

HANNANS

LTD

ABN 52 099 862 129

Financial Report for the half-year ended 31 December 2022

www.hannans.com

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CORPORATE DIRECTORY

Board of Directors

Non-Executive Chairman	Mr Jonathan Murray	Company Secretary	Mrs Mindy Ku
Non-Executive Director	Mr Andrew Umbers		
Non-Executive Director	Mr Mark Sumich		

Principal Office

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Postal Address

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West Perth, Western Australia, 6872

Contact Details

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info@hannans.com (Email)
www.hannans.com (Website)

ABN 52 099 862 129

Auditors

Ernst & Young
Ernst & Young Building
11 Mounts Bay Road,
Perth, Western Australia, 6000

Registered Office

Level 12, 197 St Georges, Terrace Perth, Western Australia 6000

Social Network Sites

Twitter | @Hannans_Ltd
LinkedIn | Hannans Ltd

Share Registry

Computershare
Level 11, 172 St George's Terrace
Perth, Western Australia, 6000
1300 787 272 (Telephone)
www.computershare.com.au (Website)

Lawyers

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street, Perth, Western Australia, 6000

DIRECTORS' REPORT

The Directors of Hannans Ltd (**Hannans, Group or Company**) submit the financial report for the half-year ended 31 December 2022. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

The names of the Directors of the Company who have held office during and since the end of the half-year are:

Non-Executive Chairman

Mr Jonathan Murray

Executive Director

Mr Damian Hicks (resigned on 7 December 2022)

Non-Executive Directors

Mr Andrew Umbers (appointed on 7 December 2022)

Mr Mark Sumich (appointed on 7 December 2022)

Mr Markus Bachmann (resigned on 7 December 2022)

Mr Clay Gordon (resigned on 7 December 2022)

Ms Amanda Scott (resigned on 7 December 2022)

The Directors held their position throughout the entire half-year period and up to the date of this report unless stated otherwise.

Principal activities

The principal activity of the Group during the half-year period was implementation of the proposed European LiB recycling strategy.

Results

The consolidated net loss of the Group for the half-year period after income tax expense was \$3,953,847 (Dec 2021: loss \$1,141,160).

Review of operations

Lithium-ion battery (LiB) recycling

In July 2022, Hannans signed an agreement with Greenhouse Investments Ltd (**Greenhouse**) to acquire 100% of the non-exclusive rights to commercialise a lithium battery (**LiB**) recycling technology (**Technology**) in the United Kingdom and Ireland (**Non-Exclusive Territories**) and the sole and exclusive rights to commercialise the Technology in Italy and South Eastern Europe (**Exclusive Territories**). The Technology is the same technology that Hannans will commercialise in the Nordic region. The Greenhouse agreement more than doubles Hannans addressable market for scrap and end-of-life batteries. All Greenhouse licenses have been novated to Hannans and Hannans is now the licensee. On 15 November 2022, the Company received shareholder approval and issued 647,500,653 fully paid ordinary shares at an issue price of \$0.02 per share to Greenhouse as consideration for the acquisition and to complete the re-listing process.

Hannans' primary objective remained the formalisation of a number of non-binding Memorandums of Understanding (**MOUs**) into binding agreements, with the aim of delivering access to sustainable volumes of lithium battery feedstock. During 2022, Hannans (via the incoming shareholder, Greenhouse) secured several non-binding MOUs with potential partners in Europe for the supply of sustainable volumes of lithium battery feedstock and possible recycling plant development. The Company is continuing to engage with these parties in the relevant jurisdictions with the intention to convert existing MOUs into binding obligations as quickly as possible.

A European-based operations team was engaged to oversee the implementation of the Company's lithium battery recycling strategy, including preliminary planning, pending binding feedstock supply agreements being secured, in relation to potential site location assessment, construction options, integrated circuit opportunities, project financial models and funding scenarios.

Outcomes

- › Revised agreement with Greenhouse executed. Hannans acquired Greenhouse technology commercialisation rights and market intelligence believed necessary to underpin economic lithium battery recycling business.
- › Hannans' commercialisation rights cover territories incorporating 49% of the population of the EU27¹ and 38% of all motor vehicles registered in the European Union¹ (**EU**) There are only two companies with the rights to commercialise the technology globally – Primobius GmbH² and Hannans Ltd.
- › Operational and management succession planning ongoing. Skills and expertise of existing and proposed new appointments aligned with entry into European lithium battery recycling industry and ongoing corporate promotion.

