CYCLONE METALS LTD

CYCLONE METALS LIMITED

ABN 71 095 047 920

AND ITS CONTROLLED ENTITIES

Interim Financial Report
for the Half-Year Ended
31 December 2021

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FORWARD LOOKING STATEMENTS

This Financial Report includes certain forward-looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements. These factors include, among other things, commercial and other risks associated with the meeting of objectives and other investment considerations, as well as other matters not yet known to the Group or not currently considered material by the Group.

CORPORATE DIRECTORY

Directors
Mr Terry Donnelly – Non-Executive Chairman
Mr Tony Sage - Executive Director
Mr Tim Turner - Non-Executive Director
Mr Will Scott – Non-Executive Director (appointed 1 September 2021)

Company Secretary
Ms Melissa Chapman

Stock Exchange Listing
Australian Securities Exchange
ASX code: CLE
Frankfurt Stock Exchange
FRA: HM5

Website
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Country of Incorporation
Australia

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Bankers
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CYCLONE METALS LTD

DIRECTORS' REPORT

Your directors submit the financial report of Cyclone Metals Limited (**Cyclone** or **Company**) and its controlled entities (together the **Consolidated Entity**) for the half-year ended 31 December 2021.

DIRECTORS

The names of directors who held office during or since the end of the half-year are set out below. Directors were in office for this entire period unless otherwise stated.

Terry Donnelly
Tony Sage
Timothy Turner
Will Scott (appointed 1 September 2021)

COMPANY SECRETARY

Melissa Chapman

REVIEW OF RESULTS AND OPERATIONS

Principal Activity

The principal activity of the Consolidated Entity during the half-year was mineral investment, exploration and evaluation. There were no significant changes in the nature of the principal activity during the half-year.

Review of Operations

Corporate

A summary of the most significant transactions is set out below:

Trading Suspension

On 16 October 2020, the Company's securities were suspended from official quotation on the basis that ASX had determined CLE's operations are not adequate to warrant the continued quotation of securities and compliance with LR 12.1.

The Company was in continual discussion with the ASX and on 15 June 2021 announced the pave-way to reinstatement of trading on the ASX. One condition specified by the ASX was for Cyclone to release a full form prospectus which was released on 14 July 2021.

The Company's shares were reinstated to trading on the ASX on Tuesday 3 August 2021.

Board Restructure

During the half year, the Company announced the appointment of Mr Will Scott as Non-Executive Director of the Company with effect from 1 September 2021.

Shareholder Meetings

On 30 November 2021, the Company held its annual general meeting (**AGM**) of shareholders. All resolutions were carried at the AGM.

Placement

In September 2021, the Company issued 245,000,000 fully paid ordinary shares to raise proceeds of $1,225,000 (before expenses).

In December 2021, the Company issued 12,222,223 fully paid ordinary shares to raise proceeds of $55,000 (before expenses) and one unlisted free attaching option for every one share at an exercise price of $0.005 expiring 16 December 2022.

Financing Facility - Winance

On 31 July 2019, the Company announced that it had secured an A$15m finance facility with Winance Investment LLC (**Winance**) for mining exploration and general working capital purposes.

The initial tranche of A$1.2m (1,200 convertible notes) was drawn down on 8 August 2019 with the conversion of initial tranche A notes ($480k or 480 convertible notes) unconditional and the conversion of initial tranche B notes ($720k or 720 convertible notes) subject to prior approval by Cyclone shareholders. Further tranches of A$13.8m are available in tranches of A$500k each upon full conversion of the notes from the previous drawdown, subject to a cooling off period. As at the date of this announcement, the Company has no present intention to draw down further amounts under this facility but reserves the right to do so in the future in accordance with the terms and conditions of the facility. Full terms and conditions of the convertible securities are included in the announcement released on 31 July 2019.

During the half year ended 31 December 2021, Winance converted the remaining 10 notes which resulted in the issue of 2,000,000 fully paid ordinary shares in the Company. As at 31 December 2021, Winance had no convertible notes remaining.

Other Security Movements

On 11 October 2021, the Company issued 100,000,000 fully paid ordinary shares pursuant to the terms of the Nickol River acquisition.

On 14 October 2021, the Company issued 11,666,667 fully paid ordinary shares to Kay Trinder as part consideration for the acquisition of tenements E47/3176 and P47/1524.

On 16 December 2021, the Company issued 50,000,000 fully paid ordinary shares and 50,000,000 performance rights to Will Scott and 120,000,000 performance rights to Terry Donnelly as resolved at the AGM.

On 18 December 2021, a total of 107,000,000 unlisted options with an exercise price of $0.005 lapsed.

Projects

Nickol River Project

On 23 August 2021, the Company announced the acquisition of a package of tenements from D&K Corps Investments Pty Ltd (**D&K**) that form the central part of the Nickol River Gold Project area, located approximately 13km east of Karratha in the Pilbara region of Western Australia, (see Figure 1).

The Nickol River Project (**NRP**) (see Figure 2) comprises seven granted Mining Leases (M47/87, M47/127, M47/401, M47/421, M47/435, M47/455, M47/577) and five Miscellaneous Licences (L47/686, L47/687, L47/688, L47/689, and L47/565 (application)) and a Water Licence 177790.

The Nickol River project is within the Karratha Terrane on the north side of the Sholl Shear Zone, near the margin of the Karratha Granodiorite. The NRP tenements are underlain by the Roebourne Group, dominantly the peridotitic komatiite Ruth Well Formation. In addition to komatiite, the Ruth Well Formation includes komatiitic basalt, tholeiite, chert and peridotite and dolerite sills.

The immediate area surrounding and including the NRP tenements has been explored for gold since 1889. Most recently the tenement M47/1527 which is partly surrounded by tenements M47/127 and M47/401, has been drilled by a series of owners and alluvial gold mined by its present owners, Artemis Resources Limited, who released ASX announcements on the alluvial mining in the area.

No substantial modern exploration or drilling has been carried out on the NRP tenements.

Post settlement, D&K will retain rights to mine free digging gravel like materials including gravel, sand and other material commonly used for roadworks, earthworks, construction and the like on the tenements (Gravel Rights).

Proposed work programs at the Nickol River Project

A Program of Works has been approved by the Department of Mines, Industry, Regulation and Safety (**DMIRS**) for the Nickol River Gold Project, for 3 test pits 20m x 10m by 1m deep in each of the tenements M47/87, M47/127, M47/421 and M47/577, and 6 test pits 20m x 10m by 1m deep in tenement M47/401.

Southern Geoscience Consultants (SGC) are nearing completion of the interpretation of the SAM (Sub-Audio Magnetics) Survey completed in November 2021 and preliminary results have identified significant areas of interest, that the test pits will investigate for geology and structure.

In conjunction with the pit program and the interpretation of the SAM data by Southern Geoscience Australia, Cyclone is confident a highly targeted drilling program can be designed to identify the potential of this project.

Figure 1 - Nickol River Project location and tenements, 13km to the east of regional city of Karratha.

