



ABN 51 127 297 170

Interim Financial Report
For the Half Year Ended 31 December 2016

METAL BANK LIMITED AND CONTROLLED ENTITY
ABN 51 127 297 170

INTERIM FINANCIAL REPORT
For the Half Year Ended 31 December 2016

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COMPANY DIRECTORY

DIRECTORS

Inés Scotland
Tony Schreck
Guy Robertson

COMPANY SECRETARY

Sue-Ann Higgins

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STOCK EXCHANGE LISTING

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: MBK



METAL BANK LIMITED AND CONTROLLED ENTITY
ABN 51 127 297 170

INTERIM FINANCIAL REPORT
DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2016.

DIRECTORS

The names of Directors who held office during or since the end of the half year are:

Inés Scotland	Chairman
Guy Robertson	Executive Director
Anthony Schreck	Executive Director

RESULTS

The loss after tax for the half-year ended 31 December 2016 was \$296,965 (2015: \$354,802).

REVIEW OF OPERATIONS

Metal Bank Limited ('MBK' or 'the Company') is pleased to outline below the activities for the half year ended 31 December 2016.

HIGHLIGHTS

Triumph Project

- Discovery of high grade gold in drilling at New Constitution and Handbrake Hill prospects.
- Further high grade gold intersected in drilling at Bald Hill prospect.
- 6,000 metres of drilling completed.

Corporate

- Successful capital raising completed - \$5.4M (before costs).

Metal Bank Limited (ASX:MBK)

Metal Bank Limited ('MBK' or 'the Company') is pleased to outline below the activities on its **Eastern Australian Gold Projects** for the half year ended 31 December 2016.



Figure 1: Showing the location of the Triumph and Eidsvold Projects in SE Queensland.

Triumph Project (100% MBK)

The project is an intrusion related gold camp centred about the historical high grade Norton goldfield (mined in the late 1800's and again in the 1990's) located between Mt Rawdon (2Moz Au) gold mine and the historical Mt Morgan (8Moz Au and 0.4Mt Cu) mine in the Northern New England Orogen, south-east Queensland.

Exploration success by MBK on the Triumph project has led to the discovery of a large underexplored gold system through greenfields exploration around a historical goldfield. The 15km² gold system is 95% concealed beneath shallow alluvium and MBK has a unique opportunity and 'first mover' advantage to generate and drill test tier one and two targets on this previously unrecognised large gold system. Over ten priority targets have been generated. Drill testing of the first three targets returned high-grade Au-Ag results¹ supporting MBK's view that this underexplored and overlooked gold system holds significant upside to potentially host a multi-million ounce gold deposit. Refer to the figure 2 below showing the location of the priority targets including New Constitution, Bald Hill and Handbrake Hill prospects.

