

METALS AUSTRALIA LTD

ACN: 008 982 474

ANNUAL REPORT

2017

METALS AUSTRALIA LTD

CONTENTS

	Page No.
• Corporate Directory	1
• Review of Operations	2
• Directors' Report	47
• Consolidated Statement of Profit or Loss and Other Comprehensive Income	54
• Consolidated Statement of Financial Position	55
• Consolidated Statement of Changes in Equity	56
• Consolidated Statement of Cash Flows	57
• Notes to the Financial Statements	58
• Directors' Declaration	85
• Independent Audit Report	86
• Auditor's Independence Declaration	90
• Corporate Governance Statement	91
• Shareholder Information	106

METALS AUSTRALIA LTD

REVIEW OF OPERATIONS

DIRECTORS

Hersh Solomon Majteles (Chairman)
Robert Collins
Michael Scivolo
Gino D'Anna

AUDITORS

Grant Thornton Audit Pty Ltd
10 Kings Park Road
West Perth WA 6005

COMPANY SECRETARY

Paul Fromson

BANKERS

Westpac Banking Corporation
Level 6, 109 40 St Georges Terrace
Perth WA 6000

REGISTERED OFFICE

1st Floor, 8 Parliament Place
West Perth WA 6005

Telephone: (08) 9481 7833
Facsimile: (08) 9481 7835
Email: mls@metalsaustralia.com.au
Website: www.metalsaustralia.com.au

SHARE REGISTRY

Advanced Share Registry Limited
110 Stirling Highway
Nedlands WA 6009

Telephone: (08) 9389 8033
Facsimile: (08) 9262 3723

SOLICITORS

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

SECURITIES EXCHANGE LISTING

The Company is listed on the Australian Securities Exchange

Home Exchange: Perth, Western Australia

ASX code for shares: MLS
ASX code for options
(first series: MLSO)
ASX code for options
(second series: MLSOA)

LETTER FROM THE BOARD

The Board of Metals Australia is pleased to announce the results for the 2017 financial year. The Company has undergone a significant transformation over the past 8 months having acquired a portfolio of exciting graphite, lithium and cobalt assets in Quebec, Canada. In addition, the Company continued to advance its exploration focus and execute upon its corporate strategy at the Manindi Zinc Project, located in Western Australia.

With zinc prices at a 10-year high and with the continued focus on the lithium-ion battery sector, the Company is in a strong position to take advantage of the structural shifts in the global economy and capitalise on the buoyant growth and encouraging global macroeconomic themes.

We have formed new strategic alliances with our investors and have been able to benefit from the positive economic sentiment and political changes which has culminated in the shift away from traditional fossil fuel vehicles to electric vehicles. These changes are becoming more pronounced and mainstream, allowing our Company to continue to increase its attractiveness to incoming investors.

Whilst we still have a way to go in our corporate and exploration strategy, we continue to de-risk our projects and improve the potential economics as we develop and enhance our understanding. Our Lac Rainy graphite project has demonstrated early success through a combination of airborne geophysics, mapping, rock sampling and channel sampling. We are now in a position where detailed metallurgical and characterisation test work will help to underpin discussions with strategic end-user groups. Our maiden drill campaign is set to commence this winter and will be a significant step towards allowing us to define a potentially world-class graphite deposit in arguably the most mining friendly jurisdiction in the western-world.

During the financial year, we completed two drilling campaigns as well as a high-powered ground magnetics program at our Manindi Zinc Project. This allowed us to identify several new conductive targets that have better defined our exploration strategy and greatly enhanced our geological understanding. We are now drilling to test the down-dip / plunge extensions beneath the existing Kultarr resource and as well we are drill testing our large C2 conductive target, which is located approximately 350m north of the Kultarr resource. We are excited by the prospect of increasing the potential tonnage at Manindi and remain focused on continuing to evaluate our exploration strategy at every opportunity.

As a small Company, our focus remains on ensuring that we continue to deliver value to our shareholders and continue to de-risk our exploration projects, thereby increasing their value and attractiveness to other investors.

We remain focused on exploring our core projects and reviewing other complementary assets that allow our Company to add value.

It has been an exciting year for the Company and we have been able to achieve several major milestones that have helped shaped MLS for the future. With so much focus being placed on the key battery minerals, our Company is well positioned for success.

We would like to thank our shareholders for their continued support during the financial year and look forward to delivering on our exploration strategy and corporate focus.

Regards,



Hersh Solomon Majteles
Chairman

REVIEW OF OPERATIONS AND ACTIVITIES

BASE METAL PROJECTS, WESTERN AUSTRALIA

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

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

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

MANINDI ZINC PROJECT

The Manindi Project is an unmined zinc deposit located in the Murchison District of Western Australia, 20 km southwest of the Youanmi gold mine. The project is located on three granted mining licences.

The Manindi base metal deposit is considered to be a volcanogenic massive sulphide (VMS) zinc deposit, comprising a series of lenses of zinc-dominated mineralisation that have been folded, sheared, faulted, and possibly intruded by later dolerite and gabbro. The style of mineralisation is similar to other base metal sulphide deposits in the Yilgarn Craton, particularly Golden Grove at Yalgoo to the west of Manindi, and Teutonic Bore-Jaguar in the Eastern Goldfields.



Location of the Western Australian base metals projects.

EXPLORATION

Work conducted throughout the year has aimed at improving the overall understanding of the geological setting of the existing zinc mineralisation at Manindi with the view of significantly expanding the current JORC resource base.

Field work undertaken at Manindi included diamond drilling, ground EM (FLEM and MLEM), downhole EM, VTEM remodelling, detailed geological mapping, rockchip sampling and resampling of historical diamond holes.

DIAMOND DRILLING PROGRAMS

The Company completed two phases of diamond drilling during the year totalling thirteen holes for 2207.75m. Phase one comprised five holes, MND053 to MND057, testing the peripheries of the existing Kultarr resource together with several wildcat holes testing regional exploration targets. This phase was completed in early February 2017.

Phase two comprised eight holes, MND058 to MND065. These were drilled in the vicinity of the existing Kultarr resource targeting two newly identified conductors C4 and C5 together with holes testing the gap between the southern end of the Kultarr resource and the northern end of the Kowari resource. This phase was completed in mid-June 2017.

Both drilling campaigns intersected broad zones of massive to semi massive sulphide mineralisation, characteristic of a volcanogenic massive sulphide (VMS) deposit, similar to other base metal sulphide deposits in the Yilgarn Craton, particularly Golden Grove near Yalgoo to the west of Manindi, and Teutonic Bore-Jaguar in the Eastern Goldfields to the east of Manindi.

PHASE ONE CAMPAIGN - KULTARR EXTENSION DRILLING

The Company drilled two holes, MND055 and MND057, in the region of the existing mineralised zone at Kultarr with the aim of gaining a better geological understanding of the setting of the zinc mineralisation and test for potential extensions of the current resource (Figure 1).

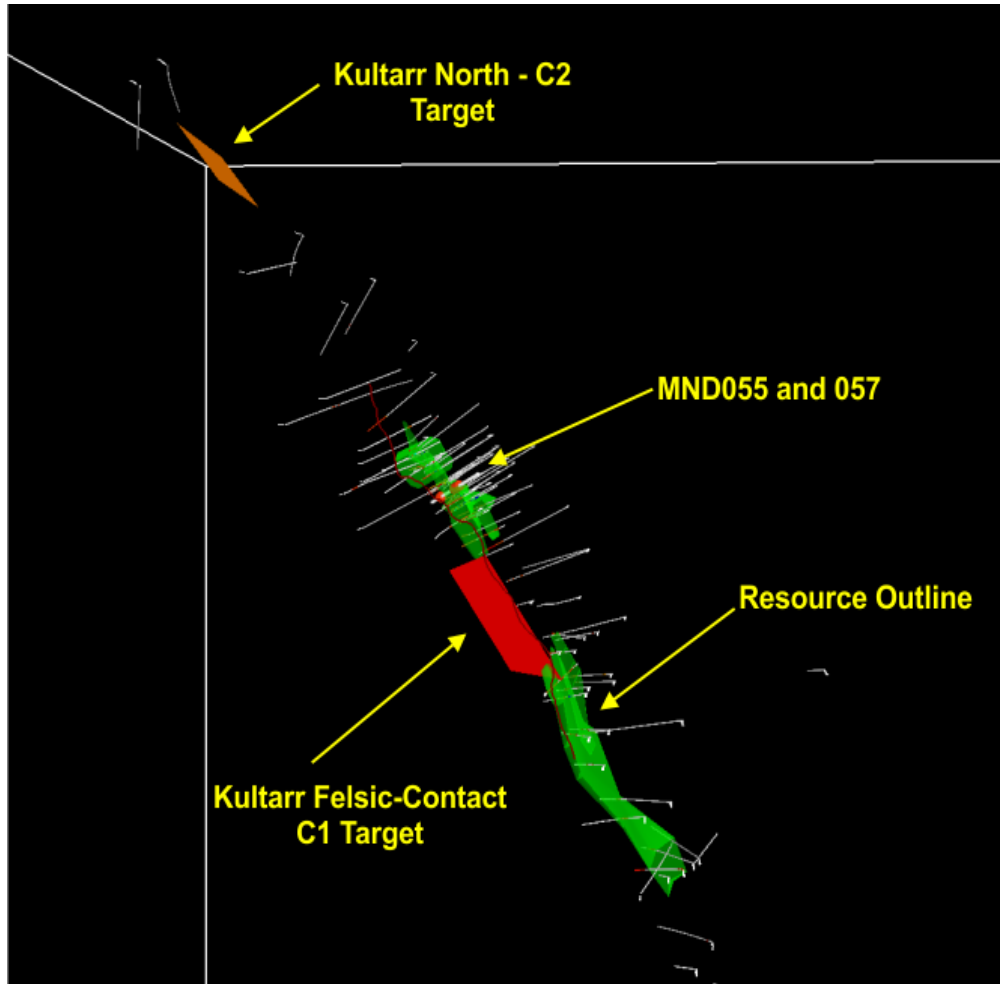


Figure 1 – 3D model of Kultarr and Kultarr North looking from above showing the location of holes MND055 and MND057, historical drilling, current resource outline in green and new EM conductor target C1 in red and new EM conductor C2 in orange located 500m NW of Kultarr resource on the felsic-mafic contact

