METALS AUSTRALIA LTD

AND CONTROLLED ENTITIES

ACN: 008 982 474

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2019

Contents

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Gino D'Anna

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SECURITIES EXCHANGE LISTING

The Company is listed on the Australian Securities Exchange

Home Exchange: Perth, Western Australia

ASX code for shares: MLS

The Directors present their report on the consolidated entity consisting of Metals Australia Ltd (Metals Australia and Company) and its controlled entities for the year ended 30 June 2019.

DIRECTORS

The following were Directors of Metals Australia Ltd during the financial year and up to the date of this report:

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

PRINCIPAL ACTIVITIES

The principal continuing activities of the consolidated entity are the exploration of mineral deposits and investment.

REVIEW OF OPERATIONS

Metals Australia Ltd (ASX: MLS) is pleased to provide shareholders with a report outlining the Company's activities for the full year ended 30 June 2019.

During the financial year, 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 included a maiden diamond drilling program which commenced in late-March 2019, as part of the Phase II exploration program.

The Company engaged Magnor Exploration Inc. (Magnor) to complete the drilling program, including oversight of the geological and technical aspects of the program.

The drilling program was designed to test the down dip/ plunge depth extensions of the high-grade surface mineralisation identified by the trenching and channel sampling campaign completed during the 2018 field season at Lac Rainy.

The drilling initially focused on the known high-grade Lac Carheil Prospect which is at the south-east end of the mineralised trend as well as step out drilling along strike in a north-west direction. Seventeen (17) diamond drill holes were completed for a total of 2,318m with the drilling program finishing on 17 May 2019. The program was highly successful with a total of eleven (11) holes from the seventeen (17) drill hole program finishing in mineralisation and remaining open at depth. Graphite flake mineralisation was intersected in all drill holes with DDH LR19-09 intersecting the main Carheil Graphitic Zone over a significant width of 70 metres (in apparent width) at a depth from 9.0 metres to 79.9 metres.

Significant drill results include:

DDH LR19-01	**42.7m at 14.5% Cg from 75.85m**
DDH LR19-02	**33.3m at 19.9% Cg from 65.7m**
DDH LR19-03	**20.6m at 11.88% Cg from 47.6m**
DDH LR19-04	**30.0m at 13.87% Cg from 16.5m**
DDH LR19-05	**30.0m at 8.24% Cg from 10.50m**

REVIEW OF OPERATIONS (continued)

DDH LR19-06	**28.40m at 15.89% Cg from 30.50m**
DDH LR19-09	**70.0m at 17.1% Cg from 9.0m**
DDH LR19-10	**62.6m at 14.0% Cg from 119.4m**
DDH LR19-10	**25.5m at 13.2% Cg from 45.0m**
DDH LR19-11	**44.9m at 8.05% Cg from 63.6m**
DDH LR19-12	**29.8m at 6.77% Cg from 3.0m**

The surface mineralised trend at Lac Rainy at this point in time has been mapped for in excess of 3.2 km along strike in a north-west direction and remains open along strike. The recently completed drilling program tested approximately 1.6km at the southeast end of the trend.

The Board has been encouraged by the results of the drilling and assay results received to date, which have demonstrated that Lac Rainy has the potential to deliver a world-class high-grade and near surface graphite deposit.

As part of the ongoing development of the Lac Rainy project, the Company plans on advancing its metallurgical testing on the drill core from the diamond drilling program and engaging further with potential end-users and joint development partners across North America and Europe. The Company will also be seeking to publish its maiden JORC (2012) Resource at the Lac Rainy project.

During the financial year, the Company also 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.

In addition, the Company completed a geological mapping, prospecting and geochemical sampling campaign on the Manindi Project, to identify high priority exploration targets at the project which may host gold mineralisation similar to recent discoveries in the Youanmi Gold Mining District in Western Australia.

The geological mapping and prospecting campaign initially focused on the southern tenement area at Manindi. Previous mapping and interpretation of geophysical data in this area identified northwest trending shear zones that may represent splays off the north-south trending Youanmi Shear Zone that hosts the Penny West gold deposit.

In addition to gold, the southern portion of the project is also prospective for nickel mineralisation and Manindi style copper-zinc volcanic massive sulphide (VMS). Limited modern exploration has been completed in this area which suggests that the potential for a discovery of nickel and base metal mineralisation is high, particularly given the proximity to other known prospects and resources, including Manindi located along strike to the north.

The potential for nickel sulphide mineralisation at the Manindi Project is highlighted by its location along strike from the Inky nickel prospect just 500m south of the project and the Currans Well Ni-Cu prospect 3km to the east.

The previous geochemical and geophysical surveys completed by the Company identified several significant nickel, copper and zinc anomalies and targets on the project that were not followed up but have now become a high priority for the Company. Previous exploration prioritised electromagnetic (EM) conductors on the Manindi VMS mineralised trend resulting in some conductors that were perceived to be in less favourable positions not being drill tested.

REVIEW OF OPERATIONS (continued)

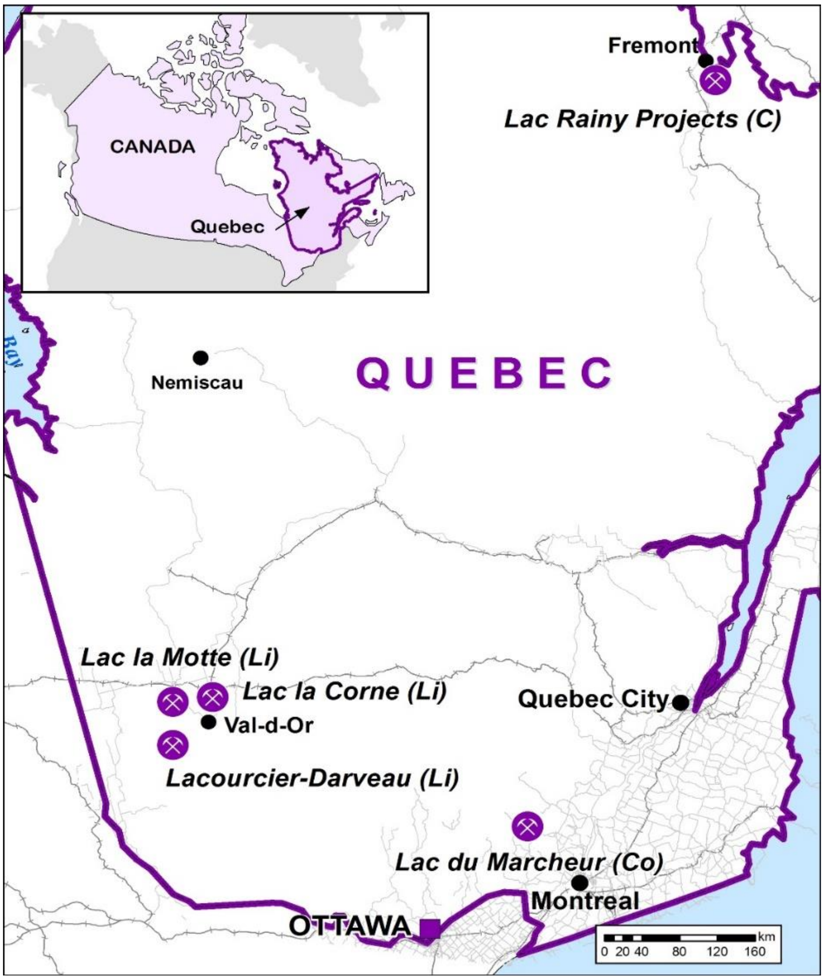


Figure 1: Location map of projects in Quebec, Canada

Southern Geoscience Consultants has been engaged to review previous EM surveys to identify targets for both nickel and copper-zinc mineralisation. Work currently underway comprises field checking, prospecting and rock chip sampling with follow up drilling to be conducted, if justified.

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 additional 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 Copper-Cobalt Project
- Lac La Motte Lithium Project
- Lac La Corne Lithium Project
- Lacourciere-Darveau Lithium Project

REVIEW OF OPERATIONS (continued)

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.

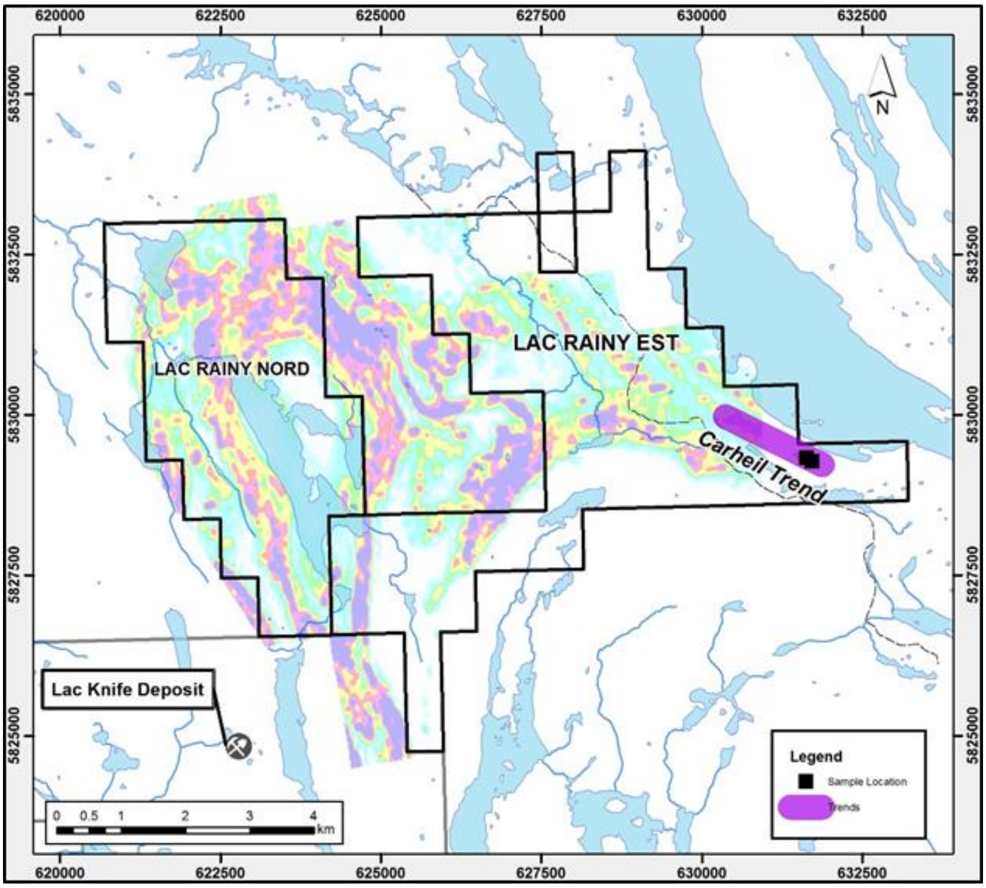
GEOLOGY AND MINERALISATION

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 to Focus Graphite TSX-V market announcement dated 6 March 2017*).

The high-grade Lac Carheil Prospect is located at the South Eastern corner of the Lac Rainy project area. The Carheil trend extends from South East to North West across the Lac Rainy Project tenement package. Graphite mineralisation has been mapped for 3.2 km in a North East direction. 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 highlights the strong potential for further graphite mineralisation to be identified at the Lac Rainy Graphite Project (Figure 2).

