



METALS AUSTRALIA LTD

(ACN 008 982 474)

Interim Financial Report for the Half Year Ended 31 December 2022

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DIRECTORS' REPORT

The Directors present their report on the consolidated group of Metals Australia Ltd (the “Company”) and controlled entities (the “Group”) for the half year ended 31 December 2022.

1. DIRECTORS

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

- Michael Scivolo
- Basil Conti
- Rachelle Domansky
- Alexander Biggs (appointed 16 August 2022)

2. REVIEW OF OPERATIONS

MANINDI BATTERY METALS PROJECT, WA (80%)

Manindi Lithium Exploration:

During the reporting period, high-grade lithium-rubidium results were received from the latest reverse circulation (RC) drilling of the Foundation LCT Pegmatite¹ on the Manindi Project, including:

- MNRC076: **13m @ 1.03% Li₂O, 0.27% Rb** from 62m incl. **8m @ 1.40% Li₂O, 0.31% Rb** (Figure 1).

Follow-up diamond drilling intersected a 27m zone of lithium bearing pegmatite² in MND001, below MNRC076. Assays results confirmed lithium-rubidium mineralisation² and samples from MND001 and selected high-grade samples from the previous RC holes were submitted for X-ray diffraction (XRD) analysis. The high-value lithium mineral, petalite, was identified by the XRD results³ as the predominant lithium mineral. Petalite is lower in iron than primary spodumene making it a superior source of lithium.

A further diamond drillhole (MND002) was completed post the end of the reporting period, testing above MNRC0076. Diamond drill-core samples from this drilling will be aggregated to generate a bulk metallurgical sample for flotation test work, to generate petalite-lepidolite (lithium) concentrate. Downstream hydrometallurgical leach-testing, to generate high-value lithium carbonate, will also be investigated.

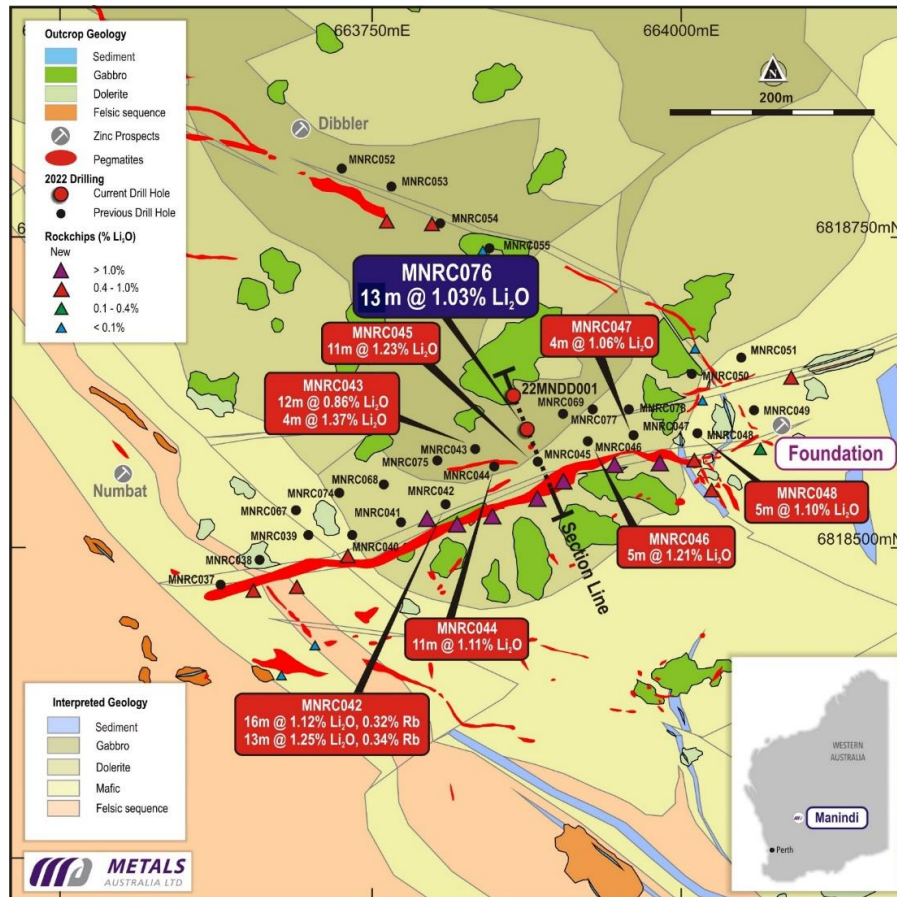


Figure 1: Manindi lithium Project. High-Grade Foundation LCT pegmatite discovery showing significant drilling intersections to date.

DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS (continued)

Manindi West Titanium-Vanadium-Magnetite-Sulphide Discovery:

Diamond drilling of the Manindi West mafic/ultramafic intrusive produced a broad intersection of vanadium-titanium-magnetite (Fe) mineralisation, including:

- MND003: **129m @ 0.23% V₂O₅, 23.3% Fe and 11.5% TiO₂** from 53m incl. **25m @ 0.47% V₂O₅, 24.0% TiO₂ and 40.8% Fe²**

Petrographic results from the high-grade titanium, vanadium-iron and nickel-copper-cobalt bearing sulphide mineralisation from drillhole MND003 at Manindi West^{4,5} show that the titanium is contained in coarse-grained ilmenite, distinctly separate from the coarse magnetite grains that contain the vanadium (see Image 1 below).

Ilmenite is a composite of iron and titanium oxides and is weakly magnetic. Highly magnetic minerals, such as magnetite, can be separated by a low intensity magnetic separator to produce a high-grade magnetite concentrate of up to 60% Fe and >1% V₂O₅. This would potentially represent a high-grade product for downstream processing to produce high-value vanadium-pentoxide for Vanadium Redox Flow Batteries (VRFBs) for renewable energy storage.

The residual ilmenite-sulphide material would likely be amenable to a wet high intensity magnetic (WHIM) separation stage to concentrate the ilmenite. The resulting high-grade titanium ilmenite concentrate (targeting >50% TiO₂, >25% Fe) would represent an additional high-value titanium-iron product. It may then be possible to produce a Ni-Cu-Co bearing sulphide concentrate as a final stage.

Metallurgical test work on diamond drillcore is now being initiated to carry out this test work program.

Further drilling will be planned, subject to the outcomes of the metallurgical test work program.

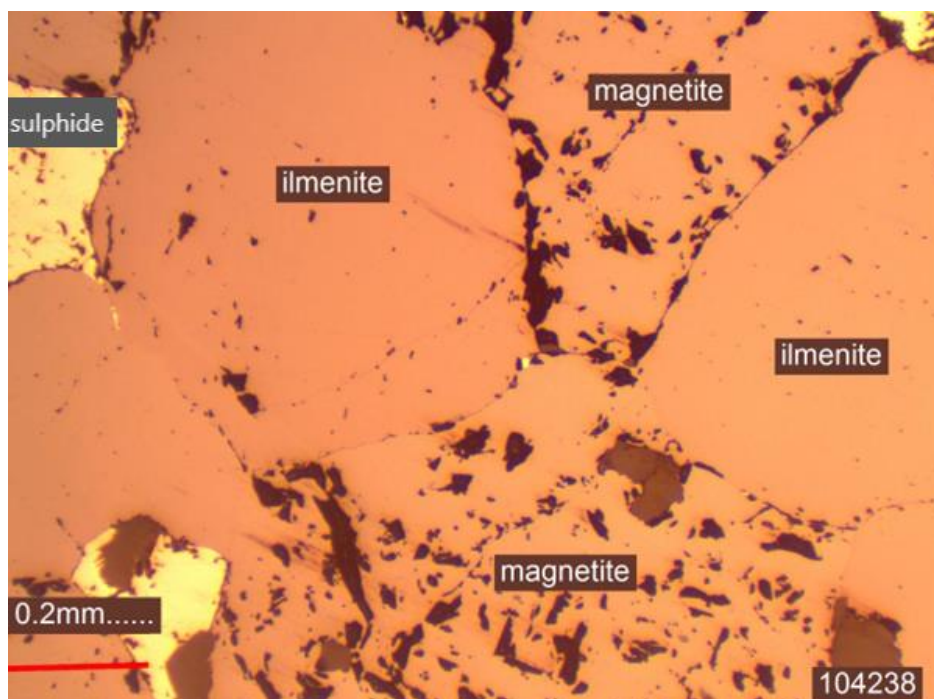


Image 1: MND003, 66.3m, magnetite – Ilmenite cumulate with interstitial sulphides

