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Kalimetals

Limited

ACN 653 279 371

AND ITS CONTROLLED ENTITY

HALF-YEAR FINANCIAL REPORT

For the period ended

31 DECEMBER 2024

CONTENTS

CORPORATE DIRECTORY 2

DIRECTORS' REPORT 3

AUDITOR'S INDEPENDENCE DECLARATION 13

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2024 14

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024 15

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2024 16

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2024 17

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2024 18

DIRECTORS' DECLARATION 26

INDEPENDENT AUDITOR'S REVIEW REPORT 27

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CORPORATE DIRECTORY

DIRECTORS

Luke Reinehr	Non-Executive Chairman
Paul Adams	Managing Director
Graeme Sloan	Non-Executive Director
Simon Coyle	Non-Executive Director

CHIEF FINANCIAL OFFICER

Silfia Morton

COMPANY SECRETARY

Nicholas Madders

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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5 Spring Street
Perth, WA 6000

LEGAL

Hamilton Locke
Level 48, 152-158 St Georges Terrace,
Perth, WA 6000

SHARE REGISTER

Automic Share Registry Services
Level 5, 191 St Georges Terrace
Perth WA 6000

SECURITIES EXCHANGE LISTING

The Company is listed on the Australian Securities Exchange Ltd (ASX) and the Frankfurt Stock Exchange (FSE).
ASX Code: KM1
FSE Code: 6OB

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DIRECTORS' REPORT

The Directors of Kali Metals Limited ("Kali" or "the Company" or "the Group") submit the consolidated financial report for the Group for the half-year ended 31 December 2024. The Group was incorporated on 31 August 2021 and was a wholly owned subsidiary of Kalamazoo Resources Limited ("Kalamazoo"). On 29 December 2023, the Group demerged from Kalamazoo following the issue of shares for the acquisition of various mining assets.

DIRECTORS

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

- Luke Reinehr
- Paul Adams
- Graeme Sloan
- John Leddy (resigned on 30 September 2024)
- Simon Coyle

REVIEW OF OPERATIONS

Kali is a minerals exploration Group with a focus on lithium, gold, tin and critical minerals. The Company maintains a portfolio of assets that represents one of the largest and most prospective exploration packages across the Higginsville Lithium District and the Pilbara in Western Australia and the Southern Lachlan Fold Belt in New South Wales and Victoria.

The Company's portfolio of assets includes:

- Pilbara Projects
  - DOM's Hill Project
  - Marble Bar Project
  - Pear Creek Project
- Southern Lachlan Fold Belt Projects
  - Jingellic Project
  - Tallangatta Project
- Higginsville Lithium District

Kali's ~3,960 km^2 exploration tenure is located near existing, emerging and unexplored lithium, gold, tin and critical minerals regions.

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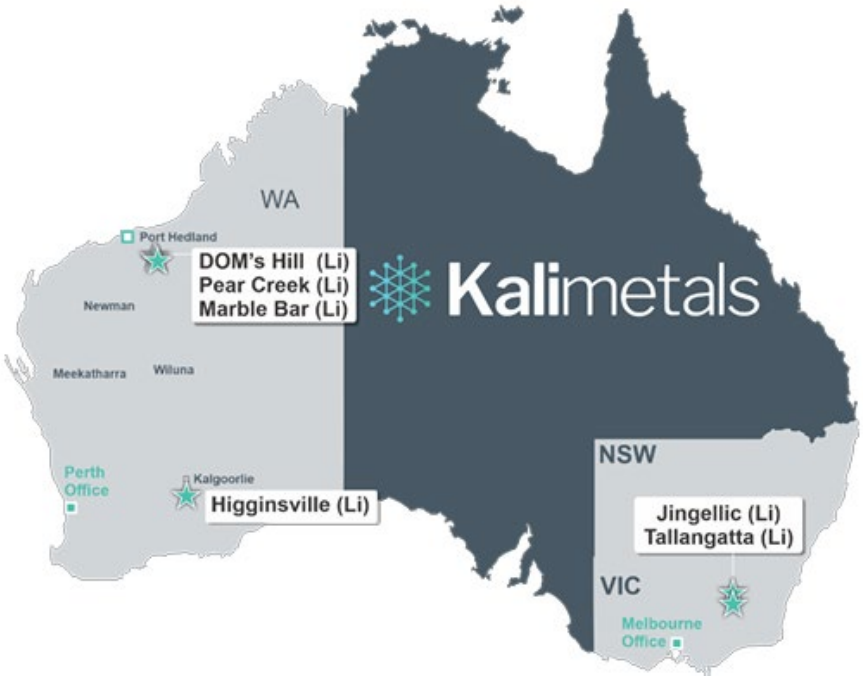

Figure 1: Kali Metals Portfolio

Key activities carried out by Kali through this reporting period include:

- Expansion of its Earn-In Agreement ("JV") with SQM Australia Pty Ltd ("SQM Australia") at DOM's Hill and Pear Creek in the Pilbara
- Mapping and sampling programs at its 100%-owned Marble Bar Project, in the Pilbara
- Mapping and rock chip sampling program at the Jingellic Project in New South Wales
- Geophysical review of the Higginsville Project with a view towards target generation
- 3-D modelling, mapping and sampling programs at the Higginsville Project.

Pilbara Projects

Expansion of SQM Joint Venture

Previously, all of Kali's Pilbara Projects were subject to the JV with SQM Australia ("JV or SQM JV"), however during the Reporting Period Kali expanded and amended the terms of the JV as follows:

- Kali incorporated three new tenements into the JV, acquired from major shareholder Kalamazoo
- SQM Australia agreed to spend a minimum of $500,000 on exploration by 15 December 2025 to retain its 30% interest in Kali's DOM's Hill and Pear Creek tenements
- SQM Australia committed to an additional $1,000,000 of expenditure, now $4,250,000 by 15 December 2026, to earn a 50% interest in the expanded JV tenements
- Kali retained 100% ownership of its Marble Bar Project, which has subsequently demonstrated positive gold potential in addition to the existing lithium prospectivity. These tenements are no longer covered by the JV.

Following the acquisition and subsequent incorporation of the three new tenements into the JV, the Company's Pilbara landholding increased by ~129km^2.

