



☆☆☆  
**EUROPEAN**  
LITHIUM<sup>LTD</sup>

**ANNUAL  
REPORT  
2022**



## CORPORATE DIRECTORY

### DIRECTORS

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

### JOINT COMPANY SECRETARY

Melissa Chapman  
Catherine Grant-Edwards

### REGISTERED OFFICE

32 Harrogate Street  
West Leederville, WA, 6007  
Ph: +61 (8) 6181 9792  
Fax: +61 (8) 9380 9666

### CONTACT DETAILS

[www.europeanlithium.com](http://www.europeanlithium.com)  
Email: [IR@europeanlithium.com](mailto:IR@europeanlithium.com)

### SOLICITORS TO THE COMPANY

Steinepreis Paganin  
Level 4, The Reid Building  
16 Milligan Street  
Perth WA 6000

### AUDITORS

HLB Mann Judd (WA Partnership)  
Level 4, 130 Stirling Street  
Perth WA 6000

### STOCK EXCHANGES

Australian Securities Exchange	ASX Code: EUR
Frankfurt Stock Exchange	FRA Code: PF8
OTC Market	OTC Code: EULIF

### SHARE REGISTRY

Computershare Investor Services Pty Limited  
Level 11, 172 St Georges Terrace  
Perth WA 6000  
Tel: 1300 85 05 05 (Australia)  
(Outside Australia) +61 3 9415 4000

Directors' Report .....	3
Auditor's Independence Declaration.....	20
Corporate Governance Statement .....	21
Consolidated Statement of Comprehensive Income .....	22
Consolidated Statement of Financial Position .....	23
Consolidated Statement of Changes in Equity .....	24
Consolidated Statement of Cash Flows .....	25
Notes to the Consolidated Financial Statements .....	26
Directors' Declaration.....	48
Independent Auditor's Report.....	49
Additional Stock Exchange Information .....	53
Mining Tenement Schedule.....	55

Your directors present their report on European Lithium Limited (**Company** or **EUR**) for the financial year ended 30 June 2022.

## 1. DIRECTORS

The names and details of the directors in office at any time during or since the end of financial year are:

Antony Sage	Executive Chairman
Malcolm Day	Non-Executive Director
Michael Carter	Non-Executive Director (appointed 31 August 2021)
Mykhailo Zhernov	Non-Executive Director (appointed 22 December 2021)
Kimon Gkomoziias	Executive Director (resigned 31 August 2021)

## 2. COMPANY SECRETARY

The names and details of the company secretary in office at any time during or since the end of financial year are:

Melissa Chapman	Company Secretary
Catherine Grant-Edwards	Joint Company Secretary (appointed 24 June 2022)

## 3. PRINCIPAL ACTIVITY

The principal activity of the Company during the financial year was Lithium exploration in Austria.

## 4. OPERATING RESULTS

The Company reported a net loss of \$12,319,670 for the financial year (2021: \$3,964,922 net loss).

## 5. DIVIDENDS PAID OR RECOMMENDED

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

## 6. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the year there were no significant changes in the state of affairs of the Company other than as disclosed in this report or in the Financial Report.

## 7. EVENTS SINCE THE END OF THE FINANCIAL YEAR

On 4 July 2022, the Company advised that it has listed 173,076,970 options on the ASX under the code EUROB. The options have an exercise price of \$0.18 each and an expiry date of 31 March 2024. On the same day, the Company announced that it had issued 45,000,000 EUROB options to Directors (refer to note 26(b)) and 5,000,000 EUROB options to consultants of the Company.

On 7 July 2022, the Company issued 1,466,666 shares upon the exercise of options (\$0.075 each expiring 31 July 2022).

On 31 July 2022, a total of 3,333,333 unlisted options (\$0.075 each expiring 31 July 2022) lapsed.

On 1 August 2022, the Company issued 8,515,254 shares upon the exercise of options (\$0.075 each expiring 31 July 2022).

On 1 August 2022, the Company entered into an agreement with Wombat Resources Pty Ltd (**Wombat**) to purchase all of Wombat's legal and beneficial interests in E47/4144 for a consideration of 5,000,000 fully paid shares in the Company, a cash payment of \$10,000, a royalty of 1% from all revenue from the sale of any minerals mined from E47/4144 and 15% of any sale proceeds on the sale of E47/4144. Completion of the transaction has not yet been completed.

On 5 August 2022, the Company announced that it had entered into a non-binding memorandum of understanding with European auto manufacturer BMW AG to secure the Company's first offtake of battery grade Lithium Hydroxide.

On 8 August 2022, the Company issued 7,232,508 shares upon the exercise of options (\$0.05 each expiring 31 July 2022) representing the shares underwritten by ADKSK Superfund Pty Ltd.

No other matters or circumstances have arisen since the end of the financial year which significantly altered or may significantly alter the operations of the Company, the results of those operations or the state of affairs of the Company in financial years subsequent to 30 June 2022.

## 8. ENVIRONMENTAL REGULATIONS

The Company is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work.

## 9. LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Disclosure of information regarding likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Therefore, this information has not been presented in this report.

## 10. REVIEW OF OPERATIONS

### Wolfsberg Lithium Project

#### COVID-19

Various challenges for commodity markets continued during the year due to the prevalence of the COVID-19 pandemic. Although the evolving variants have presented varying impacts to society and health systems, uncertainty remains. Stakeholders including governments, companies and individuals are required to follow recommendations to help in controlling the rate of infection at a global scale. At the twelfth meeting of WHO regarding the pandemic held on 8 July 2022, it was determined that COVID-19 continues to constitute a Public Health Emergency of International Concern (**PHEIC**).

During the quarter ended 30 June 2022, the Company announced that Europe was experiencing fluctuating infection rates with restrictions being reintroduced as the virus and its impact evolved. Currently there are no international border restrictions to enter Australia, however, European restrictions continue to impact the Company's operational activities at its Wolfsberg Lithium Project (**Wolfsberg Project**). The Company continues to monitor and address the changing circumstances with suitable COVID-19 measures implemented.

#### Drilling

Early in the financial year, the Company completed its deep hold drilling program. Both drill rigs completed the ambitious drilling program for deep holes (>300m in depth) totalling 7,923m. The drilling contractor delivered the work at a high-quality level with an extraordinary core recovery and no safety incidents recorded.

On 16 August 2021 the Company announced that during the drilling campaign an intersection of 1.91m pegmatite mineralisation @ 2.4% of Li<sub>2</sub>O content was recovered, an exciting result given the average grade of the deposit is 1.0% Li<sub>2</sub>O.



Figure 1 – Drill rig 1 in operation

On 1 December 2021, the Company announced that supervising consultants completed assaying at the Company's external lab in Ireland that resulted in an increase in the final JORC compliant resource. This has contributed to an increase in the Life of Mine (LOM) and further improved the project economics.

Total Measured, Indicated and Inferred Mineral Resources now total 12.9 Mt grading 1.00% Li<sub>2</sub>O. This includes the previously announced estimate of 9.7Mt grading 1.03% Li<sub>2</sub>O in the Measured and Indicated Resource category (refer ASX Announcement 8 November 2021) and the updated Inferred Resource estimate of 3.1 Mt grading 0.90% Li<sub>2</sub>O.

All cells within the wireframed mineralization have been reported as resource with no cut-off grade for Li<sub>2</sub>O used in resource reporting. Assignment of mineralisation versus unmineralized material was done as part of the sectional interpretation using a minimum mineralized thickness of 0.5m for sampling. Intersections less than this were excluded with hard boundary wireframes, therefore all material identified as mineralization has been reported. This was chosen to align with the anticipated mining method of long hole open stoping whereby all material mined is taken as ore.

The upgraded Measured, Indicated and Inferred Resource estimate is as follows:

Category	Tonnage (t)	Grade (% Li <sub>2</sub> O) <sup>3</sup>
Measured	4,313,000	1.13
Indicated	5,430,000	0.95
Total (M+I)	9,743,000	1.03
Inferred	3,138,000	0.90
Total (M+I+In) <sup>1, 2</sup>	12,881,000	1.00

Notes:

- 1) resources estimated based on minimum mineralized intersection of 0.5m
- 2) bulk density of 2.73 t/m<sup>3</sup> applied to volumetric estimate
- 3) Grade is based on length weighted mineralized intersections, assuming minimum intersection width of 2m and incorporates internal dilution.

To increase the Wolfsberg Project's resource base significantly, the Company plans to start exploration activities in Zone 2. The Company has completed the planning work to start exploration activities in Zone 2 and the relevant approval process by submitting the drilling proposal to the authorities has started.

### **Definitive Feasibility Study (DFS)**

During the year, the Company has continued to work with its DFS team as appointed by leading contractor DRA Global. The team is based in Europe, South Africa and Canada and covers geology, mining and scheduling, ore concentration and metallurgy with conversion as well as structural design work, marketing, financial planning and scheduling covering future CAPEX and OPEX for the operations. The final DFS team comprises 30 specialists covering these areas of expertise.

As outlined above, the Company has completed the Phase 2 resource drilling program in Zone 1 that forms an essential part of the DFS. On 1 December 2021, the Company announced the completion of the resource upgrade to 12.9Mt grading 1.00% Li<sub>2</sub>O in Zone 1. That is a significant milestone for the DFS progress.

During the year, the Company's independent metallurgic consultants, Dorfner Anzaplan (**Dorfner**), completed the locked cycle test as part of the QA/QC process of the metallurgical test work to assess and optimise process lines, flowsheets and layouts. In total there are 4 LCTs required to achieve full confidence in the chemical process lines developed. Dorfner carried out a series of tests using these bulk samples to provide information for use in various feasibility studies. End product quality results were received for both lithium carbonate and lithium hydroxide produced from the Wolfsberg Project ore compared against a series of German Industry Normal Specifications. These specifications were derived from a cross section of Dorfner's experiences with end users in lieu of a definitive industry standard which currently does not exist. The results show a high-quality battery grade specification of either lithium carbonate or lithium hydroxide can be produced from the Wolfsberg Project ore. Dorfner has been assigned to design the Company's QA/QC chemical laboratory facilities to ensure, through all production cycles, a consistent high-quality product will be delivered.

On 19 April 2022, the Company released an interim DFS update announcement on the major DFS KPIs including a pre-tax NPV<sub>6</sub> for the accelerated case of A\$862 million, a maximum of 20 years life of mine and mining rate of approximately 770,000tpa. The Company continues to work towards completion of the DFS.

### **Hydrogeology**

The Company has continued during the year with its hydrogeology monitoring program and has integrated the data collection and interpretation into the DFS process. 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 completed its environmental base line studies during the year at the project area for the purpose of the compulsory and independent second mine access, and the potential location for the hydrometallurgical conversion plant. A comprehensive report has been provided to the Company and will be incorporated in the final DFS document.

A detailed review of all work, reports and related documents to the base line studies is underway and will be integrated into the operational and technical applications to all relevant authorities when the DFS is completed. The Company has appointed experienced, independent consultant, Hasslinger & Nagele in Vienna (**Hasslinger**), to lead the complex application process based on the final DFS findings. Hasslinger's engagement includes facilitation of numerous discussions at municipal, state and federal authorities to introduce the project rollout.

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

## Marketing Activities

The Company remains focused on the supply of lithium hydroxide to the nascent lithium battery plants of Europe but will also investigate the supply of high-grade concentrate. Subsequent to the year end, the Company signed a non-binding memorandum of understanding (MOU) with European auto manufacturer BMW AG and the parties are currently negotiating binding agreements with good progress made to date.

## Horizon 2020 and GREENPEG

During the year, 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 to work proactively in the already 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.

## Carbon Neutrality

EUR recognises our direct impact and the collective responsibility to protect our environment. A decision to achieve carbon neutrality across the group demonstrates our commitment to the long-term goal that underpins our industry and to meet community expectations and deliver upon our strategy in the most sustainable way possible.

During the year the Company commenced the process for carbon neutral certification of its Australian and Austrian operations through the appointment of Tunley Engineering to assess the Wolfsberg Project on its carbon neutrality status.

The Climate Active certification is a new iteration of the Australian Government's carbon neutral certification that better reflects the role that government, business and community must play in working together to address climate change. The certification is awarded to Australian businesses and organisations that have credibly reached a state of achieving net zero emissions, otherwise known as carbon neutrality. This means that the activities associated with running a business or producing a particular product have no net negative impact on the climate.

EUR's total emissions for the FY 2020/2021 (base year) is 108.43 tCO<sub>2</sub>-e. The breakdown of emissions is as follows.

Emission category	Sum of Scope 1 (tCO <sub>2</sub> -e)	Sum of Scope 2 (tCO <sub>2</sub> -e)	Sum of Scope 3 (tCO <sub>2</sub> -e)	Sum of total emissions (tCO <sub>2</sub> -e)
Accommodation and facilities	0	0	01.11	1.11
Air transport (km)	0	0	20.83	20.83
Electricity	0	0.35	0	0.35
Food	0	0	1.51	1.51
ICT services and equipment	0	0	0.54	0.54
Land and sea transport (fuel)	7.53	0	0.39	7.93
Land and sea transport (km)	0	0	0.03	0.03
Car hire	0	0	8.61	8.61
Postage, courier and freight	0	0	0.18	0.18
Professional services	0	0	62.18	62.18
Uplift factor	0	0	0	5.164
<b>Total</b>	<b>7.53</b>	<b>0.35</b>	<b>95.38</b>	<b>108.43</b>

The Company's certification process is well underway and will use offsets to support our emissions management activities and become carbon neutral certified by Climate Active for its Australian operations.

### Other Business

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

### EV Resources

The Company previously announced that it had entered into a Collaboration Agreement with EV Resources Limited (formerly Jadar Resources Limited) (ASX: EVR) (**EVR**) to acquire a 20% interest in EVR's Austrian Lithium assets from their JV partner (**EVR Acquisition**) (refer ASX announcement 11 May 2021).

EVR holds an 80% interest in Subsidiary Jadar Lithium GmbH (**Jadar Lithium**), the holder of the Weinebene and Eastern Alps Projects which lies 20km to the east of the Company's Wolfsberg Project.

The Collaboration Agreement includes the establishment of a Technical Advisory Committee for the purpose of jointly collaborating in connection with the Weinebene and Eastern Alps Projects and sharing information to identify the best options to advance those assets and operations. This includes making recommendations for exploration programs, budgets and development scenarios in relation to the assets and operations.

On 1 April 2022, EVR released an announcement that outlines their exploration and evaluation strategy in respect to Jadar Lithium which includes the appointment of Austrian geological consultants, GEO Unterweissacher, to advise on their exploration strategy for projects in Austria.

During the year, EVR announced the establishment of the Technical Advisory Committee comprising Mr Tony Sage of EUR and Mr Luke Martino of EVR. The Technical Advisory Committee will consider the report provided by GEO Unterweissacher and action a diamond drilling program to extend the Wolfsberg Project and the strategic satellite projects, based on two suggested options.

### E47/4144

On 23 September 2020, the Company announced that it had secured tenement E47/4144 via ballot under the WA Mining Act (refer figure 2).

