METALS AUSTRALIA LTD
AND CONTROLLED ENTITIES

(ACN 008 982 474)

Interim Financial Report
for the Half Year Ended
31 December 2018

CONTENTS

DIRECTORS' REPORT

The Directors present their report on the consolidated group of Metals Australia Ltd and controlled entities (the “Group”) for the half year ended 31 December 2018.

1. DIRECTORS

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

Gino D’Anna
Michael Scivolo
Robert Collins
Hersh Solomon Majteles (resigned 14 December 2018)

2. REVIEW OF OPERATIONS

OVERVIEW

During the period, Metals Australia completed its Phase I exploration program at the Lac Rainy Graphite Project, located in Quebec, Canada. The program consisted of surface stripping, mechanical excavation and channel sampling across the width of the graphite mineralised zones. The results exceeded the expectations of the Board and provided the Company with the confidence to continue with its planned exploration campaigns, which include a maiden diamond drilling program to commence during 2019, as part of the Phase II exploration program.

In addition, during the period, the Company continued with its evaluation of the Manindi Lithium Project and continued to hold discussions with potential joint development partners in relation to the next stage of exploration to take place at the Manindi Lithium Project.

As a result of the encouraging and positive exploration success to date demonstrated at the Lac Rainy Graphite Project, the Company plans on advancing its exploration plans at the Lac Rainy Graphite Project, including maiden diamond drilling, metallurgical testing, and further engagement with end-users and joint development partners across North America and Europe.

GRAPHITE, COBALT AND LITHIUM PROJECTS IN QUEBEC, CANADA

Metals Australia, through its wholly owned subsidiary Quebec Lithium Limited (“QLL”), owns a 100% interest in the following exploration projects, located in Quebec, Canada (Figure 1):

- Lac Rainy Graphite Project
- Lac du Marcheur Cobalt Project
- Lac La Motte Lithium Project
- Lac La Corne Lithium Project
- Lacourciere-Darveau Lithium Project

During the period, Metals Australia received all of the results for the Phase I channel sampling program at Lac Rainy, with the results exceeding the expectations of the Board, both in grade and continuity of the mineralisation.

In addition, Metals Australia received all the permits required to progress with its follow-on exploration programs at Lac Rainy, including the planned drilling program to commence during 2019.

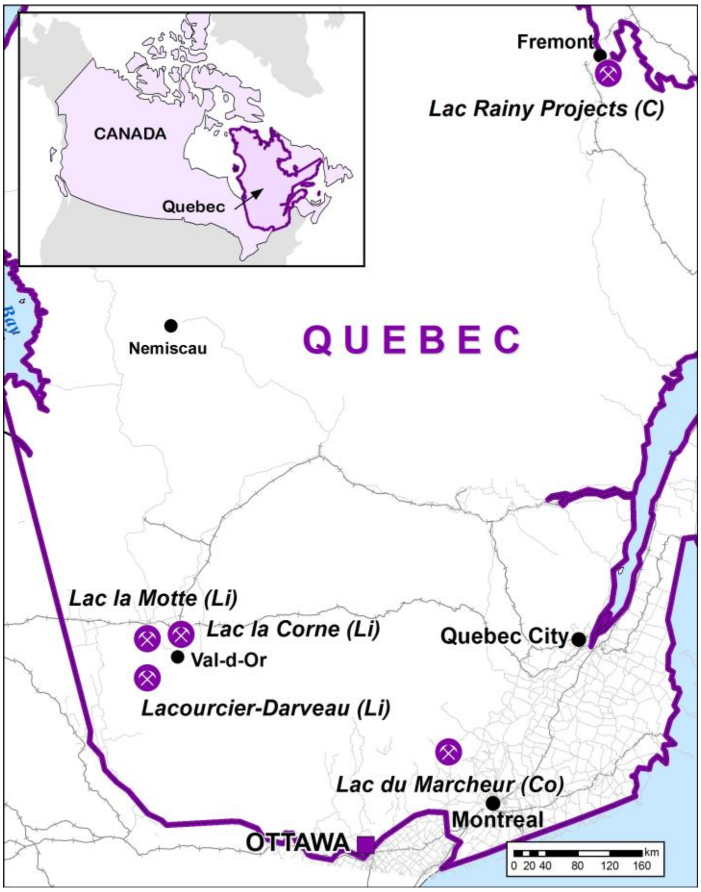
The planned drilling program comprises of diamond drilling to test the grade and down-dip continuity of the mineralisation in priority areas identified by the channel sampling.

Magnor Exploration Inc. (Magnor) has been appointed to oversee the Phase II exploration campaigns and will provide all levels of geological and technical assistance in the field over the duration of the programs.

DIRECTORS' REPORT (continued)

2. REVIEW OF OPERATIONS (continued)

Figure 1: Location map of projects in Quebec, Canada



LAC RAINY GRAPHITE PROJECT

The Lac Rainy project consists of a contiguous landholding of 88 mineral claims covering an area of approximately 45.5 km^2 located 22 km south-west of the historic mining town of Fermont in one of the premier graphite mining regions of Quebec. The Lac Rainy Project is approximately 15 km east of Route 389, a paved highway that links the Project with major ports along the St. Lawrence River.

GEOLOGY AND MINERALISATION

Within the Lac Rainy Graphite Project, the graphite is hosted in biotite-quartz-feldspar paragneiss and schist of the Nault Formation. High-grade metamorphism and folding has resulted in the formation of important concentrations of graphite dominated by value-enhanced large flakes.

