957)	(1,178,605)
Shares purchased in associate	-	(694,515)
Net cash used in investing activities	(7,619,342)	(6,194,418)
Cash flows from financing activities		
Interest and other finance costs paid	(34,397)	(5,207)
Transaction costs related to issues of shares	(936,910)	(18,374)
Lease Payments	(141,377)	(187,050)
Capital Raising	12,131,024	-
Net cash received / (used) in financing activities	11,018,340	(210,631)
Net decrease in cash and cash equivalents	(4,909,548)	(18,383,238)
Cash and cash equivalents at the beginning of the period	24,438,695	60,158,159
Effects of exchange rate changes on the balance of cash held in foreign currencies	(168,026)	3,023
Cash and cash equivalents at the end of the period	19,361,121	41,777,944

This condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Index to notes to the condensed consolidated financial statements

Notes to the condensed consolidated financial statements

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2023 annual financial report for the financial year ended 30 June 2023. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Comparative information

The cashflow in respect of lease payments in the prior year has been reclassified as a cash outflow from financing activities in the statement of cashflows to align with the requirements of *AASB 107 Statement of Cashflows*.

New accounting standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and are effective for the current financial reporting period. These standards did not have any significant impact on the Group's financial statements.

Going Concern

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

The Group incurred losses from continuing operations of $21,007,485 (31 Dec 2022: $12,914,149) and experienced net cash outflows from operating and investing activities of $15,927,888 (31 Dec 2022: $18,172,607) for the half year ended 31 December 2023. As at 31 December 2023 the Group had cash and cash equivalents of $19,361,122 (30 June 2022: $24,438,695).

In November and December 2023, the Group conducted a capital raise which generated a total of $12.1m before costs.

The Group has prepared a cash flow forecast for the period ending 31 March 2025 which incorporates all non-discretionary expenditure to advance the Group's projects. Other than the Group's continuing contributions to the Primobius Joint Venture, the revised cash flow forecast does not assume that development activities in relation to the Group's remaining projects commence in the period ending 31 March 2025.

Accordingly, the directors believe that the going concern basis of preparation is appropriate.

2. Segment information

Basis for segmentation:

AASB 8 Operating Segments requires the presentation of information based on the components of the Group that management regularly reviews for its operational decision making. This review process is carried out by the chief operating decision maker ("**CODM**") for the purpose of allocating resources and assessing the performance of each segment. The amounts reported for each operating segment is the same measure reviewed by the CODM in allocating resources and assessing performance of that segment.

For management purposes the Company operates under three reportable operating segments comprised of the Company's lithium, titanium/vanadium and 'other' segments. The lithium, titanium/vanadium and 'other' operating segments are separately identified given they possess different competitive and operating risks, and meet the quantitative criteria as set out in AASB 8. The 'other' segments category is the aggregation of all remaining operating segments given sufficient reportable operating segments have been identified.

2. Segment information (continued)

For the six months ended 31 December 2023

Reportable operating segments	Lithium $	Titanium & Vanadium $	Other $	Corporate $	Total $
Other income	-	-	-	301,970	301,970
Impairment of Joint Venture and associates	-	-	(8,759,266)	-	(8,759,266)
Loss on disposal of subsidiary	-	-	-	-	-
Share of Loss of JV and associates	(2,111,867)	(1,732,008)	(269,439)	-	(4,113,314)
Depreciation	-	(96,147)	-	(148,664)	(244,811)
Total expenses	(408,470)	(1,060,144)	(162,324)	(6,877,705)	(8,508,643)
Profit/(loss) before tax	(2,520,337)	(2,888,299)	(9,191,029)	(6,724,399)	(21,324,064)
Income tax benefit	-	-	-	316,579	316,579
Consolidated loss after tax	(2,520,337)	(2,888,299)	(9,191,029)	(6,407,820)	(21,007,485)