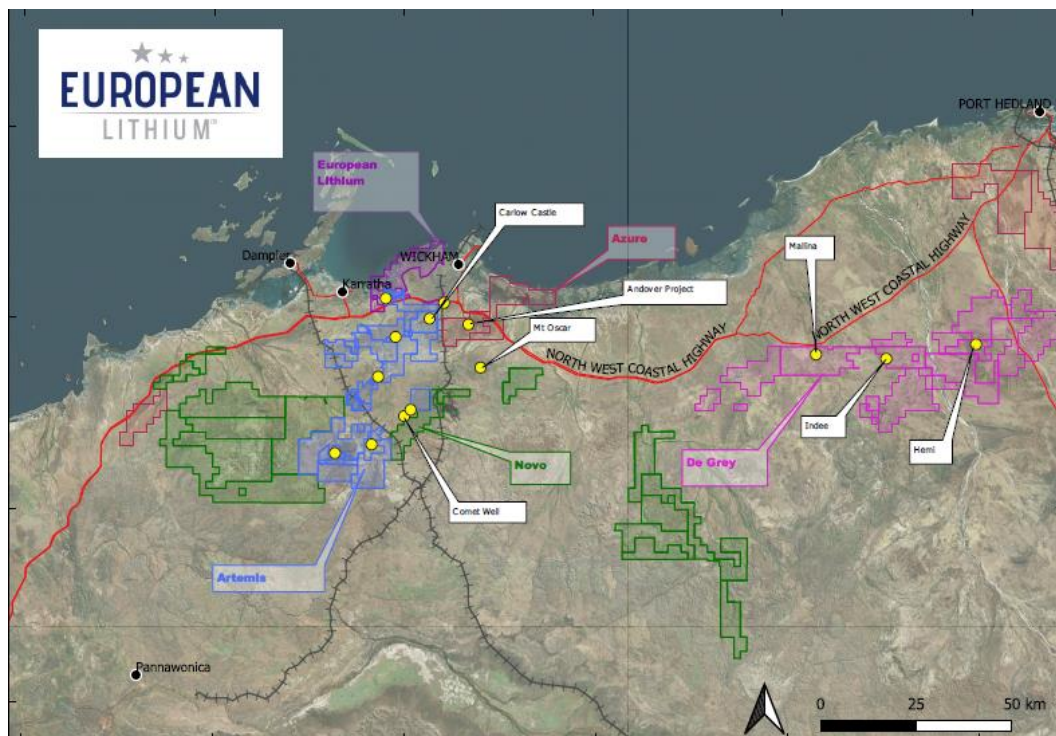


Figure 2 – E47/4144 map



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

## Corporate

### *Board and Company Secretary Changes*

During the year, the Company announced the appointment of Mr Michael Carter as Non-Executive Director effective 31 August 2021, the appointment of Mr Mykhailo Zhernov as Non-Executive Director effective 22 December 2021 and the resignation of Kimon Gkomozi as Executive Director with effect from 31 August 2021. During the year, the Company also announced the transition of Mr Tony Sage to Executive Chairman.

On 24 June 2022, the Company announced the appointment of Ms Catherine Grant-Edwards as Joint Company Secretary with effect from 24 June 2022.

### *Placements*

In August 2021, the Company issued 104,000,000 shares at an issue price of \$0.0625 per share with a 1 for 2 free attaching listed option (exercisable at \$0.075 on or before 19 April 2024) to raise proceeds of \$6.5m (before expenses) (**August 2021 Placement**).

In April 2022, the Company issued 231m shares at an issue price of \$0.13 per share with a free attaching listed option (exercise price \$0.18, expiring 31 March 2025) for every two shares issued, to raise cash proceeds of \$30m (before expenses) (**April 2022 Placement**).

### *Financing Facility – Winance*

On 31 July 2019, the Company announced that it had secured a A\$10m finance facility with Winance Investment LLC (**Winance**). An initial amount of A\$2.0m (2,000 notes) was drawn down in September 2019 (**Tranche 1**) and a further draw down of A\$2.0m was advanced between March 2020 and July 2020 (**Tranche 2**).

During the year, Winance converted the remaining 300 Tranche 2 notes. As at 30 June 2022, there were no convertible notes remaining on issue and the Winance facility has been formally terminated.

### *Millstone Acquisition and Placement*

On 4 November 2021, the Company announced that it had entered into binding agreements under which the Company 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 (Figure 3), from Millstone and Company Global DW LLC (**Millstone**) (**Millstone Transaction**). Refer to the announcement dated 4 November 2021 for full terms and conditions of the Millstone Transaction.

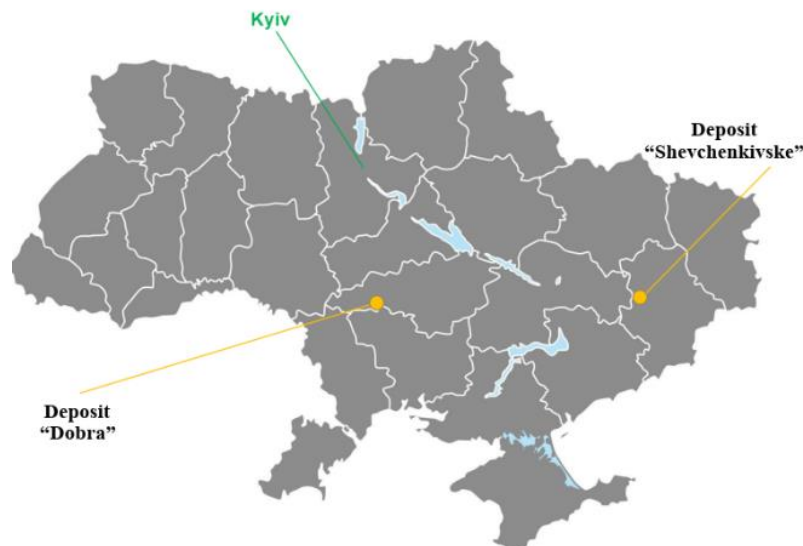


Figure 3 – Location of the deposit Shevchenkivske and Dobra in Ukraine

In addition, under the terms of the agreement, Millstone will subscribe for \$20m in shares in the Company of which \$2.5m was received in December 2021, \$2.5m was received in January 2022 and the balance of \$15m is due following completion of the acquisition of European Lithium Ukraine.

During the year, 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.

### ***Avebury Nickel***

On 20 May 2022, the Company announced that it made proposals to, amongst others, the liquidators of Dundas Mining Pty Ltd (Receivers and Managers Appointed) (In Liquidation) (**Dundas**) seeking to change the fate of the Avebury Nickel Project in Burnie, Tasmania (the **Project**) controlled by Allegiance Mining Pty Ltd (Receivers and Managers Appointed) (Subject to a Deed of Company Arrangement) (**Allegiance**).

The Company's ability to proceed with a transaction was subject to a number of hurdles, importantly the ability for Dundas to transfer ownership of their shares in Allegiance to a third party. At the conclusion of the court hearing, the application under section 444GA of the Corporations Act (Cth) was unsuccessful, therefore, no transaction in the interest of shareholders could be achieved.

### ***Shareholder Meetings***

On 21 January 2022, the Company held its annual general meeting (**AGM**) of shareholders. All resolutions were carried at the AGM.

On 24 June 2022, the Company held a general meeting (**GM**) of shareholders. All resolutions were carried at the GM.

### ***Overseas Exchanges***

On 23 November 2021, the Company's shares commenced trading on the US OTCQB market under the symbol EULIF.

### ***Capital Movements***

The Company issued the following securities during the year ended 30 June 2022:

- 16 August 2021 – 104,000,000 shares and 52,000,000 listed options (\$0.075 each expiring 19 April 2024) issued pursuant to the August 2021 Placement. On the same day, Evolution was issued 2,000,000 shares and 20,000,000 listed options (\$0.075 each expiring 19 April 2024) as lead managers for the August 2021 Placement. In addition, the Company issued 200,000 shares in satisfaction of debts of \$12,000 owed by the Company to unrelated third parties.
- 23 August 2021 – 6,000,000 shares issued to Winance upon the conversion of 300 Tranche 2 convertible notes.
- 17 September 2021 – Issue of 150,000 shares upon the exercise of unlisted options (\$0.05 each expiring 31 July 2022)
- 30 September 2021 – Issue of 4,000,000 shares upon the exercise of unlisted options (\$0.05 each expiring 31 July 2022)
- 5 October 2021 – Issue of 3,400,000 shares upon the exercise of unlisted options (\$0.05 each expiring 31 July 2022)
- 20 October 2021 – Issue of 7,500,000 shares upon the exercise of listed options (\$0.075 each expiring 19 April 2024)
- 5 November 2021 – Issue of 4,043,688 shares upon the exercise of unlisted options (\$0.05 each expiring 31 July 2022)
- 12 November 2021 – Issue of 1,713,335 shares upon the exercise of unlisted options (\$0.05 each expiring 31 July 2022) and issue of 8,528,035 shares upon the exercise of listed options (\$0.075 each expiring 19 April 2024)
- 25 November 2021 – Issue of 3,634,426 shares upon the exercise of unlisted options (\$0.05 each expiring 31 July 2022) and issue of 1,370,000 shares upon the exercise of listed options (\$0.075 each expiring 19 April 2024)
- 30 November 2021 – Expiry of 10,000,000 unlisted options (\$0.15 each)

- 11 December 2021 – Expiry of 2,500,000 unlisted options (\$0.20 each)
- 22 December 2021 – Issue of 26,310,749 shares in respect to tranche 1 of the subscription agreement pursuant to the Millstone transaction
- 27 January 2022 – Issue of 26,320,831 shares in respect to tranche 2 of the subscription agreement pursuant to the Millstone transaction, issue of 372,640 shares in respect to the satisfaction of debts, issue of 2,032,241 shares upon the exercise of unlisted options (\$0.05 each expiring 31 July 2022) and the issue of 820,000 shares upon the exercise of listed options (\$0.075 each expiring 19 April 2024). In addition the Company issued unquoted securities comprising 21,000,000 unlisted options (with 7,000,000 having an exercise price of \$0.06 per share, 7,000,000 having an exercise price of \$0.08 per share and 7,000,000 having an exercise price of \$0.10 per share all expiring 36 months from the date of issue), a total of 80,000,000 performance shares to Directors Tony Sage, Malcolm Day and Michael Carter, and a total of 2,500,000 listed options (\$0.075 each expiring 19 April 2024) to Director Michael Carter.
- 22 February 2022 – Issue of 15,552,850 shares and 7,776,425 unlisted options (\$0.20 each expiring 22 February 2024) in respect to the purchase of royalty (refer ASX announcement 9 November 2021).
- 12 April 2022 – 230,769,237 shares issued pursuant to the April 2022 Placement, 200,000 shares issued upon the exercise of unlisted options (\$0.05 each expiring 31 July 2022) and 60,000 shares issued upon the exercise of listed options (\$0.075 each expiring 19 April 2024).
- 29 June 2022 – 111,111 shares issued upon the exercise of unlisted options (\$0.05 each expiring 31 July 2022), 115,384,646 Placement Options issued (\$0.18 each expiring 31 March 2025), 57,692,324 listed options issued to Evolution (\$0.18 each expiring 31 March 2025) and 20,000,000 unlisted options issued to EAS Advisors LLC and Odeon Capital Group LLC for the provision of consultancy services (exercise price ranging from \$0.12 to \$0.18 each expiring 1 May 2025)

## Competent Persons Statement

The information in this announcement pertaining to the Wolfsberg Lithium Project, and to which this statement is attached, relates to Project Development and Metallurgical Studies and is based on and fairly represents information and supporting documentation provided by the Company and its Consultants and summarized by Dietrich Wanke who is a Qualified Person and is a Member of the Australian Institution of Mining and Metallurgy (AusIMM) since 2006 with about 30 years' experience in the mining and resource development industry. Dietrich Wanke has sufficient experience, as to qualify as a Competent Person as defined in the 2012 edition of the "Australian Code for Reporting of Mineral Resources and Ore reserves". Dietrich Wanke consents to the inclusion in the report of the matters based on information in the form and context in which it appears. The company is reporting progress on project development and metallurgical results under the 2012 edition of the Australasian Code for the Reporting of Results, Minerals Resources and Ore reserves (JORC code 2012).

## 11. INFORMATION ON DIRECTORS AND COMPANY SECRETARY

<b>Mr Antony Sage</b>	Executive Chairman
Qualifications	Bachelor of Business. Mr Sage is a Chartered Accountant with over 35 years commercial experience.
Experience	Mr Sage has in excess of 35 years' experience in the fields of corporate advisory services, funds management and capital raising. Mr Sage is based in Western Australia and has been involved in the management and financing of listed mining and exploration companies for the last 20 years.
Interest in shares and options in the Company	13,741,509 shares (8,200,931 shares are owned by Okewood Pty Ltd and 5,540,578 shares are owned by EGAS Superannuation Fund, in both of which Mr Sage has a relevant interest).  25,000,000 options (10,000,000 listed options are held by Okewood Pty Ltd with an exercise price of \$0.075 expiry date of 19 April 20214 and 15,000,000 listed options are held by Okewood Pty Ltd with an exercise price of \$0.18 expiry date of 31 March 2025).  40,000,000 performance rights (subject to vesting conditions)

Directorships of listed companies held within the last three years	Cyclone Metals Ltd CuFe Limited	December 2000 to Present August 2009 to Present
<b>Mr Malcolm Day</b>	Non-Executive Director	
Qualifications	Bachelor of Applied Science in Surveying and Mapping, Licensed Surveyor	
Experience	Mr Day was the founder and inaugural Managing Director of Adultshop.com which listed on ASX in June 1999. In October 2010 Adultshop.com was privatised. Prior to founding Adultshop.com in 1996, Mr Day worked in the civil construction industry for 10 years, six of which were spent in senior management as a Licensed Surveyor and then later as a Civil Engineer. Whilst working as a Surveyor, Mr Day spent three years conducting mining and exploration surveys in remote Western Australia. Mr Day is a Member of the Australian Institute of Company Directors.	
Interest in shares and options in the Company	5,737,887 shares (2,639,640 shares are owned by Goldshore Investments Pty Ltd, ATF The Goldshore Trust and the M R Day Superfund, Hollywood Marketing Pty Ltd, companies of which Mr Day is a director and 3,098,247 shares are owned by Hollywood Marketing (WA) Pty Ltd (of which Mr Day is a director).	
	20,000,000 options (10,000,000 listed options are held by Hollywood Marketing (WA) Pty Ltd with an exercise price of \$0.075 expiry date of 19 April 20214 and 10,000,000 listed options are held by Hollywood Marketing (WA) Pty Ltd with an exercise price of \$0.18 expiry date of 31 March 2025).	
	30,000,000 performance rights (subject to vesting conditions)	
Directorships of listed companies held within the last three years	Delecta Limited	1999 to Present
<b>Mr Michael Carter</b>	Non-Executive Director	
Qualifications	Bachelor of Commerce, majoring in accounting and finance, University of Western Australia. Mr Carter has also completed a graduate diploma in Applied Finance and Investment at Finsia.	
Experience	Mr Carter is experienced in structuring corporate transactions, focusing on junior resource companies, and has also worked in ongoing corporate advisory roles with numerous ASX listed entities over the last 18 years.	
	Mr Carter has been employed as a stockbroker since 1999 and was previously a director of Indian Ocean Capital. He is currently an associate director of CPS Capital Group.	
Interest in shares and options in the Company	8,750,000 options (1,750,000 listed options with an exercise price of \$0.075 each expiring 19 April 2024 and 7,000,000 listed options with an exercise price of \$0.18 each expiring 31 March 2025)	
	10,000,000 performance rights (subject to vesting conditions)	
Directorships of listed companies held within the last three years	Nil	
<b>Mr Mykhailo Zhernov</b>	Non-Executive Director	
Experience	Mr Zhernov has a track record of twenty years in the financial sector of Ukraine, CIS, Central and Eastern Europe. Currently, Mr. Zhernov serves as the Managing Partner at Millstone & Co Investment Company, a private investment company specializing on investment, asset and capital management in Central and Eastern Europe. He was the founder and head of Altera Finance (altera-finance.com), the member of the supervisory boards of the insurance companies VUSO (vuso.ua), INNEX Stock Exchange, the head of the private banking in PJSC DIAMANTBANK.	

