



EUROPEAN LITHIUM LIMITED
ABN 45 141 450 624

Interim Financial Report

For the Half Year Ended
31 December 2023

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DIRECTORS' REPORT

Your Directors submit the Interim Financial Report of European Lithium Limited (**European Lithium** or the **Company**) and its controlled entities (together the **Group**) for the half-year ended 31 December 2023. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Directors

The names of Directors who held office during or since the end of the interim period and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

Antony Sage	Executive Chairman
Malcolm Day	Non-Executive Director
Michael Carter	Non-Executive Director
Mykhailo Zhernov	Non-Executive Director

REVIEW OF OPERATIONS

AUSTRIA

Wolfsberg Lithium Project

A summary of the most significant transactions undertaken at the Wolfsberg Lithium Project (**Wolfsberg Project**) in Austria is set out below. Subsequent to the period end, the Company completed the business combination agreement whereby Critical Metals Corp acquired the Wolfsberg Project (refer to Events Subsequent to Reporting Date note).

Definitive Feasibility Study (DFS) and Post DFS Studies

On 8 March 2023, the Company released its final DFS results for the Wolfsberg Project. The DFS was prepared to international standards with Mineral Resource and Ore Reserve estimates prepared in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the **JORC Code, 2012**) guidelines, as published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

During the period, the Company continued optimisation studies to assess the technical and commercial impact of the relocation of the hydroxide plant to Saudi Arabia based on the DFS results. Lead consultant DRA is undertaking these studies on behalf of EUR and the Obeikan Investment Group (**OIG**).

The DFS shows an average (steady state) mine production rate of 780 kt/a, peaking at 840 kt/a over the Life of Mine (**LOM**) which is based on an Ore Reserve of 11.5 Mt, mined over approximately 15 years. The Project will comprise two integrated operations, a mining and processing operation to produce a lithium concentrate (spodumene), and a hydrometallurgical plant to convert the spodumene into battery grade lithium hydroxide monohydrate (**LHM**). The hydrometallurgical plant is planned to produce approximately 8.8 kt/a LHM with a total production of approximately 129 kt of LHM over the LOM. Additional potential capacity increases will be part of the future studies.

The financial results of the DFS are set out in the table below:

Description	Unit	Results
Net Present Value (post tax, 6% WACC¹)	US\$ million	1,504
Capital Cost Estimate (nominal)	US\$ million	873
Internal Rate of Return (IRR)	%	33.30
LHM Production	t/a	8,800
LHM OPEX	US\$/t LHM	19,409

¹ WACC : Weighted Average Cost of Capital. This is determined by the split of debt and equity related to the BMW offtake agreement.

DIRECTORS' REPORT

LHM OPEX after by-product credits	US\$ /t LHM	17,016
Life of Mine Plan (LOMP) period	years	14.6
LHM sales price ² in 2025	US\$/t LHM	48,600
Ore Reserve Estimate ^{3&4}	Million tonnes	11.48
	% Li ₂ O	0.64%

The Company also reported its JORC Code, 2012 compliant ore reserves as following:

Classification	Cut-Off Grade (CoG) (% Li ₂ O)	Ore Tonnes (kt)	Grade (% Li ₂ O)	Content (t Li ₂ O)
Proved				
Amphibolite Hosted Pegmatites	0.30	2,913	0.67	19,577
Mica schist Hosted Pegmatites	0.32 to 0.45	800	0.82	6,525
Sub-total Proved		3,713	0.70	26,103
Probable				
Amphibolite Hosted Pegmatites	0.30	3,285	0.54	17,688
Mica schist Hosted Pegmatites	0.32 to 0.45	4,485	0.65	29,146
Sub-total Probable		7,770	0.60	46,834
Proved + Probable				
Amphibolite Hosted Pegmatite	0.30	6,198	0.60	37,265
Mica schist Hosted Pegmatites	0.32 to 0.45	5,285	0.67	35,671
Total Ore Reserve		11,483	0.64	72,937

The information above is extracted from the report titled 'Wolfsberg Lithium Project Definitive Feasibility Study Results' published on 8 March 2023 and is available on www.europeanlithium.com. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Application for a Simplified EIA Procedure to obtain the final Mining Decree

In Q2/2023 the Company conducted a complex work program to prepare a comprehensive application for pre-assessment of the Environmental Impact Assessment (EIA) Determination Procedure. The decree issued after the pre-assessment forms the basis for a fast-track-eligibility approval process (**Simplified Procedure**) covering the application of the final mining decree to be lodged in a timely manner thereafter.

The application which has been lodged with the Austrian state government, is based on the detailed environment study results from the PFS and DFS covering several years of observations and documentation and the final technical layouts for the mine and concentrator. Approval for the Simplified Procedure is an important step towards operational readiness to build the mine and concentrator at the anticipated location at the Wolfsberg Project.

Additional Mining Licenses

The DFS mine planning and design incorporated the significantly extended resource, and it was established that future mining could be undertaken in mining fields that exceeded the existing licenses held by the Company. On 15 August 2023, the Company announced that an additional 7 licenses in a new mining field and 2 extensions of the existing Andreas field had been granted. The Company now holds

² The projected LHM sales price is USD 48600/t in 2025 which represents a 39% discount to LHM spot prices DDP Antwerp reported by Fastmarkets in February 2023 (USD 79500 /t). Price then increases with CPI (~2%) over LOMP.

³ Reported in accordance with the 2012 JORC code guidelines, statement by SRK Consulting (UK) Ltd, Effective Date July 01, 2022

⁴ Includes 32.3% Proved Ore Reserves and 67.7% Probable Ore Reserves classified in accordance with the JORC Code guidelines

a total of 20 licenses, nearly doubling the footprint for the underground mining operations.

Drilling

No additional drilling took place during the period. To increase the Wolfsberg Project's resource base, the Company previously completed planning for the Zone 2 exploration drilling program. Approval of the drilling program was granted by the Mining Authority, after the successful public hearing on 24 May 2023, where the entire drilling program was confirmed by all stakeholders. The Company received the decree in Q3/2023. The Company has selected drilling contractor GEOPS and drilling is expected to commence in the near future under the management of Critical Metals.

Hydrogeology

The Company continues its hydrogeology monitoring program during the period. All hydrogeological data continues to be stored and secured within the Company's database.

The preparation work by SRK, and the geological consultant, GEO Unterweissacher GmbH, continues to ensure in-hole hydrogeological test work has been completed appropriately and can continue in the future.

Data from the above activities is fed into a water measuring database from which an annual report is produced.

Environmental

The Company continues to work with Hasslinger & Nagele in Vienna (**Hasslinger**) on the application process which is to be lodged with the relevant authorities. Hasslinger's engagement includes the facilitation of numerous discussions with municipal, state and federal authorities to introduce the project rollout and the integration of the DFS findings into the environmental approvals process.

The Company decision to lodge a pre-assessment application for the EIA Determination Procedure (as outlined above) to obtain a decree for the simplified EIA process and ensure the fast-track-eligibility approval process (simplified procedure) covering the application of the final mining decree.