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



REVIEW OF OPERATIONS (continued)

EXPLORATION ACTIVITIES UNDERTAKEN DURING THE FULL YEAR

Phase I Exploration – Mechanical Trenching and Channel Sampling

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

Magnor Exploration 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 were 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.

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 intersecting high-grade graphite across extensive and continuous zones.

REVIEW OF OPERATIONS (continued)

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**

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 Graphitic Trend. Adding the new Northwest and Southeast extensions, including historic high-grade Cg occurrences, the Carheil Graphitic Trend 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 Trend" 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:

— 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)

REVIEW OF OPERATIONS (continued)

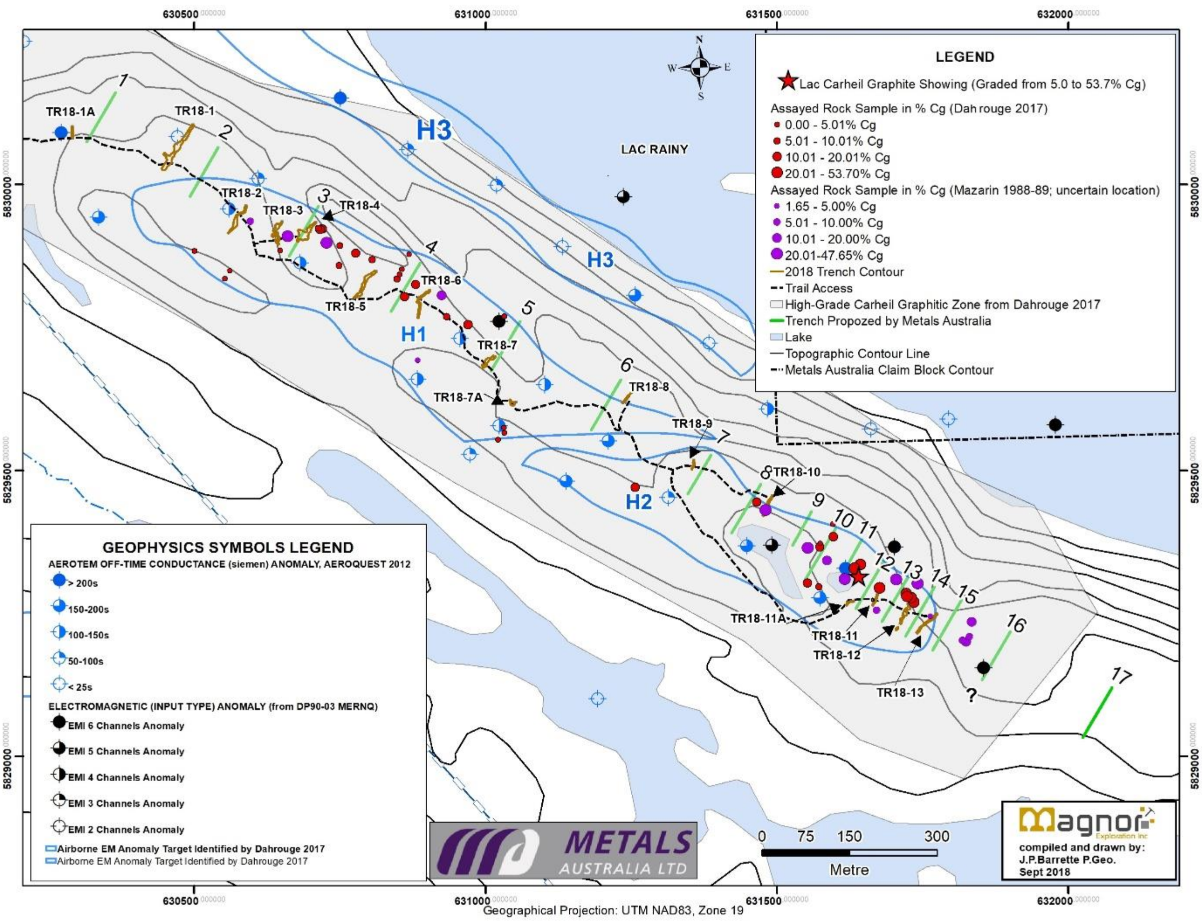
- **31.0% Cg (outcrop grab sample)**
- **30.8% Cg (outcrop grab sample)**
- **28.2% Cg (outcrop grab sample)**
- **27.5% Cg (outcrop grab sample)**
- **26.6% Cg (outcrop grab sample)**
- **26.1% Cg (outcrop grab sample)**

These high-grade zones will be followed up through subsequent field exploration programs and will initially comprise of 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 Trend 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.

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



REVIEW OF OPERATIONS (continued)

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.

Phase II Exploration – Diamond Drilling Program

During the financial year, the Company commenced its Phase II exploration campaign at the 100%-owned Lac Rainy Graphite Project, located in Quebec, Canada.

Magnor Exploration Inc. (Magnor) was engaged to complete the drilling program, including the oversight of the geological and technical aspects of the program. Seventeen (17) diamond drill holes for a total of 2,318m was completed with the drilling program finishing on 17 May 2019.

The drilling initially focused on the known high-grade Lac Carheil Prospect as well as step out drilling along strike in a north-west direction. The drilling program was designed to test the down dip / plunge extensions of the known graphite mineralisation. Graphite mineralisation was intersected in all drill holes, with DDH LR19-09 intersecting the main Carheil Graphitic Zone over a significant width of 70.0 metres at a depth from 9.0 metres to 79.9 metres. A total of eleven (11) holes from the seventeen (17) drill hole program finished in mineralisation and remain open at depth.

The mineralised trend at Lac Rainy has been mapped in excess of 3.2 km along strike in a north-west direction and remains open. The recently completed drilling program tested approximately 1.6km of this strike extent at the southeast end of the trend.

The image below illustrates the drill rig that was set up at the first drill site.

Figure 5: Diamond drill rig being set up at the first drill site at the Lac Rainy Graphite Project

REVIEW OF OPERATIONS (continued)

Discussion of Assay Results Received to Date

The Company has to date received assay results for fifteen (15) of the seventeen (17) diamond drill holes completed at Lac Rainy as part of the maiden diamond drilling program. Significant assay results received from the diamond drilling program include *(refer to ASX Announcement dated 3 July 2019, ASX announcement dated 6 August 2019, ASX announcement dated 15 August 2019, ASX announcement dated 20 August 2019 and ASX announcement date 29 August 2019)*:

- LR19-01 intersected multiple zones of graphite, including:
  - **42.7m at an average grade of 14.5% Cg** at a depth from 75.85m to 118.55m
  - **8.8m at an average grade of 17.8% Cg** at a depth from 123.5m to 132.3m – remains open at depth
- LR19-02 intersected multiple zones of graphite, including:
  - **33.3m at an average grade of 19.9% Cg** at a depth from 65.7m to 99.0m – **graphite mineralisation remains open at depth**
- LR19-03 intersected multiple zones of graphite, including:
  - **20.6m at an average grade of 11.88% Cg** at a depth from 47.6m to 71.2m
  - **22.85m at an average grade of 13.5% Cg** at a depth from 88.15m to 111.0m – **graphite mineralisation remains open at depth**
- LR19-04 intersected two (2) major zones of high-grade mineralisation:
  - **30.0m at an average grade of 13.87% Cg** at depth from 16.5m to 46.5m
  - **40.1m at an average grade of 16.28% Cg** at a depth from 79.9m to 120.0m
- LR19-05 intersected four (4) zones of mineralisation resulting in a cumulative graphite mineralised interval of 70.95m:
  - **30.0m at an average grade of 8.24% Cg** at depth from 10.50m to 40.50m
  - **16.45m at an average grade of 6.41% Cg** at a depth from 54.0m to 72.10m
  - **3.0m at an average grade of 9.66% Cg** at a depth from 78.90m to 81.90m
  - **21.5m at an average grade of 16.24% Cg** at a depth from 98.50m to 120.0m
- LR19-06 intersected three (3) zones of graphite mineralisation resulting in a cumulative graphite mineralised interval of 38.36m:
  - **3.46m at an average grade of 5.79% Cg** at a depth of 4.90m to 8.36m
  - **28.40m at an average grade of 15.89% Cg** at a depth of 30.50m to 58.90m
  - **6.50m at an average grade of 14.64% Cg** at a depth of 74.50m to 81.0m

REVIEW OF OPERATIONS (continued)

- LR19-09 intersected multiple zones of graphite, including:
  - **70.0m at an average grade of 17.1% Cg** at a depth from 9.0m to 79.0m
- LR19-10 intersected multiple zones of graphite, including:
  - **25.5m at an average grade of 13.2% Cg** at a depth from 45.0m to 70.5m
  - **62.6m at an average grade of 14.0% Cg** at a depth from 119.4m to 182.0m – **graphite mineralisation remains open at depth**

The maps below illustrate the drill hole locations from the program at the Lac Carheil prospect within the Lac Rainy Project *(Figure 6)* and for the South-Eastern part of the Carheil Graphite Trend *(Figure 7)* where the thickest and highest-grade graphite mineralisation has been encountered.

REVIEW OF OPERATIONS (continued)

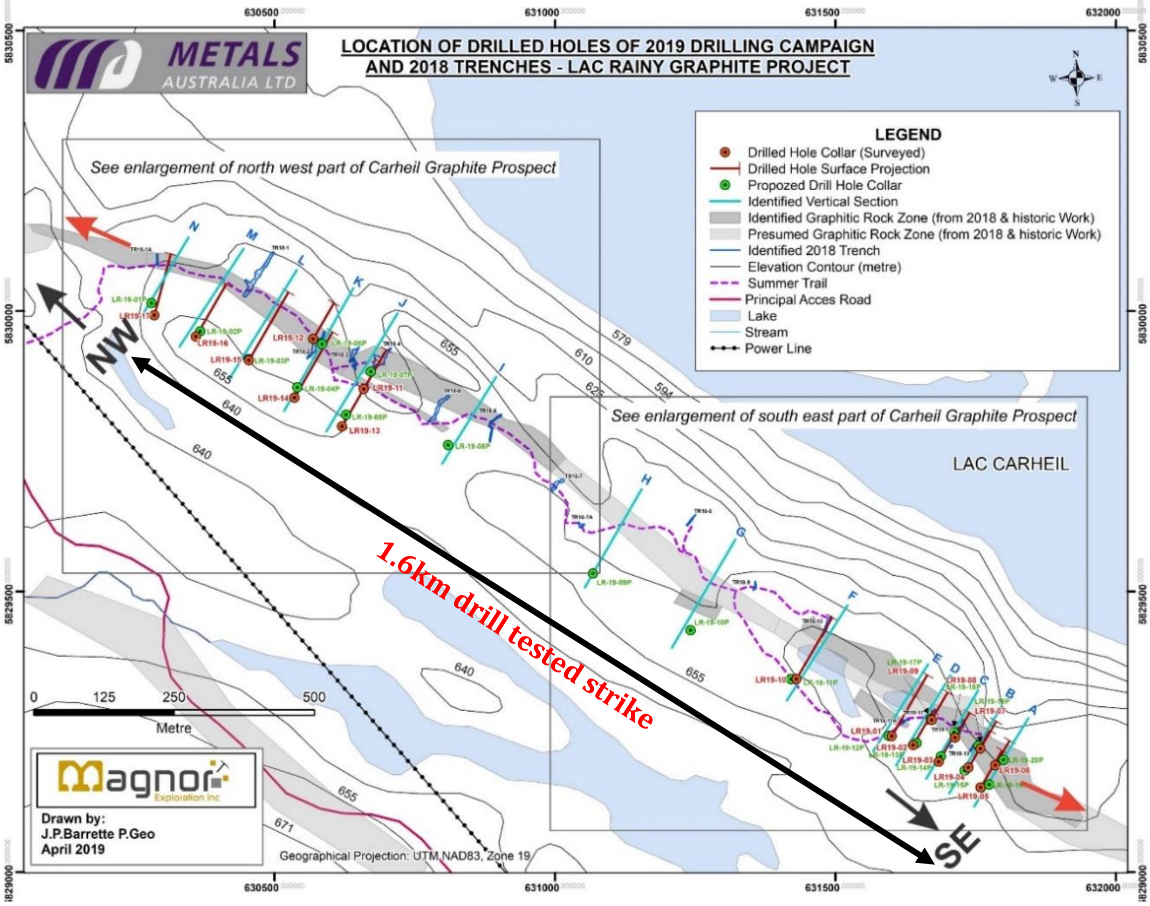


Figure 6: Diamond drill hole location map from the Phase II exploration program at the Lac Rainy Graphite Project

