



**METALS AUSTRALIA LTD
AND CONTROLLED ENTITIES**

(ACN 008 982 474)

**Interim Financial Report
for the Half Year Ended
31 December 2020**

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DIRECTORS' REPORT

The Directors present their report on the consolidated group of Metals Australia Ltd (the "Company") and controlled entities (the "Group") for the half year ended 31 December 2020.

1. DIRECTORS

The names of Directors in office during the half year and up to the date of this report:

Gino D'Anna
Michael Scivolo
Robert Collins

2. REVIEW OF OPERATIONS

During the half year ended 31 December 2020, the Company continued to develop the Lac Rainy Graphite Project moving the project towards the completion of its Phase I Scoping Study ahead of the planned commencement of a detailed graphite marketing campaign, which will enable the Company to secure potential end-users of the high-carbon (total) and high-purity graphite concentrate and also provide the Company with potential options for the continued development of the Lac Rainy project into a mineable operation.

To complete the Scoping Study, the Company appointed DRA Global. The Scoping Study, referred to as the Phase I design, was designed on the basis of Metals Australia mining and producing a high-quality graphite concentrate at Lac Rainy. The opportunity for Metals Australia to deliver into growing high-margin down-stream markets such as the Lithium-ion battery supply chain, spheronized graphite and expandable graphite remain open to the Company as future upside.

The Phase I Scoping Study was completed subsequent to the end of the half year ended 31 December 2020.

In addition, the Company continued to actively explore the Eade, Pontois and Felicie projects. The recently completed Remote Sensing Study and a Synthetic Aperture Radar (SAR) Survey identified a significant number of gold, copper and base metal exploration targets. The Company has built its mineralisation and exploration database following the remote sensing studies and review of the historical geological and geophysical exploration data. This data analysis and compilation has highlighted the extensive gold, copper and polymetallic potential of these project areas across the significant strike length that had been mapped by the Company and previous exploration companies.

The Company also completed its field exploration program at the Eade, Pontois and Felicie projects during the half year ended 31 December 2020 which field tested the extensive gold and copper exploration targets that had been identified.

Subsequent to the end of the half year ended 31 December 2020, the Company commissioned Prospektair to fly an MAG-TDEM survey across the Eade Project, which is expected to refine the historic EM anomalies at the Eade Copper-Gold Project, detect new conductive anomalies, and identify resistive zones within otherwise conductive host units. Data from the survey will be used to model the size, orientation and depth of any conductive sources with detail suitable for direct drill targeting.

The Company is currently awaiting the results of the MAG-TDEM survey.

Subsequent to the end of the half year ended 31 December 2020, the Company announced that it had entered into a binding agreement to acquire the Nepean South Nickel Project (**Nepean South**), located in Coolgardie, a typical Kambalda-style nickel sulphide project. The Nepean South project is located directly south and along strike of the historic Nepean Nickel Mine, a nickel sulphide mine which was in operation until 1987. The Nepean Nickel Mine is 80% owned by Auroch Minerals Limited (ASX: AOU).

A summary of the exploration activities of the Company is outlined below.

DIRECTORS' REPORT (continued)

LAC RAINY GRAPHITE PROJECT: SCOPING STUDY RESULTS

Pre-tax NPV US\$123 million / A\$160 million	 Mineral Resource 13.3Mt @11.5% TGC	 Mine Life 14 years	Total Production over LOM 1,296,777t concentrate
Pre-tax IRR 18.9%	 OPEX US\$433/t of product	 Graphite Production ~96,000 tpa concentrate* <small>* excl. first year and last year</small>	
Average Annual EBITDA US\$42 million / A\$54.5 million			

Highlights:

The Study confirms Lac Rainy can support a Base Case scenario with graphite concentrate production of **~96,000 tonnes per annum (excl. first year and last year) over an initial mine life of 14 years:**

