

***METALS AUSTRALIA LTD
AND CONTROLLED ENTITIES***

(ACN 008 982 474)

***Interim Financial Report
for the Six Month Period Ended
31 December 2014***

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DIRECTORS' REPORT

Your Directors present their report on consolidated group of Metals Australia Ltd and controlled entities (the "Group") for the half year ended 31 December 2014.

1. DIRECTORS

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

Hersh Solomon Majteles
Michael Scivolo
Robert Collins

2. REVIEW OF OPERATIONS

BASE METAL PROJECTS, WESTERN AUSTRALIA

Metals Australia holds an interest in two base metals projects in Western Australia (Figure 1).

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

The Sherlock Bay base metal joint venture project is located in the Pilbara region and is being managed and explored by Australasian Resources Ltd (ARH). The project surrounds ARH's Sherlock Bay nickel deposit.

MANINDI ZINC 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 licences.

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 possibly 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.



Figure 1 - Location of the Western Australian base metals projects.

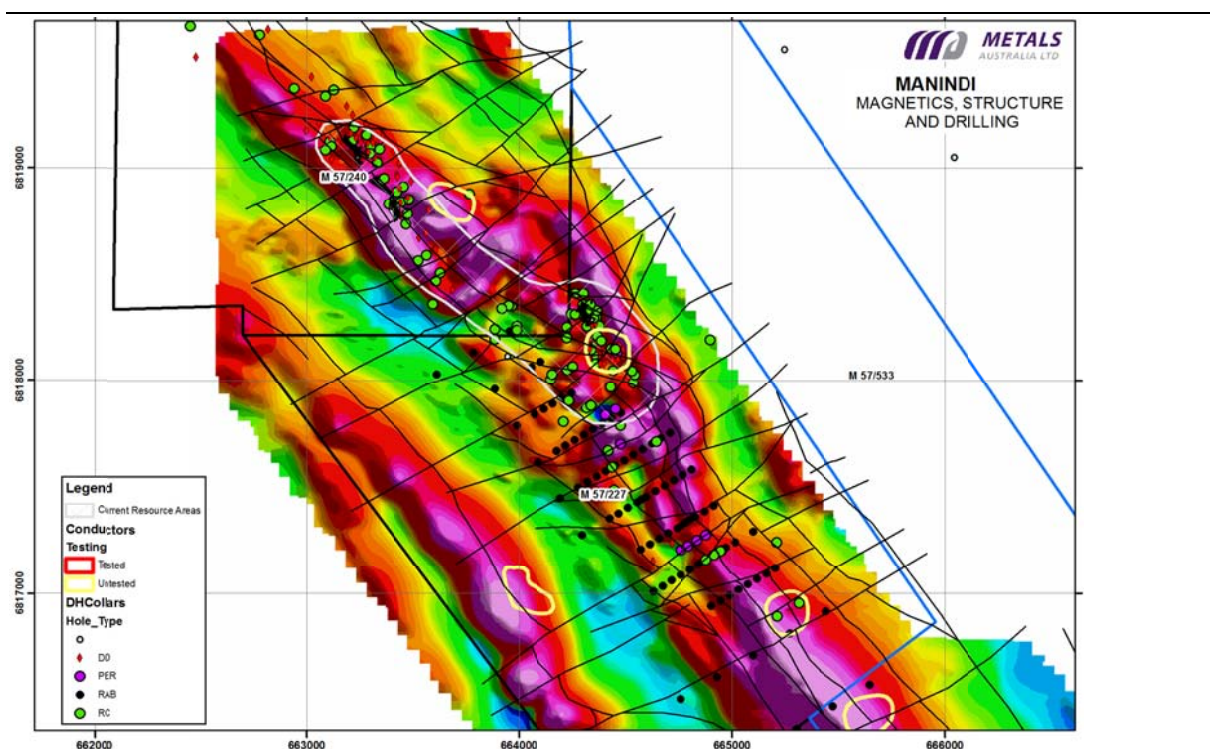


Figure 2 - Magnetic and structure, showing northern resource target area and untested VTEM targets, at Manindi, Western Australia

Since the deposits were discovered, a large body of work has been carried out, including geochemistry, geophysics, detailed geological mapping, extensive drilling, wireframe modelling, resource modelling and metallurgical test work.

Drilling programs intercepted broad zones of mineralisation which contained high grades in excess of 20% zinc. In some places grades up to 50% zinc have been intercepted in drilling. To date, 4 major ore zones over 2.5km of strike have been defined, with an additional 5km of strike largely untested by drilling. A number of VTEM electromagnetic targets also remain untested (See Figure 2). These untested targets provide potential to substantially increase the size of the Manindi deposits.

