

METALS AUSTRALIA LTD



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ACN: 008 982 474

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2021**

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SECURITIES EXCHANGE LISTING

The Company is listed on the
Australian Securities Exchange

Home Exchange: Perth, Western
Australia

ASX code for shares: MLS

The Directors present their report on the consolidated entity consisting of Metals Australia Ltd (Metals Australia and Company) and its controlled entities for the year ended 30 June 2021.

DIRECTORS

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

Michael Scivolo (Chairman)
Robert Collins
Gino D'Anna

PRINCIPAL ACTIVITIES

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

REVIEW OF OPERATIONS

Metals Australia Ltd (ASX: MLS) is pleased to provide shareholders with a report outlining the Company's activities for the full year ended 30 June 2021.

Highlights:

At Lac Rainy Graphite Phase II metallurgical testwork is well advanced and designed to:

- produce a concentrate with a greater proportion of larger, higher-value, flake sizes; and
- produce a high-purity, high-total carbon, concentrate to be assessed for suitability to produce downstream products such as expandable and/or spherical graphite
- At Nepean South nickel sulphide project, further exploration is planned, including detailed ground magnetics and EM to assist drill-targeting for massive nickel sulphides
- At Eade copper-gold project, processing of geophysical data has highlighted coincident magnetic and EM anomalies to be targeted for gold and copper-gold mineralisation associated with sulphide zones
- Airborne magnetics and EM program planned for the Lac du Marcheur copper-cobalt project
- Manindi Project exploration targeting for lithium as well as review of base metal targets

Lac Rainy Graphite Project, Quebec (Canada)

During the Financial Year Ended 30 June 2021, the Company continued with the advanced metallurgical test work with SGS Canada to optimise the production capabilities of the Lac Rainy Graphite Project, under a present graphite concentrate only production model.

A key component of the Phase II advanced metallurgical test work is to optimise product yield across the various size fractions and increase the proportion medium, large and jumbo flake mesh sizes, where premium pricing can be achieved.

REVIEW OF OPERATIONS (continued)

This has the potential to enhance the product yield / mass feed into the concentrate plant, resulting in a smaller plant size and a corresponding reduction in upfront capital costs. There is also potential to reduce operating costs due to the optimised product mix, producing a positive impact on operating margins. It is anticipated that an increase in the flake size fractions, and improved recoveries will deliver enhanced NPV and IRR returns for the Project.

The results of the metallurgical testwork program are expected to be received in stages, however, the overall report and raw data is expected to be received early in Q4 of 2021. This will then allow the Company to commence Phase 2 of its strategy for the Project which will focus on downstream product testwork.

The Company has already held various discussions with DRA Global about the optimised Lac Rainy modelling and pending receipt of the results from the advanced metallurgical testwork, the Company will move straight into the design element of the Phase II Scoping Study.

In preparation for the downstream product testwork, the Company arranged for a mini bulk sample of graphite to be transported from the Lac Rainy Graphite Project and delivered to SGS Canada. This material will undergo compositing prior to being fed through the flowsheet that is currently being developed. The end result of this process is that the Company will be able to produce a sizeable quantity of high-purity / high-total carbon graphite concentrate which can then be tested further for downstream product assessment, including expandable graphite, purified micronized graphite and spheronized graphite. downstream product assessment, including expandable graphite, purified micronized graphite and spheronized graphite.

The Company has opened a dialogue with technology partners in Germany and North America which will allow the Lac Rainy Graphite concentrate product to be further tested in a downstream product environment.

The Company is focusing its efforts on marketing the high-quality and high-purity Lac Rainy graphite concentrate across North America and Europe with a focus towards end users that can then apply the graphite concentrate in the downstream market. Knowing what downstream products we can produce will be critical in directing our marketing efforts and leveraging our knowledge is important in determining our key relationships.

We are of the view that this additional work is critical to the future development of the Lac Rainy Graphite Project as it will not only enable the Company to secure potential end-users of the high-carbon (total) and high-purity graphite concentrate, but it will also offer the Company more insight into the downstream market and also provide the Company with potential options for the continued development of the Lac Rainy project into a mineable operation.

The opportunity for Metals Australia to deliver into growing high-margin downstream markets such as the Lithium-ion battery supply chain, spheronized graphite and expandable graphite remain open to the Company as future upside.

REVIEW OF OPERATIONS (continued)

Phase I Scoping Study Results



The Study confirms Lac Rainy can support a Base Case scenario with graphite concentrate production of ~96,000 tonnes per annum (excl. first year and last year) over an initial mine life of 14 years:

- Life of Mine (LOM) operating cost estimate of US\$433 per tonne of concentrate (including transport costs FOB Sept-Îles port) deliver excellent operating margins – based on an average concentrate selling price of US\$885 per tonne of concentrate, Lac Rainy exhibits an operating margin in excess of 105% - exceptional operating margins in a suppressed graphite pricing environment
- Initial capital investment for the open pit mine, process plant and infrastructure estimated at US\$118 million (excluding contingency, owners' cost and indirect costs); initial capital investment (including contingency, owners' costs and indirect costs) estimated at US\$189 million with a 3.4-year payback (pre-tax)
- LOM average feed grade of 11.6% Cg and a graphite concentrate grade of 96.7% Cg with a LOM average open pit strip ratio of 5.6:1
- Pre-tax Net Present Value (NPV) of US\$123 million and internal rate of return (IRR) of 18.9%
- Excellent supply / demand outlook for Lac Rainy concentrate products supported by the ability to produce a range of high-carbon (total) and high-purity size fractions
- Concentrate flake size, high-carbon (total) and high-purity 'footprint' indicates suitability for use in a wide range of traditional and emerging end-use applications
- Significant infrastructure advantages including proximity to rail, road, clean hydro-power, labour and fresh water supplies
- Rapid growth in electric vehicle production is expected to drive a big uptick in demand and pricing over the next few years - there is 10 times more graphite than lithium in a lithium-ion battery, with each EV requiring ~55kg of flake graphite to make the battery anode
- Lac Rainy hosts a JORC (2012) Mineral Resource of 13.3Mt at 11.5% TGC in the category of Indicated (~72%) and Inferred (~28%) for 1.529Mt of contained graphite, using a 5% TGC cut-off
- In addition to the JORC (2012) Mineral Resource Lac Rainy currently has a JORC (2012) Exploration Target Estimate of 7.3Mt to 14.6Mt @ 7.5% to 12.5% Total Graphitic Carbon (TGC) for an additional 0.55Mt to 1.825Mt of contained graphite using a 5% TGC cut-off

The potential quantity and grade of the defined Exploration Target is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource

REVIEW OF OPERATIONS (continued)

- Only the first 1.6km of strike of the over 4 km of strike along the Main Carheil Graphitic Trend has been drill tested. The SE and NW strike extensions and the recently discovered West Carheil Graphitic Trend are still to be drilled – extensional drilling program has been designed
- The Lac Rainy Deposit is open to the north and south along strike, as well as down-dip and plunge, indicating significant exploration upside and drill ready targets
- Further potential resource growth upside exists in the recently discovered high grade West Carheil Graphitic Trend which has the ability to further increase the tonnage of Lac Rainy

Lac Rainy Graphite Project: JORC (2012) Mineral Resource

- Maiden JORC (2012) Mineral Resource Estimate for the high-grade Lac Rainy Graphite Project:
- Indicated and Inferred Mineral Resource of 13.3Mt @ 11.5% Total Graphitic Carbon (TGC) for 1.529Mt of contained graphite using a 5% TGC cut-off, made up of:
- South-East Carheil Resource: High-grade Indicated Mineral Resource of 9.6Mt @ 13.1% TGC for 1.257Mt of contained graphite using a 5% TGC cut-off
- North-West Carheil Resource: Inferred Mineral Resource of 3.7Mt @ 7.3% TGC for 0.270Mt of contained graphite using a 5% TGC cut-off
- Resource outcrops at surface with 90% of global resource defined within the first 100m based on an open cut mining method modelled down to 150m
- Ranks as one of the highest-grade global graphite deposits
- Only the first 1.6km of strike of the 4 km of strike along the Main Carheil Graphitic Trend has been drill tested. The SE and NW strike extensions of the Main Carheil Graphitic Trend and the recently discovered West Carheil Graphitic Trend of over 900m in length are still to be drilled
- Deposit is open to the north and south along strike, as well as down-dip and plunge, indicating significant exploration upside and drill ready targets
- Product specification test work and scoping study to commence shortly – graphite marketing program to commence following completion of scoping study and product specification test work

The Company has successfully delivered a maiden JORC (2012) Mineral Resource for the Lac Rainy Graphite Project. The mineral resource demonstrated that Lac Rainy has world-class potential and that the mineral resource can be readily expanded through additional drilling and exploration.

The Mineral Resource has been prepared in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, ("JORC Code (2012)") and is estimated at 13.3Mt at 11.5% TGC in the category of Indicated and Inferred for 1.529Mt of contained graphite, using a 5% TGC cut-off.

The Mineral Resource at Lac Rainy offers significant flexibility for potential development into a long life, high-grade graphite mining operation. Lac Rainy has the potential to be mined using open cut mining methods with low strip ratios, with more than 90% of the current global resource defined within the first 100m.

REVIEW OF OPERATIONS (continued)

Drilling completed to date has only tested the first 1.6km of the approximate 4km of strike along the Main Carheil Graphitic Trend with the SE and NW strike extensions and the recently discovered West Carheil Graphitic Trend still to be drilled. The Company is currently planning an extensional drilling program to further grow the resource base and drill test some of the other high-priority targets which have been identified.