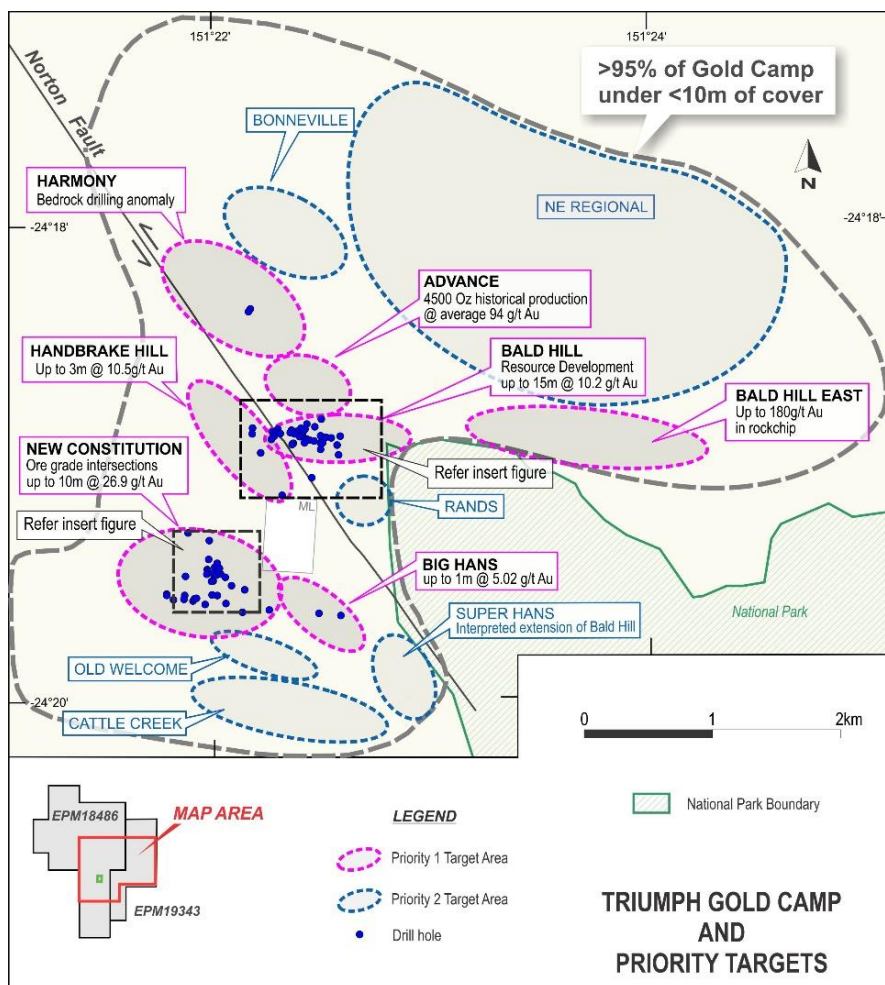


Figure 2: Triumph gold camp and priority targets.

Just over 6,000m of drilling was completed on the Triumph project during the six month period resulting in the discovery of near surface high grade Au-Ag-Zn mineralisation at New Constitution and Handbrake Hill prospects as well as further definition of high grade Au-Ag mineralisation at Bald Hill prospect.

¹ MBK ASX Release 20/06/2016, 05/09/2016, 17/01/2017

New Constitution Project

In June 2016 MBK completed the first drilling programme on the New Constitution prospect which returned an encouraging 18m @ 2.0g/t Au from surface² within the weather oxide zone. Interpretation that this oxide mineralisation may be gold depleted (through weathering and leaching) was confirmed when a follow-up drill hole in September 2016 returned 10m @ 26.9g/t Au, 165g/t Ag and 6% Zn from 51m³ associated with fresh rock / sulphide mineralisation. Subsequent drilling now defines a high grade mineralised zone extending over 250m strike on the 'discovery structure'. The mineralisation is open along strike and multiple parallel and sub-parallel structures collectively indicate over 2.5km of untested strike potential dominantly concealed by shallow cover. Detailed IP geophysics is planned in Q1 2017 to better define the extent of the mineralised structures beneath the shallow cover prior to the next phase of drilling.

Significant results from the drill programme at New Constitution during the period include⁴:

- **10m @ 26.9g/t Au, 165g/t Ag and 6.0% Zn** from 51m (*TDH056*) including
 - **7m @ 36.3g/t Au, 220g/t Ag and 7.9% Zn** from 51m (note an historical stope void was intersected from 41.5m to 51m)
- **3m @ 8.1 g/t Au, 79g/t Ag** from 35m (*TDH055*)
- **4m @ 4.1/t Au, 15g/t Ag and 0.1% Zn** from 36m (*TDH065*)
- **3m @ 6.2g/t Au, 55g.t Ag, 0.1% Cu, 0.2% Pb, 0.7% Zn** from 56m (*TDH072*)

The widespread occurrence of Zn associated with high-grade Au-Ag mineralisation is typical of the 'outer halo leakage' to many large intrusion related gold deposits of eastern Australia and could indicate that exploration to date has only investigated the peripheral or 'outer zones' of a potentially larger gold system. Reprocessing of IP geophysical data has identified a potential bulk tonnage gold target with drilling planned for Q1 2017 to investigate the geophysical anomaly.

