



LITHIUM AUSTRALIA LIMITED

ACN 126 129 413

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

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CORPORATE DIRECTORY

DIRECTORS

George Bauk
Non-Executive Chairman

Kristie Young
Non-Executive Director

Phil Thick
Non-Executive Director

EXECUTIVE MANAGEMENT

Simon Linge
Chief Executive office

Stuart Tarrant
Chief Financial Officer

JOINT COMPANY SECRETARY

Catherine Grant-Edwards
Melissa Chapman

REGISTERED OFFICE

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BANK

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AUDITORS

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283 Rokeby Road
Subiaco WA 6008

SHARE REGISTRY

Advanced Share Registry
110 Stirling Highway
Nedlands WA 6009

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STOCK EXCHANGE LISTING

The Company is listed on Australian
Securities Exchange Limited
Home Exchange – Perth
ASX Codes: **LIT, LITOA, LITOB**

DIRECTORS' REPORT

The Directors present their report on Lithium Australia Limited ("LIT" or the "Company") and its controlled entities (the "Consolidated Entity") for the year half-year ended 31 December 2022.

BOARD OF DIRECTORS

The names and details of the Consolidated Entity's directors in office during the half-year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

George Bauk	Non-Executive Chairman
Kristie Young	Non-Executive Director
Phil Thick	Non-Executive Director

EXECUTIVE MANAGEMENT

Simon Linge	Chief Executive Officer (Appointed 1 January 2023)
Stuart Tarrant	Chief Financial Officer

RESULTS OF OPERATIONS

The operating loss after income tax of the Consolidated Entity for the half-year ended 31 December 2022 was \$1,572,090. (31 December 2021: loss of \$5,217,736).

No dividend has been paid during or is recommended for the financial period ended 31 December 2022.

FINANCIAL POSITION

The Consolidated Entity's working capital surplus, being current assets less current liabilities was \$15,522,406 at 31 December 2022 (30 June 2022: working capital deficit of \$1,832,344).

REVIEW OF OPERATIONS

Lithium Australia is a technology company focussed on building more sustainable sources of battery precursor materials; enabling the manufacture of safer lithium-ion batteries at a lower cost; and improving efficiency and safety in the recycling of spent batteries. We are a key technology partner in the battery manufacturing industry through our three divisions:

VSPC: Advanced cathode powders

With over 20 years' experience, VSPC develops leading-edge cathode materials for next-generation lithium-ion batteries. Our high-quality, high-performance, and globally cost-competitive LFP cathode powder already features in e-mobility and energy storage applications. Going forward, it will continue to enable safer, cheaper, and more environmentally-friendly transport and energy storage options to come to market as we move towards a zero-carbon economy.

Envirostream: Battery Recycling

Envirostream leads Australia's battery recycling industry, by providing sustainable services for collection, sorting, and processing of end-of-life batteries of all types (including those from electric vehicles), to capture critical metals for re-use. EVS is being the only entity in Australia that currently recycles lithium batteries. With enterprise-level battery recycling agreements with global corporations, and consumer-level collection partnerships with some of Australia's leading brands; Envirostream provides true circularity to the battery industry.

DIRECTORS' REPORT (CONT.)

REVIEW OF OPERATIONS (Cont.)

Lithium Chemicals: Technology and Innovation

Novel and disruptive technologies developed by Lithium Australia will allow greater and more efficient extraction of lithium from traditionally low-grade sources (SiLeach®), and the recovery of lithium from tailings that would otherwise go to waste (LieNA®); to supply high-quality battery chemicals to the global battery industry. SiLeach® also has applications beyond the recovery of lithium from silicates and has been tested on the recovery of other minerals.

Safety is paramount to our efforts, both in the recovery of critical minerals and our contribution to the battery cells manufactured for the end-user.

The key events reported during the period are listed below and are described in more detail in the various ASX Announcements made during the period.

Recycling: Envirostream Australia Pty Ltd ("Envirostream")

- 628 tonnes of batteries collected during the half-year ended 31 December 2022 (half-year ended 31 December 2021: 488 tonnes).
- LG Energy Solution commits a minimum 250 tonnes of Energy Storage System ("ESS") lithium-ion batteries ("LIBs") to Envirostream for recycling.
- Improvements to lithium-ion battery processing rates achieved following receipt of LG Energy Solution inventory.
- Agreement with Battery World executed with Envirostream for the delivery of mixed batteries from its stores.
- New trading company engaged for the sale of Mixed Metal Dust ("MMD"), diversifying customer base and improving economic returns for this product.
- Multiple electric vehicle ("EV") companies hosted with work progressing to secure contracts with these companies for the future supply of EV batteries.

