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ABN 92 086 839 992

Consolidated Condensed Half-year report for the half-year ended
31 December 2021

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Consolidated Condensed Half-year report for the half year ended 31 December 2021

Corporate Directory

Directors

Andrew Daley – Non- Executive Chairman
Justin Barton – Managing Director
Jason Livingstone – Technical Director

Company Secretary

Nick Day

Auditors

Pitcher Partners BA&A Pty Limited
Level 11
12-14 The Esplanade
PERTH WA 6000

Solicitors

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Bankers

ANZ Banking Group Ltd
1275 Hay Street
WEST PERTH WA 6005

Registered Office

Unit B2, 20 Tarlton Crescent
Perth Airport 6105
Western Australia
Telephone: +61 8 6500 0202

Share Registry

Link Market Services
QV1 Building
Level 12, 250 St Georges Terrace
PERTH WA 6000
Investor Enquiries: 1300 554 474
Facsimile: (02) 9287 0303

Stock Exchange Listing

Securities of Metalicity Limited are listed on the Australian Securities Exchange (ASX).
ASX Listed Shares Code: MCT ; and
ASX Listed Options Code: MCTO

Web Site: www.metalicity.com.au

Consolidated Condensed Half-year report for the half year ended 31 December 2021

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Metalicity Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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DIRECTORS' REPORT

The Directors of Metalicity Limited ("the Company") submit herewith the consolidated condensed financial statements of the Company and its subsidiaries ("the Group") for the half-year ended 31 December 2021. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Information about the Directors and senior management

The names and particulars of the Directors of the Company during or since the end of the financial period are:

Name	Particulars
Justin Barton	Managing Director
Andrew Daley	Non - Executive Chairman
Jason Livingstone	Technical Director

The above-named Directors held office during and since the half-year, except as otherwise indicated.

The loss after tax for the half-year ended 31 December 2021 was $1,160,930 (2020: Loss $2,587,555).

Group Strategy

During the half year the Group continued its ongoing development and exploration strategy for the Kookynie and Yundamindra Gold Projects.

Kookynie and Yundamindra Gold Projects

The Group has continued to actively develop its Kookynie and Yundamindra Gold Projects, located in the Goldfields district of Western Australia. The Kookynie Project, which is located approximately 50 km south of Leonora is host to six historic, large-producing historical mines: Champion, McTavish, Leipold, Diamantina, Cosmopolitan and Cumberland. During the half year, the Group successfully completed numerous drilling campaigns at the Kookynie Gold Project.

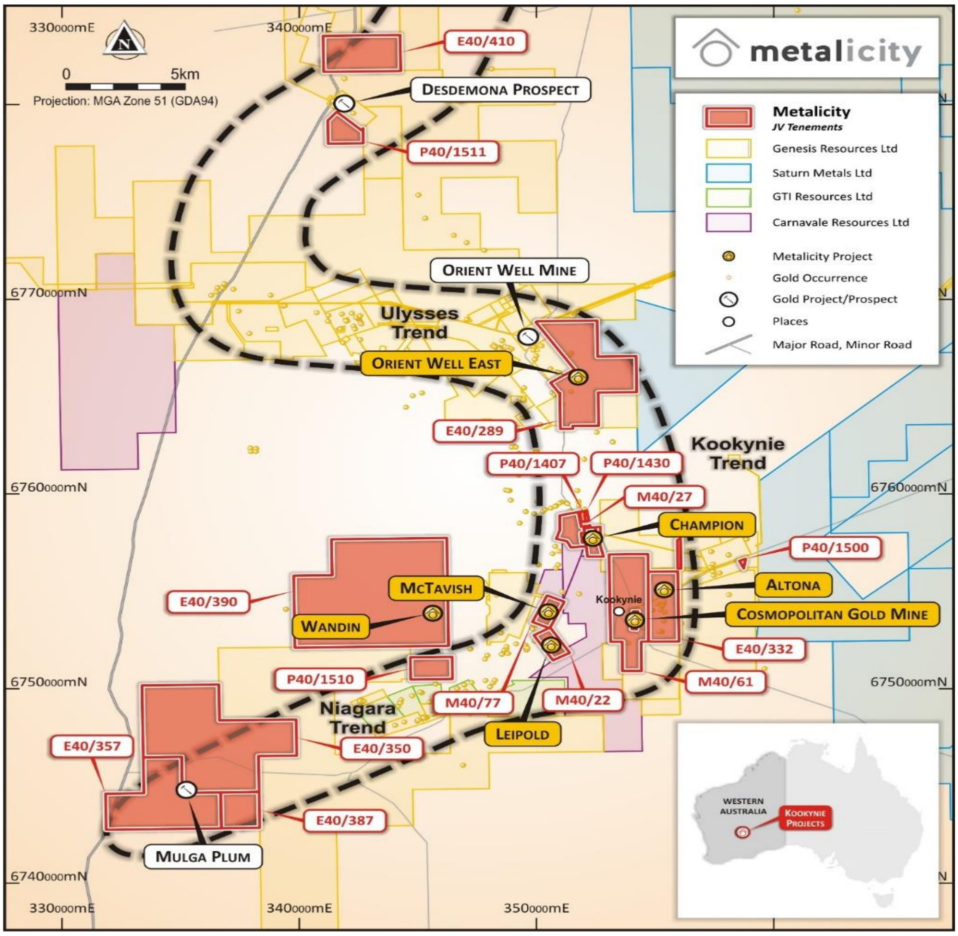

Figure 1 – The Kookynie Tenement Map

DIRECTORS' REPORT (CONTINUED)