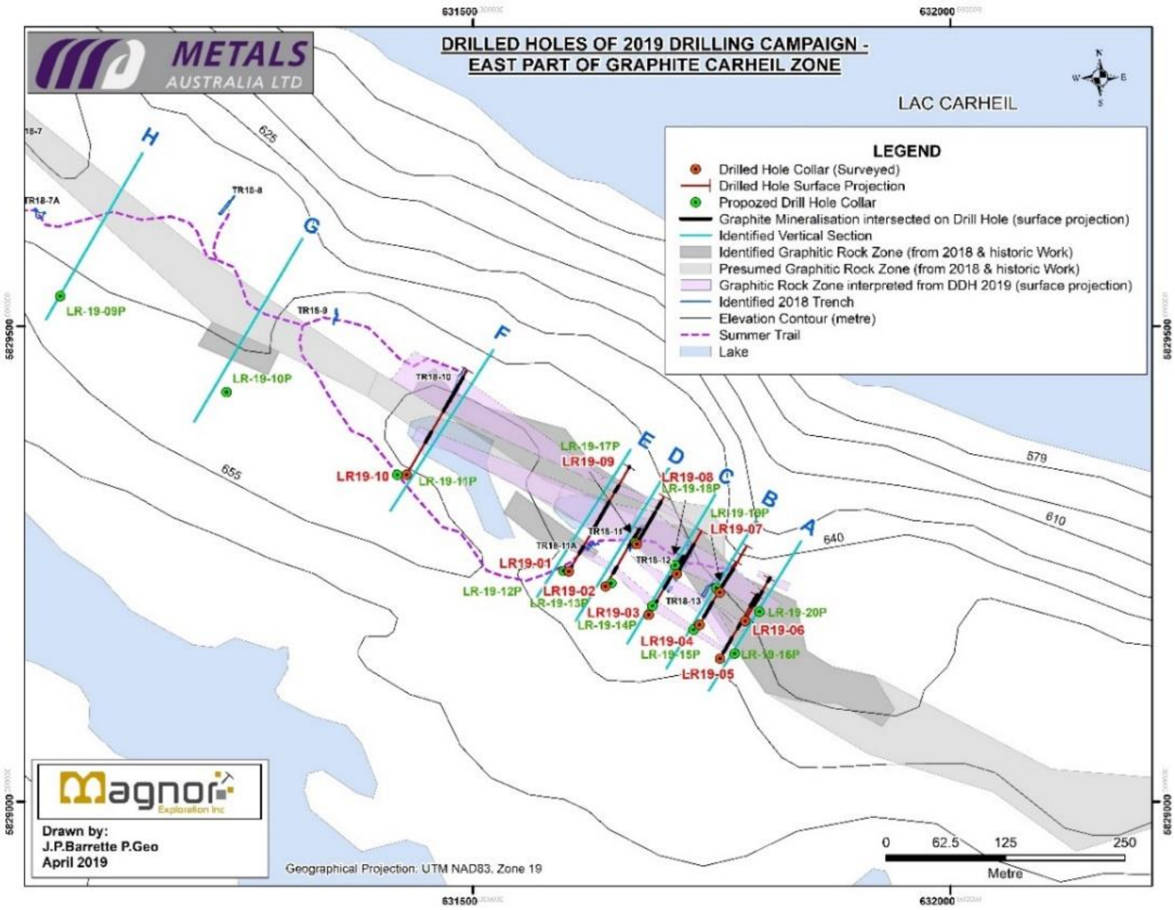


Figure 7: Diamond drill hole location map for the South-Eastern part of the Carheil Graphitic Trend

REVIEW OF OPERATIONS (continued)

Detailed Table of Results and Discussion

A summary of the significant assay results received in the drilling include:

- DDH LR19-01 intersected multiple zones of graphite, including:
  - **3.0m at an average grade of 6.5% Cg** at a depth from 3.5m to 6.5m
  - **12.4m at an average grade of 6.95% Cg** at a depth from 34.0m to 46.4m
  - **42.7m at an average grade of 14.5% Cg** at a depth from 75.85m to 118.55m
  - **8.8m at an average grade of 17.8% Cg** at a depth from 123.5m to 132.3m
  - **11.9m at an average grade of 17.93% Cg** at a depth from 149.7m to 161.6m
  - **6.45m at an average grade of 10.85% Cg** at a depth from 177.55m to 184.0m
  - **1.5m at an average grade of 9.64% Cg** at a depth from 196.5m to 198.0m (end of hole) – **graphite mineralisation open at depth**
- DDH LR19-02 intersected multiple zones of graphite, including:
  - **3.5m at an average grade of 9.5% Cg** at a depth from 29.0m to 32.5m
  - **33.3m at an average grade of 19.9% Cg** at a depth from 65.7m to 99.0m (end of hole) – **graphite mineralisation open at depth**
- DDH LR19-03 intersected multiple zones of graphite, including:
  - **17.9m at an average grade of 7.44% Cg** at a depth from 8.3m to 26.2m
    - **including 4.2m at an average grade of 8.4% Cg from 8.3m to 12.5m; 7.95m at an average grade of 9.72% Cg from 18.25m to 26.2m**
  - **20.6m at an average grade of 11.88% Cg** at a depth from 47.6m to 71.2m
  - **22.85m at an average grade of 13.5% Cg** at a depth from 88.15m to 111.0m (end of hole) – **graphite mineralisation open at depth**
    - **including 17.9m at an average grade of 15.2% Cg from 88.15m to 106.5m; 1.9m at an average grade of 17.5% Cg from 109.0m to 111.0m**
- DDH LR19-05 intersected four (4) zones of mineralisation resulting in a cumulative graphite mineralised interval of 70.95m:
  - **30.0m at an average grade of 8.24% Cg** at depth from 10.50m to 40.50m
  - **16.45m at an average grade of 6.41% Cg** at a depth from 54.0m to 72.10m
  - **3.0m at an average grade of 9.66% Cg** at a depth from 78.90m to 81.90m
  - **21.5m at an average grade of 16.24% Cg** at a depth from 98.50m to 120.0m
  - **The hole ended in graphite mineralisation and remains open at depth**

REVIEW OF OPERATIONS (continued)

- DDH LR19-06 intersected three (3) zones of graphite mineralisation resulting in a cumulative graphite mineralised interval of 38.36m:
    - **3.46m at an average grade of 5.79% Cg** at a depth of 4.90m to 8.36m
    - **28.40m at an average grade of 15.89% Cg** at a depth of 30.50m to 58.90m
    - **6.50m at an average grade of 14.64% Cg** at a depth of 74.50m to 81.0m
    - **The hole ended in graphite mineralisation and remains open at depth**
- DDH LR19-09 intersected multiple zones of graphite, including:
    - **70.0m at an average grade of 17.1% Cg** at a depth from 9.0m to 79.0m
        - **including 51.55m at an average grade of 18.25% Cg from 9.0m to 60.55m; 12.1m at an average grade of 20.48% Cg from 66.9m to 79.0m**
- DDH LR19-10 intersected multiple zones of graphite, including:
    - **25.5m at an average grade of 13.2% Cg** at a depth from 45.0m to 70.5m
    - **62.6m at an average grade of 14.0% Cg** at a depth from 119.4m to 182.0m – **mineralisation continues at depth**
        - **including 36.6m at an average grade of 16.2% Cg from 119.4m to 156.0m; 19.0m at an average grade of 13.63% Cg from 163.0m to 182.0m**

The **Graphitic Carheil Zone** has been successfully intersected in all drill holes, with DDH LR19-10 intersecting the **Upper Branch of the Graphitic Carheil Zone** over a width of 25.5m at an average grade of 13.2% Cg from 45.0m to 70.5m.

In addition, DDH LR19-10 intersected the **Lower Branch of the Graphitic Carheil Zone** over a width of 62.6m at an average grade of 14.0% Cg from 119.4m to 182.0m with a possible continuation of the graphite mineralisation at depth.

The image below illustrates the intersections of the Upper Branch and Lower Branch of the Graphitic Carheil Zone intersected in DDH LR19-10:

REVIEW OF OPERATIONS (continued)

