



METAL HAWK

LIMITED

Metal Hawk Limited

ABN 24 630 453 664

Interim Financial Report

For the half-year ended 31 December 2022

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CORPORATE DIRECTORY

Directors

Mr Brett Lambert
Mr William Belbin
Mr David Pennock

Company Secretary

Mr Chris Marshall

Registered and Principal Office

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West Perth WA 6005

Auditor

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Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth WA 6000

Share Registry

Automic Pty Ltd
Level 5, 191 St Georges Terrace
Perth WA 6000

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Stock Exchange Listing

Shares: ASX Code MHK

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METAL HAWK LIMITED

DIRECTORS' REPORT

For the half-year ended 31 December 2022

DIRECTORS' REPORT

Your Directors submit the Interim Report of Metal Hawk Limited ("**the Company**") for the half-year ended 31 December 2022. To comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

DIRECTORS

The names of the Directors who held office during the whole of the interim period and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

Brett Lambert	Non-Executive Chairman
William Belbin	Managing Director
David Pennock	Executive Director

REVIEW OF RESULTS AND FINANCIAL POSITION

Metal Hawk Limited is listed on the Australia Securities Exchange (**ASX:MHK**), classified as a West Australian junior nickel and gold explorer, and has approximately 64.74 million shares on issue at the date of this report. The Company has not reached a stage in its development where it is generating an operating profit.

The net loss after income tax for the half-year was \$840,974 (31 December 2021: \$805,714), which included exploration expenditure of \$133,896 (31 December 2021: \$37,335).

REVIEW OF OPERATIONS

During the half year period Metal Hawk continued exploration on its goldfields projects. The Company's main focus during the half-year ended 31 December 2022 was nickel sulphide and gold exploration at the Berehaven Project east of Kalgoorlie.

Please refer to the Company's announcements for further information.

METAL HAWK LIMITED

DIRECTORS' REPORT

For the half-year ended 31 December 2022

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors there were no matters that significantly affected the state of affairs of the Company during the financial year, other than those matters referred to in the overview above.

MATTERS SUBSEQUENT TO BALANCE DATE

On 7 February 2023, the Company announced it has acquired an Option to purchase 100% of Onslow tenements E08/3231 and E08/3232 from Skryne Hill with the following terms:

- \$20,000 cash and 200,000 fully paid MHK shares (escrowed for 12 months) for a 2-year option (Option fee).
- 1,250,000 fully paid MHK shares (escrowed for 12 months) payable to exercise the Option.

The 200,000 fully paid ordinary shares were issued on 14 February 2023.

On 24 February 2023, the Company issued 900,000 options exercisable at \$0.37 each expiring on 30 November 2026 under the Company's Employee Securities Incentive Plan.

Aside from the matters noted above, there have been no other matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the Company, the results of these operations, or the state of affairs of the Company in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

Signed in accordance with a resolution of the Directors.



William Belbin

Director

13 March 2023

Perth

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF METAL HAWK LIMITED

As lead auditor for the review of Metal Hawk Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth

13 March 2023

METAL HAWK LIMITED
INTERIM FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	31 December 2022 \$	30 June 2022 \$
Assets			
Cash and cash equivalents	3.1	1,490,179	2,071,917
Trade and other receivables		56,088	125,381
Other current asset		200,000	-
Deposits and bonds		18,927	18,927
Total current assets		1,765,194	2,216,225
Property, plant and equipment	5.1	177,051	189,049
Right of use assets	5.2	105,696	9,184
Exploration and evaluation assets	4.1	7,400,975	6,619,998
Total non-current assets		7,683,722	6,818,231
Total assets		9,448,916	9,034,456
Liabilities			
Trade and other payables		(142,432)	(268,955)
Lease liabilities	5.3	(35,874)	(10,287)
Total current liabilities		(178,306)	(279,242)
Lease liabilities	5.3	(71,197)	-
Total non-current liabilities		(71,197)	-
Total liabilities		(249,503)	(279,242)
Net assets		9,199,413	8,755,214
Equity			
Share capital	6.1	12,143,027	11,153,220
Reserves	6.2	1,683,975	1,388,609
Accumulated losses		(4,627,589)	(3,786,615)
Total equity		9,199,413	8,755,214