As at 31 December 2023

Reportable operating segments	Lithium $	Titanium & Vanadium $	Other $	Corporate $	Total $
Increase/(decrease) in segment assets	(1,497,541)	2,052,351	(6,934,960)	(4,680,577)	(11,060,727)
Total segment assets	4,502,949	50,849,274	8,356,670	22,973,941	86,682,834
Total assets	4,502,949	50,849,274	8,356,670	22,973,941	86,682,834

2. Segment information (continued)

For the six months ended 31 December 2022

Reportable operating segments	Lithium $	Titanium & Vanadium $	Other $	Corporate $	Total $
Other income	-	-	84,297	491,101	575,398
Impairment of loan to Joint Venture	(1,629,660)	-	-	-	(1,629,660)
Loss on disposal of subsidiary	(212,473)	-	-	-	(212,473)
Share of Loss of JV and associates	(865,687)	-	(555,868)	-	(1,421,555)
Depreciation	-	(48,214)	-	(193,348)	(241,562)
Total expenses	(12)	(2,125,467)	(1,357)	(8,640,364)	(10,767,200)
Profit/(loss) before tax	(2,707,832)	(2,173,681)	(472,928)	(8,342,611)	(13,697,052)
Income tax benefit	-	-	-	782,903	782,903
Consolidated loss after tax	(2,707,832)	(2,173,681)	(472,928)	(7,559,708)	(12,914,149)

As at 30 June 2023

Reportable operating segments	Lithium $	Titanium & Vanadium $	Other $	Corporate $	Total $
Increase/(decrease) in segment assets	(309,905)	6,414,392	(6,544,926)	(32,856,539)	(33,296,978)
Total segment assets	6,000,490	48,796,923	15,291,630	27,654,518	97,743,561
Total assets	6,000,490	48,796,923	15,291,630	27,654,518	97,743,561

3. Dividends

No dividends were paid to the holders of fully paid ordinary shares during the half-year period (31 December 2022: nil).

4. Exploration and evaluation expenditure

	31 December 2023 $	30 June 2023 $
Opening carrying value	47,364,711	41,415,749
Additions	2,553,086	5,948,962
Closing carrying value	**49,917,797**	**47,364,711**

The recovery of exploration expenditure carried forward is dependent upon the discovery of commercially viable mineral and other natural resource deposits, their development and exploration, or alternatively their sale.

5. Investment in associates

Name of operation	Principal activity	Interest	
		31 December 2023	30 June 2023
		%	%
Redivium Limited (formerly Hannans Ltd) [(i)]	Lithium-ion battery recycling	26.04	26.09

The Consolidated Entity's interest in assets employed in the above associate is detailed below.

(i) Redivium Limited

The associate is accounted for using the equity method in this condensed consolidated financial report.

Summarised financial information for the associate:

	31 December 2023	30 June 2023
	$	$
Opening carrying value of investment in associate	**9,677,933**	**13,668,977**
Shares purchased	-	694,515
Share of loss of associate recognised in profit or loss[(i)(ii)]	(269,439)	(3,412,514)
Impairment expense [(iii)(iv)]	(3,249,808)	(1,273,045)
Closing carrying value of investment in associate	**6,158,686**	**9,677,933**

(i) The equity accounted share of the associate's loss is credited against the carrying value of the investment in the associate.

(ii) Share of loss at 31 December 2022 was $555,868.

(iii) In the current financial year, the impairment value of the investment in associate has been impaired down to its carrying value on per share basis in December 2023 resulting in a $3,249,808 expense (2022: nil).

(iv) The fair value of the Groups investment in Redivium as at 31 December 2023 on a per share basis is $ 6,158,684 (30 June 2023: $9,677,932).

Shares held in associate are set out in the table below.

	31 December 2023	30 June 2023
	No.	No.
Shares held in Redivium Limited	879,812,014	879,812,014

6. Investment in joint venture

Name of operation	Principal activity	Interest	
		31 December 2023	**30 June 2023**
		%	**%**
Primobius GmbH [i]	Lithium Battery Recycling	50	50

The above joint venture is accounted for using the equity method in this condensed consolidated financial report.

