



METAL HAWK

LIMITED

Metal Hawk Limited

ABN 24 630 453 664

Interim Financial Report

For the half-year ended 31 December 2020

METAL HAWK LIMITED
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CORPORATE DIRECTORY

Directors

Mr Brett Lambert

Mr William Belbin

Mr David Pennock

Company Secretary

Mr Chris Marshall

Registered and Principal Office

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Postal Address

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West Perth WA 6005

Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Share Registry

Automic Pty Ltd
Level 2/267 St Georges Terrace
Perth WA 6000

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Stock Exchange Listing

Shares: ASX Code MHK

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METAL HAWK LIMITED

DIRECTORS' REPORT

For the half-year ended 31 December 2020

DIRECTORS' REPORT

Your Directors submit the Interim Report of Metal Hawk Limited (**ASX:MHK**) ("**the Company or MHK**") for the half-year ended 31 December 2020. To comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

DIRECTORS

The names of the Directors who held office during the whole of the interim period and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

Brett Lambert	Non-Executive Chairman
William Belbin	Managing Director
David Pennock	Executive Director

REVIEW OF RESULTS AND FINANCIAL POSITION

MHK is listed on the Australian Securities Exchange (ASX), classified as a West Australian junior gold explorer, and has approximately 47.25 million shares on issue at the date of this report. The Company has not reached a stage in its development where it is generating an operating profit.

The net loss after income tax for the half-year was \$832,506 (31 December 2019: \$453,307), which included exploration expenditure of \$4,331 (31 December 2019: \$164,312).

REVIEW OF OPERATIONS

During the half year period MHK successfully listed on the ASX with an oversubscribed IPO raising \$5.5m. Prior to listing MHK signed an Earn-In and Joint Venture Agreement with Western Areas Limited (ASX: WSA) whereby WSA have the right to earn a 75% interest in three of MHK's projects; Kanowna East, Emu Lake and Fraser South by spending \$7.0 million over 5 years. MHK is free carried to decision to mine and retains gold rights at Kanowna East and Emu Lake.

During the period MHK commenced drilling across its Emu Lake and Kanowna East targets further progressing the exploration potential with positive first round results.

Please refer to the Company's announcements for further information.

METAL HAWK LIMITED

DIRECTORS' REPORT

For the half-year ended 31 December 2020

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors there were no matters that significantly affected the state of affairs of the Company during the financial year, other than those matters referred to in the overview above.

MATTERS SUBSEQUENT TO BALANCE DATE

There have been no matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the Company, the results of these operations, or the state of affairs of the Company in future financial years.

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 immediately after this Directors' report.

Signed in accordance with a resolution of the Directors.



William Belbin

Managing Director

Dated at Perth 15 day of March 2021.

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF METAL HAWK LIMITED

As lead auditor for the review of Metal Hawk Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

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



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 15 March 2021

METAL HAWK LIMITED
INTERIM FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	31 December 2020 \$	30 June 2020 \$
Assets			
Cash and cash equivalents		1,850,399	97,993
Trade and other receivables		78,812	826
Deposits and bonds	3.1	3,016,364	-
Prepayments		-	67,223
Total current assets		4,945,575	166,042
Property, plant and equipment	5.1	46,260	-
Right of use assets	5.2	64,285	-
Exploration and evaluation assets	4.1	1,313,119	194,155
Total non-current assets		1,423,664	194,155
Total assets		6,369,239	360,197
Liabilities			
Trade and other payables		(58,070)	(84,699)
Employee benefits		(3,008)	-
Lease liabilities	5.3	(34,645)	-
Total current liabilities		(95,723)	(84,699)
Lease liabilities	5.3	(30,332)	-
Total non-current liabilities		(30,332)	-
Total liabilities		(126,055)	(84,699)
Net assets		6,243,184	275,498
Equity			
Share capital	6.1	7,030,655	765,949
Reserves		1,024,000	488,514
Accumulated losses		(1,811,471)	(978,965)
Total equity		6,243,184	275,498

The above statement of financial position should be read in conjunction with the accompanying notes.

