



**METALS AUSTRALIA LTD
AND CONTROLLED ENTITIES**

(ACN 008 982 474)

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

CONTENTS

Directors' Report	3
Auditor's Independence Declaration	10
Consolidated Statement of Profit or Loss and Other Comprehensive Income	11
Consolidated Statement of Financial Position	12
Consolidated Statement of Changes in Equity	13
Consolidated Cash Flow Statement	14
Notes to the Financial Statements	15
Directors' Declaration	21
Independent Auditor's Review Report to the Members	22

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 2021.

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
 Basil Conti (appointed 21 January 2022)
 Robert Collins (deceased 16 January 2022)

2. REVIEW OF OPERATIONS

Manindi Project, Western Australia

During the 6 months to 31 December 2021, the Company announced the results of initial rock chip sampling program at the Foundation Pegmatite at Manindi^{1,2}. The sampling produced high-grade lithium, tantalum and caesium results, confirming Foundation is a significant LCT pegmatite discovery.

The Manindi project includes three granted Mining Leases (MLs) located in the Youanmi region of Western Australia (see Figure 1 below).

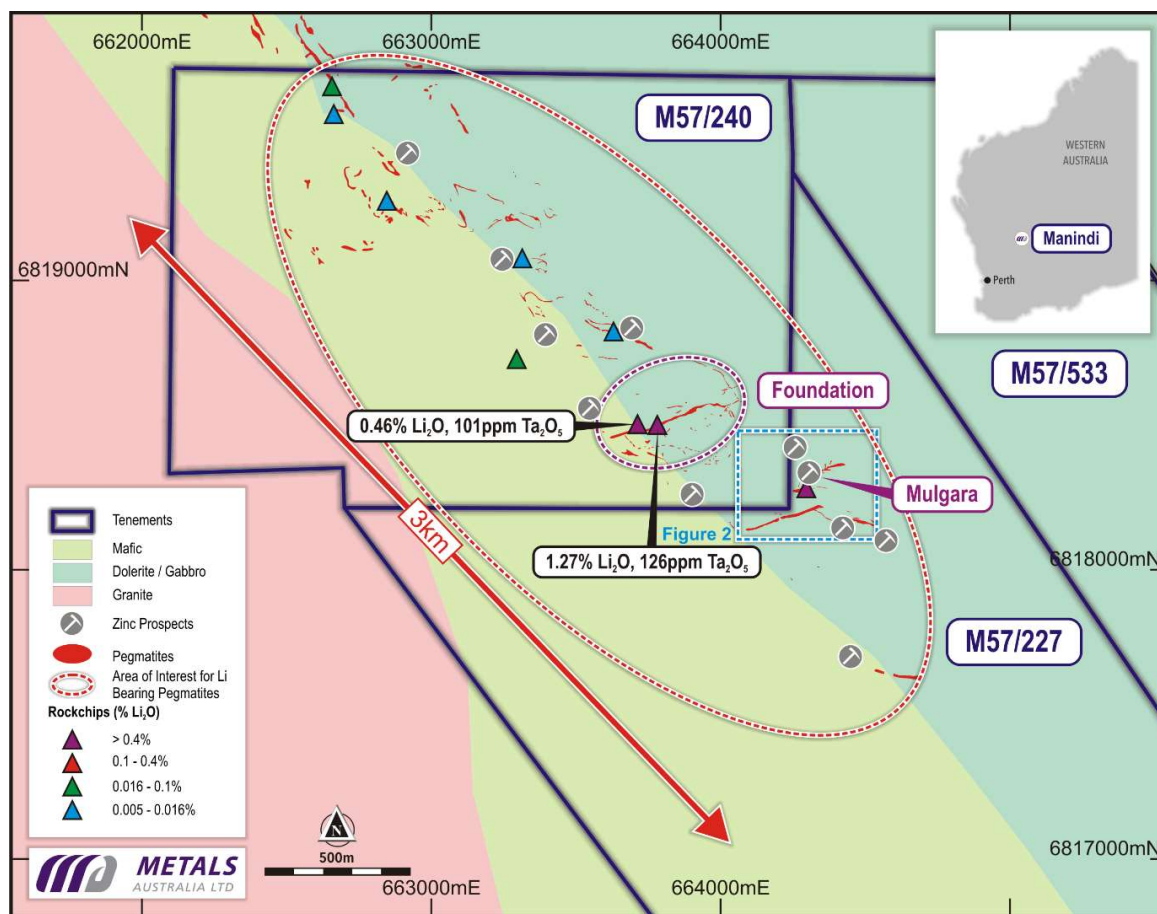


Figure 1: Manindi Lithium Project, mapped pegmatites and Rockchip sample locations

DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS (continued)

The high-grade LCT rock chip sample results are from a nine rock chip sample program. Samples were collected during initial reconnaissance within the >3km strike-length pegmatite corridor at the Manindi Project¹ (see Figure 1).

