METAL HAWK LIMITED

Metal Hawk Limited

ABN 24 630 453 664

Financial Report
For the year ended 30 June 2020

Contents

CORPORATE DIRECTORY

Directors

Mr Brett Lambert (Appointed 3 July 2019)
Mr William Belbin
Mr David Pennock
Mr Scott Glasson

Company Secretary

Mr Chris Marshall

Registered and Principal Office

Level 2, 18 Kings Park Road
West Perth, WA 6005

Postal Address

Level 2, 18 Kings Park Road
West Perth, WA 6005

Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Share Registry

Automic Pty Ltd
Level 2/267 St Georges Terrace
Perth WA 6000

Telephone: 1300 288 664

Stock Exchange Listing

Shares: ASX Code MHK

Website and Email

Website: www.metalhawk.com.au
Email: admin@metalhawk.com.au

REVIEW OF OPERATIONS

Metal Hawk is a recently incorporated mineral exploration company committed to increasing shareholder wealth through the acquisition, exploration and development of mineral resource projects in Western Australia. Over the past 18 months, the Company has assembled and commenced exploring an exciting portfolio of gold and nickel sulphide prospects.

During the year Metal Hawk committed exploration expenditure on the Emu lake, Fraser, Clinker Hill, Kanowna East and Fraser range tenements meeting all minimum expenditure requirements.

Additionally, the Company has secured a significant partnership with Western Areas Limited (ASX: WSA) on three of its projects. WSA are about to commence exploration on Metal Hawk's Emu Lake, Kanowna East and Fraser South projects. Metal Hawk has retained gold rights on the Emu Lake and Kanowna East projects where its immediate focus will lie.

Key terms of the JV include WSA to earn up to 75% of Emu Lake, Kanowna East and Fraser South Projects by spending $7m over 5 years – stage 1 ($3m over 3 years for 51%) and stage 2 ($4m over 2 years for 75%).

MHK is free carried until a Decision to Mine and MHK will retain 100% gold rights at Kanowna East and Emu Lake.

Metal Hawk's decision to target gold and nickel sulphide is based on belief that the market outlook for both commodities is very strong. The Australian dollar gold price set new all-time highs in 2020 with prices currently remaining steady.

Metal Hawk is now moving to accelerate exploration of its gold and nickel sulphide projects and is seeking to fund this work through an initial public offer of between 22,500,000 Shares and 27,500,000 Shares at an issue price of $0.20 each to raise a minimum of $4.5 million and up to a maximum of $5.5 million (before costs) (Public Offer).

DIRECTORS' REPORT

Your Directors present their report together with the financial statements of the Company for the financial year ended 30 June 2020 and the auditor's report thereon.

DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

Name and independence status	Experience, qualifications, special responsibilities and other directorships
Brett Lambert Non-Executive Chairman Appointed: 3 July 2019 Interests: Shares: 400,000 Options: 1,500,000	Brett is a Mining Engineer from the WA School of Mines with over 30 years' experience in the resources industry. Brett has held senior management positions with Western Mining Corporation, Herald Resources, Western Metals, Intrepid Mines, Thundelarra Exploration and Bullabulling Gold. Brett has a wide range of experience from exploration through to mine development & operations. Brett is currently the Non-Executive Chairman of Mincor Resources NL and Saturn Metals Limited and a Non- Executive Director of Australian Potash Limited.
Past directorships with-in the last 3 years	Non-Executive Director Tao Commodities Limited Non-Executive Director De Grey Mining Limited Non-Executive Director Metals X Limited
William Belbin Managing Director Appointed: 8 December 2018 Interests: Shares: 2,300,000 Options: 2,250,000	Will has over 20 years' experience working in gold and base metals exploration, with extensive experience in project generation and evaluation. Will was an integral part of the Fisher East nickel sulphide discoveries as Exploration Manager for Rox Resources Limited. Previously Will has worked for Newexco on various roles. Will holds a Geology degree from UWA and a Masters of Mineral Economics from the Curtin Graduate School of Business.
David Pennock Non-Executive Director Appointed: 8 December 2018 Interests: Shares: 2,300,000 Options: 2,250,000	David is a qualified geologist from the WA School of Mines and has over 12 years working in the exploration & resources sector. David runs Pennock Management Consultants, working with a range of clients from large scale producers to small cap explorers. David has strong business development skills and is well connected within the resources sector.

COMPANY SECRETARY

Chris Marshall (LLB, FGIA) has held the role of Company Secretary since 3 July 2019.

DIRECTORS' MEETINGS

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2020, and the number of meetings attended by each director were:

	Full meetings of Directors	
	Number of meetings attended	**Number of meetings held whilst a Director**
Brett Lambert	2	2
William Belbin	2	2
David Pennock	2	2

The small size of the Board means that Members of the Board meet informally on a regular basis to discuss company operations, risks and strategies, and as required, formalise key actions through circular resolutions.

The audit and risk management, finance and environmental functions are handled by the full Board of the Company.

PRINCIPAL ACTIVITIES

During the financial period the principal continuing activities of the company consisted of negotiating the rights to various tenements in preparation for IPO during 2020.

OPERATING RESULTS

The loss for the financial year ended 30 June 2020 attributable to members of Metal Hawk Limited after income tax was $912,240 (2019: $66,725).

The Company has working capital of $81,343 (2019: of $241,933) and had net cash outflows of $84,735 (2019: net cash inflow of $182,727).

OPERATIONS REVIEW

Information on the operations of the Company and its strategies and prospects is set out in the Review of Operations at the beginning of this Annual Report.

Significant changes in the state of affairs
In the opinion of the Directors there were no matters that significantly affected the state of affairs of the Company during the financial year, other than those matters referred to in the overview above.

DIVIDENDS

The Directors recommend that no dividend be provided for the year ended 30 June 2020 (2019: Nil).

LIKELY DEVELOPMENTS

The Company will continue to pursue the exploration and evaluation of resources over its base and precious metals tenement interests and assess corporate growth opportunities.

ENVIRONMENTAL REGULATION

The Company is subject to significant environmental regulation in relation to its exploration activities. It aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation. The Directors are not aware of any breaches during the period covered by this report.

INDEMNIFICATION AND INSURANCE OF OFFICERS

During the year the Company has indemnified the Directors and Company Secretary of the Company through entering into deeds of Indemnity, Insurance and Access.

During the financial period, the Company has not paid a premium in respect of a contract to insure the Directors or the Company Secretary of the Company or any related entity.

AUDITOR

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company is important.