Batteries: VSPC Pty Ltd ("VSPC")

- An engineering study was completed for a lithium ferro phosphate ("LFP") Pre-qualification Pilot Plant ("PQPP") with Lycopodium acting as lead engineer.
- Following multiple requests for lithium manganese ferro phosphate ("LMFP") samples, further development of LMFP cathode powder was undertaken with improvements demonstrated.
- Business development activities increased including visits to the Republic of Korea to engage with potential joint development partners.

Lithium Chemicals

- Potential technology partners were identified who have an interest in the refining of fine or low-grade spodumene to produce high-purity lithium chemicals through LieNA®.
- Formal registration for the LieNA® CRC-P autoclave vessel was received allowing commissioning of the autoclave to commence however overall piloting at ANSTO has temporarily ceased to allow discussions towards a potential technology commercialisation agreement.

DIRECTORS' REPORT (CONT.)

REVIEW OF OPERATIONS (Cont.)

Corporate

- Simon Linge announced as Chief Executive Officer (commenced on 1 January 2023).
- Placement of \$12.1 million (before costs) completed to fund activities.
- Divestment of LIT's remaining 20% interest in the Greenbushes South Lithium Project to Galan Lithium (ASX: GLN) for consideration of \$3.0 million (consisting of \$2.0 million in cash and \$1.0 million in equity). A first right for offtake to LIT for lithium product from the Greenbushes South Lithium Project formed part of the transaction.
- Multiple investors and government agencies hosted at Envirostream and VSPC operations, including attendance by Chief Executive Officer.
- Reclassification of ASX listing from a "mining exploration entity" to a standard materials entity.

SUBSEQUENT EVENTS


- (a) On 1 January 2023, Simon Linge commenced as Chief Executive Officer.
- (b) On 1 January 2023, a total of 36,500,000 performance rights were issued to Simon Linge.
- (c) On 31 January 2023, the At-the-Market Subscription Agreement with Acuity Capital expired.
- (d) On 7 February 2023, Lithium Australia and Charger Metals entered into a binding agreement, with Charger Metals to acquire Lithium Australia's remaining 30% interest in the Lake Johnston Lithium Project.
- (e) A review of the Company's portfolio has been performed on 27 February 2023. The fair value of Financial Assets reported at the half year end is \$6,167,416. The market value of the Financial Assets is now \$4,622,139 wholly attributable to the share market fluctuations since the reporting date".

There are no events subsequent to 31 December 2022 and up to the date of this report that would materially affect the operations of the Consolidated Entity or its state of affairs which have not otherwise been disclosed in this financial report.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Hall Chadwick, to provide the Directors of the Consolidated Entity with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 5 and forms part of this directors' report for the half-year ended 31 December 2022.

This report is made in accordance with a resolution of the Directors.



George Bauk
Chairman

Dated at Perth this 27th day of February 2023

To the Board of Directors

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit director for the review of the financial statements of Lithium Australia Limited for the period year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours Faithfully,

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis
MARK DELAURENTIS CA
Director

Dated this 27th day of February 2023
Perth, Western Australia

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Half-Year Ended 31 December 2022

	Note	Half-year ended 31-Dec-22 A\$	Half-year ended 31-Dec-21 A\$
Continuing Operations			
Sales		2,322,779	1,036,724
Insurance settlement in relation to remediation	9	1,715,000	-
Cost of Sales		(1,718,729)	(2,515,610)
Gross Profit/(Loss)		2,319,050	(1,478,886)
Revenue		30,119	16,220
Other Revenue	2	4,161,921	3,521,712
Occupancy costs		(105,750)	(107,046)
Professional fees		(157,486)	(453,242)
Corporate fees		(248,133)	(244,116)
Laboratory/Plant/R&D expenses		(1,081,083)	(1,269,922)
Warehouse expenses		(6,343)	(14,136)
Employee benefits expense		(3,622,035)	(3,195,341)
Administration costs		(713,836)	(497,080)
Depreciation and amortisation		(1,664,924)	(1,468,687)
Exploration and evaluation costs		(38,426)	(19,755)
Finance Costs		(8,567)	(711)
Impairment of patents		(41,007)	-
Debt forgiveness on disposal of subsidiary		(395,590)	(6,746)
Profit/(Loss) before income tax		(1,572,090)	(5,217,736)
Income tax expense		-	-
Profit/(Loss) from continuing operations		(1,572,090)	(5,217,736)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Translation of foreign currency		700	866
Net other comprehensive income that may be reclassified subsequently to profit or loss:		700	866
Items that will not be reclassified subsequently to profit or loss:			
Net gain/(loss) on equity instruments at fair value through other comprehensive income		892,027	3,238,238
Net other comprehensive income that will not be reclassified subsequently to profit or loss:		892,027	3,238,238
Other comprehensive income/(loss), net of tax		892,727	3,239,104
Total comprehensive income/(loss) for the year		(679,363)	(1,978,632)
Profit/(Loss) for the year attributable to:			
Members of the controlling entity		(1,566,474)	(4,829,432)
Non-controlling interest		(5,616)	(388,304)
		(1,572,090)	(5,217,736)
Total comprehensive income/(loss) attributable to:			
Members of the controlling entity		(673,747)	(1,590,328)
Non-controlling interest		(5,616)	(388,304)
		(679,363)	(1,978,632)
Basic Loss per share (cents per share)		(0.14)	(0.53)