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

METAL HAWK LIMITED
INTERIM FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Note	31 December 2022 \$	31 December 2021 \$
Other income		11,774	12,217
Exploration expensed		(133,896)	(37,334)
General and administrative expenses	2.2	(96,974)	(108,711)
Professional fees		(70,982)	(193,931)
Personnel expenses	2.2	(496,676)	(385,382)
Marketing and business development		(18,102)	(54,685)
Depreciation and amortisation		(31,090)	(27,823)
Finance expenses		(2,094)	(1,663)
Other expenses		(2,934)	(8,402)
Loss before income tax		(840,974)	(805,714)
Income tax expense		-	-
Loss for the period		(840,974)	(805,714)
Other comprehensive income		-	-
Total comprehensive loss for the period		(840,974)	(805,714)
Loss per share			
Basic and diluted (cents per share)		(1.37)	(1.60)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

METAL HAWK LIMITED
FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Note	Issued capital \$	Share-based payments reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2022		11,153,220	1,388,609	(3,786,615)	8,755,214
Loss for the period		-	-	(840,974)	(840,974)
Total comprehensive loss for the period		-	-	(840,974)	(840,974)
Transactions with owners, recorded directly in equity:					
Contributions by and distributions to owners					
Issue of ordinary shares	6.1	1,051,280	-	-	1,051,280
Share-based payment transactions	7.1	-	295,366	-	295,366
Capital raising costs	6.1	(61,473)	-	-	(61,473)
Total contributions by and distributions to owners		989,807	295,366	-	1,285,173
Balance at 31 December 2022		12,143,027	1,683,975	(4,627,589)	9,199,413

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

METAL HAWK LIMITED
FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Note	Issued capital \$	Share-based payments reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2021		7,030,655	1,024,000	(2,444,731)	5,609,924
Loss for the period		-	-	(805,714)	(805,714)
Total comprehensive loss for the period		-	-	(805,714)	(805,714)
Transactions with owners, recorded directly in equity:					
Contributions by and distributions to owners					
Issue of ordinary shares	6.1	2,424,306	-	-	2,424,306
Conversion of options	6.1	75,000	-	-	75,000
Share-based payment transactions	6.1/ 7.1	918,000	332,151	-	1,250,151
Capital raising costs		(157,811)	-	-	(157,811)
Total contributions by and distributions to owners		3,259,495	332,151	-	3,591,646
Balance at 31 December 2021		10,290,150	1,356,151	(3,250,445)	8,395,856

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

METAL HAWK LIMITED
FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Note	31 December 2022 \$	31 December 2021 \$
Cash flows from operating activities			
Payments to suppliers and employees		(353,101)	(482,446)
Interest received		3,886	12,217
Interest paid		(2,094)	(1,663)
Payments for exploration expensed		(133,896)	(37,335)
Net cash used in operating activities		(485,205)	(509,227)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(115,251)
Payments for capitalised exploration		(868,894)	(1,000,892)
(Payment)/Receipt of term deposit		(200,000)	2,000,000
Net cash (used in)/from investing activities		(1,068,894)	883,857
Cash flows from financing activities			
Proceeds from issue of shares	6.1	1,051,280	2,424,206
Proceeds from exercise of options	6.1	-	75,000
Payment of capital raising costs		(60,099)	(157,812)
Payment of lease liabilities		(18,820)	(17,971)
Net cash from financing activities		972,361	2,323,423
Net (decrease)/increase in cash and cash equivalents		(581,738)	2,698,053
Cash and cash equivalents at commencement of period		2,071,917	1,769,800
Cash and cash equivalents at period end	3.1	1,490,179	4,467,853

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

SECTION 1 BASIS OF PREPARATION

This financial report for the half-year ended 31 December 2022 is a condensed general purpose financial report prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

The half-year financial report should be read in conjunction with the most recent annual financial report for the year ended 30 June 2022.

