



**METALS AUSTRALIA LTD
AND CONTROLLED ENTITIES**

(ACN 008 982 474)

**Interim Financial Report
for the Half Year Ended
31 December 2019**

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DIRECTORS' REPORT

The Directors present their report on the consolidated group of Metals Australia Ltd (the "Company") and controlled entities (the "Group") for the half year ended 31 December 2019.

1. DIRECTORS

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

Gino D'Anna
Michael Scivolo
Robert Collins

2. REVIEW OF OPERATIONS

OVERVIEW

During the half year ended 31 December 2019, the Company continued the exploration of the Lac Rainy Graphite Project and the Eade-Pontois Gold Projects, located in Quebec, Canada. The Company commenced its second-stage metallurgical testing program at Lac Rainy through SGS (Canada) Inc. as well as commissioning GoldMinds Geoservices Inc. to complete a maiden JORC (2012) resource estimation at Lac Rainy. In addition, the Company has planned a follow-up drilling program at Lac Rainy which has been designed to expand the resource of the project and move the project from its current exploration cycle into a development cycle.

The Company also undertook a field exploration and reconnaissance program at the Eade-Pontois Gold Projects which was aimed at expanding the mineralisation footprint at these project areas. The Eade-Pontois projects are strategically located in a growing gold district characterised by significant structural features that host prominent gold mineralisation. There is growing interest in the gold belt where the Eade-Pontois projects are located, and the Company is seeking to capitalise on this interest with an aim to develop a high-grade gold project. The Company is also planning to complete an Aster LWIR and synthetic aperture radar imagery study on the Eade-Pontois projects, designed to identify additional targets for follow-up exploration.

In addition, during the half year ended 31 December 2019, the Company's 100% owned subsidiary Quebec Lithium Ltd finalised and lodged historical income tax and mining duty returns for the period up to and including 30 June 2019. In addition, Quebec Lithium Ltd lodged its sales tax returns for the period up to and including 30 September 2019.

The Company has been working closely with BDO Canada LLP, its Montreal, Quebec based tax agent, in preparing and lodging all returns.

In relation to income tax and mining duty, the returns that have been lodged by Quebec Lithium Ltd should result in total tax credits refundable of CAD\$765,887.

In relation to sales tax, the returns that have been lodged by Quebec Lithium Ltd should result in total tax credits refundable of CAD\$246,463. The Company notes that it has since received this amount in full in relation to the sales tax credits from the Canada Revenue Agency (CRA).

All returns lodged with the CRA are currently being assessed. The Company notes that the length of time taken by the CRA to process the returns, as well as the total amount of credits to be refunded, is uncertain until such time as Quebec Lithium Ltd is notified by the CRA of the outcome.

During the half year ended 31 December 2019, the Company has also lodged with the CRA its sales tax returns for the quarter ended 31 December 2019.

Combined with the Company's existing cash reserves, the expected receipt of these tax credits will ensure that the Company remains sufficiently funded to meet its near-term objectives in relation to the exploration strategy at the Lac Rainy project and the Eade-Pontois-Felicie project.

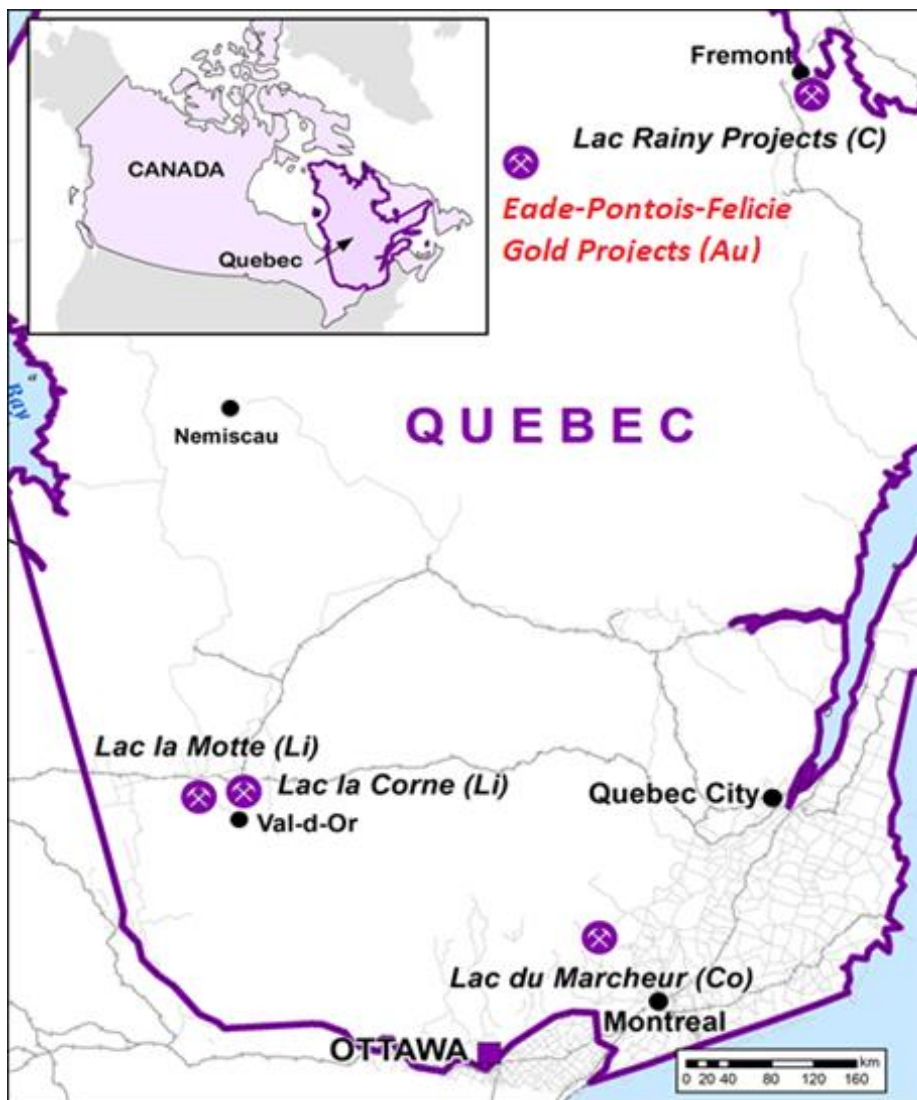
DIRECTORS' REPORT (continued)

2. REVIEW OF OPERATIONS (continued)

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
- Eade-Pontois-Felicie Gold Projects

Figure 1: Location map of projects in Quebec, Canada



DIRECTORS' REPORT (continued)**2. REVIEW OF OPERATIONS (continued)****LAC RAINY GRAPHITE PROJECT, QUEBEC (CANADA)**

During the half year ended 31 December 2019, the Company received all of the assay results from the maiden diamond drilling campaign, which was initially focused on the known high-grade Lac Carheil Prospect which is at the south-east end of the mineralised trend. The drilling program was subsequently expanded to include a number of step out drill holes along strike of the mineralised trend in a north-west direction. In total, the Company drilled seventeen (17) diamond drill holes for a total of 2,318m with the drilling program completed on 17 May 2019.

The results of the drilling program were announced during the half year with significant graphite intersected in each hole, providing the Company with the necessary confidence to progress the Lac Rainy project further. The Company considers that the program was highly successful, particularly in light of the fact that a total of eleven (11) holes from the seventeen-drill hole program finished in graphite mineralisation, thereby remaining open at depth.

Significant graphite flake mineralisation was intersected in all drill holes, with DDH LR19-09 producing a spectacular intersection within 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.

Other notable drill results include:

DDH LR19-01	42.7m at 14.5% Cg from 75.85m
DDHLR19-09	70.0m at 17.1% Cg from 9.0m
DDH LR19-11	44.9m at 8.05% Cg from 63.6m
DDH LR19-08	47.5m at 16.21% Cg from 7.8m

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 drilling program completed during the 2019 exploration season tested approximately 1.6km of this mineralised strike at the southeast end of the trend.