METAL HAWK LIMITED
INTERIM FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	31 December 2020 \$	31 December 2019 \$
Exploration expensed		(4,331)	(164,312)
General and administrative expenses	2.2	(447,005)	(9,107)
Professional fees		(39,598)	(37,595)
Personnel expenses	2.2	(316,885)	(209,830)
Marketing and business development		(15,419)	(19,809)
Depreciation and amortisation		(6,848)	-
Finance expenses		(806)	-
Other expenses		(1,614)	(12,654)
Loss before income tax		(832,506)	(453,307)
Income tax expense		-	-
Loss for the period		(832,506)	(453,307)
Loss per share			
Basic and diluted (cents per share)		(2.85)	(4.00)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

METAL HAWK LIMITED
FINANCIAL STATEMENTS

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

	Note	Issued capital \$	Share-based payments reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2020		765,949	488,514	(978,965)	275,498
Total comprehensive loss for the period					
Loss for the period		-	-	(832,506)	(832,506)
Total comprehensive loss for the period		-	-	(832,506)	(832,506)
Transactions with owners, recorded directly in equity:					
Contributions by and distributions to owners					
Issue of ordinary shares	6.1	6,250,000	-	-	6,250,000
Share-based payment transactions	6.1/ 7.1	344,901	535,486	-	880,387
Capital raising costs		(330,195)	-	-	(330,195)
Total contributions by and distributions to owners		6,264,706	535,486	-	6,800,192
Balance at 31 December 2020		7,030,655	1,024,000	(1,811,471)	6,243,184

The above statement of changes in equity should be read in conjunction with the accompanying notes.

METAL HAWK LIMITED
FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Note	Issued capital \$	Share-based payments reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2019		308,658	-	(66,725)	241,933
Total comprehensive loss for the period					
Loss for the period		-	-	(453,307)	(453,307)
Total comprehensive loss for the period		-	-	(453,307)	(453,307)
Transactions with owners, recorded directly in equity:					
Contributions by and distributions to owners					
Issue of ordinary shares	6.1	242,812	-	-	242,812
Share-based payment transactions	6.1/ 7.1	42,635	182,983	-	225,618
Capital raising costs		(9,000)	-	-	(9,000)
Total contributions by and distributions to owners		276,447	182,983	-	459,430
Balance at 31 December 2019		585,105	182,983	(520,032)	248,056

The above statement of changes in equity should be read in conjunction with the accompanying notes.

METAL HAWK LIMITED
FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	31 December 2020	31 December 2019
Note	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(551,744)	(103,179)
Interest paid	(806)	-
Payments for exploration expensed	(4,331)	(164,312)
Net cash used in operating activities	(556,881)	(267,491)
Cash flows from investing activities		
Payments for property, plant and equipment	(46,987)	-
Payments for capitalised exploration	(696,627)	-
Payment for term deposit	(3,000,000)	-
Net cash used in investing activities	(3,743,614)	-
Cash flows from financing activities		
Proceeds from issue of shares	6,250,000	242,812
Payment of capital raising costs	(191,669)	-
Payment of lease liabilities	(5,430)	-
Net cash from financing activities	6,052,901	242,812
Net increase / (decrease) in cash and cash equivalents	1,752,406	(24,679)
Cash and cash equivalents at commencement of period	97,993	182,727
Cash and cash equivalents at period end	1,850,399	158,048

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

SECTION 1 BASIS OF PREPARATION

This financial report for the half-year ended 31 December 2020 is a condensed general purpose financial report prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

The half-year financial report should be read in conjunction with the most recent annual financial report for the year ended 30 June 2020.