² MBK ASX Release 21/06/2016

³ MBK ASX Release 05/09/2016

⁴ MBK ASX Release 05/09/2016, 28/11/2016

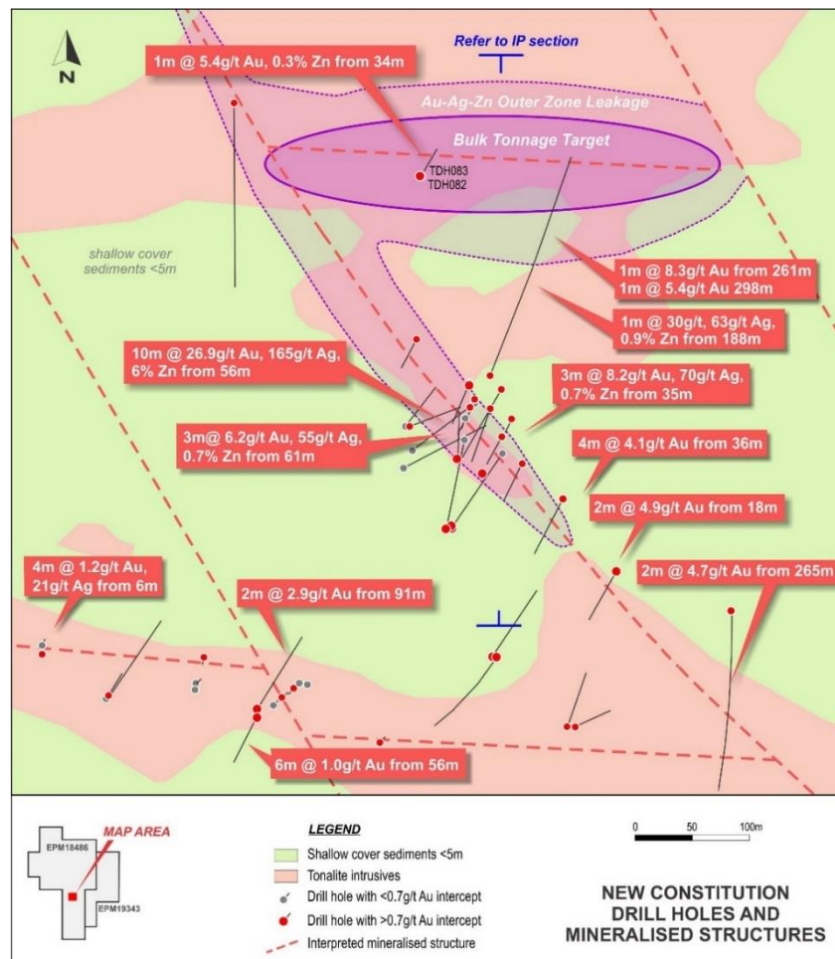


Figure 3: Drill plan of New Constitution prospect high grade structures, outer Au-Ag-Zn zone leakage that represents a halo to the bulk tonnage gold target.

Bald Hill Project

Near surface high grade Au mineralisation including 15m @ 10.3g/t Au, 76g/t Ag, 0.5% Cu from 9m, was intersected in June 2016⁵ with follow-up drilling completed in the last 6 months defining a broad high grade gold with an interpreted overall plunging geometry.

Significant results from the drill programme at Bald Hill prospect during the period include⁶:

- **7m @ 4.9g/t Au, 27g/t Ag, 0.2% Cu** from 11m (TDH040)
 - incl. **2m @ 12.7g/t Au, 74g/t Ag, 0.5% Cu** from 11m
- **8m @ 2.0g/t Au, 23g/t Ag** from 27m (TDH041)
- **14m @ 2.6/t Au, 34g/t Ag, 1.1% Cu** from 18m (TDH046)
 - Incl. **2m @ 10.6g/t Au, 152g/t Ag, 7.2% Cu** from 25m
- **10m @ 3.0g/t Au, 24g/t Ag, 0.2% Cu** from 16m (TDH047)
- **6m @ 2.0g/t Au, 9g/t Ag, 0.1% Zn** from 35m (TDH048)
- **14m @ 1.0g/t Au, 10g/t Ag, 0.1% Cu** from 12m (TDH049)

Drill results show continuity of near surface ore grade gold mineralisation (<40m below surface) extending over 200m of strike. This zone shows an excellent correlation with an Induced Polarisation (IP) geophysical anomaly⁷ which extends to greater than 300m depth, i.e. the limit of the survey / model. Results from a diamond drilling programme completed during the period to investigate the geometry of the high-grade mineralisation will be presented once received.

⁵ MBK ASX Release 21/06/2016

⁶ MBK ASX Release 14/09/2016

⁷ MBK ASX Release 22/07/2014

The western extensions to the Bald Hill mineralisation have now been intersected in drilling beneath shallow cover (<3m) and define an additional 200m of strike.

