Neometals Ltd

A.C.N. 099 116 631

Half-Year Report

for the 6 months ended 31 December 2022

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 2022. 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 S. Cole	– Appointed 24 July 2008
Mr C. Reed	– Appointed 20 December 2001
Dr N. Streltsova	– Appointed 14 April 2016
Mr D. Ritchie	– Appointed 14 April 2016
Mr L. Guthrie	– Appointed 27 September 2018
Dr J. Purdie	– Appointed 27 September 2018

All directors have served on the Board from the period 1 July 2022 to 31 December 2022.

REVIEW OF OPERATIONS

COMPANY OVERVIEW

Neometals is an emerging, sustainable battery materials producer. The Company has developed a suite of green, battery materials processing technologies that reduce reliance on traditional mining and processing and support circular economic principles.

Neometals is commercialising these proprietary, low-cost, low-carbon process technologies in three core incorporated joint venture structures, listed below:

- Lithium-ion Battery ("**LIB**") Recycling (50% equity) – to produce nickel, cobalt and lithium from production scrap and end-of-life LIBs in an incorporated JV with leading global plant builder SMS group. The Primobius JV is operating a commercial disposal service at its 10tpd Shredding 'Spoke' in Germany and is the recycling technology partner to Mercedes Benz. Primobius' first 50tpd operation, in partnership with Stelco in Canada, is expected to reach investment decision in SepQ 2023;
- Vanadium Recovery (earning 50% equity) – to produce high-purity vanadium pentoxide via processing of steelmaking by-product ("**Slag**"). Finalising evaluation studies on a 300,000tpa operation in Pori, Finland underpinned by a 10-year Slag supply agreement with leading Scandinavian steelmaker SSAB. Decision to form 50:50 JV with Critical Metals expected MarQ 2023 with project investment decision expected end June 2023. MOU with H2Green Steel for up to 4Mt of Slag underpins a potential second operation in Boden, Sweden; and
- Lithium Chemicals (earning 35% equity) – to produce battery-quality lithium hydroxide from brine and/or hard-rock feedstocks using patented ELi® electrolysis process owned by RAM (70% NMT, 30% Mineral Resources Ltd). Co-funding pilot plant and evaluation studies on a 25,000tpa operation in Estarreja, Portugal with Portugal's largest chemical producer Bondalti Chemicals S.A.

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

CORE BATTERY MATERIALS BUSINESS UNITS

Lithium Battery Recycling

(NMT 50% Intellectual Property, SMS 50%)
Commercialising via Primobius GmbH, a 50:50 incorporated JV with SMS group GmbH

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

The process 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 ("**LIB Recycling Technology"**) 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.

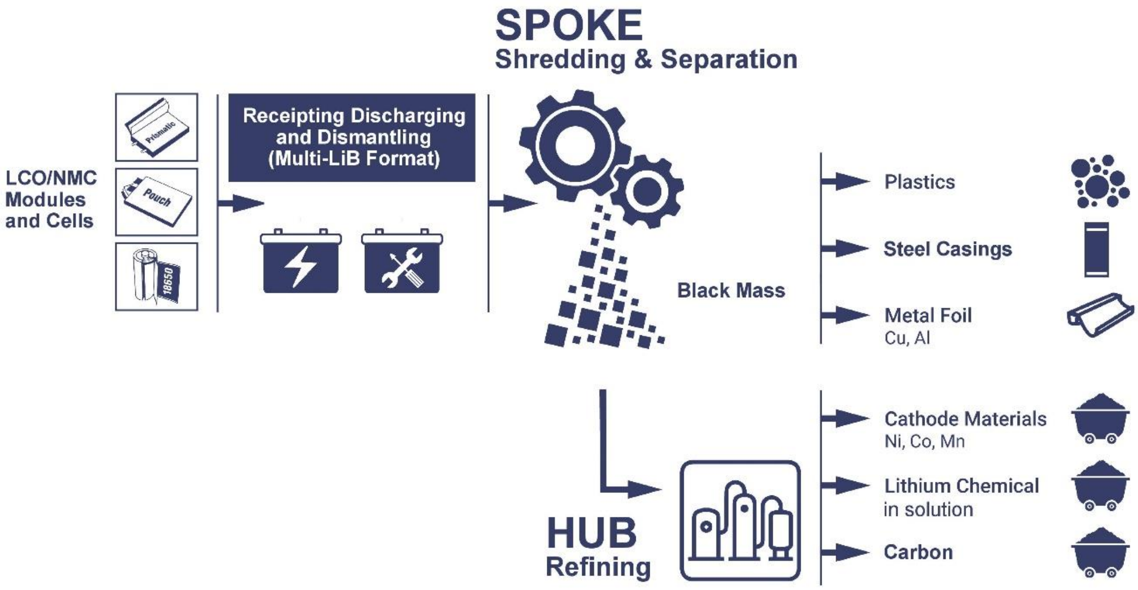

Figure 2: *High level flowsheet showing the movement of materials from Shredding and Beneficiation ('Spoke') through to refining ('Hub') stages for the LIB Recycling Technology*

It comprises two stages:

1. "**Spoke**" - LIB receipting, sorting, discharging, disassembly together with shredding and beneficiation to physically separate all of the components of LIBs received, by metal casings, electrode foils, plastics and active materials; and
2. "**Hub**" - Leaching, purification and crystallisation of the active materials suitable for use in production of LIB precursor, via a hydrometallurgical refining process.

The Spoke section of the demonstration plant in Hilchenbach ("**Hilchenbach Spoke**"), Germany was upgraded to provide a commercial disposal service to the German Original Equipment Manufacturers (OEMs) in April 2022. Production is currently being ramped up to the facility's maximum licence capacity of 10tpd of LIBs. Data generated during ongoing Hub trials is being used internally for engineering and design purposes. Primobius has a growing customer base seeking recycling plant supply together with arrangements where Primobius acts as principal, JV partner or technology licensor.

Activity Summary

During the period, Primobius further progressed technical, evaluation and commercial activities across the business unit. The period also marked the second quarter of other income generated from the Hilchenbach Spoke and from other engineering services rendered to Primobius' clients who are progressing towards recycling plant purchase orders.

Significant activities comprised:

Technical

Successful completion of a dedicated 'end-to-end' customer demonstration trial ("**CDT**") for a German OEM in December 2022;

- A final Hub demonstration trial (planned for March 2023) will enable completion of engineering cost study ("**Hub ECS**"). Spoke ECS (completed) and Hub ECS contemplate a 50tpd green-fields integrated LIB recycling operation in an existing industrial park in Germany;

Commercial

- Baseload feedstock (end-of-life LIB) was secured from a German OEM for the Hilchenbach Spoke which now has sufficient feed supply for all of 2023 and continues to be ramped-up;
- Primobius revenue generation coming from Hilchenbach Spoke disposal fees and Black Mass product sales as well as plant design and engineering activities for customers; and
- Ongoing business development activities in relation to commercial partner pipeline opportunities.