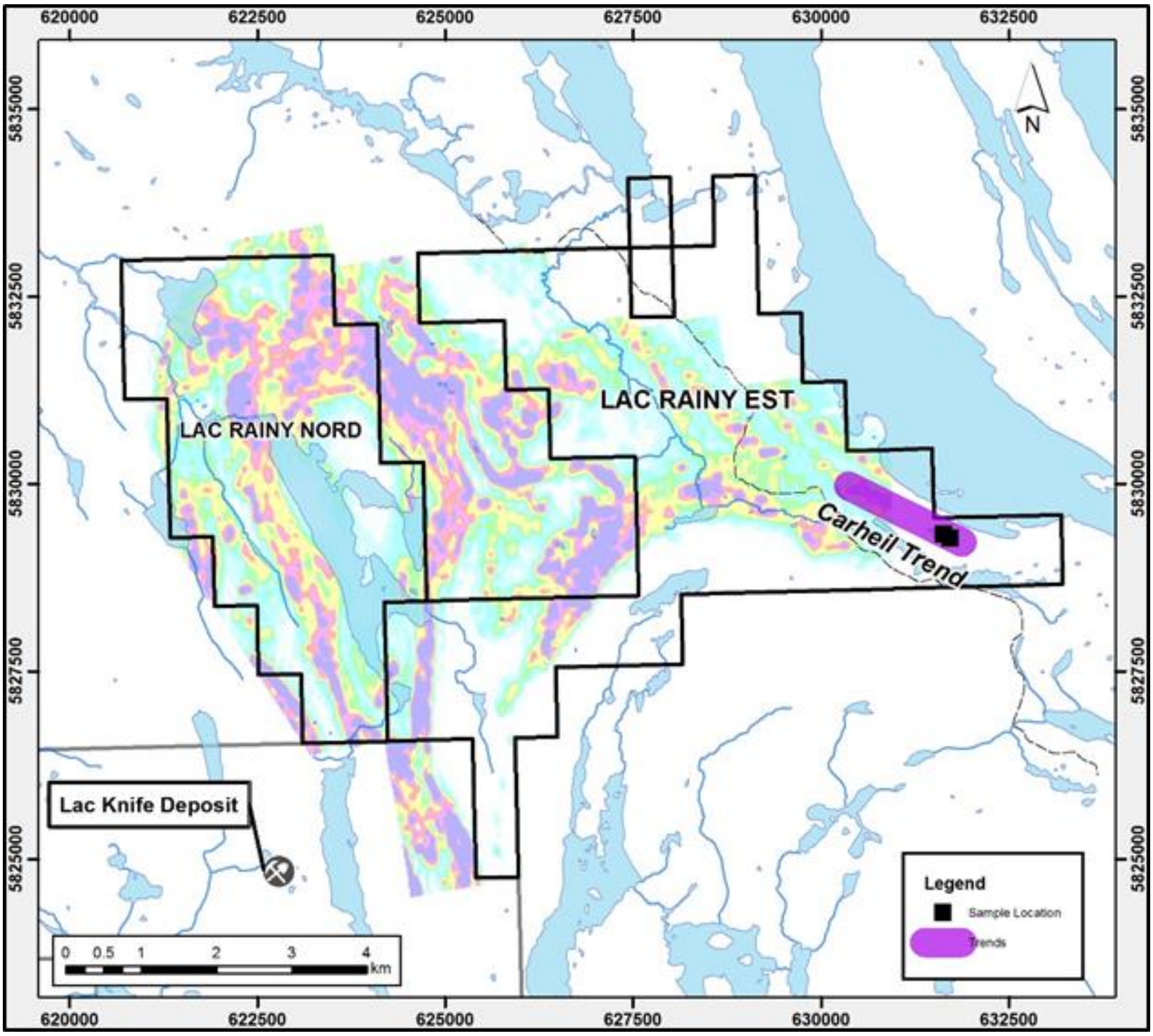
The Project is located adjacent to the Lac Knife Property, which hosts the Lac Knife Graphite Deposit owned by Focus Graphite Inc. (less than 4 km south-west of the Project) that has a Measured and Indicated Resource of 13.6 Mt @ 14.95% Cg and an Inferred Resource of 0.8 Mt @ 13.90% Cg at a 3.0% Cg cut-off (*refer Focus Graphite TSX-V market announcement dated 6 March 2017*).

The high-grade Lac Carheil Prospect is located less than 200m from the southeast licence boundaries of the Project area. High-grade graphite samples at Lac Carheil include 35.49% Cg and 40.67% Cg. The close proximity of numerous high-grade graphitic carbon results at nearby occurrences highlight the strong potential for further graphite mineralisation to be identified at the Lac Rainy Graphite Project (Figure 2).

DIRECTORS' REPORT (continued)

2. REVIEW OF OPERATIONS (continued)

Figure 2: Claim boundaries for the Lac Rainy Nord and Lac Rainy Est Graphite Project overlaid with the results of the recent airborne geophysical program



EXPLORATION PROGRAM DURING HALF YEAR

During the period, the Company completed the Phase I exploration campaign at the 100%-owned Lac Rainy Graphite Project, located in Quebec, Canada.

Magnor Exploration successfully completed 16 exploration lines (mechanically excavated trenches) representing a total of 677 lineal metres of trenching as part of the Phase I channel sampling campaign (Figure 3). A total of 453 lineal metres of channel sampling was completed which generated 459 samples including blank, standard and duplicate samples.

A further 89 samples were collected from the project-wide prospecting and mapping campaign which was designed to follow up on the airborne geophysical targets identified by the Company during its EM program in mid-2017.

DIRECTORS' REPORT (continued)

2. REVIEW OF OPERATIONS (continued)

Figure 3: Trenching and sampling being undertaken at the Lac Rainy Graphite Project, Quebec

Discussion of Channel Sampling Results

The assay results for the exploration lines completed at Lac Rainy, which were received during November and December 2018, were compiled, analysed and included in the geological model built by the Company. All but three (3) trenches intersected high-grade graphite across extensive and continuous zones.