The drilling at Kultarr has historically been oriented in a NE-SW direction at an approximate 60-degree dip. This drilling was mainly focused on testing what now appear to be remobilised secondary zones of massive zinc sulphide mineralisation within the footwall mafic rocks. MND055 and MND057 have increased the understanding of the geological setting and structure at Kultarr. It is now understood that the interpreted main source of zinc mineralisation, from where the secondary remobilised sulphides were sourced from, sits potentially on or above the contact between the felsic and the mafic units, within the felsic rocks. This shows that the majority of historical drilling should have been oriented in a SW-NE direction. Only a very small number of historical drill holes have passed into the felsic sequence from the mafic.

Diamond hole MND055 was drilled to test for zinc mineralisation near the base of the existing resource and pass through the interpreted felsic-mafic contact. The hole intersected semi massive sulphide mineralisation near the base of the current resource adjacent to the felsic-mafic contact returning **8.31m @ 4.47% Zinc** from 143.85m downhole. This is significant as it shows that the current Manindi resource continues to exist at depth.

Diamond hole MND057 was drilled to test for shallower up-dip extensions to the resource. It too was designed to pass through the felsic-mafic contact. The hole intersected a semi massive to massive sulphide zinc mineralised zone, up-dip from the existing resource, returning **18.85m @ 5.08% Zinc** from 59.60m, (**including 5.48m @ 8.05% Zinc** from 69.20m). Additionally, the hole intersected a previously unknown zone of semi-massive zinc mineralisation, over a width of 7.2 metres, within the felsic rock sequence (Figure 2). This newly discovered zone sits stratigraphically higher than previously recognised, suggesting zinc mineralisation may be far more extensive and closer to the surface than previously understood. Assays from this zone returned **7.20m @ 1.31% Zinc** from 119m.

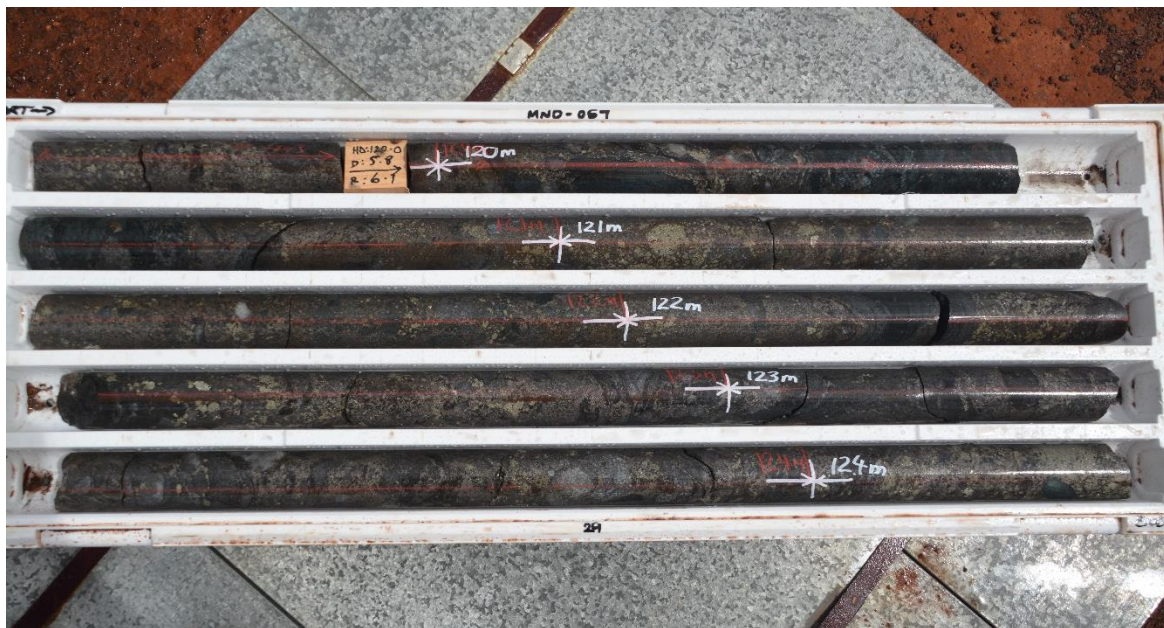


Figure 2 – Photograph showing drill core of the newly discovered 7.2 metre semi-massive sulphide zone within the felsic rock sequence below the existing defined resources at Kultarr.

PHASE ONE CAMPAIGN – REGIONAL EXPLORATION DRILLING

Three wildcat diamond holes were drilled at Kaluta, Ningbing and a new target called Fold Nose, to test ground EM conductors, all well outside the current resource areas. One hole was drilled into each target (Figure 3).

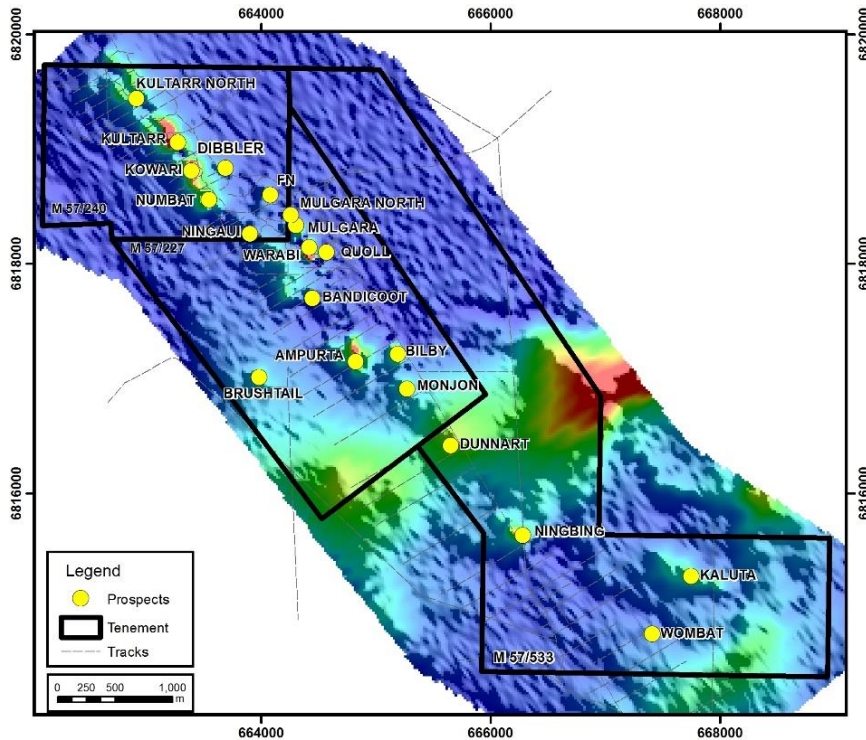


Figure 3 – VTEM image map showing location of Kaluta, Ningbing and Fold Nose (FN) where regional wildcat drillholes MND053, MND054 and MND056 respectively were completed.

MND053 was drilled at Kaluta to a depth of 186.4m. The hole intersected a thick sequence of gabbro containing a fractionated layer of Pyroxenite from 140m to 159m downhole. This layer contained a zone of disseminated and blebby sulphides from 148.75m to 154.43m. Only anomalous results of nickel and copper were returned from this sulphide zone with grades up to 1690ppm nickel and 1190ppm copper, but no zinc. Downhole EM survey results indicate MND053 had actually missed the conductor and that a strong off hole response was located 40m to the east. This target has potential for nickel and copper mineralisation. It sits below a large surface nickel and copper geochemical anomaly. A follow up hole has been designed to test this strong off hole conductor. This target will be drilled in the near future.

MND054 was drilled at Ningbing. The hole was drilled to a depth of 126.30m. The hole intersected gabbro containing a fractionated layer of pyroxenite from 60m to 84.20m downhole. The pyroxenite contained two zones of heavy disseminated to matrix sulphides from 65.18m and 75.40m – 81.82m. Both zones contained anomalous nickel and copper, but no zinc.

Down hole EM surveying of the hole showed an EM conductor off hole approximately 50 metres away down dip. Though the drilling did not intersect this conductor it is not intended to drill this target further at this time. A further hole may be drilled at a future time.

MND056 was drilled at Fold Nose. The hole contained a thick sequence of gabbro and dolerite with several layers of fractionated pyroxenite and was drilled to a depth of 150.50m. No significant sulphide was observed.

PHASE TWO CAMPAIGN – DRILL TESTING THE C4 CONDUCTOR

Two diamond holes, MND060 and MND065, were drilled to test the C4 conductor target.

Diamond hole MND060 was designed to test for zinc mineralisation within the newly identified C4 conductor (Figure 4). The hole intersected a thick 37m wide discontinuous zone of matrix to massive sulphide mineralisation in the interpreted position of the C4 conductor adjacent to the felsic-mafic contact returning **2.89m @ 9.26% Zinc from 103.83m downhole**. This is important as it shows that significant mineralisation is present on the main felsic-mafic contact. The remainder of the mineralised zone returned only anomalous results in both zinc and copper.