The Board has considered the non-audit services provided during the year by the auditor and are satisfied that the provision of these non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the remuneration for non-audit services provided by the auditor of the Company, BDO Audit (WA) Pty Ltd, and its related practices during the year are set out below:

	2020 $	2019 $
Taxation services		
Tax compliance services	2,500	-
Investigating Accountant Report (IAR) services		
Investigating Accountants Report	10,685	-
	13,185	**-**

EVENTS SUBSEQUENT TO REPORTING DATE

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 3 August 2020, a total of 1,250,000 fully paid ordinary shares were issued to investors for a value of 16c per share to raise an additional $200,000 of working capital funding to exercise its option with Tasex Geological Services for $150,000.

On 13 August 2020, Hampton Hill Mining NL (**Hampton**) advised that it had withdrawn from the joint venture on the Clinker Hill Nickel Project where Hampton were earning a 30% interest in Metal Hawk's tenements.

On 14 August 2020, Metal Hawk entered into an agreement with CH2 Investments Pty Ltd (**CH2**) to acquire two tenements for 1,000,000 fully paid ordinary shares in the Company.

On 20 August 2020, Metal Hawk entered into an agreement with Berehaven Holdings Pty Ltd (**Berehaven**) for the option to acquire three tenements for $100,000 in cash payment and $100,000 paid via issuance of shares. Metal Hawk has a 24 month term in which to exercise the option to acquire the tenements.

On 1 September 2020, a total of 312,500 fully paid ordinary shares were issued to investors for a value of 16c per share to raise an additional $50,000 of working capital funding to progress the company to IPO.

On 14 September 2020 Metal hawk entered into a JV agreement with WSA. Key terms of the JV include WSA to earn up to 75% of Emu Lake, Kanowna East and Fraser South Projects by spending $7m over 5 years – stage 1 ($3m over 3 years for 51%) and stage 2 ($4m over 2 years for 75%).

In addition to this Metal Hawk signed a Subscription Agreement with WSA on 15 September to issue 3,125,000 shares at 16c to raise $500,000.

As a condition precedent of this Subscription Agreement and Joint Venture Agreement Metal Hawk exercised its options to purchase the Emu Lake tenements from Lithium Australia for $60,000 and the Fraser Range tenements from Skryne Hill Pty Ltd for $40,000, $25,293.89 as reimbursable expenditure, 1,000,000 fully paid ordinary shares and 1,000,000 unlisted options with an exercise price of $0.20.

An updated Executive Services Agreement was entered into with Will Belbin where he would be paid $100,000 per annum until listing. Upon listing his salary would increase to $180,000 as previously agreed.

Subsequent to year end the Company relocated to a new office address, Level 2, 8 Kings Park Road, West Perth, WA 6005.

Other than the matters disclosed above, there have been no matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the Company, the results of these operations, or the state of affairs of the Company in future financial years.

PROCEEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to 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.

SHARES ISSUED ON EXERCISE OF OPTIONS

There were no options exercised during, or subsequent to the end of, the reporting period.

UNISSUED SHARES UNDER OPTION

At the date of this report unissued ordinary shares of the Company under option are:

Grant date	Number of shares under option	Exercise price of option cents	Expiry date of option
1-Jun-19	450,000	25	3 years from admission[1]
28-Jun-19	2,850,000	25	3 years from admission[1]
13-Sep-19	4,500,000	25	3 years from admission
13-Sep-19	4,000,000	30	4 years from admission
	11,250,000		

[1] 3,300,000 free-attaching options issued to shareholders participating in capital raisings on 1 June 2019 and 28 June 2019. Options are exercisable at 25 cents each and have an expiry date of 3 years from date of IPO.

All unissued shares are ordinary shares of the Company.

During the reporting period nil options expired (2019: nil).

REMUNERATION REPORT

The Remuneration Report, which forms part of the Directors' Report, outlines the remuneration arrangements in place for the key management personnel of Metal Hawk Limited for the financial year ended 30 June 2020 and is included on page 8.

AUDITOR INDEPENDENCE

Section 307C of the *Corporations Act 2001* requires our auditors, BDO Audit (WA) Pty Ltd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the annual report. The Independence Declaration is set out on page 16 and forms part of this Directors' report for the year ended 30 June 2020.

Signed in accordance with a resolution of the Directors.

William Belbin

Director

18 September 2020
Perth

REMUNERATION REPORT - AUDITED

This report, which forms part of the Directors' report, outlines the remuneration arrangements in place for the Directors of Metal Hawk Limited for the year ended 30 June 2020. The information provided in this remuneration report has been audited as required by Section 308(3C) of the *Corporations Act 2001.*

The Remuneration Report details the remuneration arrangements for the Directors who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, whether executive or otherwise.

Remuneration philosophy

The performance of the Company depends upon the quality of the Key Management Personnel. The philosophy of the Company in determining remuneration levels is to:

- Set competitive remuneration packages to attract and retain high calibre employees;
- Link executive rewards to shareholder value creation; and
- Establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee is responsible for determining and reviewing compensation arrangements for the Key Management Personnel.

The Remuneration and Nomination Committee assesses the appropriateness of the nature and amount of remuneration of Key Management Personnel on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team. The Remuneration and Nomination Committee met once during the year.

Remuneration structure

In accordance with best practice corporate governance, the structure of Executive Director and Non-Executive Directors' remuneration is separate and distinct.

Executive Director remuneration
Remuneration consists of fixed remuneration and variable remuneration (compromising short-term and long-term incentive schemes).

Fixed remuneration
Fixed remuneration is reviewed annually by the Board. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Board has access to external, independent advice where necessary.

Variable remuneration - Short-term incentive scheme
Short term incentives (STI) reward employees for their individual achievements and contributions to business success and organisation outcomes during the financial year. STI's are a variable reward and are not guaranteed. Each year, the Board considers the appropriate targets and Key Performance Indicators (KPIs) to link the STI and the level of payout if targets are met. At this stage the Company does not award any STIs. This includes capping the maximum payout under the STI scheme and determining the minimum levels of performance to trigger payment of the STI's. Depending upon the level of management, KPI's include the following:

- satisfactory completion of development programs, on time and on budget;
- securing funding to support planned work programs;
- investor relations; and
- consideration of safety performance, corporate governance, external relations and general management.

Remuneration structure (continued)

Variable remuneration - Long-term incentive scheme

The Company also makes long-term incentive payments such as share options and / or performance rights to reward Executive Directors and other key management in a manner that aligns this element of remuneration with the creation of shareholder wealth.