- **Life of Mine (LOM) operating cost estimate of US\$433 per tonne of concentrate** (including transport costs FOB Sept-Îles port) deliver excellent operating margins – based on an average concentrate selling price of US\$885 per tonne of concentrate, **Lac Rainy exhibits an operating margin in excess of 105% - exceptional operating margins in a suppressed graphite pricing environment**
- Initial capital investment for the open pit mine, process plant and infrastructure estimated at US\$118 million (excluding contingency, owners' cost and indirect costs); initial capital investment (including contingency, owners' costs and indirect costs) estimated at US\$189 million **with a 3.4-year payback (pre-tax)**
- **LOM average feed grade of 11.6% Cg and a graphite concentrate grade of 96.7% Cg** with a LOM average open pit strip ratio of 5.6:1
- **Pre-tax Net Present Value (NPV) of US\$123 million and internal rate of return (IRR) of 18.9%**
- **Excellent supply / demand outlook for Lac Rainy concentrate products** supported by the ability to produce a range of high-carbon (total) and high-purity size fractions
- Concentrate flake size, high-carbon (total) and high-purity 'footprint' indicates suitability for use in a **wide range of traditional and emerging end-use applications**
- **Significant infrastructure advantages** including proximity to rail, road, clean hydro-power, labour and fresh water supplies
- **Rapid growth in electric vehicle production is expected to drive a big uptick in demand and pricing** over the next few years - there is **10 times more graphite than lithium in a lithium-ion battery**, with each EV requiring ~55kg of flake graphite to make the battery anode
- Lac Rainy hosts a JORC (2012) Mineral Resource of **13.3Mt at 11.5% TGC** in the category of Indicated (~72%) and Inferred (~28%) **for 1.529Mt of contained graphite**, using a 5% TGC cut-off

DIRECTORS' REPORT (continued)

- In addition to the JORC (2012) Mineral Resource Lac Rainy currently has a JORC (2012) Exploration Target Estimate of **7.3Mt to 14.6Mt @ 7.5% to 12.5% Total Graphitic Carbon (TGC) for an additional 0.55Mt to 1.825Mt of contained graphite** using a 5% TGC cut-off

The potential quantity and grade of the defined Exploration Target is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource

- **Only the first 1.6km of strike of the over 4 km of strike along the Main Carheil Graphitic Trend has been drill tested.** The SE and NW strike extensions and the recently discovered West Carheil Graphitic Trend are still to be drilled – **extensional drilling program has been designed**
- **The Lac Rainy Deposit is open to the north and south along strike, as well as down-dip and plunge, indicating significant exploration upside and drill ready targets**
- **Further potential resource growth upside exists in the recently discovered high grade West Carheil Graphitic Trend which has the ability to further increase the tonnage of Lac Rainy**

Refer to ASX announcement dated 3 February 2021 and titled “Scoping Study Results for Lac Rainy Graphite Project” for further information and full disclosure of the JORC (2012) Scoping Study for the Lac Rainy Graphite Project.

LAC RAINY GRAPHITE PROJECT: JORC (2012) MINERAL RESOURCE

Highlights:

Maiden JORC (2012) Mineral Resource Estimate for the high-grade Lac Rainy Graphite Project:

- **Indicated and Inferred Mineral Resource of 13.3Mt @ 11.5% Total Graphitic Carbon (TGC) for 1.529Mt of contained graphite using a 5% TGC cut-off, made up of:**
 - **South-East Carheil Resource: High-grade Indicated Mineral Resource of 9.6Mt @ 13.1% TGC for 1.257Mt of contained graphite** using a 5% TGC cut-off
 - **North-West Carheil Resource: Inferred Mineral Resource of 3.7Mt @ 7.3% TGC for 0.270Mt of contained graphite** using a 5% TGC cut-off
- **Resource outcrops at surface with 90% of global resource defined within the first 100m** based on an open cut mining method modelled down to 150m
- **Lac Rainy ranks as one of the highest-grade global graphite deposits**
- **Only the first 1.6km of strike of the 4 km of strike along the Main Carheil Graphitic Trend has been drill tested.** The SE and NW strike extensions and the recently discovered West Carheil Graphitic Trend are still to be drilled – **extensional drilling program has been designed**
- Deposit is open to the north and south along strike, as well as down-dip and plunge, indicating significant exploration upside and drill ready targets
- Lac Rainy has the potential to be mined using open cut mining methods with low strip ratios
- The Company is currently planning an extensional drilling program to further grow the resource base and drill test some of the other high-priority targets which have been identified.

DIRECTORS' REPORT (continued)

Table 1 – JORC (2012) Mineral Resource Estimate

Deposit	Classification	Tonnes	Total Graphitic Carbon (TGC)	Contained Graphite (Tonnes)	S %
South-East Carheil Graphite Deposit	Indicated	9,600,000	13.1%	1,257,600	9.8
North-West Carheil Graphite Deposit	Inferred	3,700,000	7.3%	270,000	7.3
	Total¹	13,300,000	11.5%	1,529,500	9.1

¹Mineral Resource estimated at a 5% TGC cut-off

Refer to ASX Announcement dated 15 June 2020 and titled "High-Grade Maiden JORC Resource at Lac Rainy Graphite Project" for further information and full disclosure of the JORC (2012) Mineral Resource estimate.