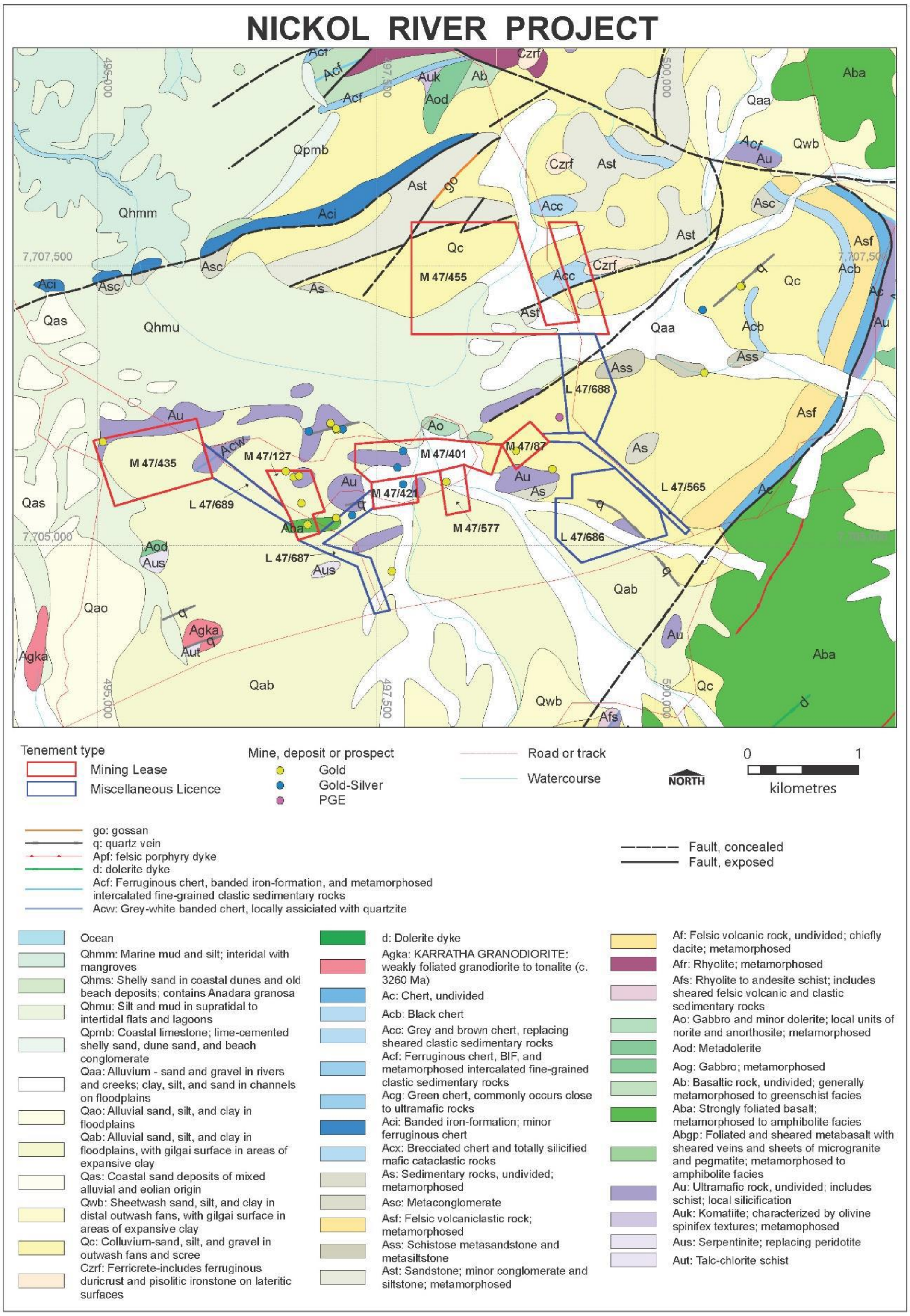

Figure 2 - Surface geology Dampier geology sheet (modified after Hickman et al, 1995 and 2003 Dampier and Roebourne)

Wee MacGregor Project

Mining International Pty Ltd (**Mining International**) is a fully owned subsidiary of Cyclone. The Company holds tenure to 4 mining leases at the Wee MacGregor Project located 40 km southeast of Mt Isa in Queensland (refer Figure 3) which were first acquired in November 2015. The total granted land package covers an area of approximately 5.3km2.

The tenements are located within the Eastern Fold Belt of the Mt Isa inlier. The tenements are located in the Mary Kathleen Zone/Wonga Subprovince. This area is prospective for a variety of deposit types, most notably structurally controlled epigenetic copper and gold deposits. Cohiba Minerals Limited (Cohiba), through wholly owned subsidiary Cobalt X Pty Ltd, has earnt an 80% interest in mining licences ML 2504, ML 2773 and ML 90098 under a Farm-in agreement with Cyclone Metals. The Company retains a 20% interest in the mining licences and a pre-emptive right over the remaining 80%.

The Lady Ethleen tenement (ML 2771) has been 100% retained by Cyclone Metals (**Lady Ethleen**).

The Lady Ethleen tenement is currently being utilised for a trial mining and processing exercise using a newly developed green leach process known as GlyLeach^{TM} (refer ASX announcement 4 October 2020). A successful trial will mean a significant shift in future processing technology and will in turn facilitate possible development of the part owned, nearby Wee Macgregor Project as well as many other potential small assets in the district, that may be economic with access to appropriate processing technology.

The process to be used, known as tilted GlyLeach^{TM}, was originally developed and patented by Curtin University and is being commercialised globally by Perth based Mining and Process Solutions (**MPS**).

The GlyLeach^{TM} process involves the use of Glycine as a lixiviant under alkaline conditions. This process has a number of significant benefits over traditional acid leaching including its environmentally friendly state which is non-toxic to humans and wildlife, the ability to selectively leach valuable metals whilst leaving gangue minerals such as iron, manganese, silicates and carbonates in the leach residue, the ability to leach ores of different oxidation states (depending on process type, temperature, residence time, particle size, etc) and all the while being recyclable as the glycine is not chemically consumed in the overall process.

Results are expected to demonstrate the best process to use for material types found in the Mount Isa / Cloncurry district. A positive project outcome could unlock the possibility for development of Lady Ethleen and a centralised processing hub in the district.

Within a 10 km radius of Lady Ethleen, there are numerous stranded projects that may all be suitable candidates to supply feed to a future operation including Lady Jenny (1 km), Wee MacGregor (3 km), Rosebud (10 km) and Inkerman (7.5 km) as well as several more in the wider district.

On 24 August 2021, the Company announced positive initial results from the metallurgical testwork on samples from Lady Ethleen. The test work involved initial leach tests on all three sample types using acid only to simulate conventional leaching methods and provide reference results to enable comparison of subsequent alkaline leaching technology.