The **Foundation Pegmatite** is the largest pegmatite identified to date at Manindi at over 500m long in a southwest–northeast direction and 200m wide in a northwest-southeast direction (see Figure 1). The peak lithium and tantalum rockchip results produced from the Foundation Pegmatite include²:

MNRK0001: 0.46% Li₂O, 101.3 ppm Ta₂O₅ and 60.1 ppm Cs₂O (Foundation)

MNRK0002: 1.25% Li₂O, 126.0 ppm Ta₂O₅ and 154.6 ppm Cs₂O (Foundation)

These results confirm that the Foundation Pegmatite is a high-grade LCT pegmatite and compare very favourably in both lithium and tantalum grade with a sample from the Mulgara pegmatite:

MNRK0009: 0.42% Li₂O, 65.5 ppm Ta₂O₅ and 50.5 ppm Cs₂O (Mulgara)²

Previous, systematic, rockchip sampling of the Mulgara pegmatites produced high-grade results of up to **2.84% Li₂O, 296 ppm Ta₂O₅ and up to 746ppm Cs₂O^{3,4}**. This was followed by a shallow RC drilling program that tested the three initially identified pegmatites on an approximate 40m spacing, but with only one hole per section. This program producing several significant intersections of lithium and tantalum mineralisation, including (see locations Figure 2):

- 8m @ 1.06% Li₂O from 18m incl. 3m @ 1.65% Li₂O with up to 1.96% Li₂O in MNRK030^{5,6}
- 8m @ 1.00% Li₂O, 158ppm Ta₂O₅ from 32m, and 7m @ 1.29% Li₂O, 242ppm Ta₂O₅ from 42 m incl. 5m @ 1.53% Li₂O in MNRK033^{5,6}