The deposit at Lac Rainy remains open to the north and south along strike, as well as down-dip and plunge, indicating significant exploration upside and drill ready targets. The global resource is made up of the high-grade South-East Carheil Graphite Deposit which is classified in the Indicated category and the North-West Carheil Graphite Deposit which is classified in the Inferred category, as shown in Table 1 (below).

Table 1 – JORC (2012) Mineral Resource Estimate

Deposit	Classification	Tonnes	Total Graphitic Carbon (TGC)	Contained Graphite (Tonnes)	S %
South-East Carheil Graphite Deposit	Indicated	9,600,000	13.1%	1,257,600	9.8
North-West Carheil Graphite Deposit	Inferred	3,700,000	7.3%	270,000	7.3
	Total¹	13,300,000	11.5%	1,529,500	9.1

1. Mineral Resource estimated at a 5% TGC cut-off

Refer to ASX Announcement dated 15 June 2020 and titled "High-Grade Maiden JORC Resource at Lac Rainy Graphite Project" for further information and full disclosure of the JORC (2012) Mineral Resource estimate.

Lac Rainy Graphite project: Phase I Metallurgical Testwork

- Scoping Study level metallurgical testwork completed on graphite mineralisation from the Lac Rainy Graphite Project
- Metallurgical testwork completed on representative composite samples collected from split drill core - including sample preparation, sample characterisation (chemical and mineralogical), comminution testing, flotation testing and static environmental testing
- Results indicate that Lac Rainy graphite can produce a graphite concentrate which is high-purity and high-carbon (total) which meets commercially accepted benchmarks and exceeds standard cut-off
- Average head-grade of composite sample was 12.0% Ct – easily beneficiated to a high-purity and high-carbon (total) graphite concentrate
- Combined open-circuit graphite recovery of up to 86.3% within the F2 test using standard mineral processing technology in a potentially low-cost setting
- Combined Concentrate grades of up to 96.9% Ct within the F2 test – exceeding standard cut-off grades for commercial grade graphite concentrates (benchmark graphite concentrate grades of 95% Ct)

REVIEW OF OPERATIONS (continued)

- Total carbon grades up to 97.1% Ct in large and jumbo flake size fractions
- Up to 22.8% of the Lac Rainy graphite concentrate can be categorised in the large and jumbo flake size fractions (+80 mesh)
- Low levels of potentially deleterious elements – results show no elevated concentrations of typical deleterious elements such as vanadium, cadmium or arsenic in the ore – graphite concentrate observed as high-purity
- Metallurgical flowsheet was based on the nearby Lac Knife graphite deposit (100% owned by Focus Graphite Inc.) - this flow sheet will now be optimised to specifically suit Lac Rainy graphite mineralisation which is expected to lead to improved results
- Optimisation of flowsheet test work to commence shortly to further enhance the results of the metallurgical testwork and mineralogical characterisation
- Initial round of product specification / downstream product test work to commence shortly including test work to determine suitability of Lac Rainy graphite concentrate for use in the Expandable Graphite, Purified Micronised Graphite and Coated Spherical Graphite markets
- Results are considered significant and highly encouraging – a formal Scoping Study on Lac Rainy Graphite Project will commence shortly

Building on the success of the maiden JORC (2012) Mineral Resource, the Company released the results of its scoping level Phase I metallurgical and mineralogical testwork for the Lac Rainy project.

The results of the metallurgical and mineralogical testwork highlighted the purity of the graphite concentrate and demonstrated that the Company can produce a high purity and high-carbon (total) graphite concentrate that exceeds commercially accepted benchmarks.

SGS Canada Inc. (SGS) were selected to undertake a scoping level metallurgical program on a representative composite sample from the Lac Rainy Graphite Project.

The primary objectives of the program were to quantify basic comminution properties, to determine the metallurgical response of the sample and to establish a preliminary flake size distribution and concentrate grade.

Testwork included sample preparation, chemical characterisation of the feed samples, and batch cleaner flotation based on a flowsheet comparable with the process proposed for the nearby Lac Knife graphite deposit being developed by Focus Graphite Inc.

Testwork results indicate that a high-purity and high-carbon (total) graphite concentrate with high recoveries can be achieved from the graphite mineralisation at Lac Rainy. Open circuit graphite recovery of up to 86.3% and concentrate grades of up to 96.9% total carbon (Ct) were achieved.

This is a significant outcome and is very encouraging as the testwork is non-optimised for the Lac Rainy graphite mineralisation and is based on the flowsheet for a separate (though geologically similar) deposit.

Total carbon grades up to 97.1% Ct was achieved in the large and jumbo flake size fractions, with up to 22.8% of the Lac Rainy graphite concentrate categorised in the large and jumbo flake size fractions. In addition, low levels of potentially deleterious elements were achieved in the graphite concentrate, with the results showing no elevated concentrations of typical deleterious elements such as vanadium, cadmium or arsenic in the ore.

REVIEW OF OPERATIONS (continued)

Refer to ASX Announcement dated 30 June 2020 and titled "Metallurgical Testing Confirms Lac Rainy High Purity / Grade" for further information and full disclosure of the metallurgical testwork results and mineralogical characterisation results.

Nepean South Nickel Project, Western Australia

During the Financial Year Ended 30 June 2021, the Company acquired a 100% interest in the Nepean South Nickel Project (Nepean South), located near Coolgardie in Western Australia. The Nepean South Nickel Project is located approximately 30km south of the township of Coolgardie in the Goldfields region of Western Australia.

The Nepean South project is located directly south and along strike of the historic Nepean nickel sulphide mine (Nepean mine), currently 80% owned by Auroch Minerals Limited (ASX: AOU) (Auroch), which was the second producing nickel mine in Australia, producing 1,108,457t of ore between 1970 and 1987 for 32,202t of nickel metal at an average recovered grade of 2.99% Ni (*Refer to ASX announcement dated 11 November 2020 and released on the MAP by Auroch Minerals Limited (ASX: AOU) and titled "Auroch to Acquire High-Grade Nepean Nickel Project"*).

The ore was treated by Western Mining Corporation (WMC, now BHP Group Ltd) at their Kambalda processing facilities. The Nepean mine closed in 1987 due to low nickel prices.

The tenement incorporates approximately 10km of strike of Kambalda-style komatiites, flanked by granites, with significant nickel sulphide mineralisation potential. The mineralisation present at the Nepean South project is interpreted to be similar to the Kambalda style, with nickel sulphides dominantly associated with the basal unit of komatiite flows in the stratigraphic package.

REVIEW OF OPERATIONS (continued)

The Nepean South project geology is illustrated in Figure 1 below:

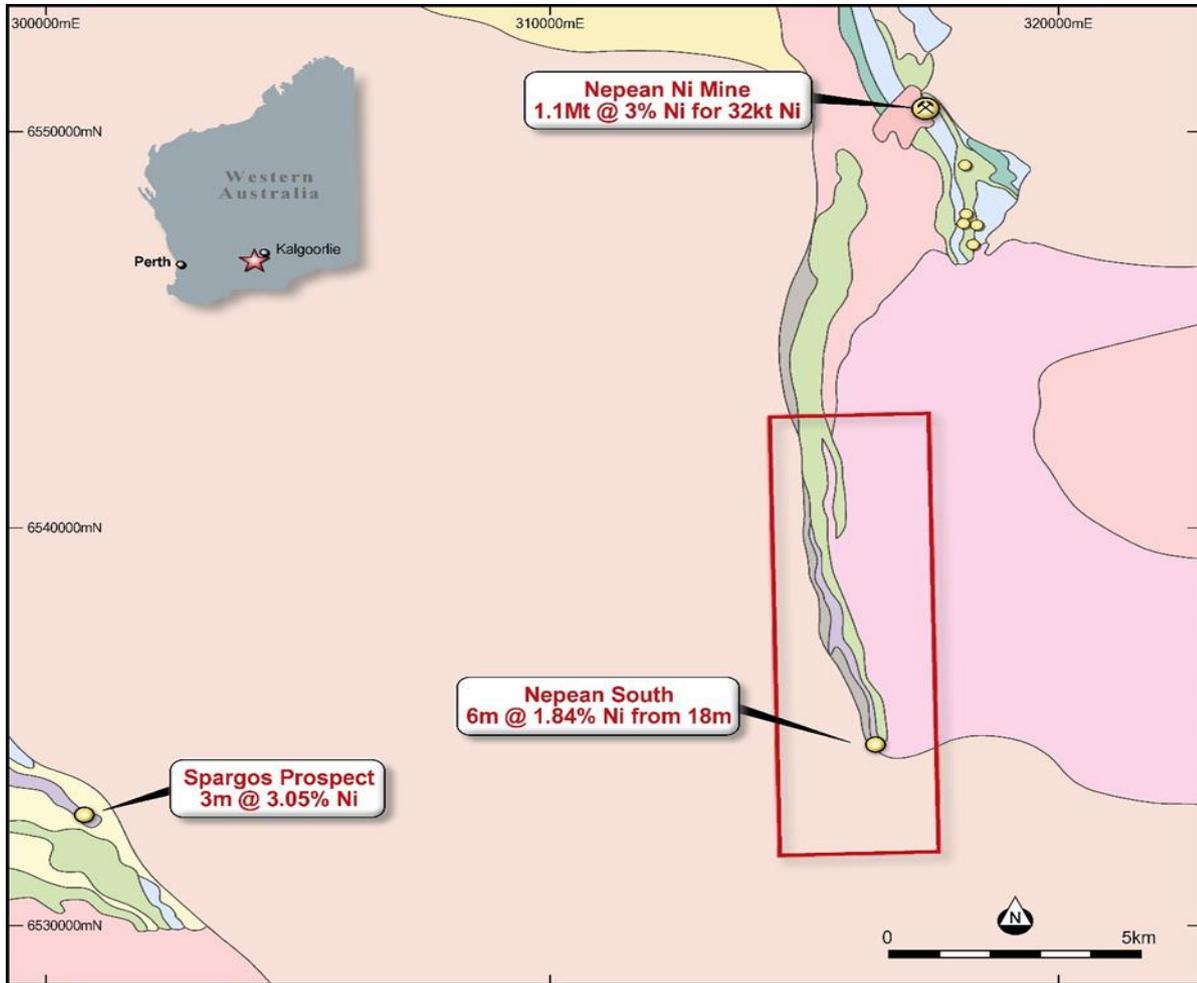


Figure 1: Nepean South Nickel Project interpreted geology

The nickel mineralisation identified in the Kambalda area are volcanic peridotite associated deposits which are best developed at or near the base of ultramafic flows (komatiite). The ultramafic flows occur at a low stratigraphic level in the Kambalda greenstone succession.