Acid only results for as received sample (P80 ~ 2mm) using ~80 kg per tonne of acid demonstrated copper recoveries of 85% for oxide, 49.6% for transitional and 44.1% for sulphide. After curing the as received (P80 ~ 2mm) samples in dilute acid (10kg per tonne) and leaching with GlyLeach^{TM} using resin (for extraction) followed by a hot wash with water, copper recoveries were found to increase to 92.9% for oxide, 65.2% for transitional and 64.9% for sulphide. These numbers are expected to increase further if the sample is ground prior to processing up to possible recoveries of ~85% for sulphide. This process allows for very minimal acid usage which is entirely consumed followed by use of the recoverable GlyLeach^{TM} lixiviant leading to potentially reduced costs and a significantly more environmentally friendly process.

During the half year ended 31 December 2021, testwork was completed and the Company is awaiting a final report on the results.

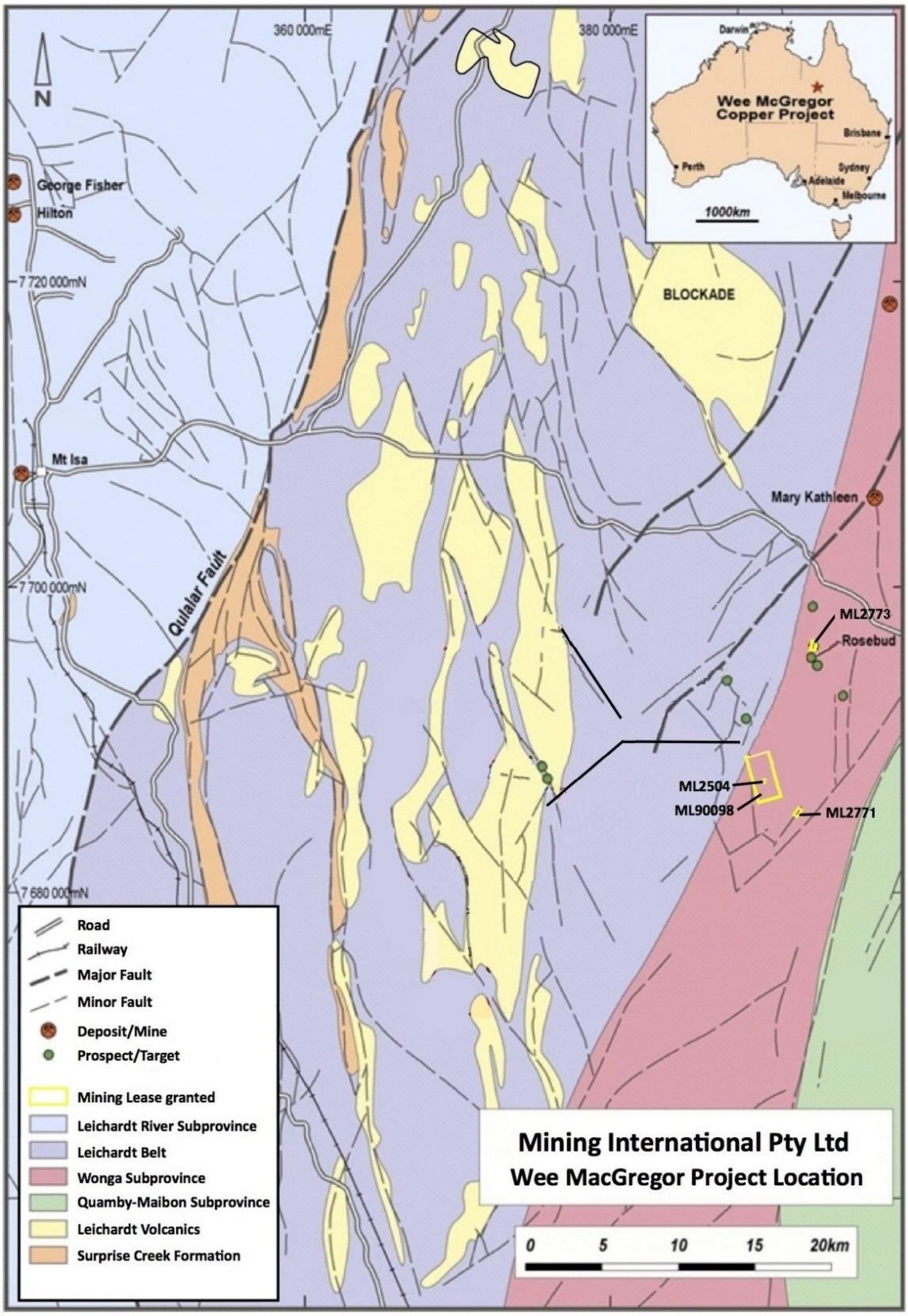

Figure 3 - Wee MacGregor Project Location

Yalardy

On 11 September 2020, the Company announced that it has lodged applications for two tenements in the Carnarvon basin of WA.

The tenement applications (E 09/2441 and E 09/2442) cover a combined 297 graticular blocks or a total of 914.5 square kilometers starting approximately 33km east of the Overlander roadhouse near the turnoff to Shark Bay (refer figure 4).