Interest in shares and options in the Company	52,631,580 shares (held by Millstone and Company Global DWE-LLC which is a body corporate that Mr Zhernov controls)
	10,000,000 listed options with an exercise price of \$0.18 each expiring 31 March 2025.
Directorships of listed companies held within the last three years	Nil
<b>Ms Melissa Chapman</b>	
	Joint Company Secretary
Qualifications	Bachelor of Commerce (Accounting & Finance). Ms Chapman is a member of CPA Australia, has completed a Graduate Diploma of Corporate Governance with the Governance Institute of Australia and has completed the company directors' course with the Australian Institute of Company Directors.
Experience	Ms Chapman has over 20 years of experience in the accounting profession. She has worked in Australia and the United Kingdom for both listed and private companies. Ms Chapman is a director of Bellatrix Corporate Pty Ltd, a company that provides company secretarial and accounting services to several ASX listed companies.
<b>Ms Catherine Grant-Edwards</b>	
	Joint Company Secretary
Qualifications	Ms Grant-Edwards has a Bachelor of Commerce degree from the University of Western Australia, majoring in Accounting and Finance, and is a qualified Accountant with the Chartered Accountants Australia & New Zealand (CAANZ).
Experience	Ms Grant-Edwards has 15 years of experience in accounting and finance. Ms Grant-Edwards is a director of Bellatrix Corporate Pty Ltd, a company that provides company secretarial and accounting services to several ASX listed companies.

## 12. REMUNERATION REPORT (Audited)

This report details the nature and amount of remuneration for each key management person of the Company in accordance with the requirements of the *Corporations Act 2001* and its regulations. The information provided in this remuneration report has been audited as required by *Section 308(3c)* of the *Corporations Act 2001*.

The remuneration report is set out under the following main headings:

- A** Remuneration Policy
- B** Details of remuneration
- C** Equity-based compensation
- D** Equity Instrument disclosures relating to key management personnel
- E** Other related party transactions
- F** Employment contracts of directors and senior executives

### **A Remuneration Policy**

The remuneration policy of the Company is designed to promote superior performance and long-term commitment to the Company. Key management personnel receive a base remuneration and may be entitled to performance-based remuneration.

The Company from time to time may engage remuneration consultants. For the year ended 30 June 2022, the Company did not employ any remuneration consultants to provide recommendations on employee remuneration matters.

The Board of EUR believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Company, as well as create goal congruence between directors, executives and shareholders.

### **Remuneration Governance**

During the year ended 30 June 2022, the Company did not have a separately established nomination or remuneration committee. Considering the size of the Company, the number of directors and the Company's early stages of its development, the Board is of the view that these functions could be efficiently performed with full Board participation.

## Voting and comments made at the Company's 2021 Annual General Meeting

The Company's remuneration report for the 2021 financial year was approved at the Annual General Meeting (AGM) of Shareholders. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

### B Details of Remuneration

#### Non-Executive Director Remuneration

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities.

Non-Executive Directors are normally remunerated by way of fees, in the form of cash, and may participate in share, performance rights and option schemes generally made in accordance with thresholds set in plans approved by shareholders if deemed appropriate. Non-Executive Directors are not provided with retirement benefits. Non-executive directors may also be remunerated for additional specialised services performed at the request of the Board and reimbursed for reasonable expenses incurred by directors on Company business.

Shareholder approval must be obtained in relation to the overall limit set for non-executive Directors' fees. The maximum aggregate remuneration approved by shareholders for Non-Executive Directors is currently \$400,000 per annum and was approved by shareholders at the AGM held on 21 January 2022. The Directors set the individual Non-Executive Directors fees within the limit approved by shareholders.

#### Executive Director Remuneration

Executive remuneration and other terms of employment are reviewed annually by the Board having regard to the performance, relevant comparative information and expert advice.

The Board's remuneration policy reflects its obligation to align executive remuneration with shareholder interests and to retain appropriately qualified executive talent for the benefit of the Company. The main principles of the policy are:

- remuneration reflects the competitive market in which the Company operates;
- individual remuneration should be linked to performance criteria if appropriate; and
- executives should be rewarded for both financial and non-financial performance.

Executive directors are provided to the Company on a consultancy basis with remuneration and terms stipulated in individual consultancy agreements.

#### Key Management Personnel Remuneration

The key management personnel (KMP) of the Company are the directors during the year being:

Antony Sage	Executive Chairman
Malcolm Day	Non-Executive Director
Michael Carter	Non-Executive Director (appointed 31 August 2021)
Mykhailo Zhernov	Non-Executive Director (appointed 22 December 2021)
Kimon Gkomoziias	Executive Director (resigned 31 August 2021)

Details of the nature and amount of emoluments of each KMP during the financial year are:

		Short-term Benefits Salary & Fees (\$)	Long-term Benefits Performance Rights (\$)	Long-term Benefits Options (\$)	Total (\$)	% of Remuneration Linked to Performance (%)
Antony Sage	2022	225,000	790,528 <sup>1</sup>	135,000 <sup>2</sup>	1,150,528	80%
Malcolm Day	2022	72,000	592,896 <sup>3</sup>	90,000 <sup>4</sup>	754,896	90%
Michael Carter	2022	50,000	197,632 <sup>5</sup>	240,000 <sup>6</sup>	487,632	90%
Mykhailo Zhernov	2022	20,000 <sup>7</sup>	-	90,000 <sup>8</sup>	110,000	82%
Kimon Gkomoziias	2022	20,000	-	-	20,000	0%
<b>Total</b>	<b>2022</b>	<b>387,000</b>	<b>1,581,056</b>	<b>555,000</b>	<b>2,523,056</b>	<b>85%</b>

<sup>1</sup> On 27 January 2022 Mr Sage was issued 40,000,000 performance rights. See C and D(b) below

<sup>2</sup> On 4 July 2022 Mr Sage was issued 15,000,000 listed options. See C and D(a) below

<sup>3</sup> On 27 January 2022 Mr Day was issued 30,000,000 performance rights. See C and D(b) below

<sup>4</sup> On 4 July 2022 Mr Day was issued 10,000,000 listed options. See C and D(a) below

<sup>6</sup> On 27 January 2022 Mr Carter was issued 10,000,000 performance rights. See C and D(b) below

<sup>7</sup> On 27 January 2022 Mr Carter was issued 2,500,000 listed options. On 4 July 2022 Mr Carter was issued 10,000,000 listed options. See C and D(a) below

<sup>8</sup> Mr Zhernov was appointed 22 December 2021 with Director fees payable from 1 March 2022

<sup>9</sup> On 4 July 2022 Mr Zhernov was issued 10,000,000 listed options. See C and D(a) below

Details of the nature and amount of emoluments of each KMP during the financial year ended 30 June 2021 are:

		Short-term Benefits Salary & Fees (\$)	Long-term Benefits Options (\$)	Post Employment Benefits Superannuation (\$)	Total (\$)	% of Remuneration Linked to Performance (%)
Antony Sage	2021	158,300 <sup>1</sup>	100,000 <sup>2</sup>	-	258,300	39%
Malcolm Day	2021	56,000	100,000 <sup>3</sup>	-	156,000	64%
Tim Turner	2021	8,000 <sup>4</sup>	-	-	8,000	0%
Kimon Gkomoziias	2021	190,000 <sup>5</sup>	-	-	190,000	0%
<b>Total</b>	<b>2021</b>	<b>412,300</b>	<b>200,000</b>	<b>-</b>	<b>612,300</b>	<b>33%</b>

<sup>1</sup> Comprises director fees of \$80,000 and success fee in respect to the January 2021 Placement of \$78,300.

<sup>2</sup> On 19 April 2021 Mr Sage was issued 10,000,000 unlisted options, as approved at the GM held on 16 April 2021. These options expire on 19 April 2024. See C and D(a) below.

<sup>3</sup> On 19 April 2021 Mr Day was issued 10,000,000 unlisted options, as approved at the GM held on 16 April 2021. These options expire on 19 April 2024. See C and D(a) below.

<sup>4</sup> Mr Turner was appointed 4 March 2020 and resigned on 2 September 2020

<sup>5</sup> Mr Gkomoziias was appointed 2 September 2020

## C Equity-Based Compensation

### Options and Performance Rights Granted as Part of Remuneration

Options and performance rights are issued to directors and executives as part of their remuneration.

On 27 January 2022, 2,500,000 listed options with an exercise price of \$0.075 each with an expiry date of 19 April 2024 were issued to Michael Carter upon his appointment as Non-Executive Director of the Company following receipt of shareholder approval at the AGM held on 21 January 2022. A total of 1,750,000 of these options were issued to Michael Carter, with the balance of 750,000 issued to Michael Carter's nominee.

On 27 January 2022, the Company issued performance rights to Okewood Pty Ltd (related party of Tony Sage) (40,000,000), Pixsell Pty Ltd ATFT Pixsell Unit Trust (a company in which Malcolm Day is a Director) (30,000,000) and Michael Carter (10,000,000) (**Performance Rights**) in consideration for Director services following receipt of shareholder approval at the AGM held on 21 January 2022. The Performance Rights are subject to the achievement of milestones in respect to the Company's market capitalization and completion of the DFS at the Wolfsberg Lithium Project. Whilst the milestones associated with the vesting of the Performance Rights, the expiry date of the Performance Rights has been extended until 31 December 2022 following receipt of shareholder approval at the GM held on 24 June 2022.

On 4 July 2022, a total of 45,000,000 listed options with an exercise price of \$0.18 each expiring 31 March 2025) were issued to Okewood Pty Ltd (related party of Tony Sage) (15,000,000), Pixsell Pty Ltd ATFT Pixsell Unit Trust (a company in which Malcolm Day is a Director) (10,000,000), Michael Carter (10,000,000 on which 7,000,000 were issued to Michael Carter and the balance of 3,000,000 issued to Michael Carters nominee) and Mykhailo Zhernov (10,000,000) (**Listed Options**) following receipt of shareholder approval at the GM held on 24 June 2022. The Listed Options were issued in recognition of Director services in completing the April 2022 Placement.

## D Equity Instrument Disclosures Relating to Key Management Personnel

### Shareholdings

30 June 2022

Name	Balance at 1-Jul-21	Shares Issued pursuant to Millstone Transaction	Other	Balance at Appointment / (Resignation)	Balance at 30-Jun-22
Antony Sage	12,763,733	-	-	-	12,763,733
Malcolm Day	16,248,997	-	(11,000,000) <sup>1</sup>	-	5,248,997
Michael Carter	-	-	-	-	-
Mykhailo Zhernov	-	26,320,831	-	26,310,749	52,631,580
Kimon Gkomoziias	-	-	-	-	-
<b>Total</b>	<b>29,012,730</b>	<b>26,320,831</b>	<b>(11,000,000)</b>	<b>26,310,749</b>	<b>70,644,310</b>

<sup>1</sup> Shares held by Delecta Ltd, an entity which Mr Day is a Director of however does not control (refer ASX announcement 21 January 2022)

### Options

30 June 2022

Name	Balance at 1-Jul-21	Options Issued as remuneration	Balance at Appointment / (Resignation)	Balance at 30-Jun-22
Antony Sage	10,977,776	15,000,000	-	25,977,776
Malcolm Day	10,488,890	10,000,000	-	20,488,890
Michael Carter	-	12,500,000	-	12,500,000
Mykhailo Zhernov	-	10,000,000	-	10,000,000
Kimon Gkomoziias	-	-	-	-
<b>Total</b>	<b>21,466,666</b>	<b>47,500,000</b>	<b>-</b>	<b>68,966,666</b>

#### (a) Details relating to the issue of options to directors

	Number of Options	Grant date	Expiry Date	Exercise Price	Value per option at grant date	Total fair value	Vesting Date
A Sage	15,000,000	24 June 2022	31 March 2025	\$0.18	\$0.009	\$135,000	24 June 2022
M Day	10,000,000	24 June 2022	31 March 2025	\$0.18	\$0.009	\$90,000	24 June 2022
M Carter	10,000,000	24 June 2022	31 March 2025	\$0.18	\$0.009	\$90,000	24 June 2022
M Carter	2,500,000	27 January 2022	19 April 2024	\$0.075	\$0.060	\$150,000	27 January 2022
M Zhernov	10,000,000	24 June 2022	31 March 2025	\$0.18	\$0.009	\$90,000	24 June 2022

The fair value of the listed equity-settled share options granted was based on the fair value of financial instruments traded in active markets based on the quoted market prices at the grant date.

## 13. Performance Rights

30 June 2022

Name	Balance at 1-Jul-21	Performance Rights Issued as remuneration	Balance at Appointment / (Resignation)	Balance at 30-Jun-22
Antony Sage	-	40,000,000	-	40,000,000
Malcolm Day	-	30,000,000	-	30,000,000
Michael Carter	-	10,000,000	-	10,000,000
Mykhailo Zhernov	-	-	-	-
Kimon Gkomoziias	-	-	-	-
<b>Total</b>	<b>-</b>	<b>80,000,000</b>	<b>-</b>	<b>80,000,000</b>



## (b) Details relating to the issue of performance rights to directors

	Number of Performance Rights	Grant date	Expiry Date	Fair value at grant date \$ per right	Vesting conditions
Antony Sage	20,000,000	27 January 2022	31 December 2022	\$0.0142	Tranche A
Antony Sage	20,000,000	27 January 2022	31 December 2022	\$0.0630	Tranche B
Malcolm Day	15,000,000	27 January 2022	31 December 2022	\$0.0142	Tranche A
Malcolm Day	15,000,000	27 January 2022	31 December 2022	\$0.0630	Tranche B
Michael Carter	5,000,000	27 January 2022	31 December 2022	\$0.0142	Tranche A
Michael Carter	5,000,000	27 January 2022	31 December 2022	\$0.0630	Tranche B

The performance rights have the following vesting conditions:

- Tranche A - The Company's market capitalisation exceeding \$250m
- Tranche B - The net present value for the Wolfsberg Lithium Project as determined by the Company's DFS is A\$800m or more

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 inputs to the model for the performance rights:

	Antony Sage		Malcolm Day		Michael Carter	
	Tranche A	Tranche B	Tranche A	Tranche B	Tranche A	Tranche B
Dividend yield (%)	Nil	Nil	Nil	Nil	Nil	Nil
Expected volatility (%)	100%	100%	100%	100%	100%	100%
Risk free interest rate (%)	1.955%	1.955%	1.955%	1.955%	1.955%	1.955%
Exercise price (\$)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Marketability discount (%)	Nil	Nil	Nil	Nil	Nil	Nil
Expected life of options (years)	0.519 years	0.519 years	0.519 years	0.519 years	0.519 years	0.519 years
Share price at grant date (\$)	\$0.063	\$0.063	\$0.063	\$0.063	\$0.063	\$0.063
Value per option (\$)	\$0.0142	\$0.0630	\$0.0142	\$0.0630	\$0.0142	\$0.0630

## E Other Related Party Transactions

### Agreements between Related Parties

Effective 1 July 2020, the Company entered into a lease agreement with Okewood Pty Ltd, a company owned by Tony Sage, for the part-lease of 32 Harrogate Street, West Leederville WA 6007 (**Lease Agreement**). The term of the Lease Agreement is 3 years expiring on 30 June 2023 for a rent of \$2,500 per month. The lease covers the rental, outgoings and parking charges under agreements made on commercial terms and conditions at market rates.