The Company has adopted an Employee Securities Incentive Plan (ESIP). Under the ESIP, the Company may grant options to eligible Directors, employees and consultants to attract, motivate and retain key employees over a period of three years up to a maximum of 10% of the Company's total issued ordinary shares at the date of the grant. Director options are granted at the discretion of the Board and approved by shareholders. Performance hurdles are not attached to vesting periods however, the Board determines appropriate vesting periods to provide rewards over time.

Performance on shareholder wealth

The remuneration of the Company's key management personnel, including any component of remuneration that consists of securities in the Company, is not formally linked to the prior performance of the Company. The rationale for this approach is that the Company is in the exploration phase, and it is currently not appropriate to link remuneration to factors such as profitability or share price.

The table below sets out summary information about the Company's earnings and movements in shareholder's wealth for the two years to 30 June 2020:

	2020	**2019**
Loss before income tax ($)	912,240	66,725
Net loss attributable to equity holders ($)	912,240	66,725
Share price at year end (cents)	16c	10c
Number of fully paid ordinary shares	13,060,000	9,450,000
Weighted average number of shares	11,999,488	4,576,456
Basic loss per share EPS (cents)	7.60	1.5
Unlisted options	11,250,000	2,750,000
Net tangible assets (NTA) ($)	207,449	238,727
NTA Backing (cents)	1.59	2.53

During the financial years noted above, there were no dividends paid or other returns of capital made by the Company to shareholders.

Non-Executive Director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Non-Executive Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Non-Executive Directors is reviewed annually. The Remuneration and Nomination Committee considers advice from external shareholders as well as the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process.

Each Non-Executive Director receives a fee for being a Director of the Company which is inclusive of statutory superannuation and membership of sub-committees.

The Remuneration and Nomination Committee reviews the workload and activities undertaken by each Director.

Employment contracts

Remuneration and other terms of employment of Directors and other key management personnel are formalised in an employment contract. The major provisions of the agreement related to remuneration are set out below.

Name	Terms of agreement	Employee notice period	Employer notice period	Base salary *	Termination Benefit
Willian Belbin**	Executive Director	3 Months	3 Months	$180,000	N/A
David Pennock	Executive Director	3 Months	3 Months	$90,000	N/A
Brett Lambert	Non-executive	N/A	N/A	$50,000	N/A

* Base salary is only payable upon a successful listing on the ASX. Base salary is exclusive of the superannuation guarantee charge rate applicable at the time (currently 9.50%).

** Willian Belbin entered into a pre-admission employment contract beginning from 1 July 2020 at a base salary of $100,000 plus statutory superannuation.

Termination benefits are payable upon early termination by the Company, other than for gross misconduct. They are equal to base salary and superannuation payable for the notice period.

Use of remuneration consultants

No remuneration consultants provided services during the year.

Remuneration of Directors

Name		Short-term employee benefits	Post Employment benefits	Share-based payments			
		Cash salary and fees	Superannuation	Shares	Options	Total	Performance related
		$	$	$	$	$	%
Non-Executive Directors							
Brett Lambert	**2020**	**-**	**-**	**29,771**	**86,457**	**116,228**	**100**
	2019	-	-	-	-	-	-
Sub-total Non-Executive Directors' remuneration	**2020**	**-**	**-**	**29,771**	**86,457**	**116,228**	**100**
	2019	-	-	-	-	-	-
Executive Director							
William Belbin	**2020**	**-**	**-**	**5,171**	**128,981**	**134,153**	**100**
	2019	-	-	5,036	-	5,036	100
David Pennock	**2020**	**-**	**-**	**5,171**	**128,981**	**134,153**	**100**
	2019	-	-	5,036	-	5,036	100
Sub-total Executive Directors' remuneration	**2020**	**-**	**-**	**10,342**	**257,964**	**268,306**	**100**
	2019	-	-	10,072	-	10,072	100
Total Directors' remuneration	**2020**	**-**	**-**	**40,113**	**344,420**	**384,533**	**100**
	2019	-	-	10,072	-	10,072	100

Options

Granted as compensation

At the date of this report, share options granted to the Directors of the Company as part of their remuneration are:

	Number of options granted	Grant date	Value per option at grant date	Value of options at grant date	Vesting date	Exercise price per option	Expiry date
			cents	$		cents	
Brett Lambert	750,000	13-Sep-19	7.76	58,500	13-Sep-19	25	13-Sep-22
	750,000	13-Sep-19	8.58	64,500	13-Sep-19	30	13-Sep-23
William Belbin	1,250,000	13-Sep-19	7.76	97,500	13-Sep-19	25	13-Sep-22
	1,000,000	13-Sep-19	8.58	86,000	13-Sep-19	30	13-Sep-23
David Pennock	1,250,000	13-Sep-19	7.76	97,500	13-Sep-19	25	13-Sep-22
	1,000,000	13-Sep-19	8.58	86,000	13-Sep-19	30	13-Sep-23

The options tabled above were provided at no cost to the recipients. Value of options at grant date differs from share-based payment expense reported in note 6.1 and the remuneration report on page 11 due to the expense being recognised over the vesting period. The table above serves only to provide information of the total value of shares allotted to Directors at grant date.

No options granted as compensation in the current or prior years were exercised. No options granted as compensation in the current year were forfeited, lapsed or cancelled (2019: nil).

Shares

Granted as compensation
At the date of this report, shares granted to the Directors of the Company as part of their remuneration are:

	Number of shares granted	Grant date	Value per share at grant date cents	Value of shares at grant date $
Brett Lambert	400,000	8-Jul-19	10	40,000
William Belbin	1,300,000	8-Apr-19	1	13,000
David Pennock	1,300,000	8-Apr-19	1	13,000

The shares tabled above were provided at no cost to the recipients as remuneration for their service as Directors of the Company. Value of shares at grant date differs from share-based payment expense reported in note 6.1 and the remuneration report on page 11 due to the expense being recognised over the vesting period. The table above serves only to provide information of the total value of shares allotted to Directors at grant date.

Other information

Options held by Directors

	Held at 1 July 2019	Granted as remuneration	Acquired	Exercised	Expired	Held at 30 June 2020	Vested and exercisable at 30 June 2020
Brett Lambert	-	1,500,000	-	-	-	1,500,000	1,500,000
William Belbin	-	2,250,000	-	-	-	2,250,000	2,250,000
David Pennock	-	2,250,000	-	-	-	2,250,000	2,250,000

Ordinary shares held by Directors

	Held at 1 July 2019	Purchases	Granted as remuneration	Exercise of options	Held at 30 June 2020
Brett Lambert	-	-	400,000	-	400,000
William Belbin	2,250,000	-	50,000	-	2,300,000
David Pennock	2,250,000	-	50,000	-	2,300,000

During the reporting period, no shares were issued on the exercise of options previously granted as compensation.