(i) Primobius GmbH

On 31 July 2020, Neometals and SMS group GmbH entered into a formal agreement to establish a 50:50 JV (‘Primobius GmbH’) to commercialise Neometals proprietary lithium battery recycling process.

Summarised financial information for the joint venture:	**31 December 2023 $**	**30 June 2023 $**
Opening balance of investment in joint venture	**4,699,280**	**5,458,508**
Capital contributions	1,655,355	3,091,947
Share of loss of joint venture recognised in profit or loss	(2,017,837)	(3,851,175)
Carrying value of investment in the joint venture	**4,336,798**	**4,699,280**

Primobius GmbH Summary Balance Sheet	**31 December 2023 $**	**30 June 2023 $**
Current assets[a]	3,206,383	6,200,733
Non-current assets	7,492,453	8,667,753
Current liabilities	(1,966,551)	(5,307,806)
Non-current liabilities	-	-

Primobius GmbH Summary Profit and Loss	**31 December 2023 $**	**31 December 2022 $**
Revenue	10,046,725	207,848
Expenses[b]	(14,082,400)	(2,083,846)
Loss from continuing operations	**(4,035,675)**	**(1,875,998)**
Share of loss of joint venture recognised in profit or loss	**(2,017,837)**	**(937,999)**

(a) The current asset balance is inclusive of cash and cash equivalents of $3,090,381 (30 June 2023: 5,566,896)

(b) The expenses balance is inclusive of depreciation of $1,265,322 (31 December 2022: 758,033)

6. Investment in joint venture (continued)

Name of operation	**Principal activity**	**Interest**	
		31 December 2023	**30 June 2023**
		%	**%**
Reed Advanced Materials Pty Ltd(ii)	Evaluation of lithium hydroxide process	70	70

The above joint venture is accounted for using the equity method in this consolidated financial report.

(ii) Reed Advanced Materials Pty Ltd

On 6 October 2015 Neometals and PMI entered into a shareholders agreement for the purposes of establishing and operating a joint venture arrangement through RAM to operate a business of researching, designing and developing the capabilities and technology relating to the processing of lithium hydroxide. Following the execution of the shareholders agreement RAM was held 70:30 between Neometals and PMI.

Summarised financial information for the joint venture:	**31 December 2023 $**	**30 June 2023 $**
Carrying value of investment in the joint venture	1	1
Opening loan to joint venture	-	350,000
Loan to joint venture during the period	1,143,957	2,366,703
Impairment of loan to joint venture	(1,143,957)	(2,716,703)
Closing loan to joint venture	**-**	**-**
Share of loss of joint venture not recognised in profit or loss	**(1,449,855)**	(1,532,266)

Reed Advanced Materials Pty Ltd Summary Balance Sheet	**31 December 2023 $**	**30 June 2023 $**
Current assets	1,723,503	1,332,031
Non-current assets	558,647	678,909
Current liabilities	(625,085)	(46,052)
Non-current liabilities	(7,696,794)	(6,062,571)

Reed Advanced Materials Pty Ltd Summary Profit and Loss	**31 December 2023 $**	**31 December 2022 $**
Revenue	-	-
Expenses	(1,942,046)	(1,816,747)
Loss from continuing operations	**(1,942,046)**	**(1,816,747)**
Share of loss of joint venture recognised in profit or loss	**(1,359,432)**	**(1,271,723)**

6. Investment in joint venture (continued)

Name of operation	Principal activity	Interest	
		31 December 2023	30 June 2023
		%	%
Recycling Industries Scandinavia AB[iii]	Vanadium recovery	72.5	72.5

The Consolidated Entity's interest in assets employed in the above joint ventures is detailed below.