The Company is committed to ensuring it meets the highest level of environmental standards required in Austria at every stage of project operations.

Monitoring of water quality and flows from the mine is continuing.

Mining

In preparation for operational readiness, the Company has commenced preparation of the documentation for a formal mining application with the Mining Authority. Several qualified consultancies have received a tender to quote on this essential task. The result of this tender process and subsequent appointment is expected to occur in the near future under the management of Critical Metals. The successful consultant will work closely with Critical Metals to complete and lodge the formal mining application.

Marketing Activities

The Company has a binding long term supply agreement (**LTA**) with top tier European auto manufacturer BMW AG (**BMW**) for the offtake of battery grade lithium hydroxide.

Horizon 2020 and GREENPEG

During the year ended 30 June 2023, the Company's 100% owned subsidiary ECM Lithium AT GmbH (**ECM**) continued work on the infield and underground geophysical survey program reporting required in respect to ECM's participation in the European Union funded Horizon 2020 – GREENPEG project.

The Company continued proactively working in the approved and funded Horizon 2020 LithRef program. Continued participation shows

the Company's abilities and eligibility to contribute with EU-level support to the sustainable supply of battery grade lithium, sourced and produced in Europe.

Other Business

The Company continues to develop technical solutions to incorporate recycled lithium-ion battery materials into the flowsheets for final lithium carbonate and lithium hydroxide production. Pursuant to a letter of intent, this project is technically supervised by a research group from the University of Graz.

The Company continues to assess its options for the Wolfsberg Project's eligibility to achieve Carbon Neutrality.

EV Resources

On 11 May 2021, the Company announced that it had entered into a Collaboration Agreement with EV Resources Limited (formerly Jadar Resources Limited) (ASX: EVR) (**EVR**) and an agreement to acquire a 20% interest in the Weinebene Lithium Project (the **Weinebene Project**) and the Eastern Alps Lithium Project (the **Eastern Alps Project**) both of which are located in southern Austria.

The Weinebene Project area directly encloses the Wolfsberg Project. The Eastern Alps Project comprises the project areas of Glanzalm-Ratzell-Poling, Millstätter Seerücken, Hohenwart, Falkenberg, Pallbauernalm-Mittereck-Zinkerschluft, Mitterberg and St. Radegund (refer Figure 1).

The Weinebene Project and Eastern Alps Project are considered complimentary to the Wolfsberg Project given their geographical proximity and are expected to provide European Lithium with optionality in terms of future development and production scenarios.

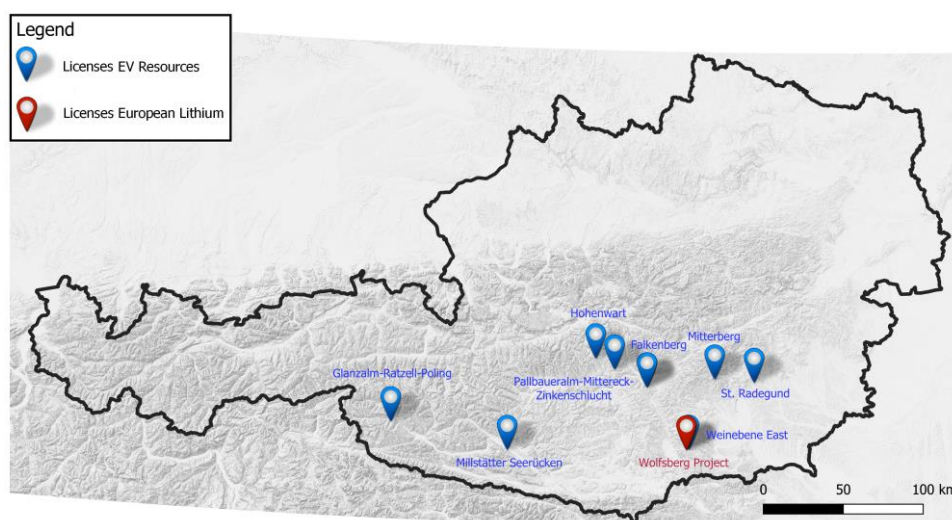


Figure 1 – Weinebene Lithium Project Location

There were no advancements during the period however the Technical Advisory Committee continues to identify the best options to advance the assets and operations.

Austrian Lithium Projects

On 21 June 2023, the Company announced the completion of the acquisition of 100% of the rights, title and interest in the Bretstein-Lachtal Project, Klementkogel Project and the Wildbachgraben Project (together **Austrian Lithium Projects**) from 2743718 Ontario Inc. (**Ontario**), a subsidiary of Richmond Minerals Inc. (TSX-V: RMD) (**Richmond**).

The Austrian Lithium Projects consist of 245 exploration licenses covering a total area of 114.6 km² and are located approximately 80km from the Wolfsberg Lithium Project (refer Figure 2). The licenses cover ground that is considered prospective for lithium occurrences in the Styria mining district of Austria, approximately 70km north of the Company's Wolfsberg Project.



Figure 2 – Austrian Lithium Projects location.

Planning for an initial work program continued in Q4/2023. The initial work program will focus primarily on the Bretstein-Lachtal Project Area (refer Figure 3) and include:

- Stakeholder engagement;
- Detailed geological and structural mapping of prospective areas to determine potential extent of pegmatite veins and lenses;
- Additional trenching and sampling;
- Geophysical investigations; and
- Definition of potential drill target.

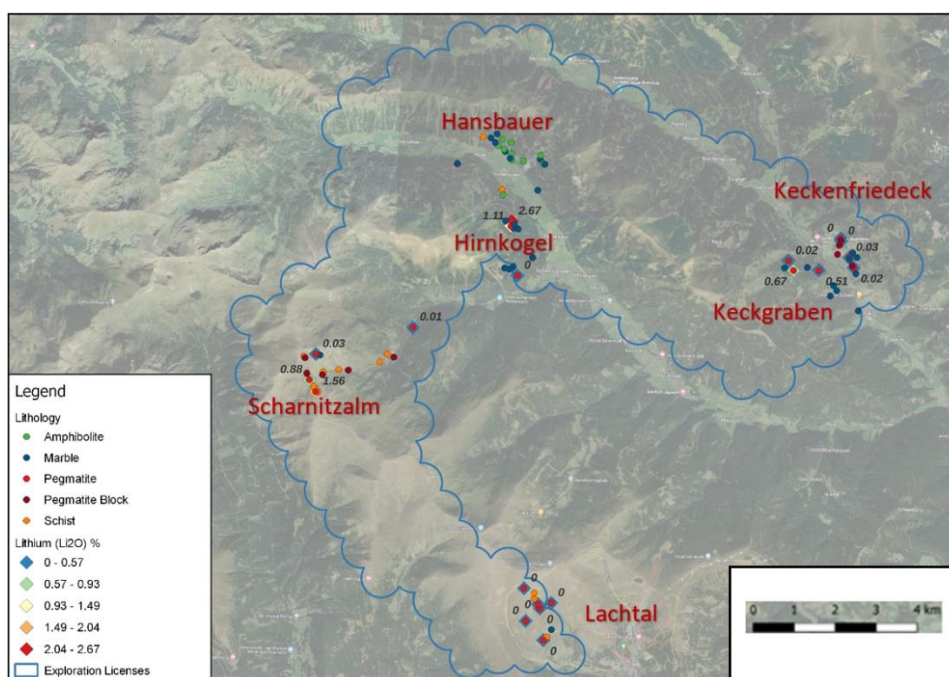


Figure 3 - Exploration license outline and sample locations at Bretstein-Lachtal Project showing Li₂O grades (%). The results plotted are those results provided by Richmond Minerals Inc. to be verified by EUR's Due Diligence

The Company's focus for the Austrian Lithium Projects is to achieve fully JORC compliant resources, based on confirmed historic and newly conducted exploration results.