The above statement of profit or 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-22	30-Jun-22
		A\$	A\$
Current Assets			
Cash and cash equivalents		13,485,739	4,848,069
Trade and other receivables	3	1,329,665	996,721
Inventory	4	756,066	832,950
Financial assets	5	6,598,555	1,026,584
Assets classified as held for sale	6	144,000	-
Total Current Assets		22,314,025	7,704,324
Non-Current Assets			
Financial assets	5	40,000	4,396,886
Capitalised exploration expenditure		-	144,000
Intangible assets	7	5,290,427	6,071,410
Right of Use asset	8	1,558,587	1,699,094
Property, plant, and equipment		1,872,554	1,911,267
Total Non-Current Assets		8,761,568	14,222,657
TOTAL ASSETS		31,075,593	21,926,981
Current Liabilities			
Trade and other payables		2,230,405	3,239,535
Lease liability	8	684,030	607,133
Provisions	9	3,877,184	5,690,000
Total Current Liabilities		6,791,619	9,536,668
Non-Current Liabilities			
Lease liability	8	950,146	1,166,541
Other payables		11,456	10,803
Total Non-Current Liabilities		961,602	1,177,344
TOTAL LIABILITIES		7,753,221	10,714,012
NET ASSETS		23,322,372	11,212,969
Equity			
Issued capital	10	99,796,467	88,454,942
Reserves	11	3,316,242	1,861,620
Accumulated losses		(79,145,014)	(78,463,886)
Controlling entity interest		23,967,695	11,852,676
Non-controlling interest		(645,323)	(639,707)
TOTAL EQUITY		23,322,372	11,212,969

The above 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

31-Dec-21	Issued Capital	Share Based Payment Reserve	Foreign Currency Translation Reserve	Other Reserves ^(a)	Accumulated Losses	Non-Controlling Interest	Total
	A\$	A\$	A\$	A\$	A\$	A\$	A\$
Balance at 1 July 2021	81,069,029	1,255,525	37,041	845,451	(58,222,604)	(1,384,595)	23,599,847
Loss for the period	-	-	-	-	(4,829,432)	(388,304)	(5,217,736)
Other comprehensive income							
Translation of foreign currency	-	-	866	-	-	-	866
Net gain/(loss) on equity instruments at fair value	-	-	-	3,238,238	-	-	3,238,238
Total comprehensive loss for the period	-	-	866	3,238,238	(4,829,432)	(388,304)	(1,978,632)
Transaction with owner, directly recorded in equity:							
Issue of shares	4,918,298	-	-	-	-	-	4,918,298
Call on partly paid shares	1,043,175	-	-	-	-	-	1,043,175
Capital raising costs	(175,635)	-	-	-	-	-	(175,635)
Shares held in trust	(15,100)	-	-	-	-	-	(15,100)
Exercise of performance rights	1,217,165	(1,217,165)	-	-	-	-	-
Expiry of options	-	(72,000)	-	-	72,000	-	-
Issue/amortisation of performance rights	-	649,778	-	-	-	-	649,778
Transfer from investment revaluation reserve	-	-	-	(314,992)	314,992	-	-
Acquisition of shares in controlled entity	-	-	-	-	-	-	-
Options exercised	-	-	-	(216,890)	-	-	(216,890)
Options converted	661,503	-	-	-	-	-	661,503
Balance at 31 December 2021	88,718,435	616,138	37,907	3,551,807	(62,665,044)	(1,722,899)	28,486,344

^(a) Other reserves consist of investment revaluation reserve, equity reserve and convertible note reserve

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Half-Year Ended 31 December 2022