The assay results for the first six exploration lines included (refer to ASX announcement dated 21 November 2018):

- **20.4m at an average grade of 15.6% Cg within Trench 1A**
  Incl. 4.5m at an average grade of 20.0% Cg
- **22.0m at an average grade of 13.51% Cg within Trench 2**
  Incl. 8.0m at an average grade of 21.42% Cg
- **8.0m at an average grade of 9.55% Cg within Trench 4**
  Incl. 3.0m at an average grade of 15.58% Cg
- **19.5m at an average grade of 9.07% Cg within Trench 5**
  Incl. 8.0m at an average grade of 5.76% Cg
- **16.0m at an average grade of 19.8% Cg within Trench 11**
  Incl. 10.9m at an average grade of 23.08% Cg
- **14.5m at an average grade of 18.53% Cg within Trench 13**
- **16.0m at an average grade of 12.29% Cg within Trench 13**
- **5.0m at an average grade of 14.10% Cg within Trench 13**

DIRECTORS' REPORT (continued)

2. REVIEW OF OPERATIONS (continued)

The best results received from the second batch of channel samples included *(refer to ASX announcement dated 17 December 2018)*:

- **9.1m at an average grade of 6.57% Cg within Trench 1**
- **26.6m at average grade of 9.23% Cg of Trenches 3, 3A and 3B from continuous and lateral correlation samples (remains open)**
  Incl. 5.0m at an average grade of 12.41% Cg (remains open)
- **12.0m at an average grade of 10.95% Cg within Trench 6**
  Incl. 7.0m at an average grade of 13.57% Cg
- **8.7m at an average grade of 27.28% Cg within Trench 10 (remains open)**
- **6.0m at an average grade of 12.35% Cg within Trench 11A**
- **29.3m at an average grade of 15.66% Cg within Trench 12 (remains open)**
  Incl. 16.3m at an average grade of 20.35% Cg

The assay results from the channel sampling program highlighted the extensive width and continuity of the high-grade graphite mineralisation at Lac Rainy. Importantly, the mineralisation at Lac Rainy appears to be consistent in terms of the Cg grade exhibited.

In addition, trenching has successfully identified a Southeast and Northwest extension of the known high-grade Carheil Zone. **Adding the new Northwest and Southeast extensions, including historic high-grade Cg occurrences, the Carheil Zone has a potential economic envelope of 3.2 km in length by 10 m to 45 m in width.**

Of significant interest is the new **high-grade "Carheil East Zone"** that was identified during the field prospecting program which measures in excess of 450m in length.

High-grade results received from the rock sampling program include: *(refer to ASX announcement dated 17 December 2018)*

- **43.6% Cg (composite from an outcrop measuring 2m x 0.5m)**
- **43.0% Cg (composite from historic channel sampling locations)**
- **31.3% Cg (outcrop grab sample)**
- **31.0% Cg (outcrop grab sample)**
- **30.8% Cg (outcrop grab sample)**
- **28.2% Cg (outcrop grab sample)**
- **27.5% Cg (outcrop grab sample)**
- **26.6% Cg (outcrop grab sample)**
- **26.1% Cg (outcrop grab sample)**

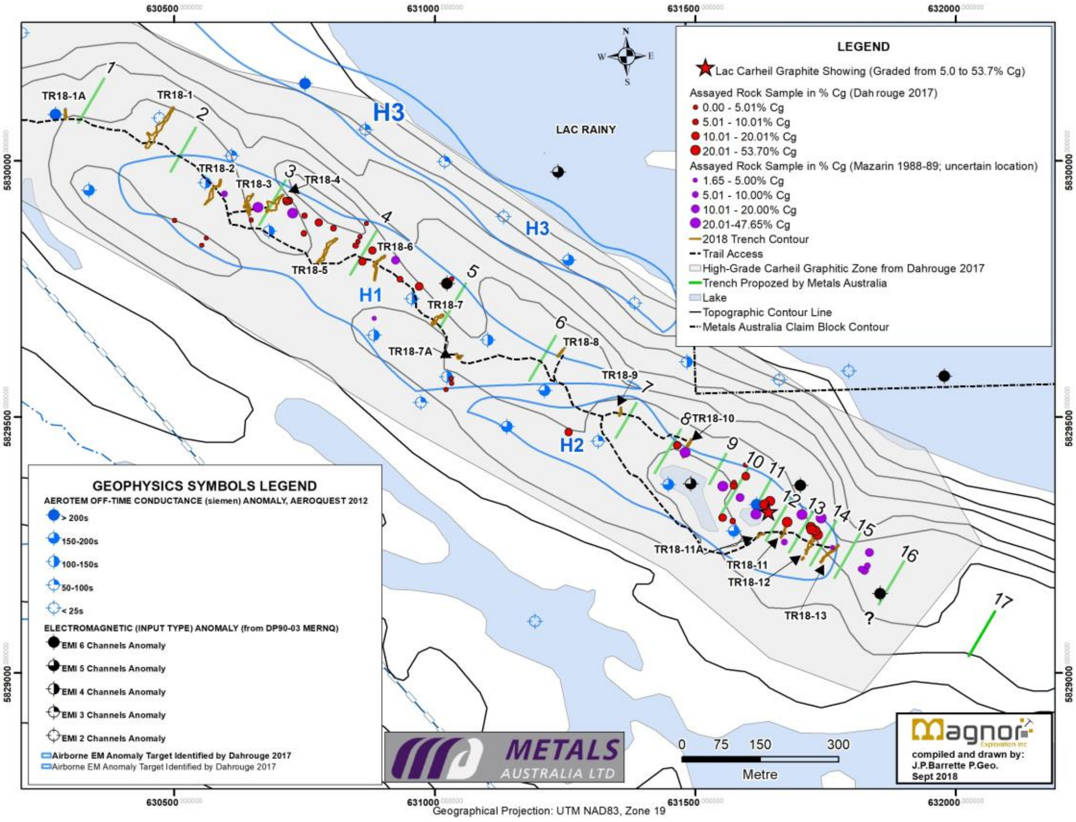
These high-grade zones will be followed up through subsequent field exploration programs to take place during 2019 and will initially comprised trenching and channel sampling. As these additional zones of graphite-rich mineralisation are outside of the area of interest for the maiden drilling program, these discoveries represent additional zones of mineralisation, which were previously unknown, highlighting the potential scale of the graphite in place at Lac Rainy.

The identification of the Carheil East Zone potentially represents a second major parallel structure that is host to high-grade graphite (Figure 4). This is a significant finding as that area was previously obscured by shallow cover. Discoveries such as this demonstrate that Metals Australia has only just started to "scratch the surface" in terms of realizing the true potential of the Lac Rainy project.