It is also recommended that the half-year financial report be considered together with any public announcements made by the Company during the half-year ended 31 December 2020 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

1.1 SIGNIFICANT ACCOUNTING POLICIES

The Company has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

Adoption of new and revised standards

Standards and interpretations applicable to 31 December 2020

For the half-year ended 31 December 2020, the Directors have reviewed all new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the reporting periods beginning on or after 1 July 2020.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and therefore no material change is necessary to Company accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted that are relevant to the Company and effective for the reporting periods beginning on or after 1 January 2021.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations in issue not yet adopted on the Company and therefore no material change is necessary to Company accounting policies.

Asset Acquisitions

Where an acquisition does not meet the definition of a business combination, the transaction is accounted for as an asset acquisition. The consideration transferred for the acquisition of an asset comprises the fair values of the assets transferred, the liabilities assumed, and the equity interests issued by the Company. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs with regards to the acquisition are capitalised. Identifiable assets acquired and liabilities assumed in the acquisitions are measured at their fair value at the acquisition date.

Where settlement of any part of cash consideration is deferred and/or contingent, the probability of making these future payments is assessed as at acquisition date and measured accordingly. The amounts payable in the future are discounted to their present value as at the date of exchange. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in profit or loss.

METAL HAWK LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1.2 JUDGEMENTS AND ESTIMATES

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2020, except as disclosed below.

Contingent Consideration

The Company executed several asset acquisitions during the current period, of which deferred contingent consideration has been agreed as disclosed in the 30 June 2020 financial report. The Company holds the right, in their complete discretion. To settle any deferred consideration payable upon achievement of certain milestones via payment of cash or issue of equity. Judgement has been exercised in determining the likely settlement outcome, being settlement via equity. Consequently, no liability has been recognised in the financial statements with respect to deferred contingent considerations.

METAL HAWK LIMITED
NOTES TO THE FINANCIAL STATEMENTS

SECTION 2 RESULTS FOR THE YEAR

This section focuses on the results and performance of the Company, with disclosures including components of the operating loss.

2.1 OPERATING SEGMENTS

AASB 8 *Operating Segments* requires operating segments to be identified based on internal reports about components of the Company that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segment and to assess its performance.

The Company's operating segment has been determined with reference to the management accounts used by the Directors to make decisions regarding the Company's operations and allocation of working capital.

Based on the quantitative thresholds included in AASB 8, there is only one reportable segment, being base minerals exploration and evaluation in Australia.

The results of this segment are those of the Company as a whole and are set out in the statement of profit or loss and other comprehensive income and the assets and liabilities of the Company as a whole are set out in the statement of financial position.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since 30 June 2020.

2.2 RESULTS FOR THE PERIOD

(a) Significant items

	31 December 2020	31 December 2019
	\$	\$
General and Administrative		
Listing and registry expenses	409,593	-
Other expenses	37,412	9,107
Personnel expenses		
Wages and superannuation	84,898	-
Share-based payments	231,987	209,830

SECTION 3 WORKING CAPITAL DISCLOSURES

This section focuses on the cash funding available to the Company and working capital position at period end.

3.1 DEPOSITS AND BONDS

		31 December 2020	30 June 2020
		\$	\$
Current			
Term deposit	(i)	3,000,000	-
Rental bond		16,364	-
		3,016,364	-

- (i) Term deposit 1 (\$1m) has an interest rate of 0.4% and a maturity date of 30 May 2021.
 Term deposit 2 (\$2m) has an interest rate of 0.6% and a maturity date of 30 November 2021.

METAL HAWK LIMITED
NOTES TO THE FINANCIAL STATEMENTS

SECTION 4 ASSETS AND LIABILITIES SUPPORTING EXPLORATION AND EVALUATION

This section focuses on the assets and liabilities which form the core of the ongoing business, including those assets and liabilities which support ongoing exploration and evaluation as well as capital and other commitments existing at 31 December 2020.

Key estimates and assumptions in this section

Indicators of impairment for exploration and evaluation assets

The Company has reviewed exploration and evaluation assets for indicators of impairment in accordance with AASB 6 and has concluded that capitalised exploration and evaluation expenditure was not impaired at period end. In making this evaluation, management is required to make assessments on the status of each project and the future plans towards successful development and commercial exploitation, or alternatively sale, of the respective areas of interest.