(iii) Recycling Industries Scandinavia AB ("RISAB")

In March 2023, Neometals and Critical Metals Ltd executed an agreement to formalise a 50:50 Vanadium Recovery Project JV (RISAB). In April 2023, Neometals' interest in RISAB increased to 72.5% following additional equity contributions of $3.0 million. Despite holding 72.5%, joint control continued to exist and accordingly the investment in RISAB was accounted for using the equity method prescribed under AASB 128. An additional equity contribution was made in June 2023 for $1,090,590 and Critical Metals Ltd contributed their pro rata share which saw Neometals' interest in RISAB remaining unchanged. At 31 December 2023, the balance of the investment was impaired to nil due to RISAB's net liability position.

Summarised financial information for the joint venture:	31 December 2023 $	30 June 2023 $
Opening balance of investment in joint venture	**642,964**	**-**
Capital contributions	2,274,545	4,090,590
Share of loss of joint venture recognised in profit or loss	(1,732,008)	(3,447,626)
Impairment of investment	(1,185,501)	
Carrying value of investment in the joint venture	**-**	**642,964**

Recycling Industries Scandinavia AB Summary Balance Sheet	31 December 2023 $	30 June 2023 $
Current assets	1,408,166	2,200,633
Non-current assets	-	3,216,090
Current liabilities	(2,105,932)	(2,023,294)
Non-current liabilities	(643,669)	(4,375,058)

Recycling Industries Scandinavia AB Summary Profit and Loss	31 December 2023 $	31 December 2022 $
Revenue	-	-
Expenses	(2,309,344)	-
Loss from continuing operations	**(2,309,344)**	**-**
Share of loss of joint venture recognised in profit or loss	**(1,732,008)**	**-**

6. Investment in joint venture (continued)

Name of operation	Principal activity	Interest	
		31 December 2023 %	30 June 2023 %
ACN 630 589 507 Pty Ltd[(iv)]	Lithium-ion battery recycling IP	50	50

The Consolidated Entity's interest in assets employed in the above joint ventures is detailed below.

(iv) ACN 630 589 507 Pty Ltd

On 8 December 2022, Neometals issued 50% equity interest in battery recycling IP holding company, ACN 630 589 507 Pty Ltd ("ACN 630"), to SMS group GmbH on an unconditional basis. As a result of this, ACN 630 left the Neometals consolidated group, which resulted in a $212,473 loss on disposal of subsidiary.

Summarised financial information for the joint venture:	31 December 2023 $	30 June 2023 $
Opening balance of investment in joint venture	**106,801**	**-**
Capital contributions	50,000	106,801
Share of (profit)/loss of joint venture recognised in profit or loss	(94,029)	-
Carrying value of investment in the joint venture	**62,772**	**106,801**

ACN 630 589 507 Pty Ltd Summary Balance Sheet	31 December 2023 $	30 June 2023 $
Current assets	51,136	119,077
Non-current assets	240,783	275,722
Current liabilities	-	(10,000)
Non-current liabilities	(263,598)	(213,598)

ACN 630 589 507 Pty Ltd Summary Profit and Loss	31 December 2023 $	31 December 2022 $
Revenue	**-**	-
Expenses	(188,058)	-
Loss from continuing operations	**(188,058)**	**-**
Share of loss of joint venture recognised in profit or loss	**(94,029)**	**-**

7. Other financial assets

	31 December 2023 $	30 June 2023 $
Current		
Financial assets measured at FVTPL(i)	467,939	763,650
Total Current	**467,939**	**763,650**
Non-current		
Financial assets measured at FVTPL(ii)	1,309,896	4,429,896
Convertible note(iii)	669,075	669,075
Rental bond term deposit	200,000	200,000
Total non-current	**2,178,971**	**5,298,971**
Total	**2,646,910**	**6,062,621**

(i) The Group has invested in a portfolio of listed shares which are held for trading. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The valuation technique and key inputs used to determine the fair value are quoted bid prices in an active market.