31-Dec-22	Issued Capital	Performance Rights Reserve	Foreign Currency Translation Reserve	Other Reserves ^(a)	Accumulated Losses	Non-Controlling Interest	Total
	A\$	A\$	A\$	A\$	A\$	A\$	A\$
Balance at 1 July 2022	88,454,942	690,549	38,230	1,132,841	(78,463,886)	(639,707)	11,212,969
Loss for the period	-	-	-	-	(1,566,474)	(5,616)	(1,572,090)
Other comprehensive income							
Translation of foreign currency	-	-	700	-	-	-	700
Net fair value gain/(loss) on financial assets	-	-	-	892,027	-	-	892,027
Total comprehensive loss for the period	-	-	700	892,027	(1,566,474)	(5,616)	(679,363)
Transaction with owner, directly recorded in equity							
Issue of shares	13,005,203	-	-	934,666	-	-	13,939,869
Call on partly paid shares	-	-	-	-	-	-	-
Capital raising costs	(1,664,178)	-	-	-	-	-	(1,664,178)
Shares held in trust	-	-	-	-	-	-	-
Exercise of performance rights	-	-	-	-	-	-	-
Expiry of options	-	-	-	-	-	-	-
Issue/amortisation of performance rights	-	19,015	-	-	-	-	19,015
Transfer from investment revaluation reserve	-	-	-	(396,430)	885,346	-	488,916
Acquisition of shares in controlled entity	-	-	-	-	-	-	-
Options exercised	500	-	-	-	-	-	500
Options converted	-	-	-	4,644	-	-	4,644
Balance at 31 December 2022	99,796,467	709,564	38,930	2,567,748	(79,145,014)	(645,323)	23,322,372

^(a) Other reserves consist of option reserve, investment revaluation reserve and equity reserve.

The above 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

	Half-year ended 31- Dec-22	Half-year ended 31-Dec-21
	A\$	A\$
Cash Flows from Operating Activities		
Receipts from customers	2,222,736	1,086,765
Payments to suppliers and employees	(8,494,911)	(7,034,142)
Payments for exploration and evaluation	(37,672)	(24,625)
Proceeds from Government grants and tax incentives	1,003,204	829,359
Interest received	28,737	16,851
Interest expense	-	(2,249)
Net cash used in operating activities	(5,277,906)	(5,128,041)
Cash Flows from Investing Activities		
Purchase of property, plant, and equipment	(555,145)	(1,140,630)
Proceeds from sale of property, plant, and equipment	811	51,203
Payment for intangible assets	(426,452)	(590,176)
Proceeds from sale of financial assets	811,928	635,504
Proceeds from disposal of interest in tenements	2,000,000	100,000
Payments for other financial assets	(53,745)	(135,318)
Net cash used in investing activities	1,777,397	(1,079,417)
Cash Flows from Financing Activities		
Proceeds from issue of shares	13,025,703	7,178,047
Payment for capital raising costs	(744,869)	(175,635)
Proceeds from borrowings	76,897	-
Payment of borrowings	(219,815)	(372,321)
Transaction costs related to loans and borrowings	(7,912)	(16,972)
Net cash generated by financing activities	12,130,004	6,613,119
Net increase in cash held	8,629,495	405,661
Cash and cash equivalents at the beginning of the period	4,848,069	11,369,696
Effects of exchange rates on consolidation	8,175	6,979
Cash and cash equivalents at the end of the period	13,485,739	11,782,336

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Half-Year Ended 31 December 2022

These consolidated financial statements and notes represent those of Lithium Australia Limited and its controlled entity (the "Consolidated Entity"). Lithium Australia Limited is a public liability company, incorporated and domiciled in Australia.

The Consolidated Entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The financial statements for the period ended 31 December 2022 were approved and authorised for issue by the Board of Directors on 27 February 2023.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the material accounting policies adopted by the Consolidated Entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

The half-year financial report is a general-purpose financial statement, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The half-year financial report has been prepared on a historical cost basis, except where applicable for financial assets that have been measured at 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 half-year financial report, the half-year has been treated as a discrete reporting period.

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Consolidated Entity as the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report of Lithium Australia Limited as at 30 June 2022 and any public announcements made by the Consolidated Entity during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The half-year financial statements have been prepared in accordance with the accounting policies adopted in the Consolidated Entity's last annual financial statements for the year ended 30 June 2022.

Going Concern

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

During the half year ended 31 December 2022, the Consolidated Entity incurred a loss of \$1,572,090 (31 Dec 2021: \$5,217,736) and net cash outflows from operating and investment activities of \$3,500,509 (31 Dec 2021: \$6,207,458 outflows). As at balance date the Consolidated Entity had a working capital surplus of \$15,522,406 (30 June 2022: \$1,832,344 deficit).

The Directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing this financial report.