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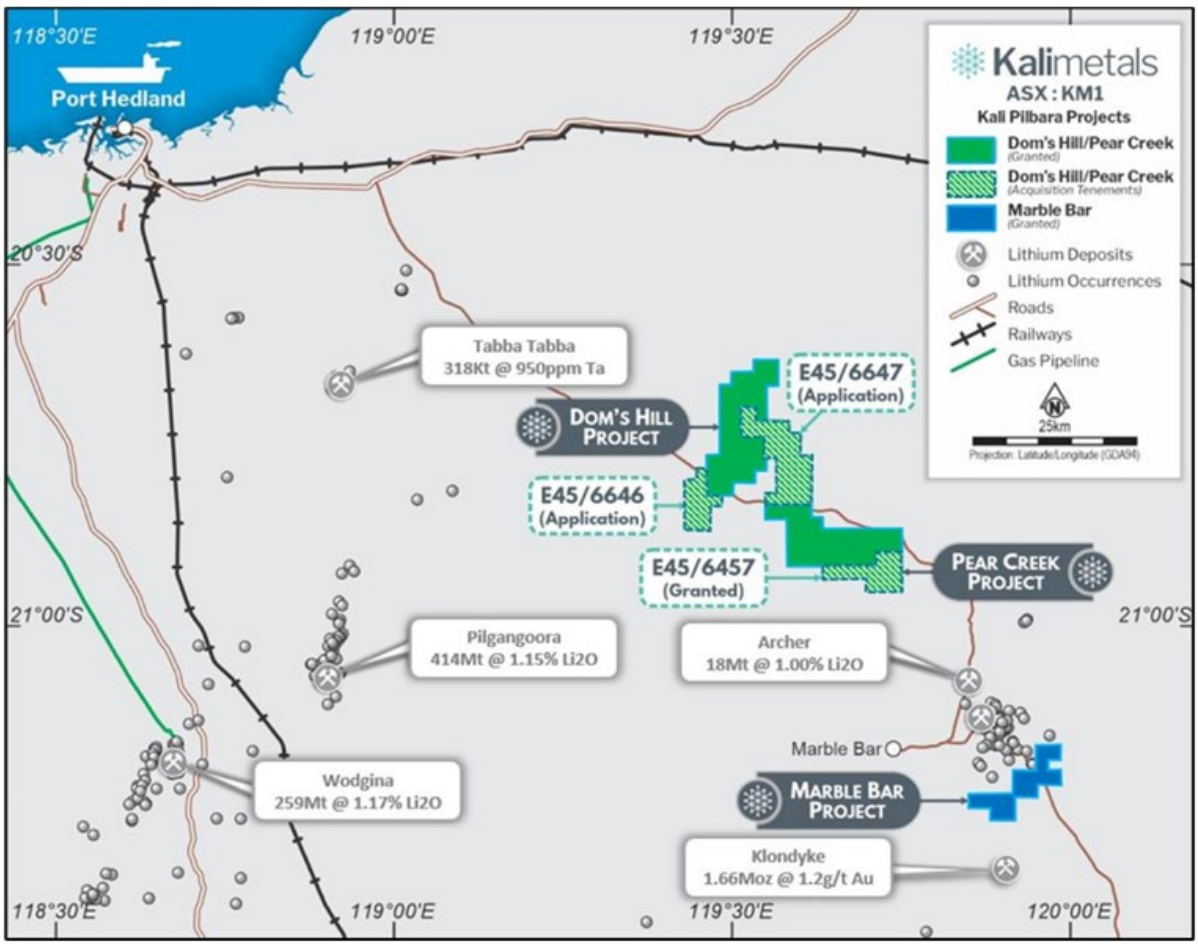

Figure 2: Kali Metals Pilbara Tenure

Marble Bar Project

Kali's Marble Bar Project which was previously part of the SQM JV, is located in the eastern Pilbara, approximately 30km east of the town of Marble Bar. Covering 42km^2, the project geology comprises the Mount Edgar Granitic Complex and Warrawoona Greenstone Belt (sedimentary and volcanic rocks). Following the amendments to the JV (refer above), Kali maintains 100% interest in the Marble Bar Project.

From activity carried out by previous explorers[1], the Marble Bar region is considered prospective for both lithium and gold. Encouraged by the presence of the nearby delineated lithium and gold deposits, the Company carried out reconnaissance over the Marble Bar Project area, targeting LCT pegmatites for lithium potential and quartz veining for gold potential.

New Gold Anomaly Discovered

In September 2024, Kali completed a reconnaissance mapping and sampling program over the Marble Bar Project area, which targeted both LCT pegmatites and quartz veining. Initial areas of gold focus included the Tiger and Sherman Prospects.

Simultaneously, Kali identified from historical soil sampling results (conducted in late 2021 by Kalamazoo) a cumulative, coherent, 5.1km long WNW striking gold-in-soil anomaly, interpreted to be bisected by several off-setting, north-east striking structures.

[1] Refer KRZ ASX announcement "High Priority Gold Anomaly defined at Marble Bar" dated 9 October 2019.

In December 2024, the Company submitted ~600 historical soil samples not previously assayed for gold. Post Reporting Period end, Kali advised that through the results of these further soil samples[2], the gold-in-soil anomaly had increased by 80% to a 9.5 km cumulative, coherent strike length.

The mineralised structures at both the Sherman and Tiger Prospects are dominated by WNW trending quartz veins in the same orientation as the gold-in-soil anomalies. The Tiger Prospect also contains a second set of mineralised quartz veins trending N to NE.

Rock Chip Sampling Results

Assays from the Company's rock-chip sampling programs identified gold mineralisation on surface and confirmed significant lithium potential. The standout results returned from the areas explored include[3]:

Tiger Gold Prospect

- Rock chips up to 3.0g/t gold from multiple outcropping steeply dipping quartz veins (up to 5m wide in outcrop) in monzogranite over a 400x400m area

Sherman Gold Prospect

- Seven rock-chip samples collected during November from the Sherman Prospect, with best results up to 4 g/t gold returned from a quartz vein measuring 120m in length and up to 7m in width

Panther Lithium Prospect

- Up to 1.5% Li2O in rock chip samples from a LCT pegmatite, locally up to 15-20m wide in outcrop (assumed >10m true width), with multiple >1% Li2O outcrop samples over the 1.1km strike length

Heritage Surveys

The Company advised that Aboriginal heritage surveys over four emerging gold prospects at Marble Bar Project were completed during November 2024.

Southern Lachlan Fold Belt Projects

Kali's Southern Lachlan Fold Belt Projects comprise the Jingellic Project in NSW, covering approximately 1,220km^2 (tenements EL9403, EL9507 and EL8958[4]) and the Tallangatta Project in Victoria, a greenfields exploration project covering 839km^2.