Historic shallow RAB drilling was completed by Mincor Resources NL (Mincor) with significant drilling results including (refer to ASX announcement dated 3 March 2021 and released on the MAP by Metals Australia Limited and titled "Metals Australia to Acquire Nepean South Nickel Project, Western Australia"):

- NRB042: 3m @ 2.34g/t Au from 57m
- NRB048: 6m @ 1.84% Ni and 0.02% Cu from 18m
- NRB048: 12m @ 1.29% Ni from 15m
- NRB067: 3m @ 0.78% Ni from 33m and 3m @ 0.76% Ni from 48m(6537270mN, 315560mE)
- NRB055: 9m @ 0.54% Ni from 21m
- NRB077: 3m @ 0.69% Ni from 24m (6536970mN, 315600mE)

REVIEW OF OPERATIONS (continued)

The association of high nickel values in association with elevated copper, particularly in NRB048 (6m @ 1.84% Ni and 0.02% Cu) indicates that the Nepean South project is considered highly prospective for the discovery of massive nickel sulphides in primary lithologies.

RAB drilling was completed to only very shallow depths, on average only 42m from surface, with many holes drilled at even shallower depths. Deeper potential in the vicinity of the shallow RAB intersections will be targeted for the discovery of massive nickel sulphides.

To assist drill-targeting, an initial exploration program has been planned at the Nepean South project comprising an EM and magnetics survey (airborne or ground-based) across the entire strike length of the prospective ultramafic sequence. This will be followed by a drilling campaign to target nickel sulphides at depth. The Company is currently securing a contractor for the EM and magnetics data acquisition and data interpretation and will update shareholders in due course.

Eade Copper-Gold Project, Quebec (Canada)

During the Financial Year Ended 30 June 2021, the Company continued with the geological review, interpretation and targeting of the Eade, Pontois and Felicie gold-copper-silver-zinc projects, located in Quebec (Canada).

Previous exploration completed by the Company field tested the extensive gold and copper exploration targets that had been identified. High-grade gold, copper, zinc, silver and lead has been identified across each of the project areas (refer to ASX announcement dated 1 October 2020 and released on the MAP by Metals Australia Limited and titled "Field Program Highlights High-Grade Gold, Silver and Copper Mineralisation at Eade, Pontois and Felicie Projects"), including:

Eade Gold Project

- 29.6 g/t Au (A0067009, angular quartz boulder)
- 3.67 g/t Au and 3.13 g/t Ag (A0067002, rock sample)
- 2.56 g/t Au (A0067005, rock sample)

Pontois Copper-Gold Project

- 0.36% Cu and 4.52 g/t Ag (A0067122, rock sample)
- 0.41 g/t Au (A0067124, rock sample)

Felicie Gold-Copper Project:

- 4.16 g/t Au, 44.10 g/t Ag, 0.23% Cu, 0.62% Pb and 1.25% Zn (A0067026, rock sample)
- 1m at 1.5 g/t Au, 1.39% Pb and 0.39% Zn (A0067065, channel sample)
- These mineralised zones are particularly significant because they are located in a new area that is open along strike

The results of the field program were consistent with, and significantly improved upon, the historical sampling that was undertaken at the Eade, Pontois and Felicie projects confirming the presence of not only gold mineralisation, but also copper, lead, silver, nickel and zinc within, predominantly, iron formation units.

REVIEW OF OPERATIONS (continued)

This is a key breakthrough for the Company because the polymetallic nature of the mineralisation is indicative of the broader Lac Guyer Greenstone Belt and demonstrates that the Company is exploring the right geological structures in the right geological environment. Significantly, the Company has also demonstrated that gold and polymetallic mineralisation occurs over considerable strike lengths, indicating the potential for larger mineralised bodies to be discovered.

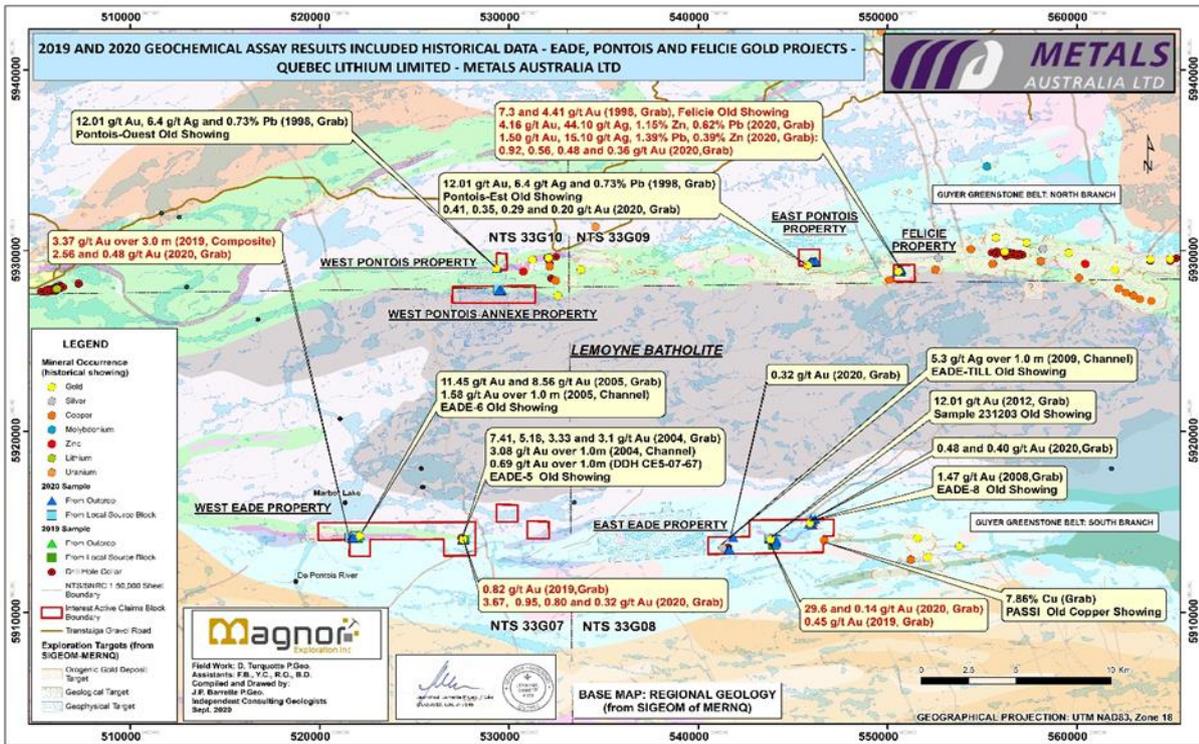


Figure 2: Geology base map overlaid by the 2020 and 2019 field exploration program sampling locations at the Eade, Pontois and Felicie project areas together with the sampling points and location of historic exploration data

During the quarter ended 30 June 2021, the Company announced that it had completed an airborne MAG and TDEM survey at the Eade Copper-Gold Project. A total of 748 line-km was flown with drill target planning to occur concurrently. Prospectair was engaged to complete the airborne Magnetic (MAG) and Time-Domain Electromagnetic (TDEM) survey over the Eade Copper-Gold Project. The surveys were carried out with traverse lines oriented N000 (in a north-south direction) at a line spacing of 50m in order to properly map the dominant geological strike. Control lines were flown with a N090 (in an east-west direction) azimuth and spaced every 500m.

The airborne survey focused on better defining copper-gold mineralised targets which are characteristic of the Lac Guyer Greenstone Belt, often associated with sulphide alteration with the mineralisation.

Initial processing of the Airborne Magnetic (MAG) and Time-Domain Electromagnetic (TDEM) data indicates, for both West and East Eade, that mineralised iron formation is associated with coincident magnetic and EM anomalies that are disrupted by cross-cutting structures. These coincident anomalies may be indicative of sulphide mineralisation associated with copper-gold deposits.

The Company has recently engaged Newexco Exploration to assist with the final interpretation and definition of drill targets. The anomalies generated by the survey will be modelled for size, orientation and depth of any conductive sources for direct drill targeting. The work is likely to result in the definition of several high-priority exploration targets which will be followed up by the Company in the field during this upcoming exploration season.