Competent Person Statement

Information in this report that relates to Exploration results and targets is based on, and fairly reflects, information compiled by Mr. Jason Livingstone, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr. Livingstone is an employee of Metalicity Limited and a shareholder. Mr. Livingstone has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Livingstone consents to the inclusion of the data in the form and context in which it appears.

Corporate Activities

On 14 September 2021, Metalicity Limited announced a proposal to rationalise ownership of the Kookynie and Yundamindra Gold Projects into a single listed entity by making an off-market all scrip takeover bid of all of the Fully Paid Ordinary Shares in its Joint Venture ("JV") partner, Nex Metals Explorations Limited (ASX:NME) ("NEX"). Please refer to ASX Announcement "Metalicity Proposal to NEX Shareholders" dated 14 September 2021.

The offer to NEX shareholders is 4.81 Metalicity ordinary shares for every 1 NEX Share on issue, valuing NEX equity at A$12.8 million based on Metalicity's closing share price on 13 September 2021. The offer was subject to a number of conditions, which Metalicity's declared Unconditional on 3 December 2021. The Company has now received acceptances representing over 32.76% of NME's issued shares (please refer to ASX Announcement "Change in substantial holding of NME" dated 2 March 2022), providing it with the largest single voting interest in NME.

Subsequent events

The Directors are not aware of any matter or circumstance that has arisen since 31 December 2021 which has significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years other than:

- On 4 January 2022, Metalicity Limited issued the first tranche of 282,847,335 consideration shares to Nex Metals Explorations Limited shareholders.
- On 12 January 2022, the Company extended the off-market takeover bid for NEX to 27 January 2022.
- On 14 January 2022, Metalicity Limited issued the second tranche of 73,391,835 consideration shares to NEX shareholders.
- On 15 January 2022, 2,000,000 unlisted options exercisable at $0.025 on or before 14 Jan 2022 and 2,000,000 unlisted options exercisable at $0.035 on or before 14 Jan 2022 lapsed.
- On 27 January 2022, the Company extended the off-market takeover bid for NEX to 10 February 2022.
- On 10 February 2022, the Company extended the off-market takeover bid for NEX to 3 March 2022.
- On 14 February 2022, Metalicity Limited issued the third tranche of 37,440,057 consideration shares to NEX shareholders.
- On 16 February 2022, Metalicity Limited announced its intention to push for significant Corporate Governance reform at Nex Metals Explorations Limited by voting against the re-election of any directors and nominating three new directors for the Board of NEX.
- On 17 February 2022, the Company lodged section 203D and 249F notices on NEX with the intention to move resolutions for removal of all Directors of Nex Metals Explorations Ltd and appointment of replacement directors.
- On 28 February 2022, Metalicity Limited announced it had commenced drilling to test substantial extensions at Kookynie Gold Project.
- On 2 March 2022, the Company announced a change in substantial holding in NEX to 32.76%.
- On 3 March 2022, the Company extended the off-market takeover bid for NEX to 24 March 2022.
- On 14 March 2022, Metalicity Limited issued the fourth tranche of 10,469,149 consideration shares to NEX shareholders.

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Rounding of amounts to nearest dollars

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar, or in certain cases, to the nearest thousand dollar (where indicated).

Auditor's independence declaration

The auditor's independence declaration is included on page 5 of the half-year report.

Signed in accordance with a resolution of Directors made pursuant to s.306 (3) of the *Corporations Act 2001*.

On behalf of the Directors

Justion Barton
Managing Director
Perth, Western Australia

16 March 2022

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PITCHER PARTNERS

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF METALICITY LIMITED AND ITS CONTROLLED ENTITIES

In relation to the independent review for the half-year ended 31 December 2021, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards).*

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

Pitcher Partners BA&A Pty Ltd

PITCHER PARTNERS BA&A PTY LTD

J C PALMER
Executive Director
Perth, 16 March 2022

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METALICITY LIMITED
ABN 92 086 839 992

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF METALICITY LIMITED

Conclusion

We have reviewed the half-year financial report of Metalicity Limited, (the "Company") and its controlled entities (the "Group"), which comprises the consolidated condensed statement of financial position as at 31 December 2021, the consolidated condensed statement of comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed 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 Metalicity Limited does not comply with the *Corporations Act 2001* including:

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

(b) 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 our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

Without modifying our opinion, we draw attention to Note 1(e) in the financial report, which indicates that the Group incurred a net loss of $1,160,930 during the half-year ended 31 December 2021 and, as of that date, a net cash outflow from operating and investing activities was $2,113,054. These conditions, along with other matters as set forth in Note 1(e), indicate 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.