(ii) The Group has invested in a portfolio of non-listed shares which are not actively traded. Within this balance, Neometals has an equity interest in Critical Metals Limited. As (unadjusted) quoted prices in active markets are unavailable, consideration is given to precedent transactions involving the sale of the company's shares, as a basis to assess the value of the equity investment. During the period, Neometals reviewed the carrying value of the investment in Critical Metals Ltd. The assessment resulted in a fair value adjustment of $3,180,000 bringing the carrying value down to nil as at 31 December 2023. Neometals will continue to monitor the company's progress and assess whether impairment reversals may occur in future reporting periods.

(iii) The Group has invested US$500,000 in a financing round for private US start up, Tyfast Energy Corp. The investment is by way of convertible note providing the Group with the ability to obtain a minority equity stake in Tyfast.

8. Share capital

During the half-year reporting period, Neometals Ltd issued the following share capital:

6 months to 31 December 2023:

During the 6 months to 31 December 2023 the Company issued 6,060,793 ordinary shares to eligible employees, consultants and Non-executive Directors following the vesting and exercise of performance rights pursuant to the Neometals Ltd performance rights plan (2022: 4,364,781).

During the 6 months to 31 December 2023 the Company issued 63,888,347 shares via a capital raise (2022: nil)

8. Share capital (continued)

	31 December 2023 $	30 June 2023 $
622,690,316 fully paid ordinary shares (30 June 2023: 552,741,176)	158,705,764	146,234,171

	31 December 2023		30 June 2023	
	No.	$	No.	$
Fully paid ordinary shares				
Balance at beginning of financial year	552,741,176	146,234,171	548,376,396	145,564,286
Capital raising	63,888,347	12,131,024	-	-
Other share based payments	6,060,793	1,277,479	4,364,780	688,259
Share issue costs	-	(936,910)	-	(18,374)
Balance at the end of the financial year	**622,690,316**	**158,705,764**	**552,741,176**	**146,234,171**

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Share options

During the 6 months to 31 December 2023 no share options over the Company's ordinary shares were issued during the reporting period (2022: Nil).

Performance rights

During the 6 months to 31 December 2023 the Company issued 4,375,765 performance rights to Neometals employees, consultants and Non-executive Directors (2022: 1,705,325) for nil cash consideration. These performance rights may result in the issue of a total of 4,375,765 shares if the applicable vesting and performance criteria are satisfied over the vesting period.

During the 6 months to 31 December 2023 754,650 performance rights were cancelled relating to Neometals employees (2022: nil). 1,186,779 performance rights lapsed relating to Neometals employees (2022: 956,432).

Performance rights were priced using a Monte Carlo pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the performance rights), and behavioural considerations. The following assumptions were used for the valuation of performance rights issued:

Valuation date	11 September 2023
Vesting date	30 June 2026 and/or 31 December 2026
Share price	$0.445
Expected volatility	71%
Expected life	2.81 – 3.31 years
Risk-free rate	3.84%
Expected dividend yields	0.00%

9. Reserves

	31 December 2023 $	30 June 2023 $
Share based payments reserve:		
Balance at the beginning of the financial year	9,515,136	8,455,957
Increase/ (Decrease) in share based payments	436,377	1,747,438
Amounts transferred to share capital on exercise	(1,277,479)	(688,259)
Historical reserve clearing(i)	(6,734,586)	-
Balance at the end of the financial year	**1,939,449**	**9,515,136**
Other reserve:		
Balance at the beginning of the financial year	300,349	300,349
Historical reserve clearing(ii)	(300,349)	-
Balance at the end of the financial year	**-**	**300,349**
Investment revaluation reserve:		
Balance at the beginning of the financial year	1,019,637	1,019,637
Historical reserve clearing(iii)	(1,019,637)	-
Balance at the end of the financial year	**-**	**1,019,637**
Total Reserves	**1,939,449**	**10,835,122**

i) At 31 December 2023, the value of the reserve is reflective of the current performance rights in existence. The remaining amount has been transferred to accumulated losses.

ii) In August 2013 former Chairman, David Reed, committed to provide a standby facility to support the Company's working capital position. As a result, and following shareholder approval, 2 million convertible notes were issued to David Reed that were converted into 50,000,000 fully paid ordinary shares in November 2015. At 31 December 2023, these historical amounts were cleared from the reserve to accumulated losses.

iii) The investments revaluation reserve represents historical gains and losses which had accumulated under a previous policy of revaluing available-for-sale financial assets in other comprehensive income and which ceased on 30 June 2017. At 31 December 2023, these historical amounts were cleared from the reserve to accumulated losses.