LAC RAINY GRAPHITE PROJECT: JORC (2012) EXPLORATION TARGET

Highlights:

JORC (2012) Exploration Target Estimate in addition to the existing JORC (2012) Mineral Resource Estimate for the high-grade Lac Rainy Graphite Project:

- **Additional Exploration Target of 7.3Mt to 14.6Mt @ 7.5% to 12.5% Total Graphitic Carbon (TGC) for an additional 0.55Mt to 1.825Mt of contained graphite using a 5% TGC cut-off**

The potential quantity and grade of the defined Exploration Target is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource

- **Exploration Target is in addition to the JORC (2012) Mineral Resource Estimate at the Lac Rainy Graphite Project**
 - resource outcrops at surface with 90% of global exploration target defined within the first 100m
 - based on an open cut mining method modelled down to 150m
- Delineation of the JORC (2012) Exploration Target at Lac Rainy supports the Company's belief that the Lac Rainy project has the ability to significantly increase in size and scale.

Refer to ASX Announcement dated 10 September 2020 and titled "High-Grade JORC Exploration Target at Lac Rainy Graphite" for further information and full disclosure of the JORC (2012) Exploration Target estimate.

LAC RAINY GRAPHITE PROJECT: METALLURGICAL TESTWORK

Highlights:

- **Scoping Study level metallurgical testwork completed** on graphite mineralisation from the Lac Rainy Graphite Project

DIRECTORS' REPORT (continued)

- **Metallurgical testwork completed on representative composite samples collected from split drill core** - including sample preparation, sample characterisation (chemical and mineralogical), comminution testing, flotation testing and static environmental testing
- Results indicate that **Lac Rainy graphite can produce a graphite concentrate which is high-purity and high-carbon (total) which meets commercially accepted benchmarks and exceeds** standard cut-off
 - **Average head-grade of composite sample was 12.0% Ct** – easily beneficiated to a high-purity and high-carbon (total) graphite concentrate
 - **Combined open-circuit graphite recovery of up to 86.3% within the F2 test using standard mineral processing technology in a potentially low-cost setting**
 - **Combined Concentrate grades of up to 96.9% Ct within the F2 test** – exceeding standard cut-off grades for commercial grade graphite concentrates (benchmark graphite concentrate grades of 95% Ct)
 - **Total carbon grades up to 97.1% Ct in large and jumbo flake size fractions**
 - **Up to 22.8% of the Lac Rainy graphite concentrate can be categorised in the large and jumbo flake size fractions (+80 mesh)**
 - **Low levels of potentially deleterious elements** – results show no elevated concentrations of typical deleterious elements such as vanadium, cadmium or arsenic in the ore – **graphite concentrate observed as high-purity**
- Metallurgical flowsheet was based on the nearby Lac Knife graphite deposit (100% owned by Focus Graphite Inc.) - this flow sheet will now be optimised to specifically suit Lac Rainy graphite mineralisation which is expected to lead to improved results
- **Optimisation of flowsheet test work to commence shortly to further enhance the results of the metallurgical testwork and mineralogical characterisation**
- Initial round of product specification / downstream product test work to commence shortly including test work to determine suitability of **Lac Rainy graphite concentrate for use in the Expandable Graphite, Purified Micronised Graphite and Coated Spherical Graphite markets**
- **Results are considered significant and highly encouraging**

Refer to ASX Announcement dated 30 June 2020 and titled "Metallurgical Testing Confirms Lac Rainy High Purity / Grade" for further information and full disclosure of the metallurgical testwork conducted by the Company at Lac Rainy.

