Neometals Ltd

A.C.N. 099 116 631

Annual Financial Report

for the financial year ended 30 June 2020

REVIEW OF OPERATIONS

The directors of Neometals Ltd ("**Company**" and "**Neometals**") present the annual financial report for the Company and its controlled entities ("**Consolidated Entity**" and "**Group**").

Neometals innovatively develops opportunities in minerals and advanced materials essential for a sustainable future. With a focus on the energy storage megatrend, the strategy focuses on de-risking and developing long-life projects with strong partners and integrating down the value chain to increase margins and return value to shareholders.

Neometals has four core projects with strong partners that span the battery value chain:

<u>Recycling and Resource Recovery</u>

- Lithium-ion Battery Recycling – a proprietary process for recovering cobalt and other valuable materials from spent and scrap lithium batteries. Pilot plant testing completed with plans well advanced to conduct demonstration scale trials with 50:50 JV partner SMS group. Working towards a development decision in 2021; and

- Vanadium Recovery – a 27-month option to evaluate establishing a 50:50 joint venture to recover vanadium from processing by-products ("**Slag**") from leading Scandinavian steel maker SSAB. Underpinned by a 10-year Slag supply agreement, a decision to develop sustainable European production of high-purity vanadium pentoxide is targeted for December 2022.

<u>Downstream Advanced Materials</u>

- Lithium Refinery Project – evaluating the development of India's first lithium refinery to supply the battery cathode industry with potential 50:50 JV partner Manikaran Power. Underpinned by a binding life-of-mine annual offtake option for 57,000 tonnes per annum of Mt Marion 6% spodumene concentrate. Working towards a development decision in 2023.

<u>Upstream Industrial Minerals</u>

- Barrambie Titanium and Vanadium Project - one of the world's highest-grade hard-rock titanium-vanadium deposits, working towards a development decision for a staged operation in mid-2021.

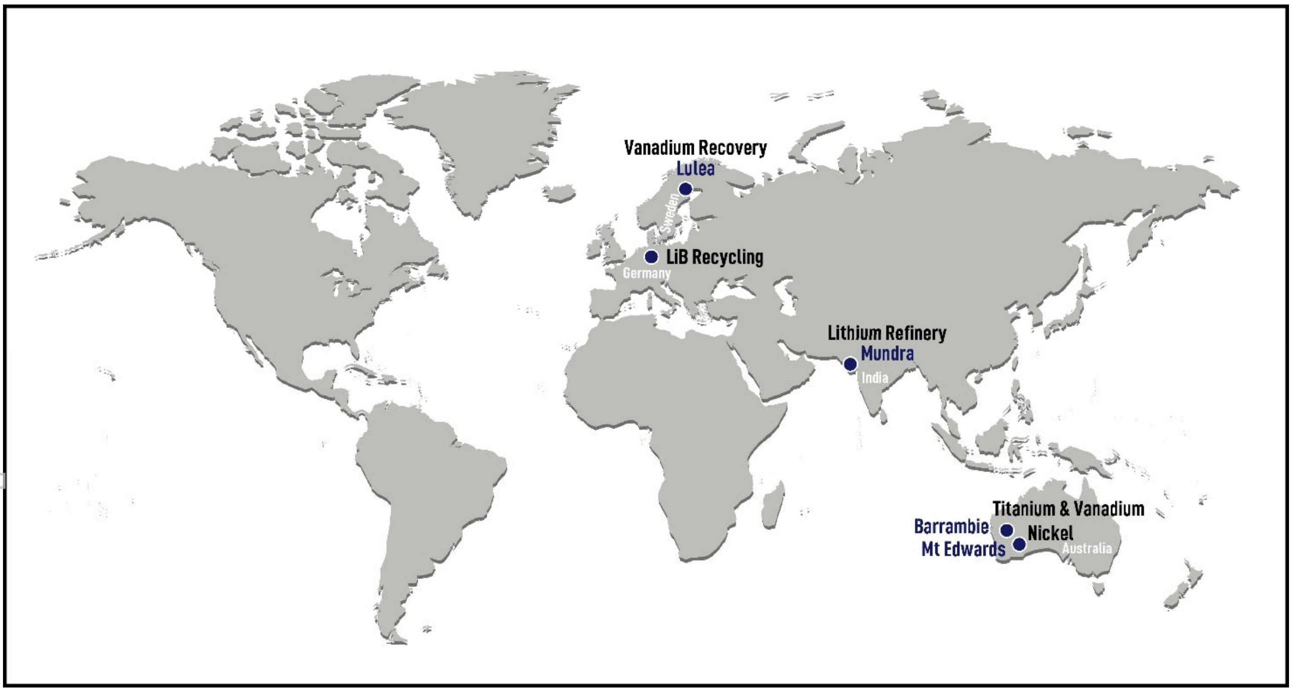

Figure 1 – *Location map of Neometals Projects*

CORE PROJECTS

LITHIUM BATTERY RECYCLING PROJECT

(50:50 Joint Venture with SMS Group)

Neometals has developed a sustainable process flowsheet targeting the recovery of battery materials contained in production scrap and end-of-life lithium-ion batteries (**LIBs**) that might otherwise be disposed of in land fill or processed in high-emission pyrometallurgical recovery circuits. Neometals' process flowsheet targets the recovery of valuable materials from consumer electronic batteries (devices with lithium cobalt oxide (**LCO**) cathodes), and nickel-rich EV and stationary storage battery chemistries (lithium-nickel-manganese-cobalt (**NMC**) cathodes). The flowsheet is designed to recover cobalt, nickel, lithium, copper, iron, aluminium and manganese into saleable products with demonstration scale trials targeted at showcase facilities in Europe commencing in 2021.

A 2019 scoping study, based on previous bench scale test-work, highlighted robust economics. Data from the recently concluded pilot trial will feed next stage engineering and feasibility studies.

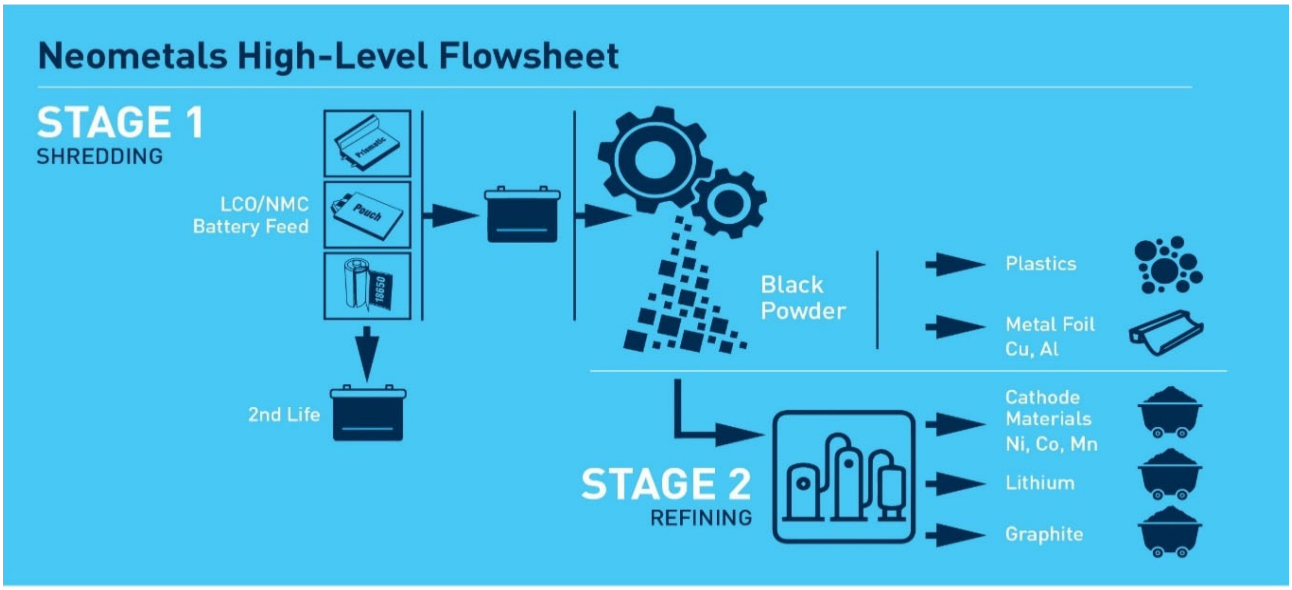

Figure 2 - *High level flowsheet showing the materials generated from Feed Preparation and Hydrometallurgical Processing stages*

The recycling flowsheet, comprises two stages:

1. Shredding and beneficiation to remove metal casings, electrode foils and plastics ("**Feed Preparation**"); and
2. Leaching, purification and precipitation to deliver chemical products via the hydrometallurgical processing facility ("**Hydrometallurgical Processing**").

Pilot Plant

During the year, Neometals announced successful completion of its lithium-ion battery recycling pilot in Canada ("**Pilot**"). The Pilot validated earlier bench scale assumptions with high recoveries of a targeted suite of cathode active elements that were refined into high purity chemicals for re-use in the battery supply chain.

The Pilot, undertaken by SGS Canada Inc., represents part of the pre-development activities for a proposed commercial LIB recycling venture to recover LIB materials from electric vehicle and consumer electronics batteries. Neometals successfully shredded and processed 2.3 tonnes of spent commercial LIBs during the 'Feed Preparation' stage of the Pilot. A total of 980 kg of shredded and upgraded cathode and anode material ("**Black Mass**") was fed into the subsequent 'Hydrometallurgical Processing' stage from which cathode materials have been recovered and refined into high-purity chemical products.

Successful completion of the Pilot, which commenced in February 2019, represented a significant commercial milestone for the Neometals recycling technology. Objectives were met and surpassed, no fatal technical flaws arose, and the Company now has the data to commence feasibility-level studies ahead of demonstration trials in Europe ("**Demonstration Trial**"). With the Pilot significantly reducing the technical risk of commercialising its proprietary process, Neometals can proceed confidently towards the SMS group commercialisation JV and advance feed supply and product offtake activities (*see JV with SMS section below for further information).*

JV with SMS

To accelerate commercial development of the recycling project, Neometals announced during the December 2019 quarter that it had entered a binding memorandum of understanding ("**MOU**") with leading global processing plant manufacturer SMS group ("**SMS**"), following which SMS successfully concluded its due diligence to evaluate the results of the Neometals Pilot. The parties finalised the definitive transaction documents for the formation of a 50:50 joint venture ("**JV**"), to design and construct a demonstration plant at an SMS site in Germany. The formal agreements were executed subsequent to year end on 31 July 2020. A Class 3 Engineering Cost Study will be completed and a final JV investment decision ("**FID**") will follow feasibility evaluation to consider construction of the first commercial-scale operation.

VANADIUM RECOVERY PROJECT

(Option towards 50:50 Joint Venture)

Recycling Agreement

During the year, Neometals announced execution of a collaboration agreement with unlisted Scandinavian-focussed explorer, Critical Metals Ltd ("**Critical**"), to jointly evaluate the feasibility of recovering high-purity vanadium products from high-grade vanadium-bearing steel by-product ("**Slag**") in Scandinavia *(for full details refer to ASX announcement entitled "High-Grade Vanadium Recycling Agreement" released on 6 April 2020)*. The collaboration contemplates Neometals funding and managing the evaluation activities, up to consideration of an investment decision. A positive investment decision will lead to a 50:50 incorporated joint venture ("**JV**"). Neometals is Critical's largest shareholder and holds 15.4% of its issued capital.

Critical has executed a conditional agreement ("**Slag Supply Agreement**") with SSAB EMEA AB and SSAB Europe Oy, subsidiaries of SSAB ("**SSAB**"), a steel producer that operates steel mills in Scandinavia. Slag is a by-product of SSAB's steel making operations. The Slag Supply Agreement provides a secure basis for the evaluation of an operation capable of processing 200,000 tonnes of Slag per annum without the need to build a mine and concentrator like existing primary producers.

Neometals has extensive experience in the metallurgical processing of vanadium bearing concentrates from its Barrambie Titanium-Vanadium project and has, through a wholly owned subsidiary Avanti Materials Ltd ("**Avanti**"), developed a proprietary hydrometallurgical flowsheet suitable for recovering Vanadium from the Slag. The flowsheet utilises conventional equipment and is subject to provisional patent applications, tailored to recover high-purity vanadium chemicals from Slag. Extensive due-diligence test-work completed by Neometals' chosen metallurgical contractor in Perth on multiple SSAB Slag samples has confirmed excellent recoveries from leaching under mild conditions at atmospheric pressure.

Neometals' hydrometallurgical process has significant operational, cost and risk advantages over the traditional pyro/hydro-metallurgical (salt-roast) process route.

The collaboration agreement is significant as it creates an option to secure critical materials without mining and processing risk and the opportunity to produce high grade vanadium products with lowest quartile costs owing to the grade of vanadium sitting above surface in stockpiles.

One of Neometals' key strategies relates to identification and disciplined evaluation of mineral and materials projects that have direct exposure to the energy storage and electric vehicle mega-trend. As it relates to energy storage, vanadium solutions are the storage medium in the Vanadium Redox Flow batteries ("**VRFB's**") which are a leading stationary storage technology. Approximately 75% of global vanadium supply is produced in China and Russia, and there exists a significant opportunity to supply the European and American markets from recycling SSAB's Scandinavian feedstocks.

Evaluation

During the year Neometals completed a scoping study which highlights a strong case for future development of a processing operation to recover vanadium chemicals from steel making by-products. The study indicated potential lowest quartile cash costs. Accordingly Neometals has proceeded to the next stage of evaluation studies, comprising completion of continuous mini-pilot scale metallurgical test-work to provide process data for a Class 4 American Association of Cost Engineering ("**AACE**") engineering cost study culminating in a Preliminary Feasibility Study ("**PFS**"). Neometals has completed the metallurgical drilling program on the SSAB Lulea stockpiles.

Critical will advance site selection studies, approvals and managing the SSAB relationship.

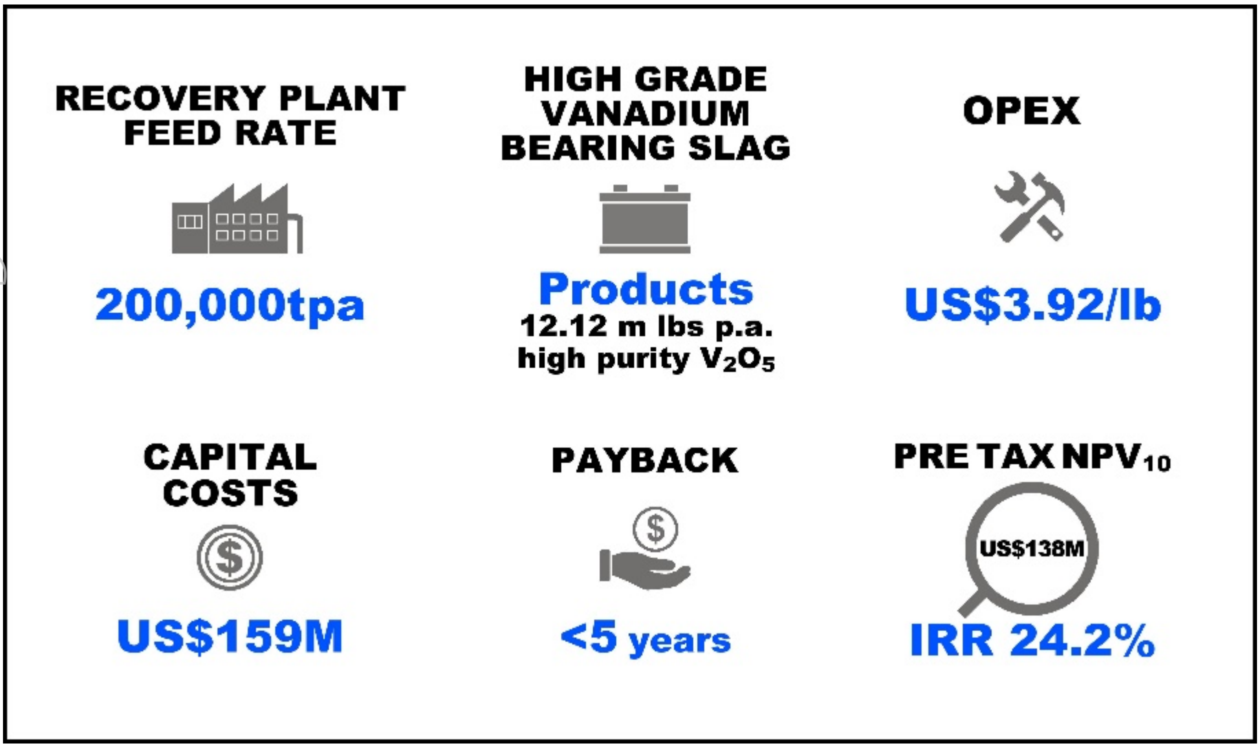

Figure 3 - *Key Highlights of the Scoping Study (all figures expressed on a 100% ownership basis)*