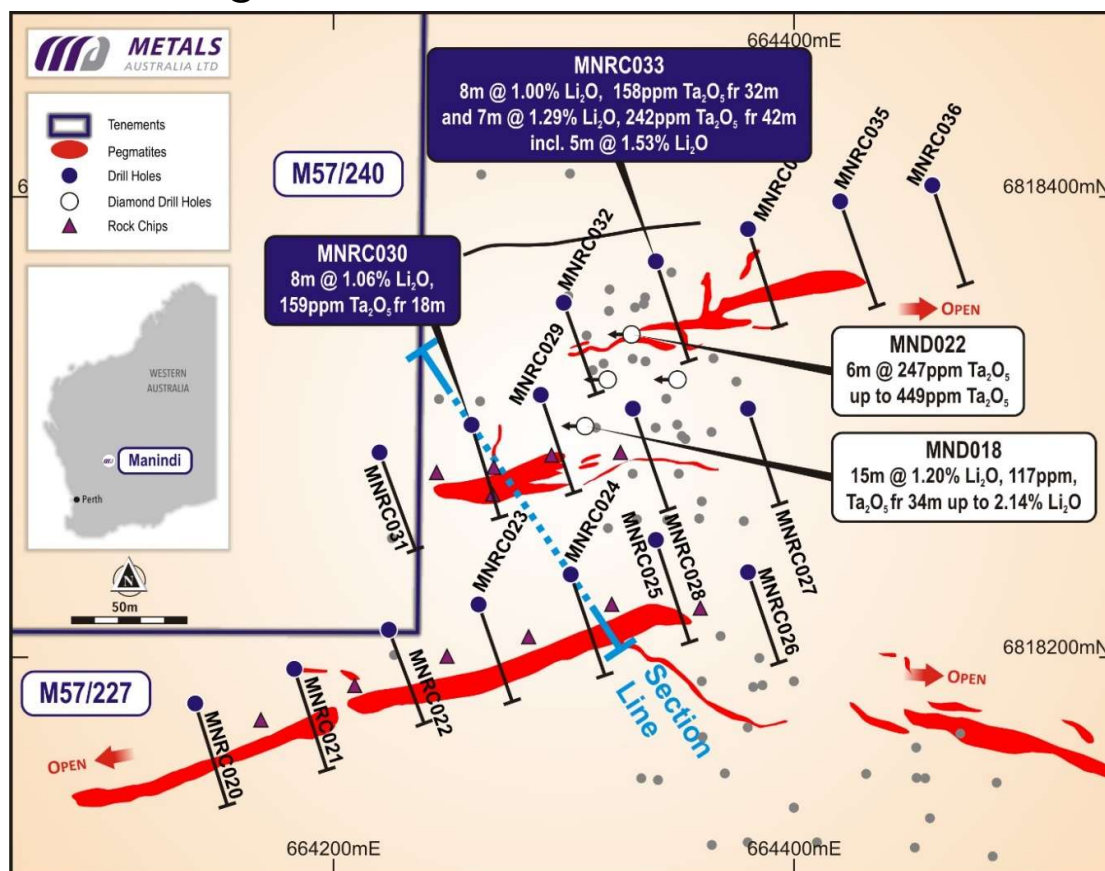


Figure 2: Manindi Lithium Project, Mulgara North, drillhole location plan

DIRECTORS' REPORT (continued)**REVIEW OF OPERATIONS (continued)**

In late January 2022 the Company commenced systematic channel sampling across the entire 500m identified northeast-southwest strike length of the Foundation Pegmatite as well as various other pegmatite outcrops within the >3km pegmatite corridor at Manindi (see Figure 1).

Subsequent to the end of the reporting period, the Company commenced a substantial RC drilling program, with the dual objectives of:

- i) Following up the previous high-grade lithium and tantalum results at **Mulgara** with both deeper drilling on key sections and extension drilling along strike of the three LCT pegmatites identified to date (see Figure 2), and,
- ii) Initial RC drilling of the Foundation Pegmatite at approximately 40m section spacing along the identified 500m strike length.

Lac Rainy Graphite Project, Quebec (Canada)

The Lac Rainy Project consists of a contiguous landholding of 92 mineral claims covering an area of approximately 45.5 km² located 22 km south-west of the historic mining town of Fermont in one of the premier graphite mining regions of Quebec. The Project is approximately 15 km east of Route 389, a paved highway that links the Project with major ports along the St. Lawrence River (Figure 3).

During the Quarter ended 31 December 2021, the Company continued the Phase 2 advanced metallurgical test work on the Lac Rainy Graphite Project, being carried out by SGS Canada. This work is designed to optimise the concentrate recovery, total graphitic carbon (TGC) content and flake-size distribution under a concentrate only production model.

Previous metallurgical testwork was able to achieve total graphitic carbon (TGC) grades of up to 97.1% Ct, with up to 22.8% of the Lac Rainy graphite concentrate categorised in the large and jumbo flake size fractions⁷.

A key component of the Phase 2, advanced metallurgical test work is to optimise product yield across the various size fractions and increase the proportion of medium, large and jumbo flake mesh sizes, where premium pricing can be achieved.

This testwork has the potential to enhance the product yield / mass feed into the concentrate plant, resulting in a smaller plant size and a corresponding reduction in upfront capital costs. There is also potential to reduce operating costs due to the optimised product mix, producing a positive impact on operating margins. It is anticipated that an increase in the large flake size fractions, and improved recoveries, will deliver enhanced returns for the Project.

In preparation for the current testwork, the Company arranged for a mini bulk sample of graphite to be transported from the Lac Rainy Graphite Project and delivered to SGS Canada. This material underwent compositing prior to being fed through the flowsheet that is currently being developed.

The final optimised testwork is designed to generate a sizeable quantity of high-purity / high-total carbon graphite concentrate which can then be tested further for downstream product generation, including expandable graphite and purified micronized graphite and spherical graphite.

The final concentrate optimisation testwork is in progress and the overall report and raw data is expected to be received shortly. The final testwork results and report will be reviewed before initiation of downstream spherical graphite testwork based on medium flake sizes and expandable graphite testwork on the large flake (>180 micron) component.

The results of the downstream testwork will allow the Company to focus its efforts on marketing the high-quality and high-purity Lac Rainy graphite concentrate to end-users across North America and Europe, that can then apply the graphite concentrate in the downstream market.

Developing an understanding of what downstream products can be produced, and their quality, will be critical in directing marketing efforts and initial off-take discussions.

DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS (continued)

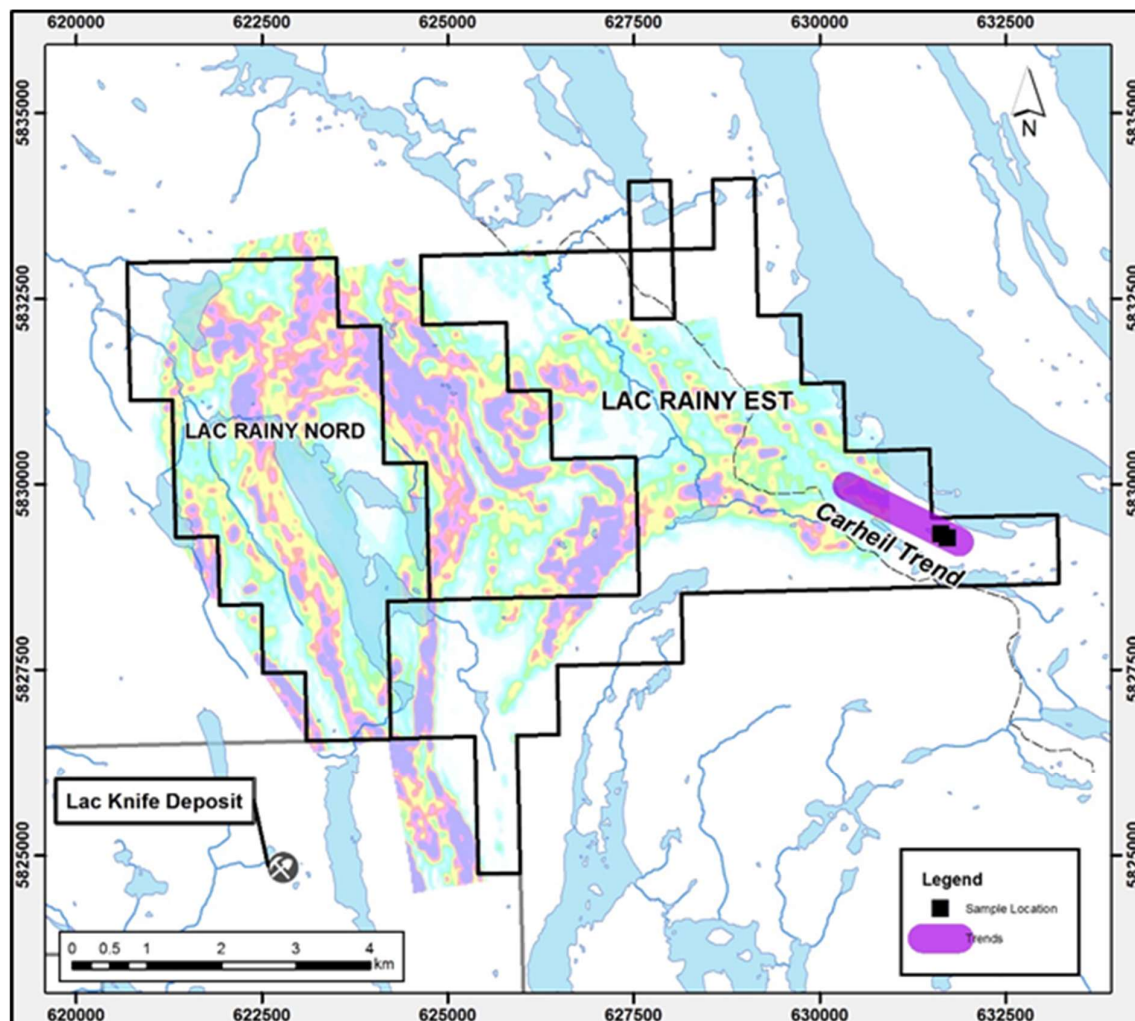


Figure 3: Claim boundaries for the Lac Rainy Graphite Project overlaid with airborne EM anomalies

The Phase 2 and downstream testwork results will also allow the Company to carry out additional exploration – the Company's EM survey having identified major extensions to the initial graphitic bodies drilled. The downstream testwork will also allow initiation of Pre-Feasibility Studies into the development of an integrated mining and concentrate processing operation to provide graphite concentrate feed into the growing north American lithium-ion battery and expandable graphite markets.

Eade Copper-Gold Project, Quebec (Canada)

During the 6 months ended 31 December 2021, the Company continued with the geological review, interpretation and targeting of the Eade, Pontois and Felicie gold-copper-silver-zinc projects, located in Quebec (Canada).