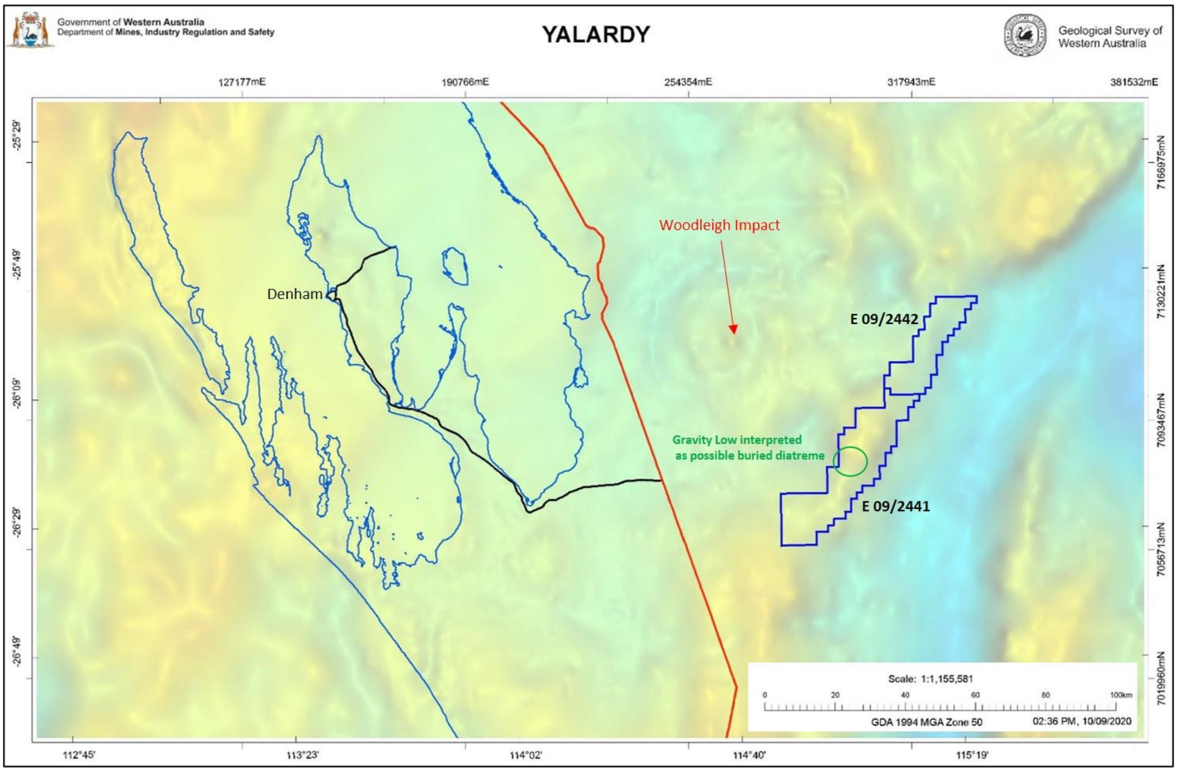

Figure 4 – Yalardy Project Location

Recent geochemical sampling over the areas known as "Dogger" and "Sebastian" have identified two rare earth element (**REE**) anomalies coincident with identified geophysical anomalies that indicate potential for the existence of a buried diatreme beneath the geologically recent sedimentary cover sequences (refer ASX announcement 11 September 2020).

The southern gravity anomaly, Sebastian, presents as a deep gravity low with a coincident void in the TMI magnetics. The density depression and coincident magnetic low can be interpreted as a possible buried diatreme structure with similar dimensions to the Mt Weld REE deposit in the north-eastern goldfields of WA. This presents an opportunity for a new REE discovery as the structural environment and geophysical indications may suggest a potential carbonatite source similar to that found at Mt Weld.

The presence of a buried diatreme may also be a potential host to several different mineralisation possibilities.

The company has initiated exploration works on the recently granted tenements with a detailed gravity survey completed during October 2021. Results have been compiled and are subject to interpretation by the Company's technical personnel.

Marampa Project

Marampa is an iron ore project at the development stage, and is located 90 km northeast of Freetown, Sierra Leone, West Africa (**Marampa** or **Marampa Project**). The Marampa Project comprised one mining licence (ML05/2014) comprising 97.40km2 and one exploration licence (EL46A/2011) comprising 145.86km2. The status of these tenements is as follows:

ML05/2014

In 2014, Marampa Iron Ore (SL) Limited (**Marampa SL**), a wholly owned subsidiary of Cyclone Metals was granted the mining and environmental licences for ML05/2014 (together the **Mining Licence**). The Company has spent circa US$62.7m on exploration and development to date on the Marampa Project.

In September 2018, Marampa SL received a letter from the Sierra Leone Ministry of Mines (**SLMOM**) cancelling the Mining Licence. In 2018, Marampa SL commenced legal action in Sierra Leone to challenge SLMOM's decision to cancel the Mining Licence, however, the Board has agreed to place legal action against the SLMOM on hold.

The Company confirms that it does not currently have tenure over ML05/2014. Whilst no formal application has been made to date, the Company has started in Q1/2021, and will continue to be, engaged in dialogue with the relevant Sierra Leonean authorities to have the Mining Licence reinstated or reissued by mutual agreement. Although this dialogue has been restricted significantly during the period by the impacts of COVID-19 on travel and government operations.

However, since Q3/2021 management continued to actively engage with relevant stakeholders at the SL government to fast-track the process for reissuance of the Mining Licence. In January 2021 the Company met with high level company and public officials from Sierra Leone at the Minister of Mines office in Freetown to discuss and propose an investment case for the Marampa Project supported by the attractive iron ore market price and outlook. A formal response regarding the proposal lodged on 14 January 2021 is still pending. Some ongoing political turmoil makes it difficult to predict when the government will assign the licence.

Whilst there can be no guarantee that the SLMOM will agree to reinstate or reissue a Mining Licence, if Marampa SL were to successfully recover the Mining Licence, the Board is committed to working with the relevant parties to secure access to the necessary plant and equipment and infrastructure to enable the ramp up of the Marampa Project upon the reissuance of the Mining Licence for the benefit of our shareholders as well as, importantly, the Government and People of Sierra Leone.

<u>EL46A/2011</u>

In 2014, Marampa SL was granted exploration license EL46A/2011. In June 2014 the SLMOM extended EL46A/2011 for a further 2-year term from 31 July 2015 until 31 July 2017. Marampa SL has not paid renewal fees to the SLMOM in respect of EL46A/2011 since 31 July 2017. However, Marampa SL has not received any termination documentation or request for information from the SLMOM, therefore is of the view that EL46A/2011 remains a valid license. Marampa SL has contacted the SLMOM asking them to confirm the status of EL46A/2011 however no response has been received to date therefore tenure over EL46A/2011 remains uncertain. Marampa SL will continue to follow up with the SLMOM to determine the status of EL46A/2011. The management of Marampa SL has continued to be active in discussions with SLMOM to fast-track the process getting the EL46A/2011 to be issued again.

The Board confirms that given the inherent uncertainties relating to the future of the Marampa Project, the carrying value of the Marampa Project in Cyclone Metal's audited accounts was fully impaired as at 30 June 2016 and remains fully impaired.

The Company is currently committing minimum expenditure on the Marampa Project and no exploration activities are currently underway at the Marampa Project.

<u>Kukuna Project</u>

The Kukuna Project (**Kukuna**) is located 120 km northeast of Freetown in the northwest of Sierra Leone and comprises one exploration licence covering 68km2. The licence area is located approximately 70km due north of Marampa.

The Kukuna Project remains under care and maintenance.

The board intends to continue to follow its strategy of acquiring and investing in undervalued and/or distressed mineral assets and companies (**Projects**) and improve the value of these Projects, through a hands on approach to management, exploration, evaluation and development and retaining a long-term exposure to these Projects through a production royalty and/or equity interest. Cyclone aims to deliver shareholder value by adding value to these undeveloped Projects. If Projects are converted into cash, the Company intends to follow a policy of distributing surplus cash to Shareholders.

Competent Persons Statement

The contents of this Report relating to Exploration Results are based on information compiled by Olaf Frederickson, a Member of the Australasian Institute of Mining and Metallurgy. Mr Frederickson is a consultant to Cyclone and has sufficient experience relevant to the style of mineralisation and the deposit under consideration and to the activity 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 Resources and Ore Reserves". Mr Frederickson consents to the inclusion in this report of the matters compiled by him in the form and context in which they appear.

Result

The Consolidated Entity made a profit after income tax for the half-year ended 31 December 2021 of $4,608,727 (31 December 2020: loss of $7,301,166). Included in this amount is $4,780,566 gain on fair value of financial assets through profit and loss.

EVENTS SUBSEQUENT TO BALANCE DATE

On 4 February 2022, the Company issued 151,111,110 fully paid ordinary shares to raise funds of $680,000 (before expenses) and 151,111,110 unlisted options with an exercise price of $0.005 expiring 4 February 2023.