4.1 EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2020	30 June 2020
	\$	\$
Costs carried forward in respect of areas of interest		
Exploration and evaluation expenditure	1,313,119	194,155
Movements for the year		
Opening balance	194,155	-
Acquisitions	697,172	-
Capitalised expenditure	425,226	194,155
	1,313,119	194,155

A total of \$4,331 (2019: \$164,312) has been expensed during the six months to 31 December 2020 for exploration expenditure on tenements for which tenement applications were still in progress and therefore an inability to capitalise expenditure under AASB 6 is present due to absence of tenement ownership.

4.2 CAPITAL AND OTHER COMMITMENTS

Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Company is required to perform minimum exploration work to meet the requirements specified by the State Government. These obligations are not provided for in the financial report and are payable as follows:

	31 December 2020	30 June 2020
	\$	\$
Mineral exploration		
Not later than one year	147,600	51,600

METAL HAWK LIMITED
NOTES TO THE FINANCIAL STATEMENTS

SECTION 5 NON-CURRENT ASSETS AND LEASE LIABILITIES

5.1 PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

Recognition and measurement

Items of property, plant and equipment are measured at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and recognised net within "other gains and losses" in profit or loss.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives of the assets are as follows:

Plant and equipment	3 – 20 years
Motor vehicles	5 - 15 years
Computer equipment & software	2 – 4 years
Office equipment	4 – 15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

	Plant & Equipment	Office Equipment	Motor Vehicles	Total
	\$	\$	\$	\$
Gross carrying amount				
Balance at 1 July 2019	-	-	-	-
Additions	-	-	-	-
Balance at 1 July 2020	-	-	-	-
Additions	3,300	7,804	35,882	46,986
Balance at 31 December 2020	3,300	7,804	35,882	46,986
Depreciation				
Balance at 1 July 2019	-	-	-	-
Depreciation for the period	-	-	-	-
Balance at 1 July 2020	-	-	-	-
Depreciation for the period	24	69	633	726
Balance at 31 December 2020	24	69	633	726
Carrying amounts				
Balance at 1 July 2020	-	-	-	-
Balance at 31 December 2020	3,276	7,735	35,249	46,260

METAL HAWK LIMITED
NOTES TO THE FINANCIAL STATEMENTS

SECTION 5 FIXED ASSETS AND LEASE LIABILITIES (continued)

5.2 RIGHT OF USE ASSETS

Accounting Policy

Recognition and measurement

The Company assesses whether a contract is or contains a lease at inception of the contract. The Company will recognise a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and lease of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The right-of-use assets comprise the initial measurement of the corresponding lease liability (Note 5.3), lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated amortisation and impairment losses.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "general and administrative expenses" in profit and loss.

Amortisation

Right-of-use assets are amortised over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is amortisation over the useful life of the underlying asset. The amortisation starts at the commencement date of the lease.

	Office Lease	Total
	\$	\$
Gross carrying amount		
Balance at 1 July 2019	-	-
Additions	-	-
Balance at 1 July 2020	-	-
Additions	70,407	70,407
Balance at 31 December 2020	70,407	70,407
Amortisation		
Balance at 1 July 2019	-	-
Amortisation for the period	-	-
Balance at 1 July 2020	-	-
Amortisation for the period	6,122	6,122
Balance at 31 December 2020	6,122	6,122
Carrying amounts		
Balance at 1 July 2020	-	-
Balance at 31 December 2020	64,285	64,285

METAL HAWK LIMITED
NOTES TO THE FINANCIAL STATEMENTS

5.3 LEASE LIABILITIES

Accounting Policy

Recognition and measurement

The Company assesses whether a contract is or contains a lease at inception of the contract. The Company will recognise a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and lease of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- Amount expected to be payable by lessee under residual guarantee values
- Exercise price or purchase options, if the lessee is reasonably certain to exercise these options
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an early termination option