AUSTRALIA

E47/4144

The Company previously announced that it had secured tenement E47/4144 located in Northwest Western Australia via ballot under the WA Mining Act (refer EUR announcement 23 September 2020).

On 12 July 2023, the Company announced that it had entered into a binding term sheet for the sale of a 100% interest in tenement E47/4144 (**Sale**). As at the date of this report, this completion of the Sale has not occurred and as such the Company continues to investigate options regarding the divestment of E47/4144.

E47/4144 is progressing through the WA Mining Act regulatory application process. The Company is continuing discussions with a stakeholder and remaining objector to negotiate access with respect to areas of existing or intended infrastructure.

E47/4532 and E47/4534

During the period, desktop evaluation work was completed on granted tenement E45/4532 and 4534 at Munni Munni South to define target areas with diamond, iron ore and base metal potential for further exploration work in 2024.

UKRAINE

Dobra and Shevchenkivske Projects

On 2 January 2024, the Company announced that it had renegotiated the terms under which EUR will acquire European Lithium Ukraine LLC (formerly Petro Consulting LLC) (**European Lithium Ukraine**), a Ukraine incorporated company that is applying (through either court proceedings, public auction and/or production sharing agreement with the Ukraine Government) for 20-year special permits for the extraction and production of lithium at the Shevchenkivske project and Dobra Project in Ukraine (refer Figure 4), from Millstone and Company Global DW LLC (**Millstone**)(**Millstone Transaction**).

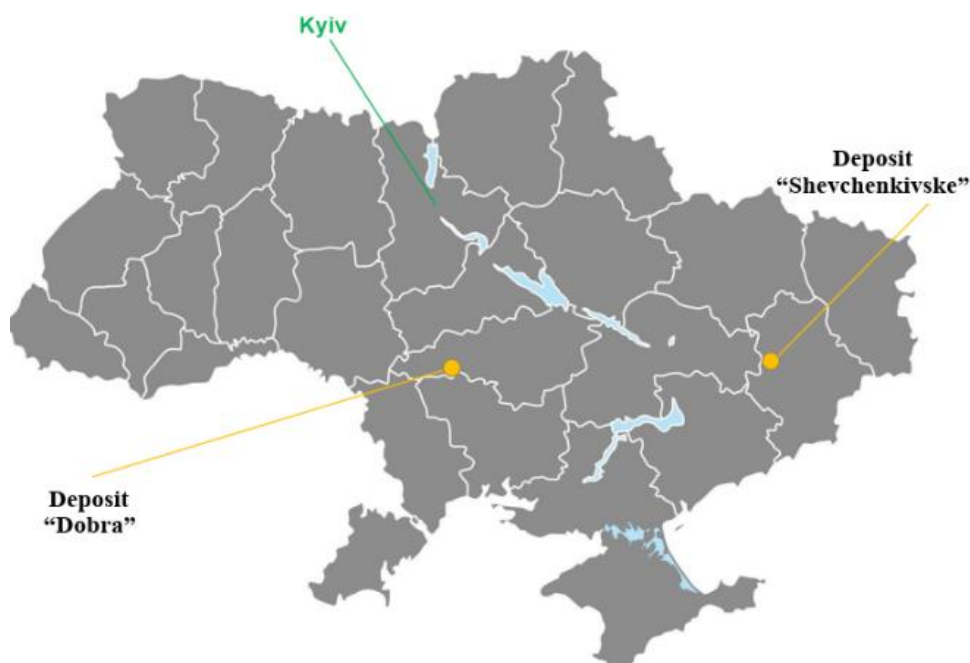


Figure 4 - Location of the deposit Shevchenkivske and Dobra in Ukraine

As announced on 2 January 2024, the parties agreed to vary the transaction as follows:

1. Completion occurred on 29 December 2023 at which time EUR become the registered holder of all of the issued shares in European Lithium Ukraine.

2. The consideration for Dobra (previously announced on 28 February 2023) would be issued upon, amongst other things, grant and exploration commencing at Dobra. Of the consideration:
 - a. the issue of 7m EUR shares would not be subject to shareholder approval; and
 - b. the balance of up to 182,473,684 EUR shares and the performance rights would be subject to approval by EUR shareholders.
3. The consideration for Shevchenkivske would be issued upon, amongst other things, shareholder approval and grant of a licence for Shevchenkivske.
4. Consequential amendments to reflect completion occurring immediately with consideration only payable upon, amongst other things, the grant of licences and (in the case of Dobra) exploration commencing.
5. Consequential amendments to subscription agreement so that the third tranche (A5m) is conditional upon grant of the Dobra licence.

During the period, the Company did not conduct desktop or fieldwork on the assets associated with the Millstone Transaction. The Company continues to monitor closely the conflict in Ukraine and will continue to assess when it will become safe to commence in-country exploration activities, especially with the larger Dobra asset in the West of the country.

CORPORATE

NASDAQ Merger

On 26 October 2022, the Company announced that it has entered into a business combination agreement with Sizzle Acquisition Corp., a US special purpose acquisition company listed on NASDAQ (NASDAQ:SZZL) (**Sizzle**), pursuant to which EUR will combine its wholly owned Wolfsberg Project with Sizzle via a newly-formed, lithium exploration and development company named "Critical Metals Corp" (**CRML**) which is expected to be listed on the NASDAQ (**Transaction**).

On 23 December 2022, the Company advised that the Form F-4 Registration Statement had been filed with the U.S. Securities and Exchange Commission (**SEC**) in connection with the Transaction. Since this initial filing, the Company has lodged F-4 Amendment No 1 with the SEC on 14 February 2023, F-4 Amendment No 2 with the SEC on 30 March 2023, F-4 Amendment No 3 with the SEC on 5 May 2023, F-4 Amendment No 4 with the SEC 7 August 2023, F-4 Amendment No 5 with the SEC on 9 November 2023 and F-4 Amendment No 6 with the SEC on 1 December 2023. On 28 December 2023, the Company advised that the F-4 Registration Statement has been declared effective by the SEC.

The Transaction was approved by EUR shareholders on 20 January 2023.

Subsequent to the period end, Sizzle stockholders approved the Transaction as a special meeting held on 22 February 2024 and approval for Critical Metals' shares to be listed on the Nasdaq was received on 26 February 2024. CRML subsequently commenced trading on the Nasdaq on 28 February 2024.