REVIEW OF OPERATIONS (continued)

This work is expected to be completed shortly, following which the Company plans to conduct an initial reconnaissance drilling campaign.

Lac du Marcheur Copper-Cobalt Project, Quebec (Canada)

During the quarter ended 30 June 2021, the Company completed its review of the geological information available relating to the Lac du Marcheur Copper-Cobalt Project, located in Quebec, Canada. The next phase of exploration at the Lac du Marcheur project will be the completion of an airborne geophysical program.

The Lac du Marcheur Cobalt Project covers an area of 1,780 hectares representing 35 active mineral claims, as well as an additional two pending claims hosting the Lac Pauzé showings (total of 119 ha) and is situated north and south of the Chilton Copper-Cobalt Project. The Project contains the Lac Pauzé and Lac Pauzé-Ouest cobalt-copper-nickel showings and is on strike with a number of other documented cobalt-copper-nickel showings, including (from north to south) SC-95-02, Lac Baume, Chilton Nickel, Lac Sicotte, Lac du Marcheur and Lac Sicotte-Est. The Lac du Marcheur Showing is located on the northern border of the South Block of the Lac du Marcheur Cobalt Project.

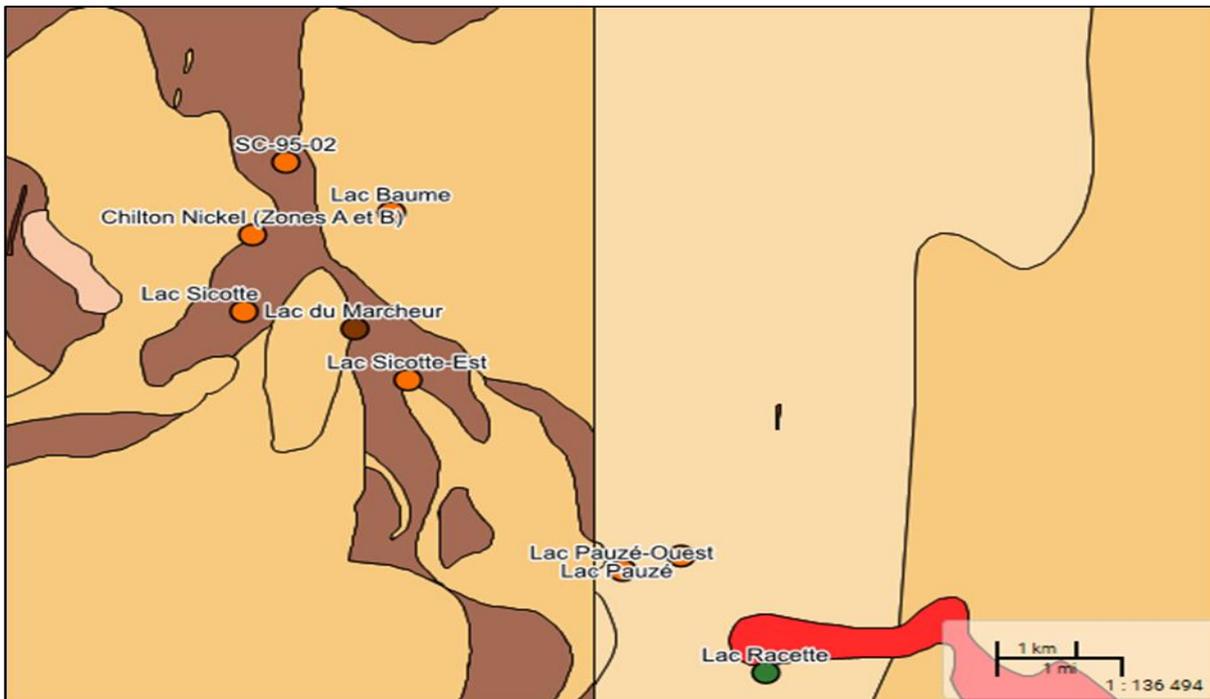


Figure 3: Geology Map of Lac du Marcheur Cobalt Project and Assay Results of Local Outcrops

The mineralisation is in the form of disseminated sulphides and stockworks (veins and veinlets) massive sulphides filling fractures in the anorthositic gabbros, commonly at or near contacts with quartzites. Historic samples taken from the Lac du Marcheur Cobalt Project - Lac Pauzé Showing (located in Entrelacs Township) returned assays up to 1,765 ppm (0.18%) cobalt, 0.23% copper and 0.34% nickel (MERNQ GM 54214, GM 54928, GM 55347, and GM 55906). The Lac Pauzé Showing is exposed via a road cut and is easily visible and accessible from the highway. The strike length of the favourable mineralised zone within the North Block is over 5 kilometres, north-south, whilst the strike length of the favourable mineralised zone within the South Block is just under 6 kilometres, northwest-southeast.

REVIEW OF OPERATIONS (continued)

Assay results from grab samples collected at the Lac Pauze prospect during the 2017 field program completed by the Company included (refer to ASX announcement dated 25 October 2017 and released on the MAP by Metals Australia Limited and titled "Sampling Program at Lac du Marcheur Cobalt Project Confirms Cobalt Mineralisation and Potential") included:

- Sample 128478 returned a result of 2,360 ppm Cobalt, 2,700 ppm Copper and 1,790 ppm Nickel (select chip sample)
- Sample 128479 returned a result of 362 ppm Cobalt, 2,930 ppm Copper and 693 ppm Nickel (grab sample)

Sample results by the Company support the historic sample results and indicates the strongest prospectivity is in the Lac Pauzé Showing area, with further work required to define the extent of the copper-cobalt mineralisation as well as better define the structural characteristics of the mineralisation.

Additional prospectivity remains over parts of the property not yet assessed.

The Company is currently finalising the engagement of a suitable contractor to undertake a MAG and TDEM survey over the project to further define the target areas of copper and sulphide mineralisation, detect new conductive anomalies, and identify resistive zones within otherwise conductive host units to aid further testing in the field.

The Company will update shareholders in due course once a contractor has been engaged, which is expected to occur shortly.

Manindi Lithium Project, Western Australia

During the quarter ended 30 June 2021, the Company continued with its review of the Manindi Lithium Project, located in the Murchison District of Western Australia, approximately 20 km southwest of the Youanmi gold mine. The Project is situated in a fertile geological complex and is host to a significant undeveloped zinc deposit. The Manindi Project is comprised of three granted mining leases.

Lithium-bearing pegmatite dykes have previously been identified on the Manindi mining leases in the vicinity of the Mulgara-Warabi Prospect areas (refer to Metals Australia ASX announcement dated 21 March 2017).

Surface mapping carried out at Mulgara and Warabi Prospects identified at least three lithium bearing pegmatites outcropping at surface with strike lengths of over 300 m and widths up to 25-30 m.

Results from twelve rock chip samples collected from these pegmatites have returned high grade assays up to 2.84% Li₂O. The pegmatites were sampled where exposed, and mapping indicated that they extend under cover (refer to Metals Australia ASX announcement dated 21 March 2017).

REVIEW OF OPERATIONS (continued)

Previous exploration drilling undertaken by the Company at the Manindi Lithium Project has also identified extensions of lithium mineralisation beyond the surface mineralised samples which were collected. Interestingly, the lithium mineralised pegmatites are located away from the zinc and base metal mineralisation, allowing the Company to retain flexibility over the future exploration of the project. A total of 17 RC holes were previously completed by the Company for a total of 837 metres of drilling (refer to ASX announcement dated 21 June 2018).

Significant intersections included:

- MNRC030 – 8 m @ 1.06% Li₂O from 18 m including 3 m @ 1.65% Li₂O; peak assay of 1.96% Li₂O
- MNRC033 – 8 m @ 1.00% Li₂O from 32 m and 7m @ 1.29% Li₂O from 42 m; including 5 m @ 1.53% Li₂O; peak assay of 1.90% Li₂O

The previous drilling campaign completed by the Company also defined a continuous, mineralised pegmatite dyke with a strike length of in excess of 200m. (Refer to Metals Australia ASX announcement dated 24 July 2018).

In addition to exploration drilling undertaken at the Manindi Lithium Project, the Company engaged metallurgical experts NAGROM to undertake a testwork program on two composite diamond drill core samples collected from the Manindi Lithium Project (refer to Metals Australia ASX announcement dated 13 April 2018).

Mineral characterisation results indicated that the lithium mineralisation principally occurs as the mineral lepidolite (a lithium mica mineral). The metallurgical test work indicated that flotation was the preferred option for treatment of the lithium mineralisation identified at Manindi. An un-optimised sifter flotation testing program achieved a concentrate grade of up to 3.05% Li₂O and recovery of up to 77% with a mass yield of approximately 30%.

These concentrate grades and recovery profiles compare favourably against other lepidolite-hosted lithium projects and are encouraging given that the flowsheet was not tailored to the mineralisation identified at Manindi.

As a comparison, indicative test work completed by Lithium Australia NL (ASX: LIT) on its Lepidolite Hill project located in Western Australia, produced a lepidolite-hosted lithium concentrate with a grade of 3.34% Li₂O (Refer to Metals Australia ASX announcement dated 21 May 2018).

Given the recent renewed interest in the lithium and battery metals sector, the Company is currently evaluating previous RC and diamond drilling results to define further extensions of the lithium bearing pegmatites under cover as well as potential for in-fill drilling of the lithium mineralised pegmatites, which are still open down-dip and along strike.