Based on the cash flow forecasts and other factors referred to above, the Directors are satisfied that the going concern basis of preparation is appropriate. The financial report has therefore been prepared on a going concern basis, which assumes continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the Half-Year Ended 31 December 2022

2. OTHER REVENUE

	Half-year ended 31-Dec-22	Half-year ended 31-Dec-21
	A\$	A\$
Government grants and tax incentives	1,135,013	1,593,000
Tenement sale option fees	3,000,000	1,684,000
Profit (Loss) on asset disposal	(7,512)	11,440
Costs recovered	-	173,785
Administration fee	(2,078)	29,391
Miscellaneous income	36,498	30,096
	4,161,921	3,521,712

3. TRADE AND OTHER RECEIVABLES

	31-Dec-22	30-Jun-22
	A\$	A\$
Trade debtors	656,313	426,925
GST receivable	117,574	170,396
Government grants and tax incentives	1,863	-
Prepayments	553,915	399,400
	1,329,665	996,721

4. INVENTORY

	31-Dec-22	30-Jun-22
	A\$	A\$
Battery packs	140,332	140,332
Finished goods	130,089	34,545
Work in progress	17,493	16,778
Unprocessed	165,370	118,691
Infrastructure	302,782	522,604
	756,066	832,950

5. FINANCIAL ASSETS

	31-Dec-22	30-Jun-22
	A\$	A\$
Current		
Fixed term deposits	361,139	361,139
Australian listed shares – Level 1 fair value ¹	6,237,416	665,445
	6,598,555	1,026,584
Non-Current		
Australian listed shares – Level 1 fair value ¹	-	4,281,886
Canadian listed shares – Level 1 fair value	40,000	45,000
Australian unlisted shares – Level 3 fair value	-	70,000
	40,000	4,396,886

¹Financial assets related to shares held in listed and unlisted companies, classified as fair value through other comprehensive income.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the Half-Year Ended 31 December 2022

6. ASSETS CLASSIFIED AS HELD FOR SALE

	31-Dec-22	30-Jun-22
	A\$	A\$
Opening balance	144,000	-
Impairments/Revaluations:		
Lake Johnston	-	-
Closing balance	144,000	-
Split between:		
Current – assets held for sale	144,000	-
Non-current	-	-

7. INTANGIBLE ASSETS

31-Dec-22	Patents	Development Costs	Intellectual Property	Total
	A\$	A\$	A\$	A\$
Opening balance	398,753	3,275,321	2,397,336	6,071,410
Expenditure during the period	58,195	101,144	-	159,339
Less: Amortisation of intangible asset	(25,921)	-	(914,401)	(940,322)
Closing balance	431,027	3,376,465	1,482,935	5,290,427

30-Jun-22	Patents	Development Costs	Intellectual Property	Total
	A\$	A\$	A\$	A\$
Opening balance	335,396	10,060,954	4,211,231	14,607,581
Expenditure during the period	184,395	896,004	-	1,080,399
Less: impairment of intangible asset	(17,181)	(7,681,637)	-	(7,698,818)
Less: Amortisation of intangible asset	(103,857)	-	(1,813,895)	(1,917,752)
Closing balance	398,753	3,275,321	2,397,336	6,071,410

8. LEASES

Operating leases relate to the lease of the following commercial premises:

Location	Commencement date	Term (months)	Option (months)	Expiry
West Perth, WA	01/10/2020	36	24	30/09/2025
Wacol, QLD	01/01/2020	36	-	30/06/2024
Campbellfield, VIC	01/04/2020	24	24	31/03/2024
Kew, VIC	06/12/2021	36	-	05/12/2024
Laverton North, VIC	01/07/2021	55	-	31/01/2026

Right-of-use assets

Buildings	31-Dec-22	30-Jun-22
	A\$	A\$
Cost	2,980,342	2,776,945
Accumulated Depreciation	(1,421,755)	(1,077,851)
Carrying Amount	1,558,587	1,699,094

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the Half-Year Ended 31 December 2022

8. LEASES (Cont.)

Amounts recognised in profit and loss

Buildings	Half-year ended 31-Dec-22	Half-year ended 30-Dec-21
	A\$	A\$
Depreciation expense on right-of-use asset	343,904	352,447
Interest expense on lease liabilities	15,909	15,909
	359,813	368,356

Right-of-use liabilities

	31-Dec-22	30-Jun-22
	A\$	A\$
Current	684,030	607,133
Non-current	950,146	1,166,541
Total	1,634,176	1,773,674

9. PROVISIONS

	31-Dec-22	30-Jun-22
	A\$	A\$
Employees annual leave and long service leave provisions	524,115	621,931
Remediation (i)	3,328,069	5,043,069
Rehabilitation provision (ii)	25,000	25,000
	3,877,184	5,690,000