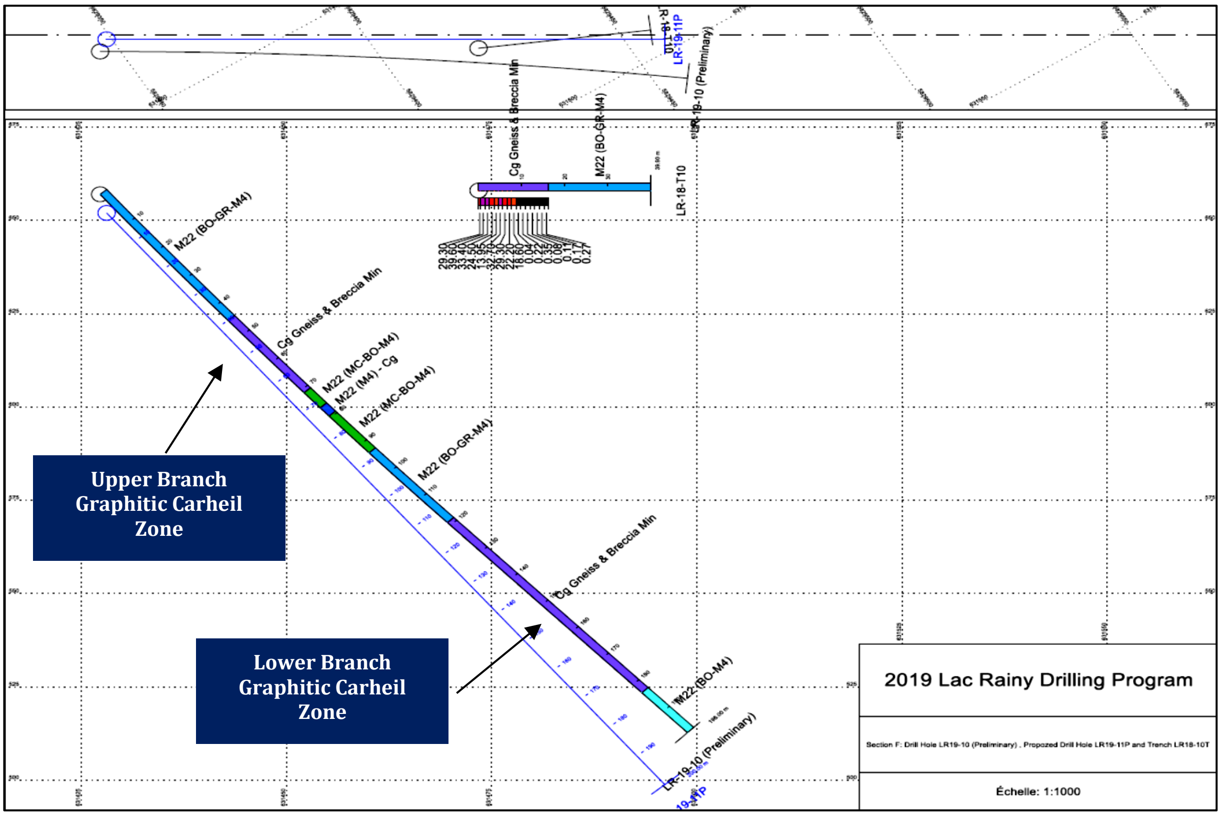


Figure 8: Drill hole plan view of DDH LR19-10 at the Lac Rainy Graphite Project

The assay results from the drilling campaign have 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.

Trenching and drilling has identified a Southeast and Northwest extension of the known high-grade Carheil Graphitic Trend. **Adding the new Northwest and Southeast extensions, including historic high-grade Cg occurrences and the trenching, sampling, mapping and drilling results completed by the Company, the Carheil Graphitic Trend has a potential economic envelope of 3.2 km in length by 10m to 45m in width.**

The identification of the Carheil East Graphitic Trend, which was identified during the 2018 trenching campaign, potentially represents a second major parallel structure that is host to high-grade graphite.

This is a significant finding as this 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 realising the true potential of the Lac Rainy project.

In addition to the above, a significant number of additional targets remain untested at Lac Rainy Project which will be followed-up in subsequent exploration campaigns.

The image below illustrates the drill core of **DDH LR19-09 which intersected the Graphitic Carheil Zone over an extensive thickness of 70.0m at an average grade of 17.1% Cg** at a depth from 9.0m to 79.0m:

REVIEW OF OPERATIONS (continued)

Figure 9: Drill core of DDH LR19-09 which intersected the Carheil Graphitic Trend over an extensive thickness of 70.0m

The drilling program at Lac Rainy has exceeded our expectations in both the width of the graphite mineralised intervals and the grade of the intersections. We look forward providing shareholders with the assays for the final two holes in the program and the commencement of metallurgical and product specification test work and the maiden JORC Resource at Lac Rainy.

Detailed Metallurgical Testing Program

Once the Company has received the assay results from the completed seventeen (17) diamond drill hole program, the Company will send selected samples for metallurgical and mineralogical test work. The Company has engaged SGS Canada Inc. (SGS) as the laboratory to undertake the program of metallurgical and mineralogical test work given their involvement in the testing program completed at the neighbouring Lac Knife Graphite Project, owned by Focus Graphite Inc.

End User / Project Development Partner Engagement

Metals Australia is focusing on the North American end user market and North American project development partners for its high-grade graphite concentrate. The Company has been collaborating with a specialist North American downstream graphite/graphene product manufacturer and marketing agent in relation to the Lac Rainy graphite project. The group is awaiting the results of the metallurgical test work to enable it to target the most appropriate end users for the product/s the Company intends to produce.

REVIEW OF OPERATIONS (continued)

BASE METAL PROJECTS, WESTERN AUSTRALIA

Metals Australia Ltd (MLS or the Company) holds an interest in two base metal projects in Western Australia (Figure 10).

The Manindi Project is located around 500 km northeast of Perth, and is being explored by MLS 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 10: 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 have 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.

EXPLORATION WORK COMPLETED DURING THE FULL 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 300 m and widths up to 25-30 m.

During the period, 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 15 m true thickness. Continuity of the dykes was established over strike lengths of up to 200 m.

REVIEW OF OPERATIONS (continued)

Highest grade lithium mineralisation was intersected in hole MNRC030 and MNRC033, where maximum 1 m 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 (10-17 m, 7 m @ 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.

Manindi Nickel-Copper and VMS Sulphide Project

During the financial year, the Company completed a geological mapping, prospecting and geochemical sampling campaign on the Manindi Project, to identify high priority exploration targets at the project which may host gold mineralisation similar to recent discoveries in the Youanmi Gold Mining District in Western Australia.

The geological mapping and prospecting campaign initially focused on the southern tenement area at Manindi. Previous mapping and interpretation of geophysical data in this area identified northwest trending shear zones that may represent splays off the north-south trending Youanmi Shear Zone that hosts the Penny West gold deposit.

In addition to gold, the southern portion of the project is also prospective for nickel mineralisation and Manindi style copper-zinc volcanic massive sulphide (VMS). Limited modern exploration has been completed in this area which suggests that the potential for a discovery of nickel and base metal mineralisation is high, particularly given the proximity to other known prospects and resources, including Manindi located along strike to the north.

The potential for nickel sulphide mineralisation at the Manindi Project is highlighted by its location along strike from the Inky nickel prospect just 500m south of the project and the Currans Well Ni-Cu prospect 3km to the east.

The previous geochemical and geophysical surveys completed by the Company identified several significant nickel, copper and zinc anomalies and targets on the project that were not followed up but have now become a high priority for the Company. Previous exploration prioritised electromagnetic (EM) conductors on the Manindi VMS mineralised trend resulting in some conductors that were perceived to be in less favourable positions not being drill tested.

Southern Geoscience Consultants has been engaged to review previous EM surveys to identify targets for both nickel and copper-zinc mineralisation. Work currently underway comprises field checking, prospecting and rock chip sampling with follow up drilling to be conducted, if justified.

Further Work

Following completion of the field exploration program and receipt of the assay results from the samples that have been collected, the Company plans on completing a drilling program targeting the newly identified areas.

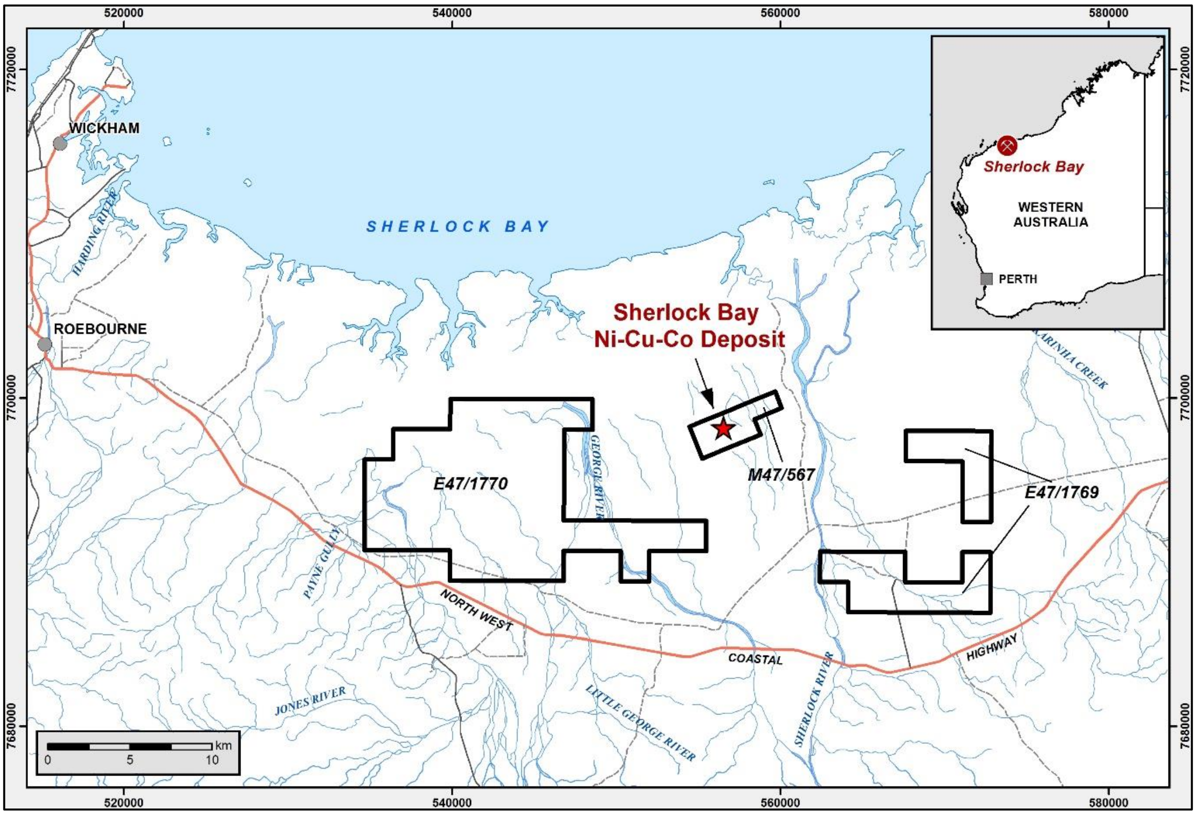
REVIEW OF OPERATIONS (continued)

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. The MLS interest in the project is 'free-carried' through to the completion of a bankable feasibility study and the decision to commence commercial mining.

Figure 11: 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 have 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).

REVIEW OF OPERATIONS (continued)

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.

The updated costs for the 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.

RESULTS

The loss of the Group for the financial year after providing for income tax amounted to $732,434 (2018: $3,404,921).

DIVIDENDS

Since the end of the previous financial year, no dividend has been declared or paid by the Company.

FINANCIAL POSITION

The net assets of the group have increased by $222,357 from $8,719,216 at 30 June 2018 to $8,941,573 at 30 June 2019.

SIGNIFICANT CHANGES

There have not been any significant changes in the state of affairs of the Group during the financial year, other than as noted in this financial report.

LIKELY DEVELOPMENTS

The Group will continue to focus on its exploration activities.

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

a) Qualifications and experience of Directors:

(i) Michael Scivolo B. Com, FCPA (Non-Executive Chairman)

Mr Scivolo has extensive experience in the fields of accounting and taxation in both corporate and non-corporate. He was a Director of Covata Ltd (formerly Prime Minerals Limited) until 29 October 2014, Blaze International Limited until 4 December 2015 and K2Fly Ltd (formerly Power Resources Ltd) until 17 November 2016. Mr Scivolo is currently a Director of Sabre Resources Ltd and Golden Deeps Limited.

(ii) Robert Collins (Non-Executive Director)

Mr Collins has served on a number of ASX listed industrial and mining company boards, and owned a large accounting practice serving the corporate sector. He was a Director of Covata Ltd (formerly Prime Minerals Limited) until 29 October 2014, Blaze International Limited until 8 April 2016 and K2Fly Ltd (formerly Power resources Ltd) until 17 November 2016. Mr Collins is currently a Non-Executive Director of Sabre Resources Ltd and Golden Deeps Limited.