A summary of significant results returned from the western extension of Bald Hill include⁸:

- **3m @ 4.8g/t Au, 12g/t Ag** from 18m
- **1m @ 6.5g/t Au, 15g/t Ag, 0.5% Zn** from 23m

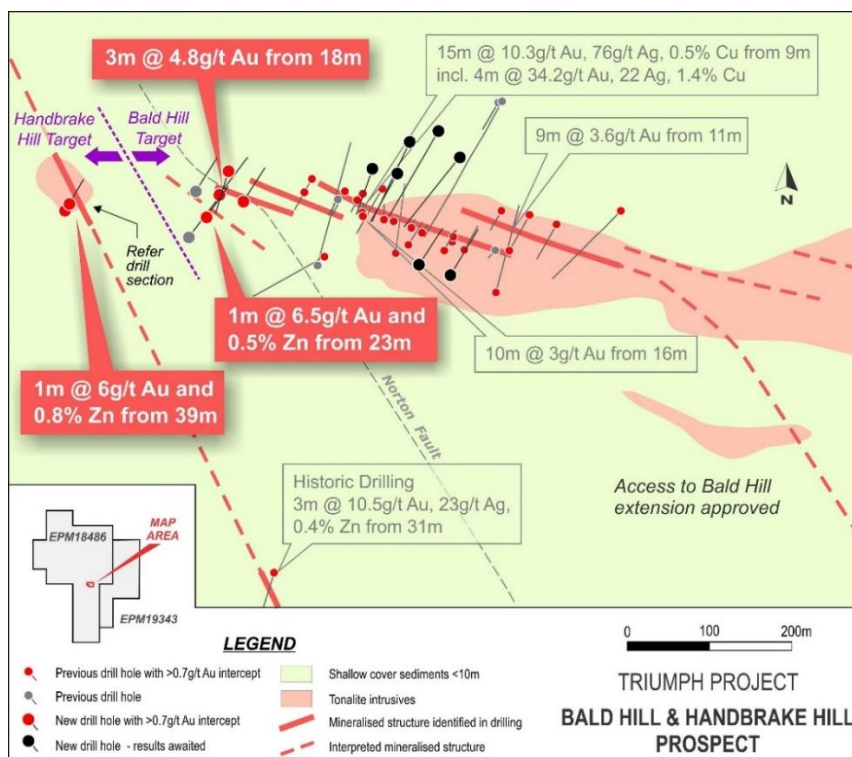


Figure 4: Drill hole plan showing Bald Hill and Handbrake Hill prospects

Handbrake Hill Project

Initial drilling by MBK during the period has intersected high grade gold within a broad alteration zone associated with a linear magnetic low. The magnetic low extends for >800m and is almost entirely concealed by shallow cover (<3m). Results from MBK drilling⁹ returned **1m @ 6.1g/t Au, 14g/t Ag, 0.8% Zn** from 39m within a broad mineralised envelope of 10m @ 1.2g/t Au, 8g/t Ag, 0.2% Zn from 32m associated with the magnetic low. An historical drill hole, 600m to the south along the magnetic low, intersected further high grade mineralisation including **3m @ 10.5g/t Au, 23g/t Ag, 0.6% Zn** from 31m (2007), refer to Figure 4.

Detailed IP geophysics is planned in Q1 2017 to better define the extent of the shallow mineralised structures beneath the shallow cover prior to further drilling.

EPM 19486 which represent the core tenement on the **Triumph Project** has been renewed in full for a further 5 years.

Recent changes to the environmental conditions associated with the **Triumph Project**, removing the 300m buffer zone, now allow exploration and drilling to be conducted up to the boundary of the National Park situated in the south east of the project. These changes now open up additional priority targets on the project including the extensions of the Bald Hill mineralisation and the Super Hans target area in the SE of the project.

⁸ MBK ASX Release 17/01/2017

⁹ MBK ASX Release 17/01/2017

Table 1: Priority gold targets within the Triumph gold camp (shown in Figure 2).