[2] Refer KM1 ASX announcement dated 21 January 2025
[3] Refer KM1 Announcement dated 11 December 2024.
[4] Kali holds the tin-tungsten and lithium-caesium-tantalum rights as defined in the NSW Mining Act 1992

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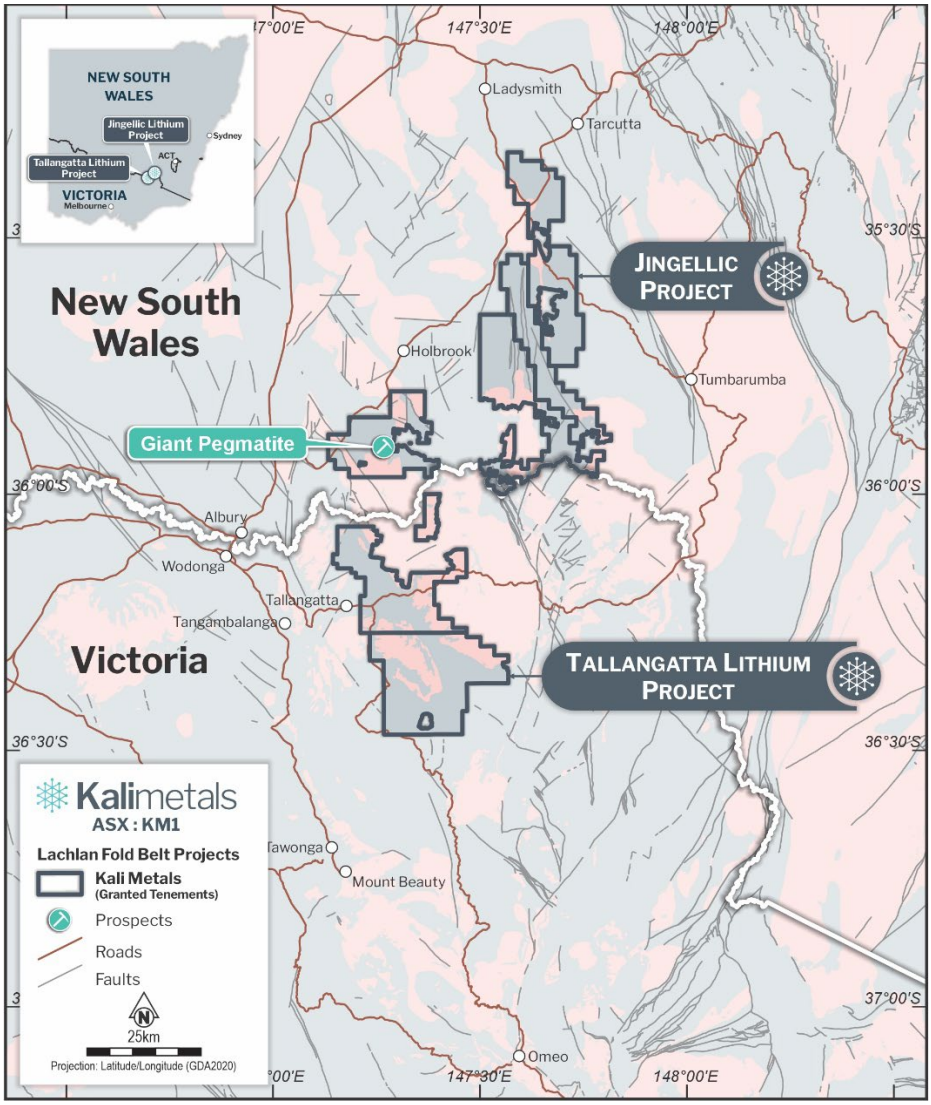

Figure 3: Kali Metals Southern Lachlan Fold Belt Projects

Jingellic Project

At Jingellic, Kali's initial exploration focus has been on EL9403 and the highly prospective Sweetwater area which contains several historic tin mines and the recently identified lithium-bearing pegmatites[5].

The main tin mines around Sweetwater include the Mullengandra, McLurg's and Parsons-Hunter mines (as well as dozens of smaller workings) which were active in the early 1900s. Tin mineralisation is associated with the mineral cassiterite (the main economic tin mineral). A historical data review carried out by Kali[6] revealed the high-grade tin-bearing workings also contain significant amounts of tantalum and niobium, adding to the potential prospectivity of the area.

The Sweetwater area also hosts notable LCT pegmatites, with the two most prominent pegmatites identified to date being the Giant Pegmatite and the BFG Pegmatite. Results from rock chip sampling carried out by Kali at the Giant Pegmatite confirmed LCT-type mineralisation ranging from 0.66% to 1.54% Li_2O[7]. The BFG pegmatite composed of two dykes over 1km cumulative length, identified from LiDAR imagery.

[5] KM1 ASX Announcement 28 June 2024
[6] KM1 ASX Announcement 28 June 2024
[7] KM1 ASX Announcement 28 June 2024.

A LiDAR survey undertaken in February 2024 assisted in identifying the long-forgotten historical tin workings and a soil sampling program (Q3 2024) resulted in several km-scale tin, tungsten, tantalum and lithium anomalies[8].