### Sales and Purchases between Related Parties

Balances between the Company and its subsidiaries which are related parties of the Company have been eliminated on consolidation and are not disclosed in this note. Details of percentage of ordinary shares held in subsidiaries are disclosed in Note 25 to the financial statements.

Note 25 provides information about the group's structure including the details of the subsidiaries and the holding company. The following table provides the total amount of transactions and outstanding balances that have been entered into with other related parties for the current year.

		Sales to Related Parties	Purchases from related parties	Loans to Related Parties	Amounts owed by related parties	Amounts owed to related Parties
		\$	\$	\$	\$	\$
<i>Director related entities</i>						
Cyclone Metals Limited	2022	16,060	686	1,014,178	1,014,178	-
CuFe Limited	2022	13,586	-	-	-	-
Okewood Pty Ltd	2022	-	30,000	-	-	-
Boobalicious Pty Ltd	2022	-	5,900	-	-	-
Perth Glory Football Club	2022	-	106,950	-	-	-

Mr Antony Sage is a director of Cyclone Metals Limited (previously called Cape Lambert Resources Limited), CuFe Limited (previously called FE Limited), Okewood Pty Ltd and Perth Glory Football Club. Mr Malcolm Day is a Director of Boobalicious

Pty Ltd. Sales to and purchases from director related entities are for the reimbursement of employee, consultancy, occupancy, travel, sponsorship and other costs.

## Investments in Related Parties

On 22 December 2021, the Company issued 26,310,749 shares pursuant to the Millstone acquisition. Mr Mykhailo Zhernov is a director of Millstone and Company Global DWE-LLC.

On 14 December 2021, the Company purchased 5,000,000 shares in Cyclone Metals Ltd (ASX: CLE) (refer to note 23). Mr Antony Sage is a director of Cyclone Metals Limited.

## Loans to Related Parties

On 14 December 2021, the Company entered into a loan agreement with Cyclone Metals Ltd (ASX: CLE) and advanced funds of \$500,000. On 20 June 2022, the Company entered into a second loan agreement with CLE for \$500,000. The loans are repayable on 30 November 2022 and accrue interest of 5% per annum. The initial loan is secured over 25,000,000 unencumbered shares held by CLE in CuFe Limited (ASX: CUF). Mr Antony Sage is a director of CLE.

## F Employment Contracts of Directors and Senior Executives

The following services agreements and remuneration arrangements were in place during the year:

### *Executive Chairman – Mr Antony Sage*

- Term of Agreement – A consultancy agreement with Okewood Pty Ltd to provide the services of Chairman of the Company commenced on 9 September 2016 following the Company's acquisition of European Lithium AT (Investments) Limited. A new consultancy agreement with Okewood Pty Ltd to provide the services of Executive Chairman of the Company commenced on 1 April 2022 following the transition of Mr Sage from Non-Executive to Executive Chairman. The agreement is ongoing unless terminated in accordance with the consultancy agreement.
- Remuneration of \$120,000 per annum (9 September 2016 until 28 February 2021), \$180,000 per annum (from 1 March 2021 until 31 March 2022) and \$360,000 per annum (from 1 April 2022) payable monthly.

### *Non-Executive Director – Mr Malcolm Day*

- Term of Agreement – The agreement commenced on 2 July 2012 for a term of twelve months, renewable annually, or until either party gives 3 months written notice of termination or is otherwise terminated in accordance with the consultancy agreement.
- Remuneration of \$48,000 per annum (until 28 February 2021) and \$72,000 per annum (from 1 March 2021), payable monthly to Mr Malcolm Day or his nominee.

### *Non-Executive Director – Mr Michael Carter*

- Term of Agreement – The agreement commenced on 31 August 2021 and is ongoing (subject to the provisions of the *Corporations Act*).
- Remuneration of \$60,000 per annum payable monthly.

### *Non-Executive Director – Mr Mykhailo Zhernov*

- Term of Agreement – The agreement commenced on 22 December 2021 and is ongoing (subject to the provisions of the *Corporations Act*).
- Remuneration of \$60,000 per annum payable monthly (effective 1 March 2022).

----- End of audited remuneration report -----

## 14. OPTIONS

As at the date of this report the unissued ordinary shares of European Lithium Limited under option are as follows:

Date of Expiry	Status	Exercise Price	Number of Options
22/02/2024	Unlisted	20.0 cents	7,776,425
19/04/2024	Listed	7.5 cents	166,721,965
27/01/2025	Unlisted	6.0 cents	7,000,000
27/01/2025	Unlisted	8.0 cents	7,000,000
27/01/2025	Unlisted	10.0 cents	7,000,000
31/03/2025	Listed	18.0 cents	223,076,970
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

No person entitled to exercise these options had or has any right by virtue of the option to participate in any share issue of any other body corporate.

### Shares issued on exercise of options

During the year a total of 19,284,801 shares were issued upon the exercise of options (\$0.05 each expiring 31 July 2022) and a further 18,278,035 shares were issued upon the exercise of options (\$0.075 each expiring 19 April 2024).

During the year ended 30 June 2021, a total of 2,370,554 options were exercised (\$0.05 each expiring 31 July 2022).

Since the end of the financial year, a total of 17,214,428 shares have been issued as a result of the exercise of options (\$0.05 each expiring 31 July 2022).

## 15. PERFORMANCE RIGHTS

As at the date of this report there were 80,000,000 performance rights on issue.

Since the end of the financial year, no ordinary shares have been issued as a result of the vesting of performance rights.

## 16. MEETINGS OF DIRECTORS

The number of directors' meetings held during the financial year and the numbers of meetings attended by each director were:

	Directors' Meetings	
	Number eligible to attend	Number attended
Antony Sage	4	4
Malcolm Day	4	4
Michael Carter	4	4
Mykhailo Zhernov	2	2

## 17. INDEMNIFICATION OF AUDITORS AND OFFICERS

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Company.

## 18. NON-AUDIT SERVICES

During the year ended 30 June 2022, no fees were paid or payable for non-audit services provided by the entity's auditors, HLB Mann Judd (30 June 2021: nil).

## 19. AUDITOR INDEPENDENCE

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 audit of the financial report. This Independence Declaration is set out on page 20 and forms part of this Directors' report for the year ended 30 June 2022.

## 20. PROCEEDINGS ON BEHALF OF COMPANY

No persons have applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a part for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the directors:



-----  
**Tony Sage**  
**Chairman**  
**14 September 2022**

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of European Lithium Limited for the year ended 30 June 2022, 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 audit; and
- b) any applicable code of professional conduct in relation to the audit.

**Perth, Western Australia**  
**14 September 2022**



**M R Ohm**  
**Partner**

**h**l**b.com.au**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

**T:** +61 (0)8 9227 7500 **E:** mailbox@h**l**bwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

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

## CORPORATE GOVERNANCE STATEMENT

---

The Company's Corporate Governance Statement for the year ended 30 June 2022 which reports against ASX Corporate Governance Council's Principles and Recommendations may be accessed from the Company's website at [www.europeanlithium.com](http://www.europeanlithium.com).

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 \$	2021 \$
<b>Continuing operations</b>			
Revenue and other income	4	177,440	30,831
Employee benefits expense	5	(394,000)	(349,000)
Depreciation and amortisation expense	11	(10,215)	(2,969)
Depreciation expense – leased assets		-	(12,050)
Finance costs	5	(411,912)	(280,568)
Transaction costs relating to the issue of convertible note facility		-	(80,000)
Difference between transaction price of convertible note and fair value at initial recognition	16	-	(187,378)
Amortised convertible note costs	10, 16	(20,226)	20,226
Fair value gain on remeasurement of convertible note	16	57,870	261,100
Exploration expenditure expensed		(16,281)	-
Consulting fees		(676,355)	(499,729)
Travel expenses		(220,643)	(86,006)
Regulatory and compliance costs	5	(999,725)	(1,361,124)
Loss on fair value of financial assets through profit or loss	14	(5,000)	(38,000)
Share based payment expense	19	(4,219,044)	(355,826)
Share of net losses of associate accounted for using the equity method	13	(12,325)	(23,242)
Purchase of royalty	17	(3,659,652)	-
Other expenses	5	(1,909,602)	(1,001,187)
<b>Loss before income tax</b>		<b>(12,319,670)</b>	<b>(3,964,922)</b>
Income tax expense	6	-	-
<b>Loss after tax from continuing operations</b>		<b>(12,319,670)</b>	<b>(3,964,922)</b>
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		(693,010)	(632,238)
<b>Other comprehensive (loss) for the period, net of income tax</b>		<b>(693,010)</b>	<b>(632,238)</b>
<b>Total comprehensive (loss) for the year</b>		<b>(13,012,680)</b>	<b>(4,597,160)</b>
<b>Loss per share for the year</b>			
Basic loss per share (cents per share)	20	(1.08)	(0.50)
Diluted loss per share (cents per share)	20	(1.08)	(0.50)

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2022**

	Note	2022 \$	2021 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	33,000,939	5,422,494
Trade and other receivables	10	492,710	240,656
Short term loan receivable	9	1,014,178	-
<b>Total Current Assets</b>		<b>34,507,827</b>	<b>5,663,150</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	11	20,307	9,026
Deferred exploration and evaluation expenditure	12	44,199,076	38,030,732
Investment in associate	13	528,578	540,903
Restricted cash and other deposits	8	29,489	30,814
Financial assets	14	15,000	-
<b>Total Non-Current Assets</b>		<b>44,792,450</b>	<b>38,611,475</b>
<b>TOTAL ASSETS</b>		<b>79,300,277</b>	<b>44,274,625</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	15	749,529	1,349,242
Convertible note	16	-	357,870
<b>Total Current Liabilities</b>		<b>749,529</b>	<b>1,707,112</b>
<b>TOTAL LIABILITIES</b>		<b>749,529</b>	<b>1,707,112</b>
<b>NET ASSETS</b>		<b>78,550,748</b>	<b>42,567,513</b>
<b>EQUITY</b>			
Issued capital	17	80,636,841	36,799,202
Reserves	18	12,067,169	7,601,903
Accumulated losses		(14,153,262)	(1,833,592)
<b>TOTAL EQUITY</b>		<b>78,550,748</b>	<b>42,567,513</b>

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



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2022**

	Issued Capital	Accumulated Losses	Share-based payment Reserve	Foreign Currency Translation Reserve	Total Equity
	\$	\$	\$	\$	\$
At 1 July 2020	24,800,736	2,131,330	5,444,764	2,174,406	34,551,236
Loss for the year	-	(3,964,922)	-	-	(3,964,922)
Foreign currency exchange differences arising on translation from functional currency to presentation currency	-	-	-	(632,238)	(632,238)
<b>Total comprehensive (loss) for the year</b>	<b>-</b>	<b>(3,964,922)</b>	<b>-</b>	<b>(632,238)</b>	<b>(4,597,160)</b>
Issue of shares – Placement – Cash	9,136,364	-	-	-	9,136,364
Issue of shares – Share Purchase Plan – Cash	2,000,000	-	-	-	2,000,000
Issue of shares – Exercise of options – Cash	118,528	-	-	-	118,528
Issue of shares – Facilitator	198,500	-	-	-	198,500
Issue of shares – Winance (conversion)	900,000	-	-	-	900,000
Issue of shares - Conversion of Debt	285,560	-	-	-	285,560
Share issue costs - Cash	(820,486)	-	-	-	(820,487)
Options issued to corporate advisor	(200,000)	-	355,826	-	155,827
Issue of shares and options for Jadar acquisition	380,000	-	59,145	-	439,145
Options issued to directors	-	-	200,000	-	770,275
<b>At 30 June 2021</b>	<b>36,799,202</b>	<b>(1,833,592)</b>	<b>6,059,735</b>	<b>1,542,168</b>	<b>42,567,513</b>
Loss for the year	-	(12,319,670)	-	-	(12,319,670)
Foreign currency exchange differences arising on translation from functional currency to presentation currency	-	-	-	(693,010)	(693,010)
<b>Total comprehensive (loss) for the year</b>	<b>-</b>	<b>(12,319,670)</b>	<b>-</b>	<b>(693,010)</b>	<b>(13,012,680)</b>
Issue of shares – Placement – Cash	41,500,000	-	-	-	41,500,000
Issue of shares – Facilitator	125,000	-	-	-	125,000
Issue of shares – Exercise of options	2,335,093	-	-	-	2,335,093
Issue of shares – Royalty	2,877,277	-	-	-	2,877,277
Issue of shares – Winance (conversion)	300,000	-	-	-	300,000
Issue of shares – Conversion of Debt	46,271	-	-	-	46,271
Share issue costs – Cash	(2,281,771)	-	-	-	(2,281,771)
Options issued to corporate advisor	(1,064,231)	-	2,977,219	-	1,912,988
Options issued to directors	-	-	2,181,057	-	2,181,057
<b>At 30 June 2022</b>	<b>80,636,841</b>	<b>(14,153,262)</b>	<b>11,218,011</b>	<b>849,158</b>	<b>78,550,748</b>

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

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 \$	2021 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(2,785,729)	(2,536,442)
Finance costs		(22,216)	(6,003)
Interest paid (leased assets)		-	(182)
Interest received		133,539	30,633
VAT refund		(113,075)	(48,924)
Grants received		(62,785)	-
Royalty payment		(782,374)	-
FMA fine		(486,913)	-
<b>Net cash (used in) operating activities</b>	22	<b>(4,119,553)</b>	<b>(2,560,918)</b>
<b>Cash flows from investing activities</b>			
Payment for the acquisition of exploration tenements		-	(70,992)
Payment to acquire investment in European Lithium Ukraine		(181,444)	-
Payment of financing break fee	5	(385,395)	-
Investment in Jadar acquisition	13	-	(125,000)
Investment in listed shares		(20,000)	-
Payments for exploration and evaluation		(8,236,612)	(3,036,104)
Payment for property, plant and equipment		(21,625)	(7,386)
<b>Net cash provided by / (used in) investing activities</b>		<b>8,845,076</b>	<b>(3,239,482)</b>
<b>Cash flows from financing activities</b>			
Proceeds from capital raisings	17	41,500,000	11,136,365
Payment for share issue costs		(2,281,771)	(599,487)
Proceeds from the exercise of options	17	2,335,093	118,528
Proceeds from convertible note facility		-	1,000,000
Repayment of convertible note facility		-	(636,364)
Transaction costs related to convertible note facility		-	(80,000)
Short term loan facility		(1,000,000)	-
Repayment of lease liabilities		-	(12,665)
<b>Net cash provided by financing activities</b>		<b>40,553,322</b>	<b>10,926,377</b>
Net increase in cash and cash equivalents		27,588,693	5,125,977
Cash and cash equivalents at beginning of year		5,422,494	300,655
Effects on exchange rate fluctuations on cash held		(10,248)	(4,138)
<b>Cash and cash equivalents at end of year</b>	7	<b>33,000,939</b>	<b>5,422,494</b>

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

**1. CORPORATE INFORMATION**

The financial report of European Lithium Limited (the **Company**) and its controlled entities (the **Group**) for the year ended 30 June 2022 was authorised for issue in accordance with a resolution of the directors on 14 September 2022.