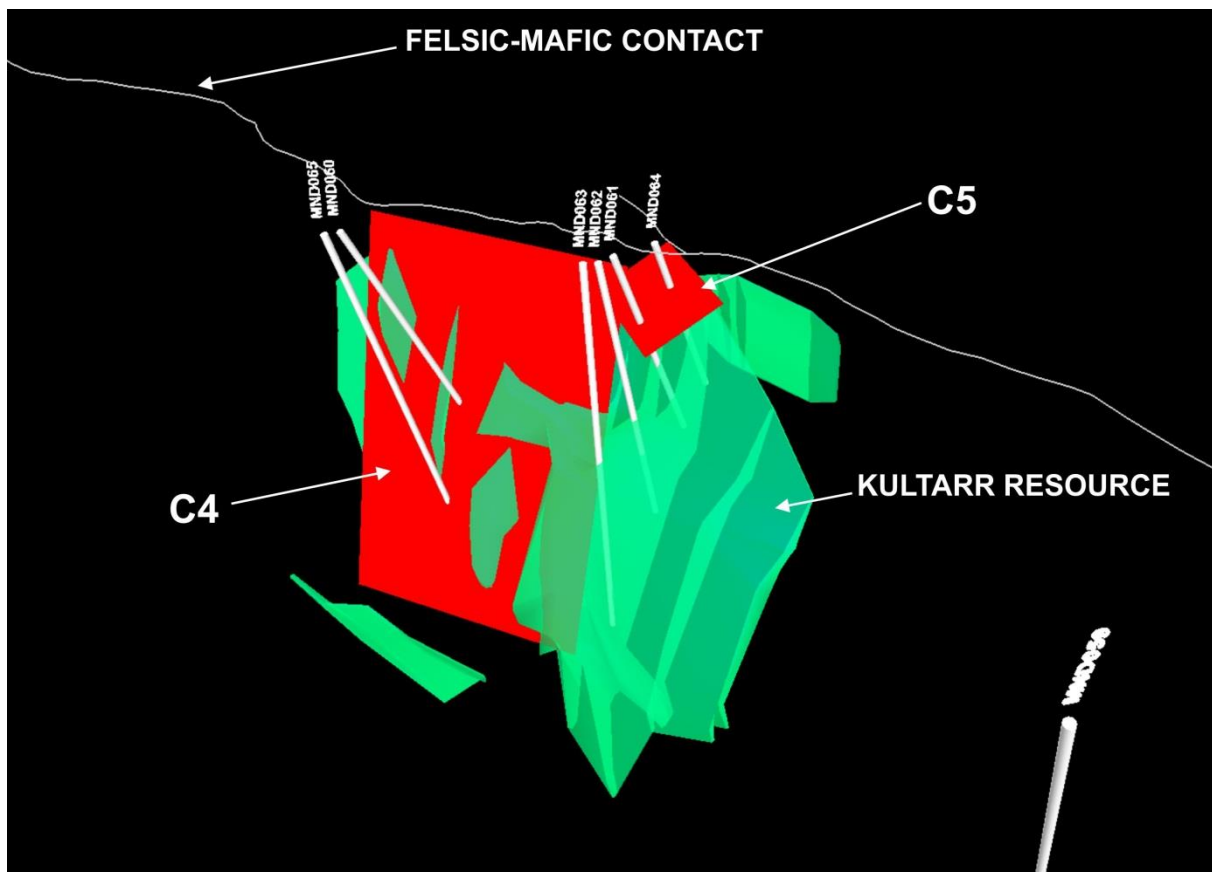


Figure 4: 3D model of Kultarr showing current resource outline in green and new conductor targets C4 and C5. Also shows location of diamond holes MND060 to MND065.

Diamond hole MND065 was drilled underneath hole MND060 on the same section to test for deeper extensions to the mineralisation intersected in MND060 and to test the Kultarr resource orientation at depth. It too was designed to pass through the C4 conductor on the interpreted felsic-mafic contact (Figure 4). The hole intersected multiple heavy matrix to massive sulphide zinc mineralised zones over a width of 41m, down-dip from the mineralisation intersected in MND060, returning **3.15m @ 6.91% Zinc from 126.15m** in the interpreted C4 conductor position.

Further down the hole at 140.93m the hole intersected **16.07m @ 8.08% Zinc (including 3.40m @ 12.20% Zinc from 151.00m)** associated with the Kultarr resource. Importantly structural orientation readings taken from core samples within hole MND065 strongly suggest a south westerly dip to the Kultarr resource.

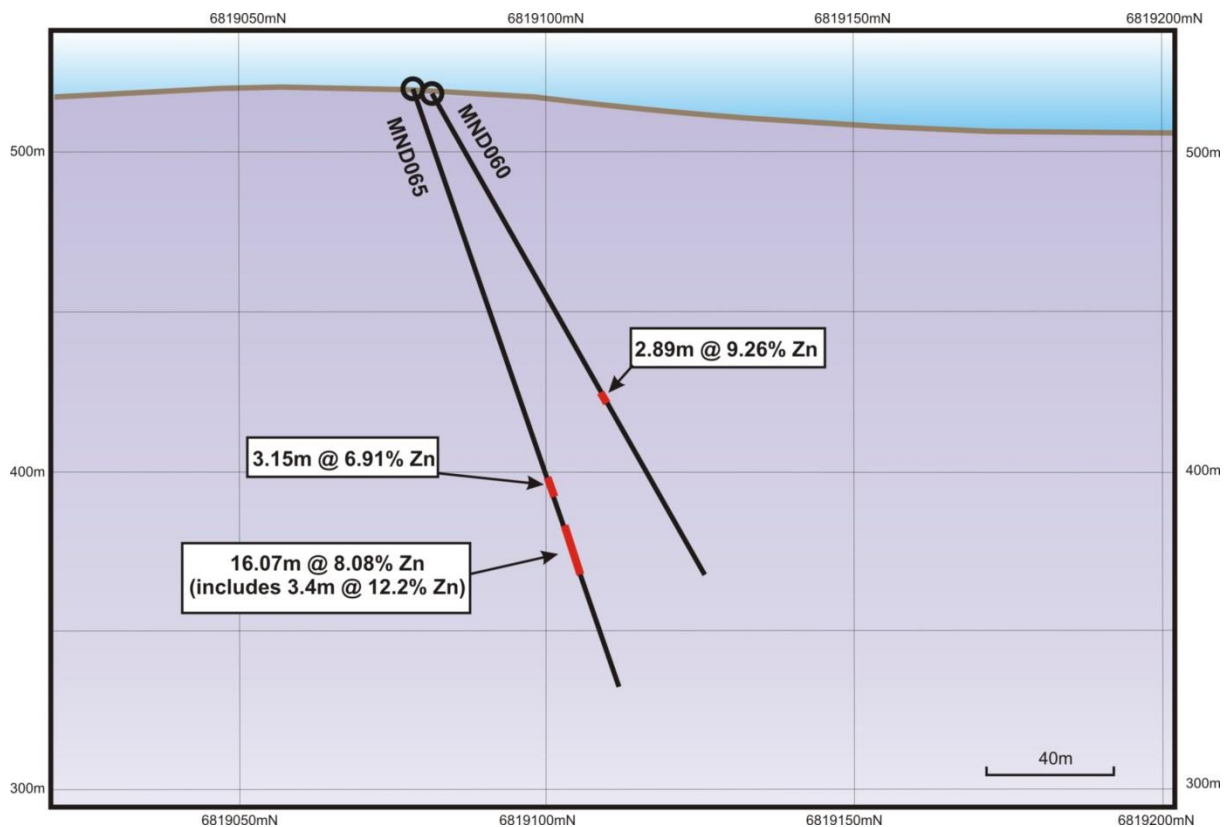


Figure 5: Cross-section showing significant intercepts in drill holes MND060 and MND065.

These intercept grades are better than the existing JORC resource which has an average grade of 6.52% Zinc.

Further drilling is required to ascertain the complex structural and lithological relationship between the C4 conductor mineralisation and the existing Kultarr resource as the two appear to be in relative close proximity.

PHASE TWO CAMPAIGN – DRILL TESTING THE C5 CONDUCTOR AND KULTARR RESOURCE

Four diamond holes MND061 to MND064 were drilled on the same section to test the C5 conductor target and also to test a portion of the Kultarr resource to determine whether the resource was potentially dipping off to the south west as suggested by the phase one drilling program conducted in January this year.