On 24 February 2022, the Company announced that it has entered into a binding term sheet with Grand Port Resources Pty Ltd (**Grand Port**) to acquire 100% of the issued capital of Grand Port which owns and has applications over a diversified portfolio of gold, copper, nickel and PGE assets in New Zealand (**the Acquisition**). Prior to completion of the Acquisition, the Company also proposes to undertake a capital raising to raise $500,000 via the issue of 100,000,000 shares to sophisticated and professional investors, at an issue price of $0.005 per share with one free attaching option for every 4 shares at an exercise price of $0.006 expiring 31 March 2024 (**the Placement**). Funds raised from the Placement will be applied toward initial work on Grand Port's projects, costs of the Acquisition and general working capital.

There are no other matters or circumstances that 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 in the future financial years.

DIVIDEND

No dividend was declared or paid during the half year ended 31 December 2021.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under *section 307C* of the *Corporations Act 2001* is set out on page 11 for the half-year ended 31 December 2021.

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

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Terry Donnelly
Non-Executive Chairman

Dated this 25 day of February 2022

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DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF CYCLONE METALS LIMITED

As lead auditor for the review of Cyclone Metals Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

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

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

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 25 February 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMEBER 2021

	Note	For the six months ended 31 December 2021 $	31 December 2020 $
Revenue	3a	**141**	2,971
Other income	3b	**(760)**	46,695
Gain/(loss) on extinguishment of liability		**-**	(6,743,087)
Share-based payments expense	12c	**(219,583)**	(169,664)
Directors' remuneration and employee benefits expenses		**(341,266)**	(279,236)
Consulting and professional services expenses		**(338,858)**	(318,744)
Occupancy expenses		**(25,822)**	(26,238)
Compliance and regulatory expenses		**(102,112)**	(88,656)
Travel and accommodation		**(54,893)**	(35,102)
Depreciation and amortisation expense		**(1,742)**	(3,574)
Gain on fair value of financial assets through profit and loss	5a	**4,780,566**	1,274,171
Exploration and evaluation expenditure	6	**(164,323)**	(124,384)
Other expenses		**(95,588)**	(404,141)
Finance income/(expenses)		**65,848**	(337,082)
Share of net (losses) of associates accounted for using the equity method		**-**	(362,146)
Net gain on dilution of interest in associates		**-**	202,625
Gain on reclassification from associated account to fair value through P&L	7	**1,107,119**	64,426
Profit/(Loss) before income tax		**4,608,727**	(7,301,166)
Income tax benefit / (expense)		**-**	-
Profit/(Loss) after income tax		**4,608,727**	(7,301,166)
Other comprehensive income/(expenditure) net of tax			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange differences arising on translation of foreign operations		**(5,551)**	23,153
Share of reserves of associate accounted for using the equity method		**-**	113,125
Total comprehensive income / (loss) for the period		**4,603,176**	(7,164,888)
Profit/(Loss) after income tax attributable to:			
Members of Cyclone Metals Limited		**4,608,727**	(7,301,166)
		4,608,727	(7,301,166)
Total comprehensive income / (loss) attributable to:			
Members of Cyclone Metals Limited		**4,603,176**	(7,164,888)
		4,603,176	(7,164,888)
Profit/(Loss) per share attributable to members of Cyclone Metals Limited			
Basic profit/(loss) per share (cents per share)		**0.097**	(0.26)
Diluted profit/(loss) per share (cents per share)		**0.093**	(0.26)

The accompanying notes form part of this financial report.

CYCLONE METALS LTD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMEBER 2021

	Note	As at 31 December 2021 $	As at 30 June 2021 $
CURRENT ASSETS			
Cash and cash equivalents		**184,660**	280,749
Restricted cash and cash equivalents		**17,500**	17,500
Trade and other receivables	4	**451,784**	341,985
Financial assets at fair value through profit or loss	5a	**15,255,417**	4,863,742
TOTAL CURRENT ASSETS		**15,909,361**	5,503,976
NON-CURRENT ASSETS			
Other financial assets	5b	**17,435**	17,435
Plant and equipment		**72,489**	71,125
Investments accounted for using equity method	7	**-**	4,884,975
Exploration and evaluation expenditure	6	**1,014,637**	-
TOTAL NON-CURRENT ASSETS		**1,104,561**	4,973,535
TOTAL ASSETS		**17,013,922**	10,477,511
CURRENT LIABILITIES			
Trade and other payables	10	**649,161**	492,153
Provisions		**88,140**	85,265
Current tax liabilities	8	**1,400,886**	1,487,372
Convertible notes	9	**-**	136,219
Short-term loan payable	11	**501,164**	-
TOTAL CURRENT LIABILITIES		**2,639,351**	2,201,009
NON-CURRENT LIABILITIES			
Non-current tax liabilities	8	**260,172**	780,516
TOTAL NON-CURRENT LIABILITIES		**260,172**	780,516
TOTAL LIABILITIES		**2,899,523**	2,981,525
NET ASSETS		**14,114,399**	7,495,986
EQUITY			
Issued capital	12	**222,111,185**	220,115,531
Reserves		**24,400,145**	24,386,113
Accumulated losses		**(232,396,931)**	(237,005,658)
TOTAL EQUITY IN EQUITY		**14,114,399**	7,495,986

The accompanying notes form part of this financial report.

CYCLONE METALS LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF- YEAR ENDED 31 DECEMBER 2021

	Note	Issued Capital $	Accumulated Losses $	Share-based Payment Reserve $	Foreign Currency Translation Reserve $	Business Combination Reserve $	Total Equity $
Balance at 1 July 2021		**220,115,531**	**(237,005,658)**	**3,239,438**	**22,237,177**	**(1,090,501)**	**7,495,987**
Gain for the year		-	4,608,727	-	-	-	4,608,727
Other comprehensive income							
Foreign exchange differences arising on translation of foreign operations		-	-	-	(5,551)	-	(5,551)
Total comprehensive income for the half-year		-	4,608,727	-	(5,551)	-	4,603,176
Transactions with owners in their capacity as owners							
Share-based payments		-	-	19,582	-	-	19,582
Shares issued during the period – Winance conversion	12	10,000	-	-	-	-	10,000
Shares issued during the period – Placement	12	1,280,000	-	-	-	-	1,280,000
Shares issued during the period – Nickol River	12	500,000	-	-	-	-	500,000
Shares issued during the period – Kay Trinder	12	70,000	-	-	-	-	70,000
Shares issued during the period – Director shares	12	200,000	-	-	-	-	200,000
Capital raising costs (cash)	12	(64,346)	-	-	-	-	(64,346)
Transactions with equity holders in their capacity as equity holders		1,995,654	-	19,582	-	-	2,015,236
Balance at 31 December 2021		**222,111,185**	**(232,396,931)**	**3,259,020**	**22,231,626**	**(1,090,501)**	**14,114,399**

The accompanying notes form part of this financial report.