The Company holds 67,788,383 ordinary shares in Critical Metals and is the largest stockholder with 83.03% of issued capital. Based on the closing share price of Critical Metals being US\$8.78 per share as of 11 March 2024, European Lithium's investment in Critical Metals is valued at US\$595,182,003 (A\$ 898,724,824).

Obeikan Investment Group

On 2 June 2023, the Company announced the execution of a binding term sheet with Obeikan Investment Group (**Obeikan**) to build and operate a hydroxide plant in Saudi Arabia (**JV Term Sheet**). The 50/50 Joint Venture (**JV**) will be geared towards developing, constructing and commissioning a lithium hydroxide processing plant, and operating the plant for the conversion of lithium spodumene concentrate from the Company's Wolfsberg Project in stages.

Under the JV Term Sheet, the proposed JV will seek to have an exclusive right to purchase spodumene mined from the current resource at the Wolfsberg Project (Zone 1), and the facility is expected to be developed to meet the minimum initial capacity and product specifications based on the Company's binding Long Term Supply Agreement with BMW (refer ASX announcement dated 21 December 2022).

Subsequent to the period end on 15 January 2024, the Company announced that it has investigated efficiencies in the planning process that has increased capacity for the hydroxide processing plant to 20,000 tonnes per annum. The source for the additional concentrate hasn't been decided yet however options are to either source from the Wolfsberg Lithium Project Zone 2, or the Company's other Austrian Lithium Projects, otherwise alternatively sources of concentrate will be sourced in the market by the JV.

The Company and Obeikan are progressing with the incorporation of the JV, negotiation of commercial terms and completion of the shareholder agreement.

On-Market Buyback

On 4 April 2023, the Company announced and commenced its on-market buyback. During the half year ended 31 December 2023, a total of 13,033,868 shares were bought back by EUR for a total consideration of \$1,316,810 (inclusive of broker fees and GST). The buyback was completed and share capital reduced by 100,000,000 shares being the total number for shares bought back, on or about 13 July 2023.

Shareholder Meetings

On 29 November 2023, the Company held its annual general meeting (**AGM**) of shareholders. All resolutions were carried at the AGM.

Capital Movements

On 11 December 2023, the Company issued 45,000,000 performance rights to Directors of the Company as approved at the AGM. The performance rights vest upon the Company's undiluted market capitalisation being equal or greater than A\$350,000,000 for 20 consecutive trading days (based on the volume average weighted price of share for each trading day during that period) at any time prior to 31 December 2024.

KEY RISKS

The business, assets and operations of the Company are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks remain materially unchanged from the key risks outlined in the annual financial report for the year ended 30 June 2023.

Events Subsequent to Reporting Date

On 4 January 2024, the Company subscribed for convertible loan notes of US\$200,000 in Pan African Niger Limited (PANL). Interest accrues at 20% per annum and is repayable or convertible on or before 4 January 2025.

On 1 March 2024, the Company announced completion of the business combination between the Company and Sizzle Acquisition Corp to form Critical Metals Corp (Critical Metals) which commenced trading on the Nasdaq on 28 February 2024 under the symbol CRML. At closing of the transaction, the Company was issued 67,788,383 ordinary shares in CRML and is the largest stockholder with 83.03% of issued capital. Based on the closing share price of Critical Metals being US\$8.78 per share as of 11 March 2024, the Company's current investment in Critical Metals is valued at US\$595,182,003 (A\$ 898,724,824) noting that this valuation is subject to fluctuation in the share price of Critical Metals. Through this significant Interest, the Company is aligned with Critical Metals vision to become a key supplier for the lithium-ion battery supply chain in Europe. European Lithium will continue to monitor the development of the Wolfsberg Project and anticipates benefitting from Critical Metals future success as they execute their strategy.

On 7 March 2024, the Company entered into a loan agreement and advanced funds of \$2,000,000 to Cyclone Metals Ltd (ASX: CLE). The loan is repayable on 20 June 2024, accrues interest of 10.0% per annum and is secured by CLE's Iron Bear iron ore project located in the Labrador Trough in Canada. Mr Tony Sage is a director of CLE.

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

DIRECTORS' REPORT

Auditor's Independence Declaration

Section 307C of the *Corporations Act 2001* requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 11 and forms part of this Directors' report for the half-year ended 31 December 2023.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the *Corporations Act 2001*.



Antony Sage
Executive Chairman
14 March 2024

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of European Lithium Limited 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:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
14 March 2024



M R Ohm
Partner

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2023**

	Note	31 December 2023	31 December 2022
		\$	\$
Revenue and other income	3	113,378	445,625
Employee benefits expense	4	(276,000)	(276,000)
Depreciation and amortisation expense		(10,629)	(5,029)
Depreciation and amortisation expense - leased assets		(35,083)	-
Finance costs		(34,687)	(10,181)
Exploration expenditure expensed	6	(2,240)	(397,650)
Consulting fees		(404,641)	(261,539)
Travel expenses		(14,045)	(172,353)
Regulatory and compliance costs	4	(505,285)	(594,004)
Profit on fair value of financial assets through profit or loss	8	-	7,844
Share-based payments	12	(8,000)	(1,506,944)
Share of net (loss) of JV accounted for using the equity method	7	(10,344)	(175)
Merger expenses	4	(2,001,464)	(5,561,620)
Foreign exchange gain/(loss)		(459,419)	1,016,099
Other expenses	4	(327,146)	(376,618)
Loss before income tax		(3,975,605)	(7,692,545)
Income tax expense		-	-
Loss after tax		(3,975,605)	(7,692,545)
Other comprehensive income, net of income tax			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(154,239)	551,303
Other comprehensive loss for the period, net of income tax		(154,239)	551,303
Total comprehensive loss for the period		(4,129,844)	(7,141,242)
Loss per share for the period			
Basic loss per share (cents per share)	13	(0.28)	(0.54)
Diluted loss per share (cents per share)	13	(0.28)	(0.54)

*The above Condensed Consolidated Statement of Comprehensive Income is to be read in conjunction with the
Notes to the Financial Statements*

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	31 December 2023	30 June 2023
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		7,965,127	13,144,813
Trade and other receivables		541,790	338,881
Indemnification asset	17	1,714,192	-
Short-term loan receivable	5	486,746	-
Total Current Assets		10,707,855	13,483,694
Non-Current Assets			
Property, plant and equipment		16,192	26,837
Deferred exploration and evaluation expenditure	6	52,938,892	52,694,287
Investment in associates	7	735,743	666,390
Restricted cash and other deposits		81,255	81,876
Financial assets at fair value through profit or loss	8	4,765,257	4,765,257
Right of use asset		119,216	-
Total Non-Current Assets		58,656,555	58,234,647
TOTAL ASSETS		69,364,410	71,718,341
LIABILITIES			
Current Liabilities			
Trade and other payables	9	6,629,109	5,414,427
Short-term loan payable	17	1,727,402	-
Lease liability		40,363	-
Total Current Liabilities		8,396,874	5,414,427
Non-Current Liabilities			
Lease liability		87,949	-
Total Non-Current Liabilities		87,949	-
TOTAL LIABILITIES		8,484,823	5,414,427
NET ASSETS		60,879,587	66,303,914
EQUITY			
Issued capital	10	74,422,893	75,725,376
Reserves	11	16,794,526	16,940,765
Accumulated losses		(30,337,832)	(26,362,227)
TOTAL EQUITY		60,879,587	66,303,914