Corporate

- Neometals formalised 50:50 ownership of the LIB Recycling Technology with SMS to accelerate Primobius' commercial activities;
- Preparations to relocate key Australian technical team members to Germany (including joint Primobius MD, Merrill Gray) for the final demonstration trial and completions of the 'Hub' engineering cost study; and
- Continued recruitment activities to expand the Primobius operational and management teams in line with commercial requirements.

Hilchenbach LIB Disposal Operations

The Hilchenbach Spoke is providing commercial LIB disposal services and the hydrometallurgical refinery 'Hub' continues to operate as a running demonstration plant. When the Hub runs discrete trials for internal flowsheet optimisation and to generate product samples, the Spoke pauses commercial operation to generate Black Mass feedstock for the Hub.

During the period, the Hilchenbach Spoke continued to produce intermediate mixed nickel/cobalt product ("**Black Mass**") as part of ramp-up operations. The typical LIB contains approximately 48% Black Mass which Primobius is currently selling to a number of European off takers on a spot basis with pricing set according to nickel and cobalt content. Importantly, the Hilchenbach Spoke has switched to three shifts daily and is operating 5 days a week.

It should be noted that Primobius' current revenue model contemplates the following sources:

1. LIB disposal fees (for LIBs supplied by multiple waste aggregators delivering predominantly whole modules);
2. Sale of products (metallic scrap, chemical intermediates & chemicals purchased by various recyclers and smelting customers); and
3. Equipment supply (Stelco and Mercedes) and associated technology licensing royalties.

Commercial Activities

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

A Cooperation Agreement with Mercedes-Benz's ("**Mercedes**") LIB recycling subsidiary LICULAR GmbH ("**LICULAR**")("**LICULAR Cooperation**") for the engineering, equipment supply and installation for a fully integrated, closed loop recycling plant ("**LICULAR 10tpd Spoke**" followed by "**LICULAR 10tpd Hub**"), a non-exclusive technology licence and long-term research collaboration (*for full details refer to Neometals ASX announcement headlined "Cooperation Agreement with Mercedes Benz" released on 13th May 2022)*; and

Technology licensing agreement and option agreement to purchase up to 50% of 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 in a proposed 50tpd integrated operation ("**Stelco 50tpd Spoke**" followed by "**Stelco 50tpd Hub**") at Stelco's Hamilton Works, Ontario, Canada (*for full details refer to Neometals ASX announcement headlined "Battery Recycling – Binding Agreements with Stelco for NA" released on 31st December 2021)*.

The CDT announced during the period is a prerequisite for the LICULAR 10tpd Spoke and provides the data for the Hub ECS which must be completed to finalise the LICULAR Hub plant contract and Stelco Spoke and Hub contracts as well as the Stelco Agreements. The staged delivery model enables the production and sale of Black Mass from Spokes during the construction and commissioning of refinery Hubs reducing overall financing requirements.

Primobius' rollout of Spokes addresses the immediate need for safe disposal and recovery of LIB materials, ahead of an absolute requirement to close-the-loop with integrated Hubs producing products as inputs to the manufacturing of LIB precursors. Primobius is actively prosecuting its flexible approach though its three business models – as principal in Hilchenbach, a potential 50:50 joint venture with Stelco and a licensed fully integrated plant supply package to LICULAR.

<u>Vanadium Recovery</u>
(NMT 100% Intellectual Property)

50:50 Incorporated Joint Venture with Critical Metals Ltd

Neometals is commercialising its sustainable proprietary vanadium recovery processing technology ("**VRP Technology**") to produce vanadium products for battery and aerospace alloying applications from stockpiles of vanadium-bearing steel making by-product. Neometals is currently evaluating two distinct opportunities in Scandinavia and has ambitions to build a pipeline of suitable feedstock sources to increase future production:

1. 'VRP 1' (SSAB feedstocks, plant location Pori, Finland); and
2. 'VRP 2' (H2GS feedstock, plant location Boden, Sweden).

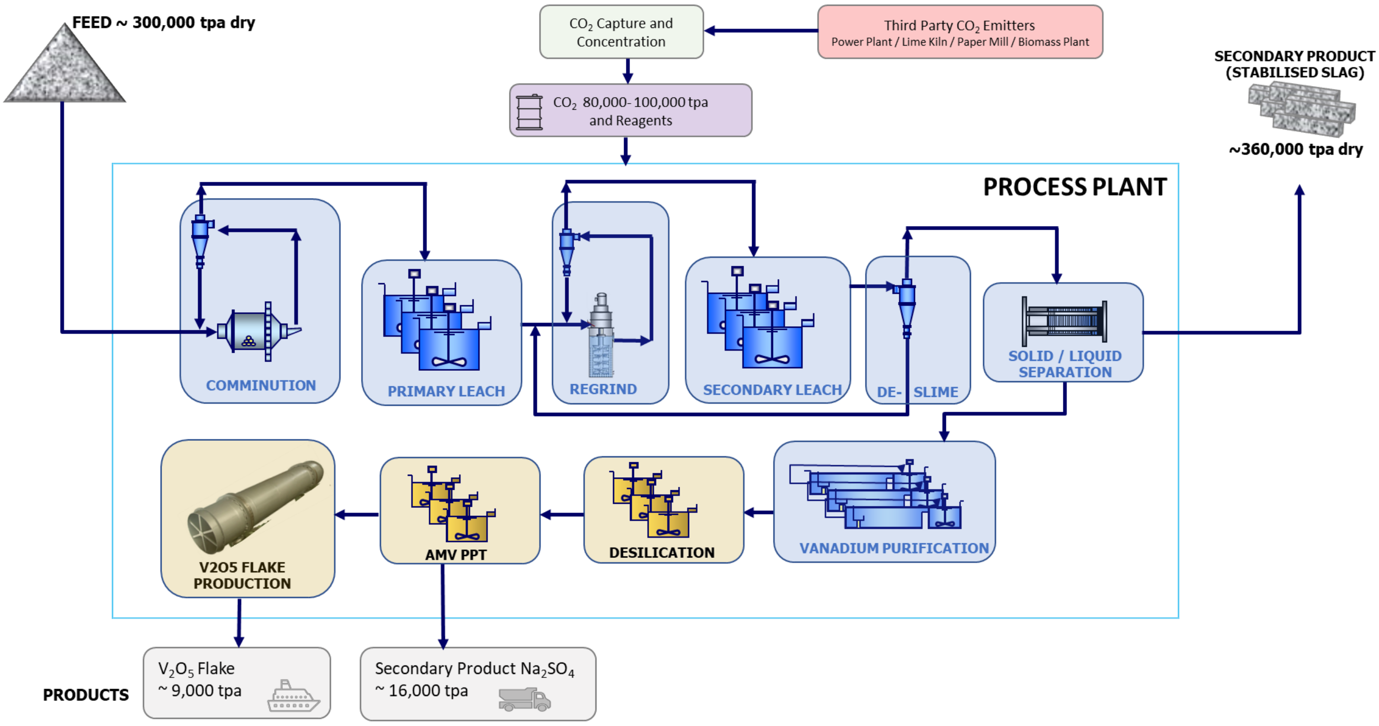

Figure 3: *Project flowsheet proposed VRP1 processing plant at Tahkoluoto port, Pori, Finland*