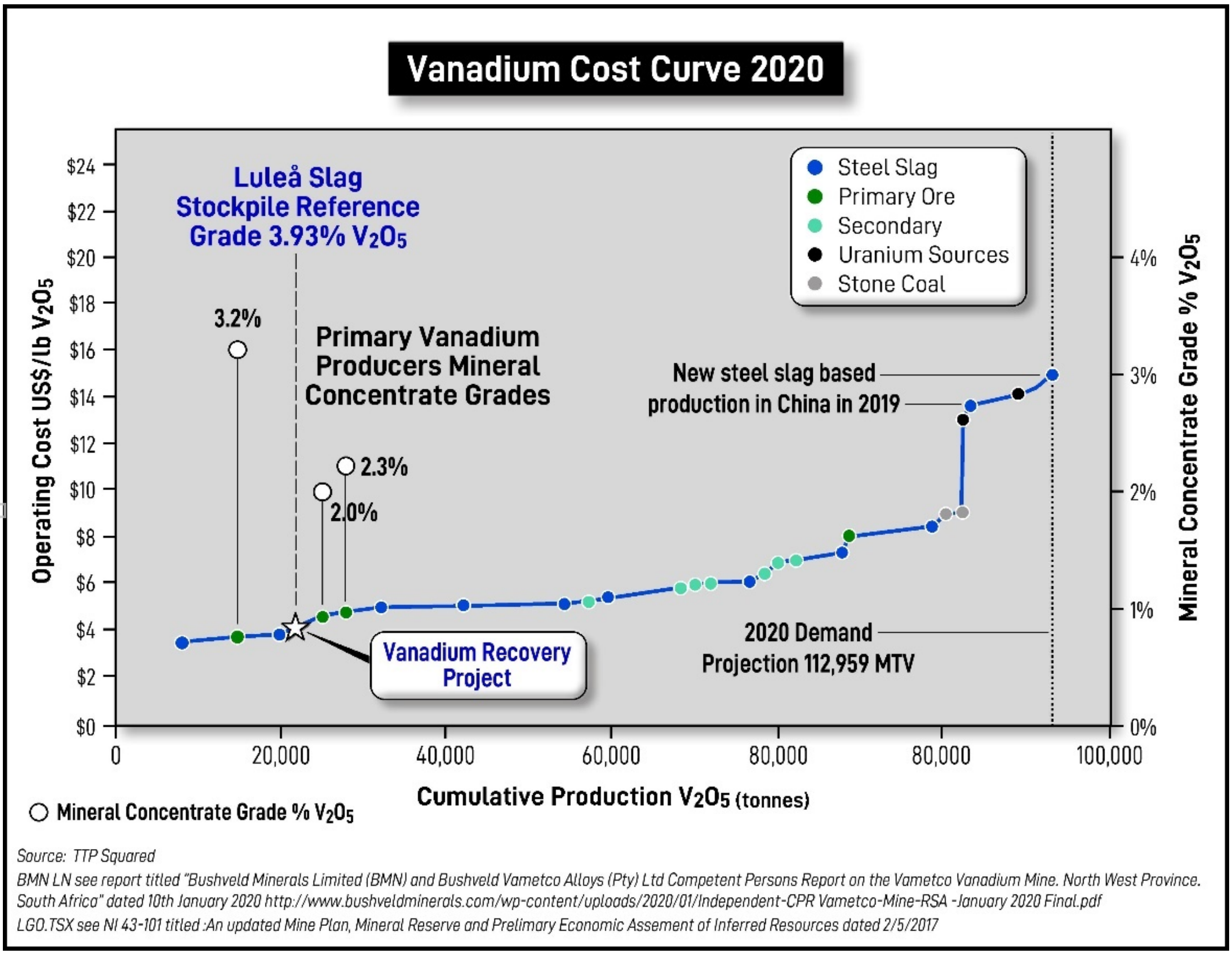

Figure 4 – *Scoping Study Operating Cost Estimate over 2020 Vanadium Operating Cost Curve*

LITHIUM REFINERY PROJECT (LR)

(Neometals Ltd 100%)

The key purpose of the lithium refinery project ("LR") is to realise value from the Company's Mt Marion spodumene concentrate offtake option ("**Offtake Option**"). The annual Offtake Option from Mt Marion provides a fixed volume of up to 57,000tpa of 6% spodumene concentrate for conversion into battery grade lithium hydroxide (LiOH) for supply to LIB cathode and cell makers. The LR has been designed with a flexible capacity of nominally 20,000tpa of LiOH.

The LR represents a strategic option for downstream lithium chemical production when the lithium market returns to a position of strength. Development timelines have been designed to align with projected lithium supply deficits forecast from ~2025 onwards

MOU with Manikaran Power

Late 2019 the Company entered into a MOU with Manikaran Power Limited ("**Manikaran**"). Pursuant to this MOU, Neometals and Manikaran have agreed to contribute their respective skills, resources and know-how to co-fund evaluation studies of the development of a LR in India and to share the costs of the evaluation equally. Upon completion of evaluation studies, and subject to agreement on terms, a final investment decision ("**FID**") will be considered for a 50:50 joint venture ("**JV**") to progress and develop the LR in India.

A positive FID and formal JV commitment would see Neometals contributing to the venture its 'life-of-mine' Offtake Option volume. Additional spodumene feed would be secured, as required, from external sources to meet the LR's needs depending on nameplate capacity. It is proposed Manikaran will take the lead role in procuring project financing for not less than 50% of the capital expenditure required, securing regulatory approvals and Indian government subsidies (as available), securing a suitable site for the LR and necessary utility and reagent supplies.

During the year activities associated with the Manikaran MOU included:

- Evaluation of potential project sites (including a visit by senior management to India) which culminated in the potential site being narrowed down to three lots within the Mundra port in the State of Gujurat;
- Commencement of an AACE Class 3 based Feasibility Study awarded to Primero
- Testing of Mt Marion concentrates with potential plant vendors
- Completion of the process design work package for hydromet component of plant by Veolia
- Advancement of process design criteria in preparation for input from pyrometallurgy and hydrometallurgy technology vendors, SCT and Veolia respectively
- Commercial discussions with potential providers of third party spodumene feed for the LR.

Figure 5 – *Proposed Project Location adjacent to Mundra Port, the largest port in India*

BARRAMBIE VANADIUM / TITANIUM PROJECT
(Neometals 100%)

The Barrambie Vanadium and Titanium Project in Western Australia ("**Barrambie**") is one of the largest vanadiferous-titanomagnetite ("**VTM**") resources globally (280.1Mt at 9.18% TiO_2 and 0.44% V_2O_5)*, containing the world's second highest-grade hard rock titanium resource (53.6Mt at 21.17% TiO_2 and 0.63% V_2O_5)* and high-grade vanadium resource (64.9Mt at 0.82% V_2O_5 and 16.9% TiO_2) subsets (referred to as the Eastern and Central Bands respectively) based on the latest Neometals 2018 Mineral Resource Estimate (**for full details refer to ASX announcement entitled "Updated Barrambie Mineral Resource Estimate" released on 17 April 2018 and Table 1 below*).

Global Resource as at 17 April 2018[1]

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

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

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

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

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

(1) *Based on Cut-off grades of ≥0% TiO_2 or ≥.2% V_2O_5*

(2) *The high-grade titanium and vanadium figures are a sub-set of the total Mineral Resource. These figures are not additive and are reporting the same block model volume but using different cut-off grades.*

Refer to Neometals' ASX release dated 17 April 2018 title 'Updated Barrambie Mineral Resource Estimate' available at www.neometals.com.au/reports/2018-04-17-5645-BarrambieP.pdf

Figure 6– *Barrambie Mineral Resource Estimate, April 2018*

Barrambie is located approximately 80km North-west of Sandstone in Western Australia (see Figure 1) and has a granted mining lease covering its mineral resource.

IMUMR MOU

In October 2019 Neometals entered a memorandum of understanding ("**MOU**") with Chinese research organisation, IMUMR, to jointly advance development of Barrambie (*for full details refer to ASX announcement entitled "Development agreement for Barrambie Project" released on 4 October 2019*). MOU activities are underway with concentrate (mixed, Ilmenite and Iron/Vanadium) being evaluated ahead of a potential processing demonstration plant. The MOU outlines a potential pathway towards a 50:50 joint venture to advance Barrambie's commercial exploitation.

The MOU establishes a pathway to enhance and realise value through the development of Barrambie with a potential partner to considerably reduce Neometals funding requirements and project risk. It should also be recognised that IMUMR has a Chinese national mandate that includes development of upstream supply chains for industries of strategic relevance to China. IMUMR will have the right, subject to Neometals approval, to assign its interests under the MOU to a commercial Chinese chemical processing partner.

Test-work

Metallurgical test-work activities progressed well during the quarter and have been scoped to align with evaluation steps in the Neometals MOU with IMUMR towards a commercial mining and processing venture. The test-work can be considered in two parts:

1. Beneficiation to produce high quality concentrates which are suitable feedstocks for conventional downstream processing into titanium and vanadium products (metals and chemicals); and

2. Design and trialling of a hydrometallurgical downstream processing flowsheet to make high-purity titanium and vanadium chemical products.

Beneficiation and Downstream Processing

During the year magnetic and gravity-based pilot beneficiation campaigns were successfully completed in Perth. In addition to the samples of iron/vanadium and ilmenite concentrates that were sent to China for customer evaluation, Neometals now has approximately 11 tonnes of additional Barrambie Eastern Band (titanium rich) concentrate available for blending and delivery to meet IMUMR MOU commitments.

In addition to preparation of concentrates from the pilot trial, Neometals completed downstream test-work (hydrometallurgy) on Eastern band concentrates to:

i) extract and recover the vanadium values; and
ii) produce feed for pilot processing of titanium chemicals in Perth.

Neometals has demonstrated the ability to make a high-purity intermediate chemical that is commonly produced by prospective titanium pigment customers. Industrial minerals need to be benchmarked for value in use to attract off-takers and industry partners. Of commercial relevance, the hydrometallurgical titanium chemical results will support investigations by potential partners who will look to add value to titanium and vanadium/iron bearing concentrates prepared in Australia.

Neometals is encouraged by positive feedback from IMUMR and other industry groups on ilmenite concentrate. Industry feedback is pending on the iron/vanadium concentrates prepared by Neometals and that industry feedback will guide next steps for further analysis and/or flowsheet demonstration.

Class 5 Scoping and Engineering Studies

An AACE Class 5 Engineering Cost Study on Neometals favoured path to extract value from both titanium and vanadium is now complete. With ore, concentrate and chemical product quality in a position to be measured by third parties via evaluation samples, the study outcomes will provide the remaining information to IMUMR and other potential industry partners from which to make preliminary assessments of Barrambie product value-in-use and economic viability within their various business models.

Given the uncertainties in the Chinese titanium and vanadium chemical markets, Neometals will narrow its focus to the evaluation of mining and concentrate production operation as a first stage.

EXPLORATION PROJECTS

MT EDWARDS LITHIUM & NICKEL PROJECT

(Neometals 100%)

During the year Neometals continued to build value at Mt Edwards. Since acquisition in 2018, drill programs have defined high grade massive nickel mineralisation and several mineral resources have been reviewed with estimates updated. Successful exploration outcomes at Mt Edwards are driving development of a pipeline of short lead time nickel sulphide deposits for further evaluation via mining studies. Exploration results to date have provided strong encouragement regarding alternatives to realise value at Mt Edwards.

The Mt Edwards project is located 90km south of Kalgoorlie and 35km south west of Kambalda in Western Australia. The tenements cover an area of 240km2 across the Widgiemooltha Dome nickel sulphide belt and host more than 141,000 tonnes of contained nickel estimated across eleven nickel sulphide Mineral Resources (*for full details refer to ASX announcement entitled "Increase in Mt Edwards Nickel Mineral Resource" released on 26 May 2020*).

Table 1 – *Mt Edwards Project Nickel Mineral Resources - total nickel tonnes 141,000*

	Indicated		Inferred		TOTAL Mineral Resources		
Deposit	**Tonne (kt)**	**Nickel (%)**	**Tonne (kt)**	**Nickel (%)**	**Tonne (kt)**	**Nickel (%)**	**Nickel Tonnes**
Widgie 3[2]			625	1.5	625	1.5	9,160
Gillett[5]			1,306	1.7	1,306	1.7	22,500
Widgie Townsite[2]	2,193	1.9			2,193	1.9	40,720
Munda[3]			320	2.2	320	2.2	7,140
Mt Edwards 26N[2]			575	1.4	575	1.4	8,210
132N [1]	110	3.5	10	1.8	120	3.4	4,070
Cooke [1]			150	1.3	150	1.3	1,950
Armstrong[4]	526	2.1	107	2.0	633	2.1	13,200
McEwen [1]			1,070	1.3	1,070	1.3	13,380
McEwen Hangingwall [1]			1,060	1.4	1,060	1.4	14,840
Zabel [1]			330	1.8	330	1.8	5,780
TOTAL	**2,829**	**2.0**	**5,553**	**1.5**	**8,382**	**1.7**	**141,000**

Reporting criteria: Mineral Resources quoted using a 1% Ni block cut-off grade. Small discrepancies may occur due to rounding

Note 1. refer announcement on the ASX: NMT 19 April 2018 titled Mt Edwards JORC Code Mineral Resource 48,200 Nickel Tonnes
Note 2. refer announcement on the ASX: NMT 25 June 2018 titled Mt Edwards Project Mineral Resource Over 120,000 Nickel Tonnes
Note 3. refer announcement on the ASX: NMT 13 November 2019 titled Additional Nickel Mineral Resource at Mt Edwards
Note 4. refer announcement on the ASX: NMT 16 April 2020 titled 60% Increase in Armstrong Mineral Resource
Note 5. refer announcement on the ASX: NMT 26 May 2020 titled Increase in Mt Edwards Nickel Mineral Resource

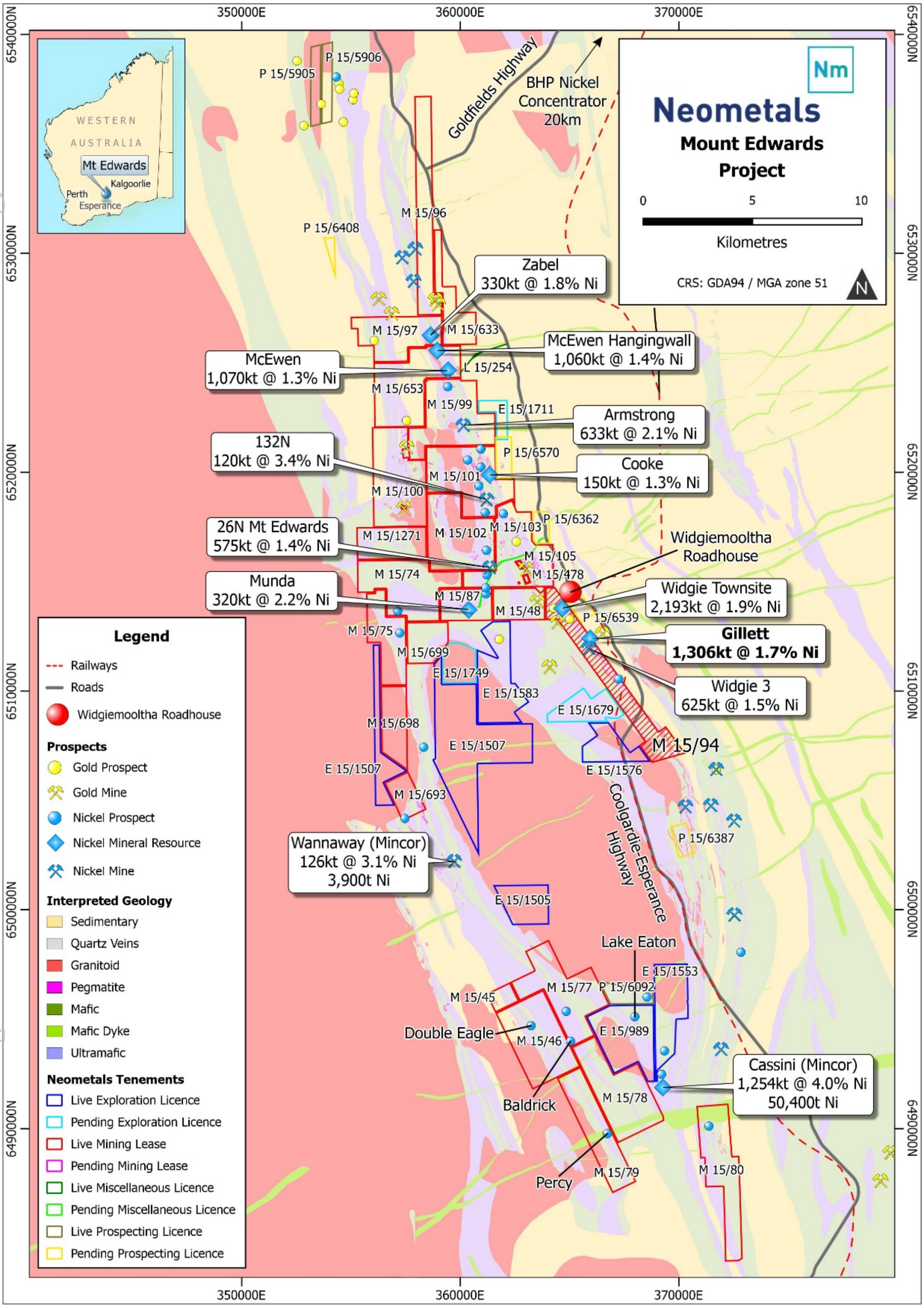

Figure 7 - *Mt Edwards Project tenure over geology. The location of the Armstrong and Gillett Mineral resources, and their relative Mining Leases (M15/99 and M15/94) are shown along with and the projects other Mineral Resources*

Neometals hold 100% nickel rights for all live tenements shown above.