*The above Condensed Consolidated Statement of Financial Position is to be read in conjunction with the
Notes to the Financial Statements*

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2023**

	Issued Capital	Accumulated losses	Share-based Payments Reserve	Foreign Currency Translation Reserve	Total Equity
	\$	\$	\$	\$	\$
At 1 July 2022	80,636,841	(14,153,262)	11,218,011	849,158	78,550,748
Loss for the period	-	(7,692,545)	-	-	(7,692,545)
Foreign currency exchange differences arising on translation from functional currency to presentation currency	-	-	-	551,303	551,303
Total comprehensive loss for the period	-	(7,692,545)	-	551,303	(7,141,242)
Issue of shares – Exercise of Options	4,090,721	-	-	-	4,090,721
Issue of shares – Tenement acquisition	375,000	-	-	-	375,000
Share issue costs – cash	(44,453)	-	-	-	(44,453)
Share issue costs – options issued to corporate advisor	(1,111,000)	-	1,111,000	-	-
Options issued to Directors	-	-	1,506,944	-	1,506,944
At 31 December 2022	83,947,109	(21,845,807)	13,835,955	1,400,461	77,337,718
At 1 July 2023	75,725,376	(26,362,227)	14,769,159	2,171,606	66,303,914
Loss for the period	-	(3,975,605)	-	-	(3,975,605)
Foreign currency exchange differences arising on translation from functional currency to presentation currency	-	-	-	(154,239)	(154,239)
Total comprehensive loss for the period	-	(3,975,605)	-	(154,239)	(4,129,844)
Share buy-back	(1,302,483)	-	-	-	(1,302,483)
Options issued to Directors	-	-	8,000	-	8,000
At 31 December 2023	74,422,893	(30,337,832)	14,777,159	2,017,367	60,879,587

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Note	31 December 2023	31 December 2022
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(1,759,633)	(1,488,762)
Payments for deferred exploration and evaluation expenditure		(933,976)	(1,828,427)
Finance costs		(8,779)	(8,084)
Interest paid – leased assets		(12,884)	-
Interest received		107,594	245,735
GST/VAT refunds (paid)/received		(76,632)	45,050
Grant proceeds		827	-
Net cash used in operating activities		(2,683,483)	(3,034,488)
Cash flows from investing activities			
Payments for the acquisition of exploration tenements		-	(10,000)
Payment to acquire interest in entity		-	(14,800)
Investment in financial assets		-	(2,459,657)
Merger expenses		(966,484)	(2,541,295)
Net cash used in investing activities		(966,484)	(5,025,752)
Cash flows from financing activities			
Proceeds from exercise of options	10a	-	4,090,721
Payment for share issue costs	10a	-	(44,453)
Advancement of short-term loan facility	5	(290,000)	(1,250,000)
Repayment of short-term loan facility	5	90,518	-
Share buy-back	10a	(1,302,483)	-
Repayment of lease liabilities		(42,803)	-
Net cash (used in) / provided by financing activities		(1,544,768)	2,796,268
Net (decrease) in cash and cash equivalents		(5,194,735)	(5,263,972)
Cash and cash equivalents at beginning of the period		13,144,813	33,000,939
Effects on exchange rate fluctuations on cash held		15,049	7,931
Cash and cash equivalents at end of period		7,965,127	27,744,898

*The above Condensed Consolidated Statement of Cash Flows is to be read in conjunction with the
Notes to the Financial Statements*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001*, applicable accounting standards including *AASB 134 Interim Financial Reporting*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (**AASB**). Compliance with *AASB 134* ensures compliance with *IAS 34 Interim Financial Reporting*.

The interim financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2023 and any public announcements made by European Lithium Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

Basis of preparation

The interim financial report has been prepared on a historical cost basis, except for the revaluation of certain financial instruments to fair value. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim financial report, the half-year has been treated as a discrete reporting period.

Adoption of new and revised standards

Standards and Interpretations applicable to 31 December 2023

In the half-year ended 31 December 2023, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the interim reporting periods beginning on or after 1 July 2023. As a result of this review, the Directors have applied all new and amended Standards and Interpretations that were effective as at 1 July 2023 with no material impact on the amounts or disclosures included in the financial report.

Accounting policies and methods of computation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half-year. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards with the exception of the following:

Indemnification assets

Indemnification assets are assets arising from the acquiree's former owners contractually indemnifying the acquirer for a particular uncertainty. The indemnification asset is measured and recognised on the same basis as the related/indemnified item (ie at the same time and for an amount that is measured consistently with how the indemnified item is measured), subject to the contractual provisions or any collectability considerations. If the indemnified item is not recognised as a contingent liability at the acquisition date because its fair value is not reliably measurable, then, no indemnification asset is recognised at that date.

Significant accounting judgments and key estimates

The preparation of the interim financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. SEGMENT REPORTING

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors in order to allocate resources to the segment and to assess its performance.

The Company operates in the mineral exploration industry. For management purposes, the Company is recognised into one main operating segment, the exploration of minerals. All of the Company's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

3. REVENUE AND OTHER INCOME

	Six months ended 31 December 2023 \$	Six months ended 31 December 2022 \$
Bank interest revenue	107,594	245,735
Interest on loan (note 5)	4,957	39,178
Other income	-	160,712
Grant proceeds	827	-
	<u>113,378</u>	<u>445,625</u>

4. EXPENSES

	Six months ended 31 December 2023 \$	Six months ended 31 December 2022 \$
Employee benefits expenses		
Directors' remuneration & consulting	276,000	276,000
	<u>276,000</u>	<u>276,000</u>
Regulatory and compliance costs		
ASX listing fees	65,346	146,113
OTC listing fees	16,082	147,961
Vienna listing expenses	-	807
Legal expenses	285,203	210,673
Other regulatory and compliance expenses	138,654	88,450
	<u>505,285</u>	<u>594,004</u>
Merger Expenses		
Merger expenses (i)	2,001,464	5,561,620
	<u>2,001,464</u>	<u>5,561,620</u>
Other expenses		
Promotions and advertising	100,438	80,193
Other administrative expenses	226,708	296,425
	<u>327,146</u>	<u>376,618</u>

- (i) On 26 October 2022, the Company announced that it had entered into a business combination agreement with Sizzle Acquisition Corp., a US special purpose acquisition company listed on NASDAQ (NASDAQ:SZZL) (Sizzle), pursuant to which ownership of EUR's wholly owned Wolfsberg Lithium Project (Wolfsberg Project) and Sizzle will be transferred to a newly-formed lithium exploration and development company named "Critical Metals Corp." which is expected to be listed on NASDAQ (Transaction). In accordance with the terms of the business combination agreement, the Company will be

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

reimbursed for certain expenses incurred conditional upon the closing of the Transaction. Closing of the Transaction occurred subsequent to the half-year period (refer to note 18).