DIRECTORS' REPORT (continued)

2. REVIEW OF OPERATIONS (continued)

Figure 4: Channel Samples at Lac Rainy Project area exhibiting the strike length of the mineralised zone identified to date measuring in excess of 1.8 km, and up to ~3.2 km when coupled with historic sampling



As part of the expanded Phase I program completed during the period, the Company also completed a field reconnaissance and mapping program aimed at generating additional graphite-rich mineralized horizons that could be followed up with future trenching and channel sampling.

During the construction phase of the project-wide access tracks, a number of graphite-rich outcrops and boulders were identified. This is typical for the Lac Rainy area where very shallow cover can at times obscure the graphite mineralisation at surface. Discoveries such as these highlight the significant exploration upside that exists within the project, beyond the already known high-grade zones of mineralisation, such as at Lac Carheil.

The field reconnaissance program was successful in identifying additional zones of graphite mineralisation with **more than eighty-nine (89) significant graphite mineralised sites identified on the project in outcrops and from graphite-rich boulders.**

Further End User / Project Development Partner Engagement

In addition to the maiden diamond drill program, **advanced metallurgical testwork will be undertaken on split drill-core samples.** Following completion of the planned drilling program and advanced metallurgical testwork, Metals Australia will focus on engaging with North American end-user / project development partners for its high-grade graphite concentrate. To achieve this objective, the Company plans on appointing an external marketing / business development specialist with specific networks into the graphite and graphene industry of North America. **North American groups can offer a simpler logistics pathway for Lac Rainy graphite concentrate.**

DIRECTORS' REPORT (continued)

2. REVIEW OF OPERATIONS (continued)

In addition to further metallurgical testwork being completed, the Company also plans on undertaking an initial round of graphene testwork which will be based on extracting / producing graphene from the Lac Rainy graphite concentrate.

Graphite has been classified by the U.S. as a strategic and critical mineral resource with growing markets in the lithium-ion battery and other sectors. The U.S. imports all of its natural graphite with average annual imports of more than 50,000 tons for the past 6 years. There has been no flake graphite production in the U.S. since 1980. This represents an interesting marketing opportunity for Metals Australia in positioning the Lac Rainy graphite concentrate as a high-value / high-specification product.

The Company continues to engage with Nanhai Carbon and believes that this relationship will become stronger in 2019 once a resource has been delineated at Lac Rainy and following receipt of more representative metallurgical testwork. A preliminary testing report was not received from Nanhai Carbon based on the samples previously provided, however based on the exchange of email dialogue and direct communication with the Company's Chinese agent, Nanhai Carbon was satisfied with the performance of the Lac Rainy graphite concentrate but required a larger sample size to be more confident in the consistency of the product. This will be addressed following completion of the maiden drilling program.

Maiden Diamond Drilling Program at Lac Rainy

During the period, the Company was awarded all permits required to complete its maiden diamond drilling program and has recently awarded the drilling contract to Magnor Exploration Inc. to complete the program at the Lac Rainy Graphite Project, located in Quebec, Canada.

The recently completed channel sampling campaign has identified that Lac Rainy is host to extensive wide zones of high-grade natural flake graphite mineralisation with the information obtained from that program providing the Company with significantly more detailed geological information regarding the width and continuity of high-grade graphite mineralisation. Based on the results of the channel sampling campaign, the Company is now moving into its Phase II exploration program of diamond drilling which will be designed to test the mineralisation down-dip and define an initial resource.

The Phase II work program will initially comprise up to twenty (20) diamond drill holes, for a total of up to 2,800 metres of drilling, which is an increase on the number of metres previously considered as a result of the recent success of the channel sampling program and which can be readily expanded. The location of the holes will be along the trend of the mineralisation at the Carheil Prospect, situated to test the best areas of graphite mineralisation.

The diagram below outlines the proposed drill hole location and direction, overlaid with the airborne EM geophysics:

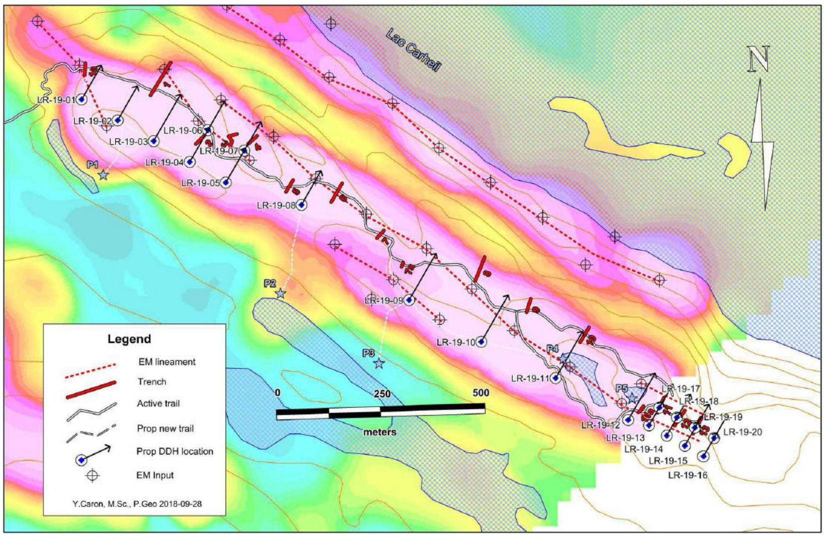


Figure 5: Proposed diamond drill hole location and airborne EM geophysics

DIRECTORS' REPORT (continued)

2. REVIEW OF OPERATIONS (continued)

The proposed diamond drill holes have been designed with an azimuth of 030ºN and a dip of 50ºN to ensure the intersections are at an optimal angle to the interpreted strike and dip of the graphite horizon.

It is expected that approximately 1,000 samples will be generated by the drilling, which will be assayed for graphite (total carbon and graphitic carbon), iron and sulphur. A selection of samples will also be assayed for a multi-element suite for rock characterisation and to identify any potentially deleterious elements. Diamond core samples will be submitted for petrographic analysis to obtain further information about the graphite mineralisation and the graphite flake size distribution.

The drilling program will be completed with one drill rig with the entire program expected to take up to 8 weeks to complete. The program will include 1 week of site preparation works including access tracks, drill pads and equipment mobilisation followed by 4 weeks of drilling and 2 weeks of sample preparation, site rehabilitation and equipment demobilisation. An additional week is for any contingency related matters.