Previous drilling for lead-zinc sulphide intersected intervals of pegmatite in other areas at the Manindi Project that were not tested during the June 2018 RC drilling program described above. Geological logging of diamond core identified lepidolite in pegmatites but these intervals were not sampled at the time. The Company now plans to cut and sample the pegmatite intervals in the previous diamond holes that are stored on site and conduct petrological work to determine if there is spodumene present in addition to lepidolite. The mineralogy of pegmatites can vary between intrusions and internally within intrusions because of fractionation and zonation. Additional mapping will assist in determining the extent of the pegmatites.

RESULTS

The loss of the Group for the financial year after providing for income tax amounted to \$472,829 (2020: \$1,515,663).

DIVIDENDS

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

FINANCIAL POSITION

The net assets of the group have increased by \$1,302,916 from \$7,997,877 at 30 June 2020 to \$9,300,793 at 30 June 2021.

SIGNIFICANT CHANGES

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

LIKELY DEVELOPMENTS

The Group will continue to focus on its exploration and development activities.

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

a) Qualifications and experience of Directors:

- (i) Michael Scivolo B. Com, FCPA (Non-Executive Chairman)
Mr Scivolo has extensive experience in the fields of accounting and taxation in both corporate and non-corporate. He was a Director of Covata Ltd (formerly Prime Minerals Limited) until 29 October 2014, Blaze International Limited until 4 December 2015 and K2Fly Ltd (formerly Power Resources Ltd) until 17 November 2016. Mr Scivolo is currently a Director of Sabre Resources Ltd, Golden Deeps Limited and Tennant Minerals NL.
- (ii) Robert Collins (Non-Executive Director)
Mr Collins has served on a number of ASX listed industrial and mining company boards, and owned a large accounting practice serving the corporate sector. He was a Director of Covata Ltd (formerly Prime Minerals Limited) until 29 October 2014, Blaze International Limited until 8 April 2016 and K2Fly Ltd (formerly Power resources Ltd) until 17 November 2016. Mr Collins is currently a Non-Executive Director of Sabre Resources Ltd and Golden Deeps Limited.
- (iii) Gino D'Anna (Non-Executive Director)
Mr D'Anna has significant primary and secondary capital markets experience. Mr D'Anna also possesses extensive experience in resource exploration, public company operations, administration and financial management.

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

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

- (i) Martin Stein B. Bus., CA, FCIS, FGIA
Mr Stein is a finance and governance professional and has previously held executive positions with PwC and Anvil Mining Ltd. He is a Chartered Accountant, Fellow of Institute of Chartered Secretaries and Administrators and Fellow of Governance Institute of Australia.

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

METALS AUSTRALIA LTD

INFORMATION ON DIRECTORS AND COMPANY SECRETARY (continued)

Mr Stein is also the Chief Financial Officer of the Company.

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

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

- d) Directors' interest in contracts:

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

REMUNERATION REPORT (AUDITED)

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

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

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

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

There are no committees or sub committees of the Board.

KMP Remuneration

2021

Key Management Personnel	Short-term Benefits		Super-annuation	Share-based Payment Options	Total	Performance Related %
	Directors Fees/Salary	Consulting Fees			Total	
	\$	\$			\$	
M Scivolo	12,000	-	1,140	-	13,140	-
R Collins	12,000	-	-	-	12,000	-
G d'Anna	12,000	90,804	-	-	102,804	-
TOTAL	36,000	90,804	1,140	-	127,944	-

METALS AUSTRALIA LTD

REMUNERATION REPORT (AUDITED) (continued)

KMP Remuneration (continued)

2020

Key Management Personnel	Short-term Benefits		Super-annuation	Share-based Payment Options	Total	Performance Related %
	Directors Fees/Salary	Consulting Fees			Total	
	\$	\$	\$	\$	\$	
M Scivolo	12,000	-	1,140	-	13,140	-
R Collins	12,000	-	-	-	12,000	-
G D'Anna	12,000	115,848	-	-	127,848	-
TOTAL	36,000	115,848	1,140	-	152,988	-

KMP Shareholdings

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

	Balance 1 July 2020	Granted as Compensation	Issued on exercise of options during the year	Other changes during the year	Balance 30 June 2021
M Scivolo	-	-	-	-	-
R Collins	4,000,000	-	-	-	4,000,000
G D'Anna	43,100,000	-	-	-	43,100,000
Total	47,100,000	-	-	-	47,100,000

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

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

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

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

At the last AGM shareholders voted to adopt the remuneration report for the year ended 30 June 2020. The Company did not receive specific feedback at the AGM regarding its remuneration practices.

END OF REMUNERATION REPORT

METALS AUSTRALIA LTD

ANALYSIS OF MOVEMENT IN SHARES

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

	Number	\$
Opening balance 1 July 2020	3,207,352,777	34,472,099
Placement 27 August 2020	440,999,999	824,670
Placement 27 October 2020	542,550,800	1,014,567
Issued on 29 March 2021 as part consideration for acquisition of mineral properties	36,284,471	75,000
Capital raising costs on above placements	-	(225,283)
Closing balance 30 June 2021	4,227,188,047	36,161,053

ANALYSIS OF MOVEMENT IN OPTIONS

During the year the movement in options was as follows:

Class	Balance 1 July 2020	Issued During Year	Exercised or expired during year	Balance 30 June 2021
Exercisable at \$0.035 on or before 1 June 2022	1,416,110,000	1,318,550,799	-	2,784,660,799
Exercisable at \$0.035 on or before 1 January 2023	50,000,000	-	-	50,000,000

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

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2021 and the number of meetings attended by each Director:

Name	Eligible to attend	Attended
M Scivolo	3	3
R Collins	3	3
G d'Anna	3	3

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

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

RETIREMENT, ELECTION AND CONTINUATION IN OFFICE OF DIRECTORS

Mr Michael Scivolo retired by rotation as a Director at the Annual General Meeting on 21 October 2020 and was re-elected.

At the forthcoming Annual General Meeting, Mr Robert Collins retires by rotation as a Director and offers himself for re-election.

ENVIRONMENTAL ISSUES

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

EVENTS SUBSEQUENT TO BALANCE DATE

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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

INDEMNIFYING OFFICER OR AUDITORS

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the independent auditor's declaration as required by section 307c of the *Corporations Act 2001* is set out on page 54.

DIRECTORS' BENEFITS

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

AUDIT COMMITTEE

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

NON-AUDIT SERVICES

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

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

There was an amount payable to Crowe of \$5,500 (excluding GST) as at 30 June 2021 in relation to the preparation of the Australian income tax return and other income tax assistance provided for the year ended 30 June 2021.

CORPORATE GOVERNANCE STATEMENT

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

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



.....
Mr Michael Scivolo
Chairman

Dated 17th September 2021
Perth, Western

ASX Listing Rules Compliance

In preparing this report dated 17 September 2021, the Company has relied on the announcements previously made by the Company and disclosed below. The Company confirms that it is not aware of any new information or data that materially affects those announcements previously made, or that would materially affect the Company from relying on those announcements for the purpose of this report.

Eade Gold Project

Pursuant to ASX Listing Rule 5.23.2, the Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement dated 23 July 2020, 29 July 2020, 6 August 2020, 12 August 2020 and 27 August 2020.

Lac Rainy Graphite Project

Pursuant to ASX Listing Rule 5.23.2, the Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement dated 15 June 2020, 30 June 2020, 10 September 2020, 12 November 2020 and 3 February 2021.

Nepean South Nickel Project

Pursuant to ASX Listing Rule 5.23.2, the Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement dated 3 March 2021.

Lac du Marcheur Copper-Cobalt Project

Pursuant to ASX Listing Rule 5.23.2, the Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement dated 3 August 2017 and 25 October 2017.

Manindi Lithium Project

Pursuant to ASX Listing Rule 5.23.2, the Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement dated 21 March 2017, 21 June 2018, 13 April 2018 and 21 May 2018.

Competent Person Declaration

The information in this announcement that relates to Exploration Results is based on information compiled by Mr. Jean-Paul Barrette P.Geo, B.Sc. Mr Barrette is Project Geologist with Magnor Exploration Inc. and a consultant to Metals Australia Limited. Mr Barrette and is a member of the Ordre des Géologues du Québec (OGQ) with member number OGQ #619. Mr. Barrette has sufficient experience (35 years) that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Barrette consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves specific to the Manindi Lithium Project 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 information in this report that relates to Resource Estimation is based on information compiled by Simon Coxhell, Principal Consultant of CoxsRocks Pty Ltd. Mr Coxhell is a consultant to the Company. Mr Coxhell is a Member of the Australian Institute of Mining and Metallurgy. Mr Coxhell has sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this document and to the activity which 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 Resources and Ore Reserves" ("JORC Code"). Mr Coxhell consents to the inclusion in this report of the Matters based on this information in the form and context in which it appears. Mr Coxhell has not been to the Lac Rainy site but is familiar with graphite deposits around the world and has completed numerous resource estimates for this commodity.

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.

Caution Regarding Forward-Looking Information

This document contains forward-looking statements concerning Metals Australia. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward-looking statements as a result of a variety of risks, uncertainties and other factors. Forward-looking statements are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes.