Near term Work

Exploration

Neometals is excited to be heading back into the field with a targeted drilling program over the Lake Eaton prospect and tenure along strike from Mincor's Cassini deposit ("Cassini"). Diamond drilling is presently underway on the recently acquired Exploration License E15/1553 located less than 2 kilometres directly north and along strike from Cassini. A number of the conductor plates identified on the Cassini-Wannaway trend with completion of MLEM geophysical survey are planned to be drilled on the southern portion of the project over tenements M15/78, E15/989 and E15/1553.

Resource Extension/Development Studies

Given the success this quarter of increasing the resource at Gillett planning work is underway for a work program that will include RC and diamond core drilling to further test the extents of mineralisation, and infill drilling to increase confidence sufficient to 'upgrade' the Mineral Resource 'classification'. In addition, diamond core drilling and sampling will be used to further improve the understanding of the mineralogy and metallurgical characteristics to pave the way for advanced mining studies.

Compliance Statement

The information in this report that relates to Mineral Resource and Ore Reserve Estimates and updated DFS Results for the Barrambie Vanadium/Titanium Project and Mineral Resource Estimates for the Mt Edwards Project are extracted from the ASX Announcements listed in the table below, which are also available on the Company's website at www.neometals.com.au

26/05/2020	Mt Edwards Nickel – Increase in Mt Edwards Nickel Mineral Resource
16/04/2020	Mt Edwards Nickel – 60% Increase in Armstrong Mineral Resource
13/11/2019	Additional Nickel Mineral Resource at Mt Edwards
25/06/2018	Mt Edwards Nickel – Mineral Resource over 120,000 Nickel Tonnes
19/04/2018	Mt Edwards Nickel – Mineral Resource Estimate
17/04/2018	Updated Barrambie Mineral Resource Estimate

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified form the original market announcements.

Directors' Report

The directors of Neometals Ltd submit their report for the financial year ended 30 June 2020.

The names and particulars of the directors of the Company during or since the end of the financial year are:

Current Directors

Name	Particulars
Steven Cole	**Non-executive Chairman** Steven Cole has over 40 years of professional, corporate and business experience through senior legal consultancy, as well as a range of executive management and non-executive appointments. His extensive boardroom and board sub-committee experience includes ASX listed, statutory, proprietary and NFP organisations covering the industrial, financial, educational, professional services, agribusiness, health and resources sectors. Steven's professional qualifications include: • Llb (hons)– University of Western Australia • AICD Company Directors Diploma and Fellow; • Wharton Business School – University of Pennsylvania – Corporate Governance Program 2010 • Harvard – Corporate Governance Program 2015 ***Appointed***: 24 July 2008 ***Special responsibilities:*** Chairman of each of the Nomination and Remuneration Committees and Member of each of the Audit and Risk Committees. ***Directorships of other listed companies:*** Non-executive Director Matrix Composites and Engineering Ltd
David J. Reed OAM	**Non-executive Director** David Reed is a Fellow of CPA Australia with over 45 years' experience in stock broking and corporate management. From 1985 to 1997 Mr. Reed was chairman of stock-broking firm Eyres Reed Ltd until its sale to CIBC World Markets in 1997 at which time he became Chairman of CIBC Australia, a position he held until 2003. Mr. Reed has served as chairman of several ASX listed mineral exploration companies and served as Chairman of Neometals Ltd since inception in 2001 to 27 November 2015 when he was succeeded by Steven Cole. Mr. Reed is a former chairman of the fund raising committee for the Australian Prospectors and Miners Hall of Fame and secretary of the Amalgamated Prospectors and Leaseholders Association and was a co-founder of the Diggers and Dealers Forum in Kalgoorlie. Mr. Reed received an Order of Australia Medal in 2002 for his service to the community. ***Appointed***: 20 December 2001 ***Special responsibilities:*** Deputy Chairman and Member of the Nomination and Remuneration Committees ***Directorships of other listed companies:*** Nil
Christopher J. Reed	**Managing Director** Christopher Reed is an accountant with over 25 years' experience in the resource industry including more than 15 years in corporate administration and management. Christopher served as Managing Director of Reed Resources Ltd (now Neometals Ltd) from September 2007 until May 2012 at which time he assumed the role executive director. Christopher resumed the role as Managing Director from 1 October 2013. Mr. Reed holds a Bachelor of Commerce from the University of Notre Dame and a Graduate Certificate in Mineral Economics from the WA School of Mines. He is a member of the AusIMM. Appointed: 20 December 2001 Special responsibilities: CEO

Dr. Natalia Streltsova	**Non-executive Director** Natalia Streltsova is a PhD qualified chemical engineer with over 25 years' experience in the minerals industry, including over 10 years in senior technical and corporate roles with mining majors - WMC, BHP and Vale. Dr Streltsova has considerable international experience covering project development and acquisitions in South America, Africa and the Former Soviet Union. In the last 7 years, since finishing full-time executive roles, her focus has been on non-executive board memberships and consulting. She is a council member of Association of Mining and Exploration Companies and a graduate of the Australian Institute of Company Directors. ***Appointed***: 14 April 2016 ***Special responsibilities:*** Chair of the Risk Committee and Member of each of the Remuneration and Audit Committees. ***Directorships of other listed companies:*** Western Areas Limited & Ramelius Resources Limited

Mr Douglas Ritchie	**Non-executive Director** Doug has four decades experience working in the mining industry, including as a member of Rio Tinto's Executive Committee, and the Group Executive responsible for China, Doug's expertise across the industry is extensive. He has previously been a Director of Jinchuan Group International Resources (HKSE), Rossing Uranium Limited, Coal & Allied Limited (ASX 50), and various other ASX listed companies. He was also formerly Chairman of the Coal Industry Advisory Board to the International Energy Agency, a Director of the World Coal Association and a Director of the Queensland Resources Council. Between 2013 and April 2016, Doug was Chairman of UniQuest, the main commercialisation vehicle of the University of Queensland. Doug is a Fellow of the Australian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Company Directors. ***Appointed***: 14 April 2016 ***Special responsibilities:*** Chairman of the Audit Committee and Member of each of the Nomination and Risk Committees. ***Directorships of other listed companies:*** Nil

Dr Jenny Purdie	**Non-executive Director** Dr Purdie's extensive career has seen her hold roles in engineering, senior technology, strategy and operations for leading international mining companies. Dr. Purdie is currently a senior executive of Jemena Management Holdings – Executive General Manager Gas Distribution - which follows her role as CEO of Adani Renewables Australia from 2017 to 2018. Dr. Purdie previously served as Executive Vice President - Enterprise Services at Aurizon, Global Practice Leader for Rio Tinto's Technology and Innovation team (leading a global network of in-house technologists and suppliers to deploy innovative technologies across Rio Tinto operations) and she filled engineering and management roles with Rio Tinto, Alcoa and Altona Petrochemical. Dr Purdie has worked in a number of senior management and operational roles and has been deeply immersed in technology development. She has a PhD and Bachelor of Engineering (Chemical and Materials, Hons 1) from Auckland University and an Executive MBA from the University of Queensland. She is a committee member of Women in Mining and Resources Queensland, a fellow of the Institution of Chemical Engineers and a graduate of the Australian Institute of Company Directors. ***Appointed:*** 27 September 2018 ***Special Responsibilities:*** Member of each of the Audit and Nomination Committees. ***Directorships of other listed companies:*** Nil

Mr Les Guthrie	**Non-executive Director** Mr Guthrie has over 40 years experience in the project delivery space. He has held corporate executive and project management roles, across the UK, Australia, North America and Asia. It is a background steeped in the strategy, development and delivery of major capital programs spanning mining, infrastructure and oil & gas. He is currently Managing Director of Bedford Road Associates, where he has provided advice and delivery support to clients in Mongolia, S.Korea, New Zealand as well as in Australia. He was recently invited to be the sole international guest speaker at a conference jointly hosted by Seoul National University and the Korean Ministry of Trade & Industry. Prior to establishing Bedford Road Mr Guthrie was Vice President Projects for BHP Billiton. Previously he held roles as Group Head of Capital Projects and President LNG for BG Group in the UK, President of Aker Kvaerner Inc. in the US, and Managing Director of Aker Kvaerner Australia. Mr Guthrie was a founding contributor to the John Grill Centre for Project Leadership at Sydney University and is engaged as a subject matter expert by Ernst & Young Advisory. ***Appointed***: 27 September 2018 ***Special responsibilities:*** Member of the Risk Committee and Remuneration Committee. ***Directorships of other listed companies:*** Nil

Company Secretary

Jason Carone	**Chief Financial Officer and Company Secretary** Mr. Carone is a Chartered Accountant with over 20 years' experience in accounting and company administration in Australia and South East Asia. Mr. Carone holds a Bachelor of Commerce in Accounting and Business Law from Curtin University and is a member of the Chartered Accountants Australia & New Zealand, and Chartered Secretaries Australia. ***Appointed***: 4 March 2009

Review of operations
The consolidated loss after income tax for the year attributable to members of Neometals Ltd was $14.6 million (2019: Profit of $76.1 million). A detailed review of the Company's operations during the financial year can be found on pages 1 to 10 of this Annual Financial Report.

Changes in state of affairs
During the financial year the Consolidated Entity's primary focus centered on advancing its advanced minerals projects. There have not been any other significant changes in the affairs of the Consolidated Entity from the previous year other than as disclosed in the Director's Report.

Principal activities

The Consolidated Entity's principal activities during the year centred on advancing its advanced minerals projects and developing its technology business unit.

Events after the reporting period

Further to the Company's announcement during the December 2019 quarter that it had entered a binding memorandum of understanding with leading global processing plant manufacturer SMS, SMS successfully concluded its due diligence in the last half of the financial year. Subsequently, on 31 July 2020 Neometals announced the execution of formal agreements governing the formation and operation of an incorporated 50:50 joint venture ("JV") with SMS, called Primobius GmbH ("Primobius"). Primobius aim is to commercialise Neometals' proprietary lithium-ion battery ("LiB") recycling technology (for further details see Neometals ASX announcement dated 31 July 2020 for further details).

No other matters or circumstances have arisen since the end of the financial year that have significantly affected, or may significantly affect the operations, results of operations or state of affairs of the Group in subsequent financial years.

COVID-19

Neometals recognises that COVID-19 is a rapidly evolving situation impacting us all. Whilst acknowledging the disruption to global commerce, Neometals finds itself well placed to continue to progress its projects and will continue to monitor any impacts the pandemic may have on its projects. The COVID19 outbreak and disruption during the latter part of the financial year has not had an impact on Neometals financially. Financial assistance received by the Group included $87,618 in payroll tax relief for the months of March through to June. At this point in time the Company is experiencing minor delays in project timelines as a result of the pandemic. These delays are not expected to be significant.

Future developments

The Consolidated Entity intends to continue its focus on disciplined evaluation and development of its four core assets, Lithium-ion Battery Recycling, Vanadium Recovery, Lithium Refinery Project and the Barrambie Vanadium and Titanium Project. These core projects are characterised by a combination of proven and innovative process flow sheets, successful mining operations and large JORC – compliant Resources.

Environmental regulations

As required by section 299(1)(f) of the Corporations Act the Company confirms that it has performed all of its environmental obligations in accordance with applicable environmental regulations.

Dividends

In respect of the financial year ended 30 June 2020, a special dividend of 2 cent per share, of which 7% was franked, was paid to the holders of fully paid ordinary shares on 3 April 2020.

Indemnification of officers and auditors

During the financial year the Company paid a premium in respect of a contract insuring the directors and officers of the Company and of any related body corporate against a liability incurred as a director or officer, to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Group or of any related body corporate against a liability incurred as such an officer or auditor.

Unissued shares under option

There were no unissued ordinary shares of the company, Neometals Ltd, under option at the date of this report.

No shares of the Company were issued during or since the end of the financial year as a result of the exercise of an option over the unissued shares of the Company.

Please refer to the Remuneration Report at page 24 below for details of Performance rights issued as part of KMP remuneration.

Directors' security holdings

The following table sets out each director's relevant interest in shares, debentures, and rights or options in shares or debentures of the Company or a related body corporate as at the date of this report:

	Fully paid Ordinary Shares	Share Options	Performance rights
Directors	Number	Number	Number
S. Cole	1,682,198	-	-
C. Reed	10,528,170	-	3,020,834
D. Reed	46,188,900	-	-
D. Ritchie	134,908	-	-
N. Streltsova	134,908	-	-
J. Purdie	215,187	-	-
L. Guthrie	133,280	-	-

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 8 board meetings, 3 nomination committee meeting, 2 remuneration committee meetings, 2 risk committee and 2 audit committee meetings were held.

	Board of Directors		Nomination Committee		Remuneration Committee		Risk Committee		Audit Committee	
Directors	Held	Attended	Held(1)	Attended	Held(1)	Attended	Held(2)	Attended	Held	Attended
S. Cole	8	7	3	3	2	2	n/a	n/a	2	1
C. Reed	8	8	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
D. Reed	8	8	3	3	2	2	2	2	n/a	n/a
N. Streltsova	8	8	n/a	n/a	2	2	2	2	2	2
D.Ritchie	8	8	3	3	n/a	n/a	2	2	2	2
J. Purdie	8	8	n/a	n/a	n/a	n/a	n/a	n/a	2	2
L. Guthrie	8	8	n/a	n/a	n/a	n/a	n/a	n/a	2	2	n/a	n/a

Meeting numbers in the "Held" column are the number of meetings held whilst the relevant director was a member of the board or committee.

(1) Excludes several informal meetings of the members of the Nomination and Remuneration Committees to discuss matters including the establishment of executive KPIs for incentive based remuneration and the TSR comparator group, board evaluation and board succession planning.

(2) Excludes several informal meetings of the members of the Risk Committee and management to discuss matters including the Company's strategic direction and resultant changes in risk exposure.

Proceedings on behalf of the company

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

Corporate Governance Statement

The Company is committed to high standards of corporate governance designed to enable the Company to meet its performance objectives and better manage its risks.

The Company has adopted a comprehensive governance framework in the form of a formal corporate governance charter together with associated policies, protocols and related instruments (together "Charter").

The Company's Charter is based on a template which has been professionally verified to be complementary to and in alignment with the ASX Corporate Governance Council Principles and Recommendations 4th Edition 2019 ("ASX CGC P&R") in all material respects. The Charter also substantially addresses the suggestions of good corporate governance mentioned in the "Commentary" sections of the ASX CGC P&R.

The Charter was formally adopted by the board on 19 December 2019. Prior to that date the Company's corporate governance charter was substantially reflective of the ASX Corporate Governance Council Principles and Recommendations 3rd Edition.

The Board of Neometals is responsible for the corporate governance of the company and its subsidiaries. The Board has governance oversight of all matters relating to the strategic direction, corporate governance, policies, practices, management and operations of Neometals with the aim of delivering value to its Shareholders and respecting the legitimate interest of its other valued stakeholders, including employees, suppliers and joint venture partners.

Under ASX Listing Rule 4.10.3, Neometals is required to provide in its annual report details of where shareholders can obtain a copy of its corporate governance statement, disclosing the extent to which the Company has followed the ASX Corporate Governance Council Principles and Recommendations in the reporting period. Neometals has published its corporate governance statement on the Corporate section of its website:

www.neometals.com.au/reports/corporate-governance-statement.pdf

Remuneration Report (audited)

Key Management Personnel

The following persons were deemed to be Key Management Personnel ("**KMP"**) during or since the end of the financial year for the purpose of Section 300A of the Corporations Act 2001 and unless otherwise stated were KMP for the entire reporting period.

Non-executive Directors

• Steven Cole	Non-executive Director/Chairman
• David Reed	Non-executive Director/Deputy Chairman
• Natalia Streltsova	Non-executive Director
• Douglas Ritchie	Non-executive Director
• Jenny Purdie	Non-executive Director
• Les Guthrie	Non-executive Director

Executive Directors

• Christopher Reed	Managing Director and CEO

Other executives

• Jason Carone	Chief Financial Officer and Company Secretary
• Michael Tamlin	Chief Operating Officer
• Darren Townsend	Chief Development Officer

Remuneration policy for key management personnel

Non-executive directors

The board's policy is to remunerate Non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. The remuneration committee on behalf of the board determines payments to the Non-executive Directors and reviews their remuneration annually, based on market practice, shareholder sentiment, board workload, company cashflow capacity and corporate performance generally. Independent external advice and/or benchmark comparisons are sought when required. The maximum aggregate amount of fees that can be paid to Non-executive Directors is $600,000 as approved by shareholders at the Annual General Meeting on 27 November 2015. Fees for Non-executive Directors are not linked to the performance of the economic entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and invited to salary sacrifice fees for performance rights pursuant to the company's Performance Rights Plan ("**PRP**").

General

The remuneration policy for employees is developed by the Remuneration Committee taking into account market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

The Company adopted a revised PRP for its staff, executive KMP and Non-executive Directors in November 2017 and shareholders reapproved the issue of securities under the plan in November 2017. The board believes that the PRP will assist the Consolidated Entity in remunerating and providing ongoing incentives to employees of the Group.