Kultarr Zinc-Copper Sulphide Extension Drilling

Diamond drilling tested depth and strike extensions of the high-grade zinc mineralisation at Kultarr Prospect to the southeast, down-plunge of the previously announced spectacular intersection of **68m @ 3.09% Zn, 0.20% Cu, from 89m incl. 24.0m @ 6.47% Zn, 0.29% Cu⁶** in MNRC0704. This drilling intersected extensive sulphide zones, interpreted to represent the pyritic halo of the zinc mineralisation. Downhole electromagnetics (DHEM) confirmed the location of the previously identified K2 conductor, at depth and to the north, which represents a drill target for copper-rich sulphides below the zinc resource.

DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS (continued)

LAC RAINY GRAPHITE PROJECT, QUEBEC, CANADA (100%)

During the reporting period the Company completed Phase 2 metallurgical (grinding and flotation) test work on a bulk sample composite from the Lac Rainy flake graphite project grading **16.2% graphitic carbon (Cg)**. This test work produced a combined commercial concentrate grade of **96.8% Cg⁷**, which included a 13.9% component in the larger flake, greater than 150µm category.

Subsequent pilot-scale test work produced 6.5kg of bulk flotation flake graphite concentrate at a combined reported grade of **94% Cg⁷** (target >94% Cg), which was despatched to ProGraphite in Germany and subsequently re-assayed, producing a higher concentrate grade of **96.3% Cg⁸**.

Post the reporting period, ProGraphite completed spherical graphite and purification test work on the high-grade flake-graphite concentrate and produced **high-quality, premium-battery grade (99.96% Cg) spherical graphite product⁸**.

ProGraphite is now carrying out electrochemical (battery) test work to demonstrate charging qualities and durability of the Lac Rainy premium spherical graphite product for use in lithium-ion battery anodes.

In parallel with the electrochemical (battery) test work, the Company is planning a broad-spaced drilling and trenching program to expand Lac Rainy's outstanding high-grade graphite resource potential. The objectives of the programs are two-fold:

- a) To expand Lac Rainy's resource potential, initially focussing on the Carheil Trend, and then the other graphitic trends identified, including the high-grade West Carheil Trend (Figure 2).
- b) To produce diamond core bulk-samples of high-grade graphitic material from which to generate flotation concentrate samples for further down-stream spherical graphite test work, and to provide to potential customers/offtakers for evaluation and test work.