Other information (continued)

Cash bonuses included in remuneration

No cash bonuses were granted during 2020 (2019: nil).

Share-based remuneration granted as compensation

For details of share-based payments granted during the year, refer note 6.1.

Other transactions with Key Management Personnel

During the period Directors Will Belin and David Pennock worked for Newexco undertaking work on MH tenements. They were paid a fee of $5,600.

No other transactions with key management personnel, aside from direct remuneration as disclosed in note 6.3, occurred during 2020 (2019: Nil)

THIS IS THE END OF THE REMUNERATION REPORT – AUDITED.

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DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF METAL HAWK LIMITED

As lead auditor of Metal Hawk Limited for the period ended 30 June 2020, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 18 September 2020

STATEMENT OF FINANCIAL POSITION
AS AT YEAR ENDED 30 JUNE 2020

	Note	2020 $	2019 $
Assets			
Cash and cash equivalents	3.1	97,993	182,727
Trade and other receivables	3.2	826	63,206
Prepayments		67,223	-
Total current assets		**166,042**	**245,933**
Exploration and evaluation	4.1	194,155	-
Total non-current assets		**194,155**	**-**
Total assets		**360,197**	**245,933**
Liabilities			
Trade and other payables	3.3	(84,699)	(4,000)
Total current liabilities		**(84,699)**	**(4,000)**
Total liabilities		**(84,699)**	**(4,000)**
Net assets		**275,498**	**241,933**
Equity			
Share capital	5.1	765,949	308,658
Reserves		488,514	-
Accumulated losses		(978,965)	(66,725)
Total equity		**275,498**	**241,933**

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $	6 December 2018 to 30 June 2019 $
Other income	2.2	6,566	-
Exploration expensed	4.1	(194,501)	(30,925)
General and administrative expenses		(15,840)	-
Professional fees		(289,047)	(17,476)
Personnel expenses	2.3	(384,948)	(10,072)
Marketing and business development		(25,552)	-
Other expenses		(9,334)	(8,252)
Loss before income tax		**(912,240)**	**(66,725)**
Income tax expense		-	-
Loss for the period		**(912,240)**	**(66,725)**
Loss per share			
Basic and diluted (cents per share)	2.4	(7.60)	(1.50)

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Note	Issued capital $	Share-based payments reserve $	Accumulated losses $	Total $
Balance at 1 July 2019		308,658	-	(66,725)	**241,933**
Total comprehensive loss for the year					
Loss for the year		-	-	(912,240)	**(912,240)**
Total comprehensive loss for the year		-	-	(912,240)	**(912,240)**
Transactions with owners, recorded directly in equity:					
Contributions by and distributions to owners					
Issue of ordinary shares	5.1	242,813	-	-	**242,813**
Share-based payment transactions	5.1/ 6.1	223,478	488,514	-	**711,992**
Capital raising costs		(9,000)	-	-	**(9,000)**
Total contributions by and distributions to owners		**457,291**	**488,514**	**-**	**945,805**
Balance at 30 June 2020		**765,949**	**488,514**	**(978,965)**	**275,498**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2019

	Note	Issued capital $	Accumulated losses $	Total $
Shares issued at incorporation		30,000	-	**30,000**
Loss for the period		-	(66,725)	**(66,725)**
Total comprehensive loss for the period		-	(66,725)	**(66,725)**
Transactions with owners in their capacity as owners:				
Issue of ordinary shares	5.1	263,750	-	**263,750**
Share-based payment transactions	6.1	14,908	-	**14,908**
Capital raising costs		-	-	**-**
Total contributions by and distributions to owners		**278,658**	**-**	**278,658**
Balance at 30 June 2019		**308,658**	**(66,725)**	**241,933**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $	6 December 2018 to 30 June 2019 $
Cash flows from operating activities			
Receipts from customers		7,222	-
Payments to suppliers and employees		(163,613)	(20,098)
Payments for exploration expensed		(181,001)	(30,925)
Net cash used in operating activities	3.1(b)	**(337,391)**	**(51,023)**
Cash flows from investing activities			
Payments for capitalised exploration		(50,155)	-
Net cash used in investing activities		**(50,155)**	**-**
Cash flows from financing activities			
Proceeds from issue of shares		302,812	233,750
Net cash from financing activities		**302,812**	**233,750**
Net (decrease) / increase in cash and cash equivalents		(84,734)	182,727
Cash and cash equivalents at commencement of period		182,727	-
Cash and cash equivalents at 30 June	3.1(a)	**97,993**	**182,727**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

SECTION 1 BASIS OF PREPARATION

Metal Hawk Limited presents its financial statements in a format and style that is relevant and clear to shareholders and other users. In preparing the 2020 financial statements, we have grouped notes into sections under six key categories:

1. Basis of preparation
2. Results for the year
3. Working capital disclosures
4. Assets and liabilities supporting exploration and evaluation
5. Equity and funding
6. Other disclosures

Significant accounting policies specific to one note are included within that note and where possible, wording has been simplified to provide clearer commentary on the financial report of the Company. Accounting policies determined non-significant are not included in the financial statements. There have been no changes to the Company's accounting policies that are no longer disclosed in the financial statements.

1.1 GENERAL INFORMATION

The Company is a for-profit, listed public company domiciled in Australia. The Company's registered office is located at Level 2, 8 Kings Park Road, West Perth, WA 6005.

The Company is primarily involved in the mineral exploration industry in Australia.

The financial statements of the Company as at and for the year ended 30 June 2020 were authorised for issue by the Board of Directors on 18 September 2020. The financial statements are general purpose financial statements which:

- have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial statements comply with International Financial Reporting Standards (IFRS's) as issued by the International Accounting Standards Board;
- have been prepared on a historical cost basis, except for share-based payments which are measured at fair value. The basis of measurement is discussed further in the individual notes;
- are presented in Australian Dollars, being the Company's functional currency;
- adopts all new and revised Australian Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Company and effective for reporting periods beginning on or after 1 July 2019. Refer to note 1.3 for further details; and
- does not early adopt any Australian Accounting Standards and Interpretations that have been issued or amended but not yet effective. Refer to note 1.3 for further details.

1.2 GOING CONCERN

The financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the normal course of business.

The Directors are satisfied the Company is a going concern, notwithstanding it incurred a total comprehensive loss of $912,240 for the year ended 30 June 2020 (2019: $66,725), and net cash outflows from operating activities of $337,931 (2019: $51,023).