The rules of the PRP enable the Company to issue performance rights to eligible personnel subject to performance and vesting conditions determined by the Company. Each performance right entitles the holder, for nil cash consideration, to one fully paid ordinary share in the Company for every performance right offered, if the applicable performance and vesting conditions set for that holder are satisfied.

During the financial year a total of 3,408,604 (2019: 2,137,056) performance rights were offered to and accepted by KMP. Of this amount 2,824,251 performance rights are subject to relative and absolute Total Shareholder Return ("TSR") and other strategic hurdles, details of which can be found in the "Service agreements - performance based remuneration" section below. Testing undertaken for the period ended 31 December 2019 and 30 June 2020 resulted in no performance rights subject to the TSR criteria vesting.

The Group's remuneration policy for executive KMP seeks to balance its desire to attract, retain and motivate high quality personnel with the need to ensure that remuneration incentivises them to pursue growth and success of the Company without taking undue risks and without it being excessive remuneration.

To align the interests of the executive with that of the company remuneration packages for executive KMPs contain the following key elements:

a) Fixed Base Salary – salary, superannuation and non-monetary benefits;

b) Short Term Incentives – cash incentives applied to a maximum percentage of Fixed Base Salary and structured against relative satisfaction (at the reasonable discretion of the board) of certain corporate and personally related key performance indicators of the executive.

c) Long Term Incentives – the grant of performance rights in the Company, with value capped to a maximum percentage of Fixed Base Salary, vesting progressively while the executive remains employed, with the degree of vesting structured against the Company's relative and absolute TSR performance against a comparator group of companies as well as other strategic hurdles.

The Company's remuneration is specifically designed to encourage loyalty and longevity of employment as well as aligning the employee's interests with those of the Company and the creation of genuine long term sustainable value for security holders.

All remuneration provided to KMP in the form of share based payments are valued pursuant to *AASB 2 Share-based Payment* at fair value on grant date and are expensed on a pro rata basis over the vesting period of the relevant security.

Relationship between the remuneration policy and company performance

The table below sets out summary information about the Consolidated Entity's earnings and movements in shareholder wealth for the five years to June 2020:

	30 June 2020 $	30 June 2019 $	30 June 2018 $ Restated	30 June 2017 $	30 June 2016 $
Revenue(i)	-	-	-	-	-
Net profit / (loss) before tax(ii)	(19,837,973)	(19,242,733)	4,009,985	4,745,744	83,832,380
Net profit / (loss) after tax(iii)	(14,553,693)	76,178,556	15,679,541	4,963,444	84,606,280
Share price at start of year	0.21	0.30	0.27	0.450	0.091
Share price at end of year	0.16	0.21	0.30	0.270	0.450
Market capitalisation at year end (undiluted)	87,122,706	114,234,596	163,059,742	147,447,206	251,590,166
Basic profit / (loss) per share	(2.67)	0.1400	0.0290	0.0085	0.1568
Diluted profit / (loss) per share	(2.67)	0.1401	0.0288	0.0084	0.1562
Dividends Paid	10,890,338	10,879,485	5,435,325	11,260,217	11,181,785

(i) Although 3 financial years have returned a net profit before tax there has been no revenues from ordinary activities. The group has been profitable in those financial years from the sell down of the investment held in RIM in 2016 and 2019, and respective associated profits booked from the project in 2017 and 2018 and an impairment reversal in 2018 relating to the Barrambie project.

(ii) Exclusive of profits resulting from discontinued operations.

(iii) Inclusive of profits resulting from discontinued operations.

Key management personnel remuneration

The KMP received the following amounts during the year as compensation for their services as directors and executives of the Company and/or the Group.

2020	Short-term employee benefits				Post-employment benefits	Share based payments			
	Salary & fees $	Bonus FY 19'20 $	Non-Monetary (1) $	Other $	Super-annuation $	Shares $	Performance rights $	Total $	% remuneration linked to performance
Non-executive Directors									
S. Cole	73,059	-	-	-	6,941	-	50,000	130,000	-
D. Reed	73,059	-	-	-	6,941	-	-	80,000	-
N. Streltsova	62,100	-	-	-	5,900	-	12,000	80,000	-
D. Ritchie	62,100	-	-	-	5,900	-	12,000	80,000	-
J. Purdie	54,795	-	-	-	5,205	-	20,000	80,000	-
L. Guthrie	63,927	-	-	-	6,073	-	10,000	80,000	-
	389,040	**-**	**-**	**-**	**36,960**	**-**	**104,000**	**530,000**	-
Executive directors									
C. Reed	515,000	90,000	41,109	-	25,000	-	240,140	911,249	36
	515,000	**90,000**	**41,109**	-	**25,000**	-	**240,140**	**911,249**	-
Other executives:									
M. Tamlin	349,400	61,776	50,776	-	25,000	-	93,060	580,012	27
J. Carone	305,000	41,250	11,795	-	25,000	-	77,388	460,433	26
D. Townsend	335,000	59,400	-		25,000		108,904	528,304	32
	989,400	**162,426**	**62,571**	-	**75,000**	-	**279,352**	**1,568,749**	-
Total	**1,893,440**	**252,426**	**103,680**	-	**136,960**	-	**623,492**	**3,009,998**	-

2019	Short-term employee benefits				Post-employment benefits	Share based payments			
	Salary & fees $	Bonus FY 18'19 $	Non-Monetary (1) $	Other $	Super-annuation $	Shares $	Options and rights $	Total $	% remuneration linked to performance
Non-executive Directors									
S. Cole	73,059	-	-	-	6,941	-	50,000	130,000	-
D. Reed	73,059	-	-	-	6,941	-	-	80,000	-
N. Streltsova	62,100	-	-	-	5,900	-	12,000	80,000	-
D. Ritchie	62,100	-	-	-	5,900	-	12,000	80,000	-
J. Purdie	54,795	-	-	-	5,205	-	-	60,000	-
L. Guthrie	54,795	-	-	-	5,205	-	-	60,000	-
	379,908	**-**	**-**	**-**	**36,092**	**-**	**74,000**	**490,000**	-
Executive directors									
C. Reed	515,000	90,000	50,351	-	25,000	-	189,970	870,321	32
	515,000	**90,000**	**50,351**	-	**25,000**	-	**189,970**	**870,321**	-
Other executives:									
M. Tamlin	349,400	60,000	9,218	-	25,000	-	70,290	513,908	25
J. Carone	305,000	60,000	17,528	-	25,000	-	57,629	465,157	25
D. Townsend	335,000	40,000	-		25,000		86,957	486,957	26
	989,400	**160,000**	**26,746**	-	**75,000**	-	**214,876**	**1,466,022**	-
Total	**1,884,308**	**250,000**	**77,097**	-	**136,092**	-	**478,846**	**2,826,343**	-

(1) Relates to fringe benefits received by key management personnel

Service agreements - performance based remuneration

The KMP of the Company, other than non-executive directors, are employed under service agreements. A summary of performance conditions for relevant KMP are detailed below:

Name: Mr. J. Carone
Position: Chief Financial Officer / Company Secretary
Term: No defined term
Termination: 3 months notice period and 3 months termination payment

Incentive based remuneration

Short Term Incentive

Each financial year during the term of his service agreement the board, at its sole discretion, may award the KMP a cash bonus up to 25% of the KMP's annual salary package ($330,000 inclusive of superannuation for 2019-20). The basis for calculating the STI will be a range of criteria including both the KMP's personal performance and the Company's financial performance/position and share price. The STI for 2019-20 was set at a maximum of $82,500 of which 50% or $41,250 was agreed to be paid by management.

Long Term Incentive

Each financial year during the term of his service agreement the KMP is entitled to receive performance rights granted under the Company's Performance Rights Plan. The number of performance rights to which the KMP may be granted is based on the following calculation and vesting of the performance rights are subject to further criteria which are also set out below.

Calculation of potential entitlement to performance rights

$$P = \frac{33}{100} \times \frac{S}{VWAP}$$

Where:

P is the potential performance rights entitlement

S is the KMP's annual salary package for the applicable period

VWAP is the 30 day volume weighted average price of ordinary shares in Neometals Ltd for the period ended 30 June of the preceding financial year.

Name: Mr. C. Reed
Position: Managing Director
Term: Expiry date of 30 June 2022
Termination notice period: 12 months by employee
Termination notice period: 6 months by executive

Incentive based remuneration

Short Term Incentive

Each financial year during the term of his service agreement the board, at its sole discretion, may award the KMP a cash bonus of up to one third of the KMP's annual salary package ($540,000 inclusive of superannuation for 2019-20). The STI for 2019-20 was set at a maximum of $180,000 representing approximately 33% of the annual base salary package of which 50% or $90,000 was acknowledged and agreed by the Board and Mr C Reed. The basis for calculating the STI will be a range of criteria including both the KMP's personal performance and the Company's financial performance/position and share price.

Long Term Incentive

Each financial year during the term of his service agreement the KMP is entitled to receive performance rights granted under the Company's Performance Rights Plan. The maximum number of performance rights to which the KMP may be granted is based on the following calculation and vesting of the performance rights are subject to further criteria which are also set out below, as approved by shareholders.

Calculation of potential entitlement to performance rights

$$P = \frac{50}{100} \times \frac{S}{VWAP}$$

Where:

P is the potential performance rights entitlement

S is the KMP's annual salary package for the applicable period

VWAP is the 60 day volume weighted average price of ordinary shares in Neometals Ltd for the period ended 30 June of the preceding financial year.

Name: Mr. M. Tamlin
Position: Chief Operating Officer
Term: No defined term
Termination notice period: 6 months

Incentive based remuneration

Short Term Incentive

Each financial year during the term of his service agreement the board, at its sole discretion, may award the KMP a cash bonus of up to 33% of the KMP's annual salary package ($374,400 inclusive of superannuation for 2019-20). The STI for 2019-20 was set at a maximum of $123,552 representing approximately 33% of the annual base salary package of which 50% or $61,776 was acknowledged and agreed by the board and Mr M Tamlin. The basis for calculating the STI will be a range of criteria including both the KMP's personal performance and the Company's financial performance/position and share price.

Long Term Incentive

Each financial year during the term of his service agreement the KMP is entitled to receive performance rights granted under the Company's Performance Rights Plan. The maximum number of performance rights to which the KMP may be granted is based on the following calculation and vesting of the performance rights are subject to further criteria which are also set out below, as approved by shareholders.

Calculation of potential entitlement to performance rights

$$P = \frac{33}{100} \times \frac{S}{VWAP}$$

Where:

P is the potential performance rights entitlement

S is the KMP's annual salary package for the applicable period

VWAP is the 30 day volume weighted average price of ordinary shares in Neometals Ltd for the period ended 30 June of the preceding financial year.

Name: Mr. D. Townsend
Position: Chief Development Officer
Term: No defined term
Termination notice period: 6 months

Incentive based remuneration

Short Term Incentive

Each financial year during the term of his service agreement the board, at its sole discretion, may award the KMP a cash bonus of up to 33% of the KMP's annual salary package ($360,000 inclusive of superannuation for 2019-20). The STI for 2019-20 was set at a maximum of $118,800 representing approximately 33% of the annual base salary package of which 50% or $59,400 was acknowledged and agreed by the CEO and Mr D Townsend. The basis for calculating the STI will be a range of criteria including both the KMP's personal performance and the Company's financial performance/position and share price.

Long Term Incentive

Each financial year during the term of his service agreement the KMP is entitled to receive performance rights granted under the Company's Performance Rights Plan. The maximum number of performance rights to which the KMP may be granted is based on the following calculation and vesting of the performance rights are subject to further criteria which are also set out below, as approved by shareholders.

Calculation of potential entitlement to performance rights

$$P = \frac{33}{100} \times \frac{S}{VWAP}$$

Where:

P is the potential performance rights entitlement

S is the KMP's annual salary package for the applicable period

VWAP is the 30 day volume weighted average price of ordinary shares in Neometals Ltd for the period ended 30 June of the preceding financial year.

Criteria

The grant of Performance Rights is designed to reward long term sustainable business performance measured over a three year period with an opportunity for the performance conditions to be re-measured six months later should they not vest at the first vesting date. The KMP's entitlement to the performance rights is dependent on 3 criteria:

(a) Tranche 1 – Relative TSR

The performance conditions of 40% of Performance Rights will be measured as at each vesting date by comparing the Company's total shareholder return (**TSR**) with that of a comparator group of resource companies over the relevant period.

The Performance Rights will vest depending on the Company's percentile ranking within the comparator group on the relevant Vesting Date as follows:

- If the Company ranks below the 50th percentile, none of the Performance Rights will vest.
- If the Company ranks at the 50th percentile, 50% of the Performance Rights will vest.
- For each 1% ranking at or above the 51st percentile, an additional 2% of the Performance Rights will vest, with 100% vesting where the Company ranks at or above the 75th percentile.

(b) Tranche 2 – Absolute TSR

The performance conditions of 40% of Performance Rights will be measured as at each vesting date by calculating the Company's TSR calculated over the period commencing on the Comparator Start Date and ending on the relevant Vesting Date (**Absolute TSR**).

The Performance Rights will vest depending on the Company's Absolute TSR on the relevant Vesting Date as follows:

- If the Company's Absolute TSR is less than 15%, none of the Performance Rights will vest.
- If the Company's Absolute TSR is 15%, 50% of the Performance Rights will vest.
- For each additional 1% TSR above 15% Absolute TSR, an additional 10% of the Performance Rights will vest, with 100% vesting where the Company's Absolute TSR is at or above 20%.

(c) Tranche 3 – Business plan

The performance conditions of 20% of Performance Rights will be measured as at each Vesting Date as follows:

10% will vest if the combined market capitalisation of Neometals and any entity demerged from the Neometals Group and separately listed on the ASX would meet the threshold for entry into the ASX/S&P 200 Index.

10% will vest if any two of the following are at least under construction via direct investment or joint venture involvement (as assessed by the Board):

- a LiOH plant;
- a Li-Battery recycling;
- a Titanium / Vanadium mine or process.

Performance rights granted to the KMP have a vesting period of 3 years from grant date and will lapse on the KMP ceasing to be an employee of the Group prior to the vesting date.

The Company provides the KMP with performance based incentives in order to incentivise KMP to pursue strategies that are aligned with the overall business strategy and the interests of the shareholders. Where deemed appropriate the Company has set specific Key Performance Indicators as performance criteria for staff that have a direct role/responsibility in achieving a specific outcome. To ensure that KMP are also incentivised to pursue longer term strategies that increase shareholder wealth a portion of the KMP's remuneration is linked to a "comparative TSR model" which links the level of the KMP remuneration to the Company's performance against a group of comparable ASX listed entities, using Total Shareholder Return as the basis of comparison. KMP are also issued with performance rights with service conditions as vesting criteria which assist the company retain staff as well as aligning the interests of the KMP with shareholders. The Company has deemed the issue of service based performance rights as an appropriate form of remuneration due to the uncertain nature of the Group's business, that is, mineral exploration, mining and developing new mineral processing technologies.

The comparator group adopted by the company for LTI granted in 2018 (vest 2020) is as follows:

- Galaxy Resources Limited (ASX: GXY)
- TNG Ltd (ASX: TNG)
- Nemaska Lithium Inc. (TSX: NMX)
- Iluka Resources Limited (ASX: ILU)
- Argex Titanium Inc. (TSX: RGX)
- Pilbara Minerals Limited (ASX: PLS)
- Global X Lithium ETF (NYSE Arca: LIT)
- S&P ASX Small Resources Index (ASXR: ASX)
- S&P ASX 300 (XKO: ASX)
- Orocobre Limited (ORE.ASX)
- Umicore Belgium (BSE: UMI)

The comparator group adopted by the company for LTI granted in 2019 (vest 2021) is as follows:

- Galaxy Resources Limited (ASX: GXY)
- TNG Ltd (ASX: TNG)
- Nemaska Lithium Inc. (TSX: NMX)
- Iluka Resources Limited (ASX: ILU)
- Argex Titanium Inc. (TSX: RGX)
- Pilbara Minerals Limited (ASX: PLS)
- Global X Lithium ETF (NYSE Arca: LIT)
- S&P ASX Small Resources Index (ASXR: ASX)
- S&P ASX 300 (XKO: ASX)
- Orocobre Limited (ORE.ASX)
- Umicore Belgium (BSE:UMI)
- AVZ Minerals Limited (ASX:AVZ)

The comparator group adopted by the company for LTI granted in 2020 (vest 2022) is as follows:

- Galaxy Resources Limited (ASX: GXY)
- TNG Ltd (ASX: TNG)
- Nemaska Lithium Inc. (TSX: NMX)
- Iluka Resources Limited (ASX: ILU)
- Argex Titanium Inc. (TSX: RGX)
- Pilbara Minerals Limited (ASX: PLS)
- Global X Lithium ETF (NYSE Arca: LIT)
- S&P ASX Small Resources Index (ASXR: ASX)
- S&P ASX 300 (XKO: ASX)
- Orocobre Limited (ORE.ASX)
- Umicore Belgium (BSE:UMI)
- AVZ Minerals Limited (ASX:AVZ)

The Company has selected the above group of companies as the comparator group for the following reasons:

1. It represents a reasonable cross section of resource companies with reasonably comparable market capitalisation, resource base and stage of development to that of the Company
2. The group is primarily focused on developing industrial minerals projects.

The Company's performance rights plan was approved by shareholders at the 2017 AGM.