Field Prospecting Program

During the half year ended 31 December 2019, the Company undertook a field prospecting program at Lac Rainy. The aim of this field program was to (i) prospect the northwest and southeast extensions of the Lac Carheil Graphite Zone, that was trenched and channelled in 2018 and subsequently drilled during the winter of 2019; (ii) to assess the potential for graphite mineralisation to be hosted in a new area where boulders were identified during a summer prospecting campaign during the 2018 field program along the Lac Carheil main access trail, located approximately 1.2km south-west of the main Lac Carheil Graphite Showing (this new area has been referred to as the "New Lac Carheil-South Graphite Zone").

A reconnaissance program was also carried out on a number of marble and calc-silicate outcrops located outside of the Company's claims in order to locate pure marble outcrops that could be further used as additives for metallurgical processing of graphite ore.

The Company is expecting to receive the results of the prospecting program shortly as well as a comprehensive report from the Company's geological consultants Magnor. This will be announced to shareholders once it has been received and the data has been verified.

DIRECTORS' REPORT (continued)**2. REVIEW OF OPERATIONS (continued)****JORC Resource Estimation**

Building on the recent success of the diamond drilling program at Lac Rainy, MLS engaged GoldMinds Geoservices Inc. (GoldMinds) to undertake a JORC (2012) Mineral Resource Estimate during the half year. As part of the Mineral Resource Estimate, GoldMinds prepared certain “check” samples and undertook “flash testing” to determine the baseline metallurgical and mineralogical characteristics of the deposit at Lac Rainy as required by the JORC (2012) guidelines.

Unfortunately, the Mineral Resource Estimate with GoldMinds has taken longer than expected given the delays with the metallurgical laboratory and the Christmas/New Year period.

The Company has received the preliminary Mineral Resource Estimate for Lac Rainy and is currently awaiting the final JORC (2012) Resource Estimate Report. The preliminary resource estimate is based on the diamond drilling results only, whilst the final resource estimate will include the surface sample results, channel and trench sample results and the diamond drilling results.

The Company will update shareholders and announce the details of the Mineral Resource Estimate once it has been signed off by the Competent Person in compliance with JORC (2012) guidelines.

Metallurgical Test Work

In addition to engaging GoldMinds to undertake the Mineral Resource Estimate at Lac Rainy, the Company engaged SGS Canada Inc. (SGS) to complete full scale metallurgical and mineralogical testwork on the drill core for the Lac Rainy project. This test work will enable the Company to better understand the key mineralogical and metallurgical characteristics of the deposit, and importantly, allow the Company to progress plans for the future development of the project, beyond the exploration stage.

The Company provided the samples to SGS during the half year ended 31 December 2019. Due to delays with the laboratory, the results of the metallurgical program have not yet been received. The Company is in regular contact with SGS. Once the results have been received, the Company will provide a further update to shareholders with the full details of the results.

This test work will be complemented by additional tests which will be designed to address the downstream product market, providing the Company with a more refined approach as to which product markets the Company could potentially approach. This next stage of more advanced test work will enable the Company to definitively engage with potential end-users and joint development partners across North America and Europe.

The Company is in contact with a number of affiliate laboratories and partners that are capable of conducting this product specification test work, and once a decision has been made to progress with this next step, the Company will provide a further update to shareholders.

End User / Project Development Partner Engagement

The Company is focusing on the North American and European end user market and on North American and European project development partners for its high-grade graphite concentrate.

The Company has been engaging with two specialist North American downstream graphite / graphene product manufacturers and marketing agents in relation to the Lac Rainy graphite project. In addition, the Company has commenced discussions with a number of interested parties in the European graphite market.

DIRECTORS' REPORT (continued)**2. REVIEW OF OPERATIONS (continued)**

Whilst these discussions are early stage, the Company is confident that as more technical marketing information becomes available relevant to the Lac Rainy deposit, that these discussions will advance and provide the Company with additional options as far as the continued development of Lac Rainy is concerned.

The Company has also received inbound enquiries in relation to the ongoing development at Lac Rainy from a diverse number of graphite-centric investors, joint development partners and end-users. These groups are currently awaiting the results of the metallurgical test work and the product specification test work to further these discussions.

Upcoming Work and Exploration Activities

The Company is currently awaiting the results of the Mineral Resource Estimate calculated in accordance with the JORC (2012) guidelines from GoldMinds. As noted above, the Company has received the preliminary results from GoldMinds, but notes that the complete report is yet to be received. Once the estimate has been verified and signed off by the Competent Person, the Company will announce the results to shareholders.

In addition, the Company is awaiting the results of the metallurgical and mineralogical test work from SGS based on the drilling program which was completed during the 2019 exploration season.

The Company plans on advancing the exploration and development at Lac Rainy, including an expanded series of downstream product test work. An expanded drilling program has also been prepared for Lac Rainy, designed to increase the potential size of the deposit and increase the confidence in the resource.

Also, the Company expects that it will receive the results of the prospecting and mapping campaign completed by Magnor during the half year ended 31 December 2019. Based on the information received from Magnor so far, the Company understands that the prospecting and mapping campaign has been successful in expanding the footprint of the mineralised zones at Lac Rainy. During the first half of 2020, the Company plans on designing a further exploration program to follow up on these additional zones of mineralisation, including additional trenching, mapping and channel sampling, with reconnaissance drilling if warranted.

The Company believes that the upcoming period will be an important milestone for the future development at Lac Rainy. The maiden resource estimate combined with a better understanding of the metallurgical and mineralogical characteristics of the Lac Rainy deposit will enable the Company to refine its approach with end-users and joint development partners.

BACKGROUND INFORMATION**LAC RAINY GRAPHITE PROJECT, QUEBEC (100% OWNED)**

The Lac Rainy project consists of a contiguous landholding of 92 mineral claims covering an area of approximately 45.5 km² 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.

DIRECTORS' REPORT (continued)

2. REVIEW OF OPERATIONS (continued)

GEOLOGY AND MINERALISATION

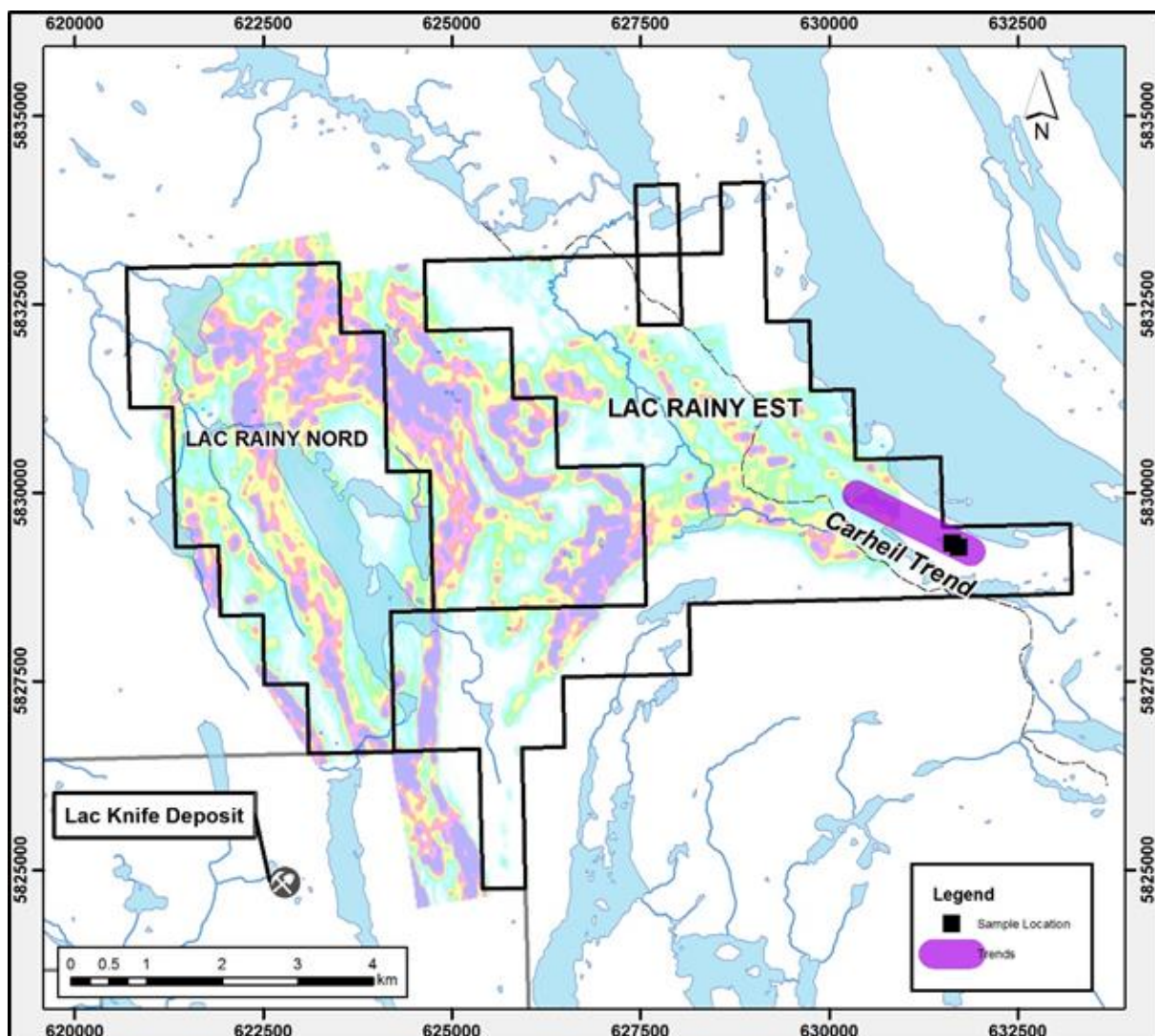
Within the Lac Rainy Graphite Project, the graphite is hosted in biotite-quartz-feldspar paragneiss and schist of the Nault Formation. High-grade metamorphism and folding has resulted in the formation of important concentrations of graphite dominated by value-enhanced large flakes.