The vanadium recovery business offers a compelling opportunity which is underpinned by:

- Access to very high-grade vanadium feedstocks without upstream mining costs/risk/carbon footprint;
- Potential lowest-quartile operating costs (*for full details refer to Neometals ASX announcement headlined "Vanadium Recovery Cost Study" released on 8th July 2022*);
- A processing flowsheet utilising conventional equipment at atmospheric pressure, mild-temperatures and non-exotic materials of construction; and
- Likely very low or net zero greenhouse gas footprint given:

  1. the absence of mining and a processing route requiring the use and potential capture CO_2; and
  2. potentially saleable carbonate by-product which sequesters CO_2.

VRP 1 (SSAB)

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. Under the formal collaboration agreement between the parties, Neometals is funding and managing the evaluation activities, and can elect to become a 50% shareholder in an incorporated JV (Recycling Industries Scandinavia AB ("**RISAB**")) with Critical. Critical is responsible for advancing government and environmental approvals for VRP1 and managing the SSAB and H2GS relationships.

Critical has executed a conditional agreement ("**Slag Supply Agreement**") with SSAB EMEA AB and SSAB Europe Oy, subsidiaries of SSAB ("**SSAB**"), a steel producer that operates steel mills in Scandinavia. Slag is a by-product of SSAB's steel making operations.

Activity Summary

Technical

With support from Nordic engineering group Sweco Industry Oy, Neometals completed an AACE® Class 3 engineering cost study ("**VRP1 ECS**") which confirmed the potential for lowest quartile operating costs. Feasibility study ("**VRP1 FS**") activities are materially complete and will include the cost estimates from the VRP1 ECS (*for full details refer to Neometals ASX announcement headlined "Vanadium Recovery Cost Study" released on 8th July 2022*).

VRP1 FS evaluation includes considerations around life cycle assessment ("**LCA**") to quantify environmental impact and to compare against conventional V_2O_5 production from mined sources. An independent ISO-compliant cradle-to-gate LCA is being commissioned by Minviro Ltd. Results from the LCA will align with completion of the FS in MarQ 2023.

Commercial

During the period Neometals announced that The Regional State Administrative Agency for Southern Finland granted an environmental permit for the VRP1 operation with associated infrastructure. The permit authorises, subject to a number of conditions, the production of approximately 9,000tpa of V_2O_5.

Figure 4: *Aerial schematic showing location for the proposed VRP1 processing plant at Tahkoluoto port, Pori, Finland*

Critical's wholly owned subsidiary, RISAB, is the VRP1 special purpose vehicle and counterparty to the original binding Slag Supply Agreement with SSAB for approximately 2Mt of Slag. RISAB and Critical are in advanced negotiations with SSAB regarding an updated binding Slag Supply Agreement to include a right of first refusal, on an as available basis, to additional Slag volumes and revised timetable milestones (*for further details see reference made to the non-binding letter of intent between the parties in the ASX announcement headlined "Vanadium Recovery Cost Study" released on 8th July 2022*).

RISAB has engaged leading Nordic investment bank Aventum Partners to lead the project financing, strong interest has been received from investment and commercial banks in Europe.

Corporate

Formal agreements to formalise Neometals 50% interest in VRP1 and technology license for the project's incorporated joint venture company are targeted for MarQ 2023 completion.

VRP 2 (H2GS)

In MarQ 2021, Neometals announced that Critical (via RISAB) entered into a non-binding memorandum of understanding with H2 Green Steel AB ("**H2GS**") ("**H2GS MoU**"). The H2GS MoU outlines an evaluation framework on a potential new source of vanadium bearing Slag that could underpin a second, larger vanadium production operation ("**VRP2**") capable of processing 400,000tpa of Slag. The H2GS MoU also outlines key commercial terms for a potential Slag supply agreement.

Figure 5: *Map showing potential Vanadium Recovery Plants (Pori (SSAB Feed) and Boden (H2GS Feed)) and SSAB Slag stockpiles*

Lithium Chemicals
(Intellectual Property held in Reed Advanced Materials PL – NMT 70%, Mineral Resources Ltd 30%)

Reed Advanced Materials PL ("RAM") Earning into 50:50 JV with Bondalti Chemicals SA

Neometals, through RAM, is commercialising its proprietary process (ELi® Processing Technology ("**ELi®**")) to produce lithium hydroxide from lithium chloride solutions using electrolysis. A feasibility study in 2016 indicated the potential for ELi® to significantly reduce the cost and carbon footprint associated with consumption and transport of carbon-intensive reagents used in conventional lithium processes.

ELi® has been tested on synthetic and actual lithium sources, from both hard rock and brine resources to semi-pilot scale and has the flexibility to produce a lower carbon footprint lithium carbonate at a nominal incremental cost from the sparging of carbon dioxide through the lithium hydroxide solution. This key advantage of ELi® eliminates the need for traditional lithium carbonate causticising production steps. RAM holds 15 granted patents in the hard rock and brine producing countries and has a further 16 pending national phase patents.