(iii) Gino D'Anna (Non-Executive Director)

Mr D'Anna has significant primary and secondary capital markets experience. Mr D'Anna also possesses extensive experience in resource exploration, public company operations, administration and financial management.

Mr D'Anna has particular experience in Canadian Government and First Nations relations in the mining sector. Mr D'Anna was a Director of K2Fly Limited until 19 September 2017 and Atrum Coal Limited until 26 June 2015. Mr D'Anna is currently a Director of MetalsTech Ltd and 3G Coal Limited

(iv) Hersh Solomon Majteles LLB – resigned 14 December 2018

Mr Majteles is a commercial lawyer and has been in private practice in Western Australia since 1972. He has been a board member of a number of publicly listed companies involved in the mining, resources, energy, biotech and technology sectors for over thirty years. He was a Director of Covata Ltd (formerly Prime Minerals Limited) until 29 October 2014, K2Fly Ltd (formerly Power resources Ltd) until 17 November 2016 and Blaze International Limited until 4 December 2015.

Mr Majteles was a Director of Thred Ltd (ASX:THD) and Scout Security Limited (ASX:SCT).

b) The following persons acted as Company Secretary during the financial year:

(i) Martin Stein B. Bus., CA, FCIS, FGIA

Mr Stein is a finance and governance professional and has previously held executive positions with PwC and Anvil Mining Ltd. He is a Chartered Accountant, Fellow of Institute of Chartered Secretaries and Administrators and Fellow of Governance Institute of Australia.

INFORMATION ON DIRECTORS AND COMPANY SECRETARY (continued)

Mr Stein brings to the Company a wealth of experience in the corporate and resource sectors, both in Australia and overseas.

Mr Stein is also the Chief Financial Officer of the Company. Mr Sein was appointed 28 November 2018.

(ii) Graham Baldisseri BBus CPA GDipAppFin (SecInst)

Mr Baldisseri is a CPA, with a Bachelor of Business degree and a Graduate Diploma of Applied Finance and Investment (Corporate Finance). He has had over 31 years' management, corporate advisory, finance and accounting and company secretarial experience working for several listed and unlisted companies. Mr Baldisseri is also the Chief Financial Officer of the Company. Mr Baldisseri resigned on 26 November 2018.

c) Relevant interests of Directors in shares and options of the Company at the date of this report:

Name	Ordinary Shares	Options
M Scivolo	25,000	-
R Collins	4,000,000	-
G D'Anna	43,100,000	42,900,000

d) Directors' interest in contracts:

No Director has an interest, whether directly or indirectly, in a contract or proposed contract with the Company, other than for the provision of director and consulting services to the Company.

REMUNERATION REPORT (AUDITED)

The names and responsibilities of the key management personnel (KMP) during the year are as follows:

Mr Michael Scivolo – Non-Executive Director – in office for the full year

Mr Robert Collins – Non-Executive Director – in office for the full year

Mr Gino D'Anna – Non-Executive Director – in office for the full year

Mr Hersh Solomon Majteles – Non-Executive Director – in office from 1 July 2018 to 14 December 2018

There are no committees or sub committees of the Board.

REMUNERATION REPORT (AUDITED) (continued)

KMP Remuneration

2019

Key Management Personnel	Short-term Benefits		Super-annuation	Share-based Payment	Total	Performance Related %
	Directors Fees/Salary	Consulting Fees		Options	Total	
	$	$	$	$	$	
M Scivolo	12,000	-	1,140	-	13,140	-
R Collins	12,000	-	-	-	12,000	-
G D'Anna	12,000	92,963	-	-	104,963	-
H S Majteles	7,500	-	-	-	7,500	-
TOTAL	**43,500**	**92,963**	**1,140**	-	**137,603**	-

2018

Key Management Personnel	Short-term Benefits		Super-annuation	Share-based Payment	Total	Performance Related %
	Directors Fees/Salary	Consulting Fees		Options	Total	
	$	$	$	$	$	
H S Majteles	15,000	-	1,425	-	16,425	-
M Scivolo	12,000	-	1,140	-	13,140	-
R Collins	-	12,000		-	12,000	-
G D'Anna	-	62,136		-	62,136	-
TOTAL	**27,000**	**74,136**	**2,565**	-	**103,701**	-

KMP Shareholdings

The number of ordinary shares in Metals Australia Ltd held by each KMP during the financial year was as follows:

	Balance 1 July 2018	Granted as Compensation	Issued on exercise of options during the year	Other changes during the year	Balance 30 June 2019 (or at resignation)
H S Majteles	6,000,000	-	-	-	6,000,000
M Scivolo	25,000	-	-	-	25,000
R Collins	4,000,000	-	-	-	4,000,000
G D'Anna	43,100,000	-	-	-	43,100,000
Total	**53,125,000**	**-**	**-**	**-**	**53,125,000**

REMUNERATION REPORT (AUDITED) (continued)

Directors receive a fixed fee (plus statutory superannuation where appropriate), with executive directors being remunerated for any professional service conducted for the Company. Directors did not receive any benefits in the form of share-based payments during the year under review.

There are no retirement schemes for any directors or any loans or any other type of compensation.

Board policy on the remuneration for this exploration Company is influenced by comparing fees paid to directors in other companies within the exploration industry, and then set at a level to attract qualified people, to accept the responsibilities of Directorship. No Director, executive or employee has an employment contract.

Being an exploration company, with no earnings, a relationship is yet to be established between an emolument policy and the Company's performance. During the year the Company did not engage remuneration consultants to review its existing remuneration policies.

At the last AGM shareholders voted to adopt the remuneration report for the year ended 30 June 2018. The Company did not receive specific feedback at the AGM regarding its remuneration practices.

END OF REMUNERATION REPORT

ANALYSIS OF MOVEMENT IN SHARES

During the year the Company conducted a number of capital raisings and also issued shares as consideration for the acquisition of tenements or for services rendered as follows:

	Number	$
Opening balance 1 July 2018	2,339,047,777	32,137,689
Placement 18 September 2018	2,750,000	13,750
Placement 27 March 2019	350,000,000	630,000
Placement 5 June 2019	235,400,000	423,720
Capital raising costs on above placements	-	(112,679)
Closing balance 30 June 2019	2,927,197,777	33,092,480

ANALYSIS OF MOVEMENT IN OPTIONS

During the year the movement in options was as follows:

Class	Balance 1 July 2018	Issued During Year	Exercised or expired during year	Balance 30 June 2019
Exercisable at $0.003 on or before 1 December 2019	215,111,668	-	-	215,111,668
Exercisable at $0.01 on or before 31 May 2020	920,885,000	-	-	920,885,000

ANALYSIS OF MOVEMENT IN OPTIONS (continued)

Director Gino D'Anna holds 42,900,000 options and these were held by Mr D'Anna prior to him becoming a director. Other than this no options were held by any Company Director during the reporting period, and no options were granted to Directors during the year under review.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2019 and the number of meetings attended by each Director:

Name	Eligible to attend	Attended
M Scivolo	3	3
R Collins	3	2
G D'Anna	3	3
H S Majteles	-	-

The Board also conducted business via Circular Resolutions during the year.

The Company does not have a formally appointed audit committee as all Directors are involved in all activities of the Company and the size and scope of operations does not warrant its formation.

RETIREMENT, ELECTION AND CONTINUATION IN OFFICE OF DIRECTORS

Mr Hersh Solomon Majteles retired by rotation as a Director at the Annual General Meeting on 30 November 2018 and was re-elected.

At the forthcoming Annual General Meeting, Mr Gino d'Anna retires by rotation as a Director and offers himself for re-election.

ENVIRONMENTAL ISSUES

The Company's objective is to ensure that a high standard of environmental care is achieved and maintained on all properties. There are no known environmental issues outstanding.

EVENTS SUBSEQUENT TO BALANCE DATE

On 2 August 2019, the Company lodged a Prospectus with the ASX and the ASIC in relation to the issue of 895,800,00 options to acquire shares with an exercise price of $0.0035 per share at any time up to 1 June 2022. The issue is in relation to free-attaching options to the March 2019 share placement, the June 2019 share placement, lead manager to the March 2019 share placement and corporate advisor to the June 2019 share placement.

On 5 August 2019, a General Meeting (Meeting) of the Company was held. The Notice of Meeting was lodged with the ASX on 1 July 2019. All Resolutions put to the Meeting were passed. Some of the Resolutions sought shareholder approval for the issue of a total of 895,800,00 options to acquire shares with an exercise price of $0.0035 per share at any time up to 1 June 2022, being issued subject to the Prospectus as mentioned in the preceding paragraph.

On 14 August 2019, the Company issued the 895,800,00 options to acquire shares with an exercise price of $0.0035 per share at any time up to 1 June 2022.

EVENTS SUBSEQUENT TO BALANCE DATE (continued)

No other matters or circumstances have arisen since the end of the financial year, except as reported in the following paragraphs, which significantly affect, or could significantly affect, the operations of the consolidated group, the results of these operations, or the state of affairs of the consolidated group in future years.

INDEMNIFYING OFFICER OR AUDITORS

No indemnities have been given, or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the independent auditor's declaration as required by section 307c of the *Corporations Act 2001* is set out on page 63.

DIRECTORS' BENEFITS

Except as detailed in note 7, no Director of the Company has received or become entitled to receive during or since the end of the previous financial year, any benefit (other than a benefit included in the aggregate amounts of emoluments received or due and receivable by Directors shown in the accounts or the fixed salary of a full time employee of the Company or of a related corporation) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

AUDIT COMMITTEE

No Audit Committee has been formed as the Directors believe that the Company is not of a size to justify having a separate Audit Committee. Given the small size of the Board, the Directors believe an Audit Committee structure to be inefficient.

NON-AUDIT SERVICES

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons;

- All non-audit services are reviewed and approved by the Directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

During the year under review, the Company's previous auditor Grant Thornton Audit Pty Ltd also provided services in relation to taxation matters. Details of the amounts paid and payable to the auditor of the company, Grant Thornton Audit Pty Ltd and its related entities for audit and non-audit services provided during the year are set out in Note 6 to the Financial Statements.

CORPORATE GOVERNANCE STATEMENT

The Company is committed to achieving and demonstrating the highest standards of corporate governance. Information about the Company's Corporate Governance policies will be set out in the annual report.