EADE, PONTOIS AND FELICIE COPPER-GOLD PROJECTS: EXPLORATION ACTIVITIES

Highlights:

- Field exploration and prospecting campaign successfully completed at the Company's 100% owned Eade, Pontois and Felicie Projects - **significant gold exploration targets identified that have never been followed up with modern exploration**

DIRECTORS' REPORT (continued)

- **Field program focused on the numerous gold exploration targets identified following the 2019 field exploration program and the historical geological and geophysical data review**
- The Projects sit within the east-west trending Lac Guyer Greenstone Belt which is **host to numerous high-grade Au-Cu and base metal discoveries**
- **High-grade gold, copper, zinc, silver and lead has been identified across each of the project areas**, including:
 - **Eade Gold Project**
 - **29.6 g/t Au** (A0067009, angular quartz boulder)
 - **3.67 g/t Au** and **3.13 g/t Ag** (A0067002, rock sample)
 - **2.56 g/t Au** (A0067005, rock sample)
 - **Pontois Copper-Gold Project**
 - **0.36% Cu** and **4.52 g/t Ag** (A0067122, rock sample)
 - **0.41 g/t Au** (A0067124, rock sample)
 - **Felicie Gold-Copper Project**
 - **4.16 g/t Au, 44.10 g/t Ag, 0.23% Cu, 0.62% Pb and 1.25% Zn** (A0067026, rock sample)
 - **1m at 1.5 g/t Au, 1.39% Pb and 0.39% Zn** (A0067065, channel sample)
 - **These mineralised zones are particularly significant because they are located in a new area that is open along strike**
- Highly anomalous gold, copper, zinc, silver and lead results indicate the presence of a potentially significant mineralised system under cover
- Geologists identified **significant sampling sites of a previous explorer Virginia Gold Mines** which were **never followed up and the true extent of the mineralised horizons never explored**
- A number of **drill ready targets** have been generated as a result of this initial large scale field exploration program

Refer to ASX announcement dated 1 October 2020 and titled "Field Program Highlights Gold / Silver / Copper Mineralisation" for further information and full disclosure of the results of the Company's field exploration program at the Eade, Pontois and Felicie projects.

AIRBORNE GEOPHYSICAL PROGRAM AT THE EADE COPPER-GOLD PROJECT

Highlights:

- MAG and TDEM survey at Eade Copper-Gold Project will complement ground-based prospecting designed to identify copper-gold mineralisation targets for drill testing
- A total of 748 line-km will be flown with drill target planning to occur concurrently
- The Eade Copper-Gold Project sits within the east-west trending Lac Guyer Greenstone Belt which is **host to numerous high-grade Au-Cu and base metal discoveries**

Refer to ASX announcement dated 19 January 2021 and titled "Airborne Geophysical Program to Commence at Eade Copper-Gold" for further information and full disclosure of the MAG-TDEM survey at the Eade Copper-Gold Project.

DIRECTORS' REPORT (continued)

ACQUISITION OF THE NEPEAN SOUTH NICKEL PROJECT, WESTERN AUSTRALIA

Highlights:

- Binding agreement signed to acquire 100% of the **Nepean South Nickel Project** located near Coolgardie in Western Australia – **a Kambalda style nickel sulphide project**
- Historic shallow RAB drilling was completed by Mincor Resources NL (**Mincor**) with significant drilling results including:
 - **NRB042: 3m @ 2.34g/t Au** from 57m
 - **NRB048: 12m @ 1.29% Ni** from 15m
including **NRB048: 6m @ 1.84% Ni and 0.02% Cu** from 18m
 - **NRB067: 3m @ 0.78% Ni** from 33m **and 3m @ 0.76% Ni** from 48m (6537270mN, 315560mE)
 - **NRB055: 9m @ 0.54% Ni** from 21m
 - **NRB077: 3m @ 0.69% Ni** from 24m (6536970mN, 315600mE)
- **Nepean South Nickel Project is considered both highly prospective and underexplored for both gold and nickel**, with historic RAB drilling completed to very shallow depths on average only 42m from surface, with many holes drilled at even shallower depths
- **An EM conductor on a basal ultramafic contact 100-200m below surface is located at the northern tenement boundary of the Nepean South project and is interpreted to continue south along strike into the Nepean South licence**
- Nepean South Nickel Project is located south of and along strike of the historic Nepean nickel sulphide mine, currently 80% owned by Auroch Minerals Limited (**Auroch**) (ASX: AOU), which produced **1,108,457 tonnes of nickel ore at an average recovered grade of 2.99% Ni for 32,303t of nickel metal** between 1970 and 1987¹
- Auroch is currently drilling along the southern extent of the Nepean Project, located directly north of the Nepean South Nickel Project (*presently being acquired by Metals Australia*), and has intersected high-grade nickel, including²:
 - **3m @ 3.70% Ni and 0.33% Cu from 91m**
including **2m @ 5.09% Ni and 0.47% Cu** from 91m (NPRC031)
 - **1m @ 5.57% Ni and 0.25% Cu** from 60m (NPRC032)
 - **2m @ 3.02% Ni and 0.30% Cu** from 55m (NPRC034)
 - **3m @ 1.35% Ni and 0.10% Cu from 40m,**
within a broader zone of **18m @ 0.76% Ni and 0.02% Cu** from 25m (NPRC033)
- Initial exploration program for Metals Australia at the Nepean South Nickel Project will consist of **an airborne EM survey across the entire strike length** of the prospective ultramafic sequence, followed by a **drilling campaign**
- **Nickel price fast approaching US\$20,000/t – record high nickel prices makes this acquisition value accretive for shareholders**