During the quarter ended 30 June 2021, the Company announced that it had completed an airborne MAG and TDEM survey at the Eade Copper-Gold Project. The airborne survey focused on better defining copper-gold mineralised targets which are characteristic of the Lac Guyer Greenstone Belt, often associated with sulphide alteration with the mineralisation.

DIRECTORS' REPORT (continued)**REVIEW OF OPERATIONS (continued)**

Initial processing of the Airborne Magnetic (**MAG**) and Time-Domain Electromagnetic (**TDEM**) data indicates, for both West and East Eade, that mineralised iron formation is associated with coincident magnetic and EM anomalies that are disrupted by cross-cutting structures. These coincident anomalies may be indicative of sulphide mineralisation associated with copper-gold deposits.

The Company engaged Newexco Exploration to assist with the final interpretation and definition of drill targets. The anomalies generated by the survey were modelled for size, orientation and depth of any conductive sources for direct drill targeting. Several high-priority exploration targets have been identified where EM anomalies, coincident with magnetic features, may be associated with copper-gold bearing sulphides.

During the Quarter the Company completed a field program designed to investigate the key targets that were identified from the MAG and TDEM surveys. The design basis of the field program was to generate drill targets to be tested following the Canadian winter.

The assay results from the field program are expected to be received during the March Quarter 2022.

Lac du Marcheur Copper-Cobalt Project, Quebec (Canada)

The Lac du Marcheur Cobalt Project covers an area of 1,780 hectares representing 35 active mineral claims, as well as an additional two pending claims hosting the Lac Pauzé showings (total of 119 ha) and is situated north and south of the Chilton Copper-Cobalt Project in Quebec, Canada.

During the Quarter ended 31 December 2021, the Company completed an airborne geophysical program at the Lac du Marcheur Copper-Cobalt Project. The results of the airborne MAG and TDEM survey are currently being interpreted and analysed. The final report is due to be delivered to the Company during the March Quarter 2022.

The mineralisation targeted includes disseminated sulphides, stockworks (veins and veinlets) and massive sulphides associated with anorthositic gabbro.

The next phase of exploration at the Lac du Marcheur Cobalt Project is a systematic rock chip and soil sampling campaign to field test the targets generated during the MAG and TDEM airborne survey and follow up on the high-grade samples from previous exploration⁸ conducted by the Company. The field program is expected to occur during the Quebec field season (circa April 2022).

Nepean South Nickel Project, Western Australia

During the 6 months to 31 December 2021 the Company announced that it had entered into a binding agreement with Sabre Resources Limited (ASX: SBR) to farm-out the Nepean South Nickel Project (**Nepean South**)⁹, located approximately 30km south of the township of Coolgardie in the Goldfields region of Western Australia.

The Nepean South Farm-in and Joint Venture Agreement (**Nepean South Agreement**) provides that Sabre will pay \$40,000 cash to Metals on signing (*paid*), then earn an 80% interest by spending \$200,000 on exploration within 5 years (including spending \$40,000 within the first year). Upon Sabre earning 80%, Metals will hold 20% and an additional payment of \$70,000 must be made to Metals before a contributing joint venture is formed.

Sabre plans to rapidly advance detailed ground magnetics and EM to assist drill-targeting for massive nickel sulphides, including RC drilling underneath existing known mineralised zones e.g. 6m @ 1.84% Ni and 0.02% Cu from 18m in NRB0482¹⁰.

DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS (continued)

References

- ¹ Metals Australia Ltd, 20 October 2021. *Lithium Pegmatite Corridor Extended to Over 3km at Manindi.*
- ² Metals Australia Ltd, 10 November 2021. *High-Grade Lithium-Tantalum Results from Manindi Pegmatite.*
- ³ Metals Australia Ltd, 21 March 2017. *High grade lithium bearing pegmatites discovered at Manindi*
- ⁴ Metals Australia Ltd, 30 January 2018. *Expanded Lithium Exploration Opportunities at Manindi Project*
- ⁵ Metals Australia Ltd, 12 June 2018. *Lithium pegmatite drilling program commences at Manindi Lithium Project*
- ⁶ Metals Australia Ltd, 24 July 2018. *Results of RC percussion drilling program at Manindi Lithium Project*
- ⁷ Metals Australia Ltd, 3 June 2020. *Scoping Study Level Metallurgical Testwork Confirms Lac Rainy Graphite concentrate as High-Purity and High-Grade*
- ⁸ Metals Australia Ltd, 25 October 2017. *Sampling Program at Lac du Marcheur Cobalt Project Confirms Cobalt Mineralisation and Potential*⁹ Metals Australia Ltd, 13 December 2021. *Binding Agreement to Farm-out Nepean South Nickel Project.*
- ¹⁰ Metals Australia Ltd, 3 March 2021. *Metals Australia to Acquire Nepean South Nickel Project, Western Australia*