Forward looking statements in this document are based on the company's beliefs, opinions and estimates of Metals Australia as of the dates the forward-looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

METALS AUSTRALIA LTD

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

		Consolidated	
	Note	30 June 2021 \$	30 June 2020 \$
Revenue			
Interest earned		1,113	1,650
Gain on sale of shares		5,000	-
		6,113	1,650
Expenses			
Change in fair value of investments		16,800	(101,800)
Key management personnel remuneration		(127,659)	(152,988)
Management fees		(286,076)	(283,360)
ASX listing fees		(19,516)	(34,372)
Professional fees		(147,951)	(220,840)
Exploration and evaluation expenditure written off	10	(198,075)	(1,399,966)
Other expenses		(37,108)	(59,601)
		(799,585)	(2,252,927)
Loss before income tax		(793,472)	(2,251,277)
Income tax benefit	4	320,643	735,614
Loss for the year from continuing operations		(472,829)	(1,515,663)
Loss for the year from discontinued operations		-	-
Loss for the year		(472,829)	(1,515,663)
Other Comprehensive Loss, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign controlled entities		7,291	92,704
Total comprehensive (loss) for the year		(465,538)	(1,422,959)
(Loss) for the year attributable to:			
Owners of the parent		(472,829)	(1,515,663)
Non-controlling interest		-	-
Total (Loss) for the year, net after tax		(472,829)	(1,515,663)
Total comprehensive (loss) for the year attributable to:			
Owners of the parent		(465,538)	(1,422,959)
Non-controlling interest		-	-
Total comprehensive (loss) for the year		(465,538)	(1,422,959)
Basic and diluted loss per share (cents):			
- loss from continuing operations		(0.01)	(0.05)
- loss from discontinued operations		-	-
Total loss per share	16	(0.01)	(0.05)

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

METALS AUSTRALIA LTD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	Consolidated	
		30 June 2021 \$	30 June 2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	983,974	496,129
Trade and other receivables	8	272,359	243,219
Financial assets	9	72,202	70,402
Prepayment		4,293	4,293
TOTAL CURRENT ASSETS		1,332,828	814,043
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	10	8,047,719	7,476,163
TOTAL NON-CURRENT ASSETS		8,047,719	7,476,163
TOTAL ASSETS		9,380,547	8,290,206
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	79,754	292,329
TOTAL CURRENT LIABILITIES		79,754	292,329
TOTAL LIABILITIES		79,754	292,329
NET ASSETS		9,300,793	7,997,877
EQUITY			
Issued capital	12	36,161,053	34,472,099
Share option reserve	13	151,079	71,579
Accumulated losses	14	(27,035,417)	(26,562,588)
Foreign currency translation reserve		99,995	92,704
Parent interests		9,376,710	8,073,794
Non-controlling interest	15	(75,917)	(75,917)
TOTAL EQUITY		9,300,793	7,997,877

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

METALS AUSTRALIA LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	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 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	-	-	-	(1,515,663)	(1,515,663)	-	(1,515,663)
Total other comprehensive income / (loss) for the period	-	-	92,704	-	92,704	-	92,704
Issues of capital	460,248	-	-	-	460,248	-	460,248
Capital raising costs	(52,564)	-	-	-	(52,564)	-	(52,564)
Issue of options	-	71,579	-	-	71,579	-	71,579
Expiration of options	971,935	(971,935)	-	-	-	-	-
BALANCE AT 30 JUNE 2020	34,472,099	71,579	92,704	(26,562,588)	8,073,794	(75,917)	7,997,877
BALANCE AT 1 JULY 2020	34,472,099	71,579	92,704	(26,562,588)	8,073,794	(75,917)	7,997,877
(Loss) attributable to the members of the parent entity	-	-	-	(472,829)	(472,829)	-	(472,829)
Total other comprehensive income / (loss) for the period	-	-	7,291	-	7,291	-	7,291
Issues of capital	1,914,237	-	-	-	1,914,237	-	1,914,237
Capital raising costs	(225,283)	-	-	-	(225,283)	-	(225,283)
Issue of options	-	79,500	-	-	79,500	-	79,500
BALANCE AT 30 JUNE 2021	36,161,053	151,079	99,995	(27,035,417)	9,376,710	(75,917)	9,300,793

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

METALS AUSTRALIA LTD
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	Consolidated 30 June 2021 \$	30 June 2020 \$
Cash Flows from Operating Activities			
Payments to suppliers and employees		(767,348)	(715,441)
Canadian tax refunds		325,421	902,270
Interest received		1,113	1,650
<i>Net cash from / (used in) operating activities</i>	17	(440,814)	188,479
Cash Flows from Investing Activities			
Payment for investments		-	(15,000)
Proceeds from sale of financial assets		20,000	-
Payment for exploration expenditure and acquisitions		(784,796)	(586,545)
<i>Net cash (used in) investing activities</i>		(764,796)	(601,545)
Cash Flows from Financing Activities			
Proceeds from capital raising		1,845,237	400,247
Payments for cost of capital raising		(151,782)	(34,131)
<i>Net cash from financing activities</i>		1,693,455	366,116
Net increase / (decrease) in Cash and Cash Equivalents		487,845	(46,950)
Cash and Cash Equivalents at the Beginning of the Year		496,129	543,079
Effect of exchange rates on cash holdings in foreign currencies		-	-
Cash and Cash Equivalents at the End of Year		983,974	496,129

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

METALS AUSTRALIA LTD

1. CORPORATE INFORMATION

The financial report of Metals Australia Ltd and its subsidiaries Karrilea Holdings Pty Ltd, Quebec Lithium Ltd, Lac Rainy Graphite Inc and Lac du Marcheur Cuivre-Cobalt Inc (the Group) for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the Directors on 17 September 2021.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

The financial report is presented in Australian Dollars.

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

(b) New or amended Accounting Standards and Interpretations adopted

New or amended Accounting Standards and Interpretations adopted

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

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

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

Conceptual Framework for Financial Reporting (Conceptual Framework)

The consolidated entity has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

METALS AUSTRALIA LTD

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

(d) Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2021. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

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

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

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

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

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

METALS AUSTRALIA LTD

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Basis of Consolidation (continued)

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

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

(e) Interest in joint ventures

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

(f) Foreign currency translation

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

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

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

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

As at the reporting date the assets and liabilities of any overseas subsidiaries were translated into the presentation currency of Metals Australia Ltd at the rate of exchange ruling at the reporting date, and the Statement of Profit or Loss and Other Comprehensive Income is translated at the weighted average exchange rates for the period.

The exchange differences arising on the translation are taken directly to a separate component of Other Comprehensive Income.

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

METALS AUSTRALIA LTD

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Property, plant and equipment

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

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

- Plant and equipment – over 3 to 5 years

Impairment

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

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

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

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

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

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

(h) Right-of-use assets

A right-of-use assets is recognised at the commencement date of a lease. The right-of-use is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date of net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise the right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and lease of low-value assets. Lease payments on these are expensed to profit or loss as incurred.

METALS AUSTRALIA LTD

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Goodwill

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

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised.

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

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

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

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

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

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

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

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

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

METALS AUSTRALIA LTD

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Investments and other financial assets

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

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

Financial assets at fair value through profit or loss

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

Financial assets at fair value through other comprehensive income

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

Impairment of financial assets

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

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

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

METALS AUSTRALIA LTD

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Exploration and Evaluation Expenditure

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

(l) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

(m) Cash and cash equivalents

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

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

(n) Provisions

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

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

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

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

(o) Share-based payment transactions

(i) Equity settled transactions:

The Group provides benefits to Directors and consultants of the Group in the form of share-based payments whereby personnel render services in exchange for shares.

METALS AUSTRALIA LTD

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Share-based payment transactions (continued)

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

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

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

(ii) Cash settled transactions:

The Group does not provide benefits to employees in the form of cash-settled share based payments.

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

(p) Revenue

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

Interest

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

(q) Income tax

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

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

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

METALS AUSTRALIA LTD

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Income tax (continued)

- Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised:
- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and,
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

(r) Other taxes

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

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

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

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

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

METALS AUSTRALIA LTD

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Trade and other payables

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

(t) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(u) Contributed equity

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

(v) Earnings per share

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

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

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

(w) Comparatives

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Going Concern

The financial report has been prepared on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

During the year, the Group has reported a net loss of \$472,829 (2020 loss: \$1,515,663) and a net cash outflow from operating activities of \$440,814 (2020 inflows: \$188,479) and net cash outflow from investing activities of \$764,796 (2020 outflow: \$601,545). The Group's net current asset position at 30 June 2021 was \$1,253,074 (2020: \$521,714).

During the year the Group raised \$1,688,954 after costs for issuing shares and at 30 June 2021 had \$983,974 cash on hand.

The ability of the Group to pay its trade creditors, continue its planned activities and maintain its going concern status is dependent on the Group being able to raise additional funds as required.

As at the date of this report, the directors are satisfied that there are reasonable grounds to believe the Group will be able to operate as a going concern by raising further funds as required. In forming this view, the Directors have considered the ability of the Company to raise funds by way of a capital raising.

There are inherent uncertainties associated with the successful completion of a capital raising.

Should the Group be unable to obtain the funding as described above, there is material uncertainty whether the Group will be able to continue as a going concern, and therefore, whether it will be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from these stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern

(y) Significant Accounting Judgments, Estimates and Assumptions

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

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

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

(i) *Significant accounting judgments include:*

(a) Expected credit loss

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

A provision for non-recoverability on any trade and other receivables is brought to account when the future economic benefit is not expected to flow to the Company.

(b) Exploration expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the financial year at \$8,074,582.