¹ Refer to Hannans' ASX announcement dated 1 February 2022.

² A German company owned 50:50 by Neometals Ltd and large private German engineering company SMS group GmbH. www.primobius.com.

Nordics

The new business development focus will be on securing relationships with new partners in the region as Hannans must be present to process an end-of-life electric vehicle (EV) LiBs from Norway, such as Freyr Lithium iron phosphate (LFP) scrap.

UK and Ireland

The Company aims to secure a binding agreement in the near term to develop and implement a feedstock form with processing and shredding capacity.

Italy

Business development discussions continue with a battery collector with the aim to develop a hub and spoke facility.

Slovakia

The focus remains on securing an arrangement with an in-country battery collector. As in the UK, the intention is to construct and operate a shredding circuit, which will capture Original Equipment Manufacturer (OEM) EV LiB assembly waste.

Serbia

Initial non-binding terms agreed and discussions continuing with a view to formalising terms to construct and operate an integrated shredding circuit gathering feedstock from across the region.

Greece

A Letter of Intent was determined with a Greek LFP gigafactory aimed at developing shredding capability for non-LFP end-of-life LiBs. A meeting is scheduled for 2023 to secure binding terms. Discussions continuing with local gigafactory with the aim to develop a shredding circuit for the feedstock.

Mineral Exploration

Hannans notes that there has been some interest received from third parties in relation to the Company's mineral exploration assets. The Company's approach is to assess all proposals from the perspective of creating long-term value for its shareholders. Any developments will be notified to the market in accordance with its continuous disclosure obligations. The Company is currently considering potential divestment options for its Western Australian mineral exploration portfolio and remains in discussion with several parties regarding formal terms. Tenure covers (approximately) 1,179sqkm within the world-class and emerging jurisdictions.

Fraser Range

Located 100 km to the east of Norseman in Western Australia, the Project consists of 10 granted tenements held 100% by Hannans. The tenements cover 87 sq km and are spread over a distance of 75 km along a northeast strike and with the northern tenements only 16 km to the west of the Nova-Bollinger mine operated by IGO Limited.

Hannans' tenements lie mostly within the metamorphosed rocks of the Fraser Range Domain of the Albany-Fraser Orogen, an east to northeast-trending Proterozoic terrane of igneous and high-grade metamorphic rocks flanking the southern and south-eastern margin of the Yilgarn Craton.

The Fraser Range Project contains host rocks/stratigraphy considered prospective for nickel-copper sulphide mineralisation related to mafic-ultramafic intrusions, however the effectiveness and coverage of previous exploration is highly variable. Hannans' exploration strategy is therefore to conduct systematic exploration activities to follow on where previous operators have left off to effectively test the mineral potential of the tenure.

Moogie Gold & Nickel-Copper Project

The Moogie Project is located 270km east of Carnarvon, Moogie comprises eight exploration tenements (6 granted and 2 under application) held 100% by Hannans (total area of 889 km²).

Hannans was an early mover into the region and secured a large landbank of under-explored, highly prospective terrane in the Gascoyne Province proximal with the margin of Yilgarn Craton. Such collision belts at the margin of cratons are known to host deep crustal-scale structures, favourable target sites for mineralisation.

Hannans' Moogie Project hosts significant strike lengths of deep-seated structures including the Cardilya, Errabiddy and Deadman Shear Zones, the latter of which hosts the proximal 510,000 ounce Glenburgh Gold Deposit (owned by Gascoyne Resources Limited).

Forrestania Nickel Project

The Forrestania Nickel Project ("FNP") is located approximately 120km south of Southern Cross and 80km east of Hyden, in the Goldfields region of Western Australia, Hannans' Forrestania Project consists of 10 tenements (9 granted and 1 application) held 100% by Hannans (total area held is approximately 203 km²), with Classic Minerals Limited holding an 80% interest in the gold rights on selected tenements.

The Forrestania Project is centred on the Forrestania Greenstone Belt which hosts some of the world's highest-grade nickel mines as well as world-class lithium and gold deposits. The nickel sulphide endowment of the ultramafic belts is remarkable having four mines with two open pits with nickel sulphides persisting beyond 1 km depth.