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



DIRECTORS' REPORT (continued)

2. REVIEW OF OPERATIONS (continued)

DIAMOND DRILLING

During the half year ended 31 December 2019, Metals Australia completed its diamond drilling campaign at the Lac Rainy Graphite Project, located in Quebec, Canada.

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 southeast 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-drill hole program finishing in mineralisation that is open at depth. Graphite flake mineralisation was intersected in all drill holes with DDH 19 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.

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 maiden drilling program tested approximately 1.6km of this strike extent.

Summary of Assay Results and Discussion

Significant assay results received from the diamond drilling program include (refer to ASX announcements dated 3 July 2019, 6 August 2019, 15 August 2019, 20 August 2019, 29 August 2019, 11 September 2019):

- DDH 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
 - graphite mineralisation remains open at depth
- DDH 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 (end of hole) – graphite mineralisation remains open at depth
- DDH 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 (end of hole) – graphite mineralisation remains open at depth
- 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

DIRECTORS' REPORT (continued)

2. 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
- 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
- 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 – **graphite mineralisation remains open at depth**

The map below illustrates the drill hole locations from the program at the Lac Carheil prospect within the Lac Rainy Project (*Figure 3*).

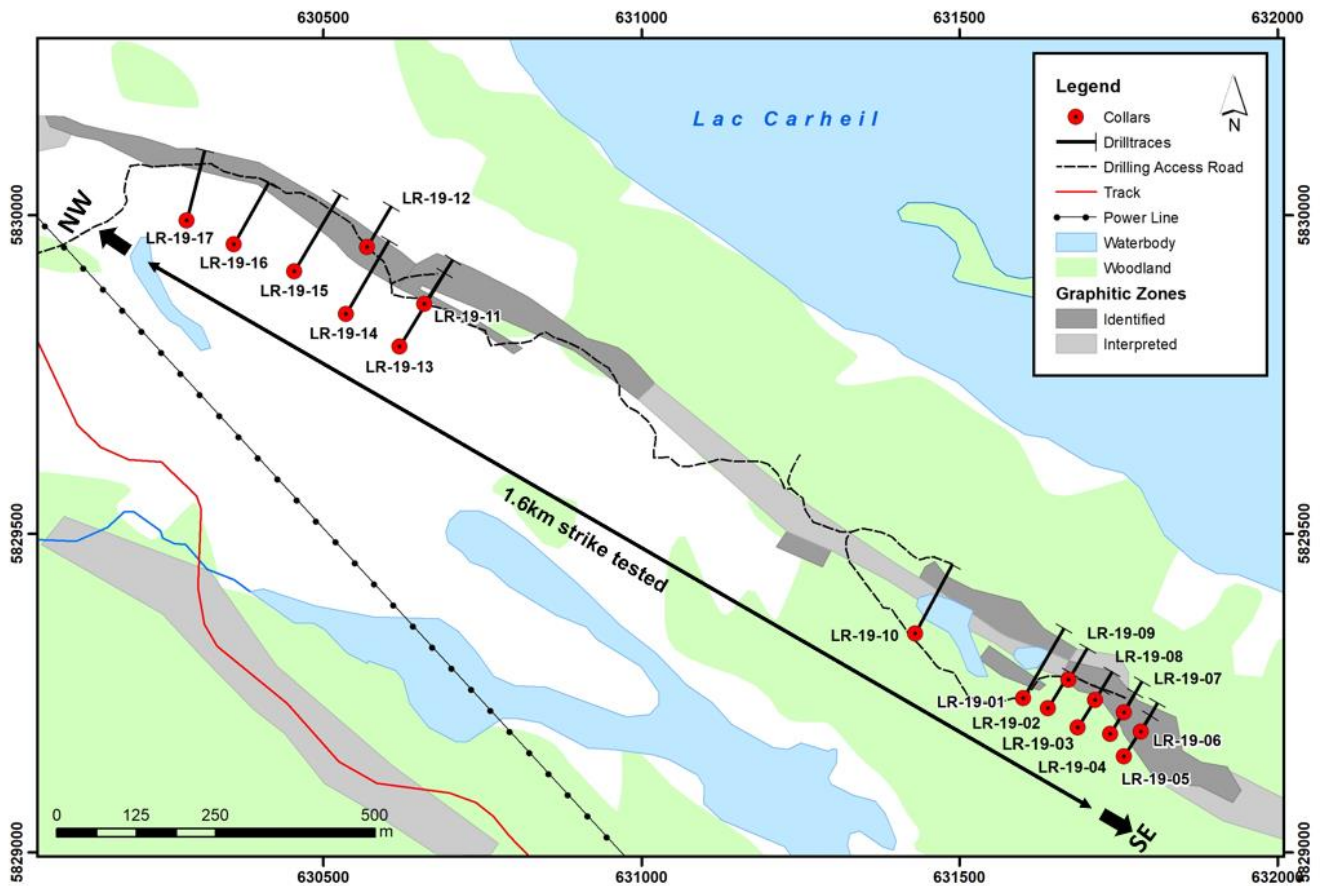


Figure 3: Diamond drill hole location map from the Phase II exploration program at the Lac Rainy Graphite Project

DIRECTORS' REPORT (continued)

2. REVIEW OF OPERATIONS (continued)

The southeastern part of the Carheil Graphitic Trend where the thickest and highest-grade graphite mineralisation has been encountered is outlined in the map below.