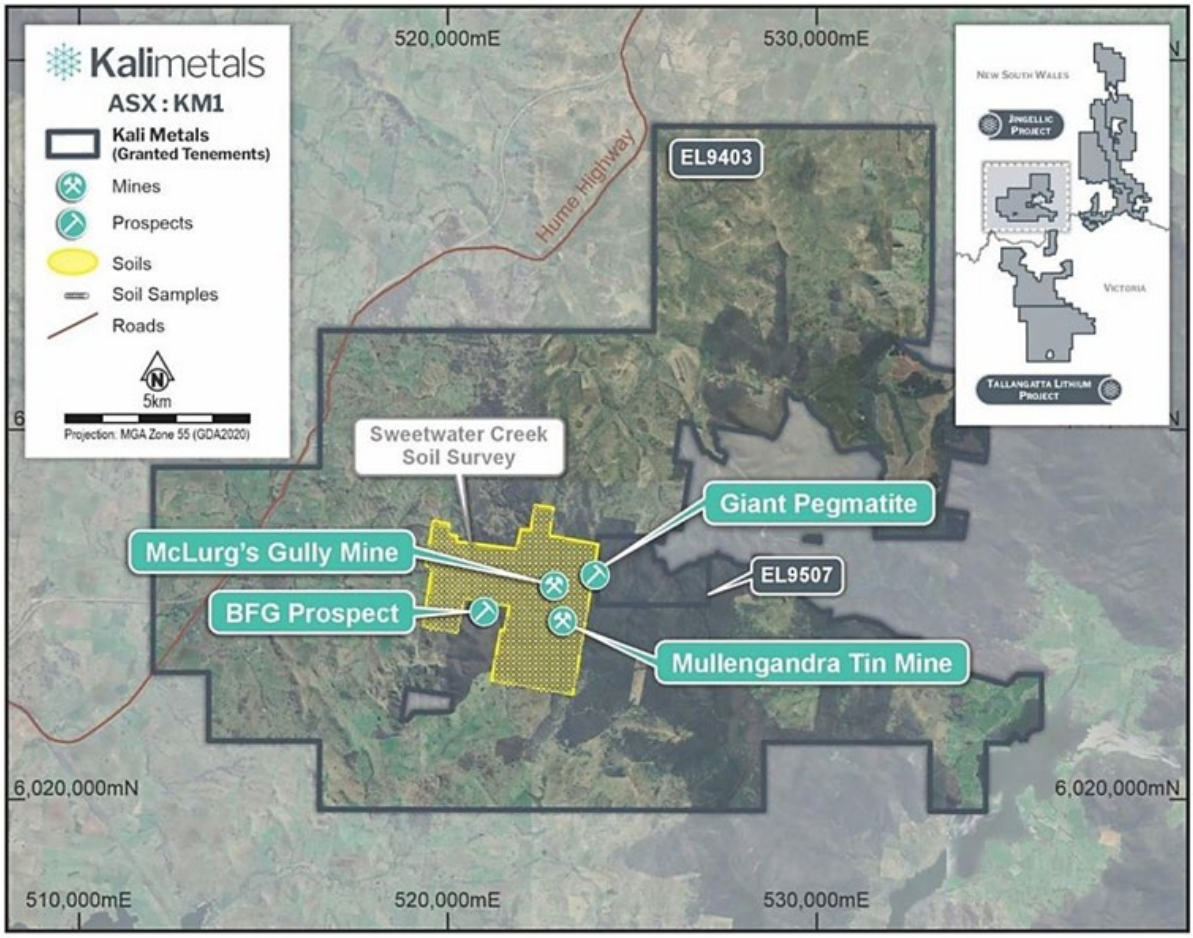

Figure 4: Sweetwater Area Location Map and Soil Sampling Program

Soil Sampling Program

In July 2024, Kali completed its initial soil sampling program consisting of 597 samples collected over an area of 13.7km^2, on a 150x150m grid. . Results from this program confirmed the geochemical anomalies in lithium, tin, tungsten and tantalum over the known occurrences and identified NW-SE striking extensions of these anomalies that remain open to NW and SE. In addition, the soil sampling has identified previously unknown areas of anomalism that require follow up.

Rock Chip Sampling Results

In Q3 2024, Kali initiated geological mapping of these areas and to date has collected a total of 35 rock chip samples. Prior to the end of the Reporting Period, five high-grade samples were returned of > 1% SnO_2 (up to an exceptional 7.99% SnO2) and seven lower grade samples between 0.1% and 1.0% tin-oxide, all accompanied with encouraging tantalum and niobium levels[9].

[8] KM1 ASX Announcement 10 September 2024
[9] KM1 ASX Announcement 4 December 2024.

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The results of a further 14 samples were reported Post Quarter delivering 11 high-grade samples of > 1% SnO_2 (best 16.7% SnO_2) and 3 lower grade samples between 0.18% and 1.0% SnO_2, often accompanied with notable tantalum and niobium results.

Further Activities

In addition to the above activities Kali has also carried out the following activities:

- Infill soil sampling was completed to further constrain the soil anomalies over the identified anomalous trends. 287 samples have been collected, with all results still pending (likely to be reported during Q1 2025). The soil sampling consisted of 150x150m infill and orientation surveys (10m spacing) over the Giant Pegmatite, and historical workings at Mullengandra and McLurg's.
- Rock petrography conducted by tin expert Dr Roger G. Taylor has been completed. The main minerals of interest (cassiterite and spodumene) were confirmed in thin sections. The report findings were integrated into the ongoing geological mapping campaign.
- Literature review and desktop studies for regional tin (and lithium) prospectivity have been completed. Review of the desktop study is ongoing.
- Given the success of using LiDAR over the Sweetwater area, Kali has engaged GeoCloud Analytics and MNG Survey to complete a 50km^2 data acquisition (and data processing/interpretation) for Mt Cudgewa prospect on EL7786 at the Tallangata Project (VIC). The Mt Cudgewa Prospect hosts known hard rock tin prospects and known pegmatite occurrences, on hilly Crown land not under license by private or corporate entities.
- Designing the soil sampling grid expansion into the eastern EL9507 Woomargama State Conservation Area (access now granted) is ongoing. This plan will await the LiDAR data acquisition over Mt Cudgewa and propose a soil sampling program over both EL9507 and EL7786 tenements.

Higginsville Lithium District

The Higginsville Lithium District covers approximately 1,571km^2 of land holding with Kali owning 100% of the lithium and associated battery mineral rights across these tenements.

Eight projects within the Higginsville Lithium District portfolio have been identified as having a prospective geological setting to host LCT pegmatites. Some of these areas have existing mapped outcropping pegmatites with Spodumene identified, while in other areas, pegmatite occurrences have been logged as part of the historic core review program.

Historical Data Review

During the Reporting Period Kali commenced its work program at Higginsville with a review of historical drill data from Westgold Resources Limited's ("ASX: WGX") ("Westgold"). Whilst numerous pegmatites had been intersected in previous drilling, little was known about their mineralogy or geochemistry. Prior to the review, the majority of the pegmatites had never been logged for mineralogy nor considered for their lithium potential.

Preliminary findings of the review, which focused on the area around Westgold's Spargo's Reward open pit gold mine, revealed multiple spodumene occurrences at the Spargoville Project[10]. The identification and logging of the remaining core containing pegmatites close to the Spargo's Reward open pit has resulted in new target areas for Kali.