Competent Persons Declaration

The information in this announcement that relates to Exploration Results from Canada is based on information compiled by Mr. Jean-Paul Barrette P.Geo, B.Sc. Mr Barrette is Project Geologist with Magnor Exploration Inc. and a consultant to Metals Australia Limited. Mr Barrette and is a member of the Ordre des Géologues du Québec (OGQ) with member number OGQ #619. Mr. Barrette has sufficient experience (35 years) that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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. Barrette consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves specific to the Manindi Lithium Project is based on information compiled by and fairly represented by Mr Nick Burn. Mr Burn is the Exploration Manager of Metals Australia Limited and a member of the AIG. Mr Burn has sufficient experience relevant to the style of mineralisation and type of deposits under consideration to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee ('JORC') Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Burn consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to Resource Estimation is based on information compiled by Simon Coxhell, Principal Consultant of CocksRocks Pty Ltd. Mr Coxhell is a consultant to the Company. Mr Coxhell is a Member of the Australian Institute of Mining and Metallurgy. Mr Coxhell has sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this document and to the activity which 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" ("JORC Code"). Mr Coxhell consents to the inclusion in this report of the Matters based on this information in the form and context in which it appears. Mr Coxhell has not been to the Lac Rainy site but is familiar with graphite deposits around the world and has completed numerous resource estimates for this commodity.

DIRECTORS' REPORT (continued)**REVIEW OF OPERATIONS (continued)**

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.

Caution Regarding Forward-Looking Information

This document contains forward-looking statements concerning Metals Australia. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward-looking statements as a result of a variety of risks, uncertainties and other factors. Forward-looking statements are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes.

Forward looking statements in this document are based on the company's beliefs, opinions and estimates of Metals Australia as of the dates the forward-looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

3. FINANCIAL RESULT

The Group incurred a loss after income tax of \$326,809 (2020: loss of \$101,668) for the half year period. As at 31 December 2021 the Group had cash funds of \$1,787,039 (30 June 2021: \$983,974).

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, 16 March 2022

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF METALS AUSTRALIA LIMITED**

I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2021, there have been:

- a) no contraventions of the auditor independence requirements as set out in *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.



NEIL PACE
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 16th day of March 2022.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

	Consolidated	
	Half year 2021	Half year 2020
Note	\$	\$
Revenue		
Interest earned	47	973
Gain on sale of assets	40,000	-
	<u>40,047</u>	<u>973</u>
Expenditure		
Change in fair value of investments	(5,000)	15,800
Key management personnel remuneration	(29,940)	(74,034)
Management fees	(144,000)	(141,680)
ASX listing fees	(34,715)	(6,303)
Professional fees	(69,975)	(70,549)
Other expenses	(26,690)	(26,162)
Canadian bank fraud	(56,535)	-
	<u>(366,856)</u>	<u>(302,928)</u>
Loss before income tax	(326,809)	(301,955)
Income tax benefit	-	200,287
Profit /(loss) for the period	<u>(326,809)</u>	<u>(101,668)</u>
Other Comprehensive profit/(loss), net of tax		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign controlled entities	24,764	(244,151)
Total comprehensive profit /(loss) for the half year	<u>(302,045)</u>	<u>(345,819)</u>
Profit /(loss) for the period attributable to:		
Owners of the parent	(326,809)	(101,668)
Non-controlling interest	-	-
Total profit /(loss) for the half year, net after tax	<u>(326,809)</u>	<u>(101,668)</u>
Total comprehensive profit /(loss) for the period attributable to:		
Owners of the parent	(302,045)	(345,819)
Non-controlling interest	-	-
Total comprehensive profit /(loss) for the half year	<u>(302,045)</u>	<u>(345,819)</u>
	Cents	
Basic and diluted profit /(loss) per share	(0.0069)	(0.003)