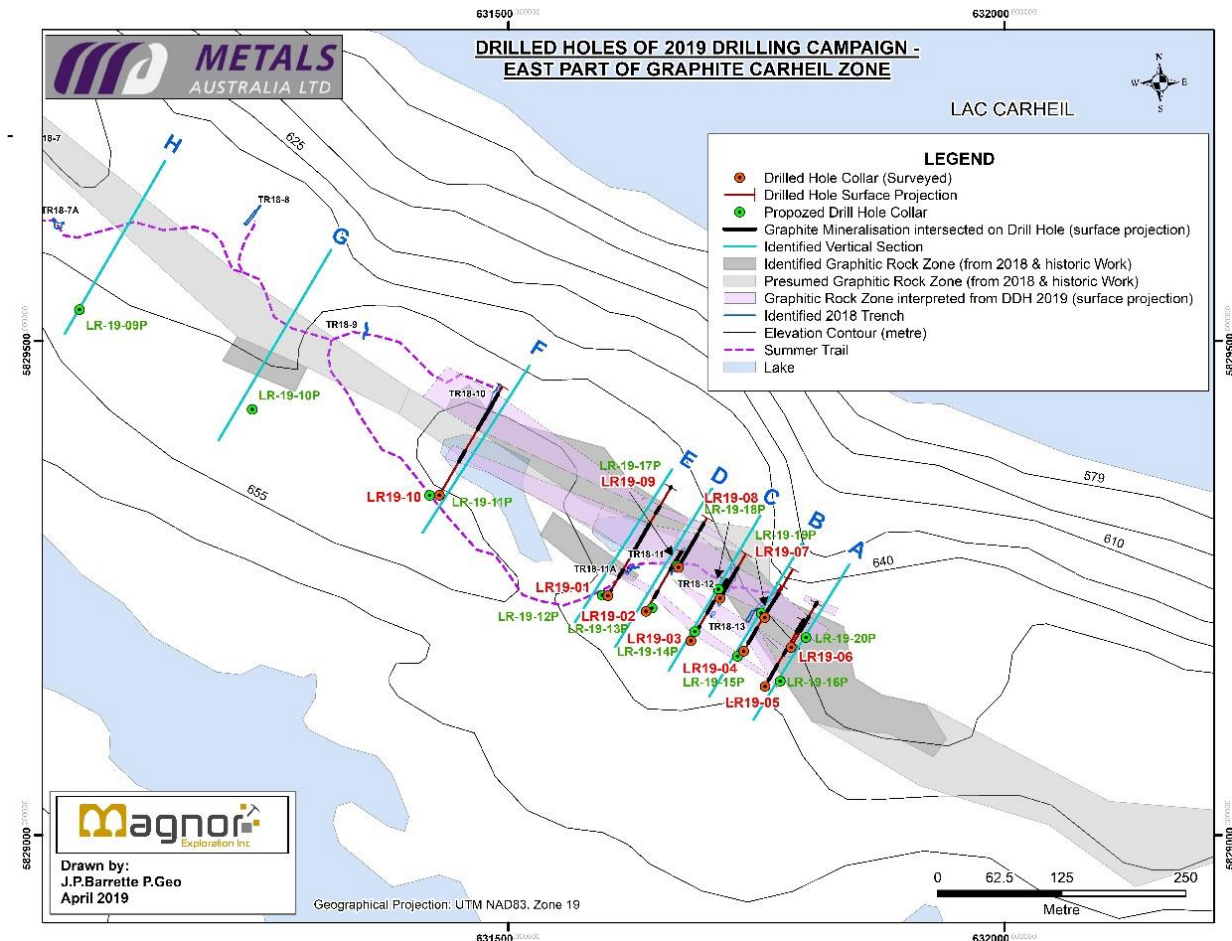


Figure 4: Diamond drill hole location map for the south-east part of the Carheil Graphitic trend at the Lac Rainy Graphite Project

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 (Figure 5).

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 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 Zone. **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 Zone has a potential economic envelope of 3.2 km in length by 10m to 45m in width.**

DIRECTORS' REPORT (continued)

2. REVIEW OF OPERATIONS (continued)

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

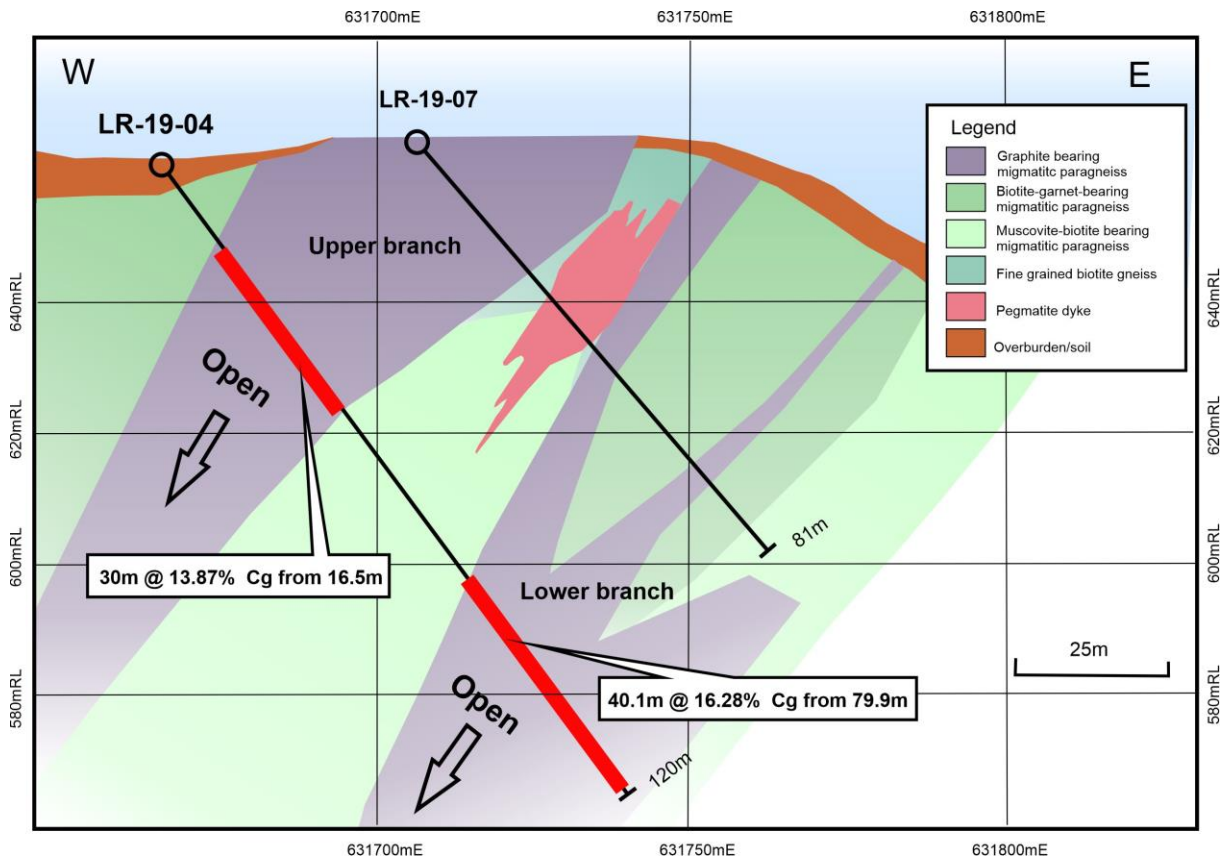


Figure 5: Cross section of the Carheil Zone at Lac Rainy showing the Upper and Lower Graphitic Zones

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.

DIRECTORS' REPORT (continued)**2. REVIEW OF OPERATIONS (continued)****EADE-PONTOIS-FELICIE GOLD PROJECT, QUEBEC (CANADA)**

During the half year ended 31 December 2019, the Company acquired the Eade-Pontois-Felicie Gold Projects located in the Lac Guyer greenstone belt of northern-Quebec (Canada), an east-west trending greenstone belt which is host to numerous high-grade gold-copper and base metal discoveries.

Refer to the ASX Announcement dated 25 September 2019 and titled "Acquisition of Quebec Focused Gold Exploration Projects" for the complete details of the rock chip samples referred to above, including full particulars of the location of the samples, the type of sample collected and the source of the sample assay results

Field Prospecting Program

During the half year ended 31 December 2019, the Company completed a field exploration and sampling program at the Eade-Pontois-Felice Gold Projects.

Geologically, the projects are located in the north-eastern sector of the Superior Province and straddle the boundary of the La Grande and Opinaca geological sub-provinces. Together, the projects include approximately 20km of an east-west trending volcano-sedimentary belt. The greenstone sequence is variable, containing basalt, ultramafic, felsic volcanics and sediments. This provides rheological contrasts that can cause strain partitioning and focusing of gold bearing fluids. The projects are also close to the margin of a granite which has controlled regional scale east-west shearing. The greenstone belt contains multiple gold occurrences that indicate prospectivity for gold mineralisation. This is supported by the reported widespread distribution of low-grade sulphide mineralisation (possibly due to alteration) at the Felice Gold Project. Gold occurrences are aligned in an east-west direction along the main regional shear zones to the north and south of the granite.