Depending on the outcome of this initial diamond drilling program, the Company plans to undertake an expanded drilling program of between 4,000 metres and 6,000 metres of diamond drilling during the summer field season in Quebec.

The maiden diamond drilling program, as well as subsequent programs, will be supported without helicopters, using the ground access installed during the Phase I campaign.

BASE METAL PROJECTS, WESTERN AUSTRALIA

Metals Australia holds an interest in two base metal projects in Western Australia (Figure 6).

The Manindi Project is located around 500 km northeast of Perth, and is being explored by the Company with a view to expanding the existing zinc-copper resources and examining the project's potential for lithium mineralisation.

The Company also has an interest in the Sherlock Bay Nickel-Copper-Cobalt Project located in the western Pilbara region that is operated by Sabre Resources Ltd (ASX:SBR).

Figure 6: Location of the Western Australian base metals projects.

MANINDI PROJECT

The Manindi Project is a significant unmined zinc deposit located in the Murchison District of Western Australia, 20 km southwest of the Youanmi gold mine. The project is located on three granted mining leases.

The Manindi base metal deposit is considered to be a volcanogenic massive sulphide (VMS) zinc deposit, comprising a series of lenses of zinc-dominated mineralisation that has been folded, sheared, faulted, and intruded by later dolerite and gabbro. The style of mineralisation is similar to other base metal sulphide deposits in the Yilgarn Craton, particularly Golden Grove at Yalgoo to the west of Manindi, and Teutonic Bore-Jaguar in the Eastern Goldfields.

DIRECTORS' REPORT (continued)

2. REVIEW OF OPERATIONS (continued)

EXPLORATION WORK COMPLETED DURING THE HALF YEAR

Manindi Lithium Project

Lithium-bearing pegmatite dykes have previously been identified on the Manindi mining leases in the vicinity of the Mulgara-Warabi Prospect areas *(refer to ASX announcement dated 21 March 2017)*. Surface mapping identified at least three lepidolite mineralised pegmatite dykes outcropping at surface with strike lengths of over 300m and widths up to 25-30m.

The Company completed an RC drilling program to test three outcropping pegmatite dykes that contain lepidolite mineralisation. A total of 17 RC holes were completed, for a total of 837 metres of drilling *(refer to ASX announcement dated 21 June 2018)*.

The assay results from the drilling program demonstrated that the pegmatite dykes are fertile and mineralised with lithium and tantalum throughout the interval that they were intersected in drilling. Significant intersections of lithium mineralisation typically occur in continuous zones within the pegmatite dykes, which were up to 15m true thickness. Continuity of the dykes was established over strike lengths of up to 200m.

Highest grade lithium mineralisation was intersected in hole MNRC030 and MNRC033, where maximum 1m results of 1.96% Li_2O (20-21 m) and 1.90% Li_2O (33-34 m) were returned, respectively. Hole MNRC032 contained only anomalous lithium but significant tantalum (10-17m, 7m @ 599 ppm Ta_2O_5) suggesting that there is some zonation of the lithium and tantalum mineralisation.

These encouraging initial results suggest that a further exploration program of field mapping and sampling should be conducted prior to an expanded drilling program and further metallurgical testwork.

Further Work

The Company is currently evaluating the potential to execute a follow-up drilling campaign designed to extend and infill the drilling of the lithium mineralised pegmatites, which are still open down-dip and along strike. Furthermore, there are other pegmatite occurrences within the project area that will also be evaluated for lithium mineralisation.

In addition, the tantalum mineralisation is an important element of the mineralised pegmatites at Manindi and warrants further investigation. Future exploration will be designed to better define the tantalum mineralisation and the zonation of the pegmatites.

Concurrent with the ongoing geological evaluation and exploration of the project, the Company is currently in discussions with third parties regarding a potential farm-in and/or acquisition of the Manindi Lithium Project.

SHERLOCK BAY PROJECT

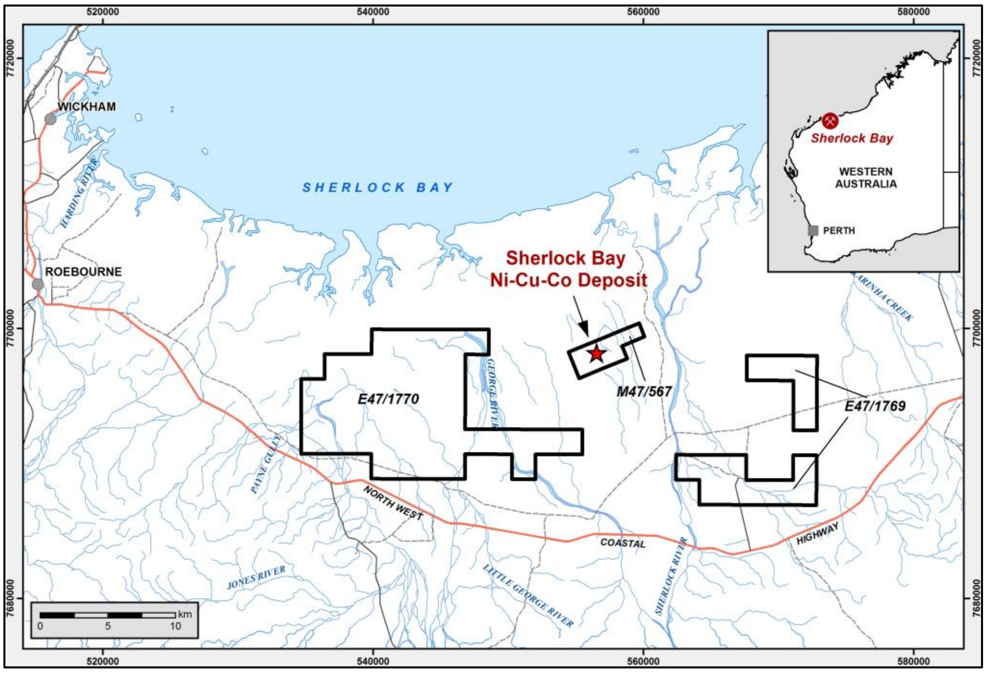
The Sherlock Bay Project comprises a mining lease (M45/567) and two exploration licences (E47/1769 and E47/1770) located in the western Pilbara (Figure 7). The mining lease contains the Sherlock Bay nickel-copper-cobalt deposit. MLS hold a 4.5% interest in the project through a restructure of the ownership (*refer to MLS announcement dated 29 January 2018*).