The ability of the entity to continue as a going concern is dependent upon the success of the fundraising under the prospectus or alternatively, financial support from shareholders.

Based upon the following rationale, the Directors of Metal Hawk Limited believe that the entity is a going concern:

a) the entity raised $500,000 from a key cornerstone investor on 14 September 2020.
b) the entity is conducting a capital raise under a prospectus to raise between $4.5m - $5.5m; and
c) the entity has not incurred any debt nor will it until it has conducted a capital raise.

Should the Company be unsuccessful in raising funds, there is a material uncertainty that exists that may cast significant doubt as to whether the Company will be able to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Accordingly, the Directors believe that the Company will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets and liabilities that might be necessary if the Company does not continue as a going concern.

1.3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The application of accounting policies requires the use of judgements, 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 considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements and information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment are included in the following notes:

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable future tax profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits. Refer note 2.5.

Share-based payment transactions

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, using the assumptions detailed in note 6.1.

Exploration and evaluation costs

Exploration and evaluation costs are capitalised on the basis that the entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made. Refer note 4.1.

Adoption of new and revised standards

Standards and interpretations applicable to 30 June 2020

For the year ended 30 June 20, the Directors have reviewed all new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the reporting periods beginning on or after 1 July 2019.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and therefore no material change is necessary to Company accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted that are relevant to the Company and effective for the reporting periods beginning on or after 1 July 2020.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations in issue not yet adopted on the Company and therefore no material change is necessary to Company accounting policies.

SECTION 2 RESULTS FOR THE YEAR

This section focuses on the results and performance of the Company, with disclosures including segmental information, components of the operating profit, taxation and earnings per share.

2.1 OPERATING SEGMENTS

Accounting Policy

AASB 8 *Operating Segments* requires operating segments to be identified based on internal reports about components of the Company that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segment and to assess its performance.

The Company's operating segment has been determined with reference to the management accounts used by the Chief Operating Decision Maker to make decisions regarding the Company's operations and allocation of working capital.

Based on the quantitative thresholds included in AASB 8, there is only one reportable segment, being base minerals exploration and evaluation in Australia.

The revenues and results of this segment are those of the Company as a whole and are set out in the statement of profit or loss and other comprehensive income and the assets and liabilities of the Company as a whole are set out in the statement of financial position.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since 30 June 2019.

2.2 OTHER INCOME

Accounting Policy

Other income is recognised when the amount can be reliably measured and control of the right to receive the income be passed to the Company.

	2020 $	2019 $
Other income	6,566	-
	6,566	**-**

2.3 PERSONNEL EXPENSES AND EMPLOYEE BENEFITS

The table below sets out personnel costs expensed during the year, inclusive of remuneration of Directors.

	Note	2020 $	2019 $
Directors remuneration	6.1	384,948	10,072
		384,948	**10,072**

2.4 LOSS PER SHARE

Accounting Policy

Basic earnings per share is the amount of a company's profit or loss for a reporting period that is available to the shares of its common stock that are outstanding during the reporting period.

Basic and diluted loss per share

Earnings / (loss) per share (EPS) is the amount of post-tax profit or loss attributable to each share.

The calculation of basic loss per share at 30 June 2020 has been based on the loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

Diluted EPS takes account of the dilutive effect of all potential ordinary shares, being share options on issue.

Loss per share attributable to ordinary shareholders

	2020	2019
Net loss attributable to ordinary shareholders - **$**	(912,240)	(66,725)
Issued ordinary shares at beginning of period	9,450,000	-
Effect of shares issued - number	2,549,488	4,576,456
Weighted average number of ordinary shares at 30 June	**11,999,488**	**4,576,456**
Basic and diluted loss per share (cents)	(7.60)	(1.50)

* At 30 June 2020, 11,250,000 options (2019: 2,750,000 options) were excluded from diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

2.5 INCOME TAX EXPENSE

Accounting Policy

Income tax expense or benefit comprises current and deferred tax. Current tax assets and liabilities are measured at the amount expected to be recovered from, or paid to, the taxation authorities. Current tax is based on tax rates enacted or substantively enacted at the balance date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used for calculating taxable profits. Deferred tax balances are disclosed net to the extent that they relate to taxes levied by the same authority and the Company has the right of set-off.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probably that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that taxable profits will be available to allow all or part of the assets to be recovered. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on substantively enacted rates at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

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

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

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

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

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

2.5 INCOME TAX EXPENSE (continued)

(a) Reconciliation of effective tax rate

	2020	2019
	$	$
Loss for the period	(912,240)	(66,725)
Income tax using the Company's domestic tax rate of 27.5% (2019: 27.5%)	(250,866)	(18,350)
Non-deductible expenses	154,493	16,195
Timing differences	(21,954)	-
Tax losses not brought to account	118,327	2,155
Income tax expense	-	-

All unused tax losses were incurred in Australia.

Potential future income tax benefits of up to $120,482 (2019: $2,155) attributed to tax losses have not been brought to account.

The benefit of these tax losses will only be obtained if:

i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
ii) the conditions for deductibility imposed by tax legalisation continue to be complied with;
iii) no changes in tax legislation adversely affect the Company in realising the benefit; and
iv) satisfaction of either the continuity of ownership or the same business test.

(b) Unrecognised deferred tax assets and liabilities

Deferred tax assets and liabilities have not been recognised in respect of the following items:

	2020	2019
	$	$
Deferred tax assets		
Black hole deductible costs – s40-880	5,667	-
Trade and other payables	3,300	1,100
Carry forward tax losses	120,482	2,155
	129,449	**3,255**
Deferred tax liabilities		
Prepaid expenditure	(18,486)	-
Carry forward tax losses	**(18,486)**	**-**
Net Unrecognised Deferred Tax Assets	**110,963**	**3,255**

The DTA / DTL have not been bought to account.

SECTION 3 WORKING CAPITAL DISCLOSURES

This section focuses on the cash funding available to the Company and working capital position at year end.

3.1 CASH AND CASH EQUIVALENTS

Accounting Policy

Cash comprises cash at bank and in hand.