All the mineralised belts that host the mines, resources, and prospects at Forrestania are represented within the Hannans ground package, particularly the Western Ultramafic Belt that contains the highest-grade nickel deposits.

Forrestania Gold Project

Hannans joint venture partner, Classic Minerals Ltd (ASX:CLZ), is funding exploration on the Forrestania Gold Project (FGP). Hannans owns a 20% free-carried interest in the FGP meaning Hannans is not required to fund the costs of exploration until a decision to mine gold has been made by the joint venture. Classic did not make any announcements relevant to tenure covering Hannans gold rights during the reporting period.

Corporate

Re-compliance

The Company completed its ASX re-compliance transaction and re-admitted to trading in December 2022.

Capital raising

The Company raised \$2,000,000 pursuant to the offer under its prospectus dated 17 October 2022 and supplementary prospectus dated 8 November 2022 by the issue of 100,000,000 shares at an issue price of \$0.02 per share.

Board succession plan completed

In December 2022, the Company completed a Board and Executive Management succession process to ensure that the Company had the requisite skills and experience to implement the proposed European LiB recycling strategy.

Other matters

Hannans hold 687,594 ordinary shares in ASX listed Errawarra Resources Ltd, 50,000 ordinary shares in NickelX Limited, and 575,000 ordinary shares in unlisted Critical Metals Ltd.

A total of 18,333,333 options were exercised during the period.

A total of 58,166,667 options expired during the period.

A total of 100,000,000 options were cancelled during the period.

Governance

Annual General Meeting

Hannans held its Annual General Meeting on 29 November 2022 with all resolutions carried by poll. The majority proxy votes cast were in favour of resolutions. The Annual Report 2022 was lodged with the ASIC in accordance with required timeframes.

Health & Safety

No accidents or lost time injuries occurred during the period to Hannans employees and or contractors.

Litigation

Hannans is not a party to any litigation. Hannans received a letter during the period alleging a breach of a confidentiality agreement.

Subsequent events

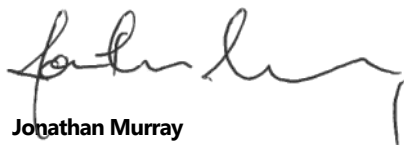
There were no matters or circumstances that have arisen since 31 December 2022 that may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Auditor's independence declaration

The auditor's independence declaration is included on page 6 and forms part of the Directors' report for the six months ended 31 December 2022.

Signed in accordance with a resolution of directors.

On behalf of the Directors



Jonathan Murray

Non-Executive Chairman

9th of March 2023

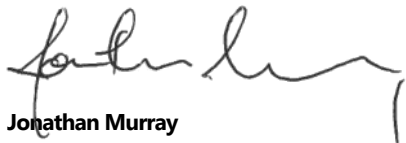
DIRECTORS' DECLARATION

The Directors declare that in the Directors' opinion:

- (a) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with Australian Accounting Standard AASB 134 and the *Corporations Regulations 2001* as disclosed in note 2 and giving a true and fair view of the financial position and performance of the consolidated entity for the half-year ended 31 December 2022.

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

On behalf of the Directors



Jonathan Murray

Non-Executive Chairman

Perth, Western Australia this 9th of March 2023

INDEPENDENCE DECLARATION TO THE DIRECTORS OF HANNANS LTD



Ernst & Young
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Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

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Fax: +61 8 9429 2436
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Auditor's independence declaration to the directors of Hannans Ltd

As lead auditor for the review of the half-year financial report of Hannans Ltd for the half-year ended 31 December 2022, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Hannans Ltd and the entities it controlled during the financial period.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to be 'Timothy G Dachs'.

Timothy G Dachs
Partner
9 March 2023

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INDEPENDENT REVIEW REPORT TO THE MEMBERS OF HANNANS LTD



Ernst & Young
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Independent auditor's review report to the members of Hannans Limited

Conclusion

We have reviewed the accompanying half-year financial report of Hannans Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 31 December 2022, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial 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* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Directors' responsibilities for the half-year financial report

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

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Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Timothy G Dachs'.