	Target	Attributes	Highlights
Advanced	New Constitution	Immediate Resource potential - Combined 3km	Up to 10m @ 26.9g/t Au, 165g/t Ag and 6.0% Zn from 51m (open)
	Bald Hill	Immediate Resource potential	Up to 15m @ 10.3g/t Au, 76g/t Ag, 0.5% Cu from 9m
Brownfields	Handbrake Hill	>1km strike potential	3m @ 10.5 g/t Au from historical drilling
	Advance	Historical gold camp	4500 Oz Au at 94 g/t Au historical production
	Big Hans	Interpreted extension of Bald Hill	Up to 4m @ 3.67 g/t Au from 22m historical drilling
	Harmony	>1km strike potential	Up to 62.8 g/t Au and 161 g/t Ag in rockchip
	Super Hans	100m x >500m long shear zone	Up to 20.1 g/t Au in rockchip
	Old Welcome	>800m long shear zone	Up to 32.7 g/t Au in rockchip
	Cattle Creek	>1km long shear zone	Up to 53.5 g/t Au in rockchip
Greenfields	Bonneville	>1km strike potential	Up to 255 g/t Au in float rockchip
	Rands	Southern extension of Bald Hill	Up to 20.3 g/t Au in historical stream sediment
	NE Regional	5km ²	Untested area within fertile intrusive, masked by shallow cover

Eidsvold Project (100% MBK)

The Eidsvold project is centred on the historical Eidsvold goldfield (100,000oz Au mined in the early 1900's) within the Eidsvold intrusive complex, located between the Cracow (3Moz Au) and Mt Rawdon (2Moz Au) gold mines in the Northern New England Orogen (refer to Figure 1). No exploration activity was completed on the project during the Period. Preparation is well underway to commence an IP survey over three gold targets in Q1 2017, with initial drilling planned in Q2 2017.

New Opportunities

The Company continues to review new project opportunities with a view to identifying projects that fit with its growth strategy and have the ability to add shareholder value.

The Company may also consider alternative funding structures for developing its projects which reduce risk and add shareholder value.

Corporate

During the period the Company successfully raised \$5.4 million (before costs), issuing 116,666,667 shares at 3 cents each, through a placement to sophisticated investors and a rights issue, issuing 62,620,330 shares at 3 cents each.

For further information contact:

Tony Schreck, Managing Director Email: tony@metalbank.com.au

About Metal Bank

Metal Bank Limited is an ASX-listed minerals exploration company (ASX: MBK).

Metal Bank's core focus is creating value through a combination of exploration success and quality project acquisition. The company's key projects are the Triumph and Eidsvold gold projects situated in the northern New England Fold Belt of central Queensland, which also hosts the Cracow (3Moz Au), Mt Rawdon (2Moz Au), Mt Morgan (8Moz Au, 0.4Mt Cu) and Gympie (5Moz Au) gold deposits.

The company has an experienced Board and management team that brings regional knowledge, expertise in early stage exploration and development, relevant experience in the mid cap ASX-listed resource sector and a focus on sound corporate governance.

Competent Persons Statement

The information in this document that relates to Exploration Results and Mineral Resources is based on information compiled or reviewed by Mr Tony Schreck, who is a Member of The Australasian Institute of Geoscientists. Mr Schreck is an employee of the Company. Mr Schreck has sufficient experience which 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 in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Schreck consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the Directors, other than the matters covered above in this report and the accounts and notes attached thereto, there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial period under review.

DIVIDENDS

No dividends have been paid or declared since the end of the previous financial year to the date of this report.

EVENTS SUBSEQUENT TO REPORTING DATE

There have been no events subsequent to year end which would have a material effect on the consolidated entity's financial statements at 31 December 2016.

AUDITOR'S INDEPENDENCE DECLARATION

Auditors' Independence Declaration under Section 307C of the Corporations Act 2001.

The lead auditor's independence declaration for the half year ended 31 December 2016 is set out on page 9.

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



Guy Robertson
Director
Sydney
Dated: 10 March 2017

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Metal Bank Limited for the half year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink that reads 'RSM'.**RSM AUSTRALIA PARTNERS**A handwritten signature in blue ink that reads 'C J Hume'.

C J HUME
Partner

Sydney, NSW
Dated: 10 March 2017

METAL BANK LIMITED AND CONTROLLED ENTITY
ABN 51 127 297 170

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the half year ended 31 December 2016

	Note	31 December 2016 \$	31 December 2015 \$
Revenue	2	22,497	2,646
Administration expenses		(40,805)	(54,606)
Employee benefits expense		(75,686)	(78,989)
Compliance and regulatory expenses		(88,583)	(47,123)
Occupancy costs		(557)	(17,944)
Director fees		(25,000)	(25,000)
Management and consulting fees		(51,983)	(68,769)
Travel expenses		(17,200)	(8,165)
Borrowing costs		(5,000)	(13,700)
Realised foreign exchange loss		(14,649)	(43,152)
(Loss) before income tax		(296,965)	(354,802)
Income tax expense		-	-
(Loss) for the period		(296,965)	(354,802)
Other comprehensive income		-	-
Total comprehensive (loss) for the period		(296,965)	(354,802)
Basic and diluted loss per share (cents per share)		(0.05)	(0.10)

The accompanying notes form part of this financial report.