The primary objective of the program was to confirm the historic high-grade gold and copper mineralisation documented on the Project from the existing outcrops and exploration pits and trenches. In addition, reconnaissance mapping and sampling was completed along several prospective trends within the Project as a precursor to further exploration, including diamond drilling, if warranted.

The field exploration program will be complemented with a geophysical review, including a review of historical geophysical data across the Project and across the region generally, as part of a follow-up phase of exploration, and as a pre-cursor to diamond drilling to better define the structural geology of the Project.

The Eade, Pontois and Felicie Gold Projects are located in an area with excellent potential for the discovery of economic deposits of precious and base metals. There are indications of high-grade gold and silver mineralisation within all project areas, as well as other showings in the surrounding area and in the general region. As the area was previously mapped and prospected by government and private companies, there is already data available for the projects. This includes geophysical maps (residual total magnetic field, first and second vertical derivative). This data has been used by the Company to build a preliminary GIS database.

DIRECTORS' REPORT (continued)

2. REVIEW OF OPERATIONS (continued)

The images below illustrate sulphide mineralisation identified at the project areas in surface outcrops which was identified by Magnor across the Project areas. This is typical of the mineralisation within the Eade-Pontois-Felicie Gold Projects.



Image 1: Magnor geologist sampling a ultramafic / felsic volcanic associated outcrop at the Eade Gold Project



Image 2: Ultramafic host units containing sulphides at surface in outcrops at the Pontois Gold project



Image 3: Sulphide mineralisation sampled from a surface outcrop at the Felicie Gold project

DIRECTORS' REPORT (continued)**2. REVIEW OF OPERATIONS (continued)**

Historical reports summarising exploration undertaken by previous companies has indicated high grade gold mineralisation exists across the Eade-Pontois-Felicie Gold Projects with multiple showings identified across each of the project areas, however the Project's true gold and copper potential remains untested.

Exploration on the gold projects will focus on the Eade Gold Project where the Company believes that it can add value with low-cost exploration.

The Eade Project has not been the subject of modern exploration and limited follow up has occurred on the historical occurrences. The Company believes that modern exploration and channel sampling will open up a significant amount of strike length of known structures for modern gold and copper focused exploration.

The field prospecting program has been successful with a number of mineralised structures identified and sampled on surface. Although the program was only able to investigate a limited number of the prospective areas, the project has demonstrated the potential for broad zones of mineralisation. The Company is currently awaiting the results from the laboratory as well as the report from Magnor. Once this has been received, the Company will provide an update to shareholders on the results and the outcome of the prospecting program at the Eade-Pontois-Felicie gold projects.

Upcoming Work and Exploration Activities

The Company is currently awaiting the results of the prospecting program completed at the Eade-Pontois-Felicie Gold Projects and the report from Magnor. Once these results and the report have been received, the Company will assess the outcome and design a follow-up exploration campaign.

During the first half of 2020, the Company plans on updating its structural and surface mineralisation map and database taking into account the results from the prospecting program as well as reviewing the numerous geophysical features that have been identified.

The Company is also planning an Aster LWIR and synthetic aperture radar imagery study at the Eade Gold Project to identify additional targets for follow-up field exploration. Given the location of the Eade Gold Project and its proximity to other major deposits on distinct geological structures, it is expected that this method of exploration will outline additional targets for follow-up field exploration.

This low-cost exploration tool will provide the Company with additional targets, using reliable regional mineralised signatures to identify potential structures and mineralised trends across the Eade project area. Once this additional work has been completed, the Company will then update the structural and surface mineralisation maps and database taking into consideration all available results from the prospecting program as well as including the additional targets identified via the Aster LWIR program and the review of the geophysical database.

The Eade, Pontois and Felicie Gold Projects are located in an area with good potential for the discovery of economic deposits of precious and base metals. There are indications of high-grade gold and silver mineralisation within all project areas, as well as in other showings in the surrounding area and in the general region.

DIRECTORS' REPORT (continued)

2. REVIEW OF OPERATIONS (continued)

Exploration will be completed systematically, comprising the following stages:

- Detailed compilation of previous exploration including a review of previous exploration reports, a search for geophysical data and creation of a GIS database;
- North-south traverses of geological mapping and rock chip sampling;
- Soil/till sampling of priority targets;
- Channel sampling; and
- Drill testing, if required.

The Eade-Pontois-Felicie gold exploration projects are located in the Lac Guyer greenstone belt of northern-Quebec (Canada), an east-west trending greenstone belt which is host to numerous high-grade gold-copper and base metal discoveries. The projects are located approximately 120km northeast of the Eleonore Gold Mine which is owned and operated by Goldcorp and are located in close proximity to the Trans-Taiga Highway which provides excellent all-year road access to the projects. Due to the proximity of the Eade-Pontois-Felicie Gold Projects to the Lac Rainy Graphite Project, the Company believes that it will be able to engage the same team to oversee the exploration at these new project areas. Geologically, the projects are located in the north-eastern sector of the Superior Province and straddle the boundary of the La Grande and Opinaca geological sub-provinces. Together, the projects include approximately 20km of an east-west trending volcano-sedimentary belt.

The map below illustrates the project location in a regional setting showing the regional geology and structures. Also highlighted are the rock sample assay results for the relevant prospects and the infrastructure in the area.

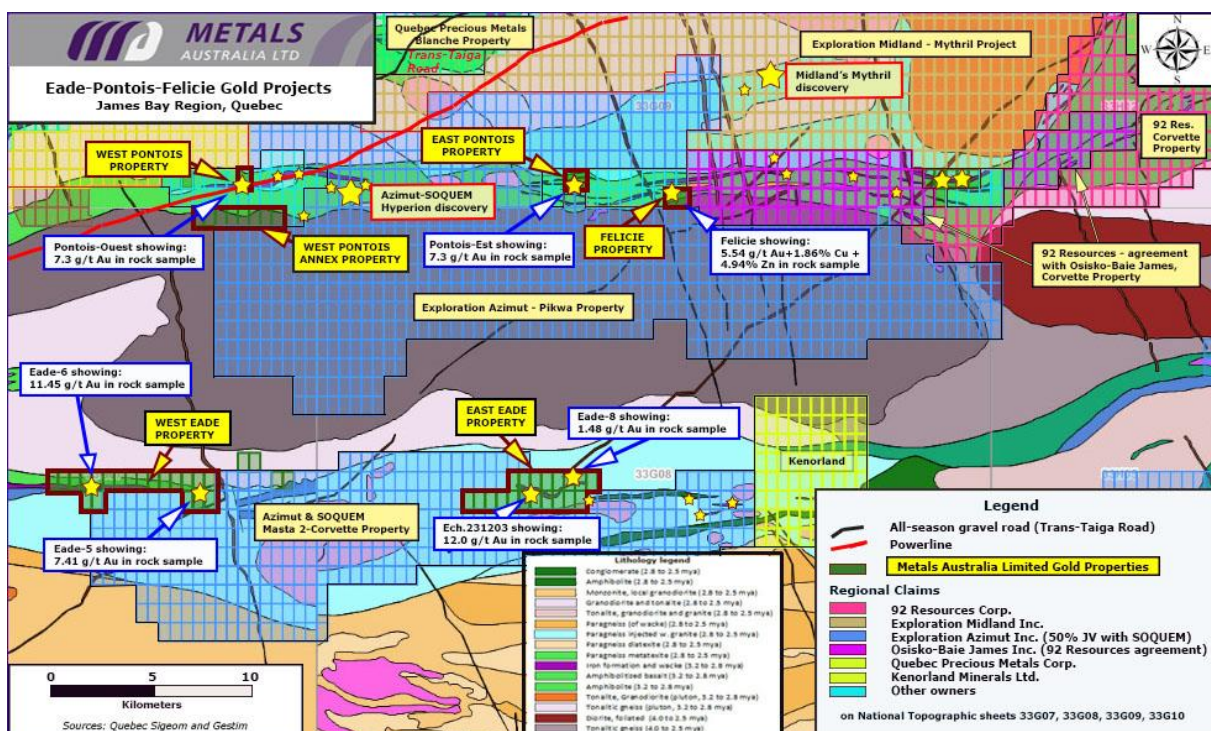


Figure 6: Regional geology map of the Eade-Pontois-Felicie Gold Projects located in Quebec, Canada. Sample site locations are contained within the map above with the use of a star highlighting the location of the sample and a text box highlighting the assay results of the particular sample.