Timothy G Dachs
Partner
Perth
9 March 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the half-year ended 31 December 2022

	Note	Half-year ended 31 Dec 2022 \$	Half-year ended 31 Dec 2021 \$
Continuing operations			
Other income		16,994	4,636
Employee and contractors expenses		(411,156)	(275,915)
Depreciation expense		(1,660)	(2,518)
Consultants expenses		(272,315)	(425,557)
Occupancy expenses		(5,411)	(3,722)
Marketing expenses		(18,514)	(3,613)
LiB recycling expenses		(457,077)	–
Exploration and evaluation expenses		(296,631)	(307,895)
Impairment of exploration and evaluation expenses		(2,240,000)	–
Fair value changes in financial assets designated at fair value through P&L		21,816	(23,379)
Other expenses		(289,893)	(103,197)
Loss from continuing operations before income tax benefit		(3,953,847)	(1,141,160)
Income tax benefit		–	–
Loss attributable to members of the parent entity		(3,953,847)	(1,141,160)
Other comprehensive income for the period		–	–
Total comprehensive loss for the period		(3,953,847)	(1,141,160)
Net loss attributable to the parent entity		(3,953,847)	(1,141,160)
Total comprehensive loss attributable to the parent entity		(3,953,847)	(1,141,160)
Loss per share:			
Basic (cents per share)		(0.14)	(0.05)
Diluted (cents per share)		(0.14)	(0.05)

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2022

	Note	31 Dec 2022 \$	30 Jun 2022 \$
Current assets			
Cash and cash equivalents		4,719,913	4,030,952
Trade and other receivables	3	177,570	144,132
Other financial assets at fair value through profit and loss	4	162,147	140,331
Total current assets		5,059,630	4,315,415
Non-current assets			
Other receivables		30,000	30,000
Property, plant and equipment		–	15,088
Other financial assets at fair value through profit and loss	4	115,001	115,001
Capitalised mineral exploration and evaluation expenditure	5	–	2,240,000
Intangible assets	6	12,950,013	–
Total non-current assets		13,095,014	2,400,089
TOTAL ASSETS		18,154,644	6,715,504
Current liabilities			
Trade and other payables	7	522,010	378,317
Provisions	8	–	40,536
Total current liabilities		522,010	418,853
Non-current liabilities		–	–
TOTAL LIABILITIES		522,010	418,853
NET ASSETS		17,632,634	6,296,651
Equity			
Issued capital	9	63,278,739	48,067,444
Reserves	10	1,246,071	1,506,938
Accumulated losses	11	(46,892,176)	(43,277,731)
TOTAL EQUITY		17,632,634	6,296,651

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half-year ended 31 December 2022

Attributable to equity holders

For the half-year ended 31 December 2022	Issued Capital \$	Option Reserves \$	Accumulated Losses \$	Total Equity \$
Balance as at 1 July 2022	48,067,444	1,506,938	(43,277,731)	6,296,651
Total comprehensive income				
Loss for the period	–	–	(3,953,847)	(3,953,847)
Total comprehensive loss for the period	–	–	(3,953,847)	(3,953,847)
Transactions with owners recorded direct to equity				
Issue of shares	14,950,013	–	–	14,950,013
Cancellation of options	–	(432,385)	–	(432,385)
Share based payments	–	510,920	–	510,920
Exercise/Lapse of options	275,000	(339,402)	339,402	275,000
Shares Issue expense	(13,718)	–	–	(13,718)
Total transactions with owners	15,211,295	(260,867)	339,402	15,289,830
Balance as at 31 December 2022	63,278,739	1,246,071	(46,892,176)	17,632,634

Attributable to equity holders

For the half-year ended 31 December 2021	Issued capital \$	Option Reserves \$	Accumulated Losses \$	Total Equity \$
Balance as at 1 July 2021	42,433,949	655,948	(39,889,938)	3,199,959
Total comprehensive income				
Loss for the period	–	–	(1,141,160)	(1,141,160)
Total comprehensive loss for the period	–	–	(1,141,160)	(1,141,160)
Transactions with owners recorded direct to equity				
Issue of shares	5,457,357	–	–	5,457,357
Share based payments	–	158,051	–	158,051
Exercise/Lapse of options	504,000	(307,335)	307,335	504,000
Shares Issue expense	(327,862)	–	–	(327,862)
Total transactions with owners	5,633,495	(149,384)	307,335	5,791,546
Balance as at 31 December 2021	48,067,444	506,664	(40,723,763)	7,850,345