5. SHORT TERM LOAN

	Six months to 31 December 2023	Year to 30 June 2023
	\$	\$
Short term loan	486,746	-
	486,746	-

	Six months to 31 December 2023	Year to 30 June 2023
	\$	\$
Balance at beginning of period	-	1,014,178
Drawdown of loan	572,307	1,250,000
Accrued interest	4,957	86,336
Conversion of loans	-	(2,350,514)
Repayment of loan	(90,518)	-
Balance at end of period	486,746	-

On 13 September 2023, the Company entered into a loan agreement and advanced funds of \$200,000 to Cyclone Metals Ltd (ASX: CLE). The loan is secured over 25,000,000 unencumbered shares held by CLE in CuFe Limited (ASX: CUF), accrued interest of 7.5% per annum and is repayable on 20 June 2024. On 19 October 2023, the Company entered into a second loan agreement and advanced funds of \$90,000 to CLE. This loan was subsequently repaid on 16 November 2023 including interest which accrued at 7.5% per annum.

During the period, the Company paid invoices on behalf of Critical Metals Corp (CRML) in respect to the business combination agreement (refer note 4). In accordance with the terms of the business combination agreement, the Company will be reimbursed for certain expenses incurred upon the closing of the Transaction. The loan is unsecured and interest free.

At 31 December 2023, the balance (including accrued interest) owing from CLE was \$204,438 and the balance owing from CRML was \$282,308. At 31 December 2023, the Group has made no provision for expected credit loss in respect to the short term loan.

6. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Six months to 31 December 2023	Year to 30 June 2023
	\$	\$
Balance at beginning of period	52,694,286	44,199,076
Expenditure incurred	839,771	4,600,385
Acquisition of tenements	-	456,602
Foreign exchange movement	(592,925)	3,767,892
Impairment of exploration expenditure	(2,240)	(329,668)
Balance at end of period	52,938,892	52,694,287

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective areas.

During the half year ended 31 December 2023, the Company recognised impairment losses in respect of capitalised exploration and evaluation of \$2,240 (30 June 2023: \$329,668). The impairment made during the period was recognised on areas of interest on Western Australian tenements which have not yet been granted.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. INVESTMENT IN ASSOCIATES

	Six months to 31 December 2023	Year to 30 June 2023
	\$	\$
Investment in associates	735,743	666,390

a) Investment details

	Six months to 31 December 2023	Year to 30 June 2023
	%	%
Percentage held at reporting date – Jadar (i)	20	20
Percentage held at reporting date – John Wally (ii)	50	50

(i) On 11 May 2021, the Company announced that it had entered into a Collaboration Agreement with EV Resources Limited (formerly Jadar Resources Limited) (ASX: EVR) (EVR) and an agreement to acquire a 20% interest in Jadar's Austrian Lithium assets from their JV partner (Jadar Acquisition). EVR holds an 80% interest in Subsidiary EV Resources GmbH (previously Jadar Lithium GmbH), the holder of the Weinebene and Eastern Alps Projects which lies 20km to the east of the Company's Wolfsberg Project.

(ii) The Company holds a 50% interest in John Wally Resources Pty Ltd (**John Wally**). This investment is equity accounted given the existence of joint control and the significant influence the Company has on John Wally through Mr Sage's role on the board and the interchange of management personnel.

b) Movement in the carrying amount of the investment in associates

	Six months to 31 December 2023	Year to 30 June 2023
	\$	\$
Balance at beginning of period	666,390	528,578
Share of net losses recognised during the year	(10,344)	(4,427)
Cash investment	79,697	153,550
Other – Prior period reclassification	-	(11,311)
Balance at end of period	735,743	666,390

c) Summarised financial information

EV Resources GmbH

	31 December 2023	30 June 2023
	\$	\$
Current assets	13,881	31,086
Non-current assets	440,475	436,660
Current liabilities	(638,443)	(629,964)
Non-current liabilities	-	-
Equity	(184,087)	(162,218)
Group's carrying amount of the investment	529,606	643,288

Jadar Lithium has no contingent liabilities, capital commitments or bank guarantees on issue as at 31 December 2023.

	Six months to 31 December 2023	Year to 30 June 2023
	\$	\$
Revenue and other income	-	-
Depreciation	-	-
Loss before tax	(25,557)	30,696
Income tax expense	-	-
Loss for the period	(25,557)	30,696
Total comprehensive (loss) for the period	-	-
Group's share of (loss) for the period	(5,111)	6,139

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

John Wally

	31 December 2023	30 June 2023
	\$	\$
Current assets	-	-
Non-current assets	179,028	134,987
Current liabilities	-	(25,190)
Non-current liabilities	-	-
Equity	179,028	109,797
Group's carrying amount of the investment	206,137	131,673

John Wally has no contingent liabilities, capital commitments or bank guarantees on issue as at 31 December 2023.

	Six months to 31 December 2023	Year to 30 June 2023
	\$	\$
Revenue and other income	-	-
Depreciation	-	-
Loss before tax	(10,466)	(21,132)
Income tax expense	-	-
Loss for the period	(10,466)	(21,132)
Total comprehensive (loss) for the period	(10,466)	(21,132)
Group's share of (loss) for the period	(5,233)	(10,566)

d) Impairment assessment

The carrying amount of the investments in associates were assessed for impairment at 31 December 2023 with no indication of impairment at the reporting date.

8. FINANCIAL ASSETS

	Six months to 31 December 2023	Year to 30 June 2023
	\$	\$
Shares in Cyclone Metals Limited (ASX: CLE)	1,180,257	1,180,257
Shares in CuFe Limited (ASX: CUF)	210,000	210,000
Shares in unlisted entity	3,375,000	3,375,000
Financial assets at fair value through profit or loss at end of period	4,765,257	4,765,257
Balance at beginning of period	4,765,257	15,000
Purchase of listed investments	-	209,657
Purchase of unlisted investments	-	3,375,000
Profit/(loss) in fair value from revaluation (i)	-	(1,184,914)
Conversion of debt into equity securities (listed)	-	2,350,514
Balance at end of period	4,765,257	4,765,257

- (i) During the period ended 31 December 2023, the Company's investments in listed entities were revalued to market value with the movement being recorded through the profit or loss and other comprehensive income. This is a level 1 measurement basis on the fair value hierarchy.

9. TRADE AND OTHER PAYABLES

	31 December 2023	30 June 2023
	\$	\$
Trade payables	6,527,652	4,963,112
Other payables and accruals	101,457	451,315
	6,629,109	5,414,427



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. ISSUED CAPITAL

a) Ordinary shares

	Six months to 31 December 2023		Year to 30 June 2023	
	No of Shares	\$	No of Shares	\$
Balance at beginning of period	1,494,239,175	75,725,376	1,383,024,747	80,636,841
Issue of shares – Exercise of unlisted options – cash	-	-	31,214,428	1,840,721
Issue of shares – Exercise of listed options – cash	-	-	30,000,000	2,250,000
Issue of shares – Tenement acquisition	-	-	7,000,000	515,000
Issue of shares – Facilitators	-	-	2,000,000	140,000
Issue of shares – Conversion of performance rights	-	-	40,000,000	-
Issue of shares – Conversion of debt	-	-	1,000,000	100,000
Cancellation of shares – Share buyback (i)	(100,000,000)	(1,302,483)	-	(8,601,733)
Capital raising costs – options issued to corporate advisor	-	-	-	(1,111,000)
Capital raising costs – cash	-	-	-	(44,453)
Balance at end of period	1,394,239,175	74,422,893	1,494,239,175	75,725,376

- (i) On 4 April 2023, the Company announced and commenced its on-market buyback. During the half year ended 31 December 2023, a total of 13,033,868 shares were bought back by EUR for a total consideration of \$1,302,483 (exclusive of broker fees and GST). The buy-back was completed and share capital reduced by 100,000,000 shares being the total number for shares bought back, on or about 13 July 2023.