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.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(a) Reconciliation of cash recorded in Statement of Financial Position to Statement of Cash Flows

	2020 $	2019 $
Cash and cash equivalents in the statement of cash flows	97,993	182,727

(b) Reconciliation of cash flows from operating activities

	Note	2020 $	2019 $
Cash flows from operating activities			
Loss for the period		(912,240)	(66,725)
Adjustments for:			
Equity-settled share-based payment transactions	6.1	557,885	14,908
Change in other receivables		3,488	(3,206)
Change in prepayments		(67,223)	-
Change in trade and other payables		80,699	4,000
Net Cash used in operating activities		**(337,391)**	**(51,023)**

3.2 TRADE AND OTHER RECEIVABLES

Accounting Policy

Trade receivables are initially recognised at fair value and subsequently at the amounts considered receivable (financial assets at amortised cost). Balances within receivables do not contain impaired assets, are not past due and are expected to be received when due.

The Company does not have trade receivables in relation to operations as it is currently in the exploration phase. The only material receivables at year end are for GST amounts receivable from the Australia Taxation Office and for funds receivable on shares issued. As such, the Company is not generally exposed to credit risk in relation to its receivables.

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

	2020	2019
	$	$
Current		
Authorised government agencies	826	3,206
Share issue funds receivable	-	60,000
	826	**63,206**

Receivables are non-interest bearing.

Note 6.2 includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses.

3.3 TRADE AND OTHER PAYABLES

Accounting Policy

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

		2020	2019
		$	$
Current			
Trade payables	(i)	84,699	-
Accruals		-	4,000
		84,699	**4,000**

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms. All amounts are short-term. The net carrying amount of trade payables is considered a reasonable approximation of fair value.

Information regarding the interest rate, foreign exchange and liquidity risk exposure is set out in Note 6.2.

SECTION 4 ASSETS AND LIABILITIES SUPPORTING EXPLORATION AND EVALUATION

This section focuses on the assets and liabilities which form the core of the ongoing business, including those assets and liabilities which support ongoing exploration and evaluation as well as capital and other commitments existing at year end.

Key estimates and assumptions in this section

Indicators of impairment for exploration and evaluation assets
The Company has reviewed exploration and evaluation assets for indicators of impairment in accordance with AASB 6 and has concluded that capitalised exploration and evaluation expenditure was not impaired at year end. In making this evaluation, management is required to make assessments on the status of each project and the future plans towards successful development and commercial exploitation, or alternatively sale, of the respective areas of interest.

4.1 EXPLORATION AND EVALUATION EXPENDITURE

Accounting Policy

Exploration for and evaluation of mineral resources is the search for mineral resources after the entity has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resource. Accordingly, exploration and evaluation expenditures are those expenditures incurred by the Company in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Accounting for exploration and evaluation expenditures is assessed separately for each ‘area of interest’. An ‘area of interest’ is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

Exploration and evaluation costs are capitalised on the basis that the entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

	2020	2019
	$	$
Costs carried forward in respect of areas of interest		
Exploration and evaluation expenditure	194,155	-
Movements for the year		
Opening balance	-	-
Capitalised expenditure	194,155	-
	194,155	**-**

A total of $194,501 (2019: 30,925) has been expensed during the financial year for exploration expenditure on tenements for which tenement applications were still in progress and therefore an inability to capitalise expenditure under AASB 6 is present due to absence of tenement ownership.

4.2 CAPITAL AND OTHER COMMITMENTS

Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Company is required to perform minimum exploration work to meet the requirements specified by the State Government. These obligations are not provided for in the financial report and are payable as follows:

	2020	2019
	$	$
Mineral exploration		
Not later than one year	51,600	-

SECTION 5 EQUITY AND FUNDING

This section focuses on the debt and equity funding available to the Company at year end, most notably covering share capital, loans and borrowings.

5.1 Capital and Reserves

Accounting Policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Share capital

	Ordinary shares			
	Number of shares		Amount in $	
	2020	2019	2020	2019
On issue at commencement of period	**9,450,000**	**-**	**308,658**	**-**
Shares issued and expensed during the period:				
Issue of seed capital	-	3,000,000	-	30,000
Issue of fully paid shares for cash	1,811,328	2,750,000	242,813	263,750
Issue of shares in lieu of director fees	650,000	3,700,000	48,378	14,908
Vesting expense of prior period SBPs	150,000	-	15,313	-
Issue of shares in satisfaction of services	998,672	-	159,787	-
Capital raising costs	-	-	(9,000)	-
On issue at 30 June	**13,060,000**	**9,450,000**	**765,949**	**308,658**

The holders of ordinary shares are entitled to receive dividends as declared from time and are entitled to one vote per share at meetings of the Company. Option holders cannot participate in any new share issues by the Company without exercising their options.

In the event of a winding up of the Company, ordinary shareholders rank after all other shareholders (if any) and creditors and are fully entitled to any proceeds on liquidation.

All issued shares are fully paid.

The Company has also share options on issue (see note 6.1).

Nature and purpose of reserves

Share-based payments reserve
The share-based payments reserve represents the fair value of options issued to Directors and consultants. Refer to note 6.1 for further details of these plans.

SECTION 6 OTHER DISCLOSURES

The disclosures in this section focuses on share schemes in operation and financial risk management of the Company. Other mandatory disclosures, such as details of related party transactions, can also be found here.

6.1 SHARE-BASED PAYMENT PLANS

Accounting Policy

The share option programme allows Directors, employees and consultants to receive rights to acquire shares of the Company. The grant date fair value of share-based payment awards granted to employees is recognised as an personnel expense or professional fees expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do not meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where the fair value of an employee share option has been recognised as a share-based payment and the option lapses on expiry, the total amount of the share-based payment expense is transferred from the share-based payment reserve to accumulated losses.

The share-based payment expense included within the financial statements can be broken down as follows:

	2020	2019
	$	$
Expensed in personnel expenses (Director remuneration)		
Options issued to Directors*	344,420	-
Shares issued to Directors*	29,771	10,072
Vesting expense on prior period issuances*	10,342	-
Expensed in professional fees		
Shares issued to consultants*	24,287	4,836
Vesting expense on prior period issuances*	4,971	-
Options issued to consultants*	144,094	-
Capital raising costs within equity		
Shares issued to a consultant	9,000	-
Capitalised within exploration and evaluation		
Shares issued to a consultant	144,000	-

*Share based payments made to Directors and consultants were granted for services performed linked to the Company's planned initial public offering. The resulting expense has been recognised over the vesting period from grant date to expected date of initial public offering.

Share-based payment programme

The Company has adopted an Employee Securities Incentive Plan ("ESIP"). Under the ESIP, the Company may grant options and rights to Company eligible employees to acquire securities to a maximum of 10% of the Company's total issued ordinary shares at the date of the grant. The fair value of share options granted is measured using the Black Scholes option pricing model.