During the half, Metals completed a review of the Manindi exploration with the intention of re-estimation of a mineral resource and new exploration at the project. Zinc has been an outperforming base metal in the past 12 months and is showing an improvement in supply and demand fundamentals. The ongoing and intensifying global zinc metal deficit should lead to an upward zinc price outlook.

The following objectives of the review have been completed:

- the re-interpretation of the historical drilling to determine the key controls on mineralisation;
- review of the drillhole database to allow JORC 2012 level reporting of data
- An assessment of exploration targets, specifically those with the potential to add significantly to the resource inventory;
- A review of metallurgical test results

The following tasks are currently underway and will be completed in the coming quarters:

- the generation of a JORC 2012 compliant mineral resource estimate for Manindi;
- A review of scoping study assumptions and revise pit optimisations as well as review any underground potential of the project.

Database and initial intrinsic modelling completed

During the half, the Company finalised the review of the drillhole database. The updated data is now at a suitable standard to support the estimation of a JORC 2012 compliant resource. The following work was completed on the Manindi data:

- Confirmation of the drilling completed and available for inclusion in the database, being 104 diamond drillholes, 105 RC drillholes, 169 RAB drillholes and 8 percussion holes.
- Metals' drilling and data re-verified since initial drilling of 69 holes in September 2006 (17RC holes and 52 diamond drillholes).
- The addition of 21 historical geological logs.
- The addition of important geotechnical and core recovery information for 24 holes.
- The validation of 408 Specific Gravity (SG) measurements.
- The raw assay data for all drilling was re-loaded into the Company's industry standard Database Management Software (Datashed) to minimise unmerged assays and accurately load missing QAQC samples.

The updated data was loaded into Micromine and Leapfrog software and reviewed with all other available data. Figures 3 and 4 show isometric images of 1% and 5% grade shells created by Leapfrog software for the Northern and Southern Zones at Manindi. The intrinsic modelling creates shapes which contain equivalent grades or higher by mathematical interpolation of the raw drilling data.

Apparent from the work conducted to date is the following;

- The mineralisation forms coherent bodies at grades >0.5% Zinc up to 5% Zinc, after which the bodies become smaller and detached from each other.
- The drilling to date is strongly concentrated, with large spaces along strike and at depth which are under drilled and many holes do not intersect the mineralised position.
- Significant opportunities exist for additional high grade zinc bodies along strike and down dip for at least two strike kilometres.

The Company has commenced the re-estimation of the resources, which will result in a revised mineral resource statement. This will allow the refinement of exploration targets and a review of project economics.

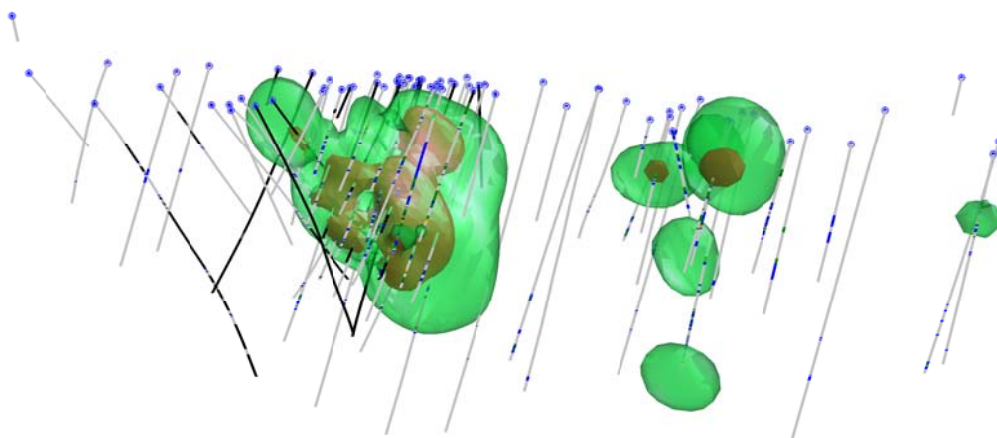


Figure 3 - Perspective view looking east of 1% Zn (green, outer) and 5% Zn (red, inner) grade shells and drilling in the northern mineralisation at Manindi. Image scale is 1.5km across and 500m vertically.