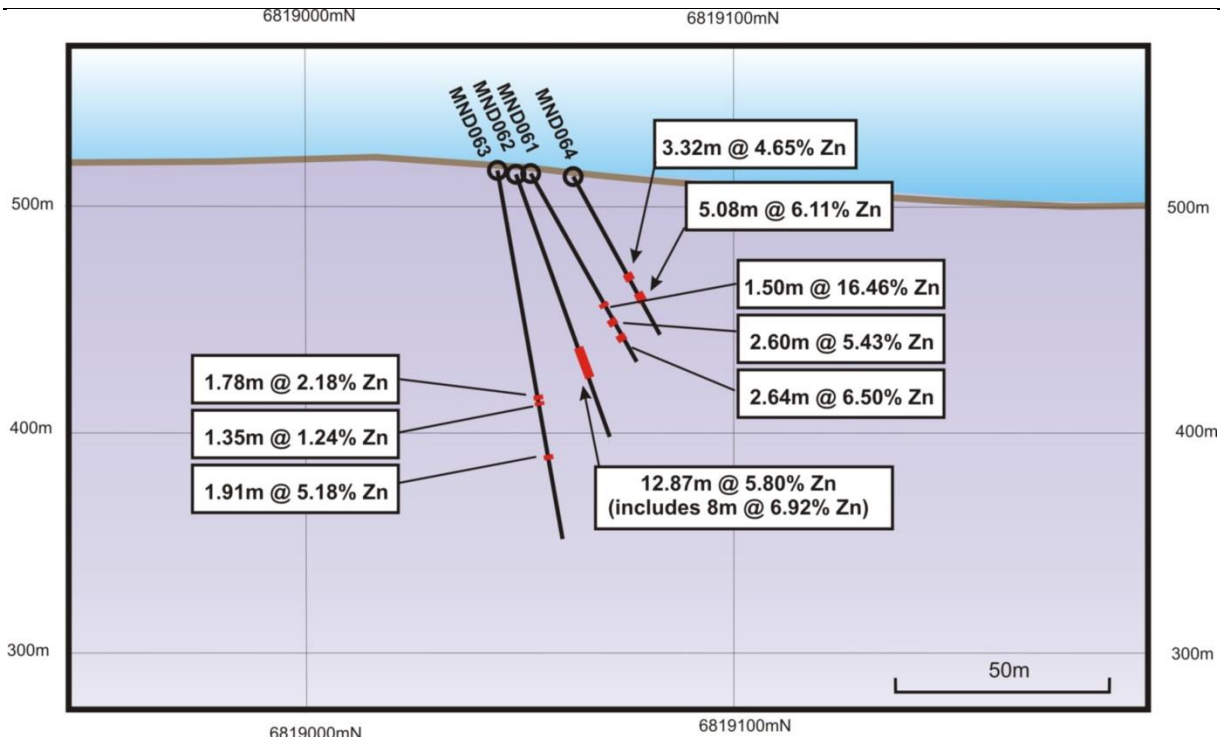


Figure 6: Cross-section showing significant zinc intercepts in drill holes MND061, MND062, MND063 and MND064.

The drilling at Kultarr has historically been oriented in a NE-SW direction at an approximate 60-degree dip. This drilling was mainly focused on testing what was interpreted as a vertical to steep east dipping remobilised secondary zones of massive zinc sulphide mineralisation within the footwall mafic rocks. MND061 to MND064 have increased the understanding of the geological setting and structure at Kultarr. It is now understood that the interpreted main source of zinc mineralisation, from where the secondary remobilised sulphides were sourced from, together with the main Kultarr resource are steep south west dipping. This suggests that the majority of historical drilling should have been oriented in a SW-NE direction to effectively test a south westerly dipping system. It also suggests that previous drilling from the east was not deep enough to test a south west dipping system leaving the main Kultarr resource potentially open down dip.

Diamond hole MND061 was designed to test for zinc mineralisation within the newly identified shallow C5 conductor but also test the top section of the Kultarr resource. The hole intersected a narrow 1.65m wide zone of remobilised semi massive sulphide mineralisation close to the surface at the C5 conductor location. It returned **1.10m @ 1.25% Zinc from 24m**. Further down the hole a discontinuous 22m wide zone of disseminated to semi massive sulphides was intersected. This zone returned multiple intersections including **1.50m @ 16.46% Zinc from 61m, 2.60m @ 5.43% Zinc from 70m and 2.64m @ 6.50% Zinc from 79.36m**. Structural readings taken from key locations down the hole indicate a 70-75 degree south westerly dip to the Kultarr mineralisation.

Diamond hole MND062 was drilled behind hole MND061 to test the shallow C5 conductor along with the Kultarr resource further down the hole. Drilling intersected the C5 conductor at 31m downhole returning **1.50m @ 1.94% Zinc from 31m**. The hole also intersected a 15m wide zone of heavy disseminated to semi massive sulphide zinc mineralised zone associated with the Kultarr resource returning **12.87m @ 5.80% Zinc from 80m (including 8.00m @ 6.92% Zinc from 80m)**. Structural data collected from the hole indicates a 65-75 degree south westerly dip to the main zinc mineralisation.

MND063 was drilled underneath MND062 on the same section to further test the C5 conductor and probe the deeper parts of the Kultarr resource. The hole did not intersect the westerly projection of the C5 conductor. Further down the hole only narrow zones of heavy disseminated to semi massive sulphide mineralisation associated with the lower levels of the Kultarr resource were intersected. The narrow nature of the Kultarr zone was complicated by the intrusion of several barren mafic dykes stopping out the main ore profile.

Results include **1.78m @ 2.18% Zinc from 99.22m**, **1.35m @ 1.24% Zinc from 102m** and **1.91m @ 5.18% Zinc from 119.52m**. The Kultarr resource remains open down dip based on a south westerly dip orientation.

Diamond hole MND064 was drilled above MND061 to test the surface projection of both the C5 conductor and the Kultarr resource. The hole passed through the C5 conductor at approximately 11m downhole intersecting a 3.80m wide zone of strongly oxidised sulphides (gossan) anomalous in zinc to 3640ppm. The interpreted up-dip projection of the Kultarr resource was intersected in two zones of heavy disseminated to semi massive sulphides returning **3.32m @ 4.65% Zinc from 46.40m** and **5.08m @ 6.11% Zinc from 55m**. These two intersections are significant as they show the Kultarr resource extends up-dip all the way to the surface. Current modelling has the resource starting at approximately 40m below surface with the base of complete oxidation at around 15-20m below surface. That leaves a window of approximately 20-25m of up-dip sulphides between the top of the resource and the base of complete oxidation that could be potentially added to the existing resource base.

PHASE TWO CAMPAIGN – DRILL TESTING THE GAP

Two holes, MND058 and MND059 were drilled to the south of the Kultarr resource area for purposes of DHEM testing of the gap between the Kultarr and Kowari resource areas.

Diamond hole MND058 intersected a narrow zone of brecciated semi massive sulphide mineralisation adjacent to the felsic-mafic contact at 301.09m. Assay results returned only anomalous values in both zinc and copper. Preliminary DHEM analysis shows 3 off-hole conductors above drill hole MND058 which will be tested in subsequent drilling programs.

Diamond hole MND059 intersected a disseminated to heavy matrix and stringer sulphide zone from 174m to 191.17m on the felsic-mafic contact. The hole returned a narrow intercept of **1.30m @ 1.25% Zinc from 179.70m**. Preliminary DHEM analysis shows a strong off-hole conductor up dip from the contact potentially relating to the C1 conductor target. This will be tested in future drilling programs.

PHASE TWO CAMPAIGN – DRILL TESTING THE C2 CONDUCTOR

Major EM target C2 located north of the Kultarr resource was not drill tested in the current program. It will be tested in subsequent drill programs together with other untested conductors. C2 remains a high priority target as it has the potential to increase the strike length of the Kultarr resource north for a further 350 metres.

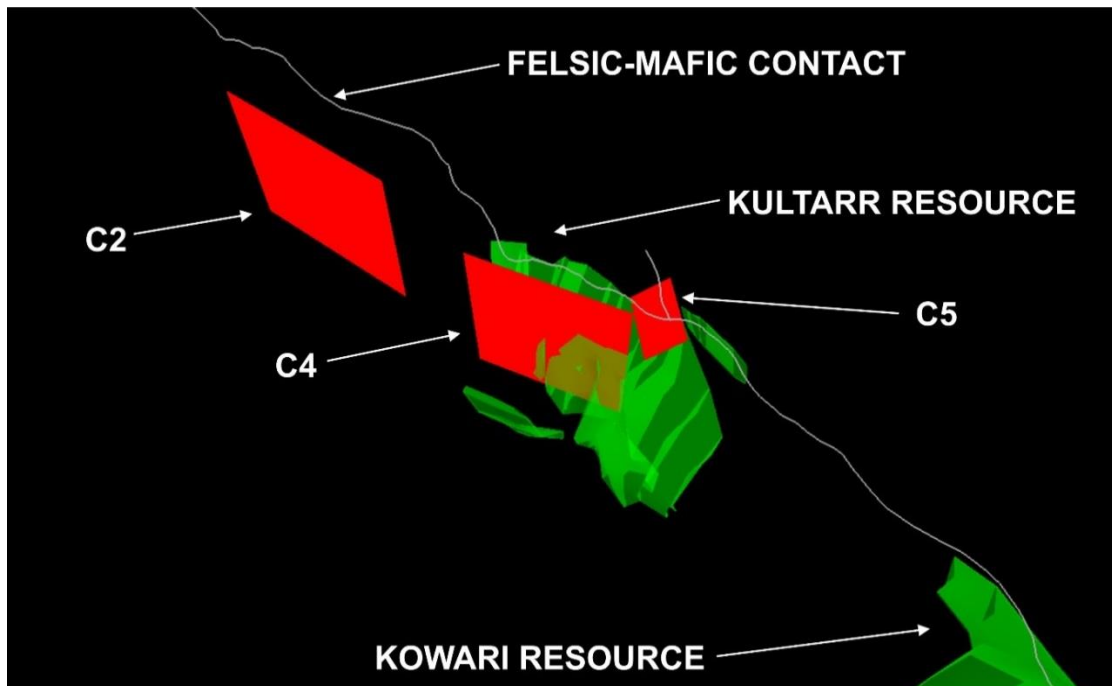


Figure 7: 3D model view of the C2, C4 and C5 conductors. Also plotted is the resource at Kultarr, the resource at Kowari and the felsic-mafic contact.