¹ Refer to ASX announcement dated 11 November 2020 and released on the MAP by Auroch Minerals Limited (ASX: AOU) and titled "Auroch to Acquire High-Grade Nepean Nickel Project".

² Refer to ASX announcement dated 15 February 2021 and released on the MAP by Auroch Minerals Limited (ASX: AOU) and titled "Intersections over 5% Ni Extend High-Grade Mineralisation at Nepean".

DIRECTORS' REPORT (continued)

Refer to ASX announcement dated 3 March 2021 and titled "Acquisition Nepean South Nickel Project in Western Australia" for further information and full disclosure of the acquisition of the Nepean South Nickel Project.

Competent Person Declaration

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr. Martin Bennett, a consultant to Metals Australia Ltd, and a member of The Australasian Institute of Geoscientists. Mr. Bennett has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves". Mr. Bennett consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Metals Australia Ltd's planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may", "potential," "should," and similar expressions are forward-looking statements. Although Metals Australia Ltd believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

3. FINANCIAL RESULT

The Group incurred a loss after income tax of \$101,668 (2019: profit of \$184,873) for the half year period. As at 31 December 2020 the Group had cash funds of \$1,483,298 (30 June 2020: \$496,129).

4. 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 on the following page.

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



Michael Scivolo
Director

Perth, 9 March 2021

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF METALS AUSTRALIA LIMITED

As lead auditor for the review of the half-year financial report of Metals Australia Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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



Crowe Perth



Sean McGurk

Partner

Signed at Perth, 9 March 2021

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

	Consolidated	
	Half year 2020	Half year 2019
Note	\$	\$
Revenue		
Interest earned	973	100
	<u>973</u>	<u>100</u>
Expenditure		
Change in fair value of investments	15,800	(33,600)
Key management personnel remuneration	(74,034)	(73,797)
Management fees	(141,680)	(141,680)
ASX listing fees	(6,303)	(22,516)
Professional fees	(70,549)	(136,432)
Other expenses	(26,162)	(29,084)
	<u>(302,928)</u>	<u>(437,109)</u>
Loss before income tax	(301,955)	(437,009)
Income tax benefit	200,287	621,882
Profit /(loss) for the period	(101,668)	184,873
Other Comprehensive profit/(loss), net of tax		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign controlled entities	(244,151)	133,478
Total comprehensive profit /(loss) for the half year	(345,819)	318,351
Profit /(loss) for the period attributable to:		
Owners of the parent	(101,668)	184,873
Non-controlling interest	-	-
Total profit /(loss) for the half year, net after tax	(101,668)	184,873
Total comprehensive profit /(loss) for the period attributable to:		
Owners of the parent	(345,819)	318,351
Non-controlling interest	-	-
Total comprehensive profit /(loss) for the half year	(345,819)	318,351
	Cents	
Basic and diluted profit /(loss) per share	(0.003)	0.01

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	Consolidated	
	31 December 2020	30 June 2020
	Note	\$
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents		1,483,298
Trade and other receivables	4	176,016
Financial assets	5	86,202
Prepayment		4,293
TOTAL CURRENT ASSETS		1,749,809
NON-CURRENT ASSETS		
Exploration and evaluation expenditure	6	7,737,985
TOTAL NON-CURRENT ASSETS		7,737,985
TOTAL ASSETS		9,487,794
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables		140,167
TOTAL CURRENT LIABILITIES		140,167
TOTAL LIABILITIES		140,167
NET ASSETS		9,347,627
EQUITY		
Issued capital	8	36,088,167
Share option reserve	9	151,079
Foreign currency translation reserve		(151,447)
Accumulated losses		(26,664,256)
Parent interests		9,423,544
Non-controlling interest		(75,917)
TOTAL EQUITY		9,347,627