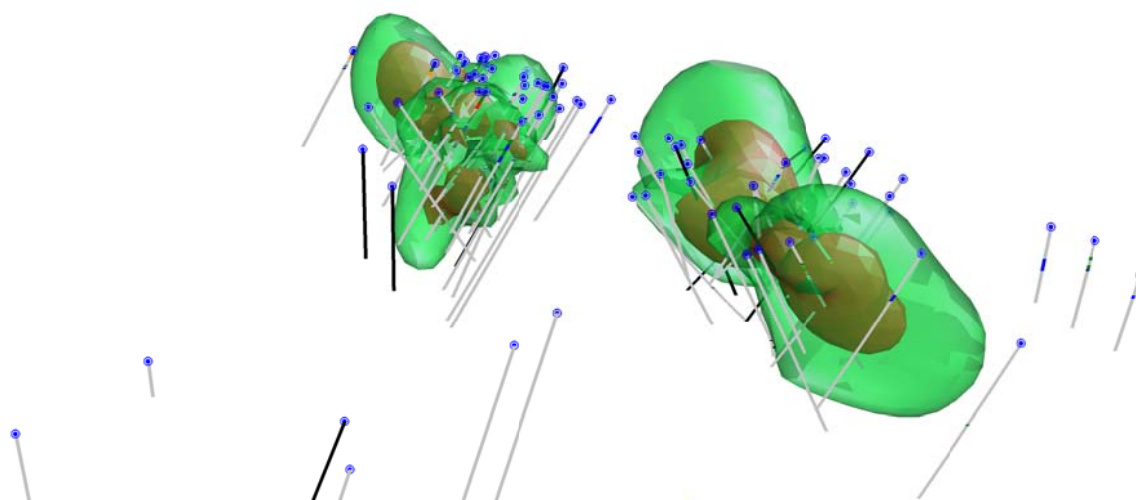


Figure 4 - Perspective view looking east of 1% Zn (green, outer) and 5% Zn (red, inner) grade shells and drilling in the southern mineralisation at Manindi. Image scale is 900m across and 300m vertically.

Planned activities and Further Exploration

During the coming half, the company plans to release an update and review of previous drilling results at Manindi. New results and interpretation which form part of the current review process are being compiled to provide supporting information as required under the JORC Code (2012). These results will then form part of the JORC 2012 mineral resource update and exploration plans for the project which will follow.

SHERLOCK BAY EXTENDED BASE METAL PROJECT

The Sherlock Bay Extended project is composed of two Exploration Licences (E47/1769 and E47/1770), which surround the main Sherlock Bay nickel deposit (wholly owned by Australasian Resources Ltd - 'ARH'). The project is prospective for nickel, copper, silver and gold mineralisation (Figure 5).

The project is a joint venture between ARH (70% interest) and Metals (30% interest). ARH are the managers of the project, with Metals being 'free-carried' through to the completion of a bankable feasibility study and the decision to commence commercial mining.

The results of 2,129 samples collected in 2014 on E47/1769 targeting the Caines Well Granite 'margin zone' have been received by ARH during the quarter and are awaiting interpretation and analysis by the company.