Performance rights issued as part of KMP remuneration

Performance Rights granted to key management personnel

The following tables summarises information relevant to the current financial year in relation to the grant of performance rights to KMP as part of their remuneration. Performance rights are issued by Neometals Ltd.

Name	During the Financial Year					
	Grant date	No. granted	No. vested	Fair value at grant date[3]	Earliest exercise date	Consideration payable on exercise
KMP:						
C. Reed[1]	02/09/2019	1,233,021	-	141,797	30/06/2022	-
J. Carone[1]	02/09/2019	493,335	-	56,734	30/06/2022	-
M. Tamlin[1]	02/09/2019	559,711	-	64,367	30/06/2022	-
D. Townsend[1]	02/09/2019	538,184	-	61,891	30/06/2022	-
N. Streltsova[2]	02/09/2019	68,512	68,512	12,000	30/06/2020	-
D. Ritchie[2]	02/09/2019	68,512	68,512	12,000	30/06/2020	-
S. Cole[2]	02/09/2019	285,467	285,467	50,000	30/06/2020	-
J. Purdie[2]	02/09/2019	114,187	114,187	20,000	30/06/2020	-
L. Guthrie[2]	24/10/2019	47,675	47,675	10,000	30/06/2020	-
Total		3,408,604	584,353	428,789		-

(1) The number of performance rights that will actually vest, if any, is determined by the Company's performance based on Neometals relative and absolute TSR compared to the comparative group of companies over a 3 year period and Business Plan strategic objectives.

(2) These Non-executive Directors have forgone Directors Fees for performance rights pursuant to the company's PRP.

(3) These values have been calculated using the monte carlo valuation method.

Details of performance rights held by KMP and of shares issued during the financial year as a result of the vesting of performance rights:

2020	Balance at 01/07/19 No.	Grant date	Granted No.	Fair value of rights at grant date $	Vested during the financial year No.	Forfeited/ lapsed during the financial year No.	Balance at 30/06/2020 No.	Ordinary shares issued on exercise of rights No.
KMP:								
C. Reed[1]	1,787,813	02/09/2019	1,233,021	141,797	-	-	3,020,834	-
J. Carone[1]	677,168	02/09/2019	493,335	56,734	-	-	1,170,503	-
M. Tamlin[1]	827,345	02/09/2019	559,711	64,367	-	-	1,387,056	-
D. Townsend[1]	812,602	02/09/2019	538,184	61,891	-	-	1,350,786	-
N. Streltsova[2]	39,348	02/09/2019	68,512	12,000	68,512	-	68,512	39,348
D. Ritchie[2]	39,348	02/09/2019	68,512	12,000	68,512	-	68,512	39,348
S. Cole[2]	163,948	02/09/2019	285,467	50,000	285,467	-	285,467	163,948
J. Purdie[2]	-	02/09/2019	114,187	20,000	114,187	-	114,187	-
L. Guthrie[2]	-	24/10/2019	47,675	10,000	47,675	-	47,675	-
Total	4,347,572		3,408,604	428,789	584,353	-	7,513,532	242,644

(1) The number of performance rights that will actually vest, if any, is determined by the Company's performance based on Neometals relative and absolute TSR compared to the comparative group of companies over a 3 year period and Business Plan strategic objectives.

(2) Under the Performance Rights Plan, Non-Executive Directors were invited to forgo part of their fees for their services in exchange for performance rights.

2019	Balance at 01/07/18 No.	Grant date	Granted No.	Fair value of rights at grant date $	Vested during the financial year No.	Forfeited/ lapsed during the financial year No.	Balance at 30/06/2019 No.	Ordinary shares issued on exercise of rights No.
KMP:								
C. Reed(1)	1,573,735	10/08/2018	835,339	209,252	-	621,261	1,787,813	-
J. Carone(1)	586,075	10/08/2018	307,156	76,943	-	216,063	677,168	-
M. Tamlin(1)	703,290	10/08/2018	383,330	96,024	-	259,275	827,345	-
D. Townsend(1)	444,015	10/08/2018	368,587	92,331	-	-	812,602	-
N. Streltsova(2)	-	10/08/2018	39,348	12,000	39,348	-	39,348	-
D. Ritchie(2)	-	10/08/2018	39,348	12,000	39,348	-	39,348	-
S. Cole(2)	-	10/08/2018	163,948	50,000	163,948	-	163,948	-
Total	3,307,115		2,137,056	548,550	242,644	1,096,599	4,347,572	-

(1) The number of performance rights that will actually vest, if any, is determined by the Company's performance based on Neometals relative and absolute TSR compared to the comparative group of companies over a 3 year period and Business Plan strategic objectives.

(2) Under the Performance Rights Plan, Non-Executive Directors were invited to sacrifice part of their fees for their services in exchange for performance rights.

The performance rights granted entitle the grantee to one fully paid ordinary share in Neometals Ltd for nil cash consideration on satisfaction of the vesting criteria.

Use of remuneration consultants

During the year no remuneration consultants were used in relation to the company's Performance Rights Plan.

This is the end of the audited remuneration report.

Auditor's Independence Declaration

The auditor's independence declaration is included on page 30 of the Annual Financial Report.

Signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the directors of Neometals Ltd.

Mr. Christopher Reed

Managing Director

West Perth, WA

23 September 2020

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the Members of Neometals Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Neometals (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other 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 other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is 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 2020 and of its financial performance for the year then ended; and

(ii) 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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

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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 for 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.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter

Exploration and Evaluation Assets and Expenditure
 	
As at 30 June 2020 the carrying value of exploration and evaluation assets totalled $44,058,921 as disclosed in Note 13. The Group's accounting policy in respect of exploration and evaluation expenditure is disclosed in Note 2.
 	
Significant judgement is required:
• in determining whether facts and circumstances indicate that the exploration and evaluation assets should be tested for impairment in accordance with the relevant accounting standard; and
• in determining the treatment of exploration and evaluation expenditure:
  ○ whether the particular areas of interest meet the recognition conditions for an asset; and
  ○ which elements of exploration and evaluation expenditures qualify for capitalisation for each area of interest.
	Our procedures associated with exploration and evaluation expenditure incurred during the year included, but were not limited to:
	• obtaining an understanding of the relevant controls associated with the capitalisation or expensing of exploration and evaluation expenditure; and
	• testing the appropriateness and value of costs capitalised during the period, including whether they were consistent with the Group's accounting policy.
	
	Our procedures associated with assessing the carrying value of exploration and evaluation assets included, but were not limited to:
	• assessing the relevant controls associated with the identification of indicators of impairment;
	• evaluating management's impairment indicator assessment, including whether any of the following events exist at the reporting date which may indicate that exploration and evaluation assets may not be recoverable:
	  ○ obtaining a schedule of the areas of interest held by the Group and confirming whether the rights to tenure of those areas of interest remained current at balance date;
	  ○ inquiring of management as to the status of ongoing exploration programmes in the respective areas of interest; and
	  ○ assessing whether any facts or circumstances existed to suggest impairment testing was required.
	
	• We also assessed the appropriateness of the disclosures in Notes 2(i) and 13 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and Review of Operations, which we obtained prior to the date of this auditor's report, and also includes the following information which will be included in the Group'**s** annual report (but does not include the financial report and our auditor's report thereon): letter from the Chairman, and additional stock exchange information, which is expected to be made available to us after that date.

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Our opinion on the financial report does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the letter from the Chairman, and additional stock exchange information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

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 has 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 the 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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, actions taken to eliminate threats or safeguards applied.

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 in pages 17 to 25 of the Directors' Report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Neometals Ltd, for the year ended 30 June 2020, 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ian Skelton
Partner
Chartered Accountants
Perth, 23 September 2020

Deloitte.

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

23 September 2020

Dear Board Members

Neometals Ltd

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Neometals Ltd.

As lead audit partner for the audit of the financial report of Neometals Ltd for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ian Skelton
Partner
Chartered Accountants

Directors' declaration

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

(b) the attached financial statements are in compliance with International Financial Reporting Standards as stated in note 2 to the financial statements;

(c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and

(d) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the directors of Neometals Ltd,

Mr. Christopher Reed
Managing Director
23 September 2020

Consolidated statement of profit or loss and other comprehensive income
for the year ended 30 June 2020

	Note	2020 $	2019 $
Continuing operations			
Other income	5	431,554	512,147
Interest income		1,630,841	1,140,353
Employee expenses	5	(6,623,940)	(5,524,273)
Occupancy expenses		(501,823)	(879,782)
Administration expenses		(3,461,528)	(4,654,003)
Finance costs	5	(63,185)	(60,649)
Other expenses	5	(6,262,439)	(3,675,525)
Marketing expenses		(304,080)	(405,217)
Foreign exchange loss		(86,438)	(334)
Impairment	5	(4,596,935)	(5,226,805)
Share of loss of associate	23	-	(468,645)
Loss before income tax		(19,837,973)	(19,242,733)
Income tax benefit/(expense)	7	5,284,280	(3,263,494)
Loss for the year from continuing operations		**(14,553,693)**	**(22,506,227)**
Discontinued operations			
(Loss)/profit for the year from discontinuing operations	6	**-**	**98,684,783**
(Loss)/profit for the year from continuing and discontinuing operations		**(14,553,693)**	**76,178,556**
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year		**(14,553,693)**	**76,178,556**
Earnings per share			
From continuing and discontinued operations:			
Basic (cents per share)	19	(2.67)	14.00
Diluted (cents per share)	19	(2.67)	14.01

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position as at 30 June 2020

	Note	2020 $	2019 $
Current assets			
Cash and cash equivalents	28 (a)	77,043,016	109,462,006
Trade and other receivables	11	385,213	627,599
Other financial assets	12	1,192,757	782,927
Total current assets		**78,620,986**	**110,872,532**
Non-current assets			
Exploration and evaluation expenditure	13	44,058,921	36,983,106
Intangibles		793,053	662,888
Investments in joint venture	22	1	1
Investment in associate	23	3,531,048	7,062,095
Other financial assets	12	5,396,000	4,787,118
Right of Use asset	21	1,044,969	-
Other assets		-	345,016
Property, plant and equipment	14	2,011,931	1,774,520
Total non-current assets		**56,835,923**	**51,614,744**
Total assets		**135,456,909**	**162,487,276**
Current liabilities			
Trade and other payables	15	2,182,786	2,089,652
Provisions	16	1,170,935	1,154,882
Lease liability	21	500,878	-
Total current liabilities		**3,854,599**	**3,244,534**
Non-current liabilities			
Provisions	16	1,326,359	1,378,062
Lease liability	21	721,854	-
Deferred tax liability	7	-	3,786,582
Total non-current liabilities		**2,048,213**	**5,164,644**
Total liabilities		**5,902,812**	**8,409,178**
Net assets		**129,554,097**	154,078,098
Equity			
Issued capital	17	154,437,267	154,264,634
Reserves	18	8,368,130	7,620,733
Accumulated losses		(33,251,300)	(7,807,269)
Total equity		**129,554,097**	154,078,098

This consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

for the year ended 30 June 2020

	Issued Capital $	Investment revaluation reserve $	Other equity reserve $	Share based payments reserve $	Accumulated losses $	Total $
Balance at 01/07/18	154,101,518	1,019,637	300,349	5,774,546	(73,106,340)	88,089,710
Profit for the period	-	-	-	-	76,178,556	76,178,556
Total comprehensive income for the period	-	-	-	-	76,178,556	76,178,556
Recognition of share-based payments (see note 18)	-	-	-	691,201	-	691,201
Recognition of shares issued under performance rights plan	165,000	-	-	(165,000)	-	-
Issue of dividends	-	-	-	-	(10,879,485)	(10,879,485)
Share issue costs, net of tax	(1,884)	-	-	-	-	(1,884)
Balance at 30/06/19	154,264,634	1,019,637	300,349	6,300,747	(7,807,269)	154,078,098
Loss for the period	-	-	-	-	(14,553,693)	(14,553,693)
Total comprehensive income for the period	-	-	-	-	(14,553,693)	(14,553,693)
Recognition of share-based payments (see note 18)	-	-	-	924,147	-	924,147
Recognition of shares issued under performance rights plan	176,750	-	-	(176,750)	-	-
Issue of dividends	-	-	-	-	(10,890,338)	(10,890,338)
Share issue costs, net of tax	(4,117)	-	-	-	-	(4,117)
Balance at 30/06/20	154,437,267	1,019,637	300,349	7,048,144	(33,251,300)	129,554,097

This consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

for the year ended 30 June 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Research and development refund		1,497,829	523,088
Payments to suppliers and employees		(14,812,599)	(15,126,952)
Net cash used in operating activities	28 (c)	(13,314,770)	(14,603,864)
Cash flows from investing activities			
Payments for property, plant & equipment		(1,023,959)	(896,520)
Payments for intellectual property		(312,192)	(217,896)
Payments for exploration and evaluation costs		(6,796,133)	(4,959,848)
Payments for tenements acquired		(550,000)	-
Interest received		1,879,620	1,049,099
Investment in equity instruments acquired, net of disposals		(697,367)	(154,348)
Loans repaid from associate		-	4,104,458
Dividends received from RIM - Mt Marion Project		-	6,210,000
Sale of Mt Marion Project	6	-	103,800,000
Net cash generated by / (used in) investing activities		(7,500,031)	108,934,945
Cash flows from financing activities			
Share issue costs		(4,117)	(1,884)
Amounts deposited for security deposits		-	(200,000)
Dividends paid	10	(10,890,338)	(10,879,485)
Lease payments		(645,884)	-
Interest and other finance costs paid		(63,185)	(60,649)
Net cash used in financing activities		(11,603,524)	(11,142,018)
Net increase/(decrease) in cash and cash equivalents		(32,418,325)	83,189,063
Cash and cash equivalents at the beginning of the financial year		109,462,006	26,342,414
Effect of exchange rates on cash balances		(665)	(69,471)
Cash and cash equivalents at the end of the financial year	28 (a)	77,043,016	109,462,006

This consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Index to Notes to the consolidated financial statements

1. General information

Neometals Ltd is a limited public company incorporated in Australia and listed on the Australian Securities Exchange. The principal activities of the Consolidated Entity are mineral exploration. Neometals Ltd is the ultimate parent.

Registered office and principal place of business

Level 1, 1292 Hay St, West Perth WA 6005

2. Significant accounting policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial statements comprise the consolidated financial statements of the Consolidated Entity, comprising Neometals Ltd and its controlled entities. For the purpose of preparing the financial statements the consolidated entity is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ("**IFRS**").

The financial statements were authorised for issue by the directors of Neometals Ltd on 23 September 2020.

Basis of preparation

The financial report has been prepared on a going concern basis. The accounting policies adopted are consistent with those adopted and disclosed in the Consolidated Entity's 2019 Annual Financial Report for the financial year ended 30 June 2019, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with IRFS.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Boards ("**AASB**") that are relevant to its operations and effective for the current reporting period beginning 1 July 2019.

The financial report has been prepared on the basis of historical cost except for the revaluation of certain non-financial assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Going concern

The Directors believe that Neometals Ltd will continue as a going concern, and as a result the financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

As at 30 June 2020, Neometals Ltd had cash and cash equivalents of $77,043,016 and net current assets of $74,766,387 compared to 30 June 2019, when it had cash and cash equivalents of $109,462,006 and net current assets of $107,627,998. For the year ended on 30 June 2020, Neometals Ltd recorded a loss of $14,553,693 and experienced net operating cash outflows of $13,314,770. For the period ended 30 June 2019, Neometals Ltd recorded a profit of $76,178,556 and experienced net operating cash outflows of $14,603,864.

The Directors believe that, based on current conditions and performance assumptions, that Neometals Ltd is sufficiently funded to meet its anticipated near-term funding needs, including required expenditure related to operations over the next 12 months."

Standards and interpretations adopted in the current year

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2019.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 16 Leases

2. Significant accounting policies (continued)

- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle
- AASB 2018-3 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements
- Interpretation 23 Uncertainty over Income Tax Treatments and AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments

AASB 16 Leases

In the current year, the Group has applied AASB 16 Leases, which is effective for annual periods that begin on or after 1 January 2019. The date of initial application of AASB 16 for the Group is 1 July 2019.

AASB 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of AASB 16 on the Group's consolidated financial statements is described below.

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The Group has applied an incremental borrowing rate of 3.5%.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group has implemented the modified retrospective approach B, which has resulted in the Group's assets and liabilities increasing by $1,631,224 as at 1 July 2019. There has been no impact on the comparative information or opening retained earnings as a result of the adoption.

Standards and interpretations issued but not yet effective

At the date of authorisation of the financial statements, the following Australian Accounting Standards and Interpretations have been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 30 June 2020:

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 17 Insurance Contracts	1 January 2021	30 June 2021
• AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128'	1 January 2022	30 June 2023

2. Significant accounting policies (continued)

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2020. The Company is assessing the impact of the new standards, however does not expect to have a material impact on the Company in the current of future reporting periods and on foreseeable future transactions.

Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Refer to note 3 for a discussion of critical judgments in applying the entity's accounting policies, and key sources of estimation uncertainty.

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Cash and cash equivalents

Cash comprises cash on hand and term deposits with a 30 day cancellation policy. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(b) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

(c) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollar ($), which is Neometals Ltd's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

(d) Financial instruments issued by the company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

2. Significant accounting policies (continued)

Financial assets

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed immediately.