DIRECTORS' REPORT (continued)

2. REVIEW OF OPERATIONS (continued)

GOLD PROJECT SUMMARY OVERVIEW

The Eade Gold Project, Pontois Gold Project and the Felicie Gold Project are all located in close proximity to each other on the Lac Gruyer greenstone belt of northern-Quebec, Canada.

Eade Gold Project

The Eade Gold Project is located approximately 120km east of Radisson, 20km south of the Poste Lemoyne heliport and 50km east of the La Grande-3 airport, with access via the (all season) Trans-Taiga highway. The Eade project is considered to be a highly prospective gold-copper-silver project made up of two distinct domains, West Eade and East Eade, and are located 12km apart on the same copper-gold-silver mineralised geological trend.

The map below outlines the location of the East Eade and West Eade project areas overlaid by the regional magnetic data. The map also highlights the known gold occurrences on the project areas as well as the neighbouring project areas.

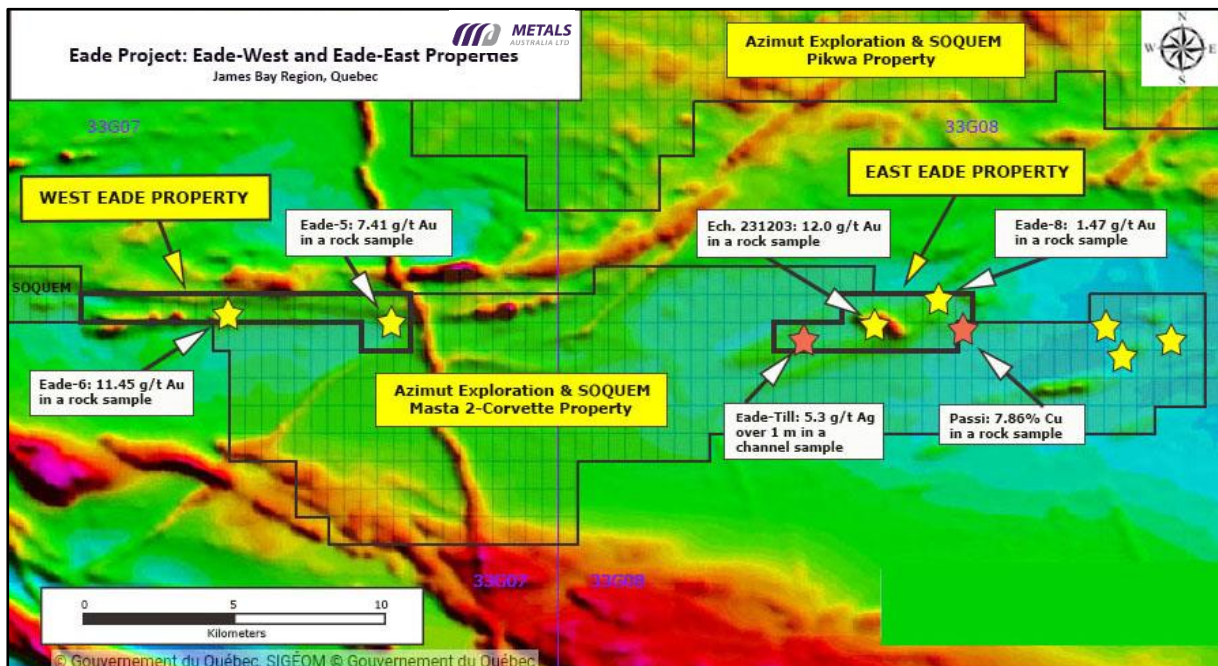


Figure 7: East Eade and West Eade project areas location map overlaid by the regional magnetic data. Sample site locations are contained within the map above with the use of a star highlighting the location of the sample and a text box highlighting the assay results of the particular sample.

The East Eade and West Eade project areas include 20km of an east-west trending volcano-sedimentary belt. The geological setting is characterised by sheared metasediments, amphibolites, paragneisses and small felsic intrusions.

The West Eade project area contains a **8.3km strike length** and covers two gold occurrences: Eade-5 and Eade 6. At Eade-5 rock chips have returned values up to **7.41g/t Au** in iron formation within a sulphidic shear. Approximately 6km along strike to the west at Eade-6, rock chip samples of iron formation returned results up to **11.45g/t Au**.

DIRECTORS' REPORT (continued)

2. REVIEW OF OPERATIONS (continued)

The East Eade project area contains a **7km strike length** and covers three gold occurrences (Eade-8, Eade-Till, Ech.231203) and a copper occurrence (Passi). Rock chip samples at the Eade-8 occurrence returned values to **1.47g/t Au in a 2m wide shear zone**. To the west at Ech.231203 quartz veins in a shear zone returned a best result of **12.0g/t Au** and a **1m channel sample at Eade-Till returned a value of 5.3g/t Ag**.

These areas have not been followed up with modern exploration techniques.

East Eade also borders the Azimut Exploration Inc. (TSX.V: AZM) and SOQUEM owned Masta 2-Corvette Project (*the Passi Prospect - refer to Figure 7 above*).

Felicie Gold Project

The Felicie Gold Project is located in northern Quebec, approximately 280km east of the town of Radisson, 480km northeast of Matagami and 170km northeast of Goldcorp's Eleonore Gold Mine. The project is located approximately 15km south of the (east-west) Trans-Taiga highway. The project can be accessed either on foot or by ATV from the Trans-Taiga highway.

A historical surface rock grab sample taken from the Felicie prospect returned an assay result of **5.54 g/t Au + 1.86% Cu + 4.94% Zn**. A second rock sample was collected in another area which returned **over 10g/t Au**. These areas have not been followed up with modern exploration techniques.

Reconnaissance exploration commenced in the 1950s with exploration primarily comprised of geological mapping and prospecting. In the 1970s, Noranda conducted aeromagnetic and electromagnetic surveys. The most recent exploration was undertaken in 2005 when wide spaced traverses located widespread low grade sulphide mineralisation.

The project covers an east-west trending belt of basaltic rocks with relatively minor units of ultramafic and felsic rocks. Mapping to the west located narrow exhalative units within the volcanic sequence. The sequence is intruded by gabbro dykes and pegmatites.

Refer to Figure 6 for an overview of the regional geology of the Felicie Gold Project.

The gold occurrences also contain copper, zinc and molybdenum. Associated sulphides include pyrite, chalcopyrite, pyrrhotite and rare arsenopyrite. The gold commonly comprises veins and shears of quartz-carbonate in iron formations.

Pontois Gold Project

The Pontois Gold Project is located in northern Quebec, approximately 280km east of the town of Radisson, 480km northeast of Matagami and 170km northeast of Goldcorp's Eleonore Gold Mine. The project is located approximately 15km south of the (east-west) Trans-Taiga highway. The project can be accessed either on foot or by ATV from the Trans-Taiga highway.

A historical surface rock chip sample taken from the Pontois East showing returned an assay result **7.3g/t Au** whilst a rock chip sample taken from the Pontois West showing returned an assay result **3.35g/t Au**. These areas have not been followed up with modern exploration techniques.

The Pontois Gold Project is located in the same east-west trending volcano-sedimentary belt as the Felice Gold Project. Mapping by Eloro Resources in 2005 reported mafic lavas (basalt) with some exhalative units. Sedimentary and felsic volcanic units are rare. The sequence is intruded by gabbro and pegmatite.

Refer to Figure 6 for an overview of the regional geology of the Pontois Gold Project.

DIRECTORS' REPORT (continued)

2. REVIEW OF OPERATIONS (continued)

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.