CYCLONE METALS LTD

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

	Note	Issued Capital	Accumulated Losses	Share-based Payment Reserve	Foreign Currency Translation Reserve	Business Combination Reserve	Total Equity
		$	$	$	$	$	$
Balance at 1 July 2020		**206,133,405**	**(231,593,510)**	**2,757,033**	**22,219,148**	**(1,090,501)**	**(1,574,425)**
(Loss) for the year		-	(7,301,166)	-	-	-	(7,301,166)
Other comprehensive income							
Share of reserves of associate accounted for using the equity method		-	-	113,125	-	-	113,125
Foreign exchange differences arising on translation of foreign operations		-	-	-	23,153	-	23,153
Total comprehensive income for the half-year		-	(7,301,166)	113,125	23,153	-	(7,164,888)
Transactions with owners in their capacity as owners							
Share based payments		-	-	29,664	-	-	29,664
Shares issued during the period – Winance conversion		219,778	-	-	-	-	219,778
Shares issued during the period – Magna conversion		179,757	-	-	-	-	179,757
Shares issued during the period – Placement		3,165,500	-	-	-	-	3,165,500
Shares issued during the period – Creditor conversion		3,495,748	-	-	-	-	3,495,748
Shares issued during the period – Exercise of options		60,000	-	-	-	-	60,000
Shares issued during the period – Chairman shares		140,000	-	-	-	-	140,000
Shares issued during the period – Winance loan conversion		6,912,847	-	-	-	-	6,912,847
Capital raising costs		(190,042)	-	-	-	-	(190,042)
Transactions with equity holders in their capacity as equity holders		13,983,588	-	29,664	-	-	14,013,252
Balance at 31 December 2020		**220,116,993**	**(238,894,676)**	**2,899,822**	**22,242,301**	**(1,090,501)**	**5,273,939**

The accompanying notes form part of this financial report

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Note	For the six months ended 31 December 2021 $	31 December 2020 $
CASHFLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees (inclusive of GST)		(1,055,014)	(911,611)
Payments for exploration and evaluation		-	(229,352)
Interest received		141	2,971
Income tax paid	8	(568,849)	(260,172)
Transfer of funds from non-restricted to restricted		-	(5,000)
Net cash used in operating activities		(1,623,722)	(1,403,164)
CASHFLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(3,105)	(2,364)
Payments for exploration and evaluation		(304,400)	-
Purchase of equity investments		-	(30,000)
Proceeds on sale of equity investments	5a	380,985	12,373
Payment for other investments		(261,501)	(325,037)
Net cash used in investing activities		(188,021)	(345,028)
CASHFLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuing loan note	12a	500,000	-
Proceeds from the exercise of options		-	60,000
Transaction costs related to issue of shares, convertible notes or options	12a	(64,346)	(160,042)
Proceeds from share issue		1,280,000	3,165,500
Net cash provided by financing activities	12a	1,715,654	3,065,458
Net (decrease)/increase in cash and cash equivalents		(96,089)	1,317,266
Cash and cash equivalents at beginning of period		280,749	238,222
Foreign exchange difference		-	-
Cash and cash equivalents at end of period		184,660	1,555,488

The accompanying notes form part of this financial report.

1. BASIS OF PREPARATION

General Information

This general purpose condensed financial report for the half-year ended 31 December 2021 has been prepared in accordance with Accounting Standard *AASB 134: Interim Financial Reporting* and the *Corporations Act 2001* and was authorised for issue in accordance with a resolution of Directors on 25 February 2022.

Cyclone Metals Limited is a company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded in the ASX. The principal activity of the Consolidated Entity during the half-year was mineral investment, exploration and evaluation.

This half-year financial report is to be read in conjunction with the annual financial report for the year ended 30 June 2021 and any public announcements made by Cyclone and its controlled entities during the half-year in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001*.

The half-year financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

Going Concern

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

For the half-year ended 31 December 2021 the Consolidated Entity incurred a profit after income tax of $4,608,727 (31 December 2020: $7,301,166 loss), net cash outflows from operating activities of $1,623,720 (31 December 2020: $1,403,164), a working capital surplus of $13,270,008 (30 June 2021: $3,302,966 surplus) and at that date had cash on hand of $184,660 (30 June 2021: $280,749).

The Group's ability to continue as a going concern and to continue to fund its planned expanded activities is dependent on raising further capital, continued support from creditors and related parties, successful extension or renegotiation of borrowing facilities and reducing operational costs.

These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability 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.

The Directors believe that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The Group requires additional capital for its next phase. The Company continues to seek funding options;
- The Group is engaging with the ATO regarding the outstanding debt; and
- Ability to realise certain of the Group's financial assets through the sale of its listed shares.

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

Adoption of new and revised standards

Standards and Interpretations applicable to 31 December 2021

In the half-year ended 31 December 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 July 2021. As a result of this review, the Directors have applied all new and amended Standards and Interpretations that were effective as at 1 July 2021 with no material impact on the amounts or disclosures included in the financial report.

Significant accounting judgments and key estimates

The preparation of the half-year financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

2. SEGMENT INFORMATION

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

Accordingly, the Consolidated Entity has only one reportable segment and the results are the same as the Consolidated Entity's results.

Information by geographical region

The analysis of the location of non-current assets other than financial instruments and deferred tax assets is as follows:

	31 December 2021 $	30 June 2021 $
Australia	3,281	4,889,150
West Africa	1,083,845	66,950
	1,087,126	4,956,100

Revenue by geographical region

	31 December 2021 $	30 June 2021 $
Australia	141	4,684
West Africa	-	-
	141	4,684

3. PROFIT/(LOSS) FROM OPERATIONS

	31 December 2021 $	31 December 2020 $
(a) Revenue		
Interest	141	2,971
	141	2,971
(b) Other income		
Foreign currency gain / (loss)	760	1,695
Sale of tenement income	-	35,000
Government grants	-	10,000
	760	46,695

4. TRADE AND OTHER RECEIVABLES

	31 December 2021 $	30 June 2021 $
Trade and other receivables – current		
Trade debtors	3,893,760	3,892,850
GST recoverable and other debtors	59,749	42,914
Prepayments	92,054	-
Deferred consideration receivable (a)	2,500,000	2,500,000
Allowance for expected credit loss	(6,093,779)	(6,093,779)
	451,784	341,985

(a) Deferred consideration receivable payable on the achievement of a production milestone. This receivable has been previously provided for in full.