[10] KM1 ASX Announcement dated 6 August 2024

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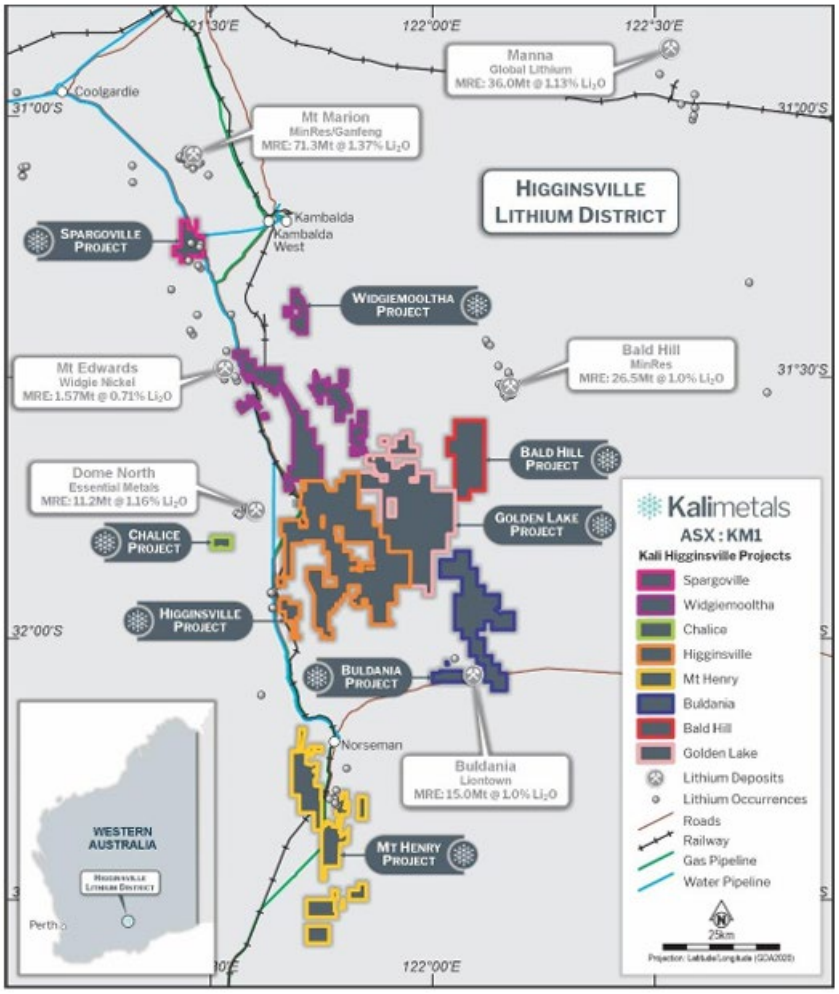

Figure 5: Higginsville Lithium District

Drilling

Early in the Reporting Period the Company announced positive results from the Phase 1 drilling program at Spargoville. This maiden drill program was fundamental in expanding the Company's knowledge of the geological setting at the Flynn-Giles and Green Flame prospects, and the Spargoville Project more broadly.

Kali completed its initial reverse circulation ("RC") drilling program at the Spargoville Project which returned key intercepts of:

- 9m @ 1.11% Li_2O, including 5m at 1.73% Li_2O: 24SPRC006
- 10m @ 0.85% Li_2O, including 4m at 1.96% Li_2O: 24SPRC003

RC drilling completed at the Widgiemooltha Project returned significant results including:

- 10m @ 1.06% Li_2O from 43m in hole 24WDRC002 (not true width)
- 2m @ 0.95% Li_2O from 99m in hole 24WDRC004
- 1m @ 1.44% Li_2O from 27m in hole 24WDRC010

The first phase of RC drilling provided the Company with significant information to assist in understanding the geology of the host rocks, the nature of the pegmatite systems within the Spargoville Project and facilitate the identification of targets for future drilling programs.

This first pass drill program at Widgiemooltha intersected a series of sub-parallel, steeply west-dipping LCT pegmatites hosted within a mafic sequence (with minor felsic units), in close proximity to a felsic sequence to the West. The host lithium mineral is spodumene. Drilling was conducted at approximately 120m line spacing by 40m spacing along lines. The two northern sections are 320m apart due to topography constraints.