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

....
Mr Michael Scivolo
Chairman

Dated 5th September 2019
Perth, Western

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.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated 30 June 2019 $	30 June 2018 $
Revenue			
Interest earned		12,213	11,787
Change in fair value of investments		-	120,000
Profit on sale of shares		-	31,852
Profit on sale of fixed assets		-	28,800
Other income		-	20,000
		12,213	212,439
Expenses			
Change in fair value of investments		(91,600)	-
Key management personnel remuneration		(137,603)	(103,701)
Management fees		(281,120)	(298,949)
ASX listing fees		(29,387)	(46,592)
Professional fees		(178,491)	(118,421)
Administration costs		-	(199,090)
Other expenses		(26,446)	(128,540)
		(744,647)	(895,293)
Loss before income tax			
Income tax benefit		-	-
Loss for the year from continuing operations		**(732,434)**	**(682,854)**
Loss for the year from discontinued operations		-	(2,722,067)
Loss for the year		**(732,434)**	**(3,404,921)**
Other Comprehensive Loss, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign controlled entities		-	-
Total comprehensive income/(loss) for the year		**(732,434)**	**(3,404,921)**
Profit/(loss) for the year attributable to:			
Owners of the parent		(732,434)	(682,854)
Non-controlling interest		-	-
Total Profit/(Loss) for the year, net after tax		**(732,434)**	**(682,854)**
Total comprehensive income/(loss) for the year attributable to:			
Owners of the parent		(732,434)	(3,404,921)
Non-controlling interest		-	-
Total comprehensive income/(loss) for the year		**(732,434)**	**(3,404,921)**
Basic and diluted (loss) per share (cents):			
- loss from continuing operations		(0.03)	(0.0004)
- loss from discontinued operations		-	(0.0014)
Total loss per share	17	(0.03)	(0.0018)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	Consolidated 30 June 2019 $	 30 June 2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	543,079	2,101,255
Trade and other receivables	9	22,804	156,547
Financial assets	10	157,202	248,802
Prepayment		1,592	1,596
TOTAL CURRENT ASSETS		**724,677**	**2,508,200**
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	11	8,582,411	6,511,751
TOTAL NON-CURRENT ASSETS		**8,582,411**	**6,511,751**
TOTAL ASSETS		**9,307,088**	**9,019,951**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	365,515	300,735
TOTAL CURRENT LIABILITIES		**365,515**	**300,735**
TOTAL LIABILITIES		**365,515**	**300,735**
NET ASSETS		**8,941,573**	**8,719,216**
EQUITY			
Issued capital	13	33,092,480	32,137,689
Share option reserve	14	971,935	971,935
Accumulated losses	15	(25,046,925)	(24,314,491)
Parent interests		9,017,490	8,795,133
Non-controlling interest	16	(75,917)	(75,917)
TOTAL EQUITY		**8,941,573**	**8,719,216**

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

METALS AUSTRALIA LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	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 27)	-	-	-	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	-	-	-	(3,404,921)	(3,404,921)	-	(3,404,921)
Other Comprehensive Income:							
Movement in Foreign Currency Translation Reserve	-	-	(67,898)	67,898	-	-	-
Total Comprehensive Loss			(67,898)	(3,337,023)	(3,404,921)	-	(3,404,921)
Issues of capital	3,349,875	-	-	-	3,349,875	-	3,349,875
Capital raising costs	(473,372)	-	-	-	(473,372)	-	(473,372)
Value of options issued	-	224,404	-	-	224,404	-	224,404
BALANCE AT 30 June 2018 - restated	**32,137,689**	**971,935**	**-**	**(24,314,491)**	**8,795,133**	**(75,917)**	**8,719,216**
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 27)	-	-	-	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	-	-	-	(732,434)	(732,434)	-	(732,434)
Issues of capital	1,067,470	-	-	-	1,067,470	-	1,067,470
Capital raising costs	(112,679)	-	-	-	(112,679)	-	(112,679)
BALANCE AT 30 June 2019	**33,092,480**	**971,935**	**-**	**(25,046,925)**	**9,017,490**	**(75,917)**	**8,941,573**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated 30 June 2019 $	Consolidated 30 June 2018 $
Cash Flows from Operating Activities			
Payments to suppliers and employees		(695,306)	(1,412,861)
Interest received		19,381	5,459
Net cash from continuing operations		(675,925)	(1,407,402)
Net cash (used in) discontinued operations		-	(40,708)
Net cash (used in) operating activities	18	(675,925)	(1,448,110)
Cash Flows from Investing Activities			
Proceeds from sale of subsidiary		-	30,000
Proceeds from sale of shares		-	42,916
Payment for exploration expenditure and acquisitions		(1,823,292)	(709,587)
Net cash (used in) investing activities		(1,823,292)	(636,671)
Cash Flows from Financing Activities			
Proceeds from capital raising		1,053,720	3,349,875
Payments for cost of capital raising		(112,679)	(248,968)
Net cash from financing activities		941,041	3,100,907
Net increase / (decrease) in Cash and Cash Equivalents		(1,558,176)	1,016,126
Cash and Cash Equivalents at the Beginning of the Year		2,101,255	1,085,129
Effect of exchange rates on cash holdings in foreign currencies		-	-
Cash and Cash Equivalents at the End of Year		**543,079**	**2,101,255**

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

1. CORPORATE INFORMATION

The financial report of Metals Australia Ltd and its subsidiaries Karrilea Holdings Pty Ltd, Quebec Lithium Ltd, Lac Rainy Graphite Inc and Lac du Marcheur Cuivre-Cobalt Inc (the Group) for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the Directors on 5 September 2019.

Metals Australia Ltd is a company incorporated and domiciled in Australia, limited by shares which are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are mineral exploration and investment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards, Australian Accounting Interpretations and complies with other requirements of the law, as appropriate for for-profit oriented entities. The financial report has also been prepared on an accruals basis and on a historical cost basis, except for financial assets and liabilities, which have been measured at fair value.

The financial report also complies with International Financial Reporting Standards (IFRS).

The financial report is presented in Australian Dollars.

The financial statements of the Company and Group have been prepared on a going concern basis which anticipates the ability of the Company and Group to meet its obligations in the normal course of the business. It is considered that the Company should obtain sufficient funds from capital raising to enable it to meet its obligations. If the Company is unable to continue as a going concern then it may be required to realise its assets and extinguish its liabilities, other than in the normal course of business and amounts different from those stated in the financial statements. (Refer to note 2(v)).

(b) New or amended Accounting Standards and Interpretations adopted

New or amended Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 9 Financial Instruments
The consolidated entity has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) New or amended Accounting Standards and Interpretations adopted (continued)

A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

(c) Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2019. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of Consolidation (continued)

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquire, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries.

(d) Interest in joint ventures

The Group's interest in any joint ventures are accounted for by recognising the Group's assets and liabilities from the joint venture, as well as expenses incurred by the Group and the Group's share of income earned from the joint venture, in the consolidated financial statements.

(e) Foreign currency translation

Both the functional and presentation currency of Metals Australia Ltd and its subsidiaries is the Australian Dollar (A$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date the assets and liabilities of any overseas subsidiaries were translated into the presentation currency of Metals Australia Ltd at the rate of exchange ruling at the reporting date, and the Statement of Profit or Loss and Other Comprehensive Income is translated at the weighted average exchange rates for the period.
The exchange differences arising on the translation are taken directly to a separate component of Other Comprehensive Income.

On disposal of a foreign entity, the deferred cumulative amount recognised in Other Comprehensive Income relating to that particular foreign operation is recognised in Profit or Loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Plant and equipment – over 3 to 5 years

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the period the item is derecognised.

(g) Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Goodwill (continued)

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(h) Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that a non-financial asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(i) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Investments and other financial assets (continued)

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

(j) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

(k) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

(l) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss and Other Comprehensive Income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(n) Share-based payment transactions

(i) Equity settled transactions:
The Group provides benefits to Directors and consultants of the Group in the form of share-based payments whereby personnel render services in exchange for shares.

The cost of these equity-settled transactions was measured by reference to the fair value of the equity instruments at the date on which they were granted. The fair value was determined using the Black Scholes formula.

In valuing equity-settled transactions, no account was taken of any performance conditions, other than conditions linked to the price of the shares of Metals Australia Ltd (market conditions). The cost of equity-settled transactions was recognised, together with the corresponding increase in equity, on the date of grant of the options.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(ii) Cash settled transactions:
The Group does not provide benefits to employees in the form of cash-settled share based payments.

Any cash-settled transactions would be measured initially at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted. This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date with changes in fair value recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest
Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(p) Income tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

- Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and,

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Statement of Comprehensive Income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(r) Trade and other payables

Trade and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(s) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(t) Earnings per share

Basic earnings per share is calculated as net profit/(loss) attributable to members of the parent, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit/(loss) attributable to members of the parent, adjusted for:

- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(u) Comparatives

Comparatives are reclassified where necessary to be consistent with the current year's disclosures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) 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 year, the Group has reported a net loss of $732,434 (2018 loss: $3,404,921) and a net cash outflow from operating activities of $675,925 (2018 outflows: $1,448,110) and from investing activities of $1,823,292 (2018 outflow: $636,671). The Group's net current asset position at 30 June 2019 was $359,162 (2018: $2,207,465).

During the year the Group raised $941,041 after costs for issuing shares and at 30 June 2019 had $543,079 cash on hand.

The ability of the Group to pay its trade creditors, continue its planned activities and maintain its going concern status is dependent on the Group being able to raise additional funds as required. As at the date of this report, the directors are satisfied that there are reasonable grounds to believe the Group will be able to operate as a going concern by raising further funds as required. In forming this view, the Directors have considered the ability of the Company to raise funds by way of a capital raising.

There are inherent uncertainties associated with the successful completion of a capital raising. Should the directors not be able to manage these inherent uncertainties and successfully secure funding, there would be a material uncertainty as to whether the Group would be able to continue as a going concern.

Should the Group be unable to obtain the funding as described above, there is material uncertainty 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 these stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

3. Significant Accounting Judgments, Estimates and Assumptions (continued)

Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

(i) Significant accounting judgments include:

(a) Expected credit loss

Investments in and loans to subsidiaries are fully provided for until such time as subsidiaries are in a position to repay loans either with cash or with assets to the same value.

(b) Exploration expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the financial year at $8,582,411.

4. Income Tax

	Consolidated 2019 $.	2018 $
The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax on profit/(loss) from ordinary activities before income tax at 30% (2018: 27.5%):	(219,730)	(936,353)
Add:		
Tax effect of:		
Other non-allowable items	81,542	531,192
Other assessable items	2,150	-
Deferred tax asset not brought to account	136,038	289,999
Less:		
Tax effect of:		
Effect of overseas tax rate	-	115,162
Income tax benefit attributable to entity	**-**	**-**
Unrecognised deferred tax assets:		
- Tax losses: revenue	4,880,242	4,903,000
- Temporary differences	71,857	185,567
- Tax losses: capital	797,325	-
	5,749,424	**5,088,567**
Unrecognised Deferred Tax Liabilities	(1,407,809)	(1,217,551)

The deferred tax benefit of tax losses not brought to account will only be obtained if:

(i) The companies derive future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the losses to be realised;

(ii) The companies continue to comply with the conditions for deductibility purposes imposed by tax legislation; and

(iii) No changes in tax legislation adversely affect the companies in realising the benefits from the deductions for the losses.

All unused tax losses of $18,925,223 (2018: 17,829,090) were incurred by Australian entities.

5. Assets and disposal groups classified as held for sale and discontinued operations

In May 2018 the Company entered into a binding agreement to divest its 100% interest in the Mile 72 Uranium Project in Namibia. The Mile 72 Uranium Project was held by a subsidiary of the Company, Metals Namibia Pty Ltd. The Company sold 100% of its shares in Metals Namibia Pty Ltd for the sum of $30,000 together with a 1% gross preferential dividend on any mineral production on Exclusive Prospecting Licence No. 3308.