European Lithium Limited is a public company incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Company are described in the Directors' Report.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of preparation**

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (**AIFRS**). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (**IFRS**). The Company is a for-profit entity for the purpose of preparing the financial statements.

The financial report has also been prepared on the accruals basis and historical cost basis with the exception of the Group's listed investment which is stated at fair value.

The accounting policies set out below have been applied consistently to all periods presented in the financial report except where stated.

**b) Application of new and revised accounting standards**

*Changes in accounting policies on initial application of Accounting Standards*

In the year ended 30 June 2022, 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 full year reporting periods beginning on or after 1 July 2021. As a result of this review, the Directors have applied all new and amended Standards and Interpretations that were effective as at 1 July 2021 with no material impact on the amounts of disclosures included in the financial report.

*New accounting standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations has not identified any impact.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

**c) Principles of consolidation**

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. A list of controlled entities is contained in Note 25 to the financial statements.

All inter-group balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the Parent Entity.

**d) Significant accounting estimates and assumptions**

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share-based payment transactions

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of unlisted equity-settled transaction is determined using a Black-Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted. The fair value of listed equity-settled share options granted was based on the fair value of financial instruments traded in active markets based on the quoted market prices at the grant date.

### Deferred taxation

Potential future income tax benefits have not been brought to account at 30 June 2022 because the Directors do not believe that it is appropriate to regard realisations of future income tax benefits as probable.

### Deferred exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely from future exploitation or sale or where activities have not reached a stage which permits a reasonable assumption of the existence of reserves.

#### **e) Borrowing costs**

Borrowing costs are recognised as an expense when incurred, except for borrowing cost relating to qualifying assets when the interest is capitalised to the qualifying assets.

#### **f) Cash and cash equivalents**

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of six months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

#### **g) Trade and other receivables**

Trade receivables are initially recognised at their transaction price and other receivables at fair value. Receivables that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest are classified and subsequently measured at amortised cost. Receivables that do not meet the criteria for amortised cost are measured at fair value through profit or loss.

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises the lifetime expected credit loss for trade receivables carried at amortised cost. The expected credit losses on these financial assets are estimated based on the Group's historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as forecast conditions at the reporting date.

For all other receivables measured at amortised cost, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to expected credit losses within the next 12 months.

The Group considers an event of default has occurred when a financial asset is more than 120 days past due or external sources indicate that the debtor is unlikely to pay its creditors, including the Group. A financial asset is credit impaired when there is evidence that the counterparty is in significant financial difficulty or a breach of contract, such as a default or past due event has occurred. The Group writes off a financial asset when there is information indicating the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

#### **h) Investments**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities classified as fair value through other comprehensive income) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price, the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as discounted cash flows, are used to determine fair value for the remaining financial instruments.

#### **i) Associates**

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive

income. Investments in associates are carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

**j) Financial instruments**

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. Transaction costs on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and dividends are classified as expenses or as distributions of profit consistent with the statement of financial position classification of the related debt or equity instruments or component parts of compound instruments.

**k) Impairment of assets**

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless that asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or group of assets. In which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying value does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

**l) Income tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- When the deferred tax liability arises from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither the accounting profit nor taxable profit or loss; or
- When the taxable temporary difference arises from the initial recognition of goodwill; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which the deductible temporary differences or unused tax losses and tax offsets can be utilised, except:

- When the deductible temporary difference giving rise to the asset arises from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither accounting profit nor taxable income; or
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the

temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when they relate to the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### **m) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost acquisition of the asset or as part of the expense item as applicable; and receivables and payables are stated with the amount of GST included.
- The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

### **n) Provisions and employee leave benefits**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying value is the present value of those cashflows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, for example under an insurance contract, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### Employee leave benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

### **o) Revenue recognition**

Revenue is recognised to the extent that control of the good or service provided has passed and it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

### **p) Foreign Currency**

#### Foreign currency transactions and balances

All foreign currency transactions occurring during the financial year are recognised at the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in the profit or loss in the period in which they arise except those exchange differences which relate to assets under construction for future productive use which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

### Functional and presentation currency

Items included in the financial statements of each of the companies within the Group are measured using the currency of the primary economic environment in which they operate (the functional currency). The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

### Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold, a proportionate share of such exchange differences is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

### **q) Trades and other payables**

Trade payables and other accounts payable are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of those goods and services.

### **r) Convertible notes**

Convertible notes that do not contain an equity component are accounted for as a financial liability through profit or loss with a value equating to the total proceeds/face value with no day one gain or loss and subsequently value will change depending on the changes in the share price/ redemption event and or accretion of the value of the discount on the note. If the convertible note is converted, the carrying amounts of the derivative and liability components are transferred to share capital as consideration for the shares issued. If the note is redeemed, any difference between the amount paid and the carrying amounts of both components is recognised in the statement of comprehensive income.

### **s) Exploration and evaluation expenditure**

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:
  - the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
  - exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

**t) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

**u) Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

**v) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors who is responsible for making strategic decisions.

**3. SEGMENT INFORMATION**

AASB 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Chief Operating Decision Maker (**CODM**) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. In the case of the Group the CODM are the executive management team and all information reported to the CODM is based on the consolidated results of the Group as one operating segment, as the Group's activities relate to mineral exploration.

Accordingly, the Group has only one reportable segment and the results are the same as the Group results.

**a) Information by geographical region**

The analysis of the location of non-current assets is as follows:

	2022	2021
	\$	\$
Australia	543,578	540,903
Austria	44,248,872	38,070,572
	<u>44,792,450</u>	<u>38,611,475</u>

**b) Revenue by geographical region**

	2022	2021
	\$	\$
Australia	177,440	30,633
Austria	-	198
	<u>177,440</u>	<u>30,831</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4. REVENUE AND OTHER INCOME

	2022 \$	2021 \$
Interest revenue	133,539	30,633
Interest on short term loan (note 9)	14,178	-
Other income	29,723	198
	177,440	30,831

### 5. EXPENSES FROM CONTINUING OPERATIONS

	2022 \$	2021 \$
<b>Employee benefits expenses</b>		
Directors' remuneration & consulting	(394,000)	(349,000)
	(394,000)	(349,000)
<b>Finance expenses</b>		
Bank fees	(22,216)	(6,003)
Brokerage fees	(200)	-
Interest on leased assets	-	(182)
Provision/(reversal of provision) for doubtful debts	(4,101)	2,890
Financing break fee (i)	(385,395)	-
Shortfall on Winance conversion	-	(277,273)
	(411,912)	(280,568)
<b>Regulatory and compliance costs</b>		
ASX listing fees	(147,389)	(87,705)
OTC listing fees	(146,019)	-
NEX listing expenses	-	(60,197)
Vienna listing expenses	(1,590)	(2,751)
Legal expenses (ii)	(517,288)	(1,037,680)
Other regulatory and compliance expenses	(187,439)	(172,791)
	(999,725)	(1,361,124)
<b>Other expenses</b>		
Promotions and advertising	(108,683)	(136,036)
Foreign exchange	(1,222,793)	(587,259)
Tenement acquisition costs	(181,443)	(70,992)
Repayment of grant	(62,785)	-
Other administrative expenses	(333,898)	(206,900)
	(1,909,602)	(1,001,187)

- (i) On 20 May 2022, the Company announced that it made proposals to, amongst others, the liquidators of Dundas Mining Pty Ltd (Receivers and Managers Appointed) (In Liquidation) (Dundas) seeking to change the fate of the Avebury Nickel Project in Burnie, Tasmania (the Project) controlled by Allegiance Mining Pty Ltd (Receivers and Managers Appointed) (Subject to a Deed of Company Arrangement) (Allegiance). The Company proceeded to commence the established a financing facility to fund the acquisition of the Project. The Company's ability to proceed with a transaction was subject to a number of hurdles, importantly the ability for Dundas to transfer ownership of their shares in Allegiance to a third party. At the conclusion of the court hearing, the application under section 444GA of the Corporations Act (Cth) was successful, therefore, no transaction in the interest of shareholders could be achieved and as such the proposed financing facility was terminated.
- (ii) Legal expenses incurred during the year ended 30 June 2022 include a fine paid to the Financial Market Authority of \$207k.

### 6. INCOME TAX

	2022 \$	2021 \$
Major components of income tax expense for the year are:		
<b>Income statement</b>		
Current income tax charge/(benefit)	-	-
<b>Statement of changes in equity</b>		
Income tax expense reported in equity	-	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A reconciliation of income tax expense/(benefit) applicable to accounting profit/(loss) before income as at the statutory income tax rate to income tax expense/(benefit) at the Company's effective income tax rate for the year is as follows:

	2022 \$	2021 \$
Loss from ordinary activities before income tax expense	(12,319,670)	(3,964,922)
Prima facie tax benefit on loss from ordinary activities at 30.0% (2021: 30%)	(3,695,901)	(1,189,477)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-temporary tax adjustments	3,304,033	786,837
Recognition of prior year unrecognised DTA's	-	-
Tax rate differential	79,767	63,584
Current year DTA's (non-tax losses) not recognised	312,101	339,056
	-	-

Unrecognised deferred tax assets have not been recognised in respect of the following items:

	2022 \$	2021 \$
<b>Unrecognised temporary differences</b>		
Deferred tax assets (at 30.0%) (2021: 30%)		
Accrued expenses	1,298	931
Prepayments	-	(20)
Exploration expenditure	20,543	22,010
Capital raising costs	162,635	70,853
Financial assets	76,670	64,500
Borrowing costs	986	46,323
Carry forward tax losses – revenue	6,013,300	5,273,189
Carry forward tax losses – capital	1,623,959	1,389,246
Other	(4,489)	(20)
	7,894,902	6,867,012
Deferred tax liabilities (at 30.0%) (2021: 30%)		
Prepayments	-	-
Net unrecognised deferred tax asset/(liability)	7,894,902	6,867,012

Potential future income tax benefits arising from tax losses have not been brought to account at 30 June 2022 because the directors do not believe it is appropriate to regard realisation of the future income tax benefits as probable. These benefits will only be obtained if:

- assessable income is derived of a nature and of amount sufficient to enable the benefit from the deductions to be realised;
- the Company continues to comply with the conditions for deductibility imposed by law; and
- no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

### 7. CASH AND CASH EQUIVALENTS

	2022 \$	2021 \$
Cash at bank and in hand	33,000,939	5,422,494
	33,000,939	5,422,494

Cash at bank earns interest at floating rates based on daily bank deposit rates.

### 8. RESTRICTED CASH AND OTHER DEPOSITS

	2022 \$	2021 \$
Term deposits	29,489	30,814
	29,489	30,814

Restricted cash relates to the bank guarantees provided by the Company to the value of €20,000 in respect of any unrepaired damage to property at the Wolfsberg project.

9. SHORT TERM LOAN

	2022	2021
	\$	\$
Short term loan	1,014,178	-
	<u>1,014,178</u>	<u>-</u>
Balance at beginning of period	-	-
Drawdown of loan	1,000,000	-
Accrued interest (note 4)	14,178	-
Balance at end of period	<u>1,014,178</u>	<u>-</u>

On 14 December 2021, the Company entered into a loan agreement and advanced funds of \$500,000 from to Cyclone Metals Ltd (ASX: CLE). The loan is secured over 25,000,000 unencumbered shares held by CLE in CuFe Limited (ASX: CUF). On 20 June 2022, the Company entered into a second loan agreement and advanced funds of \$500,000 to CLE. Both loans are repayable on 30 November 2022 and accrue interest of 5% per annum. At 30 June 2022, the Group has made no provision for expected credit loss in respect to the short term loan.

10. TRADE AND OTHER RECEIVABLES

	2022	2021
	\$	\$
Trade and other receivables	26,989	9,376
Amortised Winance convertible notes transaction costs	-	20,226
Security deposit	6,004	6,266
GST / VAT receivable	287,925	174,899
Prepayments	171,792	29,889
	<u>492,710</u>	<u>240,656</u>

These amounts arise from the usual operating activities of the Company and are non-interest bearing. The debtors do not contain any overdue or impaired receivables.

11. PROPERTY, PLANT AND EQUIPMENT

	2022	2021
	\$	\$
Cost	43,759	23,098
Accumulated depreciation	(23,452)	(14,072)
	<u>20,307</u>	<u>9,026</u>
Carrying value at beginning of period	9,026	4,736
Additions	21,625	7,386
Depreciation charge for the period	(10,215)	(2,969)
Foreign exchange	(129)	(127)
Carrying value at end of period	<u>20,307</u>	<u>9,026</u>

12. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	2022	2021
	\$	\$
Exploration and evaluation phases:		
Balance at beginning of period	38,030,732	36,499,437
Expenditure incurred	7,933,673	2,755,620
Foreign exchange movement	(1,765,329)	(1,224,325)
Balance at end of period	<u>44,199,076</u>	<u>38,030,732</u>

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.

13. INVESTMENT IN ASSOCIATE

	2022	2021
	\$	\$
Investments in associates	528,578	540,903

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). Jadar holds an 80% interest in Subsidiary Jadar Lithium GmbH (Jadar Lithium), the holder of the Weinebene and Eastern Alps Projects which lies 20km to the east of the Company's Wolfsberg Project.

a) Investment details

	2022	2021
	\$	\$
Percentage held at reporting date	20%	20%

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

	2022	2021
	\$	\$
Balance at beginning of period	540,903	-
Cash investment	-	125,000
Equity investment	-	439,145
Share of net losses recognised during the year	(12,325)	(23,242)
Impairment of investment in joint venture	-	-
Balance at end of period	528,578	540,903

c) Summarised financial information

	2022	2021
	\$	\$
Current assets	9,403	10,316
Non-current assets	375,244	263,169
Current liabilities	(521,562)	(350,632)
Non-current liabilities	(39,204)	(42,338)
Equity	(176,119)	(119,484)
Group's carrying amount of the investment	528,578	540,903

Jadar Lithium has no contingent liabilities, capital commitments or bank guarantees on issue as at 30 June 2022.

	2022	2021
	\$	\$
Revenue and other income	-	52,983
Depreciation	-	-
Loss before tax	(61,624)	(116,211)
Income tax expense	-	-
Loss for the year	(61,624)	(116,211)
Total comprehensive (loss) for the year	-	-
Group's share of (loss) for the year	(12,325)	(23,242)

d) Impairment assessment

The carrying amount of the investments in associates were assessed for impairment at 30 June 2022. As at 30 June 2022, management are of the view that no indication of impairment at the reporting date.

14. FINANCIAL ASSETS

	2022	2021
	\$	\$
Balance at beginning of period	-	128,000
Purchase of equity securities	20,000	-
(Loss) in fair value from revaluation	(5,000)	(38,000)
Conversion of debt for proceeds from disposal of equity securities (listed)	-	(90,000)
Financial assets at fair value through profit or loss at end of period	15,000	-

On 14 December 2021, the Company purchased 5,000,000 shares in Cyclone Metals Ltd (ASX: CLE) (refer to note 23(c)).