The options and rights vest on a time scale as specified in the ESIP and are granted for no consideration. Options and rights granted under the plan carry no dividend or voting rights. When exercisable, each option is converted into one ordinary share. The maximum term of an option is 5 years from grant date and the exercise price is settled in cash. Options may not be transferred other than to an associate of the holder.

6.1 SHARE-BASED PAYMENT PLANS (continued)

Options

At 30 June 2020, a summary of the Company options issued and not exercised under the share-based payment programme are as follows. Options are settled by the physical delivery of shares:

Grant date	Vesting date	Expiry date	Exercise Price (cents)	Balance at the start of the year	Granted during the year	Exercised during the year	Expired / forfeited during the year	Balance at the end of the year	Vested and exercisable at the end of the year
13-Sep-19	13-Sep-19	13-Sep-22	25	-	4,500,000	-	-	4,500,000	4,500,000
13-Sep-19	13-Sep-19	13-Sep-23	30	-	4,000,000	-	-	4,000,000	4,000,000
Total				-	**8,500,000**	**-**	**-**	**8,500,000**	**8,500,000**
Weighted Average Exercise Price (cents)				-	27.35	-	-	27.35	

The weighted average remaining contractual life of options outstanding at year end was 2.68 years.

6.1 SHARE BASED PAYMENT PLANS (continued)

Options (continued)

Key valuation assumptions made at valuation dates are summarised below:

	Tranche 1	Tranche 2
Number of options	4,500,000	4,000,000
Exercise price (cents)	25	30
Grant date	13-Sep-19	13-Sep-19
Expiry date	13-Sep-22	13-Sep-23
Life of the options (years)	3	4
Volatility	100%	100%
Risk free rate	0.89%	0.89%
Fair value at grant date (cents)	7.76	8.58
Share price at grant date (cents)	15	15

6.2 FINANCIAL INSTRUMENTS

Accounting Policy

Recognition and derecognition

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for any trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL);
- equity instruments at fair value through other comprehensive income (FVOCI);
- debt instruments at fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

6.2 FINANCIAL INSTRUMENTS (continued)

Accounting Policy (continued)

Subsequent remeasurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows;
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised costs using the effective interest method.

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the expected credit loss (ECL) model.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Level 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Level 2').
- 'Level 3' would cover financial assets that have objective evidence of impairment at the reporting date.

12-month expected credit losses are recognised for the first category whilst 'lifetime expected credit losses' are recognised for the second category. The Company does not have any material expected credit losses.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Derivative financial instruments

Derivative financial instruments are accounted for at fair value through profit and loss (FVTPL).

6.2 FINANCIAL INSTRUMENTS (continued)

Classification and measurement of financial liabilities

The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are initially measured at amortised cost using the effective interest method except for derivatives and financial liabilities designation at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Company's overall strategy remains unchanged from 2019.

The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings.

The Company is not subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax and general administrative outgoings.

Financial risk management objectives

The Company is exposed to market risk (including interest rate risk), credit risk and liquidity risk.

The Company seeks to minimise the effect of these risks, by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Company's Board of Directors who has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed on a continuous basis to reflect changes in market conditions and the Company's activities. The Company does not trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

Foreign currency exchange rate risk management

The Company is not exposed to foreign currency risk.

Interest rate risk management

The Company is not exposed to interest rate risk as it does not borrow funds at present. For this reason, the risk is not currently required to be managed by the Company.

6.2 FINANCIAL INSTRUMENTS (continued)

The Company's exposure to interest rate on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate risk sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the balance date.

At balance date, if interest rates had been 100 points higher or lower and all other variables were held constant, the Company's profit or loss would remain unchanged as no interest was charged or received during the year.

The Company's sensitivity to interest rates has remained constant during the year due to having no exposure to interest rates at the current time.

Credit risk management

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to credit risk from financial assets including cash and cash equivalents held at banks and trade and other receivables.

The Company has adopted a policy of only dealing with creditworthy counterparties.

The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses publicly available financial information and its own trading record to rates its customers.

The Company's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

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

The carrying amount of financial assets recorded in the financial statements, represents the Company's maximum exposure to credit risk.

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 Company's short, medium and long-term funding and liquidity management requirements.

The Company manages liquidity risk by maintaining adequate banking and borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Non-derivative financial liabilities

The table on the following page details the Company's expected contractual maturities for its non-derivative financial liabilities.

These have been drawn up based on undiscounted contractual maturities of the financial liabilities based on the earliest date the Company can be required to repay.

The table include both interest and principal cash flows.

6.2 FINANCIAL INSTRUMENTS (continued)

	Weighted average interest rate %	Less than 6 months $	6 months to 1 year $	1 – 5 years $
30 June 2020				
Trade and other payables	-	84,699	-	-
		84,699	-	-
30 June 2019				
Trade and other payables	-	4,000	-	-

Fair value measurement

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy.

The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Directors consider that the carrying amounts of current receivables, current payables, and current interest-bearing borrowings, approximate their fair values.

6.3 RELATED PARTIES

Accounting Policy

Key management personnel compensation
Directors' remuneration is expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount because of past service provided by the employee and the obligation can be estimated reliably.

(a) Key management personnel compensation

Key management personnel compensation comprises the following:

	2020 $	2019 $
Share-based payments – shares	40,113	10,072
Share-based payments – options	344,420	-
	384,533	**10,072**

6.3 RELATED PARTIES (continued)

(b) Other transactions with related parties

During the period Directors Will Belin and David Pennock worked for Newexco undertaking work on MH tenements. They were paid a fee of $5,600.

6.4 AUDITORS' REMUNERATION

	2020	2019
	$	$
Audit and other assurance services		
BDO Audit (WA) Pty Ltd	12,322	4,000
TOTAL AUDITORS' REMUNERATION	**12,322**	**4,000**

6.5 COMMITMENTS

On 26 June 2020 Metal Hawk executed a deed of variation and option exercise to acquire the tenements held by Tasex Geological Services ('Tasex'). On 3rd August 2020 the consideration of $150,000 due under the deal was paid as per Note 6.7.

Further to this Tasex has future consideration due to it should:

1. A JORC compliant Indicated and/ or Measured Resource of 100,000 oz contained gold or 15,000 tonnes contained Ni Metal on the acquired tenement be found. Tasex would receive either $500,000 cash or shares worth $500,000 at the issue price at the time.
2. A JORC compliant Indicated and/ or Measured Resource of 500,000 oz contained gold or 75,000 tonnes contained Ni Metal on the acquired tenement be found. Tasex would receive either $1,000,000 cash or shares worth $1,000,000 at the issue price at the time.