It is also recommended that the half-year financial report be considered together with any public announcements made by Metal Hawk Limited during the half-year ended 31 December 2022 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

1.1 SIGNIFICANT ACCOUNTING POLICIES

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

Adoption of new and revised standards

Standards and interpretations applicable to 31 December 2022

For the half-year ended 31 December 2022, the Directors have reviewed all new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the reporting periods beginning on or after 1 July 2022.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and therefore no material change is necessary to Company accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted that are relevant to the Company and effective for the reporting periods beginning on or after 1 January 2023.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations in issue not yet adopted on the Company and therefore no material change is necessary to Company accounting policies.

1.2 JUDGEMENTS AND ESTIMATES

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 30 June 2022.

METAL HAWK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1.3 GOING CONCERN

The financial report has been prepared on a going concern basis which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the normal course of business. For the period ended 31 December 2022, the Company incurred loss of \$840,974 and had net cash outflows from operating activities of \$485,205, in conjunction with \$868,894 of exploration payments classified in investing cash flows. On 31 December 2022, the Company had net assets of \$9,199,413, with a total cash and cash equivalents on hand of \$1,490,179, plus \$200,000 in term deposit (recognised as other current asset).

The Company's ability to continue as a going concern is principally dependent upon its ability to source working capital funding for ongoing operations. The Directors are aware that additional funds may need to be sourced from one or more of the following alternatives for the Company to carry on its business moving forward, to meet its working capital requirements and its planned exploration commitments for the tenements it holds:

- Capital raising via:
 - o Private placement;
 - o Rights issue; and/or
 - o Share purchase plan.
- Borrowings from related or third parties
- Farming out of assets to reduce exploration expenditures
- Sale of tenements to provide capital and reduce exploration expenditures

Should the activities identified above be unsuccessful in increasing cash flows to the entity, there is a material uncertainty that exists that may cast significant doubt as to whether the Company will be able to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Notwithstanding the above, the Directors are of the opinion that the Company can carry on operations for the foreseeable future, and that it will be able to realise its assets and discharge its liabilities in the normal course of business. If necessary, the Company has the capacity to delay or cancel expenditures that are considered discretionary in nature, including administrative costs and exploration expenditure that is not contractually binding. The timing of raising additional capital will depend on the investment markets, as well as current and future planned exploration activities.

Should the entity not be able to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

METAL HAWK LIMITED
NOTES TO THE FINANCIAL STATEMENTS

SECTION 2 RESULTS FOR THE YEAR

This section focuses on the results and performance of the Company, with disclosures including components of the operating loss.

2.1 OPERATING SEGMENTS

AASB 8 *Operating Segments* requires operating segments to be identified based on internal reports about components of the Company that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segment and to assess its performance.

The Company's operating segment has been determined with reference to the management accounts used by the Chief Operating Decision Maker to make decisions regarding the Company's operations and allocation of working capital.

Based on the quantitative thresholds included in AASB 8, there is only one reportable segment, being base minerals exploration and evaluation in Australia.

The results of this segment are those of the Company as a whole and are set out in the statement of profit or loss and other comprehensive income and the assets and liabilities of the Company as a whole are set out in the statement of financial position.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since 30 June 2022.

2.2 RESULTS FOR THE PERIOD

	31 December 2022	31 December 2021
	\$	\$
General and Administrative		
Listing and registry expenses	50,575	60,547
Other expenses	46,399	48,164
	96,974	108,711
Personnel expenses		
Wages and superannuation	201,310	155,808
Share-based payments	295,366	229,574
	496,676	385,382

SECTION 3 WORKING CAPITAL DISCLOSURES

This section focuses on the cash funding available to the Company and working capital position at period end.