GEOPHYSICAL SURVEYING

During the year both surface and downhole EM surveys were conducted within the project area. The work was mainly focussed on the Kultarr resource area covering the prospective mafic-felsic contact over a strike length of some 1,500m.

PHASE ONE PROGRAM - DOWNHOLE EM SURVEYING

Downhole EM surveying of diamond drill holes MND055 and MND057 in the region of the Kultarr resource area together with remodelling of previous VTEM data identified a strong 350m long EM conductive body ("C1"), about 20m-30m away and parallel to the existing Manindi resource, sitting on the Felsic-Mafic contact (Figures 1 and 8).

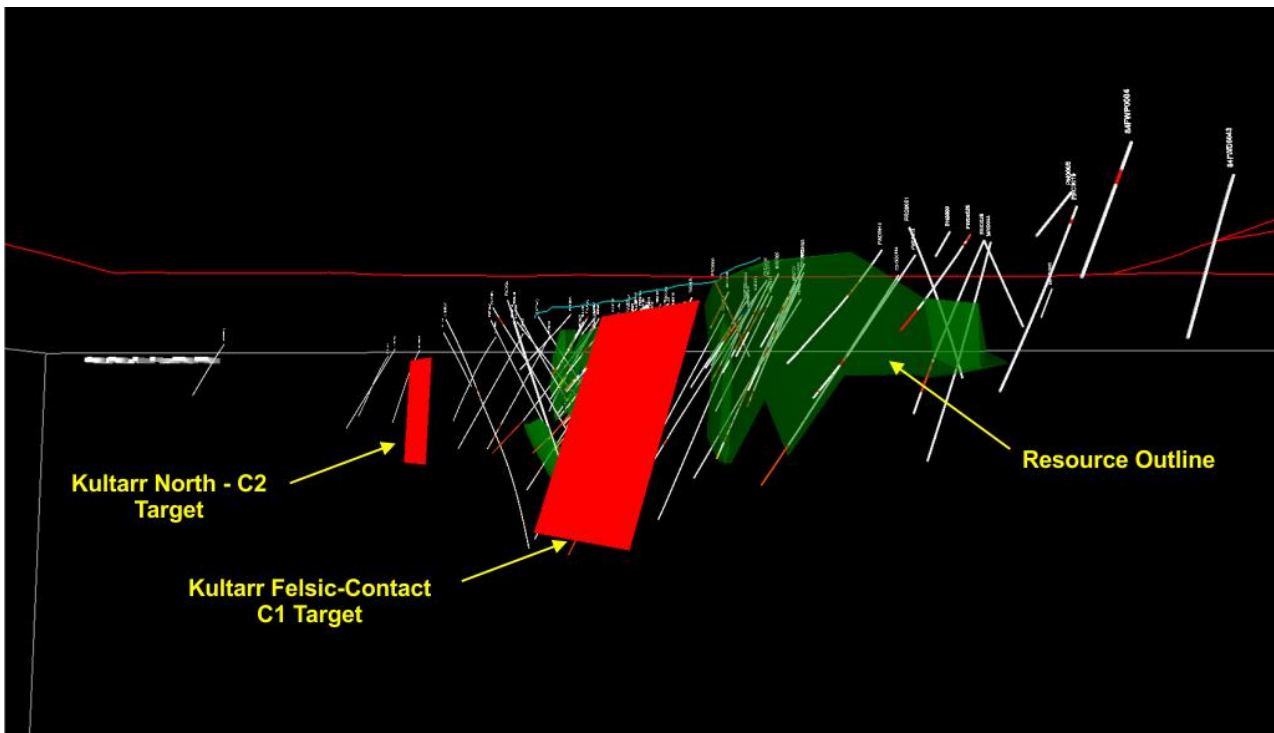


Figure 8 – 3D model of Kultarr showing historical drilling, current resource outline in green and new EM conductor target C1 in red on the felsic-mafic contact. Also shows location of the Kultarr North conductor target C2.

C1 is approximately 350m long and is located SE along strike from the deeper zinc mineralised zone in MND057 (Figure 8). The deeper semi-massive zinc mineralised zone, in MND057 returned **7.2m @ 1.31% Zinc** from 119m. This hole did not intersect conductor C1. The zinc mineralised zone is hosted within a fragmental Felsic unit which is characteristically proximal to volcanogenic massive sulphide (VMS). The zone sits stratigraphically higher in the felsic rocks than the existing Manindi resource. This new zinc mineralisation sits in a similar stratigraphic position to other base metal sulphide deposits in the Yilgarn Craton, particularly Golden Grove near Yalgoo to the west of Manindi, and Teutonic Bore-Jaguar in the Eastern Goldfields to the east of Manindi.

Conductor C1 runs SE for approximately 350m commencing SE along strike from the deeper mineralised zone in MND057. Diamond hole MND057 sits to the north of C1 (Figures 1 and 8), which is a high priority drill target at Manindi.

At Kultarr North previous VTEM data was re-modelled (Figures 1 and 8). The results show a strong steep SW dipping conductor 150m long located approximately 500m NW along strike from the Kultarr resource. As can be seen in Figure 1 previous drilling has completely missed this EM conductor and it remains totally untested.

HIGH POWERED AND DETAILED GROUND EM SURVEYING

During April 2017, the Company completed a program of high powered and detailed ground EM surveys at the Manindi Zinc Project, located in Western Australia. MLS engaged Southern Geoscience to assist with the interpretation of the data collected from the EM surveys.

The surveys were designed to test three separate target areas, including the newly discovered Kultarr “C1” conductor, the areas down-dip and along strike from the Kultarr resource and the Kultarr North “C2” conductor.

Following interpretation of the data from the EM surveys, the Company identified an additional five (5) significant EM conductors that offer potential upside to both the size, strike and continuity of the resource at Manindi.

These five (5) additional EM targets, known as C1, C2, C3, C4 and C5 are located in different stratigraphic positions and generally follow the interpreted contact zone of the felsic and mafic rock units, which is believed to be the main source of zinc mineralisation.

Previous ground and airborne VTEM surveys did not adequately close-off the highly conductive responses at Kultarr and Kultarr North. This left open the possibility that deeper and stronger conductors exist at depth beneath the current resource. The high power ground EM survey was designed to search for these conductors to a depth of approximately 600 metres below surface.

The detailed survey over the newly discovered EM conductors was designed to provide a higher resolution output compared to that of the historical surveys. This has facilitated the identification of multiple additional conductive bodies on and adjacent to the previously overlooked felsic-mafic contact.

A ground EM survey was also designed to explore the newly discovered Kultarr North “C2” conductor, which sits approximately 500m NW of the Kultarr resource on the felsic-mafic contact. The results of this survey have provided the Company with additional accurate drill targets.

The location of C1, C2 and the new conductor at C3 is illustrated in Figure 9. Also shown in the image is the outline of the VTEM survey conductor which demonstrates that resources at Manindi have the potential to link together.

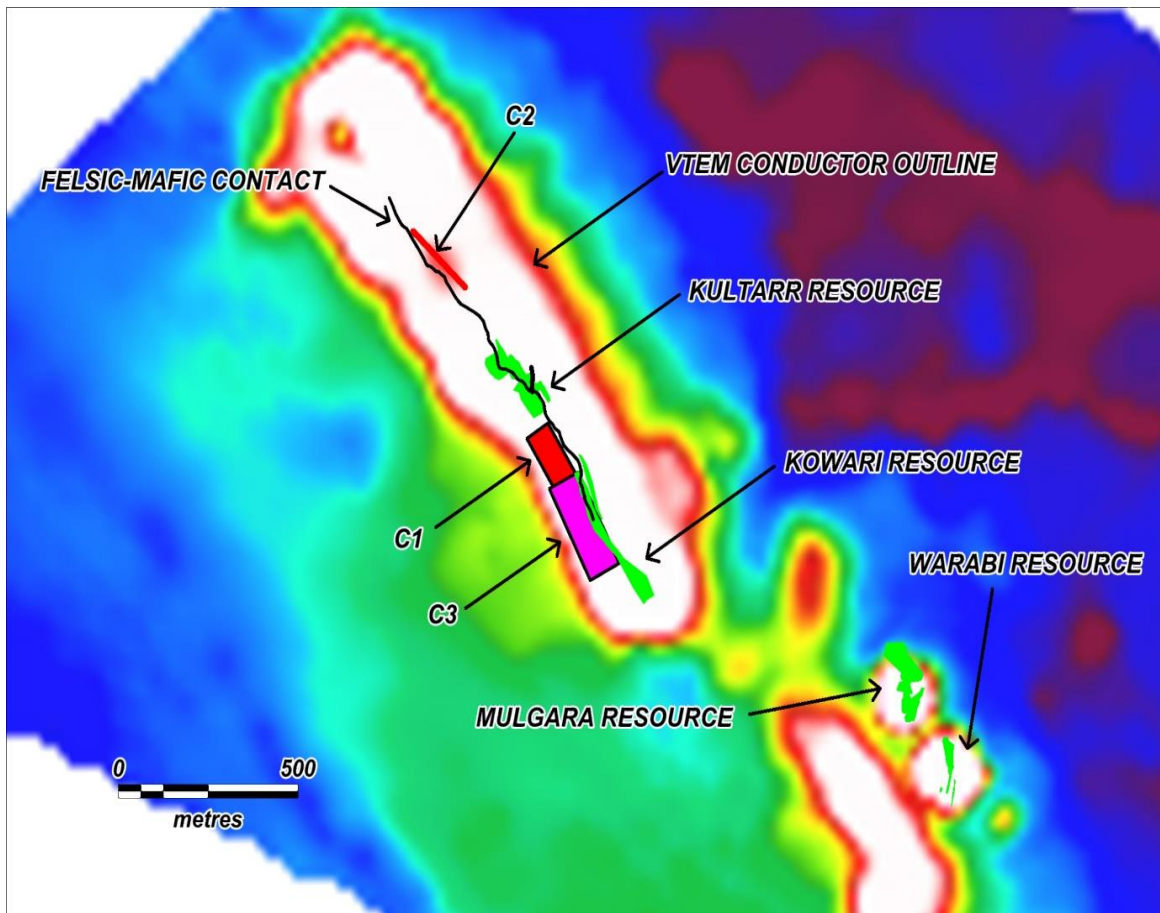


Figure 9: EM conductor location map for C1, C2 and C3 at the Manindi Zinc Project. Also shown is the VTEM conductor outline and the ore shells for the existing resources at Kultarr, Kowari, Warabi and Mulgara. The felsic-mafic contact is also plotted

The location of the C1, C2 and C3 conductors in 3D model view is outlined in the Figure 10.