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or at cost. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Quoted prices in an active market are used to determine fair value where possible. The group does not designate any interest in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

Amortised cost instruments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

By default, all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

The Group classifies its financial assets into the following categories: those to be measured subsequently at fair value (either through other comprehensive income 'FVOCI' or through the income statement 'FVTPL') and those to be held at amortised cost. The classification depends on the Group's business model for managing its financial assets and the contractual terms of the cash flows.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt and equity instruments that are measured at amortised cost, FVTPL or at FVTOCI. 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 recognises lifetime ECL (expected credit loss) when there has been a significant increase in credit risk since initial recognition. However, 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 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss where the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is held for trading if:

- It has been incurred principally for the purpose of repurchasing in the near future; or
- It is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

2. Significant accounting policies (continued)

A financial liability other than a financial liability held for trading is designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 9 'Financial Instruments' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Transaction costs on the issue of equity instruments

Transaction costs arising 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

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

(e) Goods and service tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("**GST**"), except:

i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

(f) Non-current assets held for sale

Non-current assets and their disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less cost to sell.

2. Significant accounting policies (continued)

(g) Impairment of non-financial assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) 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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

(h) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/Consolidated Entity intends to settle its current tax assets and liabilities on a net basis.

2. Significant accounting policies (continued)

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the profit and loss statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or gain on a bargain purchase.

Tax consolidation

The Company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Neometals Ltd is the head entity in the tax-consolidated group. Income tax expense/benefit, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using a 'group allocation' approach based on the allocation specified in the tax funding arrangement.

The tax funding arrangement requires a notional current and deferred tax calculation for each entity as if it were a taxpayer in its own right, except that unrealised profits, distributions made and received and capital gains and losses and similar items arising on transactions within the tax consolidated group are treated as having no consequence. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax consolidated group are recognised by the Company (as head entity in the tax consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the group in relation to the tax contribution amounts paid or payable between the parent and the other members of the tax consolidated group in accordance with the arrangement.

Where the tax contribution amount recognised by each member of the tax consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from the unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from, or distribution to, equity participants.

Research & Development Tax offset

In respect of Research and Development tax offsets, the Income tax approach (AASB 112) of accounting has been utilised, where the tax benefit is presented within the tax line in the Statement of Comprehensive Income.

(i) Exploration and evaluation expenditure

Exploration and evaluation expenditures in relation to separate areas of interest are capitalised in the year in which they are incurred and are carried at cost less accumulated impairment losses where the following conditions are satisfied;

i) the rights to tenure of the area of interest are current; and

ii) 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 reporting 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.

Capitalised exploration costs for each area of interest (considered to be the cash generating unit) are reviewed each reporting date to test whether an indication of impairment exists. If any such indication exists, the recoverable amount of the capitalised exploration costs is estimated to determine the extent of the impairment loss (if any). The recoverable amount for capitalised exploration costs has been determined as the fair value less costs to sell by reference to an active market. 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 is made to proceed with development, accumulated expenditure is tested for impairment and transferred to capitalised development and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

2. Significant accounting policies (continued)

Development expenditure

Development expenditure is recognised at cost less any impairment losses. Where commercial production in an area of interest has commenced, the associated costs are amortised over the life of the reserves associated with the area of interest. Changes in factors such as estimates of proved and probable reserves that effect unit-of-production calculations are dealt with on a prospective basis.

(j) Payables

Trade payables and other accounts payable are recognised when the Consolidated Entity becomes obliged to make future payments resulting from the purchase of goods and services.

(k) Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Consolidated Entity, being the Company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 10 'Consolidated Financial Statements'. A list of subsidiaries appears in note 24 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair value of the identifiable net assets acquired exceeds the cost of acquisition, the excess is credited to profit and loss in the period of acquisition. The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entity. In preparing the consolidated financial statements, all inter-company balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

(l) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, costs are determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is calculated on a diminishing value basis so as to write off the net cost or other re-valued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period with the effect of any changes recognised on a prospective basis.

The following estimated useful lives are used in the calculation of depreciation:

Furniture & Fittings	5-20 years
Plant and Equipment	2-10 years
Buildings	10-20 years

An item of property, plant and equipment is derecognised upon disposal when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

(m) Intangibles

Trademarks, licences and customer contracts

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licenses and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Research and development

Research expenditure is recognised as an expense as incurred. Development expenditure is recognised as an asset as incurred. Research and development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

2. Significant accounting policies (continued)

(n) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

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

Provision for onerous contract

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

(o) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Dividend and interest revenue

Dividend revenue from investments is recognised when the shareholder's right to receive the payment has been established. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(p) Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the AASBs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

(q) Share-based payments

Equity-settled share-based payments to employees and others providing services to the Group are measured at fair value at the date of grant.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Consolidated Entity's estimate of shares that will eventually vest, with a corresponding increase in equity.

Equity-settled share-based payments transactions with parties other than employees are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counter party renders the service. The fair value of performance rights are measured using a Monte Carlo Simulation.

2. Significant accounting policies (continued)

(r) Leased assets

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

(s) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of AASB 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group’s investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

2. Significant accounting policies (continued)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with AASB 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no re-measurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgments in applying the entity's accounting policies

The following are the critical judgments that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

(a) Recovery of capitalised exploration evaluation and development expenditure

The Group capitalises exploration, evaluation and development expenditure incurred on ongoing projects. The recoverability of this capitalised exploration expenditure is entirely dependent upon returns from the successful development of mining operations or from surpluses from the sale of the projects or the subsidiary companies that control the projects. At the point that it is determined that any capitalised exploration expenditure is definitely not recoverable, it is written off.

(b) Share-based payments

Equity-settled share-based payments granted are measured at fair value at the date of grant. The fair value of share options is measured by use of the Monte Carlo model and requires substantial judgement. Management has made its best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations.

The fair value of performance rights issued during the period was made with reference to the parent entity's closing share price on the date of grant. Management has been required to estimate the probability that the employee will meet the performance criteria determined by the board and that the employee employed by the Group.

3. Critical accounting judgments and key sources of estimation uncertainty (continued)

3.2 Key areas of estimation uncertainty

The following are key assumptions concerning the future, or other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Capitalised development and evaluation assets

Certain assumptions are required to be made in order to assess whether there is an indicator of impairment of long-lived assets. Key assumptions include future commodity prices, future cash flows, estimated discount rate and estimates of Ore Reserves. Estimates of Ore Reserves are dependent on various assumptions. Changes in these estimates could materially impact on actual ore recovered, and could therefore affect estimates of future cash flows used in the assessment of recoverable amounts. The carrying amount of exploration evaluation and development assets which is included in the consolidated statement of financial position as at 30 June 2020 is $44.1 million (2019: $37.0 million).

The Group estimates its Mineral Resources and Reserves based on information assessed by Competent Persons (as defined in the JORC code). In estimating the remaining life of the mine for the purpose of amortisation and depreciation calculations, due regard is given, not only to the amount of remaining Ore Reserves, but also to limitations which could arise from the potential for changes in technology, demand, and other issues which are inherently difficult to estimate over an extended timeframe.

(b) Onerous Contract

The Company has an onerous contract which relates to a contract entered into by Neometals Energy Pty Ltd, a wholly owned subsidiary of the Company, for the Company's Barrambie Project. The contract with DBNGP (WA) Transmission Pty Ltd for gas transmission, commenced on 1 July 2010. The provision in the accounts represents the present value of the gas transmission obligations under the contract for gas transmission not expected to be utilised or on sold.

The estimates for the remaining term is subject to Management's judgement and could change in future periods.

4. Parent entity disclosure

	2020	2019
Financial Position	**$**	**$**
Assets		
Current assets	76,700,157	109,893,836
Non-current assets	29,512,286	28,171,182
Total assets	**106,212,443**	**138,065,018**
Liabilities		
Current liabilities	(2,670,853)	(2,101,075)
Non-current liabilities	(1,001,430)	(3,786,582)
Total liabilities	**(3,672,283)**	**(5,887,657)**
Net Assets	**102,540,160**	**132,177,361**
Equity		
Issued capital	154,437,267	154,264,362
Retained earnings	(59,245,600)	(28,688,370)
Reserves		
Share based payments	7,348,493	6,601,369
Total equity	**102,540,160**	**132,177,361**
Financial Performance		
Profit for the year	**(19,666,892)**	**81,273,621**
Other comprehensive income	-	-
Total comprehensive income	**(7,220,061)**	**81,273,621**
Guarantees entered into on behalf of subsidiaries[(i)]	**4,000,000**	**4,000,000**

(i) Neometals Energy Pty Ltd, a wholly owned subsidiary of the Company, is party to a gas transmission agreement with DBNGP (WA) Transmission Pty Ltd. The parent entity has provided security for a bank guarantee required under the contract for $4.0 million. Refer to note 12 for details.

5. Profit/(loss) for the year continuing operations

	Note	2020 $	2019 $
(a) Income			
Income from operations consisted of the following items:			
Other income:			
Interest revenue		1,630,841	1,140,353
Other		431,554	512,147
		2,062,395	**1,652,500**
(b) Profit / (loss) before income tax			
Profit / (loss) before income tax has been arrived at after charging the following expenses:			
Employee benefits expense:			
Equity settled share-based payments		(924,147)	(691,201)
Superannuation expense		(382,778)	(291,080)
Employee salaries		(5,317,015)	(4,541,992)
		(6,623,940)	**(5,524,273)**
Finance costs:			
Facility fees		(60,000)	(60,000)
Interest expense		(3,185)	(649)
		(63,185)	**(60,649)**
c) Impairment expense			
Impairment of associate	23	(3,531,047)	(5,226,805)
Impairment of property, plant, and equipment	14	(501,963)	-
Impairment of intangibles		(549,282)	-
Impairment of other assets		(14,643)	-
		(4,596,935)	**(5,226,805)**
(d) Other expenses			
Research and development expenditure		(3,572,177)	(3,930,962)
Consultancy costs		(866,759)	(241,952)
Depreciation of non-current assets		(754,970)	(117,364)
Other expenses		(1,039,692)	(361,264)
Re-measurement of onerous contract	16	(28,841)	976,017
		(6,262,439)	**(3,675,525)**

6. Discontinued operations

At 30 June 2018, Neometals investment in RIM was equity accounted for as an investment in associate. On 30 November 2018, the Board endorsed the decision to complete the sale of RIM to co-shareholders (Mineral Resources & Ganfeng), and a sales agreement was executed in December 2018 to dispose of the remaining interest of 13.8% in Reed Industrial Minerals Pty Ltd. Accordingly, the classification of the investment was required to be reassessed for the current period end under AASB 5 Non-current Asset Held for Sale and Discontinued Operations.

The disposal was completed in March 2019 for a cash consideration of $103.8M, on which date the equity interest passed to the acquirer. Details of the investment disposed of and the calculation of the profit or loss on disposal are disclosed below.

Profit on sale of associate	**Note**	**2020**	**2019**
		$	**$**
Opening carrying value of investment in the associate	23	-	11,325,197
Share of profit / (loss) of associate recognised in profit or loss		-	11,561,336
Fully franked dividends received from associate		-	(6,210,000)
Investment balance classified as held for sale		-	**16,676,533**
Proceeds from sale of associate		-	(103,800,000)
Profit on sale of associate		-	**(87,123,467)**

The results of the discontinued operation which have been included in the financial statements for the year were as follows:

	2020	**2019**
Results of discontinued operations	**$**	**$**
Profit / (loss) from discontinued operations	-	98,684,783
Cash flows from discontinued operations		
Cashflows from investing activities	-	114,114,458
Effect of disposal on the financial position of the group		
investment in associate	-	(16,676,533)

7. Income taxes

	2020 $	2019 $
(a) Income tax benefit recognised in profit or loss		
Tax benefit comprises:		
Deferred tax expense relating to temporary differences	(4,097,614)	3,786,582
Under / over	311,031	-
Total tax (benefit) / expense	(3,786,583)	3,786,582
The prima facie income tax expense on pre-tax accounting profit from continuing operations reconciles to the income tax benefit in the financial statements as follows:		
(Loss) / Profit before income tax	(19,837,973)	78,918,962
Income tax calculated at 30%	(5,951,392)	23,675,689
Effect of income and expenses that are not deductible in determining taxable profit	1,341,490	(3,150,651)
Tax losses not recognised	823,319	-
Recognition of previously unrecognised tax losses	-	(23,031,010)
Tax effect on disposal of capital assets(i)	-	6,292,554
Income tax (benefit) / expense recognised	**(3,786,583)**	**3,786,582**
Refund of prior year R&D claim	(1,497,697)	(523,088)
Income tax (benefit) / expense recognised inclusive of R&D claim	**(5,284,280)**	**3,263,494**

(i) Tax effect on disposal of capital assets was higher than the accounting gain on disposal.

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable income under Australian tax law. There has been no change in the corporate tax rate during the reporting period.

(b) Deferred tax balances

Deferred tax balances are presented in the statement of financial position as follows:

	2020 $	2019 $
Deferred tax liabilities	(13,559,164)	(12,697,822)
Deferred tax assets	13,559,164	8,911,240
Net deferred tax balance	-	**(3,786,582)**

(c) Deferred tax assets not brought to account

At 30 June 2020 the amount of tax losses not recognised was (gross) $2,744,397 (June 2019: $nil). Deferred tax assets have not been recognised in this reporting period as it is too early to estimate future taxable profits being available against which the Group can use the benefits.

7. Income taxes (continued)

Tax Consolidation

Relevance of tax consolidation to the consolidated entity

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group and are therefore taxed as a single entity. The head entity within the tax-consolidated group is Neometals Ltd. The members of the tax-consolidated group are identified at note 24.

Nature of tax funding arrangements and tax sharing agreements

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, Neometals Ltd and each of the entities in the tax consolidation group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax assets of the entity. Such amounts are reflected in amounts receivable from or payable to each entity in the tax consolidated group, and are eliminated on consolidation. The tax sharing agreement entered into between the members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that each member's tax liability for tax payable by the tax-consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

8. Key management personnel compensation

Details of key management personnel compensation are provided on pages 18-26 of the Directors' Report.

The aggregate compensation made to key management personnel of the Group is set out below:

	2020 $	2019 $
Short-term employee benefits	2,249,546	2,211,405
Post-employment benefits	136,960	136,092
Share-based payments	623,492	478,846
	3,009,998	**2,826,343**

9. Share based payments

Neometals Ltd has an ownership based remuneration scheme for executives and employees.

Performance Rights Plan ("PRP")

In accordance with the provisions of the PRP, as approved by shareholders at the Company's AGM on 24 November 2017, employees, Non-Executive Directors and consultants may be offered performance rights at such times and on such terms as the board considers appropriate.

General terms of performance rights granted under the PRP:

- The performance rights will not be quoted on the ASX.
- Performance rights can only be granted to employees, Non-Executive Directors and consultants of the Company.
- Performance rights are transferable to eligible nominees.
- Performance rights not exercised on or before the vesting date will lapse.
- All shares allotted upon the vesting of performance rights rank equally in all respects to all previously issued shares.
- Performance rights confer no right to vote, attend meetings, participate in a distribution of profit or a return of capital or another participating rights or entitlements on the grantee unless and until the performance rights vest.

9. Share based payments (continued)

The following share-based payment arrangements in relation to performance rights were in existence during the period:

2020	Grant date	Number	Vesting date/ Expiry date	Grant date share price	Probability factor	Fair value at grant date
J. Carone	03/10/2017	370,012	31/12/2020	0.30	n/a	0.25
M. Tamlin	03/10/2017	444,015	31/12/2020	0.30	n/a	0.25
C. Reed	11/12/2017	952,474	31/12/2020	0.385	n/a	0.34
D. Townsend	11/12/2017	444,015	31/12/2020	0.385	n/a	0.34
Staff and consultants	11/12/2017	280,312	31/12/2020	0.385	n/a	0.77
Staff and consultants	11/12/2017	250,000	30/06/2020	0.385	n/a	0.25
C. Reed	10/08/2018	835,339	30/06/2021	0.32	n/a	0.25
J. Carone	10/08/2018	307,156	30/06/2021	0.32	n/a	0.25
M. Tamlin	10/08/2018	383,330	30/06/2021	0.32	n/a	0.25
D. Townsend	10/08/2018	368,587	30/06/2021	0.32	n/a	0.25
Staff and consultants	10/08/2018	739,501	30/06/2021	0.32	n/a	0.25
Staff and consultants	25/01/2019	356,797	30/06/2021	0.22	n/a	0.25
C. Reed	02/09/2019	1,233,021	30/06/2022	0.154	n/a	0.25
J. Carone	02/09/2019	493,335	30/06/2022	0.154	n/a	0.25
M. Tamlin	02/09/2019	559,711	30/06/2022	0.154	n/a	0.12
D. Townsend	02/09/2019	538,184	30/06/2022	0.154	n/a	0.12
Staff and consultants	02/09/2019	1,957,910	30/06/2022	0.154	n/a	0.12
S. Cole	02/09/2019	285,467	30/06/2020	0.154	n/a	0.12
D. Ritchie	02/09/2019	68,512	30/06/2020	0.154	n/a	0.12
N. Streltsova	02/09/2019	68,512	30/06/2020	0.154	n/a	0.12
J. Purdie	02/09/2019	114,187	30/06/2020	0.154	n/a	0.12
L. Guthrie	24/10/2019	47,675	30/06/2020	0.154	n/a	0.12
Total		**11,098,052**				

The valuation of the Non-executive Directors performance rights has been based on the amount of their fees that have been forgone. The fair value of other KMP performance rights issued have been independently valued by a third party using a Monte Carlo simulation to determine fair value. The total expense recognised for the period arising from share-based payment transactions and accounted for as equity-settled share-based payment transactions is $924,147 (2019: $691,201).