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

	Issued Capital	Share Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total attributable to owners of parent	Non-controlling Interest	Total Equity
	\$	\$	\$	\$	\$	\$	\$
BALANCE AT 1 JULY 2019	33,092,480	971,935	-	(25,046,925)	9,017,490	(75,917)	8,941,573
(Loss) attributable to the members of the parent entity	-	-	-	184,873	184,873	-	184,873
Other comprehensive gain/(loss) for the period, net of tax	-	-	133,478	-	133,478	-	133,478
Total comprehensive gain/(loss) for the period	-	-	133,478	184,873	318,351	-	318,351
Shares issued	460,248	-	-	-	460,248	-	460,248
Costs of capital raising	(52,564)	-	-	-	(52,564)	-	(52,564)
Issue of options	-	71,579	-	-	71,579	-	71,579
BALANCE AT 31 DECEMBER 2019	33,500,164	1,043,514	133,478	(24,862,052)	9,815,104	(75,917)	9,739,187
BALANCE AT 1 JULY 2020	34,472,099	71,579	92,704	(26,562,588)	8,073,794	(75,917)	7,997,877
(Loss) attributable to the members of the parent entity	-	-	-	(101,668)	(101,668)	-	(101,668)
Other comprehensive gain/(loss) for the period, net of tax	-	-	(244,151)	-	(244,151)	-	(244,151)
Total comprehensive gain/(loss) for the period	-	-	(244,151)	(101,668)	(345,819)	-	(345,819)
Shares issued	1,839,237	-	-	-	1,839,237	-	1,839,237
Costs of capital raising	(223,169)	-	-	-	(223,168)	-	(223,168)
Issue of options	-	79,500	-	-	79,500	-	79,500
BALANCE AT 31 DECEMBER 2020	36,088,167	151,079	(151,447)	(26,664,256)	9,423,544	(75,917)	9,347,627

The accompanying notes form part of these financial statements

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

	Consolidated Half year 2020 \$	Consolidated Half year 2019 \$
Cash Flows from Operating Activities		
Payments to suppliers and employees	(512,033)	(351,821)
Interest received	1,016	100
Income tax received	197,308	-
<i>Net cash used in operating activities</i>	<u>(313,709)</u>	<u>(351,721)</u>
Cash Flows from Investing Activities		
Payment for exploration and evaluation expenditure	(394,691)	(521,194)
Payment for investment	-	(15,000)
<i>Net cash used in investing activities</i>	<u>(394,691)</u>	<u>(536,194)</u>
Cash Flows from Financing Activities		
Proceeds from share issue	1,845,237	400,247
Share issue costs	(149,668)	(34,131)
<i>Net cash provided by / (used in) financing activities</i>	<u>1,695,569</u>	<u>366,116</u>
Net increase / (decrease) in Cash and Cash Equivalents	987,169	(521,799)
Cash and Cash Equivalents at the Beginning of the Half Year	496,129	543,079
Cash and Cash Equivalents at the End of Half Year	<u><u>1,483,298</u></u>	<u><u>21,280</u></u>

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

1. BASIS OF PREPARATION OF HALF YEAR REPORT

Metals Australia Ltd is a company domiciled in Australia.

This general purpose financial report for the interim half year reporting period ended 31 December 2020 has been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134 *Interim Financial Reporting*. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Metals Australia Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2020 together with any public announcements made during the half year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

The interim financial statements have been approved and authorised for issue by the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Going concern

The financial report has been prepared on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. During the period, the Group has recorded a loss before income tax of \$301,955 (2019: loss of \$437,009), a net cash outflow from operating activities of \$313,709 (2019: \$351,721) and had cash at bank of \$1,483,298 (30 June 2020 \$496,129).

The ability of the Group to continue to fund its exploration and operational activities and continue as a going concern is dependent on securing additional funding through the sale of equity securities to either existing or new shareholders.

These conditions indicate a material uncertainty which may cast a significant doubt about the Groups ability to continue as a going concern and therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on the basis the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business as the Group expects to receive additional funds via the issue of equity securities to either existing or new shareholders.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts which differ from those stated in the financial statements and the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities which might be necessary should the Group not continue as a going concern.

2. DIVIDENDS

No dividends have been paid or proposed during the half year ended 31 December 2020.