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

	31 December 2020	30 June 2020
	\$	\$
Opening balance		
Liability recognised on lease inception	70,407	-
Principal repayments	(6,236)	-
Interest expense	806	-
Closing Balance	64,977	-
<i>Classification</i>		
Current liabilities	34,645	-
Non-current liabilities	30,332	-
	64,977	-

METAL HAWK LIMITED
NOTES TO THE FINANCIAL STATEMENTS

SECTION 6 EQUITY AND FUNDING

This section focuses on the debt and equity funding available to the Company at year end, most notably covering share capital, loans and borrowings.

6.1 Issued Capital

	Ordinary shares			
	Number of shares		Amount in \$	
	2020	2019	2020	2019
Balance at 1 July	13,060,000	9,450,000	765,949	308,658
<i>Shares issued and expensed during the period:</i>				
Issue of fully paid shares for cash	32,187,500	1,811,328	6,250,000	242,812
Issue of shares in lieu of director fees	-	650,000	-	23,785
Issue of shares for acquisition of exploration tenements	2,000,000	-	320,000	-
Vesting expense of prior period SBPs	-	150,000	24,901	3,063
Issue of shares in satisfaction of services	-	98,672	-	15,787
Capital raising costs	-	-	(330,195)	(9,000)
Balance at 31 December	47,247,500	12,160,000	7,030,655	585,105

The holders of ordinary shares are entitled to receive dividends as declared from time and are entitled to one vote per share at meetings of the Company. Option holders cannot participate in any new share issues by the Company without exercising their options.

In the event of a winding up of the Company, ordinary shareholders rank after all other shareholders (if any) and creditors and are fully entitled to any proceeds on liquidation.

All issued shares are fully paid.

Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve represents the fair value of options issued to Directors and consultants. Refer to note 7.1 for further details of these plans.

METAL HAWK LIMITED
NOTES TO THE FINANCIAL STATEMENTS

SECTION 7 OTHER DISCLOSURES

The disclosures in this section focuses on share schemes in operation and financial risk management of the Company. Other mandatory disclosures, such as details of related party transactions, can also be found here.

7.1 SHARE-BASED PAYMENTS

The share-based payment expense included within the financial statements can be broken down as follows:

	31 December 2020	31 December 2019
	\$	\$
Expensed in personnel expenses (Director remuneration)		
Options issued to Directors	-	182,983
Shares issued to Directors	-	26,847
Vesting expense on prior period issuances - options	206,486	-
Vesting expense on prior period issuances - shares	24,901	-
Expensed in professional fees		
Shares issued to consultants	-	3,600
Expensed in general and administrative expenses		
Options issued to consultants	99,474	3,187
Capital raising costs within equity		
Options issued to consultants	138,526	9,000
Capitalised within exploration and evaluation		
Shares issued to vendors	320,000	-
Options issued to vendors	91,000	-

METAL HAWK LIMITED
NOTES TO THE FINANCIAL STATEMENTS

7.1 SHARE-BASED PAYMENTS (continued)

Options

At 31 December 2020, excluding free-attaching options issued, a summary of the Company options issued and not exercised are as follows. Options are settled by the physical delivery of shares:

Grant date	Vesting date	Expiry date	Exercise Price (cents)	Balance at the start of the period	Granted during the period	Exercised during the period	Expired / forfeited during the period	Balance at the end of the period	Vested and exercisable at the end of the period
13-Sep-19	19-Nov-20	13-Sep-22	25	4,500,000	-	-	-	4,500,000	4,500,000
13-Sep-19	19-Nov-20	13-Sep-23	30	4,000,000	-	-	-	4,000,000	4,000,000
10-Sep-20	10-Sep-20	10-Sep-23	20	-	1,000,000	-	-	1,000,000	1,000,000
19-Nov-20	19-Nov-20	19-Nov-23	25	-	1,000,000	-	-	1,000,000	1,000,000
19-Nov-20	19-Nov-20	19-Nov-24	30	-	1,000,000	-	-	1,000,000	1,000,000
Total				8,500,000	3,000,000	-	-	11,500,000	11,500,000
Weighted Average Exercise Price (cents)				27.35	25.00	-	-	26.74	

The weighted average remaining contractual life of options outstanding at year end was 2.45 years.