15. TRADE AND OTHER PAYABLES

	2022	2021
	\$	\$
Trade payables	673,802	994,514
Other payables and accruals	75,727	354,728
	749,529	1,349,242

16. CONVERTIBLE NOTE

	2022	2021
	\$	\$
Balance at beginning of period	357,870	831,592
Funds borrowed under convertible loan agreement	-	1,000,000
Difference between transaction price of convertible note and fair value at initial recognition	-	187,378
Fair value loss on remeasurement of convertible note	(57,870)	(261,100)
Amounts repaid through redemption of notes	-	(500,000)
Amounts repaid through issue of shares	(300,000)	(900,000)
Balance at end of period	-	357,870

On 31 July 2019, the Company entered into a Convertible Note Agreement with Winance Investment LLC (**Winance**) of which A\$2.0m (2,000 convertible notes) was drawn down on 20 September 2019 (**Tranche 1**). On 5 March 2020, the Company announced that it had agreed to a further draw down of A\$2.0m. As a result, the Company issued 2,000 convertible notes on 10 March 2020 which were held in escrow pending the receipt of funds (**Tranche 2**). On 2 June 2020, the Company received funding of A\$1.0m and released 1,000 notes from escrow. On 14 July 2020, the Company received funding of A\$0.5m and released 500 notes from escrow. On 30 July 2020, the Company received the final funding of A\$0.5m and released 500 notes from escrow. Winance received a commitment fee of 3% of the investment amount at the funding of each tranche.

The face value of each convertible note is AU\$1,000 and is non-interest bearing. The notes are convertible to a variable number of ordinary shares at the option of the holder of the notes any time after issue. If not converted the notes mature and are repayable twenty-four (24) months after the issue date. The conversion price for each convertible note is the lower of an 8% discount from the lowest VWAP over ten (10) days prior to the conversion date, provided that the conversion price shall not in any case be lower than \$0.04 (revised floor price).

At the time of issuance, the difference between the fair value of the convertible notes of \$1,187,378 and the proceeds received of A\$1,000,000 being \$187,378 (Tranche 2) was recorded in the statement of comprehensive income.

During the year ended 30 June 2022, Winance exercised its option to convert the remaining 300 notes (Tranche 2) borrowed under the convertible loan agreement into 6,000,000 fully paid ordinary shares of the Company.

As at 30 June 2022, Winance had nil convertible notes remaining.

17. ISSUED CAPITAL

	2022	2022
	No of shares	\$
Opening balance	933,935,604	36,799,202
Issue of shares - Placement – Cash (i)	387,400,817	41,500,000
Issue of shares – Facilitator (ii)	2,000,000	125,000
Issue of shares – Exercise of unlisted options – cash (iii)	19,284,801	964,240
Issue of shares – Exercise of listed options – cash (iv)	18,278,035	1,370,853
Issue of shares – Royalty (v)	15,552,850	2,877,277
Issue of shares – Winance conversion (refer note 16)	6,000,000	300,000
Issue of shares – Conversion of debt (vi)	572,640	46,271
Capital raising costs – options issued to corporate advisor	-	(1,064,231)
Capital raising costs – cash	-	(2,281,771)
Total issued capital	1,383,024,747	80,636,841

	2021	2021
	No of shares	\$
Opening balance	662,293,209	24,800,736
Issue of shares - Placement – Cash	187,363,643	9,136,364
Issue of shares – Share Purchase Plan – Cash	42,105,193	2,000,000
Issue of shares – Exercise of options – cash	2,370,554	118,528
Issue of shares – Conversion of debt	7,799,976	285,560
Issue of shares – Winance conversion (refer note 16)	21,136,363	900,000
Issue of shares – Facilitator	4,200,000	198,500
Issue of shares – Jadar acquisition	6,666,666	380,000
Capital raising costs – options issued to corporate advisor	-	(200,000)
Capital raising costs – cash	-	(820,486)
Total issued capital	933,935,604	36,799,202

(i) The following shares were issued via share placements during the year ended 30 June 2022:

- In August 2021, the Company issued 104,000,000 shares to raise funds of \$6,500,000 (before expenses) (**August 2021 Placement**)
- On 22 December 2021, the Company issued 26,310,749 shares to raise funds of \$2,499,521 pursuant to the Millstone Transaction (Tranche 1)
- On 27 January 2022, the Company issued 26,320,831 shares to raise funds of \$2,500,479 pursuant to the Millstone Transaction (Tranche 2)
- On 12 April 2022, the Company issued 230,769,237 shares to raise funds of \$30,000,000 (before expenses) (**April 2022 Placement**)

(ii) The following shares were issued to facilitators during the year ended 30 June 2022:

- On 16 August 2021, the Company issued 2,000,000 shares pursuant to the August 2021 Placement at a deemed issue price of \$0.0625 per share

(iii) During the year ended 30 June 2022, the following shares were issued on the exercise of unlisted options:

- On 17 September 2021, the Company issued 150,000 shares (\$0.05 each expiring 31 July 2022)
- On 30 September 2021, the Company issued 4,000,000 shares (\$0.05 each expiring 31 July 2022)
- On 5 October 2021, the Company issued 3,400,000 shares (\$0.05 each expiring 31 July 2022)
- On 5 November 2021, the Company issued 4,043,688 shares (\$0.05 each expiring 31 July 2022)
- On 12 November 2021, the Company issued 1,713,335 shares (\$0.05 each expiring 31 July 2022)
- On 25 November 2021, the Company issued 3,634,426 shares (\$0.05 each expiring 31 July 2022)
- On 27 January 2022, the Company issued 2,032,241 shares (\$0.05 each expiring 31 July 2022)
- On 12 April 2022, the Company issued 200,000 shares (\$0.05 each expiring 31 July 2022)
- On 29 June 2022, the Company issued 111,111 shares (\$0.05 each expiring 31 July 2022)

(iv) During the year ended 30 June 2022, the following shares were issued on the exercise of listed options:

- On 20 October 2021, the Company issued 7,500,000 shares (\$0.075 each expiring 19 April 2024)
- On 12 November 2021, the Company issued 8,528,035 shares (\$0.075 each expiring 19 April 2024)
- On 25 November 2021, the Company issued 1,370,000 shares (\$0.075 each expiring 19 April 2024)
- On 27 January 2022, the Company issued 820,000 shares (\$0.075 each expiring 19 April 2024)
- On 12 April 2022, the Company issued 60,000 shares (\$0.075 each expiring 19 April 2024)

(v) On 9 November 2021, the Company announced that it entered into an agreement with Exchange Minerals Limited (**EML**), the holder of a €1.50 per tonne royalty for all mineral products extracted from the Wolfsberg Lithium Project, to buy back and cancel the royalty. During the year ended 30 June 2022, the Company paid EML €500,000 (\$782,375) with an additional €2 million payable (at the Company's election either in cash or through the issue of 15,552,850 fully paid ordinary EUR shares,

with one attaching option (exercise price of \$0.20 and expiring 22 February 2024) for every 2 EUR shares issued). The Company elected to settle the liability through the issue of securities and finalised the issue of shares on 22 February 2022.

(vi) The following shares were issued in settlement of liabilities during the year ended 30 June 2022:

- On 16 August 2021, the Company issued 200,000 shares in satisfaction of debts of \$12,000 owed by the Company to unrelated third parties
- On 27 January 2022, the Company issued 372,640 shares in satisfaction of debts of \$34,271 owed by the Company to unrelated third parties

#### 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.

## 18. RESERVES

The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of foreign subsidiaries.

The share based payment reserve records items recognised as expenses on valuation of employee share options and options issued to directors and consultants.

	2022 \$	2021 \$
Share-based payment reserve (a)	11,218,011	6,059,735
Foreign currency translation reserve (b)	849,158	1,542,168
	<u>12,067,169</u>	<u>7,601,903</u>

#### a) Share-based payment reserve

	2022 No of Options	2022 \$
Balance at beginning of year	162,832,562	6,059,735
<b>Listed Options</b>		
Issue of options – Directors (note 19(a))	2,500,000	150,000
Issue of options – Corporate advisor (note 19(b))	57,692,324	519,231
Issue of options – Corporate advisor (note 19(b))	20,000,000	569,042
Issue of options – Placement (note 19(c))	52,000,000	-
Issue of options – Placement (note 19(c))	115,384,646	-
Exercise of options (note 17(iv))	(7,500,000)	-
Exercise of options (note 17(iv))	(8,528,035)	-
Exercise of options (note 17(iv))	(1,370,000)	-
Exercise of options (note 17(iv))	(820,000)	-
Exercise of options (note 17(iv))	(60,000)	-
<b>Unlisted Options</b>		
Issue of options – Directors (note 19(a))	-	405,000
Issue of options – Corporate advisor (note 19(b))	20,000,000	420,000
Issue of options – Corporate advisor (note 19(b))	21,000,000	1,468,946
Issue of options – Corporate advisor (note 19(b))	-	45,000
Exercise of options (note 17(iii))	(150,000)	-
Exercise of options (note 17(iii))	(4,000,000)	-
Exercise of options (note 17(iii))	(3,400,000)	-
Exercise of options (note 17(iii))	(4,043,688)	-
Exercise of options (note 17(iii))	(1,713,335)	-
Exercise of options (note 17(iii))	(3,634,426)	-
Exercise of options (note 17(iii))	(2,032,241)	-
Exercise of options (note 17(iii))	(200,000)	-
Exercise of options (note 17(iii))	(111,111)	-
Expiry of options (\$0.20 each expiring 11 December 2021)	(2,500,000)	-
Expiry of options (\$0.15 each expiring 30 November 2021)	(10,000,000)	-
Issue of options – Royalty (note 17(iv))	7,776,425	-
<b>Performance Rights</b>		
Issue of performance rights – Directors (note 19(d))	80,000,000	1,581,057
Balance at end of year	<u>489,123,121</u>	<u>11,218,011</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

	<b>2021</b>	<b>2021</b>
	<b>No of Options</b>	<b>\$</b>
Balance at beginning of year	20,735,584	5,444,764
Issue of options – Directors	1,643,288	-
Issue of options – Placement	11,590,911	-
Issue of options – Corporate advisor	2,400,000	33,289
Issue of options – Corporate advisor	5,000,000	69,353
Exercise of options	(926,111)	-
Exercise of options	(194,444)	-
Exercise of options	(1,249,999)	-
Issue of options – Corporate advisor	10,000,000	53,184
Issue of options – Placement	70,500,000	-
Issue of options – Corporate advisor	20,000,000	200,000
Issue of options – Directors	20,000,000	200,000
Issue of options – Jadar acquisition	3,333,333	59,145
Balance at end of year	162,832,562	6,059,735

At 30 June 2022, the unissued ordinary shares of the Company under unlisted options and performance rights are as follows:

<b>Date of Expiry</b>	<b>Status</b>	<b>Exercise Price</b>	<b>Fair Value at Grant Date</b>	<b>Number of Options</b>
31/07/2022	Unlisted	5.0 cents	\$0.0139	17,214,428
31/07/2022	Unlisted	7.5 cents	\$0.0177	3,333,333
31/12/2022	Unlisted	Nil	Refer note 19(d)	80,000,000
22/02/2024	Unlisted	20.0 cents	\$0.0000	7,776,425
19/04/2024	Listed	7.5 cents	\$0.0100	40,000,000
19/04/2024	Listed	7.5 cents	\$0.0210	20,000,000
19/04/2024	Listed	7.5 cents	\$0.0000	104,221,965
19/04/2024	Listed	7.5 cents	\$0.0600	2,500,000
31/03/2025	Listed	18.0 cents	\$0.0090	107,692,324 <sup>1</sup>
31/03/2025	Listed	18.0 cents	\$0.0000	115,384,646
27/01/2025	Unlisted	6.0 cents	\$0.0759	7,000,000
27/01/2025	Unlisted	8.0 cents	\$0.0696	7,000,000
27/01/2025	Unlisted	10.0 cents	\$0.0644	7,000,000
01/05/2025	Unlisted	12.0 cents	\$0.0312	5,000,000
01/05/2025	Unlisted	14.0 cents	\$0.0292	5,000,000
01/05/2025	Unlisted	16.0 cents	\$0.0275	5,000,000
01/05/2025	Unlisted	18.0 cents	\$0.0259	5,000,000
				<u>539,123,121</u>

<sup>1</sup> A total of 50,000,000 listed options was issued on 4 July 2022, refer to note 29

At 30 June 2021, the unissued ordinary shares of the Company under unlisted options are as follows:

<b>Date of Expiry</b>	<b>Status</b>	<b>Exercise Price</b>	<b>Number of Options</b>
11/12/2021	Unlisted	20.0 cents	2,500,000
31/07/2022	Unlisted	5.0 cents	36,499,229
30/11/2021	Unlisted	15.0 cents	10,000,000
31/07/2022	Unlisted	7.5 cents	3,333,333
19/04/2024	Listed	7.5 cents	110,500,000
			<u>162,832,562</u>

**b) Foreign Currency Translation Reserve**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of year	1,542,168	2,174,406
Foreign currency exchange differences arising on translation of foreign operations	(693,010)	(632,238)
Balance at end of year	849,158	1,542,168



19. SHARE-BASED PAYMENTS

Total costs arising from share-based payment transactions recognised as an expense during the year were as follows:

	2022	2021
	\$	\$
Options issued to Directors (a)	555,000	200,000
Options issued to corporate advisors (b)	2,082,988	155,826
Performance rights issued to Directors (d)	1,581,056	-
Balance at end of period	4,219,044	355,826

Total costs arising from share-based payment transactions recognised through equity during the year were as follows:

	2022	2021
	\$	\$
Shares issued to corporate advisor (note 17(ii))	125,000	-
Options issued to corporate advisors (b)	939,231	200,000
Balance at end of period	1,064,231	200,000

a) Options to directors

The following options were issued as share-based payments arrangements during the year ended 30 June 2022 to Directors:

On 27 January 2022, 2,500,000 listed options with an exercise price of \$0.075 each with an expiry date of 19 April 2024 were issued to Michael Carter upon his appointment as Non-Executive Director of the Company following receipt of shareholder approval at the AGM held on 21 January 2022. A total of 1,750,000 of these options were issued to Michael Carter, with the balance of 750,000 issued to Michael Carter's nominee. The listed options were issued at \$0.06 per listed option being the trading price on the date of issue.

On 4 July 2022, a total of 45,000,000 listed options with an exercise price of \$0.18 each expiring 31 March 2025) were issued to Okewood Pty Ltd (related party of Tony Sage) (15,000,000), Pixsell Pty Ltd ATFT Pixsell Unit Trust (a company in which Malcolm Day is a Director) (10,000,000), Michael Carter (10,000,000 on which 7,000,000 were issued to Michael Carter and the balance of 3,000,000 issued to Michael Carters nominee) and Mykhailo Zhernov (10,000,000) (Listed Options) following receipt of shareholder approval at the GM held on 24 June 2022. The Listed Options were issued in recognition of Director services in completing the April 2022 Placement. The listed options were issued at \$0.009 per listed option being the trading price on the date of issue.

The following options were issued as share-based payments arrangements during the year ended 30 June 2021 to Directors:

On 19 April 2021, the Company issued 20,000,000 listed options in consideration for Director services and efforts to advance the Company's Definitive Feasibility Study (DFS) at the Company's Wolfsberg Project. These were issued to Directors Tony Sage (10,000,000) and Malcolm Day (10,000,000) upon receipt of shareholder approval at the 2021 GM. The listed options were issued at \$0.01 per listed option being the trading price on the date of issue.

b) Options to advisors

On 16 August 2021, the Company issued 20,000,000 listed options to the brokers in respect to the August 2021 Placement as approved at the Company's 2021 AGM held on 21 January 2022. The listed options were issued at \$0.021 per listed option being the trading price on the date of issue.