The C2 conductor is located north of the Kultarr resource where only two historical drill holes have been completed, missing the main conductor.

Target conductor C3 is located parallel to the Kowari resource and follows the interpreted contact of the felsic and mafic rock units but importantly is not part of the resource estimate and historical drilling has failed to intersect this large conductor plate.

The recently discovered C1 conductor is located along strike of the Kowari resource and is virtually untested by drilling, interpreted to be in a stratigraphically higher position than the current resource.

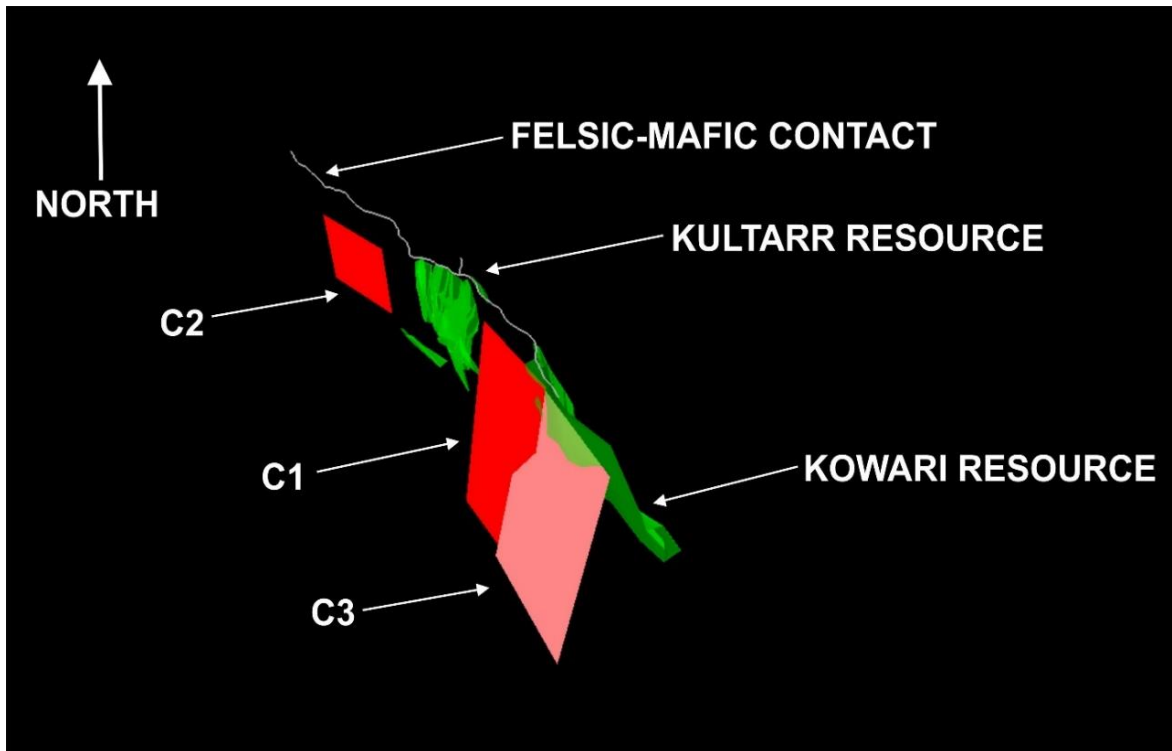


Figure 10: 3D model view of the C1, C2 and C3 conductors. Also plotted is the resource at Kultarr and the resource at Kowari as well as the felsic-mafic contact

The location of the C2, C4 and C5 conductors in 3D model view is outlined in Figure 11 below.

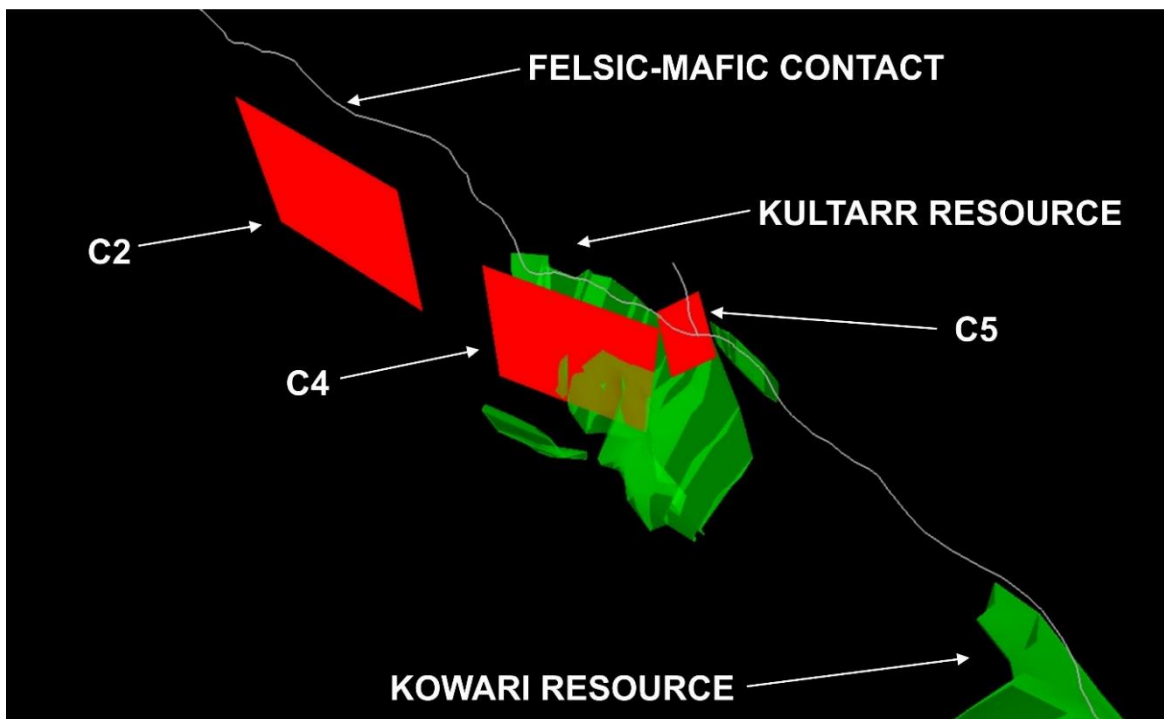


Figure 11: 3D model view of the C2, C4 and C5 conductors. Also plotted is the resource at Kultarr and the resource at Kowari as well as the felsic-mafic contact

The C4 and C5 conductor targets sit parallel and up-plunge respectively to the Kultarr resource but importantly are not part of the resource estimate and have not been adequately drill tested historically.

In addition, EM conductor target C5 is interpreted as a thick shallow west dipping sulphide-rich plate target which sits higher in the stratigraphy and potentially hosts zinc mineralisation very close to surface.

MANINDI LITHIUM BEARING PEGMATITES

Recent re-examination of historical diamond cores by Company geologists has unearthed a number of lithium bearing pegmatite intrusions associated with previous diamond drilling conducted at the Mulgara and Warabi zinc resources located approximately 1.3km SE along strike from the Kultarr resource.

Lithium bearing pegmatites were discovered during a recent review of the Mulgara and Warabi zinc resources. Core from four historic diamond holes was examined, being MND018, MND019, MND020 and MND022. Of the four holes examined, the core for hole MND018 contained significant widths of high grade lithium mineralisation hosted within pegmatite. The three remaining holes also contained lithium mineralisation of a lower grade.

Mulgara and Warabi were drilled over 10 years ago as part of a zinc exploration and resource definition drilling program. As a result, the diamond cores were not assayed for lithium, as it was not considered a valuable metal. It is clear from examining the core that a number of drill holes were terminated while still in the lithium mineralised pegmatite.

In addition to these four holes a further 24 diamond holes in the vicinity of Mulgara and Warabi mineralised zone require further investigation for potential lithium bearing pegmatites.

Assay results returned from recent diamond core sampling include **15m @ 1.20% Li₂O** from 34m, including **5m @ 1.53% Li₂O** from 38m, in MND018 and **3m @ 1.00% Li₂O** from 41m in MND022. The lithium mineralisation appears to be associated mainly with the mineral lepidolite (Figure 12). Other lithium minerals observed in diamond core included minor amounts of eucryptite and spodumene.



Figure 12 – Diamond core from MND018 showing zone of purple coloured lepidolite. Sampling of this zone returned the highest assay result of 2.14% Li₂O from 43.36m to 44m. Photo shows diamond core from 40.01m to 45.12m.