3. FINANCIAL RESULT

The Group incurred a profit after income tax of \$184,873 (2018: loss of \$359,573) for the half year period. As at 31 December 2019 the Group had cash funds of \$21,280 (30 June 2019: \$543,079).

4. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

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



Michael Scivolo
Director

Perth, 12th March 2020

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF METALS AUSTRALIA LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Metals Australia Limited for the half-year ended 31 December 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Metals Australia Limited and the entities it controlled during the period.



Crowe Perth



Sean McGurk
Partner

Signed at Perth, 12 March 2020

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Perth, an affiliate of Findex (Aust) Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation. Liability limited other than for acts or omissions of financial services licensees.

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

		Consolidated	
	Note	Half year 2019 \$	Half year 2018 \$
Revenue			
Interest earned		100	8,818
		<u>100</u>	<u>8,818</u>
Expenditure			
Change in fair value of investments		(33,600)	(49,400)
Key management personnel remuneration		(73,797)	(35,718)
Management fees		(141,680)	(140,000)
ASX listing fees		(22,516)	(27,741)
Professional fees		(136,432)	(90,186)
Other expenses		(29,084)	(25,346)
		<u>(437,109)</u>	<u>(368,391)</u>
Loss before income tax		(437,009)	(359,573)
Income tax benefit	4	621,882	-
Profit /(loss) for the period		<u>184,873</u>	<u>(359,573)</u>
Other Comprehensive profit/(loss), net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign controlled entities		133,478	-
Total comprehensive profit /(loss) for the half year		<u>318,351</u>	<u>(359,573)</u>
Profit /(loss) for the period attributable to:			
Owners of the parent		184,873	(359,573)
Non-controlling interest		-	-
Total profit /(loss) for the half year, net after tax		<u>184,873</u>	<u>(359,573)</u>
Total comprehensive profit /(loss) for the period attributable to:			
Owners of the parent		318,351	(359,573)
Non-controlling interest		-	-
Total comprehensive profit /(loss) for the half year		<u>318,351</u>	<u>(359,573)</u>
		Cents	
Basic and diluted profit /(loss) per share		0.01	(0.02)

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Consolidated	
	31 December 2019	30 June 2019
	Note	\$
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents		21,280
Trade and other receivables	4	1,016,834
Financial assets	5	138,602
Prepayment		4,293
TOTAL CURRENT ASSETS		1,181,009
NON-CURRENT ASSETS		
Exploration and evaluation expenditure	6	8,751,651
TOTAL NON-CURRENT ASSETS		8,751,651
TOTAL ASSETS		9,932,660
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables		193,473
TOTAL CURRENT LIABILITIES		193,473
TOTAL LIABILITIES		193,473
NET ASSETS		9,739,187
EQUITY		
Issued capital	8	33,500,164
Share option reserve	10	1,043,514
Foreign currency translation reserve		133,478
Accumulated losses		(24,862,052)
Parent interests		9,815,104
Non-controlling interest		(75,917)
TOTAL EQUITY		9,739,187

The accompanying notes form part of these financial statements

METALS AUSTRALIA LTD AND CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 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 2018 (as previously stated)	32,137,689	971,935	-	(24,390,408)	8,719,216	-	8,719,216
Prior period adjustment (refer to note 9)	-	-	-	75,917	75,917	(75,917)	-
BALANCE AT 1 JULY 2018 - restated	32,137,689	971,935	-	(24,314,491)	8,795,133	(75,917)	8,719,216
(Loss) attributable to the members of the parent entity	-	-	-	(359,573)	(359,573)	-	(359,573)
Shares issued	13,750	-	-	-	13,750	-	13,750
Costs of capital raising	(1,885)	-	-	-	(1,885)	-	(1,885)
BALANCE AT 31 DECEMBER 2018	32,149,554	971,935	-	(24,674,064)	8,447,425	(75,917)	8,371,508
BALANCE AT 1 JULY 2019	33,092,480	971,935	-	(25,046,925)	9,017,490	(75,917)	8,941,573
(Loss) attributable to the members of the parent entity	-	-	-	184,873	184,873	-	184,873
Other comprehensive gain/(loss) for the period, net of tax	-	-	133,478	-	133,478	-	133,478
Total comprehensive gain/(loss) for the period	-	-	133,478	184,873	318,351	-	318,351
Shares issued	460,248	-	-	-	460,248	-	460,248
Costs of capital raising	(52,564)	-	-	-	(52,564)	-	(52,564)
Issue of options	-	71,579	-	-	71,579	-	71,579
BALANCE AT 31 DECEMBER 2019	33,500,164	1,043,514	133,478	(24,862,052)	9,815,104	(75,917)	9,739,187

The accompanying notes form part of these financial statements

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	Consolidated Half year 2019 \$	Consolidated Half year 2018 \$
Cash Flows from Operating Activities		
Payments to suppliers and employees	(351,821)	(187,350)
Interest received	100	15,986
<i>Net cash used in operating activities</i>	<u>(351,721)</u>	<u>(171,364)</u>
Cash Flows from Investing Activities		
Payment for exploration and evaluation expenditure	(521,194)	(753,131)
Payment for investment	(15,000)	-
<i>Net cash used in investing activities</i>	<u>(536,194)</u>	<u>(753,131)</u>
Cash Flows from Financing Activities		
Proceeds from share issue	400,247	-
Share issue costs	(34,131)	(1,884)
<i>Net cash provided by / (used in) financing activities</i>	<u>366,116</u>	<u>(1,884)</u>
Net (decrease) in Cash and Cash Equivalents	(521,799)	(926,379)
Cash and Cash Equivalents at the Beginning of the Half Year	543,079	2,101,255
Cash and Cash Equivalents at the End of Half Year	<u>21,280</u>	<u>1,174,876</u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

1. BASIS OF PREPARATION OF HALF YEAR REPORT

Metals Australia Ltd is a company domiciled in Australia.

This general purpose financial report for the interim half year reporting period ended 31 December 2019 has been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134 *Interim Financial Reporting*. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Metals Australia Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2019 together with any public announcements made during the half year.

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

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

New and amended standards adopted by the Group

The Group has considered the implications of new and amended Accounting Standards which have become applicable for the current financial reporting period. The Group had to change its accounting policies and make adjustments as a result of adopting the following Standard:

- AASB 16: Leases

The impact of the adoption of this Standard and the respective accounting policies is disclosed below.

Changes in Accounting Policies

This note describes the nature and effect of the adoption of AASB 16: Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 July 2019, where they are different to those applied in prior periods.

i. Leases

The Group as lessee

At inception of a contract the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. leases with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

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

Initially, the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows;

- fixed lease payments less any lease incentives;
- variable lease payments that depend on index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of options to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the costs of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Going concern

The financial report has been prepared on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. During the period, the Group has recorded a loss before income tax of \$437,009 (2018: loss of \$359,573), a net cash outflow from operating activities of \$351,721 (2018: \$171,364) and had cash at bank of \$21,280 (30 June 2019 \$543,079).

As detailed in Note 12 subsequent to the year end the Group has received CAD \$258,718 from the Canadian Revenue Agency in respect to the sales tax returns lodged by Quebec Lithium Ltd for the period up to and including 31 December 2019.

The ability of the Group to continue to fund its exploration and operational activities and continue as a going concern is dependent on securing additional funding through the sale of equity securities to either existing or new shareholders and/or receiving tax credits refundable from the Canadian Revenue Agency relating to the June 2019 tax return lodged by Quebec Lithium Ltd.

These conditions indicate a material uncertainty which may cast a significant doubt about the Groups ability to continue as a going concern and therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

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

Going concern (continued)

The financial statements have been prepared on the basis the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The Group expects to receive additional funds via the issue of equity securities to either existing or new shareholders: and
- The Group expects to receive tax credits refundable in relation to the June 2019 tax return lodged by Quebec Lithium Ltd.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts which differ from those stated in the financial statements and the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities which might be necessary should the Group not continue as a going concern.

2. DIVIDENDS

No dividends have been paid or proposed during the half year ended 31 December 2019.