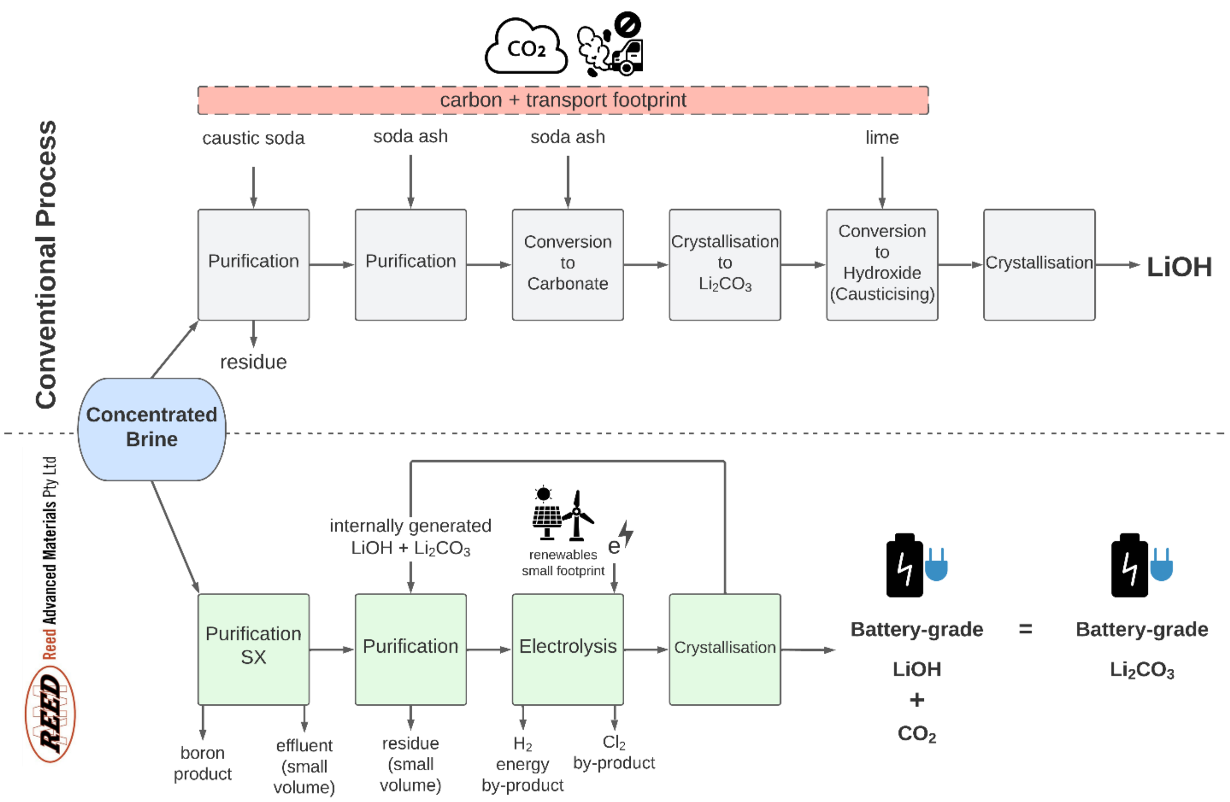

Figure 6: *Schematic showing a comparison of the conventional flowsheet for the production of lithium hydroxide from brines vs the patented ELi process.*

RAM can potentially deploy ELi® as principal or in joint venture with other partners, to generate revenue from merchant conversion and/or toll processing of lithium raw materials. Further, the business model also accommodates licensing the technology in return for royalty payments.

Bondalti (Estarreja) Project

In December 2021, RAM entered into a binding Co-operation Agreement ("**ELi Co-operation**") with Portugal's largest chlor-alkali producer, Bondalti. Bondalti is part of the Jose De Mello Group, one of Portugal's largest conglomerates, family owned and founded in 1898.

Bondalti and RAM are co-funding evaluation activities required for a decision to form a 50:50 incorporated joint venture ("**JVCo**") to construct and operate a lithium refinery ("**Refinery**") at Bondalti's extensive chlor-alkali operations in Estarreja, Portugal. The evaluation activities include pilot testing and completion of a feasibility study ("**ELi® Feasibility Study**"). Upon completion of the ELi® Feasibility Study a decision to incorporate the JVCo will be made to enable the construction of a Demonstration Plant and commencement of the Front-End Engineering and Design Study ("**ELi® FEED Study**"). Upon incorporation RAM will provide a royalty free licence in the territory of the EU Patent Treaty.

Activity Summary

Technical

Feed for bench-scale test work secured (brine source) and purification and electrolysis trials underway with a metallurgical consultant in Canada. Bench tests will confirm, amongst other things, process parameters and amenability of same feed source to supply the larger scale continuous pilot trials;
Engineering cost study activities well-advanced for commercial ~25,000tpa lithium hydroxide operation using RAM's ELi® process at Bondalti's Estarreja chlor-alkali plant in Portugal and on track for completion in 2023;
Engineering design work underway for the demonstration plant to be constructed in Portugal in FY 2024;
Further metallurgical test-work outside the Eli Cooperation (including ongoing flowsheet development works for spodumene processing);

Commercial

Commercial dialogues with aspiring or existing producers of lithium brine concentrates to investigate offtake or toll treating of future lithium chloride intermediate (in the EU and elsewhere) into lithium chemicals.

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

Global Resource as at 17 April 2018[1]

	Tonnes (M)	TiO_2 (%)	V_2O_5 (%)
Indicated	187.1	9.61	0.46
Inferred	93.0	8.31	0.40
Total	**280.1**	**9.18**	**0.44**

High Grade V_2O_5 Resource (at 0.5% V_2O_5 cut-off)[2]

	Tonnes (M)	TiO_2 (%)	V_2O_5 (%)
Indicated	49.0	16.93	0.82
Inferred	15.9	16.81	0.81
Total	**64.9**	**16.90**	**0.82**

High TiO_2 Resource (14% TiO_2 cut-off)[2]

	Tonnes (M)	TiO_2 (%)	V_2O_5 (%)
Indicated	39.3	21.18	0.65
Inferred	14.3	21.15	0.58
Total	**53.6**	**21.17**	**0.63**

**Refer to Neometals ASX release dated 17 April 2018 title 'Updated Barrambie Mineral Resource Estimate'*

(1) Based on Cut-off grades of ≥10% TiO_2 or ≥0.2% V_2O_5
(2) The high-grade titanium and vanadium figures are a sub-set of the total Mineral Resource. These figures are not additive and are reporting the same block model volume but using different cut-off grades.

Table 1: *Barrambie Mineral Resource Estimate, April 2018*

Barrambie is located approximately 80km north-west of Sandstone in Western Australia 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.

Neometals has invested in excess of $A40 million in the acquisition, exploration and evaluation of Barrambie since 2003. The Company has in more recent times maintained a primary focus on recovering a titanium product from Barrambie to realise maximum value for shareholders.

Neometals has a memorandum of understanding with Jiuxing Titanium Materials (Liaonging) Co. Ltd ("**Jiuxing MoU**") ("**Jiuxing**") (***for full details refer to ASX announcements headlined "Barrambie - MOU for Cornerstone Concentrate Offtake" released on 16th April 2021 and "Barrambie - Pilot Plant and Offtake Update" released on 23rd December 2021*). Jiuxing is one of the leading chloride-grade titanium slag producers and is the largest in north-eastern China. Importantly, the Jiuxing MoU builds on, and complements, the existing IMUMR MoU.