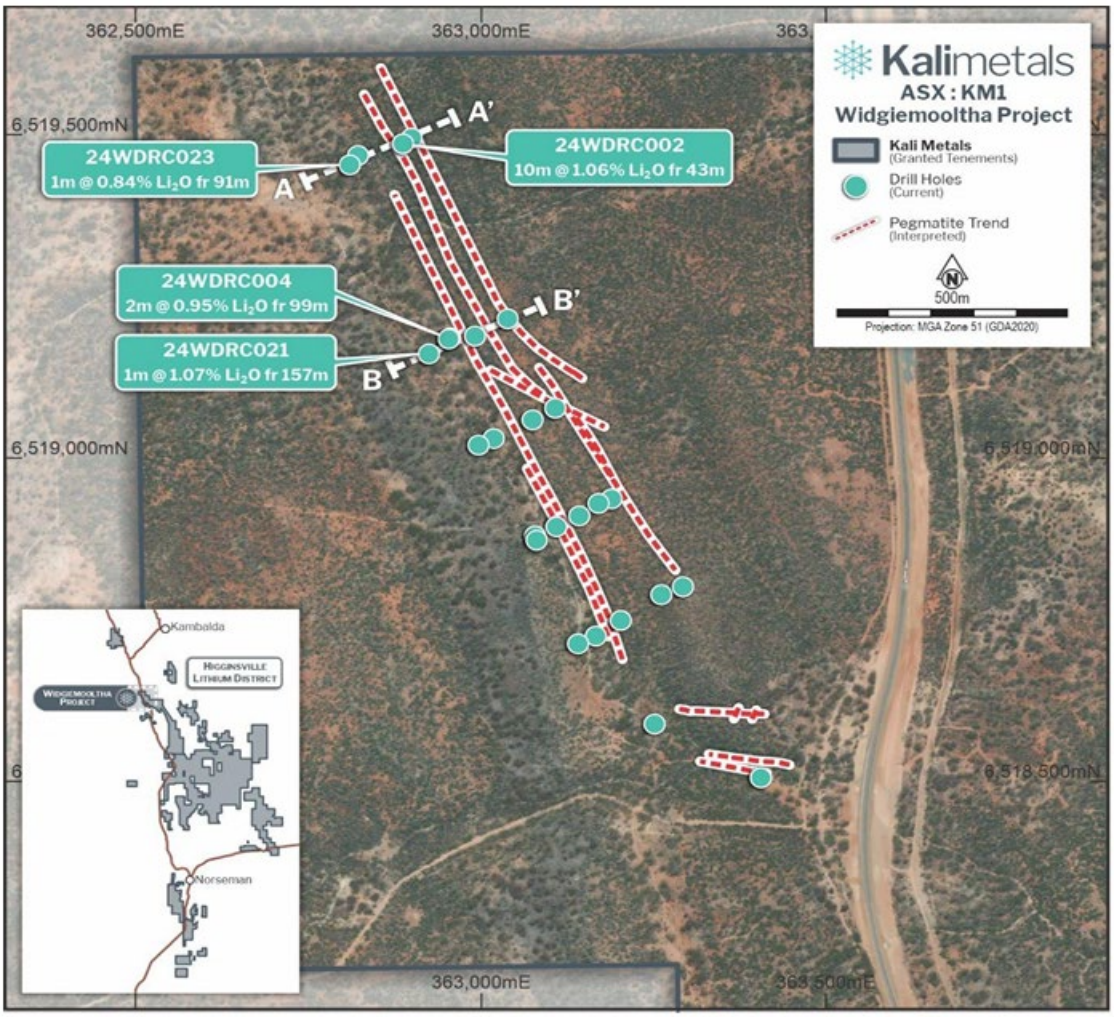

Figure 6: Widgiemooltha Lithium Project Location map, pegmatite trends and significant intersections

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Looking Ahead

Following the historical review and results from the Phase 1 drill program, Kali's attention at Higginsville has been focused on reconnaissance, mapping, continued 3-D modelling of pegmatites and a comprehensive geophysical survey review of the entire project area, with a view towards target generation and drilling of the highest ranked targets in 2025.

OPERATING RESULT

The Group's loss for the half-year ended 31 December 2024 after providing for income tax amounted to $1,653,283 (31 December 2023, profit of $286,313).

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

No matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial periods.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is set out immediately after this Directors' Report.

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



Paul Adams
Managing Director

5 March 2025

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Australia

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF KALI METALS LIMITED

As lead auditor for the review of Kali Metals Limited for the half-year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Kali Metals Limited and the entities it controlled during the period.



Glyn O'Brien

Director

BDO Audit Pty Ltd

Perth

5 March 2025

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

	Notes	Half-year ended 31 Dec 2024 $	Half-year ended 31 Dec 2023 $
Revenue			
Other income		35,073	25,376
Interest Income		182,498	-
Gain on loan forgiven		-	1,514,724
Expenses			
Employee benefits expense		(461,846)	(333,436)
Share based payments	9	(748,109)	(389,493)
Compliance costs		(309,330)	(411,965)
Legal costs		(43,192)	31,840
Marketing and investor relation expenses		(25,352)	(53,946)
Travel costs		(37,431)	(28,414)
Exploration evaluation expenditures		(981)	-
Depreciation expenses		(79,974)	(274)
Other expenses	3	(164,639)	(68,099)
Profit / (Loss) from continuing operations before income tax		**(1,653,283)**	**286,313**
Income expense		-	-
Profit/(Loss) after income tax attributable to the owners of Kali Metals Limited		**(1,653,283)**	**286,313**
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss		**-**	**-**
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income, net of tax		**-**	**-**
Total comprehensive profit/(loss) for the period attributable to the owners of Kali Metals Limited		**(1,653,283)**	**286,313**
Profit/(Loss) per share from continuing operations attributable to the ordinary equity holders of Kali Metals Limited:			
Basic and diluted profit/(loss) per share (cents)	10	**(1.14)**	**8.38**

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	Notes	31 Dec 2024 $	30 Jun 2024 $
CURRENT ASSETS			
Cash and cash equivalents	4	1,039,239	3,011,924
Term deposit	4	6,000,000	6,500,000
Trade and other receivables	5	78,667	341,957
Other current assets		89,697	39,622
TOTAL CURRENT ASSETS		**7,207,603**	**9,893,503**
NON-CURRENT ASSETS			
Other receivables		115,155	115,155
Property, Plant and Equipment		160,083	191,034
Right of Use Asset		215,133	261,232
Exploration and evaluation assets	6	14,655,039	13,137,803
TOTAL NON-CURRENT ASSETS		**15,145,410**	**13,705,224**
TOTAL ASSETS		**22,353,013**	**23,598,727**
CURRENT LIABILITIES			
Trade and other payables	7	978,312	1,406,011
Provision		47,103	32,902
Lease liability		88,849	84,182
TOTAL CURRENT LIABILITIES		**1,114,264**	**1,523,095**
NON-CURRENT LIABILITIES			
Lease liability		133,135	178,943
TOTAL NON-CURRENT LIABILITIES		**133,135**	**178,943**
TOTAL LIABILITIES		**1,247,399**	**1,702,038**
NET ASSETS		**21,105,614**	**21,896,689**
EQUITY			
Contributed equity	8	22,981,538	22,867,439
Reserves	9	1,922,954	1,174,846
Accumulated losses		(3,798,878)	(2,145,596)
TOTAL EQUITY		**21,105,614**	**21,896,689**

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
Balance at 1 July 2023	**100**	**-**	**(1,102,687)**	**(1,102,587)**
Total comprehensive profit for the period	-	-	286,313	286,313
Other comprehensive profit	-	-	-	-
Total comprehensive profit for the period net of tax	**-**	**-**	**286,313**	**286,313**
Transactions with owners in their capacity as owners				
Contributions of equity, net of transaction costs	12,976,299	-	-	12,976,299
Issue of Brokers Options	-	403,022	-	403,022
Share based payment	-	389,493	-	389,493
Balance at 31 December 2023	**12,976,399**	**792,515**	**(816,374)**	**12,952,540**
Balance at 1 July 2024	**22,867,439**	**1,174,845**	**(2,145,595)**	**21,896,689**
Total comprehensive loss for the period	-	-	(1,653,283)	**(1,653,283)**
Other comprehensive loss	-	-	-	-
Total comprehensive loss for the period net of tax	**-**	**-**	**(1,653,283)**	**(1,653,283)**
Transactions with owners in their capacity as owners				
Issue of shares for tenement acquisition (Note 8)	114,099	-	-	114,099
Share based payment (Note 9)	-	748,109	-	748,109
Balance at 31 December 2024	**22,981,538**	**1,922,954**	**(3,798,878)**	**21,105,614**

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

	Notes	Half-year ended 31 Dec 2024 $	Half-year ended 31 Dec 2023 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,287,222)	(610,445)
Other revenue		35,073	-
Interest received		227,837	25,376
Net GST received		162,061	-
NET CASH FLOWS USED IN OPERATING ACTIVITIES		**(862,251)**	**(585,069)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation assets		(1,566,370)	(286,014)
Payment for property, plant, and equipment		(2,923)	(7,540)
Payment for tenement assets acquisitions		-	(50,000)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(1,569,293)**	**(343,554)**
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES			
Proceeds from issue of shares (net of transaction costs)		-	1,574,826
Funds received in advance of IPO		-	12,677,000
Proceeds from borrowings		-	710,000
Repayment of borrowings		-	(650,000)
Lease payments		(41,141)	-
NET CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES		**(41,141)**	**14,311,826**
Net increase/(decrease) in cash and cash equivalents		(2,472,685)	13,383,203
Cash at the beginning of the period		9,511,924	91,931
CASH AT THE END OF THE PERIOD	4	**7,039,239**	**13,475,134**

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

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1. BASIS OF PREPARATION

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporation Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. The financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standard Board (IASB). Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

This interim financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the period ended 30 June 2024. All accounting policies are consistent with those applied for the year ended 30 June 2024.