Revenue and expenses, gains and losses relating to the discontinuation of this subgroup have been eliminated from profit or loss from the Group's continuing operations and are shown as a single line item on the face of the statement of profit or loss and other comprehensive income (see loss for the year from discontinued operations).

In May 2018, Metals Namibia Pty Ltd was sold for a total of $30,000 together with a 1% gross preferential dividend on any mineral production on Exclusive Prospecting Licence No. 3308. The sale resulted in a loss in the prior financial year of $2,722,067. Operating loss of Metals Namibia Pty Ltd and subsidiaries until the date of disposal and the profit or loss from re-measurement and disposal of assets and liabilities classified as held for sale is summarised as follows:

	Consolidated	
	2019	**2018**
	$	$
Income		
Interest earned	-	4
	-	4
Expenses		
Other operating costs	-	40,712
Impairment of exploration and evaluation assets	-	1,110,909
Write off of exploration and evaluation assets	-	1,554,432
Loss on sale of subsidiary	-	16,018
	-	2,722,071
Profit/(loss) before income tax	-	(2,722,067)

Cash flows generated by Metals Namibia Pty Ltd for the reporting periods under review until the disposal are as follows:

	Consolidated	
	2019	**2018**
	$	$
Income		
Operating activities	-	(40,708)
Investing activities	-	30,000

Cash flows from investing activities relate solely to the proceeds from the sale of Metals Namibia Pty Ltd.

6. Auditor's Remuneration

	Consolidated 2019 $	Consolidated 2018 $
Remuneration of the auditor of the parent entity, Crowe Horwath Perth		
- auditing or reviewing the financial report	11,700	-
- taxation services provided by a related practice of the auditor	-	-
- other	-	-
- auditing or reviewing the financial reports of subsidiaries	-	-
	11,700	**-**
Remuneration of the previous auditor of the parent entity, Grant Thornton Audit Pty Ltd		
- auditing or reviewing the financial report	14,253	34,902
- taxation services provided by a related practice of the auditor	8,250	1,437
- auditing or reviewing the financial reports of subsidiaries	-	8,338
	22,503	**44,677**

7. Interests of Key Management Personnel (KMP)

Refer to the Remuneration Report contained in the Directors' Report for Details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2019.

The totals of remuneration paid to KMP during the year are as follows:

Short-term employee benefits	136,463	101,136
Superannuation	1,140	2,565
	137,603	**103,701**

8. Cash and Cash Equivalents

	2019 $	2018 $
Represented by:		
Cash at bank	543,079	8,415
Deposit Accounts	-	2,092,840
Cash at bank	**543,079**	**2,101,255**

9. Trade and Other Receivables

Current		
Other debtors	-	156,547
GST receivable	22,804	-
	22,804	**156,547**

10. Other financial assets – held for trading

Financial assets – listed Australian securities at market value	157,202	248,802

11. Exploration and Evaluation Expenditure

Opening balance – at cost	6,511,751	8,483,523
Exploration and evaluation expenditure including foreign currency exchange movements	2,070,660	693,569
Expenditure written off	-	(2,665,341)
	8,582,411	**6,511,751**

During the previous financial year, the Company disposed of its interest in Metals Namibia (Pty) Ltd to Marenica Energy Ltd for total consideration of AUD30,000 and together with a 1% gross preferential dividend on any mineral production on Exclusive Prospecting License No. 3308.

The amount written off as exploration expenditure in the previous year was the carrying amount of exploration on this Exclusive Prospecting License.

12. Trade and other Payables

Current		
Trade creditors	79,037	294,160
Accrued liabilities	286,478	-
Owing to related parties	-	6,575
	365,515	**300,735**

13. Issued Capital

The movements in the ordinary share capital of the Company the last two years was as follows:

	Number	**$**
Opening balance 1/07/2017	1,669,072,777	29,261,186
Placement 15/02/2018	669,975,000	3,349,875
Capital raising costs on above placement	-	(473,372)
Balance 30/06/2018	**2,339,047,777**	**32,137,689**
Placement 18 September 2018	2,750,000	13,750
Placement 27 March 2019	350,000,000	630,000
Placement 5 June 2019	235,400,000	423,720
Capital raising costs on above placements	-	(112,679)
Balance 30/06/2019	**2,927,197,777**	**33,092,480**

The Company's capital consists of Ordinary Shares and 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.

14. Share Option Reserve

Date	Details	Number of Options	Amount $
30/06/2017	Balance	397,061,668	747,531
15/02/2018	Options issued as free attaching options with placement of shares	669,975,000	-
15/02/2018	Options issued as capital raising costs	30,000,000	130,656
8/03/2018	Brokerage on placement on 15/2/2018	39,000,000	93,748
30/06/2018	Balance	**1,136,036,668**	**971,935**
		-	-
30/06/2019	Balance	**1,136,036,668**	**971,935**

Movement in Options Granted

Movements in share options during the year were as follows:

Class	Balance 1 July 2018	Issued During Year	Exercised or expired during year	Balance 30 June 2019
Exercisable at \$0.003 on or before 01/12/2019	215,111,668	-	-	215,111,668
Exercisable at \$0.01 on or before 31/05/2020	920,925,000	-	-	920,925,000
Total	1,136,036,668	-	-	1,136,036,668

The weighted average exercise price of the options on hand at year end is \$0.008. The remaining contractual life of the options outstanding at year end was a weighted average of 0.83 years.

Capital Management

Management controls the capital of the group in order to maintain a good debt to equity ratio, and to ensure that the group can fund its operations and continue as a going concern. The group's debt and capital includes ordinary share capital, supported by financial assets. There are no externally imposed capital requirements. Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year.

15. Accumulated Losses

	Consolidated 2019 $	2018 $
Accumulated losses at the beginning of the year	(24,314,491)	(20,977,468)
Option reserve expense reversed due to expiry of options		-
Profit/(loss) for year	(732,434)	(3,404,921)
Foreign currency reserve	-	67,898
Accumulated losses at the end of the financial year	**(25,046,925)**	**(24,314,491)**

16. Non-controlling Interest

	$	$
Comprises:		
Share capital	2	2
Accumulated losses	(75,919)	(75,919)
	75,917	**75,917**

17. Earnings per Share

Weighted average number of shares on issue during the financial year used in the calculation of basic earnings per share	2,448,714,673	1,918,707,298
Basic earnings per share (cents):		
- earnings from continuing operations	(0.03)	(0.0004)
- loss from discontinued operations	-	(0.0014)
Total loss per share:	(0.03)	(0.0018)

18. Cash Flow Information

Reconciliation to Statement of Cash Flows

	Consolidated 2019 $	2018 $
Operating loss after income tax	(732,434)	(3,404,921)
Non-cash items in profit/(loss)		
Equity payment to supplier	13,750	-
Exploration write off	-	1,554,432
Impairment of assets	-	1,110,909
Loss on sale of subsidiary	-	13,928
Interest income accrued not received	-	(6,332)
Gain on sale of shares	-	(31,852)
Revaluation of shares	91,600	(120,000)
Gain on sale of assets	-	(28,800)
Changes in assets and liabilities:		
Decrease / (increase) in trade and other receivables	133,747	(17,314)
Decrease/(increase) in prepayments		(1,596)
Increase / (decrease) in trade and other payables	(182,588)	180,230
Increase/(decrease) in deferred payables		(668,884)
Net cash flows (used in) operating activities	**(675,925)**	**(1,448,110)**

19. Financial Instruments

(a) Interest Rate Risk

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

Consolidated Group	Floating Interest Rate		Non-Interest Bearing		Total	
	2019	2018	2019	2018	2019	2018
	$	$	$	$	$	$
Financial Assets:						
Cash and cash equivalents	543,079	2,101,255	-	-	543,079	2,101,255
Trade and other receivables	-	-	22,804	156,547	22,804	156,547
Held-for-trading investments	-	-	157,202	248,802	157,202	248,802
Total Financial Assets	543,079	2,101,255	180,006	405,349	723,085	2,506,604
Financial Liabilities:						
Trade and other payables	-	-	(365,515)	(300,735)	(365,515)	(300,375)
Total Financial Liabilities	-	-	(365,515)	(300,735)	(365,515)	(300,375)
Net Financial Assets	**543,079**	**2,101,255**	**(185,509)**	**104,614**	**357,570**	**2,205,869**

Reconciliation of Financial Assets to Net Assets

	Consolidated	
	2019	2018
	$	$
Net financial assets	357,570	2,205,869
Prepayments	1,592	1,596
Exploration and evaluation expenditure	8,582,411	6,511,750
Net assets	**8,941,573**	**8,719,216**

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provision for doubtful debts, as disclosed in the Statement of Financial Position and notes to the financial report.

The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity.

(c) Net Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements represent their respective net fair values determined in accordance with the accounting policies disclosed in Note 2 to the financial statements.

19. Financial Instruments (continued)

(d) Financial Risk Management

The Group's financial instruments consist mainly of deposits with recognised banks, investments in bank bills up to 90 days, accounts receivable and accounts payable, and loans to subsidiaries. Liquidity is managed, when sufficient funds are available, by holding sufficient funds in a current account to service current obligations and surplus funds invested in bank bills. The Directors analyse interest rate exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The main risks the Group is exposed to through its financial instruments are the depository banking institution itself, holding the funds, and interest rates. The Group's credit risk is minimal, as being an exploration company, no goods are sold, or services provided, for which consideration is claimed.

(e) Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages the risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

(f) Sensitivity Analysis

Interest Rate Risk, Foreign Currency Risk and Price Risk

The group has performed sensitivity analysis relating to its exposure to interest rate risk, foreign currency risk and price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

At 30 June 2019, the effect on profit/(loss) and equity as a result of changes in the interest rate, with all other variables remaining constant would be minimal:

	Consolidated	
	2019	**2018**
	$000	**$000**
Change in profit/(loss)		
- Increase in interest rate by 2%	26,443	-
- Decrease in interest rate by 2%	(26,433)	-
Change in equity		
- Increase in interest rate by 2%	26,443	-
- Decrease in interest rate by 2%	(26,433)	-

19. Financial Instruments (continued)

Liquidity Risk Sensitivity Analysis

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Consolidated Group	Within 1 year		1 to 5 years		Total	
	2019	2018	2019	2018	2019	2018
	$	$	$	$	$	$
Financial Liabilities – Due for Payment						
Trade and other payables	(365,515)	(300,735)	-	-	(365,515)	(300,735)
Total Expected Outflows	(365,515)	(300,735)	-	-	(365,515)	(300,735)
Financial Assets – Cash Flows Realisable						
Cash and cash equivalents	543,079	2,101,255	-	-	543,079	2,101,255
Receivables	22,804	156,547	-	-	22,804	156,547
Held-for-trading investments	157,202	248,802	-	-	157,202	248,802
Total anticipated inflows	723,085	2,506,604	-	-	723,085	2,506,604
Net (outflow) / inflow on financial instruments	**357,570**	**2,205,869**	**-**	**-**	**357,570**	**2,205,869**

Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors for commodities.

The Group is also exposed to securities price risk on investments held for trading or for medium to longer terms. Such risk is managed through diversification of investments across industries and geographical locations.