9. Share based payments (continued)

The following reconciles the outstanding performance rights granted at the beginning and end of the financial year:

	2020 Performance Rights No.	2019 Performance Rights No.
Balance at beginning of the financial year	6,274,181	4,654,223
Granted during the financial year as compensation	5,366,515	3,233,353
Vested during the financial year (i)	(542,644)	(441,796)
Lapsed during the financial year (ii)	-	(1,171,599)
Balance at the end of the financial year (iii)	**11,098,052**	**6,274,181**

(i) 542,644 shares in the Company were issued on vesting of performance rights (2019:441,796).

(ii) No performance rights lapsed during the financial year (2019: 1,171,599).

(iii) Subject to the satisfaction of certain retention and performance conditions 584,353 performance rights vest at the end of the year (2019: 542,643)

10. Dividends on equity instruments

	2020 $	2019 $
Declared and paid during the year:		
Dividends paid on ordinary shares:		
On 20 March 2020, the directors declared a partially franked dividend of 2 cent per share, .0014 cent franked and 0.0186 cent unfranked to the holders of fully paid ordinary shares, paid to shareholders on 3 April 2020. (2019: 2.0 cents)	10,890,338	10,879,485

The dividend franking account has a balance of $3,710 as at 30 June 2020 (2019: $330,110).

11. Trade and other receivables

	2020 $	2019 $
Current		
Other receivables	170,803	428,903
Prepayments	214,410	198,696
Total	**385,213**	**627,599**

12. Other financial assets

	2020 $	2019 $
Current		
Financial assets measured at FVTPL(i)	1,149,757	782,927
Rental bond term deposit	43,000	-
Total Current	**1,192,757**	**782,927**
Non-current		
Financial assets measured at FVTPL	1,196,000	543,000
Barrambie Gas term deposit (ii)	4,000,000	4,000,000
Rental bond term deposit	200,000	244,118
Total Non-current	**5,396,000**	**4,787,118**
Total	**6,588,757**	**5,570,045**

(i) The Group has invested in a portfolio of listed shares which are held for trading. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The valuation technique and key inputs used to determine the fair value are quoted bid prices in an active market.

(ii) Neometals Energy Pty Ltd, a wholly owned subsidiary of the Company, is a party to a gas transmission agreement with DBNGP (WA) Transmission Pty Ltd (**DBP**) in relation to the Barrambie Project. As part of the agreement the Group was required to provide security by way of a $4.0 million bank guarantee.

13. Exploration and evaluation expenditure

	Consolidated
	Capitalised exploration and evaluation expenditure $
Gross carrying amount	
Balance at 1 July 2018	**37,267,573**
Additions	**5,476,253**
Balance at 1 July 2019	**42,743,826**
Additions	7,075,815
Balance at 30 June 2020	**49,819,641**
Accumulated amortisation and impairment	
Balance at 1 July 2018	**5,760,720**
Amortisation expense	**-**
Impairment expense	-
Expenditure written off	**-**
Balance at 1 July 2019	**5,760,720**
Amortisation expense	-
Impairment expense	-
Expenditure written off	-
Balance at 30 June 2020	**5,760,720**
Net book value	
As at 30 June 2019	**36,983,106**
As at 30 June 2020	**44,058,921**

The recovery of exploration expenditure carried forward is dependent upon the discovery of commercially viable mineral and other natural resource deposits, their development and exploration, or alternatively their sale.

14. Property, plant and equipment

	Consolidated Plant and equipment at cost $
Gross carrying amount	
Balance at 1 July 2018	1,214,252
Additions	943,403
Disposals	-
Transfers to property, plant and equipment	-
Written off	(131,331)
Balance at 1 July 2019	2,026,324
Additions	890,293
Disposals	(33,908)
Transfers to property, plant and equipment	-
Impairments (i)	(501,963)
Balance at 30 June 2020	2,380,746
Accumulated depreciation	
Balance at 1 July 2018	258,563
Disposals	(116,188)
Depreciation expense	109,429
Balance at 1 July 2019	251,804
Disposals and write offs	(51,705)
Depreciation expense	168,716
Balance at 30 June 2020	368,815
Net book value	
As at 30 June 2019	1,774,520
As at 30 June 2020	2,011,931

(i) During the year, following the cessation of research and development activities at the Group's leased premises in Canada, the Group carried out a review of the recoverable amount of the laboratory equipment and related premise upgrades. The review led to the recognition of an impairment loss of $501,963 which has been recognised in profit or loss. These assets are classified in the Group's Vanadium / Titanium operating segment.

15. Trade and other payables

	2020 $	2019 $
Trade payables	856,396	738,530
Accrued expenses	1,291,929	1,306,976
Other	34,461	44,146
	2,182,786	**2,089,652**

The average credit period on purchases is 30 days. No interest is charged on the trade payables. The Group has financial risk management policies in place to help ensure that all payables are paid within the settlement terms.

16. Provisions

	2020 $	2019 $
Current		
Annual leave	478,202	433,762
Long service leave	224,036	161,980
Other (a)	468,697	559,140
	1,170,935	1,154,882
Non-current		
Rehabilitation provision	398,000	-
Other (a)	928,359	1,378,062
	1,326,359	1,378,062
	2,497,294	**2,532,944**

(a) Detail of movement in other provisions

2020	**Onerous Contracts (i) $**
Balance at 1 July 2019	1,937,202
Additional provisions recognised	-
Reductions arising from payments	(568,987)
Increase resulting from re-measurement	28,841
Balance at 30 June 2020	1,397,056
Comprised of:	
Current provision	468,697
Non-current provision	928,359
	1,397,056

(i) The onerous contract relates to a contract entered into by Neometals Energy Pty Ltd, a wholly owned subsidiary of the Company, for the Company's Barrambie Project. The contract with DBNGP (WA) Transmission Pty Ltd for gas transmission, commenced on 1 July 2010. The provision in the accounts represents the present value of the remaining gas transmission obligations under the contract for gas transmission not expected to be utilised or on sold.

2019	**Onerous Contracts (i) $**
Balance at 1 July 2018	3,567,051
Reductions arising from payments	(653,832)
Reductions resulting from re-measurement or settlement without cost	(976,017)
Balance at 30 June 2019	1,937,202
Comprised of:	
Current provision	559,140
Non-current provision	1,378,062
	1,937,202

(i) The onerous contract relates to a contract entered into by Neometals Energy Pty Ltd, a wholly owned subsidiary of the Company, for the Company's Barrambie Project. The contract with DBNGP (WA) Transmission Pty Ltd for gas transmission, commenced on 1 July 2010. The provision in the accounts represents the present value of the remaining gas transmission obligations under the contract for gas transmission not expected to be utilised or on sold.

17. Issued capital

	2020 $	2019 $
544,516,913 fully paid ordinary shares (2019: 543,974,269)	154,437,267	154,264,634

	2020		2019	
	No.	$	No.	$
Fully paid ordinary shares				
Balance at beginning of financial year	543,974,269	154,264,634	543,532,473	154,101,518
Share issue costs	-	(4,117)	-	(1,884)
Other share based payments	542,644	176,750	441,796	165,000
Balance at the end of the financial year	**544,516,913**	**154,437,267**	**543,974,269**	**154,264,634**

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

Share options

At balance date there were no share options in existence over ordinary shares (2019: nil).

18. Reserves

The share-benefits reserve arises on the grant of share options and performance rights for the provision of services by consultants and to executives and employees under the employee share option plan, performance rights plan, employment contracts or as approved by shareholders. Amounts are transferred out of the reserve and into issued capital when the options are exercised or when shares are issued pursuant to the terms of the performance rights. Further information about share-based payments to employees is provided in note 9 to the financial statements.

	2020 $	2019 $
Share based payments reserve:		
Balance at the beginning of the financial year	6,300,747	5,774,546
Increase in share based payments	924,147	691,201
Amounts transferred to share capital on exercise	(176,750)	(165,000)
Balance at the end of the financial year	**7,048,144**	**6,300,747**
Other reserve:		
Balance at the beginning of the financial year	**300,349**	300,349
Balance at the end of the financial year	**300,349**	**300,349**
Investment revaluation reserve:		
Balance at the beginning of the financial year	**1,019,637**	1,019,637
Balance at the end of the financial year	**1,019,637**	**1,019,637**
Total Reserves	**8,368,130**	**7,620,733**

19. Earnings per share

	2020 Cents per share	2019 Cents per share
Basic earnings per share:		
Continuing and discontinued operations	(2.67)	14.00
Diluted earnings per share:		
Continuing and discontinued operations	(2.67)	14.01

Basic and diluted profit / (loss) per share

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

	2020 $	2019 $
Profit / (loss) [(a)]		
Continuing and discontinued operations	(14,553,693)	76,178,556

	2020 No.	2019 No.
Weighted average number of ordinary shares for the purpose of basic profit / (loss) per share	544,516,913	543,974,269
Weighted average number of ordinary shares for the purpose of diluted profit / (loss) per share	544,516,913	543,911,970

(a) Profit / (loss) used in the calculation of profit / (loss) per share reconciles to net loss in the consolidated statement of comprehensive income.

20. Commitments for expenditure

(a) Exploration and evaluation expenditure commitments

The Consolidated Entity holds mineral exploration licences in order for it to undertake its exploration and evaluation activities. To continue to hold tenure over these areas the Group is required to undertake a minimum level of expenditure on or in relation to the leases. Minimum expenditure commitments for the exploration and mining leases for the 2020 financial year are outlined in the table below.

	30 June 2020 $	30 June 2019 $
Exploration expenditure commitments		
Not longer than 1 year[(i)]	2,110,369	2,570,503

(i) Due to the nature of this expenditure, in that the expenditure commitments may be reduced by the relinquishment of tenements, estimates for the commitment have not been forecast beyond June 2021. However, should the Group continue to hold the tenements beyond this date additional expenditure commitments would arise.

(b) Other

As referred to in note 16 (i) to the accounts, Neometals Energy Pty Ltd, a wholly owned subsidiary of the Company, previously entered into a gas transmission agreement with DBNGP (WA) Transmission Pty Ltd for the Barrambie Project. As part of the agreement the Group was required to procure a "blocked" term deposit for $4.0 million (30 June 2019: $4.0 million) as security a bank guarantee, which approximates the present value of the Group's commitment under the agreement. The obligations under the gas transmission agreement commenced on 1 July 2010.

21. Leases

Leasing arrangements

Leases relate to the lease of commercial premises in West Perth, Welshpool, Canada and a photocopier. The lease agreement for the Company's West Perth premises was entered into on 1 July 2019 for a 48 month period expiring on 30 June 2023. The lease of the Canadian branch premises was entered into on 1 May 2016 for a 60 month period expiring on 30 April 2021. The lease of a photocopier is for a period of 48 months expiring in June 2022. The commitments are based on the fixed monthly lease payment.

	30 June 2020		
Right-of-use assets	**Buildings**	**Equipment**	**Total**
	$	**$**	**$**
Cost	1,605,014	26,210	1,631,224
Accumulated Depreciation	(577,518)	(8,737)	(586,255)
Carrying Amount	1,027,496	17,473	1,044,969

	30 June 2020		
Lease liability	**Buildings**	**Equipment**	**Total**
	$	**$**	**$**
Current	492,145	8,733	500,878
Non-current	712,810	9,044	721,854
Total	1,204,955	17,777	1,222,732

	2020	**2019**
	$	**$**
Amounts recognised in profit and loss		
Depreciation expense on right-of-use asset	586,255	-
Interest expense on lease liabilities	50,570	-
	636,825	-

22. Joint arrangements

Name of operation	Principal activity	Interest	
		2020 %	2019 %
Reed Advanced Materials Pty Ltd[(i)]	Evaluation of lithium hydroxide process	70	70

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

(i) Reed Advanced Materials Pty Ltd

On 6 October 2015 Neometals and Process Minerals International Pty Ltd entered into a shareholders agreement for the purposes of establishing and operating a joint venture arrangement through RAM to operate a business of researching, designing and developing the capabilities and technology relating to the processing of lithium hydroxide. Following the execution of the shareholders agreement RAM was held 70:30 between Neometals and Process Minerals International.

Summarised financial information for the joint venture:

	2020 $	2019 $
Carrying value of investment in the joint venture	1	1
Share of loss of joint venture not recognised in profit or loss	21,413	33,159
Current assets	177,801	79,847
Non-current assets	444,967	362,536
Current liabilities	(2,709)	-
Non-current liabilities	(2,176,568)	(1,968,678)

23. Investment in associate

(i) Hannans Limited

Name of operation	Principal activity	Interest	
		2020 %	2019 %
Hannans Limited	Exploration of nickel and lithium	35.5	35.5

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

Summarised information for the associate:

	2020 $	2019 $
Opening carrying value of investment in associate	7,062,095	12,757,545
Share of profit/(loss) of associate recognised in profit or loss(i)	-	(468,645)
Impairment expense(ii)	(3,531,047)	(5,226,805)
Closing carrying value of investment in associate	3,531,048	7,062,095

(i) The equity accounted share of the associate's loss as adjusted as if applying the same accounting policies as Neometals is credited against the carrying value of the investment in the associate.

(ii) In the current financial year, the carrying value of the investment in associate has been impaired down to its carrying value on a per share basis.

	2020 No.	2019 No.
Shares held in Hannans Limited	706,209,483	706,209,483

24. Subsidiaries

Name of entity	Country of incorporation	Ownership interest	
		2020	2019
		%	%
Parent entity			
Neometals Ltd	Australia		
Subsidiaries			
Australian Titanium Pty Ltd (formerly Australian Vanadium Corporation (Holdings) Pty Ltd)	Australia	100	100
Alphamet Management Pty Ltd (formerly Australian Vanadium Corporation (Investments) Pty Ltd)	Australia	100	100
Inneovation Pty Ltd (formerly Australian Vanadium Exploration Pty Ltd)	Australia	100	100
Neometals Energy Pty Ltd (formerly Barrambie Gas Pty Ltd)	Australia	100	100
Neomaterials Pty Ltd (formerly GMK Administration Pty Ltd)	Australia	100	100
Neometals Investments Pty Ltd (formerly Gold Mines of Kalgoorlie Pty Ltd)	Australia	100	100
Urban Mining Pty Ltd (formerly Mount Finnerty Pty Ltd)	Australia	100	100
Adamant Technologies Pty Ltd	Australia	100	100
Mt Edwards Lithium Pty Ltd	Australia	100	100
Avanti Materials Ltd	Australia	100	100
ACN 630 589 507 Pty Ltd	Australia	100	100

All of these companies are members of a tax consolidated group. Neometals Ltd is the head entity of the tax consolidated group.

25. Segment information

Basis for segmentation

AASB 8 *Operating Segments* requires the presentation of information based on the components of the entity that management regularly reviews for its operational decision making. This review process is carried out by the Chief Operating Decision Maker ("**CODM**") for the purpose of allocating resources and assessing the performance of each segment. The amounts reported for each operating segment is the same measure reviewed by the CODM in allocating resources and assessing performance of that segment.

For management purposes, the Group operates under three operating segments comprised of the Group's lithium, titanium/vanadium and 'other segments' which comprises other minor exploration projects and mineral process technology businesses. The titanium/vanadium operating segment is separately identified given it possess different competitive and operating risks and meets the quantitative criteria as set out in the AASB 8. Previously the Group operated under two reportable operating segments comprised of the Group's titanium/vanadium and 'other segments' which comprises the Mount Marion lithium project and other minor exploration projects. The 'other segments' category is the aggregation of all remaining operating segments given sufficient reportable operating segments have been identified.

During the 2019 financial year an investment in associate was classified as held for sale and the sale was completed in March 2019. The segment information reported on the next page does not include any amounts for this discontinued operation, which is described in more detail in note 6.