3.1 CASH AND CASH EQUIVALENTS

	31 December 2022	30 June 2022
	\$	\$
Cash at bank	490,179	58,451
Term deposit	1,000,000	2,013,466
	1,490,179	2,071,917

SECTION 4 ASSETS AND LIABILITIES SUPPORTING EXPLORATION AND EVALUATION

This section focuses on the assets and liabilities which form the core of the ongoing business, including those assets and liabilities which support ongoing exploration and evaluation as well as capital and other commitments existing at 31 December 2022.

Key estimates and assumptions in this section

Indicators of impairment for exploration and evaluation assets

The Company has reviewed exploration and evaluation assets for indicators of impairment in accordance with AASB 6 and has concluded that capitalised exploration and evaluation expenditure was not impaired at period end. In making this evaluation, management is required to make assessments on the status of each project and the future plans towards successful development and commercial exploitation, or alternatively sale, of the respective areas of interest.

4.1 EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2022	30 June 2022
	\$	\$
Costs carried forward in respect of areas of interest		
Exploration and evaluation expenditure	7,400,975	6,619,998
Movements for the year		
Opening balance	6,619,998	1,747,805
Tenement acquisitions – via share-based payments	-	1,788,100
Capitalised expenditure	780,977	3,084,093
Expenditure written-off	-	-
	7,400,975	6,619,998

A total of \$133,896 (2021: \$37,335) has been expensed during the six months to 31 December for exploration expenditure on tenements for which tenement applications were either still in progress or had been discontinued and therefore an inability to capitalise expenditure under AASB 6 is present due to absence of tenement ownership.

METAL HAWK LIMITED
NOTES TO THE FINANCIAL STATEMENTS

SECTION 5 NON-CURRENT ASSETS AND LEASE LIABILITIES

5.1 PROPERTY, PLANT AND EQUIPMENT

	Plant & Equipment \$	Office Equipment \$	Motor Vehicles \$	Computer Equipment \$	Total \$
Gross carrying amount					
Balance at 1 July 2021	3,300	7,798	89,265	2,660	103,023
Additions	57,507	4,728	52,860	-	115,095
Balance at 1 July 2022	60,807	12,526	142,125	2,660	218,118
Additions	-	-	-	-	-
Balance at 31 Dec 2022	60,807	12,526	142,125	2,660	218,118
Depreciation					
Balance at 1 July 2021	(122)	(1,273)	(6,320)	(296)	(8,011)
Depreciation for the year	(5,015)	(1,613)	(13,543)	(887)	(21,058)
Balance at 1 July 2022	(5,137)	(2,886)	(19,863)	(1,183)	(29,069)
Depreciation for the period	(2,974)	(1,201)	(7,376)	(447)	(11,998)
Balance at 31 Dec 2022	(8,111)	(4,087)	(27,239)	(1,630)	(41,067)
Carrying amounts					
Balance at 1 July 2022	55,670	9,640	122,262	1,477	189,049
Balance at 31 Dec 2022	52,696	8,439	114,886	1,030	177,051

5.2 RIGHT OF USE ASSETS

The Company had an office lease at 18 Kings Park Road which commenced on 1 October 2020 for period of 23 months. Upon expiry of the lease, the Company commenced a new office lease for a period of 3 years. The lease liability is measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate of 7%.

	31 December 2022 \$	30 June 2022 \$
Gross carrying amount		
Balance as at 1 July	70,407	70,407
Recognised on lease inception	115,604	-
Lease ended	(70,407)	-
Closing balance	115,604	70,407
Amortisation		
Balance as at 1 July	(61,223)	(24,489)
Amortisation expense	(19,092)	(36,734)
Lease ended	70,407	-
Closing balance	(9,908)	(61,223)
Closing balance	105,696	9,184

METAL HAWK LIMITED
NOTES TO THE FINANCIAL STATEMENTS

5.3 LEASE LIABILITIES

	31 December 2022	30 June 2022
	\$	\$
Opening balance	10,287	48,302
Liability recognised on lease inception	115,604	-
Principal and interest repayments	(20,914)	(40,225)
Interest expense	2,094	2,210
Closing Balance	107,071	10,287
<i>Classification</i>		
Current liabilities	35,874	10,287
Non-current liabilities	71,197	-
	107,071	10,287
	31 December 2022	31 December 2021
	\$	\$
<i>Amounts recognised in the Statement of Profit or Loss</i>		
Amortisation of right-of-use asset	(19,092)	(18,367)
Interest expense on lease liabilities	(2,094)	(1,438)

METAL HAWK LIMITED
NOTES TO THE FINANCIAL STATEMENTS

SECTION 6 EQUITY AND FUNDING

This section focuses on the debt and equity funding available to the Company at year end, most notably covering share capital, loans and borrowings.