The Project is managed by Sabre Resources Ltd (ASX: SBR) who hold a 70% interest. Metals Australia's interest in the project is 'free-carried' through to the completion of a bankable feasibility study and the decision to commence commercial mining.

DIRECTORS' REPORT (continued)

2. REVIEW OF OPERATIONS (continued)

Figure 7: Location of the Sherlock Bay Ni-Cu-Co deposit.



Sabre Resources has received the results of a review and update of the mining study conducted on the Sherlock Bay nickel-copper-cobalt deposit by AMC Consultants Pty Ltd *(refer to Sabre Resources ASX announcement 14th August 2018).* The results of the mining study were positive and has encouraged the Company to proceed with further studies of processing options and to update estimates for the capital and operating costs for the Sherlock Bay Project.

In June 2018, Sabre commissioned AMC Consultants Pty Ltd (AMC) to undertake a review of the previous mining study for the Sherlock Bay deposit to update costs for the open pit mining and evaluate the underground mining.

The open pit cost update was based on the recently updated resource estimate, which is restated in compliance with the JORC Code 2012 (refer to *Sabre Resources ASX announcement 12th June 2018).* The underground cost update has been based on the resource model and evaluation detailed in the Sherlock Bay Mining Study report completed by AMC in 2005 (2005 Report).

To comply with ASX Listing Rules, Sabre cannot release details of projected cash flows and detailed costs in the mining study update at this time. This data will be released on completion of a processing study and when fully incorporated into a comprehensive scoping/pre-feasibility study.

The open pit optimisation, pit design and all cost updates (both open pit and underground) were carried out by AMC at scoping study level. The updates are based on contractor mining. The scoping studies referred to in this report are based on low-level technical and economic assessments and are insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the scoping studies will be realised.

The updated resource estimate block model, relevant input parameters and mining costs were used by AMC to create optimal pit shells using Whittle Four-X software. A suitable pit shell was used to prepare a preliminary pit designs, pit stages and schedule.

DIRECTORS' REPORT (continued)

2. REVIEW OF OPERATIONS (continued)

The updated costs for underground were applied to the evaluation detailed in the 2005 Report for mining using a longitudinal sublevel caving method.

There were no changes to:

- Resource model used;
- Mining method;
- Access and infrastructure;
- Ventilation;
- Materials handling;
- Mining designs; and
- Schedules (capital development, operating development, production).

Sabre Resources is continuing to review and update the substantial feasibility study work that has previously been completed on the development of the Sherlock Bay deposit. The extensive information already available will allow the Company to rapidly advance the evaluation of the project to feasibility stage.

Competent Person Declaration

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr. Martin Bennett, a consultant to Metals Australia Ltd, and a member of The Australasian Institute of Geoscientists. Mr. Bennett has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that 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 Resource and Ore Reserves". Mr. Bennett consents to the inclusion in the report of the matters based on his 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.

Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Metals Australia Ltd's planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may", "potential," "should," and similar expressions are forward-looking statements. Although Metals Australia Ltd believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

DIRECTORS' REPORT (continued)

3. FINANCIAL RESULT

The Group incurred a loss after income tax of $359,573 (2018: $2,867,259) for the half year period. As at 31 December 2018 the Group had cash funds of $1,174,876 (30 June 2018: $2,101,255).

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, 8th March 2019

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Auditor's Independence Declaration

To the Directors of Metals Australia Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Metals Australia Limited for the period ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of 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.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M J Hillgrove
Partner – Audit & Assurance

Perth, 8 March 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2018

		Consolidated	
	Note	Half year 2018 $	Half year 2017 $
Revenue			
Interest earned		8,818	1,804
Change in fair value of investments		-	250,106
		8,818	251,910
Expenditure			
Change in fair value of investments		(49,400)	-
Key management personnel remuneration		(35,718)	(53,327)
Management fees		(140,000)	(134,067)
ASX listing fees		(27,741)	(29,195)
Professional fees		(90,186)	(40,599)
Other expenses		(25,346)	(190,621)
		(368,391)	(447,809)
Loss before income tax		**(359,573)**	**(195,899)**
Income tax benefit		-	-
Loss for the period from continuing operations		**(359,573)**	**(195,899)**
Loss for the year from discontinued operations		-	(2,671,360)
Loss for the period		**(359,573)**	**(2,867,259)**
Other Comprehensive Loss, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign controlled entities		-	(19,642)
Total comprehensive income/(loss) for the half year		**(359,573)**	**(2,886,901)**
Profit/(loss) for the period attributable to:			
Owners of the parent		**(359,573)**	**(2,867,259)**
Non-controlling interest		**-**	**-**
Total Profit/(Loss) for the half year, net after tax		**(359,573)**	**(2,867,259)**
Total comprehensive income/(loss) for the period attributable to:			
Owners of the parent		**(359,573)**	**(2,886,901)**
Non-controlling interest		**-**	**-**
Total comprehensive income/(loss) for the half year		**(359,573)**	**(2,886,901)**
		Cents	
Basic and diluted (loss) per share:			
- earnings from continuing operations		(0.02)	(0.01)
- loss from discontinued operations		-	(0.16)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