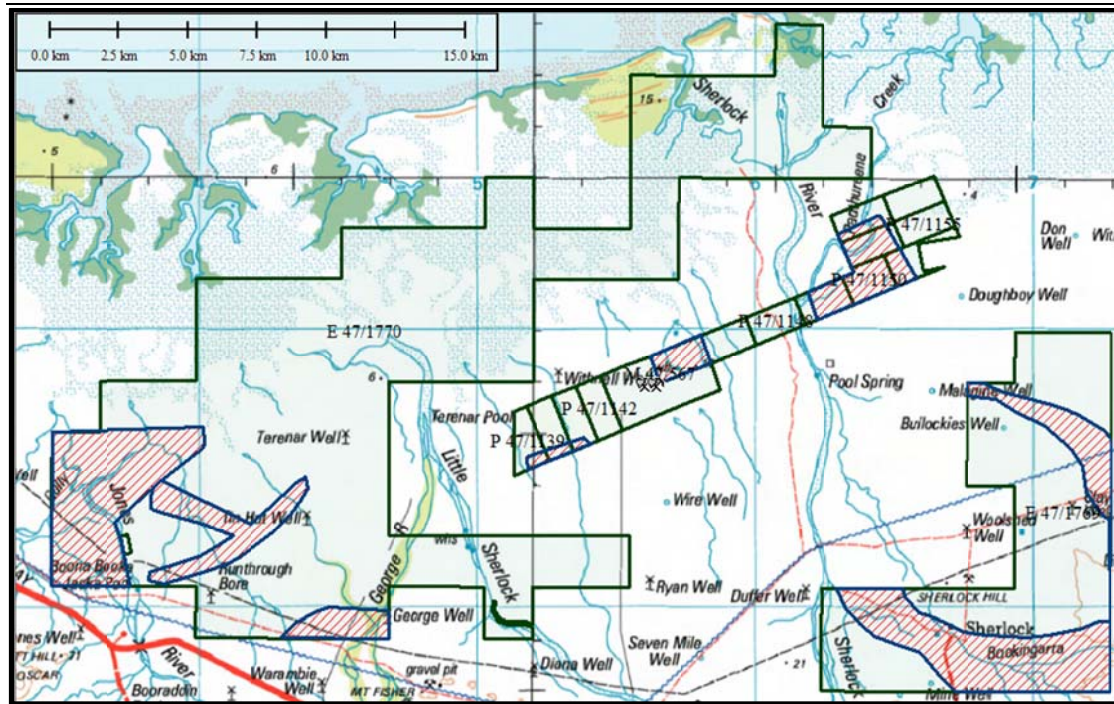


Figure 5 - Areas of exploratory interest set against 1:250,000 topography data

URANIUM EXPLORATION NAMIBIA

During the September 2014 quarter, Metals conducted a review of all of its recent drilling and exploration at Mile 72 Project north of Swakopmund in Namibia (Figure 1). Results from the September 2013 and June 2014 drilling programs had confirmed the existence of alaskite-hosted uranium mineralisation at Mile 72.

The program identified zones of uranium-enriched schist-granite-alaskite rocks with significant strike extent in the upper 85m at Mile 72.

The strong continuity of the identified mineralised zones is highly encouraging, although the zones intersected thus far appear narrow and the grades variable. Scope remains for wider, duplicated zones to be identified, as well as for the existing zones to become wider in places. The identified zones provide a key starting point for future exploration programs.

The presence of multiple, strike consistent zones is considered highly plausible, as it would explain the significant amounts of uranium that have accumulated on the surface in gypcrete and calcretes at Mile 72. These gypcrete and calcrete deposits recorded some of the highest surface uranium grades of any project globally. Similar significant occurrences of carnotite in sheetwash and weathered bedrock are known in the region, such as at the Aussinanis deposit held by Deep Yellow Limited (ASX:DYL). Deep Yellow have conducted an extensive shallow, close spaced drilling program at Aussinanis and estimated a mineral resource. Processing options exist for the mineralisation, including new low cost upgrading technology such as the U-pgrade™ technology being developed by Marenica Energy (ASX:MEY). The resource and mode of occurrence at Aussinanis are comparable to Mile 72 and analogies are being investigated further.

During 2014, the depressed Uranium market began to turn positive. This was evidenced by an increase in the spot price of U₃O₈ and positive sentiment surrounding the re-start of reactors in Japan. Metals holds a positive long term view on Uranium and continues to view its prospects at Mile 72 in perspective to the current low price, but improving, Uranium market.

FURTHER EXPLORATION IN THE SOUTHEAST TERRANE

Drilling in 2014 effectively sterilised a significant portion of the project area, but allows future exploration to focus on the most prospective areas and possible trap zones in the south-eastern terrane. Following the mineralisation trends along strike forms part of the exploration strategy. Future programs will be designed and costed to test the area comprehensively to ensure any trap sites are located.

Comparisons with similar shallow occurrences of carnotite in sheetwash and weathered bedrock such as at the Aussinanis deposit will be expanded on by the team to determine the potential for a similar resource at Mile 72, as well as defining the exploration effort required to define it.



Figure 6 - Location of the Mile 72 Uranium Project, Namibia.