3. CAPITAL AND LEASING COMMITMENTS AND CONTINGENCIES

There has been no material change in contingent liabilities and commitments since the end of the last annual reporting period.

4. TRADE AND OTHER RECEIVABLES

	December 2020	June 2020
	\$	\$
Canadian tax credits ¹	142,552	213,652
GST receivable	28,555	24,240
Other	4,909	5,327
	<u>176,016</u>	<u>243,219</u>

¹ All returns lodged with the Canada Revenue Agency (CRA) will be assessed by the CRA prior to any tax credits being made available and paid to Quebec Lithium Ltd. The Company notes that the length of time taken by the CRA to process the returns, as well as the total amount of credits to be refunded, is uncertain until such time as Quebec Lithium Ltd is notified by the CRA of the outcome.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

5. FINANCIAL ASSETS

	December 2020	June 2020
	\$	\$
Investment in listed shares	71,202	70,402
Investment in unlisted shares	15,000	-
	<u>86,202</u>	<u>70,402</u>

These shares are classified as financial assets at fair value through profit and loss. Changes in fair value are included in the Statement of Profit or Loss and Other Comprehensive Income.

6. EXPLORATION AND EVALUATION EXPENDITURE

	December 2020	June 2020
	\$	\$
Opening balance	7,476,163	8,582,411
Exploration expenditure including foreign exchange movements	261,822	233,718
Mining duty credits refundable	-	(1,399,966)
Securities issued to acquire tenements	-	60,000
Closing balance	<u>7,737,985</u>	<u>7,476,163</u>

7. OPERATING SEGMENTS**Segment Information****Identification of reportable segments**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (Chief Operating decision makers) in assessing performance and determining the allocation of resources. As the Group is focused on mineral exploration, the Board monitors the Group based on actual versus budgeted exploration expenditure incurred by area of interest. The internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

The Company is managed on the basis of area of interest. Operating segments are therefore determined on the same basis.

Segments

For the half year ended 31 December 2020, the Group has two reportable segments as follows:

- (i) Western Australian Projects
- (ii) Quebec Projects

For the half year ended 31 December 2019, the Group had two reportable segments as follows:

- (i) Western Australian Projects
- (ii) Quebec Projects

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

7. OPERATING SEGMENTS (continued)

Basis of Accounting for purposes of reporting by operating segments

Accounting Policies Adopted

All amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

There are no inter-segment transactions. Segment assets are clearly identifiable on the basis of their nature. Segment liabilities include trade and other.

Unallocated items

Corporate costs are not considered core operations of any segment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

7. OPERATING SEGMENTS (continued)

Segment Performance - December 2020	Western Australian Projects \$	Quebec Projects \$	Other Unallocated items \$	Total \$
Revenue from external sources				
Interest revenue	-	-	973	973
Total Group revenue	-	-	973	973
Segment profit/(loss)	-	-	(101,668)	(101,668)
Segment assets	4,792,834	2,945,151	1,749,809	9,487,794
Segment liabilities	-	-	(140,167)	(140,167)
Segment Performance - December 2019	Western Australian Projects \$	Quebec Projects \$	Other Unallocated items \$	Total \$
Revenue from external sources				
Interest revenue	-	-	100	100
Total Group revenue	-	-	100	100
Segment profit/(loss)	-	-	184,873	184,873
Segment assets	4,674,917	4,076,734	1,181,009	9,932,660
Segment liabilities	-	-	(193,473)	(193,473)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

8. ISSUED CAPITAL

Date	Details	Number of Shares	Amount \$
1 July 2019	Balance	2,927,197,777	33,092,480
26 September 2020	Shares issued	30,000,000	60,000
4 November 2020	Shares issued	250,155,000	400,248
	Capital raising costs	-	(52,564)
31 December 2019	Balance	3,207,352,777	33,500,164
1 July 2020	Balance	3,207,352,777	34,472,099
27 August 2020	Shares issued	440,999,999	824,670
27 October 2020	Shares issued	542,550,800	1,014,567
	Capital raising costs	-	(223,169)
31 December 2020	Balance	4,190,903,576	36,088,167

The Company's capital consists of Ordinary Shares. The Company does not have a limited amount of authorised share capital. The Shares have no par value and are entitled to participate in dividends and the proceeds on any winding up of the Company in proportion to the number of Shares held.