(b) Current loans receivable at balance date are made up as follows:

	Interest rate	Carrying value of loans 31 December 2021 $	30 June 2021 $
Current			
Convertible loan note of $250,250	15.0%	159,250	159,250
Loan of USD$8,000,000	Libor + 6%	10,447,200	10,447,200
Carrying value of loans		10,606,450	10,606,450
Impairment of receivables		(10,606,450)	(10,606,450)
Current carrying value at amortised cost at reporting date		-	-

5. OTHER FINANCIAL ASSETS

	Note	31 December 2021 $	30 June 2021 $
Financial Assets at Fair value through Profit or Loss			
Shares in listed entities	(a)	15,255,417	4,863,742
Shares in unlisted entities	(b)	17,435	17,435
Total Financial Assets		15,272,852	4,881,177

(a) Movements in the carrying amount of the shares in listed entities	**31 December 2021**	**30 June 2021**
	$	**$**
Carrying value at beginning of the year	4,863,742	867,244
Purchase of equity investments	-	30,000
Realised loss on sale of equity	-	(2,101,413)
Reclassification from Investments accounted for using the equity method	5,992,094	3,221,333
Disposal of equity investments	(380,985)	(522,373)
Gain on fair value of financial assets through profit or loss	4,780,566	3,368,951
	15,255,417	4,863,742

(b) Movements in the carrying amount of the shares in unlisted entities	**31 December 2021**	**30 June 2021**
	$	**$**
Movements:		
Carrying value at beginning of year	17,435	17,435
	17,435	17,435

6. EXPLORATION AND EVALUATION EXPENDITURE	**31 December 2021**	**30 June 2021**
	$	**$**
Exploration and evaluation phases	1,014,637	-
Movement in carrying amounts		
Carrying value at beginning of the year	-	-
Exploration and evaluation expenditure capitalised during the year (a)	1,178,960	354,638
Exploration expenditure impaired during the year (b)	(164,323)	(354,638)
Total exploration and evaluation phases	1,014,637	-

(a) Exploration and evaluation expenditure
The value of the exploration expenditure is dependent upon the continuance of the rights to tenure of the areas of interest, the results of future exploration, and the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

(b) Impairment
During the half year ended 31 December 2021, the Company recognised impairment losses in respect of capitalised exploration and evaluation to the extent of $164,323 (30 June 2021: $354,638). The impairment made during the period was recognised on areas of interest where sufficient data existed at balance date to indicate that the carrying amount of the exploration and evaluation asset was unlikely to be recovered in full from successful development or by sale.

7. INVESTMENTS IN ASSOCIATED ENTITIES	**31 December 2021**	**30 June 2021**
	$	**$**
Investments in associates accounted for using the equity method	-	4,884,975

(a) Investment details	**Percentage held at balance date**		**31 December 2021**	**30 June 2021**
	31 December 2021	**30 June 2021**	**$**	**$**
CuFe Limited [1]	-	20.89	-	4,884,975
			-	4,884,975

[1] Given the Company holds less than 20% interest in CuFe Limited (previously FE Limited) (CUF), and that Tony Sage is the only similar Director on CUF and Cyclone Metals Ltd, the Company is considered to no longer have significant influence over the investment and accordingly is no longer equity accounted for. Instead, the Company's shareholding in CUF is accounted for a fair value through profit and loss.

(b) Movements in the carrying amount of the investment in associates	**31 December 2021 $**	**30 June 2021 $**
Balance at beginning of period	4,884,975	5,052,941
Purchase of shares	-	15,925
Share of profits/(losses) of associates recognised during the period	-	(604,855)
Gain on transfer from associated accounting to fair value through P&L	1,107,119	-
Reclassification to financial assets at fair value through profit and loss	(5,992,094)	(3,156,907)
Share of reserves of associates recognised during the year	-	182,741
Gain on dilution of interest in associate	-	235,480
Impairment of investment in associate	-	3,159,650
	-	4,884,975

(c) Fair value of investments in listed associates

The fair value of listed associates has been determined by reference to published price quotations in an active market (level 1 in the fair value hierarchy).

	31 December 2021 $	**30 June 2021 $**
Fe Limited	-	4,884,975

8. TAX LIABILITY	**31 December 2021 $**	**30 June 2021 $**
Current	1,400,886	1,487,373
Non-current	260,172	780,516
	1,661,058	**2,267,889**

	31 December 2021 $	**30 June 2021 $**
Balance at beginning of period	2,267,889	3,074,032
Accrued interest	59,207	300,000
Repayments of income tax	(666,038)	(1,106,143)
Balance at end of period	1,661,058	2,267,889

9. CONVERTIBLE NOTE	**31 December 2021 $**	**30 June 2021 $**
Current	-	136,219
Non-current	-	-
	-	**136,219**

	31 December 2021 $	**30 June 2021 $**
Balance at beginning of period	136,219	69,644
Finance (benefit)/charges	(126,219)	66,575
Amounts repaid through issue of shares	(10,000)	-
Balance at end of period	-	136,219

Winance

During the year, Winance Investments LLC (**Winance**) converted 10 notes borrowed under the convertible loan agreement into 2,000,000 fully paid ordinary shares of the Company. As at 31 December 2021, Winance had nil convertible notes.

10. TRADE AND OTHER PAYABLES	31 December 2021 $	30 June 2021 $
Trade payables	541,374	377,192
Other creditors and accruals	103,201	110,526
Withholding tax	4,586	4,436
	649,161	492,154

11. LOAN PAYABLE	31 December 2021 $	30 June 2021 $
Current	501,164	-
	501,164	-

(a) Movements in the carrying amount of loan payable	31 December 2021 $	30 June 2021 $
Balance at beginning of period	-	2,200,000
Proceeds from borrowings (a)	501,164	-
Repayment of borrowings	-	(2,200,000)
	501,164	-

(a) On 14 December 2021, the Company entered into a loan agreement and received funds of $500,000 from European Lithium Ltd (ASX: EUR). The loan is repayable on 28 February 2022 and accrues interest of 5% per annum. The loan is secured over 25,000,000 unencumbered shares held by the Company in CuFe Limited (ASX: CUF).

12. ISSUED CAPITAL

(a) Ordinary shares	31 December 2021 $	30 June 2021 $
4,953,125,872 fully paid ordinary shares (30 June 2021: 4,532,236,982)	222,111,185	220,115,530

	Ordinary fully paid shares Number	$
Shares on issue at 1 July 2021	4,532,236,982	220,115,531
Shares issued during the period – Winance conversion (note 9)	2,000,000	10,000
Shares issued during the period – Nickol River acquisition (ii)	100,000,000	500,000
Shares issued during the period – Placement (i)	257,222,223	1,280,000
Shares issued during the period – Directors (note 14)	50,000,000	200,000
Shares issued during the period – Kay Trinder acquisition (ii)	11,666,667	70,000
Capital raising costs	-	(64,346)
	4,953,125,872	222,111,185

(i) Placements

The following shares were issued via share placement during the half year ended 31 December 2021:

- On 2 September 2021, the Company issued 245,000,000 shares at an issue price of $0.005 per share to raise proceeds of $1,225,000 (before expenses)
- On 16 December 2021, the Company issued 12,222,223 shares at an issue price of $0.0045 per share to raise proceeds of $55,000 (before expenses)

(ii) Project Acquisitions

The following shares were issued to acquire projects during the half year ended 31 December 2021:

- On 11 October 2021, the Company issued 100,000,000 fully paid ordinary shares pursuant to the terms of the Nickol River acquisition.
- On 14 October 2021, the Company issued 11,666,667 fully paid ordinary shares to Kay Trinder as part consideration for the acquisition of tenements E47/3176 and P47/1524.