- (i) Envirostream Australia Pty Ltd, a subsidiary of the Company, has been served writs regarding statements of claims concerning damage caused by a fire at 31 Colbert Road, Campbellfield, Victoria, on 19 January 2019 as previously disclosed. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a best estimate has been made of the amount of the obligation. These claims are currently being managed by Envirostream's insurance company and the Company expects some or all of the provision to be reimbursed. The Company will only recognise reimbursement of provisioned amounts when the reimbursement is certain. The Company received confirmation that litigated claims have been settled by Envirostream's insurance company to the value of \$1.715 million during the half-year period ending 31 December 2022. Accordingly, the provision has been reduced by \$1.715 million and a gain recognised through profit or loss for this amount.
- (ii) The Company's rehabilitation programs are ongoing on two areas at its Ravensthorpe Project. As at 31 December 2022, the Company estimates the cost of the rehabilitation programs to be \$25,000.

10. ISSUED CAPITAL

	31-Dec-22		30-Jun-22	
	Number	A\$	Number	A\$
Fully Paid Ordinary Shares				
Opening Balance	1,035,405,271	88,454,942	906,580,816	79,490,871
Issue of shares through placement (i)	185,772,347	12,075,203	-	-
Issue of shares (iii)	-	930,000	-	-
Issue of shares (vi)	-	-	47,975,000	2,360,635
Issue of shares on conversion of options	14,054	500	9,820,569	817,181
Issue of shares to directors and staff	-	-	1,659,657	223,924
Issue of shares in lieu of payment (v)	-	-	665,146	86,205
Issue of shares on conversion of performance rights (v)	-	-	19,050,000	1,217,165
Issue of shares on full payment of partly paid shares (vii)	-	-	49,654,083	4,449,494
Shares unissued	-	-	-	(14,898)
Transaction costs (ii)	-	(1,664,178)	-	-
Transaction costs	-	-	-	(175,635)
Closing Balance	1,221,191,672	99,796,467	1,035,405,271	88,454,942

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the Half-Year Ended 31 December 2022

10. ISSUED CAPITAL (Cont.)

Half-year ended 31 December 2022:

- (i) During the period, the Company issued 185,772,347 ordinary shares ("Placement Shares") to s708 and professional investors at an issue price of \$0.065 per share ("Placement"). Participating investors to the Placement received a 1-for-2 free-attaching option exercisable at \$0.10 expiring 19 October 2025 ("Placement Options").
- (ii) Included in transaction costs include:
 - a. Broker fees of \$729,512 in connection with the Placement
 - b. Share based payment expense of \$934,666, representing the value of 46,443,087 options exercisable at \$0.10 expiring 19 October 2025 which were issued to the lead manager of the Placement;
- (iii) Refer note 10(vi).

Year ended 30 June 2022:

- (iv) 665,146 shares were issued to suppliers and consultants. Share based payments are determined with reference to the fair value of goods or services provided by consultants and settled based on the preceding 5-day VWAP.
 - (v) 19,050,000 fully paid ordinary shares upon conversion of performance rights.
 - (vi) On 28 July 2017, the Company had entered into an At-the-Market Subscription Agreement (ATM) with Acuity Capital Investment Management Pty Ltd. Pursuant to the Controlled Placement Agreement the Company issued the following shares:
 - 5 August 2021 15,000,000 fully paid ordinary shares at net \$0.1183 per share;
 - 5 August 2021 30,000,000 fully paid ordinary shares were issued as collateral¹ for \$nil consideration;
 - 13 September 2021 2,975,000 fully paid ordinary shares at net \$0.1378 per share;
 - 19 August 2022 the Company raised \$930,000 (inclusive of costs) through set off of 12,750,000 Collateral Shares previously issued to Acuity Capital (Set-off Shares).
- ¹ As collateral for the Controlled Placement Agreement, the Company agreed to place 30,000,000 shares from its LR7.1 capacity, at nil consideration to Acuity Capital (collateral shares) but may, at any time, cancel the Controlled Placement Agreement and buy back the collateral shares for no consideration (subject to shareholder approval).
- (vii) Movements in party-paid shares is summarised as follows:

	31-Dec-22		30-Jun-22	
	Number	A\$	Number	A\$
Partly-paid contributing shares				
Opening Balance	-	-	113,968,755	1,578,158
Issue of shares	-	-	-	-
Proceeds from partly paid share	-	-	-	1,043,175
Redemption of LITCE/LITCF	-	-	(49,654,083)	(1,971,755)
Conversion of partly paid shares to options	-	-	(64,314,672)	(649,578)
Closing Balance	-	-	-	-