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW

for the half-year ended 31 December 2022

	Half-year ended 31 Dec 2022 \$	Half-year ended 31 Dec 2021 \$
Cash flows from operating activities		
Payments for LiB recycling project	(227,190)	–
Payments for exploration and evaluation	(321,948)	(655,176)
Payments to suppliers and employees	(1,008,481)	(663,087)
Interest received	7,571	517
Net cash (used in) operating activities	(1,550,048)	(1,317,746)
Cash flows from investing activities		
Proceeds from sale of fixed assets	22,727	–
Amount advanced to Critical Metals Ltd	–	(200,000)
Net cash from / (used in) investing activities	22,727	(200,000)
Cash flows from financing activities		
Proceeds from issues of equity securities	2,000,000	5,457,357
Proceeds from exercise of options	275,000	504,000
Payment for share issue costs	(58,718)	(316,588)
Net cash received from financing activities	2,216,282	5,644,769
Net increase in cash and cash equivalents	688,961	4,127,023
Cash and cash equivalents at the beginning of the financial period	4,030,952	1,013,733
Cash and cash equivalents at the end of the financial period	4,719,913	5,140,756

The accompanying notes form part of the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2022

1. Reporting Entity

Hannans Ltd (**Hannans** or **the Company**) is a company limited by shares, incorporated and domiciled in Australia, and whose shares are publicly traded on the Australian Securities Exchange. The consolidated half-year financial report of the Group as at and for the six months ended 31 December 2022 comprises the Company and its subsidiaries (together referred to as **the Group**).

The consolidated financial statements are presented in Australian Dollars, which is the Group's functional and presentation currency.

The financial report of Hannans for the half-year ended 31 December 2022 was authorised for issue by the Directors on 9 March 2023.

The nature of the operations and principal activities of the consolidated entity are described in the Directors' Report.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2022 is available upon request from the Company's registered office or at www.hannans.com.

2. Basis of preparation and changes to the accounting policies

(a) Basis of preparation

This general purpose condensed financial report for the half-year ended 31 December 2022 has been prepared in accordance with AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

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 the half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2022 and considered together with any public announcements made by the Company during the half-year ended 31 December 2022 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The half-year financial report has been prepared on a historical cost basis except for financial assets which are measured at fair value through profit and loss.

Apart from the changes in accounting policy in note 2(b), the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

(b) Changes in accounting policies

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2022, except for the adoption of new standards effective as of 1 July 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim consolidated financial statements of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2022

	31 Dec 2022 \$	30 Jun 2022 \$
3. Current trade and other receivables		
Trade receivables ⁽ⁱ⁾	92,752	72,336
Net goods and services tax (GST) receivable	49,058	35,585
Other receivable	35,760	36,211
	177,570	144,132
(i) The average credit period on purchases of goods and services is 30 days. No interest is charged on the trade payables for the first 30 to 60 days from the date of invoice. Thereafter, interest is charged at various penalty rates. The consolidated entity has financial risk management policies in place to ensure that all receivables are paid within the credit timeframe.		
4. Other financial assets at fair value through profit and loss		
Current		
Equity instruments		
Quoted equity shares ⁽ⁱ⁾	162,147	140,331
Loans to outside entities ⁽ⁱⁱ⁾	–	–
	162,147	140,331
Non-current		
Equity instruments		
Unquoted equity shares ⁽ⁱⁱⁱ⁾	115,001	115,001
	115,001	115,001
(i) Investments in listed entities include the following: (a) 687,594 fully paid ordinary shares in Errawarra Resources Ltd. (b) 50,000 fully paid ordinary shares in NickelX Limited.		
(ii) Critical Metals Ltd (CM1), of which Mr Damian Hicks, Mr Jonathan Murray and Mr Markus Bachmann are the Directors, was provided short-term loan facility of \$200,000 at an interest rate of 12.5% per annum. The loan is unsecured. CM1 has drawn down \$200,000 on the loan facility. The fair value of the loan was based on net present value with no expected future cash flows. As there is significant uncertainty as to the repayment of this loan, the fair value of the loan amount was nil as at 31 December 2022 (30 June 2022: nil).		
(iii) Investments in unlisted public entities include 575,000 fully paid ordinary shares in Critical Metals Ltd, and 1 ordinary shares in Equity & Royalty Investments Ltd.		
5. Capitalised mineral exploration and evaluation expenditure		
Balance at beginning and end of financial period	2,240,000	2,240,000
LESS: Write off costs	(2,240,000)	–
Balance at end of financial period	–	2,240,000