Directors' Responsibility 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 and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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METALICITY LIMITED
ABN 92 086 839 992

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF METALICITY LIMITED

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.

Pitcher Partners BA&A Pty Ltd

PITCHER PARTNERS BA&A PTY LTD

J C PALMER
Executive Director
Perth, 16 March 2022

Consolidated condensed statement of profit or loss and other comprehensive income for the half-year ended 31 December 2021

	Note	Consolidated 31 December 2021 $	31 December 2020 $
Revenue from continuing operations	2	134,620	73,634
Expenses	3	(1,227,088)	(1,139,857)
Loss before income tax expense		(1,092,468)	(1,066,223)
Income tax expense		-	-
Loss after income tax from continuing operations		**(1,092,468)**	**(1,066,223)**
Discontinued operations			
Net loss from discontinued operations	7	(68,462)	(1,521,332)
		(1,160,930)	**(2,587,555)**
Other comprehensive income			
Foreign currency translation		(1,086)	54,108
Other comprehensive income for the period, net of tax		(1,086)	54,108
Total comprehensive loss for the period		**(1,162,016)**	**(2,533,447)**
Loss attributable to:			
Owners of the parent		(1,147,512)	(2,304,166)
Non-controlling interest		(13,418)	(283,389)
		(1,160,930)	(2,587,555)
Total comprehensive loss attributable to:			
Owners of the parent		(1,147,512)	(2,248,511)
Non-controlling interest		(14,504)	(284,936)
		(1,162,016)	**(2,533,447)**
Loss per share from continuing operations attributable to the equity holders of the parent entity:			
Basic loss per share (cents)	8	(0.05)	(0.07)
Diluted loss per share (cents)	8	(0.05)	(0.07)
Loss per share from discontinued operations attributable to the equity holders of the parent entity:			
Basic loss per share (cents)	8	(0.00)	(0.08)
Diluted loss per share (cents)	8	(0.00)	(0.08)
Loss per share attributable to the equity holders of the parent entity:			
Basic loss per share (cents)	8	(0.05)	(0.15)
Diluted loss per share (cents)	8	(0.05)	(0.15)

The accompanying notes form part of these financial statements.

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Consolidated condensed statement of financial position as at 31 December 2021

	Note	Consolidated 31 December 2021 $	30 June 2021 $
Current assets			
Cash and cash equivalents		2,000,857	4,048,592
Trade and other receivables	4	149,636	216,638
Other assets	5	3,135,218	157,190
Total current assets		5,285,711	4,422,420
Non-current assets			
Exploration and evaluation expenditure	6	6,615,479	5,400,759
Plant and equipment		21,086	26,584
Right of use asset		17,398	27,402
Total non-current assets		6,653,963	5,454,745
Total assets		11,939,674	9,877,165
Current liabilities			
Trade and other payables		1,061,487	991,699
Provision		67,524	56,335
Lease liability		17,479	20,404
Total current liabilities		1,146,490	1,068,438
Non-current liabilities			
Lease liability		-	7,212
Total non-current liabilities		-	7,212
Total liabilities		1,146,490	1,075,650
Net assets		10,793,184	8,801,515
Equity			
Issued Capital	9	59,011,603	56,023,942
Other reserves		5,651,367	5,485,343
Accumulated losses		(53,771,103)	(52,623,591)
Total parent entity interest		10,891,867	8,885,694
Minority interest in controlled entities		(98,683)	(84,179)
Total equity		10,793,184	8,801,515

The accompanying notes form part of these financial statements.

Consolidated condensed statement of changes in equity for the half-year ended 31 December 2021

	Issued Capital	Share Based Payments Reserve	Other Reserves	Foreign Exchange Reserve	Accumulated losses	Non Controlling Interest	Total
Consolidated	$	$	$	$	$	$	$
Balance at 1 July 2021	56,023,942	5,418,904	66,439	-	(52,623,591)	(84,179)	8,801,515
(Loss) for the period	-	-	-	-	(1,147,512)	(13,418)	(1,160,930)
Other comprehensive income	-	-	-	-	-	(1,086)	(1,086)
Total comprehensive loss for the period	-	-	-	-	(1,147,512)	(14,504)	(1,162,016)
Conversion of options	75,977	-	-	-	-	-	75,977
Issue of performance rights	-	166,024	-	-	-	-	166,024
Shares to be issued	2,924,007	-	-	-	-	-	2,924,007
Issue costs	(12,323)	-	-	-	-	-	(12,323)
Total transactions with owners	2,987,661	166,024	-	-	-	-	3,153,685
Balance at 31 December 2021	**59,011,603**	**5,584,928**	**66,439**	**-**	**(53,771,103)**	**(98,683)**	**10,793,184**
Consolidated							
Balance at 1 July 2020	48,568,493	4,296,211	-	(55,655)	(49,748,188)	217,870	3,278,731
(Loss) for the period	-	-	-	-	(2,304,166)	(283,389)	(2,587,555)
Other comprehensive loss	-	-	-	(26,304)	-	(1,547)	(27,851)
Reclassification adjustment transfer of foreign currency translation reserve to profit and loss	-	-	-	81,959	-	-	81,959
Total comprehensive loss for the period	-	-	-	55,655	(2,304,166)	(284,936)	(2,533,447)
Issue of share capital	5,000,000	-	-	-	-	-	5,000,000
Conversion of options	496,346	-	-	-	-	-	496,346
Issue of shares for tenements	-	50,000	-	-	-	-	50,000
Issue of shares in lieu of salary	-	64,581	-	-	-	-	64,581
Issue of performance rights	-	31,581	-	-	-	-	31,581
Issue of broker options	-	720,980	-	-	-	-	720,980
Issue costs	(1,032,997)	-	-	-	-	-	(1,032,997)
Total transactions with owners	4,463,349	867,142	-	-	-	-	5,330,491
Balance at 31 December 2020	**53,031,842**	**5,163,353**	**-**	**-**	**(52,052,354)**	**(67,066)**	**6,075,775**