Detailed surface mapping recently carried out at Mulgara and Warabi, situated approximately 1.3km SE of Kultarr, has identified at least three lithium bearing pegmatites outcropping at surface with strike lengths of over 300m and widths up to 25-30m.

Results from twelve rock chip samples collected from these pegmatites have returned high grade assays up to **2.84% Li₂O**. Other strategic metals such as Tantalum (up to 296ppm Ta₂O₅), Caesium (up to 746ppm Cs₂O) and Niobium (up to 169ppm Nb₂O₅) are also present (Table 1).

METALS AUSTRALIA LTD

REVIEW OF OPERATIONS

The pegmatite intrusions appear to cross cut the main geological strike in a northeast-southwest orientation. They appear to be moderately zoned with coarser grained crystals adjacent to the contacts fining inward towards the centre. Lithium mineralisation also appears to be more concentrated adjacent to the contacts exhibiting coarser grained and more abundant lepidolite and spodumene crystals. The pegmatites overall strike length is not limited to surface outcrop as detailed aeromagnetics strongly suggest far more extensive development of pegmatite structures exist sub-surface.

Rock Chip Assay Results

Sample ID	Northing	Easting	Lithium (% Li ₂ O)	Tantalum (ppm Ta ₂ O ₅)	Caesium (ppm Cs ₂ O)	Niobium (ppm Nb ₂ O ₅)
MDD402	6818222	664358	0.77	69	113	97
MDD403	6818222	664322	1.08	60	84	60
MDD404	6818208	664286	1.44	296	158	169
MDD405	6818200	664250	1.46	63	146	66
MDD406	6818187	664210	0.85	118	124	92
MDD407	6818280	664235	2.07	249	324	126
MDD408	6818287	664270	2.37	193	393	107
MDD409	6818292	664295	2.84	198	746	125
MDD410	6818270	664270	1.55	72	145	79
MDD411	6818294	664325	2.75	277	632	122
MDD412	6818173	664170	1.47	100	142	78

Table 1 – Rock chip assay results.

SHERLOCK BAY EXTENDED BASE METAL PROJECT

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

The Sherlock Extended Project is a joint venture between ARH and Metals Australia Ltd (30% interest). ARH is the manager of the project, with Metals Australia being 'free-carried' through to the completion of a bankable feasibility study and the decision to commence commercial mining.

No onsite activity took place on the Sherlock Bay Nickel or Sherlock Extended projects during the year.

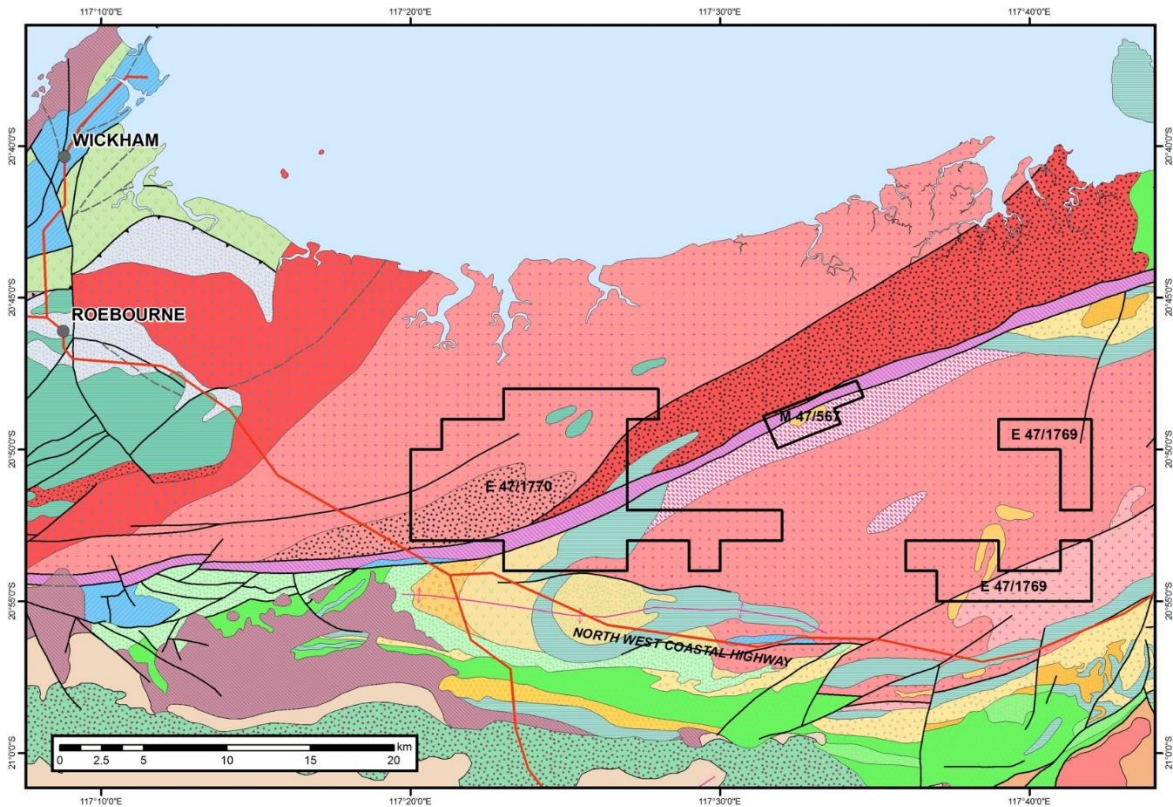


Figure 13 - Areas of exploratory interest set against 1:250,000 geological interpretation map.

URANIUM EXPLORATION NAMIBIA

Metals owns 100% of the Mile 72 uranium project, located near Henties Bay on the west coast of Namibia. The project is considered prospective for calcrete and gypcrete hosted uranium as well as alaskite hosted uranium. Some of the world's highest uranium grades (up to 0.54% U_3O_8) were recorded in outcrops and in shallow pits within the project licence area.

LICENCE RENEWAL

Metals Australia has received confirmation of the renewal of the Mile 72 uranium exploration licence (EPL 3308) from the Ministry of Mines and Energy. The licence has been renewed for two years from 18 May 2016 until 17 May 2018. The application for renewal was lodged in March 2015 and the renewal has now been received.

PREVIOUS DRILLING

Prior to applying for the renewal of the licence, Metals completed two rounds of RC drilling at Mile 72 which have shown proof of the alaskite –hosted uranium mineralisation model proposed.

The initial program was the first to test the area for primary uranium mineralisation at significant depth below surface. The program focused on a series of priority targets which tested the Damaran schist-granite-pegmatite/alaskite sequence where it correlated with surface geochemical, radiometric, and aeromagnetic anomalies. The program identified zones of uranium-enrichment within these rocks along significant strike extent in the upper 85m at Mile 72.

Significant assay intercepts included:

- 3m at 1,192ppm U_3O_8 in MSRC0042 from 13m, including 1m at 3,407ppm U_3O_8 .
- 6m at 158ppm U_3O_8 in MSRC0031 from 9m, including 3m at 265ppm U_3O_8 from 12m and including 1m at 572ppm U_3O_8

The second phase of RC drilling targeted blind mineralised uranium horizons hidden under shallow blanketing sands. These horizons contained a number of radon cup anomalies in the northeast of the licence. Significant assay intercepts from the program included:

- 2m at 690ppm U_3O_8 in MSRC0037 from 3m including 1m at 737ppm U_3O_8
- 2m at 226ppm U_3O_8 in MSRC0046 from 3m including 1m at 312ppm U_3O_8

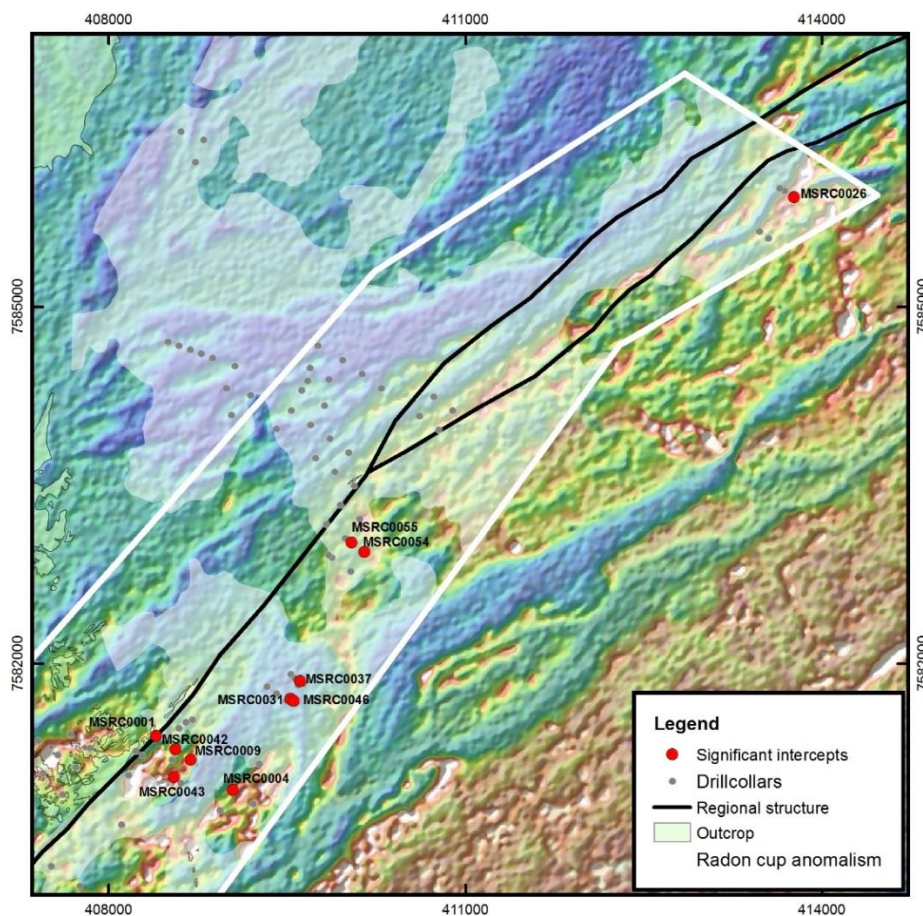


Figure 14: Location of drillholes with significant U_3O_8 shown in red and radon cup anomalism in white overlaid on Total Count radiometrics

A calcrete palaeo channel was identified and found to host an intersection of **5m at 62ppm U_3O_8 from surface in MSRC055 including 1m at 106 ppm U_3O_8** , (secondary Langer Heinrich style of mineralisation) This occurrence is considered promising for the accumulation of surface mineralisation sourced from hard rock sources already identified at the Project.