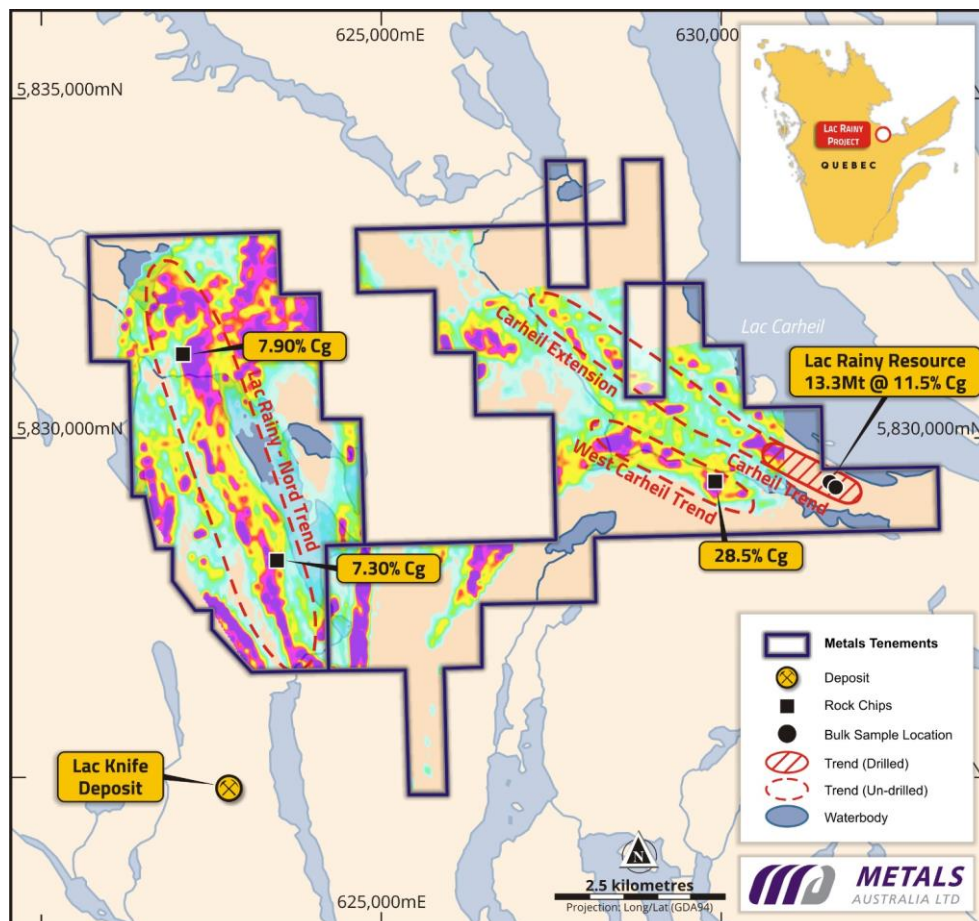


Figure 2: Lac Rainy Graphite Project with key prospect locations and airborne EM anomalies

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

This drilling will also provide samples for further concentrate and downstream spherical graphite test work which will allow the Company to build on the previous Lac Rainy Scoping Study⁹ results and carry out a pre-feasibility study (PFS). Project development options include mining and processing to produce high-grade flake-graphite concentrate (>95% Cg), to supply the rapidly growing market for this material to supply battery grade spherical graphite producers, as well as the supplying a component of larger flake (>150 micron) graphite which can be sold at a premium to expandable graphite manufacturers.

The Company will also examine options for downstream processing of fine to medium flake graphite concentrate to produce high-quality spherical graphite to supply Li-ion battery anode manufacturers⁸.

LITHIUM EXPLORATION IN QUEBEC, CANADA (100%)

In December 2022, the Company announced that it had identified outstanding lithium potential on its Canadian tenements located in the James Bay area of Quebec, Canada. Of particular interest are two properties, East Pontois and Felice, which are surrounded by the Corvette Lithium Project owned by Patriot Battery Metals Inc. (ASX:PMT) and sit on the CV Lithium Trend. Patriot has announced results from Corvette including up to **159.7m @ 1.65% Li₂O and 193ppm Ta₂O₅**¹⁰ from below outcropping pegmatite within what appears to be a world-class lithium corridor.

Metals Australia has commenced data-compilation and remote-sensing data interpretation to identify and map lithium bearing pegmatites within its highly-prospective East Pontois and Felicie properties. This will be followed by field-work and sampling of identified pegmatite occurrences.

WARRAMBIE NICKEL-COPPER-COBALT PROJECT, WA (80%)

During the reporting period the Company acquired an 80% interest (through the purchase of an 80% stake in Payne Gully Gold Pty Ltd – PGG)¹¹ in the Warrambie E47/4327 in the West Pilbara of WA. The Company completed electromagnetic (EM) and detailed gravity surveys over prospective extensions of the Scholl Shear, west of the Sherlock Bay Ni-Cu-Co Project. This work resulted in the detection of significant EM and gravity anomalies¹².

Further work will include aircore drilling across the EM anomalies to detect buried nickel-copper-cobalt sulphide targets associated with the mafic/ultramafic intrusives identified by the gravity survey.