The accompanying notes form part of these financial statements.

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Consolidated condensed statement of cash flows for the half-year ended 31 December 2021

	Note	Consolidated 31 December 2021 $	Consolidated 31 December 2020 $
Cash flows from operating activities			
Payments to suppliers and employees		(835,798)	(1,480,831)
Payments for exploration and evaluation		(68,142)	(37,422)
Government grants		-	72,871
Interest received		457	536
Other income		-	5
Interest expense		(390)	-
Net cash (used in) operating activities		(903,873)	(1,444,841)
Cash flows from investing activities			
Payment for acquisition of tenements		-	(152,558)
Payment for applications		-	(1,862)
Payments for plant and equipment		-	(27,164)
Lease payments		(10,137)	(2,409)
Payments for tenements and exploration expenditure		(1,199,044)	(1,570,946)
Net cash (used in) investing activities		(1,209,181)	(1,754,939)
Cash flows from financing activities			
Proceeds from share issue		-	5,000,000
Proceeds from option conversion		77,644	496,346
Issue costs		(12,325)	(312,015)
Proceeds from options for shares to be issued		-	33,894
Net cash provided by financing activities		65,319	5,218,225
Net (decrease)/increase in cash and cash equivalents		(2,047,731)	2,018,445
Cash and cash equivalents at the beginning of the financial period		4,048,592	1,108,285
Effects of exchange rate changes on the balance of cash held in foreign currencies		-	(260)
Cash and cash equivalents at the end of the financial period		2,000,857	3,126,470

The accompanying notes form part of these financial statements.

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Condensed notes to the consolidated financial statements for the half-year ended 31 December 2021

1. Significant accounting policies

a. Statement of compliance

The half-year financial report is a general purpose financial report which was prepared in accordance with the *Corporations Act 2001* and Accounting Standards AASB 134, *Interim Financial Reporting* where possible (refer to "Basis of preparation" note below).

b. Basis of preparation

These general purpose consolidated condensed financial statements for the half-year reporting period ended 31 December 2021 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This consolidated condensed financial statements is intended to provide users with an update on the latest annual financial statements of Metalicity Limited and its controlled entities (referred to as 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 following half-year.

These consolidated condensed financial statements were authorised for issue on 16 March 2022.

Rounding of amounts to nearest dollars

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' report and in the financial report have been rounded to the nearest dollar, or in certain cases, to the nearest thousand dollar (where indicated).

c. Accounting Policies

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 those as described in Note 1(d) below.

d. New and Amended Standards Adopted by the Group

The Group has considered the implications of new and amended Accounting Standards which have become applicable for the current financial reporting period. The Group had to change its accounting policies and make adjustments as a result of adopting the following Standard:

AASB 2020-1: *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current,* AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date*

AASB 2020-1 amends AASB 101 *Presentation of Financial Statements* to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It requires a liability to be classified as current when entities do not have a substantive right to defer settlement at the end of the reporting period.

AASB 2020-6 defers the mandatory effective date of amendments that were originally made in AASB 2020-1 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2023 instead of 1 January 2022. They will first be applied by the Group in the financial year commencing 1 July 2023.

This accounting standard is not expected to have a material impact on the financial statements of the Group.

Condensed notes to the consolidated financial statements for the half-year ended 31 December 2021

1. Significant accounting policies (continued)

d. New and Amended Standards Adopted by the Group (continued)

AASB 2020-3 ***Amendments to Australian Accounting Standards – Annual Improvements 2018 – 2020 and Other Amendments***

AASB 2020-3 amends AASB 1 *First-time Adoption of Australian Accounting Standards*, AASB 3 *Business Combinations*, AASB 9 *Financial Instruments*, AASB 116 *Property, Plant and Equipment*, AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and AASB 141 *Agriculture.* The main amendments relate to:

(a) AASB 1 – simplifies the application by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences;

(b) AASB 3 – updates references to the Conceptual Framework for Financial Reporting;

(c) AASB 9 – clarifies the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;

(d) AASB 116 – requires an entity to recognise the sales proceeds from selling items produced while preparing PP&E for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset;

(e) AASB 137 – specifies the costs that an entity includes when assessing whether a contract will be loss making; and

(f) AASB 141 – removes the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

AASB 2020-3 mandatorily applies to annual reporting periods commencing on or after 1 January 2022 and will be first applied by the Group in the financial year commencing 1 July 2022.