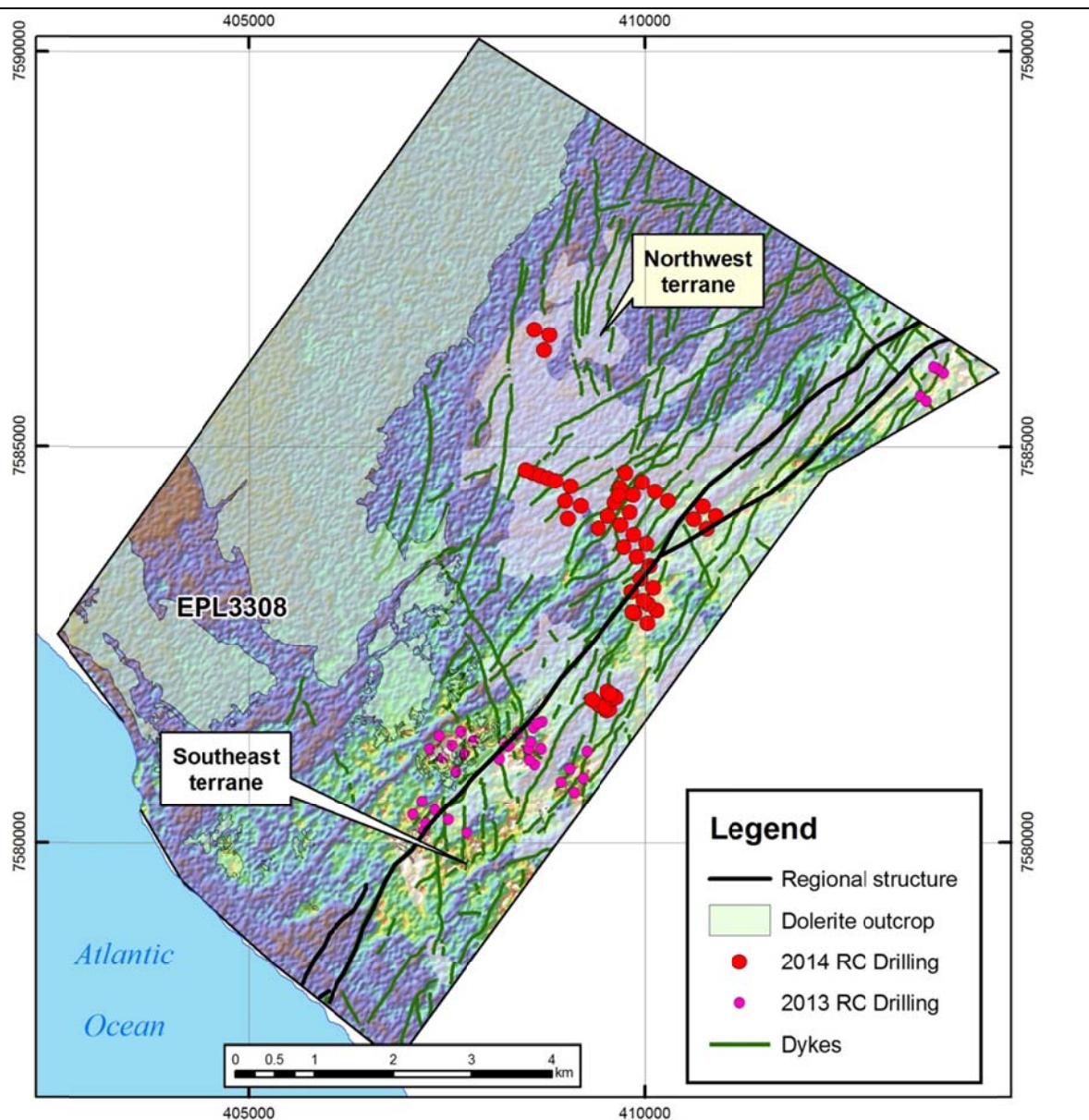


Figure 7 - Location of deeper RC drilling at Mile 72. Drilling has intercepted alaskite-hosted uranium mineralisation in several drillholes in the southeast terrane, defining a series of uranium trends up to 2km long. The drilling in the northwest terrane defined a large area underlain by schist

GOLD PROJECTS, VICTORIA

During the September quarter, Metals relinquished its two licences in Western Victoria, at St Arnaud South (EL5242) and Wedderburn (EL5243). The Company no longer holds licences in Victoria and will focus its exploration efforts on Western Australia and Namibia.

MINERAL AND EXPLORATION LICENCES

| Country | State/ Region | Project | Tenement ID | Area km ² | Grant Date | Expiry Date | Interest % | Company |
|-----------|------------------|--------------|----------------|-------------------------|---------------|----------------|---------------|------------------------------|
| Namibia | | Mile 72 | EPL 3308 | 73 | 19/05/2005 | 17/5/2015 | 100 | Metals Namibia (Pty) Ltd |
| Australia | WA | Manindi | M57/227 | 4.64 | 3/09/1992 | 2/09/2034 | 80 | Karrilea Holdings Pty Ltd |
| | | | M57/240 | 3.15 | 10/11/1993 | 9/11/2035 | 80 | |
| | | | M57/533 | 8.01 | 17/01/2008 | 16/01/2029 | 80 | |
| Australia | WA | Sherlock Bay | E47/1769 | 76.7 | 7/09/2009 | Pending | 30 | Metals Australia Ltd |
| | | | E47/1770 | 223 | 7/09/2009 | Pending | 30 | |

For further information please contact:

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Or consult our website:

www.metalsaustralia.com.au

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 Dr Matthew Painter, who is a full time employee of Sabre Resources Ltd and a consultant to Metals Australia Ltd and who is a member of The Australasian Institute of Geoscientists. Dr Painter 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". Dr Painter 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 loss after income tax of \$233,803 for the half year period (2013: \$974,515). As at 31 December 2014 the Group had cash funds of \$225,475 (30 June 2014: \$593,641).