TENNANT CREEK COPPER-GOLD PROJECT, NT (80%)

During the reporting period the Company acquired an 80% interest (through the purchase of an 80% stake PGG) in the Tennant Creek Cu-Au Project in the Northern Territory (NT). This includes granted tenement E32725, directly along strike to the east of the Warrego copper-gold deposit (production **6.75Mt @ 1.9% Cu, 6.6 g/t Au**¹¹) and three EL applications both north and south of Tennant Creek along strike from other high-grade Cu-Au deposits.

The Company completed a detailed gravity survey in the area of shallow cover directly east of the Warrego Cu-Au deposit. Processing of the gravity data is in progress.

Drilling will be planned to test coincident gravity-magnetic targets in fresh rock, below the zone of weathering, targeting high-grade copper-gold discoveries similar to Warrego.

MURCHISON GOLD PROJECTS, WA (80%)

During the reporting period the Company acquired an 80% interest (through the purchase of an 80% stake PGG) in the Murchison Gold Projects in WA, including granted E51/2058 and E51/2059 west of Meekatharra and along strike from the >5Moz Big Bell deposit. Very little previous exploration has been carried out over these tenement areas due to extensive soil cover and the lack of recognition of greenstone lithologies. Prospective splay structures interpreted from magnetics extend under sediment cover in untested areas and represent targets for the discovery of major gold deposits similar to Big Bell.

Another three large EL applications are located along strike from the >3Moz Mt Gibson mine in the southern Murchison.

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

- ¹ *Metals Australia Ltd (ASX:MLS), 19 July 22. Exceptional Lithium Pegmatite Intersections at Manindi.*
- ² *Metals Australia Ltd (ASX:MLS), 29 September 22. High-Grade Titanium-Vanadium-Fe Intersection at Manindi.*
- ³ *Metals Australia Ltd (ASX:MLS), 13 December 22. Metals Steps up Lithium Exploration in Canada and Australia.*
- ⁴ *Metals Australia Ltd (ASX:MLS), 31 January 23. Quarterly Activities Report, 31 December 2022.*
- ⁵ *Metals Australia Ltd (ASX:MLS), 30 November 22. Potential for Vanadium-titanium Upgrade at Manindi West.*
- ⁶ *Metals Australia Ltd (ASX:MLS), 10 May 22. Spectacular Zinc Intersection and Sulphide Discovery – Manindi.*
- ⁷ *Metals Australia Ltd (ASX:MLS), 27 July 22. Bulk Graphite Concentrate Finalised for Battery Testing.*
- ⁸ *Metals Australia Ltd (ASX:MLS), 28 Feb.23. Battery Grade 99.96% Spherical Graphite for Lac Rainy.*
- ⁹ *Metals Australia Ltd (ASX:MLS), 3 Feb. 21. Lac Rainy Graphite Study Delivers Strong Economics with Upside.*
- ¹⁰ *Patriot Battery Metals Inc. (TSXV:PMET). Corporate Presentation, September 2022.*
- ¹¹ *ASX Announcement 17 August 2022. Key Battery Metals Projects Acquired on Discounted Terms.*
- ¹² *Metals Australia Limited, 7/11/22. EM anomalies – Nickel Sulphide Targets at Warrambie.*

ASX Listing Rules Compliance

In preparing this announcement, the Company has relied on the announcements previously made by the Company as listed under “References”. The Company confirms that it is not aware of any new information or data that materially affects those announcements previously made, or that would materially affect the Company from relying on those announcements for the purpose of this announcement.

Competent Persons Declaration

The information in this report that relates to Exploration Results, Mineral Resources and Metallurgy is based on information compiled and/or reviewed by Mr Jonathon Dugdale. Mr Dugdale is the Technical Advisor to Metals Australia Ltd and a Fellow of the Australian Institute of Mining and Metallurgy (‘FAusIMM’). Mr Dugdale has sufficient experience, including over 35 years’ experience in exploration, resource evaluation, mine geology, development studies and finance, 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 Dugdale consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

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

Caution Regarding Forward-Looking Information

This document contains forward-looking statements concerning Metals Australia Ltd. 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.