(b) Options

At 31 December 2021, the unissued ordinary shares of the Company under option are as follows:

Date of Expiry	Status	Exercise Price	Number of Options
13/12/2022	Unlisted	$0.005	5,000,000
16/12/2022	Unlisted	$0.005	12,222,223
30/06/2023	Unlisted	$0.006	11,200,000
			28,422,223

(c) Share based payments Share Based Payment Reserve	31 December 2021 $	30 June 2021 $
Share-Based Payment Expense		
Options issued to employees and consultants	-	29,664
Director shares	200,000	140,000
Performance rights issued to directors	19,583	270,000
Total Expense Recognised in Profit & Loss	219,583	439,664
Capital Raising Costs		
Corporate Advisor – options issued	-	64,346
Total Expense Recognised in Equity	-	64,346
Total Share Based Payments Expense	-	64,346

(d) Performance Rights

The following performance rights were granted as share-based payment arrangements during the half year ended 31 December 2021:

On 16 December 2021, the Company issued 50,000,000 performance rights to Will Scott and 120,000,000 performance rights to Terry Donnelly upon their appointment as Directors of the Company. The performance rights were issued following receipt of shareholder approval at the AGM held on 30 November 2021. The total fair value of all performance rights granted during the financial year was $235,000 (30 June 2021: $270,000).

The details are as follows:

Director	Number granted	Grant date	Expiry date	Fair value at grant date $ per right	Vesting conditions
Terry Donnelly	20,000,000	30 November 2021	30 November 2022	0.0022	Tranche 1
Terry Donnelly	20,000,000	30 November 2021	30 November 2022	0.0015	Tranche 2
Terry Donnelly	20,000,000	30 November 2021	30 November 2022	0.0007	Tranche 3
Terry Donnelly	20,000,000	30 November 2021	30 November 2022	0.0003	Tranche 4
Terry Donnelly	20,000,000	30 November 2021	30 November 2022	0.0002	Tranche 5
Terry Donnelly	20,000,000	30 November 2021	30 November 2022	0.0001	Tranche 6
Will Scott	50,000,000	30 November 2021	30 November 2022	0.0027	Tranche 1

The performance rights had the following market-based vesting conditions:

Tranche 1	Volume-weighted average price ('VWAP') of the Company's share price exceeding $0.01 continuously for more than 20 consecutive trading days within 1 year of grant.
Tranche 2	VWAP of the Company's share price exceeding $0.02 continuously for more than 20 consecutive trading days within 1 year of grant.
Tranche 3	VWAP of the Company's share price exceeding $0.05 continuously for more than 20 consecutive trading days within 1 year of grant.
Tranche 4	VWAP of the Company's share price exceeding $0.10 continuously for more than 20 consecutive trading days within 1 year of grant.
Tranche 5	VWAP of the Company's share price exceeding $0.15 continuously for more than 20 consecutive trading days within 1 year of grant.
Tranche 6	VWAP of the Company's share price exceeding $0.20 continuously for more than 20 consecutive trading days within 1 year of grant.

The fair value of the performance rights was determined using the trinomial option pricing model, taking into account the terms and conditions upon which the performance rights were granted. The following table lists the input to the model for the performance rights:

	Terry Donnelly						Will Scott
	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Tranche 6	Tranche 1
Dividend yield (%)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expected volatility (%)	150%	150%	150%	150%	150%	150%	150%
Risk free interest rate (%)	0.53%	0.53%	0.53%	0.53%	0.53%	0.53%	0.53%
Exercise price ($)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Marketability discount (%)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expected life of options (years)	1 year	1 year	1 year	1 year	1 year	1 year	1 year
Share price at grant date ($)	$0.004	$0.004	$0.004	$0.004	$0.004	$0.004	$0.004
Value per option ($)	$0.0022	$0.0015	$0.0007	$0.0003	$0.0002	$0.0001	$0.0027

13. CONTINGENT ASSETS AND LIABILITIES

The Company had no other movements in contingent liabilities as at 31 December 2021 from those disclosed at 30 June 2021.

14. RELATED PARTY TRANSACTIONS

On 16 December 2021, the Company issued 50,000,000 fully paid ordinary shares as a sign on bonus valued at the date of grant (30 November 2021) and 50,000,000 performance rights to Will Scott and 120,000,000 performance rights to Terry Donnelly as resolved by shareholders at the AGM held on 30 November 2021.

On 14 December 2021, the Company entered into a loan agreement and received funds of $500,000 from European Lithium Ltd (ASX: EUR). The loan is repayable on 28 February 2022 and accrues interest of 5% per annum. The loan is secured over 25,000,000 unencumbered shares held by the Company in CUFE Limited (ASX: CUF). Mr Antony Sage is a director of EUR.

There are no significant changes to the nature of related party relationships and transactions from those disclosed in the 30 June 2021 annual financial report.

15. EVENTS SUBSEQUENT TO REPORTING DATE

On 4 February 2022, the Company issued 151,111,110 fully paid ordinary shares to raise funds of $680,000 (before expenses) and 151,111,110 unlisted options with an exercise price of $0.005 expiring 4 February 2023.

On 24 February 2022, the Company announced that it has entered into a binding term sheet with Grand Port Resources Pty Ltd (**Grand Port**) to acquire 100% of the issued capital of Grand Port which owns and has applications over a diversified portfolio of gold, copper, nickel and PGE assets in New Zealand (**the Acquisition**). Prior to completion of the Acquisition, the Company also proposes to undertake a capital raising to raise $500,000 via the issue of 100,000,000 shares to sophisticated and professional investors, at an issue price of $0.005 per share with one free attaching option for every 4 shares at an exercise price of $0.006 expiring 31 March 2024 (**the Placement**). Funds raised from the Placement will be applied toward initial work on Grand Port's projects, costs of the Acquisition and general working capital.

There are no other matters or circumstances that 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 in the future financial years.

16. FINANCIAL INSTRUMENTS

Fair value measurement

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes. The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values as the carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- 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) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3)

31 December 2021	**Level 1** **$**	**Level 2** **$**	**Level 3** **$**	**Total** **$**
Financial assets:				
Investments in listed shares	15,255,417	-	-	15,255,417
Investments in unlisted shares	-	-	17,435	17,435
Financial liabilities:				
Convertible notes liability	-	-	-	-

30 June 2021	**Level 1** **$**	**Level 2** **$**	**Level 3** **$**	**Total** **$**
Financial assets:				
Investments in listed shares	4,863,742	-	-	4,863,742
Investments in unlisted shares	-	-	17,435	17,435
Financial liabilities:				
Convertible notes liability	-	136,219	-	136,219

DIRECTORS' DECLARATION

In the opinion of the directors:

(a) The financial statements and notes of the Consolidated Entity for the half-year ended 31 December 2021 are in accordance with the *Corporations Act 2001,* including:

(i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and

(ii) complying with Australian Accounting Standard *AASB 134 Interim Financial Reporting*, International Financial Reporting Standard, IAS 34 Interim Financial Reporting and the Corporations Regulations 2001, and other mandatory professional reporting requirements.

(b) Subject to the matters set out in Note 1, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

____

Terry Donnelly
Non-Executive Chairman

Dated this 25 day of February 2022

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Cyclone Metals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Cyclone Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, 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 makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and

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

Basis for conclusion

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

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

Material uncertainty relating to going concern

We draw attention to Note 1 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 Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of 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 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 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 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 25 February 2022