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Kali Metals Limited is a company incorporated in Australia on 31 August 2021 and was a wholly owned subsidiary of Kalamazoo Resources Limited ("Kalamazoo"). Kali demerged from Kalamazoo on 29 December 2023 following completion of tenement sale agreement with Kalamazoo, and various other transactions as disclosed in the Prospectus dated 3 November 2023. The Company commenced trading on the ASX on 8 January 2024.

2. STATEMENT OF MATERIAL ACCOUNTING POLICIES

Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Kali Metals Limited as at 31 December 2024 and the results of all subsidiaries for the period then ended. Kali Metals Limited and its subsidiary together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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New accounting standards and interpretations

In the half-year ended 31 December 2024, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2024.

The adoption of the new and revised Standards and Interpretations have not had a material impact on this half-year financial report.

Critical accounting estimates and judgements

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

Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Capitalisation of exploration and evaluation expenditure

The Group has capitalised exploration and evaluation expenditure on the basis either that this is expected to be recouped through future successful development (or alternatively sale) of the Areas of Interest concerned or on the basis that it is not yet possible to assess whether it will be recouped.

Significant accounting estimates and assumptions

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

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black Scholes model or Trinomial model. Should the assumptions used in these calculations differ, the amounts recognised could significantly change.

Asset Acquisition

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. The acquisition of an entity that meets the concentration test (AASB 2018-6) would be accounted for as an asset acquisition not a business combination.

No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset. Assets acquired during the period were exploration expenditure. Estimates and judgement are required by the Group, taking into consideration all available information at the acquisition date, to assess the fair value of assets acquired, liabilities and contingent liabilities assumed.

3. OTHER EXPENSES

	2024 $	2023 $
Bank and interest expenses	(11,023)	-
Computer expenses	(39,213)	(28,540)
Office expenses	(37,960)	(32,058)
Subscription fees	(8,094)	-
Insurance	(27,746)	(7,500)
Rent and parking expenses	(40,603)	-
Total other expenses	**(164,639)**	**(68,098)**

4. CASH AND CASH EQUIVALENTS

	31 Dec 2024 $	30 Jun 2024 $
Cash at bank and on hand	1,039,239	3,011,924
Term deposit less than 90 days	6,000,000	6,500,000
	7,039,239	**9,511,924**

5. TRADE AND OTHER RECEIVABLES

	31 Dec 2024 $	30 Jun 2024 $
Accounts receivable	-	55,890
Interest receivable	-	45,339
GST receivable	78,667	240,728
	78,667	**341,957**

There are no balances within trade and other receivables that contain balances that are past due. It is expected these balances will be received when due within 30 days terms.

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6. EXPLORATION AND EVALUATION ASSETS

	31 Dec 2024 $	30 Jun 2024 $
Exploration and evaluation assets	**14,765,940**	**16,250,675**
Capitalised cost at the beginning of the period	13,137,803	717,218
Tenements assets acquisition	246,099[(i) (ii)]	9,018,989
Exploration expenditure incurred during the period	1,271,137	3,401,596
Impairment of exploration and evaluation assets	-	-
Capitalised cost at end of the period	**14,655,039**	**13,137,803**

Pursuant to Australian Accounting Standard AASB 6: *Exploration for and Evaluation of Mineral Resources* the Group has elected to capitalise its exploration expenditures as incurred. The Group reviews its capitalised expenditure by area of interest on an ongoing basis to assess whether there are any impairment indicators that may suggest that that the carrying amount exceeds the recoverable amount.

The Group entered into various acquisition agreements during the period, comprising the following:

(i) Acquisition of tin-tungsten and lithium-caesium-tantalum rights at EL8958

During the period, the Company exercised the option as disclosed in its Prospectus dated 3 November 2023 ("Prospectus") and entered into binding acquisition agreement with Mining and Energy Group Pty Ltd (MEG) to add MEG's tin-tungsten and lithium-caesium-tantalum rights at strategic tenement EL8958 to its Lachlan Fold Belt Project in the Southern region of New South Wales region. Kali has agreed to pay MEG the $114,099 option fee in scrip consideration, with the issue price based on the volume weighted average price of Kali shares over the 30 trading days prior to the Option Expiry Date (as set out in the Prospectus). On 11 July 2024, the transaction was completed and the Company issued 485,529 Consideration Shares consideration.

The acquisitions the tin-tungsten and lithium-caesium-tantalum rights at EL8958 was deemed to be an asset acquisition under AASB 6: Exploration for and Evaluation of Minerals Resources. Under an asset acquisition, the value of the assets acquired is allocated on a relative fair value approach. As the consideration for the assets was made through the issue of Consideration Shares and this required the provisions of AASB 2: Share-Based Payments to be applied. The Company determined the fair value of the Consideration Shares to be equivalent to the option fee of $114,099.

(ii) DOM's Hill New Tenements (E45/6646 & E45/6647) & Pear Creek's tenement E45/6457

On 7 October 2024, the Company entered into binding transaction documentation to acquire DOM's Hill New Tenements (E45/6646 & E45/6647) and Pear Creek's tenement E45/6457. The newly acquired tenements (refer above) to be incorporated into the SQM joint venture.

Kali is acquiring the new DOM's Hill tenements from major shareholder Kalamazoo Resources Limited (ASX: KZR "Kalamazoo") for cash consideration of $100,000 and Pear Creek tenement E45/6457 for $20,000.