DIRECTORS' REPORT (continued)

3. FINANCIAL RESULT

The Group incurred a loss after income tax of \$305,454 (2021: loss of \$326,809) for the half year period. As at 31 December 2022 the Group had cash funds of \$16,718,905 (30 June 2022: \$19,064,405).

Net assets of the group have increased by \$3,429,993 from \$30,510,693 at 30 June 2022 to \$33,940,686 at 31 December 2022.

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, 14 March 2023

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

As auditor for the review of Metals Australia Limited and its subsidiaries for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, 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 14th day of March 2023.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

	Consolidated	
	Half year 2022 \$	Half year 2021 \$
Revenue		
Interest earned	278,000	47
Gain on sale of assets	-	40,000
	278,000	40,047
Expenditure		
Change in fair value of investments	(15,360)	(5,000)
Key management personnel remuneration	(26,443)	(29,940)
Management fees	(158,592)	(144,000)
ASX listing fees	(55,035)	(34,715)
Professional fees	(117,540)	(69,975)
Other expenses	(32,280)	(26,690)
Share based payments	(178,204)	-
Canadian bank fraud	-	(56,535)
	(583,454)	(366,856)
Loss before income tax	(305,454)	(326,809)
Income tax benefit	-	-
Loss for the period	(305,454)	(326,809)
Other comprehensive loss		
Items that may be subsequently transferred to profit or loss:		
Exchange differences on translating foreign controlled entities	(96,523)	24,764
Total comprehensive loss for the half year	(401,977)	(302,045)
Loss for the period attributable to:		
Owners of the parent	(305,454)	(326,809)
Non-controlling interest	-	-
Total loss for the half year, net after tax	(305,454)	(326,809)
Total comprehensive loss for the period attributable to:		
Owners of the parent	(401,977)	(302,045)
Non-controlling interest	-	-
Total comprehensive loss for the half year	(401,977)	(302,045)
		Cents
Earnings per share		
Basic and diluted profit /(loss) per share	(0.05)	(0.01)

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Consolidated	
	31 December 2022	30 June 2022
	Note	
		\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents		16,718,905
Trade and other receivables	4	361,709
Financial assets	5	56,842
Prepayment		4,293
Payne Gully deposit		-
TOTAL CURRENT ASSETS		<u>17,141,749</u>
NON-CURRENT ASSETS		
Exploration and evaluation expenditure	6	17,056,291
TOTAL NON-CURRENT ASSETS		<u>17,056,291</u>
TOTAL ASSETS		<u>34,198,040</u>
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables		257,354
TOTAL CURRENT LIABILITIES		<u>257,354</u>
TOTAL LIABILITIES		<u>257,354</u>
NET ASSETS		<u>33,940,686</u>
EQUITY		
Issued capital	8	60,340,809
Share option reserve	9	1,710,368
Foreign currency translation reserve		167,778
Accumulated losses		(29,555,118)
Parent interests		32,663,837
Non-controlling interest		1,276,849
TOTAL EQUITY		<u>33,940,686</u>
		<u>30,510,693</u>

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

	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 2021	36,161,053	151,079	99,995	(27,035,417)	9,376,710	(75,917)	9,300,793
Loss for the period	-	-	-	(326,809)	(326,809)	-	(326,809)
Other comprehensive income for the period	-	-	24,764	-	24,764	-	24,764
Total comprehensive income/(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
BALANCE AT 1 JULY 2022	58,139,809	1,432,164	264,301	(29,249,664)	30,586,610	(75,917)	30,510,693
Loss for the period	-	-	-	(305,454)	(305,454)	-	(305,454)
Other comprehensive loss for the period	-	-	(96,523)	-	(96,523)	-	(96,523)
Total comprehensive loss for the period	-	-	(96,523)	(305,454)	(401,977)	-	(401,977)
Shares issued	2,301,000	-	-	-	2,301,000	1,352,766	3,653,766
Issue of options	(100,000)	278,204	-	-	178,204	-	178,204
BALANCE AT 31 DECEMBER 2022	60,340,809	1,710,368	167,778	(29,555,118)	32,663,837	1,276,849	33,940,686