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the continuance of the consolidated entities right to tenure of the interest, the results of future exploration and the successful development and commercial exploration, or alternatively, sale of the respective area of interest. For those areas of interest de-recognised during the half year, exploration results indicates the subsequent successful development and commercial exploration may be unlikely and the decision was made to discontinue activities in these areas, resulting in full de recognition of the capitalised exploration and evaluation in relation to the related areas of interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2022

	31 Dec 2022 \$	30 Jun 2022 \$
6. Intangible assets		
Balance at beginning of financial period	–	–
Additions ⁽ⁱ⁾ (note 9)	12,950,013	–
Balance at end of financial period	12,950,013	–
In July 2022, Hannans signed an agreement with Greenhouse Investments (Greenhouse) to acquire 100% of technology rights in Greenhouse license territories. All Greenhouse licenses have been novated to Hannans and Hannans is now the licensee. Upon shareholder approval obtained on 15 November 2022, the Company issued 647,500,653 fully paid ordinary shares at an issue price of \$0.02 per share to Greenhouse.		
Amortisation method and useful lives		
The Greenhouse licenses will be amortised when the licenses are ready to be commercialised.		
7. Current trade and other payables		
Trade payables ⁽ⁱ⁾	354,225	215,923
Accruals	27,245	128,487
Other payable	140,540	33,907
	522,010	378,317
(i) The average credit period on purchases of goods and services is 30 days. No interest is charged on the trade payables for the first 30 to 60 days from the date of invoice. Thereafter, interest is charged at various penalty rates. The consolidated entity has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.		
8. Provisions		
Current		
Employee benefits	–	40,536
	–	40,536
9. Issued capital		
3,372,105,462 fully paid ordinary shares (Jun 2022: 2,606,271,476)	63,278,739	48,067,444
	63,278,739	48,067,444

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2022

9. Issued capital (cont'd)

	31 Dec 2022		30 Jun 2022	
	No.	\$	No.	\$
Fully paid ordinary shares				
Balance at beginning of financial period	2,606,271,476	48,067,444	2,359,977,192	42,433,949
Exercise of options	18,333,333	275,000	28,000,000	504,000
Rights Issue	–	–	218,294,284	5,457,357
Offer under Prospectus	100,000,000	2,000,000	–	–
Issue of shares to Greenhouse (note 6)	647,500,653	12,950,013	–	–
Share issue costs	–	(13,718)	–	(327,862)
Balance at end of financial period	3,372,105,462	63,278,739	2,606,271,476	48,067,444

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

	Option reserve	Total reserve
	\$	\$
10. Reserves		
Balance at 1 July 2021	655,948	655,948
Share-based payment expense	1,158,325	1,158,325
Lapse/exercise of options	(307,335)	(307,335)
Balance at 1 July 2022	1,506,938	1,506,938
Share-based payment expense	510,920	510,920
Lapse/exercise of options	(339,402)	(339,402)
Cancellation of options	(432,385)	(432,385)
Balance at 31 December 2022	1,246,071	1,246,071

Share options

As at 31 December 2022, options over 65,000,000 (Jun 2022: 241,500,000) ordinary shares in aggregate are as follow:

Issuing entity	No of shares under option	Class of shares	Exercise price of option	Expiry date of option
Hannans Ltd	55,000,000	Ordinary	6.1 cents each	25 Nov 2025
Hannans Ltd	5,000,000	Ordinary	3.2 cents each	25 Nov 2025
Hannans Ltd	5,000,000	Ordinary	(i)	25 Nov 2025

(i) Exercise price will be calculated at the VWAP for the five (5) trading days before and five (5) trading days after 26 November 2023 PLUS a premium of 50%.

Share options are all unlisted, carry no rights to dividends and no voting rights.

During the period:

- > No options were issued.
- > A total of 18,333,333 options were exercised at 1.5 cents each.
- > A total of 58,166,667 options lapsed.
- > A total of 100,000,000 options were cancelled.