6.6 CONTINGENCIES

During the year a Deed of variation and Option exercise was signed between Metal Hawk and Spartan Exploration. Future contingent commitments are outlined below.

Clinker Hill Milestone A:

MHK releasing an ASX announcement (if it has been admitted to the Official List) or otherwise receives a mineral resource report which discloses an indicated or measured resource (as defined in the JORC Code), collectively, in the Tenements of one or more of the following:

a. no less than 100,000 tonnes of gold ore with a minimum cut-off grade of 1.0g/t Au or greater, with no less than 100,000 ounces of contained gold or gold Metal Equivalents;
b. no less than 100,000 tonnes of nickel ore with a minimum cut-off grade of 1.0% Ni or greater, with no less than 15,000 tonnes of nickel contained metal or nickel Metal Equivalents;
c. no less than 100,000 tonnes of copper ore with a minimum cut-off grade of 1.0% Cu or greater, with no less than 30,000 of contained copper or copper Metal Equivalents; or
d. no less than 100,000 tonnes of zinc ore with a minimum cut-off grade of 5.0% Zn or greater, with no less than 60,000 tonnes of contained zinc or zinc Metal Equivalents, or;
e. no less than 100,000 tonnes of silver ore with a minimum cut-off grade of 50 g/t Ag or greater, with no less than 4,000,000 ounces of contained silver Metal Equivalents.

6.6 CONTINGENCIES (continued)

Clinker Hill Milestone A (continued):

If MHK is admitted at the time of satisfaction of Milestone A, MHK may (at its election) issue $500,000 worth of Shares based on a 30-day VWAP or pay $500,000 cash to the vendor. If MHK is not admitted at the time of satisfaction of Milestone A, MHK must pay $500,000 cash to the vendor.

Clinker Hill Milestone B:

MHK releasing an ASX announcement (if it has been admitted to the Official List) or otherwise receives assay results disclosing assays of drill hole intersections conducted in relation to the Tenements showing either:

a. gold intercepts on a grade-thickness basis of ≥ 20-gram metres Au, where the grade of the bulk interval is greater than 1.0 grams per tonne over no less than 20 metres;
b. nickel intercepts on a grade-thickness basis of 20%m, providing the grade of the mineralisation is ≥ 1.0% Ni (eg. ≥ 20m @ 1.0% Ni) where the grade of bulk interval is greater than 1.0% nickel over 20m;
c. copper intercepts on a grade-thickness basis of 20%m Cu, providing the grade of the mineralisation is ≥ 1.0% Cu (eg. ≥ 20m @ 1.0% Cu) where the grade of bulk interval is greater than 1% Cu over 20m;
d. zinc intercepts on a grade-thickness basis of 20%m Zn, providing the grade of the mineralisation is ≥ 5.0% Zn (eg. ≥ 4m @ 5.0% Zn) where the grade of bulk interval is greater than 5% Zn over 4m; or
e. silver intercepts on a grade-thickness basis of ≥ 1000-gram metres Ag, (eg. ≥20m @ 50g/t Ag) where the grade of the bulk interval is greater than 50 grams per tonne Ag over no less than 20 metres.

If MHK is admitted at the time of satisfaction of Milestone B, MHK may (at its election) issue $100,000 worth of Shares based on a 30-day VWAP or pay $100,000 cash to the vendor. If MHK is not admitted at the time of satisfaction of Milestone B, MHK must pay $150,000 cash to the vendor.

6.7 SUBSEQUENT EVENTS

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 3 August 2020, a total of 1,250,000 fully paid ordinary shares were issued to investors for a value of 16c per share to raise an additional $200,000 of working capital funding to exercise its option with Tasex Geological Services for $150,000.

On 13 August 2020, Hampton Hill Mining NL (**Hampton**) advised that it had withdrawn from the joint venture on the Clinker Hill Nickel Project where Hampton were earning a 30% interest in Metal Hawk's tenements.

On 14 August 2020, Metal Hawk entered into an agreement with CH2 Investments Pty Ltd (**CH2**) to acquire two tenements for 1,000,000 fully paid ordinary shares in the Company.

On 20 August 2020, Metal Hawk entered into an agreement with Berehaven Holdings Pty Ltd (**Berehaven**) for the option to acquire three tenements for $100,000 in cash payment and $100,000 paid via issuance of shares. Metal Hawk has a 24 month term in which to exercise the option to acquire the tenements.

On 1 September 2020, a total of 312,500 fully paid ordinary shares were issued to investors for a value of 16c per share to raise an additional $50,000 of working capital funding to progress the company to IPO.

On 14 September Metal hawk entered into a JV agreement with WSA. Key terms of the JV include WSA to earn up to 75% of Emu Lake, Kanowna East and Fraser South Projects by spending $7m over 5 years – stage 1 ($3m over 3 years for 51%) and stage 2 ($4m over 2 years for 75%).

In addition to this Metal Hawk signed a Subscription agreement with WSA on 15 September to issue 3,125,000 shares at 16c to raise $500,000.

As a condition precedent of this Subscription Agreement and Joint Venture Agreement Metal Hawk exercised its options to purchase the Emu Lake tenements from Lithium Australia for $60,000 and the Fraser Range tenements from Skryne Hill Pty Ltd for $40,000, $25,293.89 as reimbursable expenditure, 1,000,000 fully paid ordinary shares and 1,000,000 unlisted options with an exercise price of $0.20.

An updated Executive services agreement was entered into with Will Belbin where he would be paid $100,000 per annum until listing. Upon listing his salary would increase to $180,000 as previously agreed.

Subsequent to year end the Company relocated to a new office address, Level 2, 8 Kings Park Road, West Perth, WA 6005.

Other than the matters disclosed above, there have been no matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the Company, the results of these operations, or the state of affairs of the Company in future financial years.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Metal Hawk Limited (the "Company"):

   (a) the accompanying financial statements and notes are in accordance with the *Corporations Act 2001* including:

      (i) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its performance for the year then ended; and

      (ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001*, professional reporting requirements and other mandatory requirements.

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

   (c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2020.

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

Dated at Sydney this 18 day of September 2020.

William Belbin
Director

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INDEPENDENT AUDITOR'S REPORT

To the members of Metal Hawk Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Metal Hawk Limited (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Metal Hawk Limited, is in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; 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 Company in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the 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.

Material uncertainty related to going concern

We draw attention to Note 1.2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' Report, but does not include the financial report and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information 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.

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 Company's ability 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 Company 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit (WA) Pty Ltd

BDO

Dean Just

Director

Perth, 18 September 2020