METAL BANK LIMITED AND CONTROLLED ENTITY
ABN 51 127 297 170

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2016

	Issued Capital	Reserves	Accumulated Losses	Total
	\$	\$	\$	\$
Balance as at 1 July 2016	11,720,252	137,520	(8,843,890)	3,013,882
Shares issued during the period	5,912,759	-	-	5,912,759
Total comprehensive (loss) for the period	-	-	(296,965)	(296,965)
Balance as at 31 December 2016	17,633,011	137,520	(9,140,855)	8,629,676

Balance as at 1 July 2015	10,577,912	175,020	(6,863,661)	3,889,271
Shares issued during the period	500,000	-	-	500,000
Total comprehensive (loss) for the period	-	-	(354,802)	(354,802)
Balance as at 31 December 2015	11,077,912	175,020	(7,218,463)	4,034,469

The accompanying notes form part of this financial report.

METAL BANK LIMITED AND CONTROLLED ENTITY
ABN 51 127 297 170

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Note	31 December 2016 \$	30 June 2016 \$
CURRENT ASSETS			
Cash and cash equivalents		4,202,621	367,846
Trade and other receivables		57,635	38,902
Financial assets		1,250	1,250
TOTAL CURRENT ASSETS		4,261,506	407,998
NON-CURRENT ASSETS			
Plant and equipment		11,052	2,111
Evaluation and exploration expenditure		4,624,229	3,426,949
TOTAL NON-CURRENT ASSETS		4,635,281	3,429,060
TOTAL ASSETS		8,896,787	3,837,058
CURRENT LIABILITIES			
Trade and other payables		267,111	120,322
Borrowings		-	702,854
TOTAL CURRENT LIABILITIES		267,111	823,176
TOTAL LIABILITIES		267,111	823,176
NET ASSETS		8,629,676	3,013,882
EQUITY			
Share Capital	4	17,633,011	11,720,252
Reserves		137,520	137,520
Accumulated losses		(9,140,855)	(8,843,890)
TOTAL EQUITY		8,629,676	3,013,882

The accompanying notes form part of this financial report.

METAL BANK LIMITED AND CONTROLLED ENTITY
ABN 51 127 297 170

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Half Year Ended 31 December 2016

	31 December 2016 \$	31 December 2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(408,239)	(314,966)
Interest received	15,802	462
Net cash used in operating activities	<u>(392,437)</u>	<u>(314,504)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(9,975)	-
Payment for exploration and evaluation	(967,717)	(526,316)
Net cash used by investing activities	<u>(977,693)</u>	<u>(526,316)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issue	6,086,464	500,000
Cost of share issue	(173,705)	-
Repayment of borrowings	(707,854)	-
Net cash provided by financing activities	<u>5,204,905</u>	<u>500,000</u>
Net decrease in cash held	3,834,775	(340,819)
Cash at the beginning of the financial year	367,846	544,445
Cash at the end of the financial period	<u><u>4,202,621</u></u>	<u><u>203,626</u></u>

The accompanying notes form part of this financial report.

METAL BANK LIMITED AND CONTROLLED ENTITY
ABN 51 127 297 170

NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim financial report is a general purpose financial report prepared in accordance with the 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 interim financial report does not include all of the information required for a full annual financial report. This interim financial report should be read in conjunction with the annual financial report for the year ended 30 June 2016, together with any public announcements made by Metal Bank Limited and its controlled entity during the half-year.

These financial statements were authorised for issue on 7 March 2017.

Accounting policies

The accounting policies and methods of computation adopted in the preparation of this interim financial report are, unless otherwise stated, consistent with those adopted and disclosed in the most recent annual financial report.

New and revised Standards and Amendments

For the half-year reporting period to 31 December 2016, a number of new and revised Accounting Standard requirements became mandatory for the first time, some of which are relevant to the Group.

The adoption of all the new and revised Standards and Interpretations has not resulted in any material changes to the consolidated entity's accounting policies and has no effect on the amounts reported for the current or prior half-years.