Refer to Note 15 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2022

	31 Dec 2022 \$	30 Jun 2022 \$
11. Accumulated losses		
Balance at the beginning of financial period	(43,277,731)	(39,889,938)
Loss attributable to members of the parent entity	(3,953,847)	(3,695,128)
Items of other comprehensive income recognised directly in retained earnings		
Options lapsed	151,838	22,295
Options exercised	187,564	285,040
Balance at the end of financial period	(46,892,176)	(43,277,731)

12. Contingencies and commitments

(a) Exploration and evaluation and associate commitments

Tenement commitments for the next 5 years for the group total \$1,776,858 (Jun 2022: \$ 1,323,511).

(b) Other

In early 2013, the Office of State Revenue (**OSR**) informed the Company that it has raised a Duties Investigation regarding the restructure involving the Mineral Rights Deed between the Company and Errawarra Resources Ltd. OSR has requested preliminary supporting information to assess the duty on the transaction. The Company does not consider it probable a stamp duty liability will arise.

13. Segment reporting

Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's Chief Operating Decision Maker which, for the Group, is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the statement of comprehensive income and statement of financial position. The Group operates in the mineral exploration industry in Australia and in the implementation of the proposed LiB recycling strategy. The segment information provided to the Group's Chief Operating Decision Maker are as follow:

Result analysis by operating activities

	31 Dec 2022 \$	31 Dec 2021 \$
LiB recycling	(3,666,225)	–
Mineral exploration	(287,622)	(1,141,160)
Loss before income tax benefit	(3,953,847)	(1,141,160)
Income tax benefit	–	–
Loss attributable to members of the parent entity	(3,953,847)	(1,141,160)

Assets and liabilities analysis by operating activities

	Assets		Liabilities	
	31 Dec 2022 \$	30 Jun 2022 \$	31 Dec 2022 \$	30 Jun 2022 \$
LiB recycling	17,991,617	–	485,035	–
Mineral exploration	163,027	6,715,504	36,975	418,853
Balance at end of financial period	18,154,644	6,715,504	522,010	418,853

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2022

14. Related party disclosures

(a) Loans to key management personnel (KMP) and their related parties

Critical Metals Ltd (**CM1**), of which Mr Damian Hicks, Mr Jonathan Murray and Mr Markus Bachmann are the Directors, was provided with a short-term loan facility of \$200,000 at an interest rate of 12.5% per annum. The loan is unsecured. CM1 has drawn down \$200,000 on the loan facility. The fair value of the loan was based on net present value with no expected future cash flows. As there is significant uncertainty as to the repayment of this loan, the fair value of the loan amount was nil at 31 December 2022 (30 June 2022: nil).

(b) Transactions with key management personnel and their related parties

Director transactions

Corporate Board Services (**CBS**), of which Mr Damian Hicks is a Director, provided management, financial, company secretary and administrative services amounting to \$112,500 during the period (Jun 2022: \$185,515). \$25,725 was owed to CBS at 31 December 2021 (Jun 2022: \$39,067).

Steinepreis Paganin (**Stein Pag**), of which Mr Jonathan Murray is a Partner, provided legal services amounting to \$156,183 during the period (Jun 2022: \$213,073). \$33,670 was owed to Stein Pag at 31 December 2022 (Jun 2022: \$8,229).

Scott Geological (**Scott Geo**), of which Ms Amanda Scott is a Director, provided geological services amounting to nil during the period (Jun 2022: \$14,213). No amount was owed to Scott Geo at 31 December 2022 (Jun 2022: \$10,346).

Advance Geological (**Advance Geo**), of which Mr Clay Gordon is a Director, provided geological services amounting to nil during the period (Jun 2022: \$81,095). No amount was owed to Advance Geo at 31 December 2022 (Jun 2022: \$27,818).

15. Share-based payments

The following share-based payment arrangements were in existence during the current and comparative reporting periods:

Option series	Number	Grant date	Expiry date	Exercise price (\$)
(O17-T1) 26 Nov 2021 ⁽ⁱ⁾	55,000,000	26 November 2021	25 November 2025	6.1
(O17-T2) 26 Nov 2021 ⁽ⁱⁱ⁾	5,000,000	26 November 2021	25 November 2025	3.2
(O17-T3) 26 Nov 2021 ⁽ⁱⁱⁱ⁾	5,000,000	26 November 2021	25 November 2025	⁽ⁱⁱⁱ⁾

The vesting condition and exercise price of the options are as follows:

- (i) **Vesting condition:** Continuous service as a Director until 25 November 2022.
- (ii) **Vesting condition:** Continuous service as a Director until 25 November 2023.
- (iii) **Vesting condition:** Continuous service as a Director until 25 November 2024.
Exercise price: Calculated at the VWAP for the five (5) trading days before and five (5) trading days after 26 November 2023 PLUS a premium of 50%.