On 29 June 2022, the Company issued 57,692,324 listed options to the brokers in respect to the April 2022 Placement as approved at the Company's GM held on 24 June 2022. The listed options were issued at \$0.009 per listed option being the trading price on the date of issue.

On 27 January 2022, the Company issued 21,000,000 unlisted options to Evolution Capital Partners (Evolution) in respect to the provision of corporate advisory services as approved at the Company's 2021 AGM held on 21 January 2022.

On 29 June 2022, the Company issued 20,000,000 unlisted options to Odeon Capital Group LLC (Odeon) for the provision of consultancy services as approved at the Company's GM held on 24 June 2022.

On 4 July 2022, a total of 5,000,000 listed options were issued to consultants of the company following receipt of shareholder approval at the GM held on 24 June 2022. The Listed Options were issued in recognition of services in completing the April 2022 Placement. The listed options were issued at \$0.009 per listed option being the trading price on the date of issue.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following unlisted options were issued as share-based payments arrangements during the year:

	Number of Options	Grant date	Expiry Date	Exercise Price	Fair value at grant date	Vesting date
Evolution	7,000,000	21 January 2022	27 January 2025	\$0.06	\$0.0759	21 January 2022
Evolution	7,000,000	21 January 2022	27 January 2025	\$0.08	\$0.0696	21 January 2022
Evolution	7,000,000	21 January 2022	27 January 2025	\$0.10	\$0.0644	21 January 2022
Odeon	5,000,000	24 June 2022	1 May 2025	\$0.12	\$0.0312	24 June 2022
Odeon	5,000,000	24 June 2022	1 May 2025	\$0.14	\$0.0292	24 June 2022
Odeon	5,000,000	24 June 2022	1 May 2025	\$0.16	\$0.0275	24 June 2022
Odeon	5,000,000	24 June 2022	1 May 2025	\$0.18	\$0.0259	24 June 2022

The fair value of the equity-settled share options granted is estimated as at the date of grant using the Black and Scholes model taking into account the terms and conditions upon which the options were granted.

	Assumptions		
Number options issued	7,000,000	7,000,000	7,000,000
Dividend yield	0.00%	0.00%	0.00%
Expected volatility	89%	89%	89%
Risk-free interest rate	0.72%	0.72%	0.72%
Expected life of options	3.02 years	3.02 years	3.02 years
Exercise price	\$0.06	\$0.08	\$0.10
Grant date share price	\$0.110	\$0.110	\$0.110

	Assumptions			
Number options issued	5,000,000	5,000,000	5,000,000	5,000,000
Dividend yield	0.00%	0.00%	0.00%	0.00%
Expected volatility	102%	102%	102%	102%
Risk-free interest rate	2.93%	2.93%	2.93%	2.93%
Expected life of options	2.85 years	2.85 years	2.85 years	2.85 years
Exercise price	\$0.12	\$0.14	\$0.16	\$0.18
Grant date share price	\$0.063	\$0.063	\$0.063	\$0.063

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

The following options were issued as share-based payment arrangements during the year ended 30 June 2021 to corporate advisors:

	Number of Options	Grant date	Expiry Date	Exercise Price	Fair value at grant date	Vesting date
Options issued to corporate advisor	2,400,000	30 October 2020	31 July 2022	\$0.05	\$0.0139	30 October 2020
Options issued to corporate advisor	5,000,000	30 October 2020	31 July 2022	\$0.05	\$0.0139	30 October 2020
Options issued to corporate advisor	10,000,000	16 April 2021	30 November 2021	\$0.15	\$0.0053	16 April 2021

### c) Placement Options

On 16 August 2021, the Company issued 52,000,000 listed options as approved at the Company's annual general meeting of shareholders held on 21 January 2022. The options are exercisable at \$0.075 each on or before 19 April 2024 and were issued to participants of the August 2021 Placement.

On 29 June 2022, the Company issued 115,384,646 listed options as approved at the Company's general meeting of shareholders held on 24 June 2022. The options are exercisable at \$0.18 each on or before 31 March 2025 and were issued to participants of the April 2022 Placement.

### d) Performance Rights to directors

On 27 January 2022, the Company issued performance rights to Okewood Pty Ltd (related party of Tony Sage) (40,000,000), Pixsell Pty Ltd ATFT Pixsell Unit Trust (a company in which Malcolm Day is a Director) (30,000,000) and Michael Carter (10,000,000) (**Performance Rights**) in consideration for Director services following receipt of shareholder approval at the AGM held on 21 January 2022. The Performance Rights are subject to the achievement of milestones in respect to the Company's market capitalization and

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

completion of the DFS at the Wolfsberg Lithium Project. Whilst the milestones associated with the vesting of the Performance Rights, the expiry date of the Performance Rights has been extended until 31 December 2022 following receipt of shareholder approval at the GM held on 24 June 2022.

	Number of Performance Rights	Grant date	Expiry Date	Fair value at grant date \$ per right	Vesting conditions
Antony Sage	20,000,000	27 January 2022	31 December 2022	\$0.0142	Tranche A
Antony Sage	20,000,000	27 January 2022	31 December 2022	\$0.0630	Tranche B
Malcolm Day	15,000,000	27 January 2022	31 December 2022	\$0.0142	Tranche A
Malcolm Day	15,000,000	27 January 2022	31 December 2022	\$0.0630	Tranche B
Michael Carter	5,000,000	27 January 2022	31 December 2022	\$0.0142	Tranche A
Michael Carter	5,000,000	27 January 2022	31 December 2022	\$0.0630	Tranche B

The performance rights have the following vesting conditions:

- Tranche A - The Company's market capitalisation exceeding \$250m
- Tranche B - The net present value for the Wolfsberg Lithium Project as determined by the Company's DFS is A\$800m or more

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		Malcolm Day		Michael Carter	
	Tranche A	Tranche B	Tranche A	Tranche B	Tranche A	Tranche B
Dividend yield (%)	Nil	Nil	Nil	Nil	Nil	Nil
Expected volatility (%)	100%	100%	100%	100%	100%	100%
Risk free interest rate (%)	1.955%	1.955%	1.955%	1.955%	1.955%	1.955%
Exercise price (\$)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Marketability discount (%)	Nil	Nil	Nil	Nil	Nil	Nil
Expected life of options (years)	0.519 years	0.519 years	0.519 years	0.519 years	0.519 years	0.519 years
Share price at grant date (\$)	\$0.063	\$0.063	\$0.063	\$0.063	\$0.063	\$0.063
Value per option (\$)	\$0.0142	\$0.0630	\$0.0142	\$0.0630	\$0.0142	\$0.0630

### 20. LOSS PER SHARE

	2022	2021
	\$	\$
Loss used in the calculation of basic and dilutive loss per share	(12,319,670)	(3,964,922)
	2022	2021
	Cents per share	Cents per share
<i>Loss per share:</i>		
Basic loss per share (cents per share)	(1.08)	(0.50)
Diluted loss per share (cents per share)	(1.08)	(0.50)
	2022	2021
	Number	Number
Weighted average number of shares	1,137,281,868	797,288,275

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 for basic loss per share.

### 21. COMMITMENTS AND CONTINGENCIES

#### a) Exploration commitments

The Group has no minimum expenditure requirements in relation to its exploration and mining licences at its Wolfsberg Project other than minimal annual licence and mine safety fees.

#### b) Contingencies

The Company has provided bank guarantees to the value of €20,000 in respect of any unrepaired damage to property at the Wolfsberg project.

There has been no other change in contingent liabilities since the last annual reporting date.

22. CASH FLOW INFORMATION

	2022	2021
	\$	\$
<b>Reconciliation from net loss after tax to net cash used in operations</b>		
Net loss	(12,319,670)	(3,964,922)
<i>Non-cash flows included in operating loss:</i>		
Depreciation (note 11)	10,215	2,969
Share issued in settlement of royalty (note 17)	2,877,277	-
Share of net losses of JV accounted for using the equity method (note 13)	12,325	23,242
Shares issued in settlement of creditors (note 17)	46,271	421,924
Shares issued to corporate advisors	-	47,500
Options issued to corporate advisor and directors (note 19)	4,219,044	555,826
Loss on fair value of financial assets through profit or loss (note 14)	5,000	38,000
Difference between transaction price of convertible note and fair value at initial recognition	-	(93,948)
Fair value loss on remeasurement of convertible note (note 16)	(37,644)	-
Foreign exchange	1,082,568	592,087
Interest on short term loan	-	-
Expenditure classified as financing	-	(87,768)
Expenditure classified as investing	566,839	70,992
Other expenses	-	4,137
<i>Changes in assets and liabilities:</i>		
Decrease / (increase) in trade and other receivables	(285,004)	(149)
(Decrease) / increase in trade and other payables	(296,774)	(170,808)
<b>Net cash (used in) operating activities</b>	<b>(4,119,553)</b>	<b>(2,560,918)</b>

23. RELATED PARTY DISCLOSURE

a) Agreements between Related Parties

Effective 1 July 2020, the Company entered into a lease agreement with Okewood Pty Ltd, a company owned by Tony Sage, for the part-lease of 32 Harrogate Street, West Leederville WA 6007 (Lease Agreement). The term of the Lease Agreement is 3 years expiring on 30 June 2023 for a rent of \$2,500 per month. The lease covers the rental, outgoings and parking charges under agreements made on commercial terms and conditions at market rates.

b) Sales and Purchases between Related Parties

Balances between the Company and its subsidiaries which are related parties of the Company have been eliminated on consolidation and are not disclosed in this note. Details of percentage of ordinary shares held in subsidiaries are disclosed in Note 25 to the financial statements.

Note 25 provides information about the group's structure including the details of the subsidiaries and the holding company. The following table provides the total amount of transactions and outstanding balances that have been entered into with other related parties for the current year.

		Sales to Related Parties	Purchases from related parties	Loans to Related Parties	Amounts owed by related parties	Amounts owed to related Parties
		\$	\$	\$	\$	\$
<i>Director related entities</i>						
Cyclone Metals Limited	2022	16,060	686	1,014,178	1,014,178	-
Cyclone Metals Limited	2021	6,360	750	-	-	-
CuFe Limited	2022	13,586	-	-	-	-
CuFe Limited	2021	15,635	-	-	-	-
Okewood Pty Ltd	2022	-	30,000	-	-	-
Okewood Pty Ltd	2021	-	24,150	-	-	-
Boobalicious Pty Ltd	2022	-	5,900	-	-	-
Boobalicious Pty Ltd	2021	-	-	-	-	-
Perth Glory Football Club	2022	-	106,950	-	-	-
Perth Glory Football Club	2021	-	-	-	-	-

Mr Antony Sage is a director of Cyclone Metals Limited (previously called Cape Lambert Resources Limited), CuFe Limited (previously called FE Limited), Okewood Pty Ltd and Perth Glory Football Club. Mr Malcolm Day is a Director of Boobalicious Pty Ltd. Sales to and purchases from director related entities are for the reimbursement of employee, consultancy, occupancy, travel, sponsorship and other costs.

c) **Investments in Related Parties**

On 22 December 2021, the Company issued 26,310,749 shares pursuant to the Millstone acquisition. Mr Mykhailo Zhernov is a director of Millstone and Company Global DWE-LLC.

On 14 December 2021, the Company purchased 5,000,000 shares in Cyclone Metals Ltd (ASX: CLE) (refer to note 14). Mr Antony Sage is a director of Cyclone Metals Limited.

d) **Loans to Related Parties**

On 14 December 2021, the Company entered into a loan agreement with Cyclone Metals Ltd (ASX: CLE) and advanced funds of \$500,000. On 20 June 2022, the Company entered into a second loan agreement with CLE for \$500,000. The loans are repayable on 30 November 2022 and accrue interest of 5% per annum. The initial loan is secured over 25,000,000 unencumbered shares held by CLE in CuFe Limited (ASX: CUF). Mr Antony Sage is a director of CLE.

24. **FINANCIAL INSTRUMENTS**

a) **Significant accounting policies**

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

b) **Financial risk exposures and management**

The main risks the Company is exposed to through its financial instruments are credit risk, foreign currency risk, interest rate risk, and liquidity risk.

c) **Credit risk exposures**

Credit risk represents the loss that would be recognised if the counterparties default on their contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company measures credit risk on a fair value basis.

d) **Interest rate risk**

The Group is exposed to movements in market interest rates on cash. The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate of return. The entire balance of cash for the Group of \$33,000,939 (30 June 2021: \$5,422,494) is subject to interest rate risk.

e) **Liquidity risk**

The Company manages liquidity risk by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in short term bank deposits.

**Contractual maturities of financial liabilities**

		Less than 6 months	6 – 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cashflows	Carrying amount of liabilities
		\$	\$	\$	\$	\$	\$	\$
<b>Financial Liabilities</b>								
Trade & other payables	2022	749,529	-	-	-	-	749,529	749,529
	2021	1,349,242	-	-	-	-	1,349,242	1,349,242
Convertible note	2022	-	-	-	-	-	-	-
	2021	357,870	-	-	-	-	357,870	357,870
<b>Total</b>	<b>2022</b>	<b>749,529</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>749,529</b>	<b>749,529</b>
	<b>2021</b>	<b>1,707,112</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,707,112</b>	<b>1,707,112</b>

f) **Net fair value**

The carrying amount of financial assets and liabilities recorded in the financial statements represents their respective fair values determined in accordance with the accounting policies disclosed in Note 2 of the financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### g) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from commercial transactions. The Group converted assets and liabilities into the functional currency where balances were denominated in a currency other than the Australian dollar.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency.

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Group as at 30 June 2022:

	At amortised cost	Fair value	
		Through profit or loss	Through other comprehensive income
	\$	\$	\$
<b>Financial assets</b>			
Trade and other receivables	492,710	-	-
Short term loan receivable	1,014,178		
Total current	1,506,888	-	-
Total assets	1,506,888	-	-
<b>Financial liabilities</b>			
Trade and other payables	749,529	-	-
Total current	749,529	-	-
Total liabilities	749,529	-	-

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Group as at 30 June 2021:

	At amortised cost	Fair value	
		Through profit or loss	Through other comprehensive income
	\$	\$	\$
<b>Financial assets</b>			
Trade and other receivables	240,656	-	-
Total current	240,656	-	-
Total assets	240,656	-	-
<b>Financial liabilities</b>			
Trade and other payables	1,349,242	-	-
Convertible note	-	357,870	-
Total current	1,349,242	357,870	-
Total liabilities	1,349,242	357,870	-

### 25. SUBSIDIARIES

	Country of Incorporation	Ownership Interest	
		2022	2021
		%	%
European Lithium Limited	Australia	100	100
<i>Subsidiaries</i>			
ECM Lithium AT GmbH	Austria	100	100
ECM Lithium AT Operating GmbH	Austria	100	100
European Lithium AT (Investments) Ltd	British Virgin Islands	100	100

**26. KEY MANAGEMENT PERSONNEL DISCLOSURES**

**a) Key management personnel compensation**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	387,000	334,000
Success fee payments	-	78,300
Share based payments	2,136,056	200,000
	<u>2,523,056</u>	<u>612,300</u>

Detailed remuneration disclosures are provided in the Remuneration Report which forms part of the Directors' Report.

**b) Equity instrument disclosures relating to key management personnel**

Refer to note 19 for details on options and performance rights issued to key management personnel during the year.

Further details regarding equity instrument disclosures relating to key management personnel are included in the Remuneration Report which forms part of the Directors' Report.