Terms and conditions of contributed equity

Fully paid ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of paid up shares held.

Fully paid ordinary shares entitle their holder to one vote, either in person or by proxy, at any shareholders' meeting of the Company.

b) Options and Performance Rights

At 31 December 2023, the unissued ordinary shares of the Company under option and performance rights are as follows:

Date of Expiry	Status	Exercise Price	Number of Options
19/4/2024	Listed	7.5 cents	166,721,965
31/3/2025	Listed	18.0 cents	223,076,970
27/01/2025	Unlisted	10.0 cents	7,000,000
01/05/2025	Unlisted	12.0 cents	5,000,000
01/05/2025	Unlisted	14.0 cents	5,000,000
01/05/2025	Unlisted	16.0 cents	5,000,000
01/05/2025	Unlisted	18.0 cents	5,000,000
22/02/2024	Unlisted	20.0 cents	7,776,425
26/06/2026	Unlisted	12.0 cents	4,000,000
			428,575,360

Date of Expiry	Status	Exercise Price	Number of performance rights
31/12/2024	Unlisted	0.00 cents	45,000,000
			45,000,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. RESERVES

	31 December 2023	30 June 2023
	\$	\$
Share-based payment reserve	14,777,159	14,769,159
Foreign currency translation reserve	2,017,367	2,171,606
	16,794,526	16,940,765
	Six months to 31 December 2023	Year to 30 June 2023
	\$	\$
<i>Share-based payments reserve</i>		
Balance at beginning of period	14,769,159	11,218,011
Issue of options – Tenement acquisition	-	66,602
Issue of options – Tenement acquisition facilitator	-	66,602
Issue of options – Corporate advisor	-	1,111,000
Issue of performance rights – Directors (note 12)	8,000	2,306,944
Balance at end of period	14,777,159	14,769,159
<i>Foreign currency translation reserve</i>		
Balance at beginning of period	2,171,606	849,158
Foreign currency exchange differences arising on translation of foreign operations	(154,239)	1,322,448
Balance at end of period	2,017,367	2,171,606

12. SHARE-BASED PAYMENTS

On 11 December 2023, the Company issued performance rights to Okewood Pty Ltd (a related party of Tony Sage) (20,000,000), Pixsell Pty Ltd ATFT Pixsell Unit Trust (a company in which Malcolm Day is a Director) (15,000,000), Michael Carter (5,000,000) and Mykhailo Zhernov (5,000,000) (Performance Rights) in consideration for Director services following receipt of shareholder approval at the AGM held on 29 November 2023. The Performance Rights vest upon the Company's market capitalisation exceeding \$350m for 20 consecutive trading days (based on the volume average weighted price of shares for each trading day during that period). An external valuation of the Performance Rights was obtained for which a prorated amount of \$8,000 has been included in the accounts at 31 December 2023 to reflect the rendering of services in the half year ended 31 December 2023.

	Number of Performance Rights	Grant date	Expiry Date	Fair value at grant date \$ per right	Vesting conditions
Antony Sage	20,000,000	29 November 2023	31 December 2024	\$0.0022	Tranche A
Malcolm Day	15,000,000	29 November 2023	31 December 2024	\$0.0022	Tranche A
Michael Carter	5,000,000	29 November 2023	31 December 2024	\$0.0022	Tranche A
Mykhailo Zhernov	5,000,000	29 November 2023	31 December 2024	\$0.0022	Tranche A

The fair value of the performance rights was determined using the Monte Carlo Simulation Methodology (**MCSM**), taking into account the terms and conditions upon which the performance rights were granted. The following table lists the input to the model for the performance rights:

	Antony Sage Tranche A	Malcolm Day Tranche A	Michael Carter Tranche A	Mykhailo Zhernov Tranche A
Dividend yield (%)	Nil	Nil	Nil	Nil
Expected volatility (%)	50%	50%	50%	50%
Risk free interest rate (%)	4.294%	4.294%	4.294%	4.294%
Exercise price (\$)	\$0.00	\$0.00	\$0.00	\$0.00
Marketability discount (%)	Nil	Nil	Nil	Nil
Expected life of options (years)	1.09 years	1.09 years	1.09 years	1.09 years
Share price at grant date (\$)	\$0.076	\$0.076	\$0.076	\$0.076
Value per option (\$)	\$0.0022	\$0.0022	\$0.0022	\$0.0022

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. BASIC AND DILUTED LOSS PER SHARE

	Six months ended 31 December 2023	Six months ended 31 December 2022
	\$	\$
Loss used in the calculation of basic and dilutive loss per share	(3,975,605)	(7,692,545)
	Six months to 31 December 2023	Six months to 31 December 2022
	Cents per share	Cents per share
<i>Earnings per share:</i>		
Basic loss per share (cents per share)	(0.28)	(0.54)
Diluted loss per share (cents per share)	(0.28)	(0.54)

There are dilutive potential ordinary shares on issue at balance date. However, given the Company has made a loss, there is no dilution of earnings hence the diluted loss per share is the same as basic loss per share.

	31 December 2023	31 December 2022
	Number	Number
Weighted average number of shares:	1,400,760,914	1,414,697,826

14. RELATED PARTY TRANSACTIONS

On 13 September 2023, the Company entered into a loan agreement and advanced funds of \$200,000 to Cyclone Metals Ltd (ASX: CLE). The loan is repayable on 20 June 2024, accrues interest of 7.5% per annum and is secured by 25,000,000 shares held by CLE in CuFe Limited (ASX: CUF). On 19 October 2023, the Company entered into a second loan agreement and advanced funds of \$90,000 to CLE. The loan was subsequently repaid on 16 November 2023 including interest which accrued at 7.5% per annum. Mr Tony Sage is a director of CLE.

On 11 December 2023, the Company issued performance rights to Okewood Pty Ltd (a related party of Tony Sage) (20,000,000), Pixsell Pty Ltd ATFT Pixsell Unit Trust (a company in which Malcolm Day is a Director) (15,000,000), Michael Carter (5,000,000) and Mykhailo Zhernov (5,000,000) (Performance Rights) in consideration for Director services following receipt of shareholder approval at the AGM held on 29 November 2023. The Performance Rights are subject to the achievement of milestones in respect to the Company's market capitalization (refer note 12).