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 page 11.

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



Michael Scivolo
Director

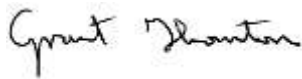
Perth, 13 March 2015

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**Auditor's Independence Declaration
To The Directors of Metals Australia Ltd**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Metals Australia Ltd for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



P W Warr
Partner - Audit & Assurance

Perth, 13 March 2015

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED
31 DECEMBER 2014**

| | Consolidated | |
|---|----------------------------------|----------------------------------|
| | Half year 2014 \$ | Half year 2013 \$ |
| Revenue | | |
| Interest earned | 3,629 | 21,907 |
| Gain on sale of assets | 9,331 | - |
| Other income - cost recovery | - | 484 |
| | 12,960 | 22,391 |
| Expenditure | | |
| Change in fair value of investments | (24,663) | 41,658 |
| Depreciation | 2,698 | 10,464 |
| Exploration expenditure | 7,451 | - |
| Key management personnel remuneration | 43,126 | 37,928 |
| Management fees | 130,763 | 128,334 |
| Occupancy costs | 64,826 | 56,356 |
| Option issue expensed | - | 612,000 |
| Reversal of VAT impairment | (49,542) | - |
| Other expenses | 72,104 | 110,166 |
| | 246,763 | 996,906 |
| (Loss) before income tax | (233,803) | (974,515) |
| Income tax benefit | - | - |
| (Loss) for the half year | (233,803) | (974,515) |
| Other Comprehensive Income, net of tax | | |
| Items that may be reclassified subsequently to profit or loss: | | |
| Exchange differences on translating foreign controlled entities | (66,351) | (22,572) |
| Total comprehensive (loss) for the half year | (300,154) | (997,087) |

Basic and diluted profit/(loss) per share (0.03) cents per share (0.12) cents per share

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT
31 DECEMBER 2014

| | Consolidated | |
|--|------------------------------------|--------------------------------|
| | 31 December 2014 \$ | 30 June 2014 \$ |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | 225,475 | 593,641 |
| Trade and other receivables | 54,335 | 27,281 |
| TOTAL CURRENT ASSETS | 279,810 | 620,922 |
| NON CURRENT ASSETS | | |
| Plant and equipment | 8,330 | 10,656 |
| Other financial assets | 89,005 | 64,343 |
| Exploration and evaluation expenditure | 5,897,265 | 5,716,868 |
| TOTAL NON-CURRENT ASSETS | 5,994,600 | 5,791,867 |
| TOTAL ASSETS | 6,274,410 | 6,412,789 |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Trade and other payables | 139,321 | 110,248 |
| TOTAL CURRENT LIABILITIES | 139,321 | 110,248 |
| TOTAL LIABILITIES | 139,321 | 110,248 |
| NET ASSETS | 6,135,089 | 6,302,541 |
| EQUITY | | |
| Issued capital | 25,187,316 | 25,187,316 |
| Share option reserve | 612,000 | 612,000 |
| Foreign currency translation reserve | 148,485 | 82,134 |
| Accumulated losses | (19,812,712) | (19,578,909) |
| TOTAL EQUITY | 6,135,089 | 6,302,541 |

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED
31 DECEMBER 2014**

| | Issued Capital | Share Option Reserve | Foreign Currency Translation Reserve | (Accumulated Losses) | Total |
|---|-------------------|----------------------------|---|-------------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| BALANCE AT 1 JULY 2013 | 24,613,601 | 2,351,206 | 191,832 | (20,351,678) | 6,804,961 |
| (Loss) attributable to the members of the parent entity | - | - | - | (974,515) | (974,515) |
| Total other comprehensive income/(loss) for the period | - | - | (22,572) | - | (22,572) |
| Shares issued | 500,000 | | | | 500,000 |
| Options exercised | 73,715 | (28,215) | | | 45,500 |
| Options expired | - | (2,322,991) | | 2,322,991 | - |
| Options granted | | 612,000 | | | 612,000 |
| BALANCE AT 31 DECEMBER 2013 | 25,187,316 | 612,000 | 169,260 | (19,003,202) | 6,965,374 |
| | Issued Capital | Share Option Reserve | Foreign Currency Translation Reserve | (Accumulated Losses) | Total |
| | \$ | \$ | \$ | \$ | \$ |
| BALANCE AT 1 JULY 2014 | 25,187,316 | 612,000 | 82,134 | (19,578,909) | 6,302,541 |
| (Loss) attributable to the members of the parent entity | - | - | - | (233,803) | (233,803) |
| Total other comprehensive income/(loss) for the period | - | - | 66,351 | - | 66,351 |
| BALANCE AT 31 DECEMBER 2014 | 25,187,316 | 612,000 | 148,485 | (19,812,712) | 6,135,089 |