The Jiuxing MoU** contemplates the parties negotiating and entering into a binding formal offtake agreement for the supply of 800,000 dtpa of mixed gravity concentrate ("**MGC**") or 500,000 dtpa of ilmenite and 275,000 dtpa of iron-vanadium concentrate, on a take-or-pay basis for a period of 5 years from first production.

Activity Summary

Commercial Scale Smelting Trials

During H1 2022, a mixed gravity bulk sample was prepared from Barrambie mineralisation with approximately 40t delivered to Jiuxing in China. Jiuxing then blended the Barrambie MGC with other commercially available titanium sources to produce feedstock suitable for an industrial scale smelter trial.

The commercial scale smelting trials delivered highly encouraging results with production of +90% TiO_2 chloride slag from the industrial scale smelting trial of a blend of Barrambie MGC with other ilmenites. The +90% TiO_2 titanium chloride grade slag produced was within specification of what is a well-established standard titanium industry feedstock.

Cornerstone offtake of MGC is a key pillar in Neometals' Barrambie strategy of deriving value from the titanium, vanadium and iron mineral resource on a capital light basis with refining activities being undertaken by purchasers overseas. Barrambie is unique in that it's a tier 1 project offering a range of development alternatives including the possibility of direct shipping of ore, beneficiation of ore into MGC or further processing of MGC to produce separate ilmenite and vanadium rich magnetite products.

***The Jiuxing MoU is a memorandum of understanding to allow Jiuxing to conduct large scale test work and negotiate a binding offtake agreement. There is no guarantee that any binding formal agreement will result from the cooperation under the Jiuxing MoU or that any binding formal agreement will reflect the key commercial terms set out in the MOU given that these arrangements are subject to the testing and evaluation work to be completed under the Jiuxing MOU.*

Pre-feasibility Study

Neometals announced the successful completion of an Association for the Advancement of Cost Engineering ("**AACE**") Class 4 +/- 25% pre-feasibility study ("**Barrambie PFS**") for Barrambie during the period. Following closely behind smelting trial results, the PFS delivered compelling financial metrics which can be seen below (*for full details refer to ASX announcement headlined "Barrambie Titanium – Robust PFS Results" released on 17th November 2022*):

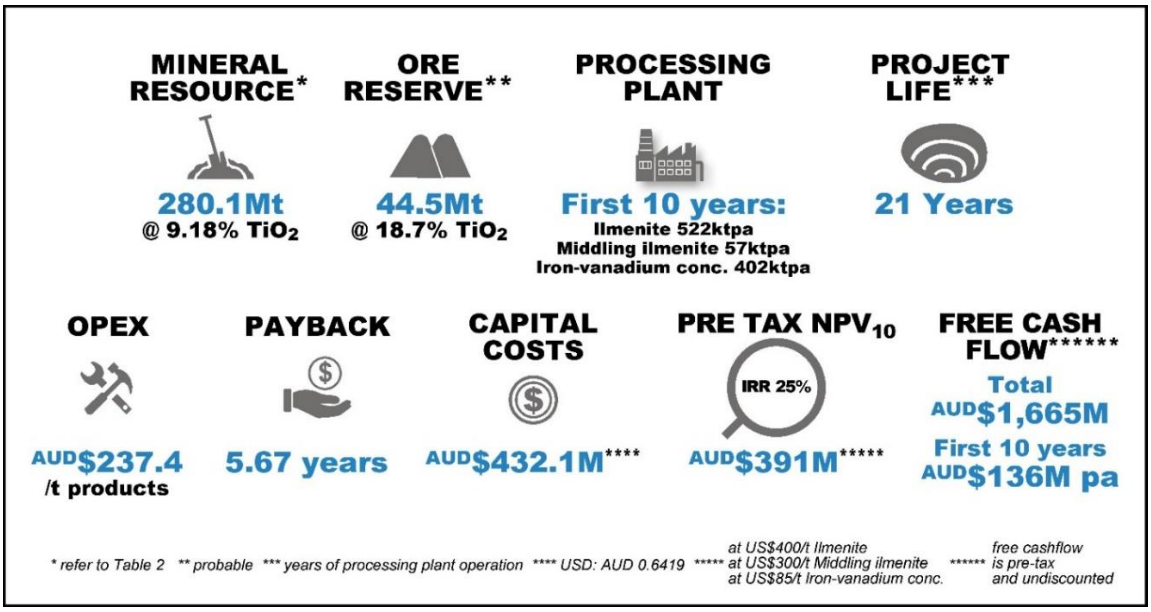

Figure 6: *Highlights of Barrambie PFS*

Commercial

The successful trials in Jiuxing's commercial production facility represents the final stage of technical due diligence required for Jiuxing and Neometals to begin negotiation on a binding formal offtake agreement. The outcomes of the trials have also increased interest from Chinese and Western titanium producers for offtake of both MGC and ilmenite products.

Data from the smelting trial and the Barrambie PFS will be used by potential 'build-own-operate' partners for the CMB plant and operation at Barrambie. This development model was used successfully by Neometals and its partners to develop its former Mt Marion Lithium Project in 2015, which is now the world's second largest producer of spodumene (hard-rock lithium).

CORPORATE

Financial

Hannans Limited (ASX:HNR) (Hannans) (Yilgarn Nickel/Lithium/Gold/Battery Recycling)

As at 31 December 2022 Neometals held 879,812,014 ordinary fully paid shares (~26% of the issued capital) in Hannans on an undiluted basis. During the period Hannans raised additional capital and commenced trading after re-compliance obligations were met.

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

Neometals holds 19% of unlisted public company Critical Metals Ltd, a company which now houses the Scandinavian mineral assets previously held by Hannans and is collaborating with Neometals on Scandinavian LIB recycling and vanadium recovery opportunities.

Other Investments

The market value of the Company's other investments as at 31 December 2022 totalled $10.4 million. This excludes the abovementioned investments in Hannans and Critical Metals Ltd.

Finances

Cash and term deposits on hand as of 31 December 2022 totalled A$42 million, including $0.2 million in restricted use term deposits supporting contractual obligations. The Company has net receivables and investments totalling approximately $28.4 million.

Issued Capital

During the period the Company issued 4,364,781 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 (2021: 3,025,130).

During the period the Company issued 1,705,325 performance rights to Neometals employees, consultants and Non-executive Directors (2021: 2,900,521) for nil cash consideration.

During the period no performance rights were cancelled relating to Neometals employees (2021: nil). 956,432 performance rights lapsed relating to Neometals employees (2021: 598,142).

The total number of shares on issue as at 31 December 2022 was 552,741,176.

Dividends

Dividends issued during the half year period: nil (2021: nil).