(c) Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

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4. Income Tax

	Consolidated	
	2021	2020
	\$	\$
The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax on profit/(loss) from ordinary activities before income tax at 30% (2020: 27.5%):	(238,041)	(675,383)
Add:		
Tax effect of:		
Other non-allowable items	60,176	467,487
Deferred tax asset not brought to account	177,865	207,896
Canadian corporate and mining tax credits	320,643	735,614
Less:		
Tax effect of:		
Effect of overseas tax rate	-	-
Income tax benefit attributable to entity	320,643	735,614
Unrecognised deferred tax assets:		
- Tax losses: revenue	5,380,064	5,113,591
- Temporary differences	73,868	60,867
- Tax losses: capital	797,325	797,325
	6,251,257	5,971,783
Unrecognised Deferred Tax Liabilities	(1,425,629)	(1,363,169)

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

- (i) The companies derive future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the losses to be realised;
- (ii) The companies continue to comply with the conditions for deductibility purposes imposed by tax legislation; and
- (iii) No changes in tax legislation adversely affect the companies in realising the benefits from the deductions for the losses.

All unused tax losses of \$20,095,846 (2020: \$19,164,266) were incurred by Australian entities.

METALS AUSTRALIA LTD

5. Auditor's Remuneration

	Consolidated	
	2021	2020
	\$	\$
Remuneration of the auditor of the parent entity, Crowe Perth		
- auditing or reviewing the financial report	16,900	16,700
- taxation services provided by a related practice of the auditor	7,665	5,500
	<u>24,565</u>	<u>22,200</u>

6. Interests of Key Management Personnel (KMP)

Refer to the Remuneration Report contained in the Directors' Report for Details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2021.

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

Short-term employee benefits	126,804	151,848
Superannuation	<u>1,140</u>	<u>1,140</u>
	<u>127,944</u>	<u>152,988</u>

7. Cash and Cash Equivalents

Represented by:

Cash at bank	983,974	496,129
Deposit Accounts	-	-
Cash at bank	<u>983,974</u>	<u>496,129</u>

8. Trade and Other Receivables

Current

Canadian mining, corporate and sale taxes receivable	247,228	249,097
Less: provision for doubtful recoverability	-	(35,445)
GST receivable	19,765	24,240
Deposits held	<u>5,366</u>	<u>5,327</u>
	<u>272,359</u>	<u>243,219</u>

9. Other financial assets – held for trading

Financial assets – listed Australian securities at market value	<u>72,202</u>	<u>70,402</u>
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10. Exploration and Evaluation Expenditure

Opening balance – at cost	7,476,163	8,582,411
Exploration and evaluation expenditure including foreign currency exchange movements	694,631	233,718
Shares issued to acquire projects	75,000	60,000
Expenditure written off	<u>(198,075)</u>	<u>(1,399,966)</u>
	<u>8,047,719</u>	<u>7,476,163</u>

METALS AUSTRALIA LTD

11. Trade and other Payables

Current		
Trade creditors	62,404	159,763
Accrued liabilities	17,350	132,566
	79,754	292,329

12. Issued Capital

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

	Number	\$
Balance 30/06/2019	2,927,197,777	33,092,480
Placement 26 September 2019	30,000,000	60,000
Placement 4 November 2019	250,155,000	400,248
Expiration of options	-	971,935
Capital raising costs on above placements	-	(52,564)
Balance 30/06/2020	3,207,352,777	34,472,099
Placement 27 August 2020	440,999,999	824,670
Placement 27 October 2020	542,550,800	1,014,567
Issued on 29 March 2021 as part consideration for acquisition of mineral properties	36,284,471	75,000
Capital raising costs on above placements	-	(225,283)
Balance 30/06/2021	4,227,188,047	36,161,053

The Company's capital consists of Ordinary Shares and the Company does not have a limited amount of authorised share capital. The Shares have no par value and are entitled to participate in dividends and the proceeds on any winding up of the Company in proportion to the number of Shares held. At shareholders' meetings, each fully paid ordinary share is entitled to one vote when a poll is called.

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13. Share Option Reserve

Date	Details	Number of Options	Amount \$
30/06/2019	Balance	1,136,036,668	971,935
26/09/2019	Options issued as consideration for acquisition of mineral properties	50,000,000	53,146
04/11/2019	Options issued as capital raising fee	20,000,000	18,433
01/12/2019	Expiration of options	(215,111,668)	(747,531)
31/05/2020	Expiration of options	(920,925,000)	(224,404)
30/06/2020	Balance	70,000,000	71,579
29/10/2020	Issue of options at \$0.00002	300,000,000	6,000
29/10/2020	Options issued as capital raising fee	35,000,000	73,500
30/06/2021	Balance	405,000,000	151,079

Movement in Options Granted

Movements in share options during the year were as follows:

Class	Balance 1 July 2020	Issued During Year	Exercised or expired during year	Balance 30 June 2021
Exercisable at \$0.0035 on or before 01/12/2023	50,000,000	-	-	50,000,000
Exercisable at \$0.0035 on or before 01/06/2022	1,416,110,000	1,318,550,799	-	2,734,660,799
Total	1,466,110,000	1,318,550,799	-	2,784,660,799

The weighted average exercise price of the options on hand at year end is \$0.0035. The remaining contractual life of the options outstanding at year end was a weighted average of 0.93 years.

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13. Share Option Reserve (continued)

Capital Management

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

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

14. Accumulated Losses

	Consolidated	
	2021	2020
	\$	\$
Accumulated losses at the beginning of the year	(26,562,588)	(25,046,925)
Loss for the year	(472,829)	(1,515,663)
Accumulated losses at the end of the financial year	(27,035,417)	(26,562,588)

15. Non-controlling Interest

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

16. Earnings per Share

Weighted average number of shares on issue during the financial year used in the calculation of basic and diluted earnings per share	3,953,185,523	3,113,337,244
Basic and diluted earnings per share (cents):		
- earnings from continuing operations	(0.01)	(0.05)
- loss from discontinued operations	-	-
Total loss per share:	(0.01)	(0.05)

METALS AUSTRALIA LTD

17. Cash Flow Information Reconciliation to Statement of Cash Flows

	Consolidated	
	2021	2020
	\$	\$
Operating loss after income tax	(472,829)	(1,515,663)
Non-cash items in profit/(loss)		
Revaluation of shares	(16,800)	101,800
Exploration and evaluation expenditure written off	198,075	1,399,966
Foreign exchange movements	46,070	267,860
Profit on sale of financial assets	(5,000)	-
Changes in assets and liabilities:		
Decrease / (increase) in trade and other receivables	(29,140)	(220,415)
Decrease/(increase) in prepayments	-	(2,701)
Increase / (decrease) in trade and other payables	(161,190)	157,632
Net cash flows (used in) / provided by operating activities	<u>(440,814)</u>	<u>188,479</u>

18. Financial Instruments

(a) Interest Rate Risk

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

Consolidated Group	Floating Interest Rate		Non-Interest Bearing		Total	
	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$
Financial Assets:						
Cash and cash equivalents	983,974	496,129	-	-	983,974	496,129
Trade and other receivables	-	-	272,359	243,219	272,359	243,219
Held-for-trading investments	-	-	72,202	70,402	72,202	70,402
Total Financial Assets	<u>983,974</u>	<u>496,129</u>	<u>344,561</u>	<u>313,621</u>	<u>1,328,535</u>	<u>809,750</u>
Financial Liabilities:						
Trade and other payables	-	-	(79,754)	(292,329)	(79,754)	(292,329)
Total Financial Liabilities	<u>-</u>	<u>-</u>	<u>(79,754)</u>	<u>(292,329)</u>	<u>(79,754)</u>	<u>(292,329)</u>
Net Financial Assets	<u>983,974</u>	<u>496,129</u>	<u>264,807</u>	<u>21,292</u>	<u>1,248,781</u>	<u>517,421</u>

Reconciliation of Financial Assets to Net Assets

	Consolidated	
	2021	2020
	\$	\$
Net financial assets	1,248,781	517,421
Prepayments	4,293	4,293
Exploration and evaluation expenditure	8,047,719	7,476,163
Net assets	<u>9,300,793</u>	<u>7,997,877</u>

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18. Financial Instruments (continued)

(b) Credit Risk

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

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

(c) Net Fair Values

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

(d) Financial Risk Management

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

(e) Liquidity Risk

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

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

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18. Financial Instruments (continued)

(f) Sensitivity Analysis

Interest Rate Risk, Foreign Currency Risk and Price Risk

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

At 30 June 2021, the effect on profit/(loss) and equity as a result of changes in the interest rate, with all other variables remaining constant would be minimal:

	Consolidated	
	2021	2020
	\$	\$
Change in profit/(loss)		
- Increase in interest rate by 2%	14,801	10,392
- Decrease in interest rate by 2%	(14,801)	(10,392)
Change in equity		
- Increase in interest rate by 2%	14,801	10,392
- Decrease in interest rate by 2%	(14,801)	(10,392)

Liquidity Risk Sensitivity Analysis

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

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

Consolidated Group	Within 1 year		1 to 5 years		Total	
	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$
Financial Liabilities – Due for Payment						
Trade and other payables	(79,754)	(292,329)	-	-	(79,754)	(292,329)
Total Expected Outflows	(79,754)	(292,329)	-	-	(79,754)	(292,329)
Financial Assets – Cash Flows Realisable						
Cash and cash equivalents	983,974	496,129	-	-	983,974	496,129
Receivables	272,359	243,219	-	-	272,359	243,219
Held-for-trading investments	72,202	70,402	-	-	72,202	70,402
Total anticipated inflows	1,328,535	809,750	-	-	1,328,535	809,750
Net (outflow) / inflow on financial instruments	1,248,781	517,421	-	-	1,248,781	517,421