METAL HAWK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

7.1 SHARE BASED PAYMENTS (continued)

Options (continued)

Options granted during the period have been valued using the Black-Scholes Option Valuation model, which takes account of factors including the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option. See below for the assumptions used for grants made during the period.

	Skyrne Hill Acquisition	Lead Manager Options	Lead Manager Options
Number of options	1,000,000	1,000,000	1,000,000
Exercise price (cents)	20	25	30
Grant date	10-Sep-20	19-Nov-20	19-Nov-20
Expiry date	10-Sep-23	19-Nov-23	19-Nov-24
Life of the options (years)	3	3	4
Volatility	100%	100%	100%
Risk free rate	0.265%	0.265%	0.445%
Fair value at grant date (cents)	9.1	11.4	12.4
Share price at grant date (cents)	20	20	20

7.2 SUBSEQUENT EVENTS

There have been no matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the Company, the results of these operations, or the state of affairs of the Company in future financial years.

7.3 RELATED PARTY TRANSACTIONS

During the half-year ended 31 December 2020, MHK was assigned a 2 year office lease from Pennock Pty Ltd, a company associated with Director David Pennock, with details disclosed in Note 5.2 and 5.3. The assignment has been entered into on arms-length terms.

Prior to IPO, the Company entered into an executive services agreement with Mr William Belbin for services as Managing Director. Pursuant to the agreement, Mr Belbin is entitled to receive \$180,000 per annum before statutory superannuation payments. Mr Belbin's remuneration agreement became effective upon admission to the ASX in November 2020. Additionally under his executive services agreement, Mr Belbin received 1,250,000 Management Options exercisable at \$0.25 each within 3 years from admission and 1,000,000 Management Options exercisable at \$0.30 each within 4 years from admission. These options were issued during FY 2020 and vested on admission to the ASX.

Prior to IPO, the Company entered into an executive services agreement with Mr David Pennock for services as an Executive Director. Pursuant to the agreement, Mr Pennock is entitled to receive \$90,000 per annum before statutory superannuation payments. Mr Pennock's remuneration agreement became effective upon admission to the ASX in November 2020. Additionally, Mr Pennock received 1,250,000 Management Options exercisable at \$0.25 each within 3 years from admission and 1,000,000 Management Options exercisable at \$0.30 each within 4 years from admission. These options were issued during FY 2020 and vested on admission to the ASX.

Prior to IPO, the Company entered into an executive services agreement with Mr Brett Lambert for services as Non-Executive Chairman. Pursuant to the agreement, Mr Lambert is entitled to receive \$50,000 per annum before statutory superannuation payments. Mr Lambert's remuneration agreement became effective upon admission to the ASX in November 2020. Additionally, Mr Lambert received 750,000 Management Options exercisable at \$0.25 each within 3 years from admission and 750,000 Management Options exercisable at \$0.30 each within 4 years from admission. These options were issued during FY 2020 and vested on admission to the ASX.

METAL HAWK LIMITED
DIRECTORS' DECLARATION

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Metal Hawk Limited (the "Company"):
 - (a) the accompanying interim financial statements and notes are in accordance with the *Corporations Act 2001* including:
 - (i) giving a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the half-year then ended; and
 - (ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001*, professional reporting requirements and other mandatory requirements.
 - (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.
 - (c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the *Corporations Act 2001* for the half-year ended 31 December 2020.

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

Dated at Perth 15 day of March 2021.



WILL BELBIN
Managing Director

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Metal Hawk Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Metal Hawk Limited (the Company), which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Company does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Company's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

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



Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Dean Just', written over the printed name.

Dean Just

Director

Perth, 15 March 2021