This accounting standard is not expected to have a material impact on the financial statements of the Group.

AASB 2021-2: ***Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates***

AASB 2020-1 amends AASB 7 *Financial Instruments: Disclosures*, AASB 101 *Presentation of Financial Statements*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, AASB 134 *Interim Financial Reporting* and AASB Practice Statement 2 *Making Materiality Judgements*. The main amendments relate to:

(a) AASB 7 – clarifies that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;

(b) AASB 101 – requires entities to disclose their material accounting policy information rather than their significant accounting policies;

(c) AASB 108 – clarifies how entities should distinguish changes in accounting policies and changes in accounting estimates;

(d) AASB 134 – to identify material accounting policy information as a component of a complete set of financial statements; and

(e) AASB Practice Statement 2 – to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

AASB 2021-2 mandatorily applies to annual reporting periods commencing on or after 1 January 2023 and will be first applied by the Group in the financial year commencing 1 July 2023.

This accounting standard is not expected to have a material impact on the financial statements of the Group.

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1. Significant accounting policies (continued)

d. New and Amended Standards Adopted by the Group (continued)

AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

AASB 2021-5 amends AASB 112 *Income Taxes* to clarify the accounting for deferred tax transactions that, at the time of the transaction, give rise to equal taxable and deductible temporary differences. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The amendments clarify that the exemption does not apply to transactions for which entities recognise both an asset and a liability and that give rise to equal taxable and deductible temporary differences.

This amending standard mandatorily apply to annual reporting periods commencing on or after 1 January 2023 and will be first applied by the Group in the financial year commencing 1 July 2023.

This accounting standard is not expected to have a material impact on the financial statements of the Group.

AASB 2014-10: *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture,* AASB 2015-10: *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128* and AASB 2017-5: *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*

AASB 2014-10 amends AASB 10: *Consolidated Financial Statements* and AASB 128: *Investments in Associates and Joint Ventures* to clarify the accounting for the sale or contribution of assets between an investor and its associate or joint venture by requiring:

(a) a full gain or loss to be recognised when a transaction involves a business, whether it is housed in a subsidiary or not; and

(b) a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

These amending standards mandatorily apply to annual reporting periods commencing on or after 1 January 2022 and will be first applied by the Group in the financial year commencing 1 July 2022.

This accounting standard is not expected to have a material impact on the financial statements of the Group.

e. Going Concern

The half year financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

For the half year ended 31 December 2021, the Group recorded a loss of $1,162,016 (31 December 2020: $2,533,447).

The Group has a working capital surplus of $4,139,221 at 31 December 2021 (30 June 2021: $3,353,982).

The ability of the Group to continue as a going concern is dependent on it being able to successfully raise further capital funding to pursue it’s current exploration strategy. The Directors have reviewed the business outlook and cash flow forecasts and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group is in a strong position to raise further funds, as and when required, in order to meet its commitments as and when they fall due.

On this basis no adjustments have been made to the financial report relating to the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities that might be necessary should the Group not continue as a going concern. Accordingly, the financial report has been prepared on a going concern basis.

Should the Group be unable to raise further debt or capital with the initiatives detailed above then, the Group may in the future not be able to continue as a going concern and may therefore be required to realise assets and extinguish liabilities other than in the ordinary course of business with the amount realised being different from those shown in the financial statements.

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1. Significant accounting policies (continued)

f. Significant judgements and estimates

Assessment of Control / Joint Control

In determining whether the Group has control or joint control of the net assets comprising the Kookynie and Yundamindra projects, judgement was applied. AASB 11 Joint Arrangements requires an investor to have contractually agreed the sharing of control when making decisions about the relevant activities (in other words requiring the unanimous consent of the parties sharing control). However, what these activities are is a matter of judgement. Alternatively, if joint control does not exist, then the Group must apply the general principles from other standards in recognised the controlled assets and liabilities acquired. The Group has accounted for the joint arrangement as a joint operation.

Assessment of significant influence over Nex Metals Limited

An associate is an entity over which the Group is able to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. In determining whether the Group has significant influence over Nex Metals Limited, judgements were applied.

The Group's interests in associates are accounted for using the equity method after initially being recognised at cost. Under the equity method, the Group's share of the profits or losses of the associate is recognised in the Group's profit or loss and the Group's share of other comprehensive income items is recognised in the Group's condensed consolidated statement of other comprehensive income. Otherwise, the investment will be accounted for as a financial asset under AASB9 Financial instruments. As at 31 December 2021, The group has accounted for the share holding in NEX as a financial asset through profit and loss in accordance with AASB9 Financial instruments.