Events Subsequent to Balance Date

On 2 March 2023, Neometals announced the execution of several landmark agreements that secure Neometals' 50% ownership and operatorship of the incorporated joint venture vehicle RISAB developing the first Finnish Vanadium Recovery Project.

On 8 March 2023, Neometals announced that the Vanadium Recovery Project had delivered strong feasibility results. The announcement confirmed the successful completion of an Association for the Advancement of Cost Engineering Class 3 Feasibility Study ("FS") on the recovery of high-purity vanadium pentoxide ("V2O5") from high-grade vanadium-bearing steel by-product. The FS was completed with assistance from leading Nordic engineering group Sweco Finland Oy.

No matters have arisen since 31 December 2022 that would be likely to materially affect the operations of the Group, or its state of affairs which has 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 12 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,

Christopher Reed
Managing Director
Perth, 13 March 2023

Deloitte.

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

13 March 2023

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 2022, 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.

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

Conclusion

We have reviewed the half-year financial report of Neometals Ltd (the Company) and its subsidiaries (the Group), which comprises the condensed consolidated statement of financial position as at 31 December 2022, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies 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 half-year financial report of the Group 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 2022 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 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 2022 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, 13 March 2023

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
13 March 2023

Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2022

		31 Dec 2022 $	31 Dec 2021 $
Continuing operations			
Foreign exchange gain/(loss)		2,701	(14,105)
Interest income		491,101	140,961
Other income	4	84,296	546,045
Employee expenses		(5,297,909)	(3,568,432)
Depreciation expenses		(241,562)	(203,405)
Finance costs		(6,637)	(31,430)
Occupancy expenses		(98,429)	(104,032)
Marketing expenses		(235,679)	(229,426)
Other expenses		(2,911,503)	(3,988,248)
Research and development		(2,219,743)	(2,368,224)
Impairment reversal on investment in associate	7	-	6,663,304
Impairment of loan to Joint Venture	8	(1,629,660)	-
Loss on disposal of subsidiary		(212,473)	-
Share of loss in associates	7	(555,868)	(48,100)
Share of loss in Joint Venture	8	(865,687)	(277,043)
Loss before income tax		**(13,697,052)**	**(3,482,135)**
Income tax benefit		782,903	613,287
Loss for the period from continuing operations		**(12,914,149)**	**(2,868,848)**
Discontinued operation			
Profit for the period from discontinued operation	3	-	12,812,409
(Loss) / profit for the period		**(12,914,149)**	**9,943,561**
(Loss) / profit attributable to:			
Owners of the Company		**(12,914,149)**	**9,943,561**
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(12,914,149)**	**9,943,561**
(Loss) / profit per share			
From continuing operations:			
Basic (cents per share)	11	**(2.34)**	(0.52)
Diluted (cents per share)	11	**(2.34)**	(0.52)
From continuing and discontinued operations:			
Basic (cents per share)	11	**(2.34)**	1.81
Diluted (cents per share)	11	**(2.34)**	1.80

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 2022

	Note	31 Dec 2022 $	30 Jun 2022 $
Current assets			
Cash and cash equivalents		41,777,944	60,158,159
Trade and other receivables		1,046,952	518,007
Other financial assets	9	2,385,125	2,229,500
Total current assets		**45,210,021**	**62,905,666**
Non-current assets			
Loan to joint venture	8	-	350,000
Property, plant and equipment		736,020	650,132
Exploration and evaluation expenditure	6	44,658,769	41,415,749
Intangible assets		901,575	999,270
Investment in joint ventures	8	6,050,781	5,458,508
Investment in associates	7	13,807,624	13,668,977
Other financial assets	9	5,298,971	5,298,971
Right of use assets	14	1,080,086	293,266
Total non-current assets		**72,533,826**	**68,134,873**
Total assets		**117,743,847**	**131,040,539**
Current liabilities			
Trade and other payables		1,036,408	2,236,332
Provisions		895,336	1,053,518
Lease liability	14	311,161	371,756
Total current liabilities		**2,242,905**	**3,661,606**
Non-current liabilities			
Deferred Tax Liability		-	782,904
Provisions		91,987	-
Lease liability	14	809,541	-
Total non-current liabilities		**901,528**	**782,904**
Total liabilities		**3,144,433**	**4,444,510**
Net assets		**114,599,414**	**126,596,029**
Equity			
Issued capital		146,234,171	145,564,286
Reserves		10,023,592	9,775,943
Accumulated losses		(41,658,349)	(28,744,200)
Total equity		**114,599,414**	**126,596,029**

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 2022

	Issued Capital $	Investment revaluation reserve $	Other equity reserve $	Share based payments reserve $	Accumulated losses $	Total $
Balance as at 01/07/21	154,634,997	1,019,637	300,349	7,721,414	(16,908,128)	146,768,269
Profit for the period	-	-	-	-	9,943,561	9,943,561
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	9,943,561	9,943,561
Recognition of share-based payments	-	-	-	601,236	-	601,236
Recognition of issue of shares under the employee rights plan	739,537	-	-	(739,537)	-	-
In-specie distribution	-	-	(26,000,000)	-	-	(26,000,000)
Share issue costs, net of tax	(7,022)	-	-	-	-	(7,022)
Balance at 31/12/21	**155,367,512**	**1,019,637**	**(25,699,651)**	**7,583,113**	**(6,964,567)**	**131,306,044**
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)**
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	**(12,914,149)**	**(12,914,149)**
Recognition of share-based payments	-	-	-	935,908	-	935,908
Issued/(bought) during the year	-	-	-	-	-	-
Recognition of issue of shares under the employee rights plan	688,259	-	-	(688,259)	-	-
In-specie distribution	-	-	-	-	-	-
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**

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 2022

	31 Dec 2022 $	31 Dec 2021 $
Cash flows from operating activities		
Payments to suppliers and employees	(12,169,931)	(12,765,317)
Net cash used in operating activities	(12,169,931)	(12,765,317)
Cash flows from investing activities		
Payments for exploration and evaluation	(2,824,055)	(2,498,195)
Payments for exploration and evaluation – discontinued operations	-	(505,680)
Payment of GST from disposal of Mt Marion offtake rights	-	(3,000,000)
Payments for intangible assets	(114,779)	(171,052)
Payment for property, plant & equipment	(192,622)	(60,876)
Payments for equity investments	(200,000)	(2,583,418)
Proceeds from equity investments	128,672	1,777,788
Interest received	339,446	140,961
Capital contributions to joint venture	(2,636,565)	(3,659,838)
Shares purchased in associate	(694,515)	(2,038,056)
Net cash used in investing activities	(6,194,418)	(12,598,366)
Cash flows from financing activities		
Interest and other finance costs paid	(515)	(30,000)
Share issue costs	(18,374)	(7,021)
Net cash used in financing activities	(18,889)	(37,021)
Net decrease in cash and cash equivalents	(18,383,238)	(25,400,704)
Cash and cash equivalents at the beginning of the period inclusive of discontinued operations	60,158,159	93,984,074
Effects of exchange rate changes on the balance of cash held in foreign currencies	3,023	(12,730)
Cash and cash equivalents at the end of the period	41,777,944	68,570,640

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 2022 annual financial report for the financial year ended 30 June 2022. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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 $12,914,149 (31 Dec 2021: $2,868,848) and experienced net cash outflows from operating and investing activities of $18,364,349 (31 Dec 2021: $25,363,683) for the half year ended 31 December 2022. As at 31 December 2022 the Group had cash and cash equivalents of $41,777,944 (30 June 2022: $60,158,159).