10. Loss per share

	31 December 2023 Cents per share	31 December 2022 Cents per share
Basic loss per share:		
Continuing operations	(3.73)	(2.34)
Diluted loss per share:		
Continuing operations	(3.73)	(2.34)

Basic and diluted loss per share

The profit / (loss) and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share are as follows:

Loss [(a)]	31 December 2023 $	31 December 2022 $
Continuing operations	(21,007,485)	(12,914,149)
	No.	**No.**
Weighted average number of ordinary shares for the purpose of basic loss per share	563,833,235	551,945,976
Weighted average number of ordinary shares for the purpose of diluted loss per share	563,833,235	551,945,976

(a) Profit / (loss) used in the calculation of loss per share reconciles to profit / (loss) for the period.

11. Commitments

(a) Exploration and evaluation and associate commitments

Tenement commitments for the group total $719,141 as at 31 December 2023 (2022: $679,985).

12. Contingent liabilities

The Group has no contingent liabilities at 31 December 2023.

13. Leases

Leasing arrangements

Leases relate to the lease of commercial premises in West Perth, Welshpool, and a photocopier. The lease agreement for the Company's West Perth premises was entered into on 1 July 2019 for a 48 month period expiring on 30 June 2023, this has been renewed until 30 June 2026. The lease of a photocopier is for a period of 12 months expiring in June 2023, this was renewed for 48 months to 30 June 2027. The Welshpool lease expired in February 2023 and was renewed until February 2026. A lease was entered into in June 2023 for another floor in the West Perth office until 30 June 2026. The commitments are based on the fixed monthly lease payment.

	31 December 2023		
Right-of-use assets	**Buildings**	**Equipment**	**Total**
	$	**$**	**$**
Cost	911,846	14,359	926,205
Accumulated Depreciation	(168,130)	(1,795)	(169,925)
Carrying Amount	**743,716**	**12,564**	**756,280**
Lease liability	**Buildings**	**Equipment**	**Total**
	$	**$**	**$**
Current	301,507	3,310	304,817
Non-current	496,348	9,488	505,836
Total	**797,855**	**12,798**	**810,653**

	30 June 2023		
Right-of-use assets	**Buildings**	**Equipment**	**Total**
	$	**$**	**$**
Cost	1,813,441	9,044	1,822,485
Accumulated Depreciation	(917,751)	(9,044)	(926,795)
Carrying Amount	**895,690**	**-**	**895,690**
Lease liability	**Buildings**	**Equipment**	**Total**
	$	**$**	**$**
Current	285,625	-	285,625
Non-current	652,049	-	652,049
Total	**937,674**	**-**	**937,674**

13. Leases (continued)

	31 December 2023 $	31 December 2022 $
Amounts recognised in profit and loss		
Depreciation expense on right-of-use asset	153,769	153,016
Interest expense on lease liabilities	34,397	10,796
	188,166	**163,812**

14. Events subsequent to balance date

On 10 January 2024, Neometals announced that Primobius had received a purchase order from Mercedes-Benz for the hydrometallurgical hub plant to complete its lithium-ion battery recycling facility.

Subsequent to reporting date, the Company has commenced workstreams to rationalise expenditure on upstream mineral portfolio, which may lead to the divestment of certain non-core assets.

No other matters have arisen since 31 December 2023 that would be likely to materially affect the operations of the Group, or its state of affairs which have not otherwise been disclosed in this financial report.

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