The accompanying notes form part of these financial statements

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

	Consolidated	
	Half year 2022	Half year 2021
	\$	\$
Cash Flows from Operating Activities		
Payments to suppliers and employees	(355,834)	(357,422)
Interest received	147,438	47
Other – Canadian bank fraud	-	(56,535)
<i>Net cash used in operating activities</i>	<u>(208,396)</u>	<u>(413,910)</u>
Cash Flows from Investing Activities		
Payment for exploration expenditure and acquisitions	(947,042)	(239,820)
Payment to acquire Payne Gully Gold Pty Ltd	(1,190,062)	-
Receipts from asset sales	-	40,000
<i>Net cash used in investing activities</i>	<u>(2,137,104)</u>	<u>(199,820)</u>
Cash Flows from Financing Activities		
Proceeds from share issue	-	1,517,054
Share issue costs	-	(100,259)
<i>Net cash provided by / (used in) financing activities</i>	<u>-</u>	<u>1,416,795</u>
Net increase / (decrease) in Cash and Cash Equivalents	(2,345,500)	803,065
Cash and Cash Equivalents at the Beginning of the Half Year	19,064,405	983,974
Cash and Cash Equivalents at the End of Half Year	<u>16,718,905</u>	<u>1,787,039</u>

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Metals Australia Ltd is a company domiciled in Australia.

This general purpose financial report for the interim half year reporting period ended 31 December 2022 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 2022 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.

The Group has considered the implications of new or amended Accounting Standards, but determined that their application to the financial report is either not relevant or not material.

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 2022.

3. CAPITAL 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 2022	June 2022
	\$	\$
Canadian mining, corporate and sales tax receivable	162,920	161,657
Interest receivable	130,562	-
GST receivable	50,198	147,913
Other receivables	18,029	11,545
	<u>361,709</u>	<u>321,115</u>

5. FINANCIAL ASSETS

	December 2022	June 2022
	\$	\$
Investment in listed shares	<u>56,842</u>	<u>72,202</u>
	<u>56,842</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 2022**

6. EXPLORATION AND EVALUATION EXPENDITURE

	December 2022	June 2022
	\$	\$
Opening balance	9,384,069	8,047,719
Exploration and evaluation expenditure	1,000,552	1,143,731
Exploration and evaluation - foreign currency movements	(92,158)	192,619
Acquisition of Payne Gully Gold Pty Ltd	6,763,828	-
Closing balance	17,056,291	9,384,069

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

The Group has two reportable segments as follows:

- (i) Australian Projects
- (ii) Canadian 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 2022**

7. OPERATING SEGMENTS (continued)

Segment Performance – December 2022	Australia	Canada	Total
Revenue	\$	\$	\$
Interest revenue	278,000	-	278,000
Total Group revenue	278,000	-	278,000
Segment profit/(loss)			
Management Fees	(158,592)	-	(158,592)
Share Based Payments	(178,204)	-	(178,204)
Corporate overheads	(246,658)	-	(246,658)
Total Group profit/(loss)	(305,454)	-	(305,454)
Segment assets	30,571,143	3,626,897	34,198,040
Segment liabilities	257,354	-	257,354
	Australia	Canada	Total
Segment Performance – December 2021			
Revenue	\$	\$	\$
Interest revenue	47	-	47
Gain on sale of shares	40,000	-	40,000
Total group revenue	40,047	-	40,047
Segment profit/(loss)			
Management Fees	(144,000)	-	(144,000)
Canadian bank fraud	-	(56,535)	(56,535)
Corporate overheads	(166,081)	(240)	(166,321)
Total Group profit/(loss)	(270,034)	(56,775)	(326,809)
Segment assets	6,973,421	3,586,402	10,559,823
Segment liabilities	144,280	-	144,280