The directors have prepared a cash flow forecast for the period ending 31 March 2024 which assumes expenditure on programmes required to advance the Group's projects towards a final investment decision. However, the cash flow forecast does not assume that development activities in relation to these projects commence in the period ending 31 March 2024. Should a final investment decision be made with respect to the Group's projects, the cash flow forecast will be updated to identify any additional funding required for development, be this in the form of debt or equity, or a combination of both.

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 entity 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 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 31 December 2022

Reportable operating segments	Lithium $	Titanium & Vanadium $	Other $	Corporate $	Total $
Increase/(decrease) in segment assets	150,356	3,621,132	(423,058)	(16,645,122)	(13,296,692)
Total segment assets	6,460,751	46,003,663	21,413,498	43,865,935	117,743,847
Total assets	6,460,751	46,003,663	21,413,498	43,865,935	117,743,847

For the six months ended 31 December 2021

Reportable operating segments	Lithium $	Titanium & Vanadium $	Other $	Corporate $	Total $
Other income	-	75,000	472,945	139,061	687,006
Gain on demerger	-	-	-	14,061,039	14,061,039
Impairment reversal on associate	-	-	6,663,304	-	6,663,304
Share of Loss of JV and associates	(277,043)		(48,100)		(325,143)
Depreciation	-	(28,083)		(175,322)	(203,405)
Total expenses	(1,203,259)	(2,366,026)	(33,486)	(7,949,756)	(11,552,527)
Profit/(loss) before tax	(1,480,302)	(2,319,109)	7,054,663	6,075,022	9,330,274
Income tax benefit	-	-	-	613,287	613,287
Consolidated loss after tax	(1,480,302)	(2,319,109)	7,054,663	6,688,309	9,943,561

2. Segment information (continued)

As at 31 December 2021

Reportable operating segments	Lithium $	Titanium & Vanadium $	Other $	Corporate $	Total $
Increase/(decrease) in segment assets	6,209,724	2,681,140	(1,791,459)	(28,107,596)	(21,008,191)
Total segment assets	6,734,207	39,512,995	20,576,167	73,830,790	140,654,159
Total assets	6,734,207	39,512,995	20,576,167	73,830,790	140,654,159

3. Gain on demerger

	31 December 2022 $	31 December 2021 $
Shares issued on demerger – in specie distribution[1]	-	26,000,000
Less: net assets disposed	-	(11,938,961)
Less: demerger costs	-	(1,248,630)
Gain on demerger[2]	-	12,812,409

1. On 18 August 2021, Neometals Ltd shareholders approved the demerger of Widgie Nickel Limited ("Widgie Nickel"), a dedicated nickel exploration and development company holding Neometals' Mt Edwards nickel assets, via a $26 million capital reduction and in-specie distribution of 100% of Widgie Nickel's shares. Neometals distributed the Widgie Nickel shares to eligible Neometals shareholders, pro rata to their shareholding in Neometals on the record date of 24 August 2021. The $26 million was the fair value of the shares distributed to shareholders and has been accounted for in accordance with interpretation 17.

2. Per Class Ruling 2021/72, demerger rollover relief applied such that any capital gain from Capital Gains Tax (CGT) event A1 on the disposal of shares in Widgie Nickel Limited is disregarded for the Neometals Tax Consolidated Group. Furthermore, an exit allocable cost amount ("ACA") calculation was prepared, with the exit ACA being a positive balance such that CGT event L5 did not arise. Accordingly, there were no CGT implications for Neometals Ltd.

4. Other income

	31 December 2022 $	31 December 2021 $
Net fair value gain on financial assets	84,296	462,945
Other income	-	83,100
Total other income	**84,296**	**546,045**

5. Dividends

No dividends were paid to the holders of fully paid ordinary shares during the half-year period (31 December 2021: nil).

6. Exploration and evaluation expenditure

	31 December 2022 $	30 June 2022 $
Opening carrying value	41,415,749	36,318,834
Additions	3,243,020	5,096,915
Closing carrying value	**44,658,769**	**41,415,749**

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.

7. Investment in associates

Name of operation	Principal activity	Interest	
		31 December 2022 %	30 June 2022 %
Hannans Limited (i)	Exploration of nickel and lithium	26.09%	32.43%

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

(i) Hannans Limited

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

Summarised financial information for the associate:

	31 December 2022 $	30 June 2022 $
Opening carrying value of investment in associate	13,668,977	4,869,567
Shares purchased	694,515	2,038,056
Share of loss of associate recognised in profit or loss(i)(ii)	(555,868)	(318,287)
Impairment reversal (iii)	-	7,079,641
Closing carrying value of investment in associate	13,807,624	13,668,977

(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 2021 was $48,100.

(iii) Impairment reversal at 31 December 2021 was $6,663,304.

(iv) The fair value of the Groups investment in Hannans as at 31 December 2022 on a per share basis is $16,716,428 (30 June 2022: $17,746,812)

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

	31-Dec-22 No.	30-Jun-22 No.
Shares held in Hannans Limited	879,812,014	845,086,264

8. Investment in joint venture

Primobius GmbH

Name of operation	Principal activity	Interest	
		31 December 2022 %	30 June 2022 %
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, the execution of a formal agreement governing the formation and operation of an incorporated 50:50 joint venture ("JV") with SMS group GmbH ("SMS group"), called Primobius GmbH ("Primobius"). Primobius will commercialise Neometals' proprietary lithium-ion battery ("LiB") recycling technology, which offers a unique and sustainable method for recovering valuable lithium, nickel, cobalt and other materials from spent and scrap electric vehicle and consumer electronic LiB's. Recovered and refined product materials will be in a form that can be reused in the battery supply chain.

Summarised information for the joint venture:

	31 December 2022 $	30 June 2022 $
Carrying value of investment in the joint venture	6,916,467	6,331,174
Share of Loss of joint venture recognised in profit or loss[(i)]	(865,687)	(872,667)
Closing carrying value of investment in joint venture	6,050,780	5,458,507

(i) Share of loss at 31 December 2021 was $277,043.