2. REVENUE

	31 December 2016 \$	31 December 2015 \$
Revenue		
Interest income	22,497	469
Other revenue	-	2,177
	<u>22,497</u>	<u>2,646</u>

METAL BANK LIMITED AND CONTROLLED ENTITY
ABN 51 127 297 170

NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2016

3. SEGMENT INFORMATION

The consolidated entity operates in Australia. In the prior period the Company operated in Australia and the United States of America. The consolidated entity has one business segment, mineral and mining exploration, and all of the consolidated entity's resources are employed for this purpose.

Project Segments

	Mason Valley Copper Project	Australian Projects	Unallocated	Total
31 December 2016	\$	\$	\$	\$
Segment revenue	-	-	22,497	22,497
Segment expenses	-	-	(319,462)	(319,462)
Segment result	-	-	(296,965)	(296,965)
Segment assets	-	4,624,229	4,272,558	8,896,787
Segment liabilities	-	-	267,111	267,111

Project Segments

	Mason Valley Copper Project	Australian Projects	Unallocated	Total
31 December 2015	\$	\$	\$	\$
Segment revenue	-	-	2,646	2,646
Segment expenses	-	-	(357,448)	(357,448)
Segment result	-	-	(354,802)	(354,802)
Segment assets	1,323,573	3,246,075	243,517	4,813,165
Segment liabilities	-	-	698,700	698,700

4. SHARE CAPITAL

	31 December 2016	30 June 2016
	\$	\$
712,418,760 (30 June 2016 – 509,536,630) fully paid ordinary shares	17,633,011	11,720,252

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

METAL BANK LIMITED AND CONTROLLED ENTITY
ABN 51 127 297 170

NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2016

Reconciliation of movements in share capital during the year:

	December 2016 No. Shares	June 2016 No. Shares	December 2016 \$	June 2016 \$
Opening balance – start of reporting period	509,536,630	330,929,445	11,720,252	10,577,912
Share placement 8 Sep 2015	-	23,333,333	-	350,000
Share placement 16 Nov 2015	-	10,000,000	-	150,000
Share issue 30 Mar 2016	-	25,000,000	-	100,000
Share issue 11 Apr 2016	-	1,271,186	-	37,500
Share issue 11 May 2016	-	116,125,000	-	464,500
Share issue 30 Jun 2016	-	2,877,666	-	43,165
Share placement 30 Sep 2016	116,666,667	-	3,500,000	-
Rights issue 21 Oct 2016	62,620,330	-	1,878,610	-
Shares issued on conversion of loan 25 Nov 2016	23,595,133	-	707,854	-
Costs of share issue	-	-	(173,705)	(2,825)
Closing balance – end of reporting period	<u>712,418,760</u>	<u>509,536,630</u>	<u>17,633,011</u>	<u>11,720,252</u>

5. SHARE OPTIONS

	31 December 2016 No.	30 June 2016 No.
Movements in share options		
At beginning of reporting period	15,000,000	15,000,000
Options expired during the period	-	-
At end of reporting period	<u>15,000,000</u>	<u>15,000,000</u>

The Company has the following options outstanding as at 31 December 2016.

Grant/Issue Date	Expiry Date	Exercise Price	Number	Listed/Unlisted
2 December 2013	30 November 2018	3 cents	15,000,000	Unlisted

6. EVENTS SUBSEQUENT TO REPORTING DATE

There have been no events subsequent to year end which would have a material effect on the consolidated entity's financial statements at 31 December 2016.

7. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The consolidated entity currently has no contingent assets or contingent liabilities.

METAL BANK LIMITED AND CONTROLLED ENTITY
ABN 51 127 297 170

DIRECTORS' DECLARATION
For the Half Year Ended 31 December 2016

The Directors of the consolidated entity declare that:

1. The financial statements and notes, as set out on pages 9 to 16 are in accordance with the Corporations Act 2001 and:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

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



Guy Robertson
Director

Sydney
Dated: 10 March 2017

RSM Australia Partners

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www.rsm.com.au**INDEPENDENT AUDITOR'S REVIEW REPORT****TO THE MEMBERS OF****METAL BANK LIMITED****Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Metal Bank Limited which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 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*. As the auditor of Metal Bank Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Metal Bank Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

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 Metal Bank Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

A blue ink signature that appears to read "RSM" in a stylized, cursive script.

RSM AUSTRALIA PARTNERS

A blue ink signature that appears to read "C J Hume" in a stylized, cursive script.

C J HUME
Partner

Sydney, NSW
Dated: 10 March 2017