		Consolidated	
	Note	31 December 2018 $	30 June 2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		1,174,876	2,101,255
Trade and other receivables		25,984	156,547
Financial assets	4	199,402	248,802
Prepayment		-	1,596
TOTAL CURRENT ASSETS		**1,400,262**	**2,508,200**
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	5	7,299,616	6,511,751
TOTAL NON-CURRENT ASSETS		**7,299,616**	**6,511,751**
TOTAL ASSETS		**8,699,878**	**9,019,951**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		328,370	300,735
TOTAL CURRENT LIABILITIES		**328,370**	**300,735**
TOTAL LIABILITIES		**328,370**	**300,735**
NET ASSETS		**8,371,508**	**8,719,216**
EQUITY			
Issued capital	7	32,149,554	32,137,689
Share option reserve	9	971,935	971,935
Accumulated losses	8	(24,674,064)	(24,314,491)
Parent interests		8,447,425	8,795,133
Non-controlling interest		(75,917)	(75,917)
TOTAL EQUITY		**8,371,508**	**8,719,216**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	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 2017 (as previously stated)	**29,261,186**	**747,531**	**67,898**	**(21,053,385)**	**9,023,230**	**-**	**9,023,230**
Prior period adjustment (refer to note 8)	-	-	-	75,917	75,917	(75,917)	-
BALANCE AT 1 JULY 2017 - restated	**29,261,186**	**747,531**	**67,898**	**(20,977,468)**	**9,099,147**	**(75,917)**	**9,023,230**
(Loss) attributable to the members of the parent entity	-	-	-	(2,867,259)	(2,867,259)	-	(2,867,259)
Total other comprehensive loss for the period	-	-	(19,642)	-	(19,642)	-	(19,642)
BALANCE AT 31 DECEMBER 2017	**29,261,186**	**747,531**	**48,256**	**(23,844,727)**	**6,212,246**	**(75,917)**	**6,136,329**
BALANCE AT 1 JULY 2018 (as previously stated)	**32,137,689**	**971,935**	**-**	**(24,390,408)**	**8,719,216**	**-**	**8,719,216**
Prior period adjustment (refer to note 8)	-	-	-	75,917	75,917	(75,917)	-
BALANCE AT 1 JULY 2018 - restated	**32,137,689**	**971,935**	**-**	**(24,314,491)**	**8,795,133**	**(75,917)**	**8,719,216**
(Loss) attributable to the members of the parent entity	-	-	-	(359,573)	(359,573)	-	(359,573)
Shares issued	13,750	-	-	-	13,750	-	13,750
Costs of capital raising	(1,885)	-	-	-	(1,885)	-	(1,885)
BALANCE AT 31 DECEMBER 2018	**32,149,554**	**971,935**	**-**	**(24,674,064)**	**8,447,425**	**(75,917)**	**8,371,508**

The accompanying notes form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Consolidated Half year 2018 $	Consolidated Half year 2017 $
Cash Flows from Operating Activities		
Payments to suppliers and employees	(187,350)	(198,449)
Interest received	15,986	1,804
Net cash from continuing operations	(171,364)	(196,645)
Net cash (used in) discontinued operations	-	(30,227)
Net cash (used in) operating activities	(171,364)	(226,872)
Cash Flows From Investing Activities		
Payment for exploration expenditure and acquisitions	(753,131)	(498,806)
Net cash (used in) investing activities	(753,131)	(498,806)
Cash Flows from Financing Activities		
Share issue costs	(1,884)	-
Net cash (used in) financing activities	(1,884)	-
Net (decrease) in Cash and Cash Equivalents	(926,379)	(725,678)
Cash and Cash Equivalents at the Beginning of the Half Year	2,101,255	1,085,129
Effect of exchange rates on cash holdings in foreign currencies	-	545
Cash and Cash Equivalents at the End of Half Year	**1,174,876**	**359,996**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

1. BASIS OF PREPARATION OF HALF YEAR REPORT

Metals Australia Ltd is a company domiciled in Australia.

This general purpose financial report for the interim half year reporting period ended 31 December 2018 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 2018 together with any public announcements made during the half year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

The interim financial statements have been approved and authorised for issue by the Board of Directors.

New standards adopted as at 1 July 2018

As at the half year ended 31 December 2018, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2018.

AASB 15 *Revenue from Contracts with Customers*
AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and several revenue-related Interpretations. The new Standard has been applied as at 1 July 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 January 2018 and comparatives are not restated. In accordance with the transition guidance, AASB 15 has only been applied to contracts that are incomplete as at 1 July 2018.

The adoption of this standard has had no impact on the current or previous reporting period and as such there have been no adjustments to the opening balance of retained earnings and dislcosures.

AASB 9 Financial Instruments
AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement requirements. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an ‘expected credit loss’ model for impairment of financial assets.

The adoption of this standard has had no impact on the current or previous reporting period and as such there have been no adjustments to the opening balance of retained earnings and dislcosures.

Classification and measurement of the Group’s financial assets
Listed equity investments – Fair value through profit and loss under AASB 139 included listed equity investments of $248,802 at 30 June 2018. These are still classified as fair value through profit or loss (FVPL) under AASB 9.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

1. BASIS OF PREPARATION OF HALF YEAR REPORT (continued)

(i) Changes in accounting policy and disclosures

Other than those identified above, there have been no other standards coming into effect for the first time during the half-year ended 31 December 2018.

(ii) Accounting standards and Interpretations issued but not yet effective

There have been no material changes to Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective. These have not been adopted by the Group for the half year reporting period ended 31 December 2018.

Going concern

The financial report has been prepared on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. During the period, the Group has reported a net loss of $359,573 (2017: $2,867,259) and a net cash outflow from operating activities of $171,364 (2017: $226,872).

The Directors will continue to monitor the capital requirements of the Group and this includes additional capital raisings in future periods as required. The Directors believe that it is reasonably foreseeable that the Company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The ability of the Company to raise capital by the issue of additional shares under the Corporations Act 2001: and
- The ability to curtail administration and operational cash out flows as required.

The Directors recognise that the above represents a material uncertainty as to the Group's ability to continue as a going concern, however, they are confident that the Group will be able to continue its operations into the foreseeable future.

Should the Group be unable to obtain the funding as described above, there is a material uncertainty as to whether the Group will be able to continue as a going concern, and therefore, whether it will be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report. The financial report does not include any adjustment relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

2. DIVIDENDS

No dividends have been paid or proposed during the half year ended 31 December 2018.

3. CAPITAL AND LEASING COMMITMENTS AND CONTINGENCIES

There has been no material change in contingent liabilities and commitments since the end of the last annual reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

4. FINANCIAL ASSETS

	December 2018	June 2018
	$	$
Investment in listed shares	199,402	248,802

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.