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18. Financial Instruments (continued)

Price risk

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

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

Financial Instruments Measured at Fair Value

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

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

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Consolidated Group				
2021				
Financial assets				
Financial assets at fair value through profit or loss:				
Investments: held for trading	72,202	-	-	72,202
	72,202	-	-	72,202
2020				
Financial assets				
Financial assets at fair value through profit or loss:				
Investments: held for trading	70,402	-	-	70,402
	70,402	-	-	70,402

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

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19. Investment in controlled entities

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding (%)		Book Value of Investment \$'000		Contribution to Consolidated Result \$'000	
			2021	2020	2021	2020	2021	2020
Karrilea Holdings Pty Ltd	Australia	Ordinary	80	80	-	-	-	-
Quebec Lithium Ltd	Australia	Ordinary	100	100	-	-	(101,039)	(715,710)
Lac Rainy Graphite Inc	Canada	Ordinary	100	100	-	-	-	-
Lac du Marcheur Cuivre-Cobalt Inc	Canada	Ordinary	100	100	-	-	-	-

20. Related Parties

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

Related Party	Relationship	Nature Of Transaction	Year ended 30 June 2021		Year ended 30 June 2020	
			Transaction	Balance	Transaction	Balance
			\$	\$	\$	\$
Karrilea Holdings Pty Ltd	Subsidiary	Loan	-	4,844,631	-	4,844,631
Quebec Lithium Ltd	Subsidiary	Loan	402,901	3,228,302	2,825,401	3,018,494
Sabre Resources Ltd	Common Directors	Investment in shares	-	7,200	-	5,400
Sabre Resources Ltd	Common Directors	Trade Payables	-	-	(15,014)	(7,272)
Golden Deeps Ltd	Common Directors	Trade Payables	-	-	(8,181)	-
Golden Deeps Limited	Common directorship	Investments in Shares	-	65,000	-	50,000
Internazionale Consulting Pty Ltd	Director Related Entity	Payment of director and consulting fees	(102,804)	(8,118)	(127,848)	(13,266)
Profit & Resources Management Pty Ltd	Director Related Entity	Payment of director fees	(12,000)	(3,300)	(12,000)	(3,300)
Sherlock Investors Pty Ltd	Common Directors	Investment in shares	15,000	-	(15,000)	15,000

All transactions with Directors are disclosed in Note 6.

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21. Operating Segments

Segment Information

Identification of reportable segments

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

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

Segments

The two reportable segments are as follows:

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

Basis of Accounting for purposes of reporting by operating segments

Accounting Policies Adopted

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

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

Unallocated items

Corporate costs are not considered core operations of any segment.

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21. Operating Segments (continued)

Segment Performance – June 2021	Australia	Canada	Total
	\$	\$	\$
Revenue			
From external sources	-	-	-
Interest earned	205	908	1,113
Gain on sale of shares	5,000	-	5,000
Total Group revenue			6,113
Segment profit/(loss)			
Management Fees	(286,076)	-	(286,076)
Corporate overheads	(295,655)	(19,779)	(315,434)
Exploration and evaluation expenditure written off	-	(198,075)	(198,075)
Total Group profit/(loss) before tax			(793,472)
Segment assets			
Total Group assets	1,506,280	7,874,267	9,380,547
Segment liabilities			
Unallocated – corporate trade payables	79,754	-	79,754
Total Group liabilities			
Segment Performance – June 2020	Australia	Canada	Total
	\$	\$	\$
Revenue			
From external sources	-	-	-
Interest earned	109	1,541	1,650
Total Group revenue			1,650
Segment profit/(loss)			
Management Fees	(283,360)	-	(283,360)
Corporate overheads	(479,690)	(89,911)	(569,601)
Exploration and evaluation expenditure written off	-	(1,399,966)	(1,399,966)
Total Group profit/(loss) before tax			(2,251,277)
Segment assets			
Total Group assets	3,712,365	4,577,841	8,290,206
Segment liabilities			
Unallocated – corporate trade payables	249,462	42,867	292,329
Total Group liabilities			292,329

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22. Commitments

(i) Mining Tenements

As part of ongoing activities, the consolidated entity is required to commit to minimum expenditures to retain its interest in its Western Australian and Canadian mineral tenements. Over the next five years this amounts to \$659,085, as follows:

Year Ending 30 June	Western Australia	Canada	Total \$
2022	80,100	70,198	150,298
2023	80,100	70,198	150,298
2024	80,100	70,198	150,298
2025	80,100	70,198	150,298
2026	80,100	70,198	150,298
	400,500	350,990	751,490

(ii) Management Agreement

The Company has an agreement with a management service company for the provision of services at the current annual rate of \$288,000 per annum (plus CPI increases). Charges are at commercial terms in accordance with the Services Agreement entered into on 19 May 2021 for a five-year term commencing 1 May 2021.

(iii) Supplier Agreement

The Company has an agreement with a supplier to provide technical geological services. An amount of CAD\$48,700 has been committed and payable by the Company for services to be provided.

23. Contingent Liabilities

No contingent liability exists for termination benefits under service agreements with directors or persons who take part in the management of the company. There were no contingent liabilities as at 30 June 2021.

24. Subsequent Events

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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

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25. Parent Entity Information

The following details information related to the parent entity, Metals Australia Ltd, at 30 June 2021. The information presented here has been prepared using consistent accounting policies as shown in Note 2.

	Parent Entity	
	2021	2020
	\$	\$
Assets		
Current assets	1,042,718	455,024
Non-current assets	3,691,868	3,257,341
Total Assets	4,734,586	3,712,365
Liabilities		
Current liabilities	(79,754)	(249,464)
Non-current liabilities	-	-
Total Liabilities	(79,754)	(249,464)
Equity		
Issued capital	36,161,053	34,472,099
Share option reserve	151,079	71,579
Accumulated losses	(31,657,300)	(31,080,777)
Total Equity	4,654,832	3,462,901
Financial performance		
(Loss) for the year	(576,523)	(1,299,797)
Other comprehensive income	-	-
Total comprehensive (loss)	(576,523)	(1,299,797)

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

No contingent liabilities exist.

No contractual commitments by the parent company exist, other than those for exploration commitments and management services (refer note 22).

METALS AUSTRALIA LTD

1. In the opinion of the Directors of Metals Australia Ltd (the "Company"):
 - (a) the financial statements and notes set out on pages 23 to 52, and the remuneration disclosures that are contained in pages 17 to 18 of the Remuneration Report in the Directors' Report, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance, for the financial year ended on that date;
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - (iii) complying with International Financial Reporting Standards as disclosed in Note 2.
 - (b) the remuneration disclosures that are contained in pages 17 to 18 of the Remuneration Report in the Directors' Report comply with Australian Accounting Standard AASB 124 Related Party Disclosures; and
 - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declaration required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2021.

Signed in accordance with a resolution of the Directors:



Michael Scivolo
Chairman

Dated 17th September 2021.
Perth, Western Australia

DECLARATION OF INDEPENDENCE BY SEAN MCGURK TO THE DIRECTORS OF METALS AUSTRALIA LIMITED

As lead auditor for the audit of Metals Australia Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

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

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



Crowe Perth



Sean McGurk
Partner

Signed at Perth, Western Australia

17 September 2021

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

Opinion

We have audited the financial report of Metals Australia Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended, and notes to the financial statements comprising a summary of significant accounting policies and the Director's Declaration.

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

- (a) Giving a true and fair view of the Group's financial position at 30 June 2021 and of its financial performance for the period then ended; and
- (b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of this report. We are independent of the Group in accordance with the independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Regarding Going Concern

We draw attention to Note 2(x) in the financial report, which indicates that the Group incurred a net loss of \$472,829 (2020 loss: \$1,515,663). As stated in Note 2(x) this condition, along with other matters set forth in Note 2(x), indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern, and whether it will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report. Our opinion is not modified in respect of this matter

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Regarding Going Concern* Section, we have determined the matters described below to be key audit matters to be communicated in our report.

Key Audit Matter	How we addressed the Key Audit Matter
Consideration of impairment of capitalised mineral exploration and evaluation expenditure	
<p>The carrying amount of capitalised mineral exploration and evaluation expenditure was a significant component of the Group's total assets at \$8,047,719 at 30 June 2021.</p> <p>Exploration assets are required to be assessed for impairment when facts and circumstances suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount.</p> <p>This matter is considered a key audit matter due to the high degree of judgement required by the directors to assess whether impairment indicators are present for specified tenements held and due to the significance of the capitalised amount at 30 June 2021.</p> <p>The conditions and assessment undertaken in relation to impairment are disclosed in the Group's accounting policy Notes 2(k) and 2(y)(b) and Note 10 in the financial report.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Conducting discussions with management regarding the criteria used in their impairment assessment and ensuring that this was in line with <i>AASB 6 Exploration for and Evaluation of Mineral Resources</i>. • Reviewing evidence of activities carried out and management intentions for the area of interest the Group holds, to corroborate the representations made by management during our discussions. • Assessing the Group's right to tenure by obtaining and assessing supporting documentation such as license agreements or renewals and any correspondence with relevant government agencies in connection with the renewal process. • Evaluating key assumptions adopted by management that support the position formed on whether the exploration and evaluation expenditure was impaired.

Information Other than the Financial Report and the Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's 2021 Annual Report for the period ended 30 June 2021 but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Metals Australia Limited for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

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

Signed at Perth, Western Australia dated this 17 September 2021