	31 December 2021 No.	30 June 2021 No.
Shares held in Primobius GmbH	1	1

8. Investment in joint venture (continued)

Reed Advance Material Pty Ltd

Name of operation	Principal activity	Interest	
		31 December 2022 %	**30 June 2022 %**
Reed Advanced Materials Pty Ltd[(i)]	Evaluation of lithium hydroxide process	70	70

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

(i) 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 information for the joint venture:

	31 December 2022 $	**30 June 2022 $**
Neometals carrying value of investment in the joint venture	1	1
Loan to joint venture	1,629,660	350,000
Impairment of loan to joint venture	(1,629,660)	-
Share of loss of joint venture not recognised in profit or loss	1,271,723	176,242

	31 December 2022 No.	**30 June 2022 No.**
Shares held in Reed Advanced Materials Pty Ltd	7	7

9. Other financial assets

	31 December 2022 $	30 June 2022 $
Current		
Financial assets measured at FVTPL[(i)]	**2,385,125**	**2,229,500**
Total Current	**2,385,125**	**2,229,500**
Non-current		
Financial assets measured at FVTPL[(ii)]	**4,429,896**	**4,429,896**
Convertible note[(iii)]	**669,075**	**669,075**
Rental bond term deposit	**200,000**	**200,000**
Total Non-current	**5,298,971**	**5,298,971**
Total	**7,684,096**	**7,528,471**

(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.

(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.

10. Share capital

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

6 months to 31 December 2022:
During the 6 months to 31 December 2022 the Company issued 4,364,781 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 (2021: 3,025,130).

During the 6 months to 31 December 2022 no share options over the Company's ordinary shares were issued during the reporting period (2021: Nil).

During the 6 months to 31 December 2022 the Company issued 1,705,325 performance rights to Neometals employees, consultants and Non-executive Directors (2021: 2,900,521) for nil cash consideration. These performance rights may result in the issue of a total of 1,705,325 shares if the applicable vesting and performance criteria are satisfied over the vesting period.

During the 6 months to 31 December 2022 no performance rights were cancelled relating to Neometals employees (2021: nil). 956,432 performance rights lapsed relating to Neometals employees (2021: 598,142).

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	5 September 2022
Vesting date	30 June 2025 and/or 31 December 2025
Share price	$1.310
Expected volatility	61%
Expected life	2.82 – 3.33 years
Risk-free rate	3.26% - 3.31%
Expected dividend yields	0.00%

11. Earnings per share

	31 December 2022 Cents per share	31 December 2021 Cents per share
Basic earnings / (loss) per share:		
Continuing operations	(2.34)	(0.52)
Continuing and discontinued operations	(2.34)	1.81
Diluted earnings / (loss) per share:		
Continuing operations	(2.34)	(0.52)
Continuing and discontinued operations	(2.34)	1.80

Basic and diluted profit / (loss) per share

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

Profit / (loss) [(a)]	31 December 2022 $	31 December 2021 $
Continuing operations	(12,914,149)	(2,868,848)
Continuing and discontinued operations	(12,914,149)	9,943,561
	No.	**No.**
Weighted average number of ordinary shares for the purpose of basic profit / (loss) per share	551,945,976	548,285,227
Weighted average number of ordinary shares for the purpose of diluted profit / (loss) per share	551,945,976	550,375,191

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

12. Commitments

(a) Exploration and evaluation and associate commitments

Tenement commitments for the group total $679,985 as at 31 December 2022 (2021: $583,581).

13. Contingent liabilities

The Company is defending legal proceeding CIV 2016 of 2020 in the Supreme Court of Western Australia (Proceeding) commenced by Roseland Capital Pty Ltd and Mr Murray Ward (collectively, the Ward Parties). The Ward Parties claim that the Company is liable to pay amounts under an alleged contract. They also seek damages from Neometals for alleged breaches of contract, breaches of the Australian Consumer Law, and tortious conspiracy. The Ward Parties' claims relate to the Mt Marion Lithium Project Offtake and Equity investment by Ganfeng Lithium in 2015.

The Company denies any liability and that the Ward Parties are entitled to the relief claimed or any relief. It considers that the Ward Parties' claims do not have merit. The Company will continue to defend the Ward Parties' claims vigorously.

As at the date of this report, the Proceeding remains on foot and a date is yet to be set for trial. An estimate of the financial effect of this matter has not been provided by the Company because it is not practicable to do so.

14. 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. The Company has exercised its option and agreed terms to extend to 30 June 2026. The lease of a photocopier is for a period of 12 months expiring in June 2023. Lease payments are fixed monthly amounts.

	31 December 2022		
Right-of-use assets	**Buildings**	**Equipment**	**Total**
	$	**$**	**$**
Cost	1,818,036	9,044	1,827,080
Accumulated Depreciation	(742,472)	(4,522)	(746,994)
Carrying Amount	**1,075,564**	**4,522**	**1,080,086**
Lease liability	**Buildings**	**Equipment**	**Total**
	$	**$**	**$**
Current	306,600	4,561	311,161
Non-current	809,541	-	809,541
Total	**1,116,141**	**4,561**	**1,120,702**

	30 June 2022		
Right-of-use assets	**Buildings**	**Equipment**	**Total**
	$	**$**	**$**
Cost	878,200	9,044	887,244
Accumulated Depreciation	(593,978)	-	(593,978)
Carrying Amount	284,222	9,044	293,266
Lease liability	**Buildings**	**Equipment**	**Total**
	$	**$**	**$**
Current	362,712	9,044	371,756
Non-current	-	-	-
Total	362,712	9,044	371,756

	31 Dec 2022	**30 Jun 2022**
	$	**$**
Amounts recognised in profit and loss		
Depreciation expense on right-of-use asset	153,016	305,725
Interest expense on lease liabilities	10,796	19,783
	163,812	**325,508**

15. Events subsequent to balance date

On 2 March 2023, Neometals announced the execution of several landmark agreements that secure Neometals' 50% ownership and operatorship of the incorporated joint venture vehicle RISAB developing the first Finnish Vanadium Recovery Project.

On 8 March 2023, Neometals announced that the Vanadium Recovery Project had delivered strong feasibility results. The announcement confirmed the successful completion of an Association for the Advancement of Cost Engineering Class 3 Feasibility Study ("FS") on the recovery of high-purity vanadium pentoxide ("V2O5") from high-grade vanadium-bearing steel by-product. The FS was completed with assistance from leading Nordic engineering group Sweco Finland Oy.

No other matters have arisen since 31 December 2022 that would be likely to materially affect the operations of the Group, or its state of affairs which has not otherwise been disclosed in this financial report.