2. Revenue from continuing operations

An analysis of the Group's revenue for the period is as follows:

	Consolidated	
	31 December 2021 $	**31 December 2020 $**
Interest earned	456	759
JV management fee	77,129	-
Fair value gain on financial assets at fair value through profit and loss	57,035	-
Government subsidies	-	72,875
	134,620	**73,634**

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Condensed notes to the consolidated financial statements for the half-year ended 31 December 2021

3. Expenses

	Consolidated	
	31 December 2021 $	31 December 2020 $
Accounting and audit	39,793	85,699
ASX	33,525	71,988
Company secretarial fees	45,050	53,870
Consulting fees	145,280	-
Depreciation	15,502	3,725
Directors' fees	166,277	61,378
Fair value loss on financial assets at fair value through profit and loss	-	82,834
Insurance	22,697	14,828
Impairment expense	-	15,939
Investor relations	27,660	24,370
Legal fees	284,739	231,894
Rent and office costs	11,340	7,439
Recruitment costs	29,040	-
Salaries and on costs	119,253	246,333
Share based payments	166,024	31,581
Share registry fees	30,651	89,897
Travel and accommodation	5,123	1,186
Project work and generation expense	-	83,069
Other	85,134	33,827
Total Expenses	**1,227,088**	**1,139,857**

4. Trade and other receivables

	Consolidated	
	31 December 2021 $	30 June 2021 $
GST Receivable	128,462	129,365
Other	21,174	87,273
	149,636	216,638

5. Other assets

	Consolidated	
	31 December 2021 $	30 June 2021 $
Shares held in Nex Metals Explorations Limited[1]	3,086,964	105,922
Prepayments	26,768	29,782
Rental security	21,486	21,486
	3,135,218	157,190

[1]The Group held 77,174,102 shares in Nex Metals Explorations Limited at 31 December 2021 (30 June 2021: 4,073,941 shares). This financial asset is carried at fair value through profit and loss. Out of the 77,174,102 number of shares, 73,100,161 number of shares has been accounted for as shares to be issued at 31 December 2021 given the takeover bid went unconditional on 3 December 2021. Refer to note 9 (b) for details.

Condensed notes to the consolidated financial statements for the half-year ended 31 December 2021

6. Exploration and evaluation expenditure

	Consolidated	
	31 December 2021 $	**30 June 2021 $**
Opening balance	5,400,759	1,160,907
Acquisition costs	-	202,558
Expenditure incurred[1]	1,214,720	4,052,195
Exploration write-off	-	(14,901)
Closing balance	**6,615,479**	**5,400,759**

Total expenditure incurred and carried forward in respect of specific projects

- Kookynie	4,993,935	4,993,935
- Yundumindra	338,026	338,026
- JV interests	1,283,518	68,798
	6,615,479	**5,400,759**

[1]Included in expenditure incurred during the period is an amount of $628,923, representing NEX' share of joint venture expenditure.

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Condensed notes to the consolidated financial statements for the half-year ended 31 December 2021

7. Discontinued operations

	Consolidated	
	31 December 2021 $	30 June 2021 $
Kimberley Mining Limited – Admiral Bay Project	68,462	1,500,845
Transfer of foreign currency translation reserve to profit and loss (discontinued operation)	-	82,511
	68,462	1,583,356

During the financial year end 30 June 2021, following an extensive process to divest the Admiral Bay project, which is currently held by the ~80% owned subsidiary, Kimberley Mining Limited, the Board elected to put the Admiral Bay project on care and maintenance and impair the carrying value of the Project to nil.

(i) Financial performance information	Consolidated	
	31 December 2021 $	30 June 2021 $
Exploration expenses written off	(68,462)	(105,699)
Impairment of exploration and expenditure assets	-	(1,392,626)
Loss on transfer of foreign currency translation reserve	-	(82,511)
Others	-	(2,520)
	(68,462)	(1,583,356)
Income tax expense	-	-
Loss after income tax of discontinued operations	(68,462)	(1,583,356)

(ii) Cash flow information	Consolidated	
	31 December 2021 $	30 June 2021 $
Net cash used in operating activities	-	-
Net cash used in investing activities	(68,462)	(1,498,325)
Net cash used in financing activities	-	-
Net cash outflow	(68,462)	(1,498,325)

(iii) Carrying amount of assets and liabilities	Consolidated Group	
	31 December 2021 $	30 June 2021 $
Other receivables	-	21,083
Asset classified as held for sale	-	21,083
Liabilities held for sale	-	(448,642)
Net liabilities attributable to discontinued operations	-	(427,559)

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Condensed notes to the consolidated financial statements for the half-year ended 31 December 2021