6.1 Issued Capital

	Ordinary shares			
	Number of shares		Amount in \$	
	2022	2021	2022	2021
Balance at 1 July	58,165,394	47,247,500	11,153,220	7,030,655
<i>Shares issued and expensed during the period:</i>				
Issue of fully paid shares for cash	6,570,000 ⁽ⁱ⁾	5,387,125	1,051,280 ⁽ⁱ⁾	2,424,206
Issue of shares on conversion of options	-	330,769	-	75,000
Issue of shares for acquisition of exploration tenements	-	2,200,000	-	918,100
Capital raising costs	-	-	(61,473)	(157,811)
Balance at 31 December	64,735,394	55,165,394	12,143,027	10,290,150

⁽ⁱ⁾ Placement of 6,570,000 ordinary shares at 16 cents each on 7 October 2022, which included 200,000 ordinary shares to David Pennock and 100,000 ordinary shares to William Belbin as approved by shareholders in the Company's Annual General Meeting on 30 November 2022.

The holders of ordinary shares are entitled to receive dividends as declared from time and are entitled to one vote per share at meetings of the Company. Option holders cannot participate in any new share issues by the Company without exercising their options.

In the event of a winding up of the Company, ordinary shareholders rank after all other shareholders (if any) and creditors and are fully entitled to any proceeds on liquidation.

All issued shares are fully paid.

6.2 SHARE-BASED PAYMENTS RESERVE

	31 December 2022 \$	30 June 2022 \$
Opening balance	1,388,609	1,024,000
Share-based payments expense	295,366	364,609
Closing balance	1,683,975	1,388,609

Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve represents the fair value of options issued to directors and consultants. Refer to note 7.1 for further details of these plans.

SECTION 7 OTHER DISCLOSURES

The disclosures in this section focuses on share schemes in operation and financial risk management of the Company. Other mandatory disclosures, such as details of related party transactions, can also be found here.

7.1 SHARE-BASED PAYMENTS

The share-based payment expense included within the financial statements can be broken down as follows:

	31 December 2022	31 December 2021
	\$	\$
Expensed in personnel expenses (Director remuneration)		
Options issued to Directors	267,750	224,374
Options issued to Employees	27,616	5,200
Expensed in professional fees		
Shares issued to consultants	-	102,577
Expensed in general and administrative expenses		
Options issued to consultants	-	-
Expensed in Statement of Profit or Loss and Other Comprehensive Income	295,366	332,151
Capital raising costs within equity		
Options issued to consultants	-	-
Capitalised within exploration and evaluation		
Shares issued to vendors	-	918,100
Options issued to vendors	-	-

METAL HAWK LIMITED
NOTES TO THE FINANCIAL STATEMENTS

7.1 SHARE-BASED PAYMENTS (continued)

Options

At 31 December 2022, excluding free-attaching options issued, a summary of the Company options in issue and not exercised are as follows. Options are settled by the physical delivery of shares:

Grant date	Vesting date	Expiry date	Exercise Price (cents)	Balance at the start of the period	Granted during the period	Exercised during the period	Expired / lapsed during the period	Balance at the end of the period	Vested and exercisable at the end of the period
13-Sep-19	19-Nov-20	19-Nov-23	25	4,500,000	-	-	-	4,500,000	4,500,000
13-Sep-19	19-Nov-20	19-Nov-24	30	4,000,000	-	-	-	4,000,000	4,000,000
10-Sep-20	10-Sep-20	10-Sep-23	20	1,000,000	-	-	-	1,000,000	1,000,000
19-Nov-20	19-Nov-20	19-Nov-23	25	1,000,000	-	-	-	1,000,000	1,000,000
19-Nov-20	19-Nov-20	19-Nov-24	30	1,000,000	-	-	-	1,000,000	1,000,000
30-Nov-21	30-Nov-21	30-Nov-25	42	2,550,000	-	-	-	2,550,000	2,550,000
02-Dec-21	02-Dec-22	30-Nov-24	42	550,000	-	-	(100,000)	450,000	450,000 ¹
30-Nov-22	30-Nov-22	30-Nov-26	37	-	1,750,000	-	-	1,750,000	1,750,000
Total				14,600,000	1,750,000	-	(100,000)	16,250,000	15,800,000
Weighted Average Exercise Price (cents)				29.98	37.00	-	42.00	30.66	30.34

The weighted average remaining contractual life of options outstanding at period end was 1.86 years (30 June 2022: 1.73 years).

¹ Options issued on Grant Date 2 December 2021 vested during the half-year upon satisfaction of a continued service condition after 12 months.

METAL HAWK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

7.1 SHARE BASED PAYMENTS (continued)

Options (continued)

During the six months to 31 December 2022, 1,750,000 unlisted options were issued to the Directors under the Company's Employee Share Plan, as approved by shareholders at the Company's AGM held on 30 November 2022.

Options granted during the period have been valued using the Black-Scholes Option Valuation model, which takes account of factors including the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option. See below for the assumptions used for grants made during the period.

	Director Options
Number of options	1,750,000
Exercise price (cents)	37
Grant date	30-Nov-22
Expiry date	30-Nov-26
Life of the options (years)	4
Volatility	100%
Risk free rate	3.42%
Fair value at grant date (cents)	15.3
Share price at grant date (cents)	24

The options vest immediately. The options were valued at \$267,750 with the share-based payment expense recognised the Statement of Profit or Loss and Other Comprehensive Income.

7.2 SUBSEQUENT EVENTS

On 7 February 2023, the Company announced it has acquired an Option to purchase 100% of Onslow tenements E08/3231 and E08/3232 from Skryne Hill with the following terms:

- \$20,000 cash and 200,000 fully paid MHK shares (escrowed for 12 months) for a 2-year option (Option fee).
- 1,250,000 fully paid MHK shares (escrowed for 12 months) payable to exercise the Option.

The 200,000 fully paid ordinary shares were issued on 14 February 2023.

On 24 February 2023, the Company issued 900,000 options exercisable at \$0.37 each expiring on 30 November 2026 under the Company's Employee Securities Incentive Plan.

Aside from the matters noted above, there have been no other matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the Company, the results of these operations, or the state of affairs of the Company in future financial years.

7.3 RELATED PARTY TRANSACTIONS

During the half-year ended 31 December 2022, the Company issued 1.75m options to Directors of the Company, as disclosed above in note 7.1. The Company was assigned a 3-year office lease from Pennock Pty Ltd, a company associated with Director David Pennock, with details disclosed in Note 5.2 and 5.3. The assignment has been entered into on arms-length terms. No other related party transactions occurred during the half-year ended 31 December 2022.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Metal Hawk Limited (the "Company"):
 - (a) the accompanying interim financial statements and notes are in accordance with the *Corporations Act 2001* including:
 - (i) giving a true and fair view of the Company's financial position as at 31 December 2022 and of its performance for the half-year then ended; and
 - (ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001*, professional reporting requirements and other mandatory requirements.
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - (c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the *Corporations Act 2001* for the half-year ended 31 December 2022.

This declaration is signed in accordance with a resolution of the Board of Directors.

Dated at Perth 13th of March 2023.



WILLIAM BELBIN
Director

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Metal Hawk Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Metal Hawk Limited (the Company), which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the company's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor 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 the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 1.3 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.



Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Dean Just', is written over a faint, light blue BDO logo.

Dean Just

Director

Perth

13 March 2023