5. EXPLORATION AND EVALUATION EXPENDITURE

	December 2018	June 2018
	$	$
Opening balance	6,511,751	8,483,523
Exploration expenditure including foreign exchange movements	787,865	693,569
Exploration expenditure written off	-	(2,665,341)
Closing balance	**7,299,616**	**6,511,751**

6. OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (Chief Operating decision makers) in assessing performance and determining the allocation of resources. As the Group is focused on mineral exploration, the Board monitors the Group based on actual versus budgeted exploration expenditure incurred by area of interest. The internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

The Company is managed on the basis of area of interest. Operating segments are therefore determined on the same basis.

Segments

For the half year ended 31 December 208, the Group has two reportable segments as follows:

(i) Western Australian Projects
(ii) Quebec Projects

For the half year ended 31 December 2017, the Group had three reportable segments as follows:

(i) Western Australian Projects
(ii) Namibian Projects
(iii) Quebec Projects

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

6. OPERATING SEGMENTS (continued)

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 2018

6. OPERATING SEGMENTS (continued)

Segment Performance - December 2018	Western Australian Projects $	Quebec Projects $	Other Unallocated items $	Total $
Revenue from external sources				
Interest revenue	-	-	8,818	8,818
Change in fair value of investments	-	-	-	-
Total Group revenue	-	-	8,818	8,818
Segment profit/(loss)	-	-	(359,573)	(359,573)
Segment assets	4,533,188	2,766,428	1,400,262	8,699,878
Segment liabilities	-	-	(328,370)	(328,370)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

6. OPERATING SEGMENTS (continued)

Segment Performance - December 2017	Western Australian Projects	Namibian (1) Projects	Quebec Projects	Other Unallocated items	Total
	$	$	$	$	$
Revenue from external sources					
Discontinued operations	-	-	-	-	-
Unallocated – interest revenue	-	-	-	1,804	1,804
Change in fair value of investments	-	-	-	250,106	250,106
Total Group revenue	-	-	-	251,910	251,910
Segment profit/(loss)	-	(2,671,360)	-	(195,899)	(2,867,259)
Segment assets	4,281,443	30,000	2,010,112	735,447	7,057,002
Segment liabilities	-	-	-	(920,673)	(920,673)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

7. ISSUED CAPITAL

Date	Details	Number of Shares	Amount
			$
1 July 2017	**Balance**	**1,669,072,777**	**29,261,186**
31 December 2017	**Balance**	**1,669,072,777**	**29,261,186**
1 July 2018	**Balance**	**2,339,047,777**	**32,137,689**
18 September 2018	Shares issued	2,750,000	13,750
	Capital raising costs	-	(1,885)
31 December 2018	**Balance**	**2,341,797,777**	**32,149,554**

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.

8. PRIOR PERIOD ADJUSTMENT

The restatement of the 31 December 2017 financial statements is as a result of the non-controlling interest not being accounted for in prior period. This has been rectified by restating each of the affected financial statement line items for prior period.

	Previous amount $	Adjustment $	Restated amount $
30 June 2018			
Accumulated losses	(24,390,408)	75,917	(24,314,491)
Non-controlling interest	-	(75,917)	(75,917)
30 June 2017			
Accumulated losses	(21,053,385)	75,917	(20,977,468)
Non-controlling interest	-	(75,917)	(75,917)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

9. SHARE OPTION RESERVE

Date	Details	Number of Options	Amount
1 July 2017	**Balance**	**397,061,667**	**747,531**
31 December 2017	**Balance**	**397,061,667**	**747,531**
1 July 2018	**Balance**	**1,136,036,668**	**971,935**
31 December 2018	**Balance**	**1,136,036,668**	**971,935**

The weighted average remaining contractual life of options outstanding at year end is 1.32 years.

The exercise price of all outstanding options at the end of the reporting period is 215,111,668 Options exercisable at $0.003 each on or before 1 December 2019 and 920,925,000 Options exercisable at $0.01 each on or before 31 May 2020.

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 2018 $	Half Year Ended 31 December 2017 $
Sabre Resources Limited	Common Directors	Investment in shares	14,400	-
Golden Deeps Limited	Common Directors	Investment in shares	185,000	325,000
Sabre Resources Limited	Common Directors	Exploration and evaluation	20,211	45,199
Sabre Resources Limited	Common Directors	Trade Payables	(5,492)	(7,919)
Karrilea Holdings Pty Ltd	Subsidiary	Loan funding	(44,754)	(244,599)
Quebec Lithium Limited	Subsidiary	Loan funding	-	(152,449)
Sabre Resources Namibia Pty Ltd	Related Party	Recovery Income	-	4,443
Sabre Resources Namibia Pty Ltd	Related Party	Trade Payables	-	1,002

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

10. RELATED PARTY TRANSACTIONS (continued)

The Company expensed director fees of $6,000 from Profit & Resource Management Pty Ltd, a company of which Robert Collins is a director and shareholder. An amount of $6,000 (excluding GST) remains payable as at 31 December 2018.

The Company expensed director fees of $6,000 and capitalised consulting fees of $19,751 from Internatzionale Consulting Pty Ltd, a company of which Gino D’Anna is a director and shareholder. An amount of $15,912 (excluding GST) remains payable as at 31 December 2018.

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.

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 2018 and of its performance for the half-year ended on that date; and

(ii) Complying with Australian Accounting Standard AASB 134 Interim Financial Reporting; and

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

Michael Scivolo
Director **Perth, 8th March 2019**

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Independent Auditor's Review Report

To the Members of Metals Australia Limited

Report on the review of 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 condensed statement of financial position as at 31 December 2018, and the consolidated condensed statement of profit or loss and other comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Metals Australia Limited does not give a true and fair view of the financial position of the Group as at 31 December 2018, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of $359,573 during the half year ended 31 December 2018 and a net cash outflow from operating activities of $171,364. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half year financial report

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

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 half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 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 Metals Australia 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.*

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M J Hillgrove
Partner – Audit & Assurance

Perth, 8 March 2019