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the Half-Year Ended 31 December 2022

11. RESERVES

	31-Dec-22	30-Jun-22
	A\$	A\$
Option reserve	1,623,857	684,547
Investment revaluation reserve	2,059,823	1,564,226
Foreign currency translation reserve	38,930	38,230
Performance rights reserve	709,564	690,549
Equity reserve	(1,115,932)	(1,115,932)
	3,316,242	1,861,620
Option Reserve:		
Opening Balance	684,547	350,065
Expiry of options	-	(72,000)
Exercise of options	4,644	(243,096)
Issue of options	934,666	-
Conversion of partly paid shares to options	-	649,578
Closing Balance	1,623,857	684,547
Investment revaluation reserve		
Opening balance	1,564,226	564,325
Net gain arising on revaluation of available for sale financial assets	495,597	999,901
Closing balance	2,059,823	1,564,226
Foreign currency translation reserve		
Opening balance	38,230	37,041
Exchange differences arising on translating foreign subsidiary	700	1,189
Closing balance	38,930	38,230
Performance Rights Reserve		
Opening Balance	690,549	1,183,525
Issue/amortisation of performance rights	19,015	724,189
Performance option rights achieved/exercised	-	(1,217,165)
Closing Balance	709,564	690,549
Equity Reserve:		
Opening Balance	(1,115,932)	3,061
Acquisition of shares in controlled entity	-	(1,118,993)
Closing Balance	(1,115,932)	(1,115,932)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the Half-Year Ended 31 December 2022

12. SEGMENT INFORMATION

Segment performance

Lithium Australia has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

Lithium Australia is managed primarily on the basis of technology development which includes lithium processing, cathode active materials and recycling. Operating segments are considered to have similar economic characteristics.

Types of reportable segments:

(i) Battery Recycling

The research and development of processing technology for wholly mixed-battery recycling, as well as the sale of recovered energy metals is reported in this segment. Envirostream, a 90% owned subsidiary of the Company, shreds and recycles all types of end-of-life batteries at its Melbourne plant. Its proprietary process involves recovery of energy metals as a mixed metal dust ("MMD"), which is then sold to third parties for further refining.

(ii) Battery Materials

The research and development of advanced, world-leading battery materials including lithium ferro phosphate ("LFP"), as well as the sale of battery energy storage systems is reported in this segment.

(iii) Lithium Chemicals

The research and development of a suite of extraction and refining technologies for the recovery of lithium chemicals from various materials, including spodumene and lithium micas.

(iv) Raw Materials

The exploration of current projects and the evaluation of new ones are reported in this segment.

Basis of accounting for purposes of reporting by operating segments

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in Lithium Australia's annual financial report.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment asset notes, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Tax liabilities are generally considered to relate to the Consolidated Entity as a whole and are not allocated.

Unallocated items

The following items of revenue, expense, assets, and liabilities are not allocated to operating segments, as they are not considered part of the core operations of any segment:

- Interest revenue;
- Revenue and expenditure directly related to corporate activities and/or not considered part of the core operations of any segment;
- Realised gains/(losses) on assets;
- Income tax expense;
- Deferred tax assets and liabilities; and
- Intangible assets;

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the Half-Year Ended 31 December 2022

12. SEGMENT INFORMATION (Cont.)

(i) Segment revenues and results

Half-year ended 31-Dec-22	Battery Recycling	Battery Materials	Lithium Chemicals	Exploration	Total
	A\$	A\$	A\$	A\$	A\$
Revenue	4,744,390	409,258	71,434	3,000,000	8,225,082
Expenses	(3,661,698)	(2,034,548)	(53,382)	(38,426)	(5,788,054)
Total segment profit/(loss)	1,082,692	(1,625,290)	18,052	2,961,574	2,437,028

Unallocated items

- Interest revenue	33,557
- Other revenue	(17,871)
- Realised gains/(losses) on assets	(7,512)
- Personnel	(967,200)
- Administration	(2,012,661)
- Other expenses	(1,031,934)
- Finance cost	(5,497)

Net profit/(loss) from continuing operations **(1,572,090)**

Half-year ended 31-Dec-21	Battery Recycling	Battery Materials	Lithium Chemicals	Exploration	Total
	A\$	A\$	A\$	A\$	A\$
Revenue	1,407,124	826,796	429,618	1,684,000	4,347,538
Expenses	(3,787,733)	(1,535,352)	(424,690)	(71,670)	(5,819,445)
Total segment profit/(loss)	(2,380,609)	(708,556)	4,928	1,612,330	(1,471,907)