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Consolidated	
	31 December 2021	30 June 2021
	Note	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents		1,787,039
Trade and other receivables	4	307,261
Financial assets	5	67,202
Prepayment		5,718
TOTAL CURRENT ASSETS		2,167,220
NON-CURRENT ASSETS		
Exploration and evaluation expenditure	6	8,392,603
TOTAL NON-CURRENT ASSETS		8,392,603
TOTAL ASSETS		10,559,823
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables		144,280
TOTAL CURRENT LIABILITIES		144,280
TOTAL LIABILITIES		144,280
NET ASSETS		10,415,543
EQUITY		
Issued capital	8	37,577,848
Share option reserve	9	151,079
Foreign currency translation reserve		124,759
Accumulated losses		(27,362,226)
Parent interests		10,491,460
Non-controlling interest		(75,917)
TOTAL EQUITY		10,415,543

The accompanying notes form part of these financial statements

METALS AUSTRALIA LTD AND CONTROLLED ENTITIES

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

	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 2020	34,472,099	71,579	92,704	(25,562,588)	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
BALANCE AT 1 JULY 2021	36,161,053	151,079	99,995	(27,035,417)	9,376,710	(75,917)	9,300,793
(Loss) attributable to the members of the parent entity	-	-	-	(326,809)	(326,809)	-	(326,809)
Other comprehensive gain/(loss) for the period, net of tax	-	-	24,764	-	24,764	-	24,764
Total comprehensive gain/(loss) for the period	-	-	24,764	(326,809)	(302,045)	-	(302,045)
Shares issued	1,517,054	-	-	-	1,517,054	-	1,517,054
Costs of capital raising	(100,259)	-	-	-	(100,259)	-	(100,259)
BALANCE AT 31 DECEMBER 2021	37,577,848	151,079	124,759	(27,362,226)	10,491,460	(75,917)	10,415,543

The accompanying notes form part of these financial statements

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

	Consolidated Half year 2021 \$	Consolidated Half year 2020 \$
Cash Flows from Operating Activities		
Payments to suppliers and employees	(357,422)	(512,033)
Interest received	47	1,016
Other – Canadian bank fraud	(56,535)	-
Income tax received	-	197,308
<i>Net cash used in operating activities</i>	<u>(413,910)</u>	<u>(313,709)</u>
Cash Flows from Investing Activities		
Payment for exploration and evaluation expenditure	(239,820)	(394,691)
Receipts from asset sales	40,000	-
<i>Net cash used in investing activities</i>	<u>(199,820)</u>	<u>(394,691)</u>
Cash Flows from Financing Activities		
Proceeds from share issue	1,517,054	1,845,237
Share issue costs	(100,259)	(149,668)
<i>Net cash provided by / (used in) financing activities</i>	<u>1,416,795</u>	<u>1,695,569</u>
Net increase / (decrease) in Cash and Cash Equivalents	803,065	987,169
Cash and Cash Equivalents at the Beginning of the Half Year	983,974	496,129
Cash and Cash Equivalents at the End of Half Year	<u>1,787,039</u>	<u>1,483,298</u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

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 2021 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 2021 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.

2. DIVIDENDS

No dividends have been paid or proposed during the half year ended 31 December 2021.

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 2021	June 2021
	\$	\$
Canadian mining, corporate and sales tax receivable	254,587	247,228
GST receivable	48,446	19,765
Other receivables	4,228	5,366
	<u>307,261</u>	<u>272,359</u>

5. FINANCIAL ASSETS

	December 2021	June 2021
	\$	\$
Investment in listed shares	67,202	72,202
	<u>67,202</u>	<u>72,202</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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

6. EXPLORATION AND EVALUATION EXPENDITURE

	December 2021	June 2021
	\$	\$
Opening balance	8,047,719	7,476,163
Exploration expenditure including foreign exchange movements	344,884	694,631
Securities issued to acquire tenements	-	75,000
Expenditure written off	-	(198,075)
Closing balance	8,392,603	8,047,719

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 2021, the Group has two reportable segments as follows:

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

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

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

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 2021**

7. OPERATING SEGMENTS (continued)

Segment Performance - December 2021	Western Australian Projects \$	Quebec Projects \$	Other Unallocated items \$	Total \$
Revenue from external sources				
Interest revenue	-	-	47	47
Proceeds from sale of assets	40,000	-	-	40,000
Total Group revenue	40,000	-	47	40,047
Segment profit/(loss)	40,000	-	(366,809)	(326,809)
Segment assets	5,060,860	3,331,744	2,167,219	10,559,823
Segment liabilities	-	-	(144,280)	(144,280)
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)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