At shareholders' meetings each fully paid ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

9. SHARE OPTION RESERVE

Date	Details	Number of Options	Amount
1 July 2019	Balance	1,136,036,668	971,935
14 August 2019	Options issued	895,800,000	-
26 September 2019	Options issued	50,000,000	53,146
4 November 2019	Options issued	20,000,000	18,433
4 November 2019	Options issued	500,310,000	-
1 December 2019	Options expired	(215,111,668)	-
31 December 2019	Balance	2,387,035,000	1,043,514
1 July 2020	Balance	70,000,000	71,579
29 October 2020	Options issued	300,000,000	6,000
29 October 2020	Options issued	35,000,000	73,500
31 December 2020	Balance	405,000,000	151,079

The weighted average remaining contractual life of options outstanding at year end is 1.43 years.

The exercise price of all outstanding options at the end of the reporting period is 2,734,660,799 Options exercisable at \$0.0035 each on or before 1 June 2022 and 50,000,000 Options exercisable at \$0.0035 each on or before 1 January 2023.

10. RELATED PARTY TRANSACTIONS

The Group's related parties include its subsidiaries, key management personnel and others as described below. Unless otherwise stated, none of the transactions incorporate special terms and conditions, and no guarantees were received or given.

Related Party	Relationship	Nature of Transaction	Half Year Ended 31 December 2020 \$	Half Year Ended 31 December 2019 \$
Sabre Resources Limited	Common Directors	Investment in shares	16,200	3,600
Golden Deeps Limited	Common Directors	Investment in shares	55,000	120,000
Sabre Resources Limited	Common Directors	Exploration and evaluation	-	559
Sabre Resources Limited	Common Directors	Trade Payables	-	(3,924)
Quebec Lithium Limited	Subsidiary	Loan funding	87,727	4,279,277

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

11. RELATED PARTY TRANSACTIONS (continued)

The Company expensed director fees of \$6,000 from Profit & Resource Management Pty Ltd, a company of which Robert Collins is a director and shareholder. An amount of \$3,000 (excluding GST) remains payable as at 31 December 2020.

The Company expensed director fees of \$6,000 (2019: \$6,000) and consulting fees of \$55,464 (2019: \$65,592) from Internazionale Consulting Pty Ltd, a company of which Gino D'Anna is a director and shareholder. An amount of \$10,080 (excluding GST 2019: \$11,880) remains payable as at 31 December 2020.

11. EVENTS SUBSEQUENT TO REPORTING DATE

The Company announced on 3 March 2021 that it had entered into a binding agreement to acquire 100% of the Nepean South Nickel Project located near Coolgardie, in Western Australia. Consideration for the acquisition will comprise the following:

- a cash payment of A\$25,000 to be paid within five (5) business days from the Company completing its due diligence investigations to its absolute satisfaction; and
- the issue of such number of fully paid ordinary shares in the capital of the Company that is the equivalent of A\$75,000 (Share Consideration), at a deemed issue price equal to the higher of \$0.002 or the 5-day VWAP of the Company immediately prior to the date on which the Share Consideration is proposed to be issued. The Share Consideration shall be escrowed for 6 months from the date of issue. These shares will be issued by the Company pursuant to ASX Listing Rule 7.1.

No other matters or circumstances have arisen since the end of the half year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company.

DIRECTORS' DECLARATION

In the opinion of the Directors of Metals Australia Limited:

- (a) the consolidated financial statements and notes, as set out on the accompanying pages, are in accordance with the Corporations Act 2001 including:
 - (i) Giving a true and fair view of its financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
 - (ii) Complying with Australian Accounting Standard AASB 134 Interim Financial Reporting; and
- (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.

Signed in accordance with a resolution of the Directors.



Michael Scivolo
Director

Perth, 9 March 2021

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF METALS AUSTRALIA LIMITED

REPORT ON THE HALF-YEAR FINANCIAL REPORT

Conclusion

We have reviewed the half-year financial report of Metals Australia Limited and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that causes us to believe that the accompanying half-year financial report of Metals Australia Limited and its controlled entities does not comply with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b) complying with Australian 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 Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial report which indicates the existence of a material uncertainty that may cast doubt about the Group's ability to continue as a going concern. Our conclusion is not modified in respect to this matter.

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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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 of the Group 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 2020 and its performance for the half-year ended on that date, and complying with Australian 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.



Crowe Perth



Sean McGurk
Partner

Signed at Perth, 9 March 2021