8. Earnings/(loss) per share

	Consolidated	
	31 December 2021 Cents	31 December 2020 Cents
(a) Basic loss per share		
Loss attributable to the ordinary equity holders of the Company – continuing operations	(0.05)	(0.07)
Loss attributable to the ordinary equity holders of the Company – discontinued operations	(0.00)	(0.08)
(b) Diluted loss per share		
Loss attributable to the ordinary equity holders of the Company – continuing operations	(0.05)	(0.07)
Loss attributable to the ordinary equity holders of the Company – discontinued operations	(0.00)	(0.08)
(c) Reconciliation of loss used in calculating earnings per share		
Basic and diluted loss per share		
Loss attributable to the ordinary equity holders of the Company	(1,147,512)	(2,304,166)
(d) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings/(loss) per share	2,142,254,559	1,616,255,491
Adjustment for calculation of diluted earnings/(loss) per share – Options	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings/(loss) per share	2,142,254,559	1,616,255,491

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9. Contributed equity

(a) Issued share capital

	Consolidated	
	31 December 2021 $	30 June 2020 $
2,143,771,532 (30 June 2021: 2,124,777,033) fully paid ordinary shares	59,011,603	56,023,942

(b) Movement in ordinary share capital

Date	Details	Number of shares	$
01/07/2021	Opening balance	2,124,777,033	56,023,942
14/07/2021	Option exercise at $0.004	18,394,499	73,577
05/08/2021	Option exercise at $0.004	600,000	2,400
	Shares to be issued^	-	2,924,007
	Share issue costs	-	(12,323)
31/12/2021	**Balance at the end of the period**	**2,143,771,532**	**59,011,603**

Date	Details	Number of shares	$
01/07/2020	Opening balance	1,397,793,904	48,568,493
15/07/2020	Option exercise at $0.015	4,888,439	73,327
15/07/2020	Option exercise at $0.025	2,500,000	62,500
15/07/2020	Option exercise at $0.02	471,429	9,429
15/07/2020	Option exercise at $0.004	87,772,592	351,090
14/08/2020	Vesting and exercise of performance rights	15,000,000	-
14/08/2020	Shares issued to Directors in lieu of salaries	23,882,240	-
08/09/2020	Vesting and exercise of performance rights	1,000,000	-
11/09/2020	Share placement at $0.0024	208,333,333	5,000,000
03/12/2020	Shares issued as part consideration for tenement acquisition	2,615,837	-
	Share issue costs	-	(1,032,997)
31/12/2020	**Balance at the end of the period**	**1,744,257,774**	**53,031,842**

^ Shares to be issued related to the Company’s shares accepted by the NEX Shareholders at 31 December 2021 given the takeover bid went unconditional on 3 December 2021.

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10. Options, Performance Rights and Warrants

Options

As at 31 December 2021, there were 347,171,071 unissued ordinary shares under option (30 June 2021: 373,665,570). These options are exercisable as follows:

Details	No of Options	Date of Expiry	Conversion Price $
Management incentive options	2,000,000	14/01/2022	0.025
	2,000,000	14/01/2022	0.035
Other options	10,785,715	31/05/2022	0.02
	25,000,000	14/08/2022	0.003
	25,709,467	14/02/2023	0.08
	35,000,000	13/10/2023	0.03
	21,000,000	22/06/2024	0.015
Listed options	225,675,889	13/10/2023	0.004
	347,171,071		

	31 December 2021 No.	**30 June 2021** No.
Balance at beginning of the period	373,665,570	347,689,048
Granted during the period	-	258,500,000
Exercised during the period	(18,994,499)	(176,151,719)
Forfeited/expired during the period	(7,500,000)	(56,371,713)
Balance at the end of the period	347,171,071	373,665,570

Performance Rights

As at 31 December 2021, there were 82,084,110 unissued ordinary shares under performance rights (30 June 2021: 82,084,110). These performance rights are exercisable as follows:

Details	No of Rights	Date of Expiry	Conversion Price $
Employee Performance Rights	15,650,000	30/01/2023	0.00
Employee Performance Rights	29,679,144	18/12/2022	0.00
Employee Performance Rights	36,754,966	18/12/2022	0.00
	82,084,110		

	31 December 2021 No.	**30 June 2021** No.
Balance at beginning of the period	82,084,110	32,025,000
Prior year adjustment	-	25,000
Granted during the period	-	66,434,110
Exercised during the period	-	(16,000,000)
Forfeited/expired during the period	-	(400,000)
Balance at the end of the period	82,084,110	82,084,110

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10. Options, Performance Rights and Warrants (continued)

Kimberly Mining Limited Warrants

As at 31 December 2021, there were 31,128,738 in issued common shares in Kimberly Mining Limited ("KML") and 8,461,000 under warrants (30 June 2020: 31,128,738 common shares and 8,461,000 under warrants). These warrants are exercisable/convertable as follows:

Details	No of Warrants	Date of Expiry	Conversion Price $
Special Warrants	5,317,250	23/08/2023	0.40
Special Warrants – Tranche 2	3,171,500	23/09/2023	0.40
	8,461,000		

	31 December 2020 No.	**30 June 2021** No.
Balance at beginning of the period	8,461,000	8,734,370
Granted during the period	-	-
Exercised during the period	-	-
Forfeited/expired during the period	-	(273,370)
Balance at the end of the period	8,461,000	8,461,000

11. Share Based Payments

(a) Recognised share-based payment expense

The expense recognised for options and shares issued during the period is shown in the table below:

	Consolidated	
	31 December 2020 $	**31 December 2020 $**
Performance shares issued to employees	166,024	31,581
Total	166,024	31,581

The following options and performance right arrangements were issued during the current and prior reporting periods:

31 December 2021

No options, shares or performance rights were issued for services during the period ended 31 December 2021.