**27. PARENT ENTITY FINANCIAL INFORMATION**

**a) Summary financial information**

The individual financial statements of the parent entity show the following aggregate amounts:

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Statement of financial position</i>		
Current assets	34,245,201	5,265,306
Total assets	62,881,446	25,243,393
Current liabilities	307,628	952,462
Total liabilities	307,628	952,462
Net assets	<u>63,189,073</u>	<u>26,195,856</u>
<i>Shareholders Equity</i>		
Issued capital	92,139,310	47,731,396
Reserves	13,498,964	9,481,239
Accumulated losses	(43,064,457)	(32,921,704)
Total equity	<u>62,573,818</u>	<u>24,290,931</u>
Net loss for the year	(10,713,027)	(3,263,518)
Comprehensive loss	(10,713,027)	(3,263,518)

**28. AUDITOR'S REMUNERATION**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Amounts paid or payable to:		
<b>HLB Mann Judd</b>		
Auditing services	35,996	34,000
Other services	-	-
	<u>35,996</u>	<u>34,000</u>

**29. EVENTS AFTER THE REPORTING PERIOD**

On 4 July 2022, the Company advised that it has listed 173,076,970 options on the ASX under the code EUROB. The options have an exercise price of \$0.18 each and an expiry date of 31 March 2024. On the same day, the Company announced that it had issued 45,000,000 EUROB options to Directors (refer to note 26(b)) and 5,000,000 EUROB options consultants of the Company.

On 7 July 2022, the Company issued 1,466,666 shares upon the exercise of options (\$0.075 each expiring 31 July 2022).

On 31 July 2022, a total of 3,333,333 unlisted options (\$0.075 each expiring 31 July 2022) lapsed.

On 1 August 2022, the Company issued 8,515,254 shares upon the exercise of options (\$0.075 each expiring 31 July 2022).

On 1 August 2022, the Company entered into an agreement with Wombat Resources Pty Ltd (**Wombat**) to purchase all of Wombat's legal and beneficial interests in E47/4144 for a consideration of 5,000,000 fully paid shares in the Company, a cash payment of \$10,000, a royalty of 1% from all revenue from the sale of any minerals mined from E47/4144 and 15% of any sale proceeds on the sale of E47/4144. Completion of the transaction has not yet been completed.

On 5 August 2022, the Company announced that it has entered into a non-binding memorandum of understanding with European auto manufacturer BMW AG to secure the Company's first offtake of battery grade Lithium Hydroxide.

On 8 August 2022, the Company issued 7,232,508 shares upon the exercise of options (\$0.05 each expiring 31 July 2022) representing the shares underwritten by ADKSK Superfund Pty Ltd.

No other matters or circumstances have arisen since the end of the financial year which significantly altered or may significantly alter the operations of the Company, the results of those operations or the state of affairs of the Company in financial years subsequent to 30 June 2022.



## DIRECTORS DECLARATION

---

### DIRECTORS' DECLARATION

1. In the opinion of the directors of European Lithium Limited (the 'Company'):
  - a. the accompanying financial statements and notes are in accordance with the *Corporations Act 2001* including:
    - i. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year then ended; and
    - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
  - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
  - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with *Section 295A* of the *Corporations Act 2001* for the financial year ended 30 June 2022.

This declaration is signed in accordance with a resolution of the board of directors.

Dated 14 September 2022



.....  
**Tony Sage**  
**Chairman**  
**Perth, Western Australia**

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of European Lithium Limited

### **Report on the Audit of the Financial Report**

#### *Opinion*

We have audited the financial report of European Lithium Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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* ("the Code") that are relevant to our audit of the financial report in Australia.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matters to be communicated in our report.

**hlb.com.au**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 E: mailbox@hlbwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Key Audit Matter	How our audit addressed the key audit matter
<p><b>Carrying value of exploration and evaluation expenditure</b> Refer to Note 12</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>- We obtained an understanding of the key processes associated with management's review of the carrying value of exploration and evaluation expenditure;</li> <li>- We obtained evidence that the Company has current rights to tenure of its areas of interest;</li> <li>- We substantiated a sample of additions to exploration expenditure during the year;</li> <li>- We considered whether any indicators of impairment were present in relation to the Group's areas of interest;</li> <li>- We enquired with management and reviewed ASX announcements and minutes of Directors' meetings to ensure that the Company had not decided to discontinue exploration and evaluation at its areas of interest; and</li> <li>- We examined the disclosures made in the financial report.</li> </ul>

*Information Other than the Financial Report and Auditor's Report Thereon*

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the Directors for the Financial Report*

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

#### *Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on the Remuneration Report**

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included within the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of European Lithium Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*HLB Mann Judd*

**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**14 September 2022**



**M R Ohm**  
**Partner**

## ADDITIONAL STOCK EXCHANGE INFORMATION

Additional Information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report.

### Ordinary Share Capital

1,400,239,175 issued ordinary shares held by 7,294 shareholders carry one vote per share.

### Options

166,721,965 listed options, exercisable at \$0.075 each on or before 19 April 2024  
 223,076,970 listed options, exercisable at \$0.18 each on or before 31 March 2025  
 7,000,000 unlisted options, exercisable at \$0.06 each on or before 27 January 2025  
 7,000,000 unlisted options, exercisable at \$0.08 each on or before 27 January 2025  
 7,000,000 unlisted options, exercisable at \$0.10 each on or before 27 January 2025  
 5,000,000 unlisted options, exercisable at \$0.12 each on or before 1 May 2025  
 5,000,000 unlisted options, exercisable at \$0.14 each on or before 1 May 2025  
 5,000,000 unlisted options, exercisable at \$0.16 each on or before 1 May 2025  
 5,000,000 unlisted options, exercisable at \$0.18 each on or before 1 May 2025  
 7,776,425 unlisted options, exercisable at \$0.20 each on or before 22 February 2024

Options have no voting entitlements.

### Performance Rights

80,000,000 performance shares (subject to vesting conditions)

### Distribution of shareholders as at 26 August 2022

(a) Analysis of numbers of shareholders by size of holding

Range of Units	Total Number of Shareholders	No. of ordinary shares held	% Held
1 - 1,000	433	124,687	0.01
1,001 - 5,000	698	2,564,843	0.18
5,001 - 10,000	1,365	10,747,575	0.77
10,001 - 100,000	3,736	143,234,957	10.23
100,001 and over	1,062	1,243,567,113	88.81

(b) There were 1,306 holders holding less than a marketable parcel of ordinary shares 5,748.

### Twenty largest shareholders as at 26 August 2022

	No. of ordinary shares held	% Held
1. BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	534,367,731	38.16
2. CITICORP NOMINEES PTY LIMITED	75,072,030	5.36
3. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	65,593,406	4.68
4. DEMPSEY RESOURCES PTY LTD	64,931,578	4.64
5. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	32,077,705	2.29
6. BATTLE MOUNTAIN PTY LIMITED	23,238,140	1.66
7. BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	16,807,202	1.20
8. GILMORE CAPITAL LIMITED	15,552,850	1.11
9. BNP PARIBAS NOMS PTY LTD <DRP>	12,550,074	0.90
10. DELECTA LIMITED	11,000,000	0.79
11. OKEWOOD PTY LTD	8,200,931	0.59
12. SUPERHERO SECURITIES LIMITED <CLIENT A/C>	6,103,354	0.44
13. MR ANTONY WILLIAM PAUL SAGE + MRS LUCY FERNANDES SAGE <EGAS SUPERANNUATION FUND A/C>	5,540,578	0.40
14. J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	4,105,259	0.29
15. MR RITCHIE JAY CAMPBELL	3,829,391	0.27
16. MR DIETRICH LOTHAR WANKE	3,766,684	0.27
17. MR DOUGLAS MCDONALD BENNETT	3,750,000	0.27
18. JCAN ZHANG PTY LTD <JCAN ZHANG FAM SF A/C>	3,107,000	0.22
19. SHARESIES NOMINEE LIMITED <CHILD A/C>	3,099,459	0.22
20. HOLLYWOOD MARKETING (WA) PTY LTD	3,098,247	0.22
	<b>895,791,619</b>	<b>63.97</b>

## ADDITIONAL STOCK EXCHANGE INFORMATION

### Unlisted Securities

At 26 August 2022, the Company has on issue 438,575,360 listed and unlisted options and 80,000,000 performance rights over ordinary shares. The names of security holders holding more than 20% of an unlisted class of security are listed below.

	<b>Listed Options \$0.075 Expiring 19/04/2024</b>	<b>Unlisted Options \$0.06 Expiring 27/01/2022</b>	<b>Unlisted Options \$0.08 Expiring 27/01/2022</b>	<b>Unlisted Options \$0.10 Expiring 27/01/2022</b>
LTL CAPITAL PTY LTD	-	7,000,000	7,000,000	7,000,000
Holders individually less than 20%	166,721,965	-	-	-
<b>Total</b>	166,721,965	7,000,000	7,000,000	7,000,000

	<b>Unlisted Options \$0.12 Expiring 01/05/2025</b>	<b>Unlisted Options \$0.14 Expiring 01/05/2025</b>	<b>Unlisted Options \$0.16 Expiring 01/05/2025</b>	<b>Unlisted Options \$0.18 Expiring 01/05/2025</b>
MR EDWARD SUGAR	3,750,000	3,750,000	3,750,000	3,750,000
MR MATTHEW BONNER	750,000	750,000	750,000	750,000
MR ROGLER DE LA RAMBELJE	500,000	500,000	500,000	500,000
Holders individually less than 20%	-	-	-	-
<b>Total</b>	5,000,000	5,000,000	5,000,000	5,000,000

	<b>Listed Options \$0.18 Expiring 31/03/2025</b>	<b>Unlisted Options \$0.20 Expiring 22/02/2024</b>	<b>Performance Rights</b>
GILMORE CAPITAL LIMITED	-	7,776,425	-
EVOLUTION CAPITAL PTY LTD	50,500,000	-	-
OKEWOOD PTY LTD	-	-	40,000,000
PIXSELL PTY LTD <PIXSELL UNIT A/C>	-	-	30,000,000
Holders individually less than 20%	172,576,970	-	10,000,000
<b>Total</b>	223,076,970	7,776,425	80,000,000

### Substantial shareholders as at 26 August 2022

	<b>No. of ordinary shares held</b>	<b>% Held</b>
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	534,367,731	38.16
CITICORP NOMINEES PTY LIMITED	75,072,030	5.36

**MINING TENEMENT SCHEDULE AS AT 30 JUNE 2022**

<b>Tenement Reference</b>	<b>Location</b>	<b>Ownership Interest</b>
104/96	Wolfsberg Project, Austria	100%
105/96	Wolfsberg Project, Austria	100%
106/96	Wolfsberg Project, Austria	100%
107/96	Wolfsberg Project, Austria	100%
108/96	Wolfsberg Project, Austria	100%
109/96	Wolfsberg Project, Austria	100%
110/96	Wolfsberg Project, Austria	100%
111/96	Wolfsberg Project, Austria	100%
112/96	Wolfsberg Project, Austria	100%
113/96	Wolfsberg Project, Austria	100%
114/96	Wolfsberg Project, Austria	100%
115/96	Wolfsberg Project, Austria	100%
116/96	Wolfsberg Project, Austria	100%
117/96	Wolfsberg Project, Austria	100%
118/96	Wolfsberg Project, Austria	100%
119/96	Wolfsberg Project, Austria	100%
120/96	Wolfsberg Project, Austria	100%
121/96	Wolfsberg Project, Austria	100%
122/96	Wolfsberg Project, Austria	100%
123/96	Wolfsberg Project, Austria	100%
124/96	Wolfsberg Project, Austria	100%
125/96	Wolfsberg Project, Austria	100%
370/11(611/11)	Wolfsberg Project, Austria	100%
371/11(612/11)	Wolfsberg Project, Austria	100%
372/11(613/11)	Wolfsberg Project, Austria	100%
373/11(614/11)	Wolfsberg Project, Austria	100%
374/11(615/11)	Wolfsberg Project, Austria	100%
375/11(616/11)	Wolfsberg Project, Austria	100%
378/11(619/11)	Wolfsberg Project, Austria	100%
379/11(620/11)	Wolfsberg Project, Austria	100%
380/11(621/11)	Wolfsberg Project, Austria	100%
381/11(622/11)	Wolfsberg Project, Austria	100%
382/11(623/11)	Wolfsberg Project, Austria	100%
383/11(624/11)	Wolfsberg Project, Austria	100%
384/11(625/11)	Wolfsberg Project, Austria	100%
386/11(627/11)	Wolfsberg Project, Austria	100%
387/11(628/11)	Wolfsberg Project, Austria	100%
388/11(629/11)	Wolfsberg Project, Austria	100%
389/11(630/11)	Wolfsberg Project, Austria	100%
390/11(631/11)	Wolfsberg Project, Austria	100%
391/11(632/11)	Wolfsberg Project, Austria	100%
392/11(633/11)	Wolfsberg Project, Austria	100%
394/11(636/11)	Wolfsberg Project, Austria	100%
395/11(637/11)	Wolfsberg Project, Austria	100%
396/11(638/11)	Wolfsberg Project, Austria	100%
397/11(639/11)	Wolfsberg Project, Austria	100%
398/11(640/11)	Wolfsberg Project, Austria	100%
400/11(645/11)	Wolfsberg Project, Austria	100%
401/11(646/11)	Wolfsberg Project, Austria	100%
402/11(647/11)	Wolfsberg Project, Austria	100%
403/11(648/11)	Wolfsberg Project, Austria	100%
408/11(648/11)	Wolfsberg Project, Austria	100%
409/11(641/11)	Wolfsberg Project, Austria	100%
412/11(649/11)	Wolfsberg Project, Austria	100%
Andreas 1	Wolfsberg Project, Austria	100%
Andreas 2	Wolfsberg Project, Austria	100%
Andreas 3	Wolfsberg Project, Austria	100%
Andreas 4	Wolfsberg Project, Austria	100%
Andreas 5	Wolfsberg Project, Austria	100%
Andreas 6	Wolfsberg Project, Austria	100%
Andreas 7	Wolfsberg Project, Austria	100%



## MINING TENEMENT SCHEDULE AS AT 30 JUNE 2022

Andreas 8	Wolfsberg Project, Austria	100%
Andreas 9	Wolfsberg Project, Austria	100%
E47/4144 <sup>1, 2</sup>	Western Australia	-
E47/4532 <sup>1, 3</sup>	Western Australia	-
E47/4533 <sup>1, 3</sup>	Western Australia	-
E47/4534	Western Australia	50%
E47/4543 <sup>1, 3</sup>	Western Australia	-
E47/4544 <sup>1, 3</sup>	Western Australia	-
E47/4545 <sup>1, 3</sup>	Western Australia	-
E47/4546 <sup>1, 3</sup>	Western Australia	-

<sup>1</sup> Application pending

<sup>2</sup> At 30 June 2022, 100% owned by EUR and 50% beneficially held by EUR, with the remaining 50% held by Wombat Resources Ltd (**Wombat**). On 1 August 2022, the Company entered into an agreement with Wombat to purchase all of Wombat's legal and beneficial interests in E47/4144 (refer to note 29)

<sup>3</sup> Applied for by John Wally Resources Pty Ltd, a partially owned (50%) subsidiary of EUR



★ ★ ★  
**EUROPEAN**  
LITHIUM<sup>™</sup>

[www.europeanlithium.com](http://www.europeanlithium.com)