25. Segment information (continued)

For the year ended 30 June 2020

Reportable operating segments	**Lithium $**	**Vanadium /Titanium $**	**Other $**	**Corporate $**	**Total $**
Revenue from external customers	-	-	-	-	-
Cost of sales	-	-	-	-	-
Gross profit/(loss)	-	-	-	-	-
Other income	348,641	3,433	72,300	1,638,021	2,062,395
Expenditure written off / impairments	(184,024)	(521,456)	(3,531,047)	(360,408)	(4,596,935)
Depreciation and amortisation	-	(285,443)	-	(469,527)	(754,970)
Total expense	**(3,767,128)**	**(2,766,043)**	**(12,316)**	**(10,002,976)**	**(16,548,463)**
Profit/(loss) before tax	**(3,602,511)**	**(3,569,509)**	**(3,471,063)**	**(9,194,890)**	**(19,837,973)**
Income tax benefit	-	-	-	5,284,280	5,284,280
Consolidated profit/(loss) after tax	**(3,602,511)**	**(3,569,509)**	**(3,471,063)**	**(3,910,610)**	**(14,553,693)**

As at 30 June 2020

Reportable operating segments	**Lithium $**	**Vanadium /Titanium $**	**Other $**	**Corporate $**	**Total $**
Increase/(decrease) in segment assets	5,096,269	2,942,632	1,019,831	(31,492,164)	(22,433,432)
Impairment	(184,024)	(521,456)	(3,531,047)	(360,408)	(4,596,935)
Consolidated increase/(decrease) in segment assets	4,912,245	2,421,176	(2,511,216)	(31,852,572)	(27,030,367)
Total segment assets	10,517,522	36,708,688	5,876,877	82,353,822	135,456,909
Total assets	10,517,522	36,708,688	5,876,877	82,353,822	135,456,909

25. Segment information (continued)

For the year ended 30 June 2019

Reportable operating segments	Lithium $	Vanadium /Titanium $	Other $	Corporate $	Total $
Revenue from external customers	-	-	-	-	-
Cost of sales	-	-	-	-	-
Gross profit/(loss)	-	-	-	-	-
Other income	299,886	1,270	162,450	1,188,894	1,652,500
Depreciation and amortisation	(41,583)	(75,781)	-	-	(117,364)
Total expense	(2,285,531)	(2,106,863)	(5,697,277)	(10,805,562)	(20,895,233)
Profit/(loss) before tax	**(1,985,645)**	**(2,105,593)**	**(5,534,827)**	**(9,616,668)**	**(19,242,733)**
Profit for the year from discontinued operations	**-**	**-**	**-**	**98,684,783**	**98,684,783**
Income tax expense	**-**	**-**	**-**	**(3,263,494)**	**(3,263,494)**
Consolidated profit/(loss) after tax	**(1,985,645)**	**(2,105,593)**	**(5,534,827)**	**85,804,621**	**76,178,556**

As at 30 June 2019

Reportable operating segments	Lithium $	Vanadium /Titanium $	Other $	Corporate $	Total $
Increase/(decrease) in segment assets	(17,676,310)	4,540,378	(5,411,673)	103,164,273	84,616,668
Deconsolidation	-	-	-	19,960,655	19,960,655
Consolidated increase/(decrease) in segment assets	(17,676,310)	4,540,378	(5,411,673)	123,124,928	104,577,323
Total segment assets	5,605,277	34,287,512	8,388,092	114,206,395	162,487,276
Total assets	**5,605,277**	**34,287,512**	**8,388,092**	**114,206,395**	**162,487,276**

Geographical information

The Group operates in a single geographical area being Australia (country of domicile).

26. Related party disclosures

(a) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 24 to the financial statements.

(b) Key management personnel remuneration

Details of Key Management Personnel remuneration are disclosed on pages 17-25 of the Directors' Report.

(c) Key management personnel equity holdings

Fully paid ordinary shares of Neometals Ltd

2020	Balance at 01/07/2019 No.	Balance on appointment No.	Received on exercise of perf rights No.	Net other change No.	Balance at 30/06/2020 No.	Balance held nominally No.
Non-executive directors						
S. Cole	1,232,783	-	163,948	-	1,396,731	-
D. Ritchie	27,048	-	39,348	-	66,396	-
N. Streltsova	27,048	-	39,348	-	66,396	-
D. Reed	49,188,900	-	-	(3,000,000)	46,188,900	-
J. Purdie	44,248	-	56,752	-	101,000	-
L. Guthrie	25,000	-	60,605	-	85,605	-
Executive directors						
C. Reed (i)	10,228,170	-	-	200,000	10,428,170	-
Other executives						
M. Tamlin (i)	979,189	-	-	(750,000)	229,189	-
J. Carone (i)	1,450,000	-	-	(350,000)	1,100,000	-
D. Townsend	130,272	-	-	33,333	163,605	-
Total	**63,332,658**	**-**	**360,001**	**(3,866,667)**	**59,825,992**	**-**

2019	Balance at 01/07/2018 No.	Balance on appointment No.	Received on exercise of perf rights No.	Net other change No.	Balance at 30/06/2019 No.	Balance held nominally No.
Non-executive directors						
S. Cole	1,120,083	-	112,700	-	1,232,783	-
D. Ritchie	-	-	27,048	-	27,048	-
N. Streltsova	-	-	27,048	-	27,048	-
D. Reed	49,188,900	-	-	-	49,188,900	-
J. Purdie	-	-	-	44,248	44,248	-
L. Guthrie	-	-	-	25,000	25,000	-
Executive directors						
C. Reed (i)	9,978,170	-	-	250,000	10,228,170	-
Other executives						
M. Tamlin (i)	979,189	-	-	-	979,189	-
J. Carone (i)	1,650,000	-	-	(200,000)	1,450,000	-
D. Townsend	-	-	-	130,272	130,272	-
Total	**62,916,342**	-	**166,796**	**249,520**	**63,332,658**	-

26. Related party disclosures (continued)

Share options of Neometals Ltd

No options were issued to related parties during the current period (2019: nil).

Performance rights of Neometals Ltd

In the current reporting period the Company granted 3,408,604 (2019: 2,137,056) performance rights to executives and KMP pursuant to the Company's Performance Rights Plan.

Further details of the employee share option plan and of share options and performance rights granted are contained in note 8 to the financial statements.

Performance Rights granted to related parties

The following tables summarises information relevant to the current financial year in relation to the grant of performance rights to KMP as part of their remuneration. Performance rights are issued by Neometals Ltd.

Name	During the Financial Year					
	Grant date	No. granted	No. vested	Fair value at grant date	Earliest exercise date	Consideration payable on exercise
KMP:						
N. Streltsova	02/09/2019	68,512	68,512	12,000	30/06/2020	-
D. Ritchie[(1)]	02/09/2019	68,512	68,512	12,000	30/06/2020	-
S. Cole[(1)]	02/09/2019	285,467	285,467	50,000	30/06/2020	-
J. Purdie	02/09/2019	114,187	114,187	20,000	30/06/2020	-
L. Guthrie	02/09/2019	47,675	47,675	10,000	30/06/2020	-
C. Reed[(2)]	02/09/2019	1,233,021	-	141,797	30/06/2022	-
J. Carone[(2)]	02/09/2019	493,335	-	56,734	30/06/2022	-
M. Tamlin[(2)]	02/09/2019	559,711	-	64,367	30/06/2022	-
D. Townsend[(2)]	02/09/2019	538,184	-	61,891	30/06/2022	-
Total		3,408,604	584,353	428,789		-

(1) At 30 June 2020 Non-Executive Directors became entitled to securities whose vesting conditions were the subject to the rules of the Performance Rights Plan.

(2) The number of performance rights that will actually vest, if any, is determined by the Company's performance based on Neometals relative and absolute TSR compared to the comparative group of companies over a 3 year period and Business Plan strategic objectives.

26. Related party disclosures (continued)

Details of performance rights held by KMP and of shares issued during the financial year as a result of the vesting of performance rights:

	Grant date	Fair value of rights at grant date $	No. granted	Vested during the financial year No.	Forfeited/ lapsed during the financial year No.	Ordinary shares issued on exercise of rights No.
KMP:						
J. Carone(1)	03/10/2017	93,243	370,012	-	-	-
M. Tamlin(1)	03/10/2017	111,892	444,015	-	-	-
C. Reed(1)	11/12/2017	320,984	952,474	-	-	-
D. Townsend(1)	11/12/2017	149,633	444,015	-	-	-
N. Streltsova(2)	10/08/2018	12,000	39,348	-	-	39,348
D. Ritchie(2)	10/08/2018	12,000	39,348	-	-	39,348
S. Cole(2)	10/08/2018	50,000	163,948	-	-	163,948
C. Reed(1)	10/08/2018	209,252	835,339	-	-	-
J. Carone(1)	10/08/2018	76,943	307,156	-	-	-
M. Tamlin(1)	10/08/2018	96,024	383,330	-	-	-
D. Townsend(1)	10/08/2018	92,331	368,587	-	-	-
N. Streltsova(3)	02/09/2019	12,000	68,512	68,512	-	-
D. Ritchie(3)	02/09/2019	12,000	68,512	68,512	-	-
S. Cole(3)	02/09/2019	50,000	285,467	285,467	-	-
J. Purdie(3)	02/09/2019	20,000	114,187	114,187	-	-
L. Guthrie(3)	02/09/2019	10,000	47,675	47,675	-	-
C. Reed(1)	02/09/2019	141,797	1,233,021	-	-	-
J. Carone(1)	02/09/2019	56,734	493,335	-	-	-
M. Tamlin(1)	02/09/2019	64,367	559,711	-	-	-
D. Townsend(1)	02/09/2019	61,891	538,184	-	-	-
Total		**1,653,091**	**7,756,176**	**584,353**	**-**	**242,644**

(1) The number of performance rights that will actually vest, if any, is determined by the Company's performance based on Neometals TSR compared to the comparative group of companies over the 3-year period as set out in the employee's employment contract. As a result of the testing of the Company's performance over this period no rights vested and thus no shares were issued (2019: nil).

(2) Under the Performance Rights Plan, Non-Executive Directors were invited to forgo part of their fees for their services in exchange for performance rights. At 30 June 2019 all performance rights have vested. As a result of the testing of the Company's performance over this period 242,644 rights vested and shares were issued (2019: 166,796).

(3) Under the Performance Rights Plan, Non-Executive Directors were invited to sacrifice part of their fees for their services in exchange for performance rights. At 30 June 2020 all performance rights have vested.

The performance rights granted entitle the grantee to one fully paid ordinary share in Neometals Ltd for nil cash consideration on satisfaction of the vesting criteria.

26. Related party disclosures (continued)

(d) Transactions with other related parties

Other related parties include:

- The parent entity;
- Associates;
- Joint ventures in which the entity is a venturer;
- Subsidiaries;
- Key Management Personnel of the Group; and
- Other related parties.

Transactions involving the parent entity

The directors elected for wholly-owned Australian entities within the Group to be taxed as a single entity from 1 July 2003.

No other transactions occurred during the financial year between entities in the wholly owned Group.

(e) Controlling entities

The ultimate parent entity of the Group is Neometals Ltd, a company incorporated and domiciled in Australia.

27. Auditors remuneration

Details of the amounts paid or payable to the auditor for the audit and other assurance services during the year are as follows:

	2020 $	2019 $
Audit services - Deloitte Touche Tohmatsu		
Fees to the group auditor for the audit or review of the statutory financial reports of the Company, subsidiaries and joint operations	53,340	95,650
Fees for other assurance and agreed-upon procedures under other legislation or contractual arrangements	-	37,800
Total remuneration of Deloitte Touche Tohmatsu	53,340	133,450

28. Notes to the statement of cash flows

(a) Reconciliation of cash and cash equivalents

	2020 $	2019 $
For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the statement of financial position as follows:		
Cash and cash equivalents	77,043,016	109,462,006
	77,043,016	**109,462,006**

(b) Funds not available for use

Restrictions exist on bank deposits with a total value of $4,243,000. Deposits are classified as financial assets (see note 12).

Of the $4,243,000 held in restricted bank deposits $4,000,000 is held as security in relation to an unconditional performance bond issued by the National Australia Bank in favour of the Minister for State Development and DBNGP (WA) Transmission Pty Ltd. In addition, the Group has $243,000 on deposit as security for a rental bond relating to its leased business premises.

(c) Reconciliation of profit / (loss) for the period to net cash flows from operating activities

	2020 $	2019 $
(Loss) / Profit for the year	**(14,553,693)**	**76,178,556**
Impairment	4,596,935	5,226,805
Profit on disposal of financial assets	(249,835)	(71,441)
Profit on the sale of associate	-	(98,216,158)
Loss / (profit) on financial assets measured at FVTPL	177,535	(29,505)
Interest received on term deposits	(1,630,841)	(1,140,353)
Finance costs	63,185	60,649
Share issue costs	-	1,884
Depreciation and amortisation of non-current assets	754,970	117,364
Equity settled share-based payment	924,147	691,201
Net foreign exchange loss/(gain)	665	(334)
(Increase) / decrease in assets:		
Current receivables	242,386	(178,640)
Other	(107,835)	(29,652)
Increase / (decrease) in liabilities:		
Current payables	238,140	451,047
Deferred tax liability	(3,786,582)	3,786,582
Provisions	16,053	(1,451,869)
Net Cash used in operating activities	**(13,314,770)**	**(14,603,864)**

29. Financial instruments

(a) Financial risk management objectives

The Consolidated Entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(b) 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 income 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.

(c) Interest rate risk

The following tables detail the Group's exposure to interest rate risk:

2020	Weighted average effective interest rate	Variable interest rate	Maturity dates			Non interest bearing	Total
			Less than 1 year	1-5 years	More than 5 years		
	%	%	$	$	$	$	$
Financial assets:							
Cash and cash equivalents AUD	0.92%	-	74,640,987	-	-	-	74,640,987
Cash and cash equivalents CAD	0.00%	-	46,563	-	-	-	46,563
Cash and cash equivalents USD	0.00%	-	297,277	-	-	-	297,277
Barrambie Gas term deposit (i)	1.00%	-	4,000,000	-	-	-	4,000,000
Bond term deposits (i)	1.14%	-	243,000	-	-	-	243,000
Cash deposits trust	1.57%	-	2,058,189	-	-	-	2,058,189
Trade and other receivables	0.00%	-	-	-	-	385,213	385,213
Financial liabilities:							
Trade payables	-	-	-	-	-	856,396	856,396
Lease liability	3.50%	-	500,878	721,854	-	-	1,222,732

(i) The balances represent two term deposits that are restricted in their use and are classified in the current reporting period other financial assets. Additional information on all other term deposits is provided at notes 12 and 28(b). The financial assets have contractual maturities of less than one year, however they are classified as non-current in the statement of financial position as they are not accessible to the Group due to restrictions placed on accessing the funds.

29. Financial instruments (continued)

2019	Weighted average effective interest rate	Variable interest rate	Maturity dates			Non interest bearing	Total
			Less than 1 year	1-5 years	More than 5 years		
	%	%	$	$	$	$	$
Financial assets:							
Cash and cash equivalents AUD	2.00%	-	107,140,847	-	-	-	107,140,847
Cash and cash equivalents CAD	0.00%	-	284,108	-	-	-	284,108
Cash and cash equivalents USD	0.00%	-	14,725	-	-	-	14,725
Barrambie Gas term deposit (i)	2.35%	-	4,000,000	-	-	-	4,000,000
Bond term deposits (i)	2.13%	-	244,118	-	-	-	244,118
Cash deposits trust	2.64%	-	2,022,326	-	-	-	2,022,326
Trade and other receivables	0.00%	-	-	-	-	627,599	627,599
Financial liabilities:							
Trade payables	-	-	-	-	-	738,530	738,530

(i) The balances represent two term deposits that are restricted in their use and are classified in the current reporting period other financial assets. Additional information on all other term deposits is provided at notes 12 and 28(b). The financial assets have contractual maturities of less than one year, however they are classified as non-current in the statement of financial position as they are not accessible to the Group due to restrictions placed on accessing the funds.

(d) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted a policy of only dealing with credit-worthy counterparties and obtaining sufficient collateral where appropriate as a means of mitigating the risk of financial loss from defaults. The consolidated entity exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The consolidated entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics other than the Joint Venture. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(e) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

In addition to financial liabilities in note 15, the Company is required to meet minimum spend commitments to maintain the tenure over the Company's mineral exploration areas as described in note 20.

(f) Fair value

The carrying amount of financial assets measured at amortised cost recorded in the financial statements approximates their respective fair values.

Financial assets carried at fair value through profit or loss comprise investments in largely Australian listed equities. Their fair value is determined using key inputs of quoted bid prices in an active market multiplied by the number of shares held.

The sensitivity analysis below has been calculated based on the exposure to equity price risk at the end of the reporting period for financial assets carried at fair value through profit or loss. A 25 percent increase and decrease has been used to assess the sensitivity of the equity price risk and represents management's assessment of a reasonably possible change in equity pricing.

If equity prices had been 25 percentage higher/lower and all other variables were held constant, the Group's profit for the year ended 30 June 2020 would decrease/increase by $287,439

29. Financial instruments (continued)

(g) Capital management

The board's policy is to endeavour to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group sources any additional funding requirements from either debt or equity markets depending on the market conditions at the time the funds are sourced and the purpose for which the funds are to be used. The Group is not subject to externally imposed capital requirements.

(h) Interest rate risk management

The Group is exposed to interest rate risk as the Group has funds on deposit as security for the head office lease and the Neometals Energy Pty Ltd onerous contract outlined at note 16.

The sensitivity analysis below has been calculated based on the exposure to interest rates at the end of the reporting period. A 50 basis point increase and decrease has been used when reporting the interest rate risk and represents management's assessment of the potential change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 30 June 2020 would decrease/increase by $406,430 (2019: decrease/increase $568,530). This is mainly attributable to the Group's exposure to interest rates on the maturity of its term deposits.

30. Events after the reporting period

Further to the Company's announcement during the December 2019 quarter that it had entered a binding memorandum of understanding with leading global processing plant manufacturer SMS, SMS successfully concluded its due diligence in the last half of the financial year. Subsequently, on 31 July 2020 Neometals announced the execution of formal agreements governing the formation and operation of an incorporated 50:50 joint venture ("JV") with SMS, called Primobius GmbH ("Primobius"). Primobius aim is to commercialise Neometals' proprietary lithium-ion battery ("LiB") recycling technology (for further details see Neometals ASX announcement dated 31 July 2020 for further details).

No other matters or circumstances have arisen since the end of the financial year that have significantly affected, or may significantly affect the operations, results of operations or state of affairs of the Group in subsequent financial years.