Unallocated items

- Interest revenue	19,657
- Other revenue	199,458
- Realised gains/(losses) on assets	11,440
- Personnel	(1,626,962)
- Administration	(1,707,660)
- Other expenses	(641,762)

Net profit/(loss) from continuing operations **(5,217,736)**

(ii) Segment Assets

31-Dec-22	Battery Recycling	Battery Materials	Lithium Chemicals	Exploration	Total
	A\$	A\$	A\$	A\$	A\$
Segment assets	5,646,567	468,264	96,978	170,491	6,382,300

Unallocated items

- Cash and cash equivalents	11,829,697
- Trade and other receivables	764,737
- Other	12,098,859

Total company assets **31,075,593**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the Half-Year Ended 31 December 2022

12. SEGMENT INFORMATION (Cont.)

30-Jun-22	Battery Recycling	Battery Materials	Lithium Chemicals	Exploration	Total
	A\$	A\$	A\$	A\$	A\$
Segment assets	5,122,970	1,099,791	3,935,638	170,717	10,329,116

Unallocated items

- Cash and cash equivalents	3,513,007
- Trade and other receivables	819,358
- Other	7,265,500

Total company assets **21,926,981**

(iii) Segment Liabilities

31-Dec-22	Battery Recycling	Battery Materials	Lithium Chemicals	Exploration	Total
	A\$	A\$	A\$	A\$	A\$
Segment liabilities	5,536,588	751,117	659	51,422	6,339,786

Unallocated items

- Trade and other payables	1,314,958
- Loans and leases	98,477

Total company liabilities **7,753,221**

30-Jun-22	Battery Recycling	Battery Materials	Lithium Chemicals	Exploration	Total
	A\$	A\$	A\$	A\$	A\$
Segment liabilities	7,415,985	990,881	15,930	51,422	8,474,218

Unallocated items

- Trade and other payables	2,113,481
- Loans and leases	126,313

Total company liabilities **10,714,012**

13. SUBSEQUENT EVENTS

- On 1 January 2023, Simon Linge commenced as Chief Executive Officer.
- On 1 January 2023, a total of 36,500,000 performance rights were issued to Simon Linge.
- On 31 January 2023, the At-the-Market Subscription Agreement with Acuity Capital expired.
- On 7 February 2023, Lithium Australia and Charger Metals entered into a binding agreement, with Charger Metals to acquire Lithium Australia's remaining 30% interest in the Lake Johnston Lithium Project.
- A review of the Company's portfolio has been performed on 27 February 2023. The fair value of Financial Assets reported at the half year end is \$6,167,416. The market value of the Financial Assets is now \$4,622,139 wholly attributable to the share market fluctuations since the reporting date".

There are no events subsequent to 31 December 2022 and up to the date of this report that would materially affect the operations of the Consolidated Entity or its state of affairs which have not otherwise been disclosed in this financial report.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the Half-Year Ended 31 December 2022

14. COMMITMENTS

(a) Exploration Expenditure

The Consolidated Entity has certain obligations with respect to tenements and minimum expenditure requirements in Australia, as follows:

	31-Dec-22	31-Dec-21
	A\$	A\$
Within 12 months	8,280	8,280
12 Months or longer and not longer than 5 years	-	8,280
Longer than 5 years	-	-
Total	8,280	16,560

15. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The Consolidated Entity has no contingent assets or contingent liabilities as at 31 December 2022.

16. FINANCIAL INSTRUMENTS

The Consolidated Entity's financial instruments consist of trade and other receivable and trade and other payables. These financial instruments are measured at amortised cost, less any provision for non-recovery. The carrying amount of the financial assets and liabilities approximate their fair value.

Financial assets

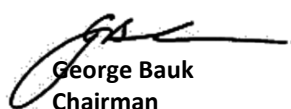
The Consolidated Entity's held for trading financial assets are level-1 financial instruments and valued using the quoted bid prices from the Australian Securities Exchange as at the reporting date.

DIRECTORS' DECLARATION

The directors of Lithium Australia Limited declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards AASB 134: *Interim Financial Reporting*; and
 - (b) give a true and fair view of the Consolidated Entity's financial position as at 31 December 2022 and of its performance as represented by the results of its operations, changes in equity and its cash flows for the period ended on that date; and
2. At the date of this statement there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



George Bauk
Chairman

Dated at Perth this 27th day of February 2023

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF LITHIUM AUSTRALIA LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of Lithium Australia Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, 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 Lithium Australia Limited and Controlled Entities does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *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 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.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such 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 Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Consolidated Entity'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.

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.

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis
MARK DELAURENTIS CA
Director

Dated this 27th day of February 2023
Perth, Western Australia