The following reconciles the outstanding share options during the period:

	31 Dec 2022		30 Jun 2022	
	Number of options No.	Weighted average exercise price \$	Number of options No.	Weighted average exercise price \$
Fully paid ordinary shares				
Balance at beginning of financial period	241,500,000	0.048	129,500,000	0.018
Granted during the financial period	–	–	165,000,000	0.060
Exercised during the financial period ⁽ⁱ⁾	(18,333,333)	0.015	(28,000,000)	0.018
Expired during the financial period ⁽ⁱⁱ⁾	(58,166,667)	0.023	(25,000,000)	0.015
Cancelled during the financial period ⁽ⁱⁱⁱ⁾	(100,000,000)	0.047	–	–
Balance at end of financial period	65,000,000	0.059	241,500,000	0.048

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for the half-year ended 31 December 2022

15. Share-based payments (cont'd)

(i) Exercised during the financial period

During the financial period, a total of 18,333,333 (Jun 2022: 28,000,000) options over ordinary shares were exercised, comprising of the following:

- > 14,833,333 options exercisable at 1.5 cents expiring on 27 October 2022 to raise \$222,500.
- > 3,500,000 options exercisable at 1.5 cents expiring on 19 November 2022 to raise \$52,500.

(ii) Expired during the financial period

During the financial period, a total of 58,166,667 (Jun 2022: 25,000,000) options over ordinary shares expired as the vesting conditions were not achieved, comprising of the following:

- > 13,166,667 options exercisable at 1.5 cents expired on 27 October 2022.
- > 20,000,000 options exercisable at 1.5 cents expired on 30 October 2022.
- > 25,000,000 options exercisable at 1.5 cents expired on 30 October 2022

(iii) Cancelled during the financial period

During the financial period, a total of 100,000,000 (Jun 2022: nil) options over ordinary shares were cancelled, comprising of the following:

- > 50,000,000 options exercisable at 3.2 cents expiring on 25 November 2025.
- > 50,000,000 options exercisable at a price calculated at the VWAP for the five (5) trading days before and five (5) trading days after 26 November 2023 PLUS a premium of 50%.

16. Financial instruments

The fair value of financial assets and financial liabilities of the Group approximated their carrying amount. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The table below analyses financial instruments carried at fair value by value measurement hierarchy.

Quantitative disclosures fair value measurement hierarchy	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
31 Dec 2022				
Assets measured at fair value				
Equity instruments (note 4):				
Quoted equity shares ⁽ⁱ⁾	162,147	–	–	162,147
Unquoted equity shares ⁽ⁱⁱ⁾	–	–	115,001	115,001
Loan to a director related entity ⁽ⁱⁱⁱ⁾ (note 4):	–	–	–	–
	162,147	–	115,001	277,148
30 Jun 2022				
Assets measured at fair value				
Equity instruments (note 4):				
Quoted equity shares ⁽ⁱ⁾	140,331	–	–	140,331
Unquoted equity shares ⁽ⁱⁱ⁾	–	–	115,001	115,001
Loan to a director related entity ⁽ⁱⁱⁱ⁾ (note 4):	–	–	–	–
	140,331	–	115,001	255,332

The management assessed that cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2022

16. Financial instruments (cont'd)

The fair value of the financial assets is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair value:

- (i) Fair value of equity instruments and financial assets is derived from quoted market prices in active markets.
- (ii) The lowest level input has been used to fair value unquoted ordinary shares. The investment was fair valued using the most recent capital raise dated October 2021 discounted for market conditions.
- (iii) The fair value of the loan was based on net present value with no expected future cash flows. As there is a significant uncertainty as to the repayment of this loan, the fair value of the loan amount was nil at 31 December 2022 (30 June 2022: nil).

17. Subsequent events

There were no matters or circumstances that have arisen since 31 December 2022 that may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.