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

8. ISSUED CAPITAL

Date	Details	Number of Shares	Amount \$
01/07/2021	Balance	4,227,188,047	36,161,053
30/09/2021	Shares issued at \$0.0015 per share	1,011,369,312	1,517,054
Total		5,238,557,359	37,668,107
16/02/2022	20:1 Consolidation	261,928,095	37,668,107
16/03/2022	Shares issued at \$0.078 per share	100,000	7,800,000
Various	Conversion of MLSOB options	136,733,066	9,669,248
Various	Conversion of MLSOC options	14,394,748	863,685
Various	Conversion of MLSOD options	14,980,282	749,014
20/06/2022	Shares issued as part consideration of acquisition of Payne Gully Gold Pty Ltd	40,000,000	1,920,000
	Capital raising costs	-	(540,245)
30/06/2022	Balance	568,036,191	58,139,809
01/07/2022	Balance	568,036,191	58,139,809
17/08/2022	Shares issued as part consideration of acquisition of Payne Gully Gold Pty Ltd	39,000,000	2,301,000
17/08/2022	Capital raising costs (issue of options)	-	(100,000)
31/12/2022	Balance	607,036,191	60,340,809

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.

9. SHARE OPTION RESERVE

Date	Details	Number of Options	Amount
01/07/2021	Balance	2,784,660,799	151,079
16/02/2022	20:1 Consolidation	139,233,036	151,079
Various	Issue of options	177,068,501	1,379,018
Various	Conversion of options	(166,108,066)	(97,933)
30/06/2022	Balance	150,193,471	1,432,164
01/07/2022	Balance	150,193,471	1,432,164
17/08/2022	Issue of options	4,000,000	100,000
16/12/2022	Issue of unlisted options	8,000,000	178,204
31/12/2022	Balance	162,193,471	1,710,368

The weighted average remaining contractual life of options outstanding at year end is 1.18 years.

At the end of the reporting period there were 114,019,718 options exercisable at \$0.05 each on or before 10 February 2024, 37,673,753 options exercisable at \$0.06 each on or before 31 December 2023, 4,000,000 options exercisable at \$0.08 each on or before 30 November 2025, 4,000,000 options exercisable at \$0.15 each on or before 30 November 2025, and 2,500,000 options exercisable at \$0.07 each on or before 1 January 2023.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 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 2022 \$	Half Year Ended 31 December 2021 \$
Sabre Resources Ltd	Common Directors	Investment in shares	6,840	7,200
Golden Deeps Ltd	Common Directors	Investment in shares	50,000	60,000
Corporate Resource Services Pty Ltd	Management services	Management fees	158,592	144,000

The Company expensed director fees of \$6,000 (2021: nil) from Odyssey Counselling and Coaching, an entity related to Rachelle Domansky. \$3,000 of this remained payable as at 31 December 2022 (excluding GST) (2021: nil).

The Company expensed director fees of nil (2021: \$6,000) and consulting fees of nil (2021: \$28,908) from Internazionale Consulting Pty Ltd, an entity related to Gino D'Anna. An amount of nil (excluding GST) (2021: \$1,500) remained payable as at 31 December 2022.

The Company expensed director fees of nil (2021: \$6,000) from Profit & Resource Management Pty Ltd, an entity related to Robert Collins. None of this remained payable as at 31 December 2022 (excluding GST) (2021: nil).

11. EVENTS SUBSEQUENT TO REPORTING DATE

No 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.

12. ACQUISITION OF PAYNE GULLY GOLD PTY LTD

During the year the Company acquired an 80% interest in Payne Gully Gold Pty Ltd, a company holding tenement assets in Western Australia and the Northern Territory. The transaction has been treated as an asset acquisition.

	31 December 2022 \$
Total consideration	5,411,062
Exploration and evaluation assets acquired	6,763,828
Outside equity interest	(1,352,766)
	<u>5,411,062</u>

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 2022 and of its performance for the half-year ended on that date; and
 - (ii) Complying with Australian Accounting Standard AASB 134 Interim Financial Reporting.
- (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, 14 March 2023

INDEPENDENT AUDITOR'S 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 subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year then ended, 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 Group is not in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Group's financial position as at 31 December 2022 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 Group 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 Group, 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 Group 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 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 Group's financial position as at 31 December 2022 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 14th day of March 2023.