15. CONTINGENT LIABILITIES

The Company completed the acquisition of 100% of the issued share capital and voting rights of European Lithium Ukraine LLC (**European Lithium Ukraine**) a Ukraine incorporated company that is applying (through either court proceedings, public auction and/or production sharing agreement with the Ukraine Government) for 20-year special permits for the extraction and production of lithium at the Shevchenkivske project and Dobra Project in Ukraine from Millstone and Company Global DW LLC (**Millstone**) (**European Lithium Ukraine Acquisition**). No consideration was paid at closing for the European Lithium Ukraine Acquisition however there is deferred consideration which is contingent upon, amongst other things, shareholder approval and grant and exploration commencing at the Shevchenkivske project and Dobra Project. Refer to note 17 for additional information.

There have been no other changes in contingent liabilities since the last annual reporting date.

16. COMMITMENTS

There have been no material changes in commitments since the last annual reporting date.

17. ACQUISITION OF ASSETS

On 29 December 2023, the Company completed the acquisition of 100% of the issued share capital and voting rights of European Lithium Ukraine LLC (**European Lithium Ukraine**) a Ukraine incorporated company that is applying (through either court proceedings, public

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

auction and/or production sharing agreement with the Ukraine Government) for 20-year special permits for the extraction and production of lithium at the Shevchenkivske project and Dobra Project in Ukraine from Millstone and Company Global DW LLC (Millstone) (European Lithium Ukraine Acquisition).

No consideration was paid at closing for the European Lithium Ukraine Acquisition.

As announced on 28 February 2023 and 2 January 2024, the deferred consideration for the Dobra Project of up to 189,473,684 fully paid ordinary shares in the Company (of which 182,476,684 are subject to shareholder approval) is to be issued upon, amongst other things, grant and exploration commencing at the Dobra Project. The consideration for the Shevchenkivske Project is up to 21,052,632 fully paid ordinary shares in the Company to be issued upon, amongst other things, shareholder approval and grant of a licence for the Shevchenkivske Project.

In addition, the Company will issue Millstone a total of 50,000,000 performance shares, each with a face value of \$1. The performance shares convert to ordinary shares at an issue price of the greater of the 20 day VWAP immediately prior to the relevant conversion event and \$0.095 upon certain performance hurdles (as set out below) being met within the specified period:

1. \$A2m performance shares convert to EUR shares upon the Shevchenkivske Project achieving a JORC compliant resource of no less than 9,428,320 t and Li₂O content of no less than 1.12%;
2. \$A18m performance shares convert to EUR shares upon the Dobra Project achieving a JORC compliant resource of no less than 9,879,240 t and Li₂O content of no less than 1.21%;
3. \$A1m performance shares convert to EUR shares upon the Shevchenkivske Project achieving a positive pre-feasibility study (as defined in the JORC Code 2012) with a pre-tax net present value of no less than US\$240m;
4. \$A9m of the Performance Shares shall be converted to EUR shares upon the Dobra Project achieving a positive pre-feasibility study (as defined in the JORC Code 2012) with a pre-tax net present value of no less than US\$240m;
5. \$A2m performance shares convert to EUR shares upon the Shevchenkivske Project achieving a positive feasibility study (as defined in the JORC Code 2012) with a pre-tax internal rate of return of no less than 25%; and
6. \$A18m performance shares convert to EUR shares upon the Dobra Project achieving a positive feasibility study (as defined in the JORC Code 2012) with a pre-tax internal rate of return of no less than 25%.

As part of the European Lithium Ukraine Acquisition, Millstone provided the Company with an indemnity against the fair value of the take on balances of European Lithium Ukraine which has been accounted for as an indemnity asset in accordance with the Group's accounting policies:

	Note	Total
Consideration		
Consideration		0
		0
Assets Acquired		
Sundry debtors		17,448
		17,448
Liabilities Assumes		
Lease liability (current)		(1,413)
Lease liability (non-current)		(2,520)
Trade and other payables		(305)
Short-term loan payable	a	(1,727,402)
		(1,731,640)
Net assets acquired		(1,714,192)
Indemnification asset		1,714,192
Deferred exploration and evaluation expenditure		-

(a) the financial liabilities acquired comprise loans with third parties.

18. EVENTS SUBSEQUENT TO REPORTING DATE

On 4 January 2024, the Company subscribed for convertible loan notes of US\$200,000 in Pan African Niger Limited (PANL). Interest accrues at 20% per annum and is repayable or convertible on or before 4 January 2025.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

On 1 March 2024, the Company announced completion of the business combination between the Company and Sizzle Acquisition Corp to form Critical Metals Corp (Critical Metals) which commenced trading on the Nasdaq on 28 February 2024 under the symbol CRML. At closing of the transaction, the Company was issued 67,788,383 ordinary shares in CRML and is the largest stockholder with 83.03% of issued capital. Based on the closing share price of Critical Metals being US\$8.78 per share as of 11 March 2024, the Company's current investment in Critical Metals is valued at US\$595,182,003 (A\$ 898,724,824) noting that this valuation is subject to fluctuation in the share price of Critical Metals. Through this significant Interest, the Company is aligned with Critical Metals vision to become a key supplier for the lithium-ion battery supply chain in Europe. European Lithium will continue to monitor the development of the Wolfsberg Project and anticipates benefitting from Critical Metals future success as they execute their strategy.

On 7 March 2024, the Company entered into a loan agreement and advanced funds of \$2,000,000 to Cyclone Metals Ltd (ASX: CLE). The loan is repayable on 20 June 2024, accrues interest of 10.0% per annum and is secured by CLE's Iron Bear iron ore project located in the Labrador Trough in Canada. Mr Tony Sage is a director of CLE.

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

19. FINANCIAL INSTRUMENTS

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Group as at 31 December 2023:

	At amortised cost	Through profit or loss	Fair value Through other comprehensive income
	\$	\$	\$
Financial assets			
Trade and other receivables	541,790	-	-
Short term loan receivables	486,746	-	-
Indemnification asset	1,714,492	-	-
Total current	2,743,028	-	-
Financial assets at fair value through profit or loss	-	4,765,257	-
Total non-current	-	4,765,257	-
Total assets	2,743,028	4,765,257	-
Financial liabilities			
Trade and other payables	6,629,109	-	-
Short term loan payable	1,727,402	-	-
Total current	8,356,511	-	-
Total liabilities	8,356,511	-	-

The Directors consider that the carrying amounts of current receivables, current payables and current borrowings are a reasonable approximation of their fair values.

DIRECTORS' DECLARATION

In the opinion of the Directors of European Lithium Limited ('the company'):

1. The attached financial statements and notes thereto are in accordance with the *Corporations Act 2001* including:
 - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. 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 then ended; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the *Corporations Act 2001*.



Antony Sage
Executive Chairman

14 March 2024

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of European Lithium Limited

Report on the Condensed Interim Financial Report*Conclusion*

We have reviewed the interim financial report of European Lithium Limited ("the Company") and its controlled entities ("the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2023, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes, and the directors' declaration, for the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) 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
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the interim 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 interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the interim 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 interim 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*.

A review of an interim 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
14 March 2024



M R Ohm
Partner