3. CAPITAL AND LEASING COMMITMENTS AND CONTINGENCIES

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

4. TRADE AND OTHER RECEIVABLES

	December 2019	June 2019
	\$	\$
Canadian tax credits ¹	992,146	-
GST receivable	24,688	22,804
	<u>1,016,834</u>	<u>22,804</u>

¹ During the period, Quebec Lithium Ltd, a 100% owned subsidiary, finalised and lodged historical income tax and mining duty returns for the period up to and including 30 June 2019. In addition, Quebec Lithium Ltd has lodged its sales tax returns for the period up to and including 30 September 2019.

In relation to income tax and mining duty, the returns that have been lodged by Quebec Lithium Ltd should result in total tax credits refundable of CAD\$634,506 (AUD\$694,911). Of this, CAD\$563,184 (AUD\$621,882) has been recorded as an income tax benefit for the period in relation to the income tax credits refundable, and CAD\$71,322 (AUD\$73,029) has been recorded as a reduction in Exploration and Evaluation Expenditure in relation to the mining duty credits refundable.

In relation to sales tax, the returns that have been lodged by Quebec Lithium Ltd should result in total tax credits refundable of CAD\$246,463 (AUD\$297,235).

All returns lodged with the Canada Revenue Agency (CRA) will be assessed by the CRA prior to any tax credits being made available and paid to Quebec Lithium Ltd. The Company notes that the length of time taken by the CRA to process the returns, as well as the total amount of credits to be refunded, is uncertain until such time as Quebec Lithium Ltd is notified by the CRA of the outcome.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

5. FINANCIAL ASSETS

	December 2019	June 2019
	\$	\$
Investment in listed shares	123,602	157,202
Investment in unlisted shares	15,000	-
	<u>138,602</u>	<u>157,202</u>

These shares are classified as financial assets at fair value through profit and loss. Changes in fair value are included in the Statement of Profit or Loss and Other Comprehensive Income.

6. EXPLORATION AND EVALUATION EXPENDITURE

	December 2019	June 2019
	\$	\$
Opening balance	8,582,411	6,711,751
Exploration expenditure including foreign exchange movements	182,269	2,070,660
Mining duty credits refundable	(73,029)	-
Securities issued to acquire tenements	60,000	-
Closing balance	<u>8,751,651</u>	<u>8,582,411</u>

7. OPERATING SEGMENTS**Segment Information****Identification of reportable segments**

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

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

Segments

For the half year ended 31 December 2019, the Group has two reportable segments as follows:

- (i) Western Australian Projects
- (ii) Quebec Projects

For the half year ended 31 December 2018, the Group had two reportable segments as follows:

- (i) Western Australian Projects
- (ii) Quebec Projects

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

7. OPERATING SEGMENTS (continued)

Basis of Accounting for purposes of reporting by operating segments

Accounting Policies Adopted

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

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

Unallocated items

Corporate costs are not considered core operations of any segment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

7. OPERATING SEGMENTS (continued)

Segment Performance - December 2019	Western Australian Projects \$	Quebec Projects \$	Other Unallocated items \$	Total \$
Revenue from external sources				
Interest revenue	-	-	100	100
Total Group revenue	-	-	100	100
Segment profit/(loss)	-	-	184,873	184,873
Segment assets	4,674,917	4,076,734	1,181,009	9,932,660
Segment liabilities	-	-	(193,473)	(193,473)
Segment Performance - December 2018	Western Australian Projects \$	Quebec Projects \$	Other Unallocated items \$	Total \$
Revenue from external sources				
Interest revenue	-	-	8,818	8,818
Change in fair value of investments	-	-	-	-
Total Group revenue	-	-	8,818	8,818
Segment profit/(loss)	-	-	(359,573)	(359,573)
Segment assets	4,533,188	2,766,428	1,400,262	8,699,878
Segment liabilities	-	-	(328,370)	(328,370)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

8. ISSUED CAPITAL

Date	Details	Number of Shares	Amount \$
1 July 2018	Balance	2,339,047,777	32,137,689
18 September 2018	Shares issued	2,750,000	13,750
	Capital raising costs	-	(1,885)
31 December 2018	Balance	2,341,797,777	32,149,554
1 July 2019	Balance	2,927,197,777	33,092,480
26 September 2019	Shares issued	30,000,000	60,000
4 November 2019	Shares issued	250,155,000	400,248
	Capital raising costs	-	(52,564)
31 December 2019	Balance	3,207,352,777	33,500,164

The Company's capital consists of Ordinary Shares. The Company does not have a limited amount of authorised share capital. The Shares have no par value and are entitled to participate in dividends and the proceeds on any winding up of the Company in proportion to the number of Shares held.

At shareholders' meetings each fully paid ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

9. PRIOR PERIOD ADJUSTMENT

The restatement of the 31 December 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)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

10. SHARE OPTION RESERVE

Date	Details	Number of Options	Amount
1 July 2018	Balance	1,136,036,668	971,935
31 December 2018	Balance	1,136,036,668	971,935
1 July 2019	Balance	1,136,036,668	971,935
14 August 2019	Options issued	895,800,000	-
26 September 2019	Options issued	50,000,000	53,146
4 November 2019	Options issued	20,000,000	18,433
4 November 2019	Options issued	500,310,000	-
1 December 2019	Options expired	(215,111,668)	-
31 December 2019	Balance	2,387,035,000	1,043,514

The weighted average remaining contractual life of options outstanding at year end is 1.66 years.

The exercise price of all outstanding options at the end of the reporting period is 920,925,000 Options exercisable at \$0.01 each on or before 31 May 2020, 1,416,110,000 Options exercisable at \$0.0035 each on or before 1 June 2022 and 50,000,000 Options exercisable at \$0.0035 each on or before 1 January 2023.

11. RELATED PARTY TRANSACTIONS

The Group's related parties include its subsidiaries, key management personnel and others as described below. Unless otherwise stated, none of the transactions incorporate special terms and conditions, and no guarantees were received or given.

Related Party	Relationship	Nature of Transaction	Half Year Ended 31 December 2019 \$	Half Year Ended 31 December 2018 \$
Sabre Resources Limited	Common Directors	Investment in shares	3,600	14,400
Golden Deeps Limited	Common Directors	Investment in shares	120,000	185,000
Sabre Resources Limited	Common Directors	Exploration and evaluation	559	20,211
Sabre Resources Limited	Common Directors	Trade Payables	(3,924)	(5,492)
Karrilea Holdings Pty Ltd	Subsidiary	Loan funding	-	(44,754)
Quebec Lithium Limited	Subsidiary	Loan funding	4,279,277	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

11. RELATED PARTY TRANSACTIONS (continued)

The Company expensed director fees of \$6,000 from Profit & Resource Management Pty Ltd, a company of which Robert Collins is a director and shareholder. An amount of \$3,000 (excluding GST) remains payable as at 31 December 2019.

The Company expensed director fees of \$6,000 and consulting fees of \$65,592 from Internatzionale Consulting Pty Ltd, a company of which Gino D'Anna is a director and shareholder. An amount of \$11,880 (excluding GST) remains payable as at 31 December 2019.

12. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the year end, the Group has received CAD \$258,718 from the Canadian Revenue Agency in respect to the sales tax returns lodged by Quebec Lithium Ltd for the period up to and including 31 December 2019.

No other matters or circumstances have arisen since the end of the half year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company.

DIRECTORS' DECLARATION

In the opinion of the Directors of Metals Australia Limited:

- (a) the consolidated financial statements and notes, as set out on the accompanying pages, are in accordance with the Corporations Act 2001 including:
 - (i) Giving a true and fair view of its financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
 - (ii) Complying with Australian Accounting Standard AASB 134 Interim Financial Reporting; and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Michael Scivolo
Director

Perth, 12th March 2020

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF METALS AUSTRALIA LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Metals Australia Limited (the Company) and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

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

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Emphasis of matter - Material uncertainty regarding going concern

We draw attention to Note 1 in the financial report, which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Financial Report

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

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

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Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Metals Australia Limited and its subsidiaries, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

**Crowe Perth****Sean McGurk**

Partner

Signed at Perth, 12 March 2020