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7. TRADE AND OTHER PAYABLES

	31 Dec 2024 $	30 Jun 2024 $
Trade creditors	313,676	804,514
Other payables and accruals	664,636	601,497
	978,312	**1,406,011**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the period and which are unpaid. Trade creditors are unsecured, non-interest bearing and are normally settled on 30-day terms. Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

8. ISSUED CAPITAL

	31 Dec 2024 $	No.	30 Jun 2024 $	No.
(a) Issued capital				
Ordinary shares – fully paid	**22,981,538**	**144,631,874**	**22,867,439**	**144,146,345**

(b) Movement Reconciliation

	No. of Shares	$
Opening Balance at 1 July 2024	144,146,345	22,867,439
11 July 2024 - Issue of shares for the acquisition of LCT rights on tenement EL8958 (Note 6)	485,529	114,099
Share issue costs	-	-
Closing Balance at 31 December 2024	**144,631,874**	**22,981,538**

9. RESERVES

	31 Dec 2024 $	No.	30 Jun 2024 $	No.
(a) Reserve				
Options reserve	**671,397**	**8,740,321**	**403,022**	**3,990,321**
Performance rights reserve	**1,251,557**	**13,464,915**	**771,824**	**11,970,632**
	1,922,954		**1,174,846**	

(b) Options Movement Reconciliation

	No. of Options	$
Opening Balance at 1 July 2024	3,990,321	403,022
4 December 2024 - Issue of options to directors	4,750,000	268,375
Closing Balance at 31 December 2024	**8,740,321**	**671,397**

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During the period, the Company issued a total of 4,750,000 incentive options to directors as part of LTIP plans. The incentive options consist of two tranches, and the fair value of the incentive options has been calculated using the Black Scholes option pricing with the key inputs used for the valuation detailed below:

	Tranche 1	Tranche 2
Number of options	2,375,000	2,375,000
Underlying share price	$0.12	$0.12
Exercise price	$0.243	$0.324
Volatility	100%	100%
Life of the options	3 years	3 years
Expected dividends	Nil	Nil
Risk free rate	4.07%	4.07%
Value per option	$0.06	$0.05
Total Fair Value	**$142,500**	**$125,875**

(c) Performance Rights Movement Reconciliation

	No. of Performance Rights	$
Opening Balance at 1 July 2024	11,970,632	771,823
12 August 2024 - Issue of performance rights to an employee	1,803,624	55,347
20 November 2024 - Grant of performance rights to Managing Director. The performance rights were subsequently issued to Managing Director in January 2025.	-	6,828
Share based payments	-	417,559
Closing Balance at 31 December 2024	**13,464,915**	**1,251,557**

During the period, the Company granted 901,812 Tranche A Incentive Performance Rights and 901,812 Tranche B Incentive Performance Rights to an employee. Upon obtaining the shareholder approval at the Company's Annual General Meeting in November 2024, the Company granted 600,000 Tranche A Incentive Performance Rights and 600,000 Tranche B Incentive Performance Rights to Managing Director. The Performance Rights have the following vesting conditions:

- Tranche A Incentive Performance Rights will vest on the date the Company announces a JORC Code compliant indicated resource estimate of an aggregate of at least 10Mt of lithium at a minimum grade of 1% Li_2O across any of its projects within 36 months from the date of issue; and
- Tranche B Incentive Performance Rights will vest on the date the Company announces a JORC Code compliant indicated resource estimate of an aggregate of at least 30Mt of lithium at a minimum grade of 1% Li_2O across any of its projects within 36 months from the date of issue.

The fair value of the Performance Rights issued to the employee has been calculated using the share price at valuation date. The key inputs used for the valuation are detailed below:

	Tranche A	Tranche B
Number of performance rights	901,812	901,812
Underlying share price at grant date	$0.18	$0.18
Grant date	17 July 2024	17 July 2024

Value per right	$0.18	$0.18
Total Fair Value	**$157,817**	**$157,817**

The fair value of the Performance Rights granted to the Managing Director has been calculated using the share price at valuation date. The key inputs used for the valuation are detailed below:

	Tranche A	Tranche B
Number of performance rights	600,000	600,000
Underlying share price at grant date	$0.12	$0.12
Grant date	20 November 2024	20 November 2024
Value per right	$0.12	$0.12
Total Fair Value	**$72,000**	**$72,000**

(d) Recognised share-based payment expense

	31 Dec 2024 $
Expense arising from performance rights settled share-based payment transactions	748,109

10. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit/(loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period. The following reflects the income and share data used in the total operations basic and diluted earnings per share computations:

Basic and diluted profit/(loss) per share	31 December 2024 $	31 December 2023 $
Basic and diluted profit/(loss) per share from continuing operations (cents per share)	(1.14)	8.38
Profit/(Loss)		
Profit/(loss) used in the calculation of basic and diluted earnings per share is as follows:		
Profit/(Loss) for the period from continuing operations	(1,653,283)	286,313
Weighted average number of ordinary shares		
Weighted average number of ordinary shares outstanding during the period used in calculating basic and diluted EPS	144,607,996	3,417,690

11. DIVIDENDS

No dividends have been declared or paid during the half-year period.

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12. RELATED PARTY DISCLOSURE

The Company acquired various tenements from its major shareholder, Kalamazoo Resources Limited, during the prior period. Detailed of this transaction is disclosed in Note 6.

During the period, the Company issued unlisted incentive options and performance rights to Directors following shareholder approval at the Company's annual general meeting held in November 2024. Details of these incentive options and performance rights are disclosed in Note 9.

There are no related party transactions noted during the period.

13. COMMITMENTS AND CONTINGENCIES

As at the reporting date, there has been no other material change in the commitments and contingencies since 30 June 2024.

15. EVENTS SUBSEQUENT TO THE REPORTING DATE

No matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial periods.

16. SEGMENT INFORMATION

Operating Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of its exploration and corporate activities. Operating segments are therefore determined on the same basis. Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

The Group operates within on segment which is mineral exploration within Australia. The Group is domiciled in Australia.

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DIRECTORS' DECLARATION

In the opinion of the directors of Kali Metals Limited:

1) the financial statements and notes of Kali Metals Limited are in accordance with the *Corporations Act 2001*, including:

   a) giving a true and fair view of its financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and

   b) comply with Accounting Standard AASB 134 *Interim Financial Reporting*; and

2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Paul Adams
Managing Director

5 March 2025

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Kali Metals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Kali Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2024, 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 half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

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

i. Giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the half-year ended on that date; and

ii. Complying with Accounting Standard AASB *134 Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for conclusion

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

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

Responsibility of the directors for the financial report

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

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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd



Glyn O'Brien

Director

Perth, 5 March 2025

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