8. ISSUED CAPITAL

Date	Details	Number of Shares	Amount \$
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	3,207,352,777	33,500,164
1 July 2021	Balance	4,227,188,047	36,161,053
29 September 2021	Shares issued	1,011,369,312	1,517,054
	Capital raising costs	-	(100,259)
31 December 2021	Balance	5,238,557,359	37,577,848

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 2021**

9. SHARE OPTION RESERVE

Date	Details	Number of Options	Amount
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
1 July 2021	Balance	405,000,000	151,079
31 December 2021	Balance	405,000,000	151,079

The weighted average remaining contractual life of options outstanding at year end is 0.43 years.

The exercise price of all outstanding options at the end of the reporting period is 2,734,660,799 (136,733,066 post 20:1 consolidation) Options exercisable at \$0.0035 (\$0.07 post 20:1 consolidation) each on or before 1 June 2022 and 50,000,000 (2,500,000 post 20:1 consolidation) Options exercisable at \$0.0035 (\$0.07 post 20:1 consolidation) each on or before 1 January 2023. The effective date of the 20:1 Consolidation was 10 February 2022.

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 2021 \$	Half Year Ended 31 December 2020 \$
Sabre Resources Ltd	Common Directors	Investment in shares	7,200	16,200
Golden Deeps Ltd	Common Directors	Investment in shares	60,000	55,000
Quebec Lithium Ltd	Subsidiary	Loan funding	105,000	87,727

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

10. RELATED PARTY TRANSACTIONS (continued)

The Company expensed director fees of \$6,000 (2020: \$6,000) from Profit & Resource Management Pty Ltd, a company of which Robert Collins was a director and shareholder. None of this remained payable as at 31 December 2021 (excluding GST 2020: \$3,000).

The Company expensed director fees of \$6,000 (2020: \$6,000) and consulting fees of \$28,908 (2020: \$55,464) from Internatzionale Consulting Pty Ltd, a company of which Gino D'Anna is a director and shareholder. An amount of \$1,500 (excluding GST 2020: \$10,080) remains payable as at 31 December 2021.

11. EVENTS SUBSEQUENT TO REPORTING DATE

In accordance with the approval of shareholders at the Annual General Meeting held on 27 January 2022, the Company undertook a 20:1 Consolidation of its securities with an effective date of 10 February 2022.

On 2 March 2022 the Company issued a Prospectus, and then on 7 March 2022 a Replacement Prospectus, which incorporated the following:

- Up to 50,568,501 options exercisable at \$0.06 on or before 31 December 2023 to sophisticated and professional investors who participated in the September placement of 1,011,369,312 shares issued on 29 September 2021.
- Up to 1,500,000 options exercisable at \$0.06 on or before 31 December 2023 to Peak Asset Management Pty Ltd (or its nominee/s) for lead manager services under the September placement.
- Up to 25,000,000 options exercisable at \$0.05 on or before 10 February 2024 to employees, consultants and service providers of the company.
- Up to 100,000,000 options exercisable at \$0.05 on or before 10 February 2024 to sophisticated and professional investors who participated in the March placement of 100,000,000 shares issued on 16 March 2022.
- A cleansing offer of up to 1,000 shares at an issue price of \$0.05 per Share to raise up to \$50 before costs.

On 16 March 2022 the Company completed a placement to raise \$7,800,000 (before costs) by issuing 100,000,000 shares at \$0.078 each. This placement included the offer of one free-attaching option exercisable at \$0.05 on or before 10 December 2024 for each share placed. These options were included in the Replacement Prospectus.

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 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; 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, 16 March 2022

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF METALS AUSTRALIA LIMITED****Report on the Half-Year Financial Report****Conclusion**

We have reviewed the accompanying half-year financial report of Metals Australia Limited (the company) and its controlled entities (the consolidated entity or group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, 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 makes us believe that the half-year financial report of the company is not 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 Accounting Standard *AASB 134: Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with Auditing Standards on Review Engagements *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 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.

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

Responsibility of the Directors for the Half-Year 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 (including Australian Accounting Interpretations) 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.

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF METALS AUSTRALIA LIMITED (CONTINUED)**

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial report is not in accordance with the *Corporations Act 2001* including:

- i. giving a true and fair view of the Company's financial position as at 31 December 2021 and its 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*.

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 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.



NEIL PACE
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 16th day of March 2022.