31 December 2020

60,000,000 options were issued to brokers as part of share placements during the period ended 31 December 2020, as follows:

Option Series	Number	Grant Date	Expiry Date	Exercise Price	Fair Value at Grant
Issued 17/08/2020	25,000,000	13/08/2020	14/08/2022	0.003	$0.0065
Issued 13/10/2020	35,000,000	15/09/2020	13/10/2023	0.003	$0.0255
	60,000,000				

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11. Share Based Payments (continued)

(b) Types of share-based payment plans

(i) Options
There were no share based payments relating to options issued the period ended 31 December 2021 (31 December 2020: $720,980).

(ii) Shares
There were no share based payments relating to shares issued for the period ended 31 December 2021 (31 December 2020: $114,581).

(iii) Performance Rights
There were share based payments relating to performance rights issued in prior year which remain unvested totalling $166,024 for the period ended 31 December 2021 (31 December 2020: $31,581).

(iv) KML Warrants
No share based payments relating to KML warrants were issued for the period 31 December 2021 (31 December 2020: Nil).

12. Related Party Transactions

There were no related party transactions during the period ended 31 December 2021 (31 December 2020: Nil).

13. Commitments

In order to maintain the mineral tenements in which the Group is involved, the Group is committed to fulfill the minimum annual expenditure conditions under which the tenements are granted. Minimum annual expenditure required to maintain the Group's tenements is $778,445. This obligation is capable of being varied from time to time. Exploration expenditure commitments beyond this time cannot be reliably determined.

14. Fair Value Measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the assets or liability

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Condensed notes to the consolidated financial statements for the half-year ended 31 December 2021

14. Fair Value Measurement (continued)

Consolidated – 31 December 2021	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Financial assets at fair value through profit or loss	3,086,964	-	-	3,086,964
Total assets	**3,086,964**	**-**	**-**	**3,086,964**

Consolidated – 30 June 2021	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Financial assets at fair value through profit or loss	228,141	-	-	228,141
Total assets	228,141	-	-	228,141

There were no transfers between levels during the half year.

The carrying amounts of trade and other receivables, trade and other payables, are assumed to approximate their fair value due to their short-term nature.

15. Subsequent events

The Directors are not aware of any matter or circumstance that has arisen since 31 December 2021 which has significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years other than:

- On 4 January 2022, Metalicity Limited issued the first tranche of 282,847,335 consideration shares to Nex Metals Explorations Limited ("NEX") shareholders.
- On 12 January 2022, the Company extended the off-market takeover bid for NEX to 27 January 2022.
- On 14 January 2022, Metalicity Limited issued the second tranche of 73,391,835 consideration shares to NEX shareholders.
- On 15 January 2022, 2,000,000 unlisted options exercisable at $0.025 on or before 14 Jan 2022 and 2,000,000 unlisted options exercisable at $0.035 on or before 14 Jan 2022 lapsed.
- On 27 January 2022, the Company extended the off-market takeover bid for NEX to 10 February 2022.
- On 10 February 2022, the Company extended the off-market takeover bid for NEX to 3 March 2022.
- On 14 February 2022, Metalicity Limited issued the third tranche of 37,440,057 consideration shares to NEX shareholders.
- On 16 February 2022, Metalicity Limited announced its intention to push for significant Corporate Governance reform at Nex Metals Explorations Limited by voting against the re-election of any Directors and nominating three new Directors for the Board of NEX.
- On 17 February 2022, the Company lodged section 203D and 249F notices on NEX with the intention to move resolutions for removal of all Directors of Nex Metals Explorations Ltd and appointment of replacement Directors.
- On 28 February 2022, Metalicity Limited announced it had commenced drilling to test substantial extensions at Kookynie Gold Project.
- On 2 March 2022, the Company announced a change in substantial holding in NEX to 32.76%.
- On 3 March 2022, the Company extended the off-market takeover bid for NEX to 24 March 2022.
- On 14 March 2022, Metalicity Limited issued the fourth tranche of 10,469,149 consideration shares to NEX shareholders.

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Directors' declaration

In the opinion of the Directors of Metalicity Limited ("the Company")

(a) the financial statements and notes set out on pages 12 to 24 are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the financial position of the Group as at 31 December 202 a1nd of its performance for the half-year ended on that date; and

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

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

On behalf of the Directors

Justion Barton
Managing Director
Perth, Western Australia

16 March 2022