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the Statement of Financial Position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

19. Financial Instruments (continued)

Consolidated Group	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
2019				
Financial assets				
Financial assets at fair value through profit or loss:				
Investments: held for trading	157,202	-	-	157,202
	157,202	**-**	**-**	**157,202**
2018				
Financial assets				
Financial assets at fair value through profit or loss:				
Investments: held for trading	-	-	-	-
	-	**-**	**-**	**-**

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets have been based on the closing quoted bid prices at reporting date, excluding transaction costs.

20. Investment in controlled entities

Name of Entity	Country of Incorp-oration	Class of Shares	Equity Holding (%)		Book Value of Investment $'000		Contribution to Consolidated Result $'000	
			2019	2018	2019	2018	2019	2018
Karrilea Holdings Pty Ltd	Australia	Ordinary	80	80	-	-	-	-
Quebec Lithium Ltd	Australia	Ordinary	100	100	-	1,527,918	-	-
Lac Rainy Graphite Inc	Canada	Ordinary	100	-	-	-	-	-
Lac du Marcheur Cuivre-Cobalt Inc	Canada	Ordinary	100	-	-	-	-	-

21. Related Parties

The Group's related parties include its subsidiaries, key management 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	Year ended 30 June 2019 Transaction $	Year ended 30 June 2019 Balance $	Year ended 30 June 2018 Transaction $	Year ended 30 June 2018 Balance $
Karrilea Holdings Pty Ltd	Subsidiary	Loan	84,755	4,844,631	383,448	4,799,876
Quebec Lithium Ltd	Subsidiary	Loan	121,461	193,093	1,632	71,632
Sabre Resources Ltd	Common Directors	Investment in shares	-	7,200	120,000	192,000
Sabre Resources Ltd	Common Directors	Trade Payables	(23,549)	(3,008)	(65,815)	-
Golden Deeps Ltd	Common Directors	Trade Payables	(3,816)	(1,616)	-	-
Golden Deeps Limited	Common directorship	Investments in Shares	-	150,000	-	220,000
Internatzionale Consulting Pty Ltd	Director Related Entity	Payment of director and consulting fees	(104,963)	(14,388)	(62,136)	-
Profit & Resources Management Pty Ltd	Director Related Entity	Payment of director fees	(12,000)	(3,300)	(12,000)	-

All transactions with Directors are disclosed in Note 7.

22. Operating Segments

Segment Information

Identification of reportable segments

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

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

Segments

The two reportable segments are as follows:

(i) Western Australian Projects
(ii) Quebec Projects

Basis of Accounting for purposes of reporting by operating segments

Accounting Policies Adopted
All amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

There are no inter-segment transactions. Segment assets are clearly identifiable on the basis of their nature. Segment liabilities include trade and other.

Unallocated items
Corporate costs are not considered core operations of any segment.

22. Operating Segments (continued)

Segment Performance – June 2019	**Australia**	**Canada**	**Total**
	$	**$**	**$**
Revenue			
From external sources			
Interest earned	12,213	-	12,213
Total Group revenue			12,213
Segment profit/(loss)	(732,434)	-	(732,434)
Management Fees	(281,120)	-	(281,120)
Corporate overheads	(463,527)	-	(463,527)
Total Group profit/(loss)			(732,434)
Segment assets	5,261,894	4,045,194	9,307,088
Total Group assets			9,307,088
Segment liabilities			
Unallocated – corporate trade payables	234,515	131,000	365,515
Total Group liabilities			365,515

Segment Performance – June 2018	**Namibia**	**Australia**	**Canada**	**Total**
	$	**$**	**$**	**$**
Revenue				
From external sources				
Interest earned	-	-	-	11,787
Profit on sale of assets	-	-	-	28,800
Investments marked to market	-	-	-	120,000
Profit on sale of shares	-	-	-	31,852
Other income	-	-	-	20,000
Total Group revenue				212,439
Segment profit/(loss)	(2,722,067)	-	-	(2,722,067)
Management Fees				(298,949)
Corporate overheads				(317,511)
Corporate charges & write backs				(278,833)
Total Group profit/(loss)				(3,404,921)
Segment assets	-	4,420,295	2,091,456	6,511,751
Unallocated - cash, receivables, plant & equipment				2,508,200
Total Group assets				9,019,951
Segment liabilities				
Unallocated – corporate trade payables				300,735
Total Group liabilities				300,735

23. Commitments

(i) Mining Tenements

As part of ongoing activities, the consolidated entity is required to commit to minimum expenditures to retain its interest in its Western Australian mining tenements. Over the next five years this amounts to $797,000, as follows:

Year Ending 30 June	Amount $
2020	159,400
2021	159,400
2022	159,400
2023	159,400
2024	159,400
	797,000

(ii) Management Agreement

The Company has an agreement with a management service company for the provision of services at the current annual rate of $283,360 per annum (plus CPI increases). Charges are at commercial terms in accordance with the Deed of Variation to Facilitation and Management Agreement entered into on 6 March 2018 for a five-year term commencing 14 November 2017.

24. Contingent Liabilities

No contingent liability exists for termination benefits under service agreements with directors or persons who take part in the management of the company. There were no contingent liabilities as at 30 June 2019.

25. Subsequent Events

On 2 August 2019, the Company lodged a Prospectus with the ASX and the ASIC in relation to the issue of 895,800,00 options to acquire shares with an exercise price of $0.0035 per share at any time up to 1 June 2022. The issue is in relation to free-attaching options to the March 2019 share placement, the June 2019 share placement, lead manager to the March 2019 share placement and corporate advisor to the June 2019 share placement.

On 5 August 2019, a General Meeting (Meeting) of the Company was held. The Notice of Meeting was lodged with the ASX on 1 July 2019. All Resolutions put to the Meeting were passed. Some of the Resolutions sought shareholder approval for the issue of a total of 895,800,00 options to acquire shares with an exercise price of $0.0035 per share at any time up to 1 June 2022, being issued subject to the Prospectus as mentioned in the preceding paragraph.

On 14 August 2019, the Company issued the 895,800,00 options to acquire shares with an exercise price of $0.0035 per share at any time up to 1 June 2022.

No other matters or circumstances have arisen since the end of the financial year, except as reported in the following paragraphs, which significantly affect, or could significantly affect, the operations of the consolidated group, the results of these operations, or the state of affairs of the consolidated group in future years.

26. Parent Entity Information

The following details information related to the parent entity, Metals Australia Ltd, at 30 June 2019. The information presented here has been prepared using consistent accounting policies as shown in Note 2.

	Parent Entity	
	2019	2018
	$	$
Assets		
Current assets	724,677	2,508,200
Non-current assets	3,793,273	2,019,823
Total Assets	**4,517,950**	**4,528,023**
Liabilities		
Current liabilities	(234,515)	(300,735)
Non-current liabilities	-	-
Total Liabilities	**(234,515)**	**(300,735)**
Equity		
Issued capital	33,092,480	32,137,689
Share option reserve	971,935	971,935
Accumulated losses	(29,780,980)	(28,882,336)
Total Equity	**4,283,435**	**4,227,288**
Financial performance		
(Loss) for the year	(898,644)	(2,641,366)
Other comprehensive income	-	-
Total comprehensive (loss)	**(898,644)**	**(2,641,366)**

No guarantees have been entered into by the parent entity on behalf of its subsidiary.

No contingent liabilities exist.

No contractual commitments by the parent company exist, other than those for exploration commitments and management services (refer note 23).

27. Prior Period Adjustment

The restatement of the 30 June 2018 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)

METALS AUSTRALIA LTD

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Metals Australia Ltd (the "Company"):

(a) the financial statements and notes set out on pages 28 to 57, and the remuneration disclosures that are contained in pages 22 to 24 of the Remuneration Report in the Directors' Report, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance, for the financial year ended on that date;

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(iii) complying with International Financial Reporting Standards as disclosed in Note 2.

(b) the remuneration disclosures that are contained in pages 22 to 24 of the Remuneration Report in the Directors' Report comply with Australian Accounting Standard AASB 124 Related Party Disclosures; and

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

2. The Directors have been given the declaration required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2019.

Signed in accordance with a resolution of the Directors:

Michael Scivolo
Chairman

Dated 5th September 2019.
Perth, Western Australia

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METALS AUSTRALIA LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Metals Australia Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended, and notes to the financial statements comprising a summary of significant accounting policies and the Director's Declaration.

In our opinion the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) Giving a true and fair view of the Group's financial position at 30 June 2019 and of its financial performance for the period then ended; and
(b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of this report. We are independent of the Group in accordance with the 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Regarding Going Concern
We draw attention to Note 2 (v) in the financial report, which indicates that the Group incurred a net loss after tax of $732,434 and had net cash used in operating activities of $675,925 for the year ended 30 June 2019, and as of that date, the Group's net current assets exceeded its current liabilities by $359,162. As stated in Note 2(v) these conditions, along with other matters set forth in Note 2 (v), indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not further modified in respect of this matter.

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Our procedures in relation to going concern included, but were not limited to:

- inquiring of management and the directors as to knowledge of events and conditions that may impact the assessment on the Group's ability to continue as a going concern;
- challenging the assumptions contained in management's forecast in relation to the Group's ability to continue as a going concern;
- comparing the cash flow forecasts with the Board approved budget; and
- assessing the adequacy of the disclosures related to going concern in Note 2(v)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How we addressed the Key Audit Matter
Consideration of impairment of capitalised mineral exploration and evaluation expenditure	
The carrying amount of capitalised mineral exploration and evaluation expenditure was a significant component of the Group's total assets at $8,582,411 at 30 June 2019. Exploration assets are required to be assessed for impairment when facts and circumstances suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount. This matter is considered a key audit matter due to the high degree of judgement required by the directors to assess whether impairment indicators are present for specified tenements held and due to the significance of the capitalised amount at 30 June 2018. The conditions and assessment undertaken in relation to impairment are disclosed in the Group's accounting policy Notes 2(h) and 2(j), and Note 11 in the financial report.	Our procedures included, but were not limited to: • Conducting discussions with management regarding the criteria used in their impairment assessment and ensuring that this was in line with *AASB 6 Exploration for and Evaluation of Mineral Resources*. • Reviewing evidence of activities carried out and management intentions for the area of interest the Group holds, to corroborate the representations made by management during our discussions. • Assessed the Group's right to tenure by obtaining and assessing supporting documentation such as license agreements or renewals and any correspondence with relevant government agencies in connection with the renewal process. • Evaluating key assumptions adopted by management that support the position formed on whether the exploration and evaluation expenditure was impaired.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's 2019 Annual Report for the period ended 30 June 2019 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based upon the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material mis-statement when it exists. Mis-statements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained whether a material uncertainty exists related to events and conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial report. The auditor is responsible for the direction, supervision and performance of the group audit. The auditor remains solely responsible for the audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may be reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report
We have audited the Remuneration Report included in pages 22 -24 of the directors' report for the period ended 30 June 2019.

In our opinion, the Remuneration Report of Metals Australia Limited for the period ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Crowe Perth

Sean McGurk
Partner

Signed at Perth, 5 September 2019

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AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Metals Australia Limited for the year ended 30 June 2019, 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 audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

Crowe Perth

Crowe Perth

Sean McGurk

Sean McGurk
Partner

Signed at Perth, 5 September 2019