The accompanying notes form part of these financial statements.

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED
31 DECEMBER 2014**

| | Consolidated Half year 2014 \$ | Consolidated Half year 2013 \$ |
|--|---|---|
| Cash Flows from Operating Activities | | |
| Payments to suppliers and employees | (204,587) | (392,577) |
| Interest received | 7,860 | 21,161 |
| Other income | - | 484 |
| <i>Net cash (used in) operating activities</i> | <u>(196,727)</u> | <u>(370,932)</u> |
| Cash Flows From Investing Activities | | |
| Purchase of fixed assets | - | - |
| Payment for exploration expenditure | (180,398) | (393,235) |
| Proceeds on sale of assets | 9,331 | - |
| <i>Net cash (used in) investing activities</i> | <u>(171,067)</u> | <u>(393,235)</u> |
| Cash Flows from Financing Activities | | |
| Shares issued | - | 500,000 |
| Options exercised | - | 40,500 |
| Options issued | - | 5,000 |
| <i>Net cash provided by financing activities</i> | <u>-</u> | <u>545,500</u> |
| Net (decrease) in Cash and Cash Equivalents | (367,794) | (218,667) |
| Cash and Cash Equivalents at the Beginning of the Half Year | 593,641 | 1,294,625 |
| Effect of exchange rates on cash holdings in foreign currencies | 372 | 552 |
| Cash and Cash Equivalents at the End of Half Year | <u><u>225,475</u></u> | <u><u>1,076,510</u></u> |

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
31 DECEMBER 2014**

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 2014 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 2014 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.

Accounting standards not previously applied

New or revised Standards and Interpretations that are first effective in the current reporting period:

The Group has adopted the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current period.

Adoption of new and revised accounting standards

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application date for future reporting periods. In the half year ended 31 December 2014, the Company has reviewed all of the new and revised Accounting Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2014. It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and change is necessary to the Company accounting policies.

Going concern

The financial report has been prepared on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. During the period, the Group has reported a net loss of \$233,803 and a net cash outflow from operating activities of \$196,727.

The Directors consider this to be appropriate for the following reasons:

- the ability to vary the Group's cost structure and in turn the levels of cash outflow dependent on timing of its exploration activities;

- an agreement exists to defer settlement of significant invoices until the completion of a capital raising; and
- the demonstrated ability to obtain funding through equity issues as required.

However, the ability of the Group to continue as a going concern will be dependent on the raising of additional capital within twelve months.

The Directors will evaluate a range of funding options including further equity issues to enable it to continue to meet its obligations as and when they fall due. The Directors are confident of obtaining additional funding based on the alternatives being explored, but note that this has not been secured at the date of this report.

Taking into account the current cash reserves of the Group and the points noted above, the Directors are confident the Group has adequate resources to continue in its main business activity for the foreseeable future.

Should the Group not achieve the matters set out above, there is significant uncertainty whether the Group will continue as a going concern and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts nor the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

2. DIVIDENDS

No dividends have been paid or proposed during the six month period ended 31 December 2014.

3. EVENTS SUBSEQUENT TO REPORTING DATE

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

4. 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.

5. FINANCIAL ASSETS

| | December 2014 | June 2014 |
|-----------------------------|----------------------|------------------|
| Investment in listed shares | \$89,005 | \$64,343 |

During the previous period, the Company acquired shares in a listed entity and 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. 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 three reportable segments are as follows:

- (i) Western Australian Projects
- (ii) Victorian Projects (now relinquished), and
- (iii) Namibian 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 payables and the provision for rehabilitation.

Unallocated items

Corporate costs are not considered core operations of any segment.

Segment Performance - December 2014

| | Western Australian Base Metal Projects \$ | Victorian Gold Projects \$ | Namibian Uranium Projects \$ | Total \$ |
|---|---|-------------------------------------|---------------------------------------|-------------|
| Revenue from external sources | - | - | - | - |
| Unallocated – interest revenue | | | - | 3,629 |
| Gain on sale of assets | | | 9,331 | 9,331 |
| Total Group revenue | | | 9,331 | 12,960 |
| Segment profit/(loss) | - | - | 35,805 | 35,805 |
| Unallocated items - corporate charges & write backs | | | | (269,608) |
| Total Group profit/(loss) | | | | (233,803) |
| Segment assets | 3,106,165 | - | 2,791,100 | 5,897,264 |
| Unallocated - cash, receivables, plant & equipment | | | | 377,146 |
| Total Group assets | | | | 6,274,410 |
| Segment liabilities | - | - | - | - |
| Unallocated – corporate trade payables | | | | 139,321 |
| Total Group liabilities | | | | 139,321 |

Segment Performance - December 2013

| | Western Australian Base Metal Projects \$ | Victorian Gold Projects \$ | Namibian Uranium Projects \$ | Total \$ |
|---|---|-------------------------------------|---------------------------------------|-------------|
| Revenue from external sources | - | - | - | - |
| Unallocated – interest revenue | | | | 21,907 |
| Total Group revenue | | | | 21,907 |
| Segment profit/(loss) | - | - | (31,876) | (31,876) |
| Unallocated items - corporate charges & write backs | | | | (942,639) |
| Total Group profit/(loss) | | | | (974,515) |
| Segment assets | 2,974,792 | 232,545 | 2,629,067 | 5,836,404 |
| Unallocated - cash, receivables, plant & equipment | | | | 1,224,934 |
| Total Group assets | | | | 7,061,338 |
| Segment liabilities | - | - | - | - |
| Unallocated – corporate trade payables | | | | 95,964 |
| Total Group liabilities | | | | 95,964 |

7. ISSUED CAPITAL

| Date | Details | Number of Shares | Amount |
|------------------|---------|------------------|------------|
| | | | \$ |
| 1 July 2014 | Balance | 819,951,110 | 25,187,316 |
| 31 December 2014 | Balance | 819,951,110 | 25,187,316 |

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

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

8. SHARE OPTION RESERVE

| Date | Details | Number of Options | Amount |
|------------------|---------|-------------------|---------|
| | | | \$ |
| 1 July 2014 | Balance | 50,000,000 | 612,000 |
| 31 December 2014 | Balance | 50,000,000 | 612,000 |

The weighted average remaining contractual life of options outstanding at year end was 1.67 years.

The exercise price of outstanding options at the end of the reporting period was 2 cents.

9. 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 2014 | Half Year Ended 31 December 2013 |
|---------------------------|---------------------|-----------------------|----------------------------------|----------------------------------|
| | | | \$ | \$ |
| Karrilea Holdings Pty Ltd | Subsidiary | Exploration assets | 79,189 | 103,543 |
| Metals Namibia (Pty) Ltd | Subsidiary | Exploration assets | 37,000 | 319,095 |
| Karrilea Holdings Pty Ltd | Subsidiary | Provisions | (79,189) | (103,543) |
| Metals Namibia (Pty) Ltd | Subsidiary | Provisions | (37,000) | (319,095) |
| Sabre Resources Ltd | Common directorship | Employee costs | 13,103 | 9,933 |
| Golden Deeps Limited | Common directorship | Employee costs | 3,474 | 7,194 |

DIRECTORS' DECLARATION

In the opinion of the Directors of Metals Australia Ltd:

- (a) the consolidated financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (i) complying with Australian Accounting Standard, AASB 134: Interim Financial Reporting; and
 - (ii) giving a true and fair view of its financial position as at 31 December 2014 and of its performance for the half year ended on that date; 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 Board of Directors.



Michael Scivolo
Director

Perth, dated this 13th day of March 2015

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Independent Auditor's Review Report To the Members of Metals Australia Ltd

We have reviewed the accompanying half-year financial report of Metals Australia Ltd ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Metals Australia Ltd consolidated entity's financial position as at 31 December 2014 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 Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material Uncertainty regarding continuation as a going concern

Without qualification to the review opinion expressed above, we draw attention to Note 1 to the financial report, which indicates that the consolidated entity incurred a net loss of \$233,803 and net cash outflows from operating activities of \$196,727 during the half year ended 31 December 2014. These conditions, along with other matters as set forth in Note 1, indicate the existence of material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



P W Warr
Partner - Audit & Assurance

Perth, 13 March 2015