The second phase of drilling also tested the extensions of previously identified uranium trends. The presence of multiple, narrow uranium-enriched horizons within a sequence of schist-granite-pegmatite/alaskite was confirmed by further drilling. These uranium-mineralised zones represent an opportunity for the southeast of the project to host significant primary and/or secondary uranium mineralisation.

The drill results for both programs validated the presence of continuous primary uranium mineralisation at Mile 72 in the South East of the licence area.

Metals considers that the Mile 72 tenement is a strategic holding with high potential for economic uranium mineralisation

The high grade surface enrichment and the results of the drilling encouraged Metals to seek renewal of the licence in the belief that uranium prices will recover from their present low levels.

EXPLORATION IN QUEBEC

Metals, through its wholly owned subsidiary Quebec Lithium Limited (QLL) owns a 100% interest in the following exploration projects, located in Quebec, Canada:

- Lac Rainy Nord Graphite Project
- Lac Rainy Est Graphite Project
- Lac du Marcheur Cobalt Project
- Lac La Motte Lithium Project
- Lac La Corne Lithium Project
- Lacourciere-Darveau Lithium Project

Work during the year focused on the Company's Cobalt and Graphite projects as the Company continued to further develop its portfolio of Quebec-based assets. In addition, the Company has been further evaluating each of the projects on their own merit in order to adequately prioritise and focus its efforts.

LAC RAINY NORD AND EST GRAPHITE PROJECTS

Work conducted at the Lac Rainy Nord and Lac Rainy Est Graphite Projects was focused on further developing the exploration prospectivity of the projects and preparing the Company for the commencement of its field exploration program and maiden drilling program.

COMPLETION OF AIRBORNE EM AND TDEM SURVEYS AT LAC RAINY NORD AND LAC RAINY EST GRAPHITE PROJECTS

Highlights:

- Metals completed an Airborne Magnetic (MAG) and Time-Domain Electromagnetic (TDEM) survey at the Lac Rainy Nord and Lac Rainy Est Graphite Projects (the "Projects"), located in Quebec to identify conductive graphite carbon mineralised zones
- The Projects cover an area of 3,474 hectares and are contiguous with Focus Graphite's Lac Knife Graphite Property which hosts the Lac Knife Graphite Deposit – Measured and Indicated Resource of 13.6 Mt @ 14.95% Cg and an Inferred Resource of 0.8 Mt @ 13.90% Cg at a 3% Cg cut-off.
- The Lac Rainy Nord and Lac Rainy Est Graphite Projects are located in highly prospective graphite mineralised geologies where previous exploration has identified high grade naturally-occurring flake graphite

- The survey results are being followed up with channel sampling, mapping, and additional prospecting program in Q3 as well as characterization sampling.

The airborne surveys were carried out with traverse lines oriented N080 in order to properly map the dominant geological strike, and with a 100 m line spacing. The planned survey grid is illustrated by Figure 15 below.

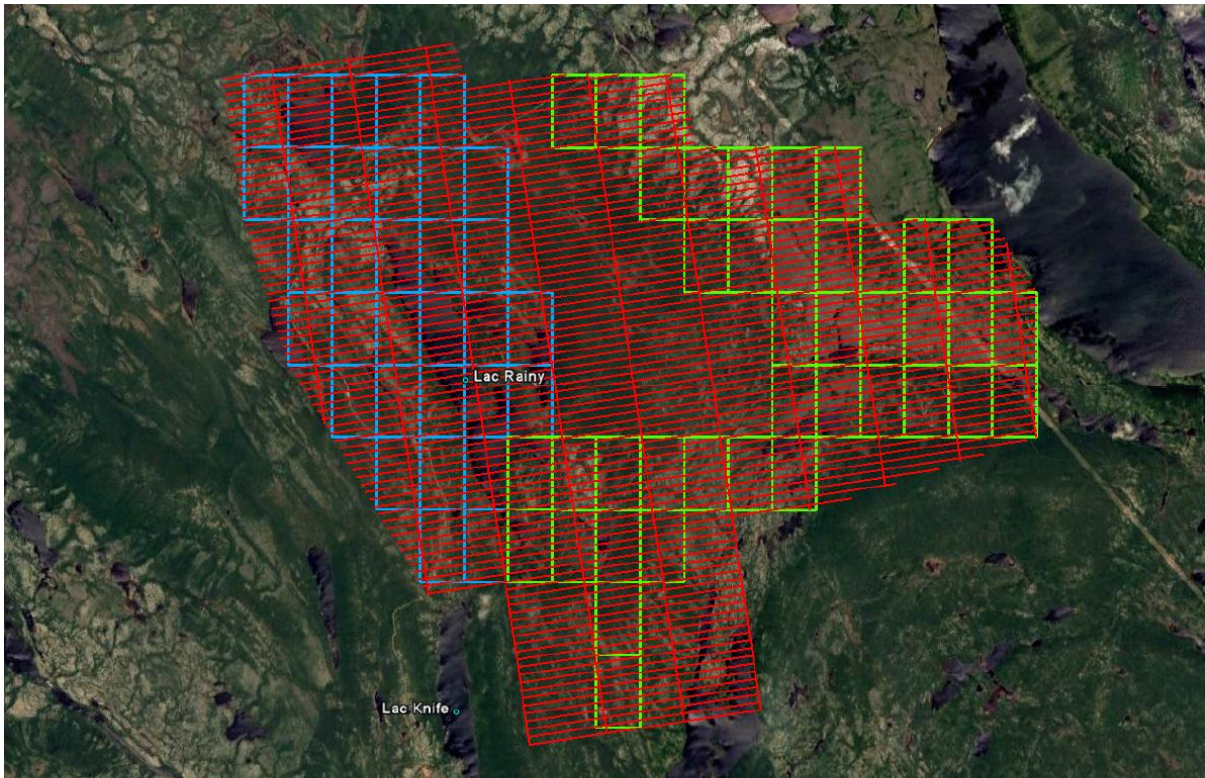


Figure 15: Survey Grid Lines – Lac Rainy Nord and Lac Rainy Est Graphite Projects

The MAG and TDEM Surveys at Lac Rainy Est and Lac Rainy Nord identified a number of highly conductive graphite targets.

HIGH GRADE GRAPHITE WAS CONFIRMED AT LAC RAINY EST GRAPHITE PROJECT

Highlights:

- Confirmed the presence of high grade natural flake graphite at the Lac Rainy Est Graphite Project, located in Quebec, Canada
- Surface rock samples taken by the Company at the Lac Rainy Est Graphite Project has revealed exceptionally high grade results including:
 - **53.7% Cg in Sample 123675**
 - **31.9% Cg in Sample 123702**
 - **27.1% Cg in Sample 123701**
 - **19.0% Cg in Sample 123666**
 - **18.4% Cg in Sample 123672**
 - **16.6% Cg in Sample 123670**
 - **16.2% Cg in Sample 123674**

METALS AUSTRALIA LTD

REVIEW OF OPERATIONS

- These rock samples, collected from surface exposures demonstrate the potential of the project to host high grade graphite which starts at surface
- High grade surface samples have been delineated over a strike length of approximately 1.7km and remains open to the north-west
- Samples are along strike from the high grade Carheil Prospect previously owned by Mazarin which is located within 200 metres of Lac Rainy Est. The Carheil Prospect has returned results of 35.49% Cg and 40.67% Cg
- The Lac Rainy Project is located adjacent to Focus Graphite's Lac Knife Property which hosts the Lac Knife Graphite Property – Measured and Indicated Resource of 13.6 Mt @ 14.95% Cg and an Inferred Resource of 0.8 Mt @ 13.90% Cg at a 3% Cg cut-off.
- Lac Rainy Est is less than 100 metres east of the Permit 861 graphite showing previously owned by Nevado Resources Corp, where samples have returned 22.27% Cg and 16.68% Cg (sample 2215 and 2214)
- Results from the Phase I exploration MAG and TDEM survey at Lac Rainy Est and Lac Rainy Nord identified several highly conductive graphitic targets
- The Phase II exploration campaign is already underway.

Surface rock samples collected by Quebec Lithium Limited, a wholly owned subsidiary of Metals Australia Limited, at the Lac Rainy Est Graphite Project have confirmed the presence of extensive and thick high grade natural flake graphite mineralised horizons on the property. The samples, which were taken along strike of the advanced and high grade Carheil Prospect, have been delineated across a considerable strike length in excess of 1.6km, and confirms that the Lac Rainy Est Project is highly prospective for high grade natural flake graphite mineralisation.

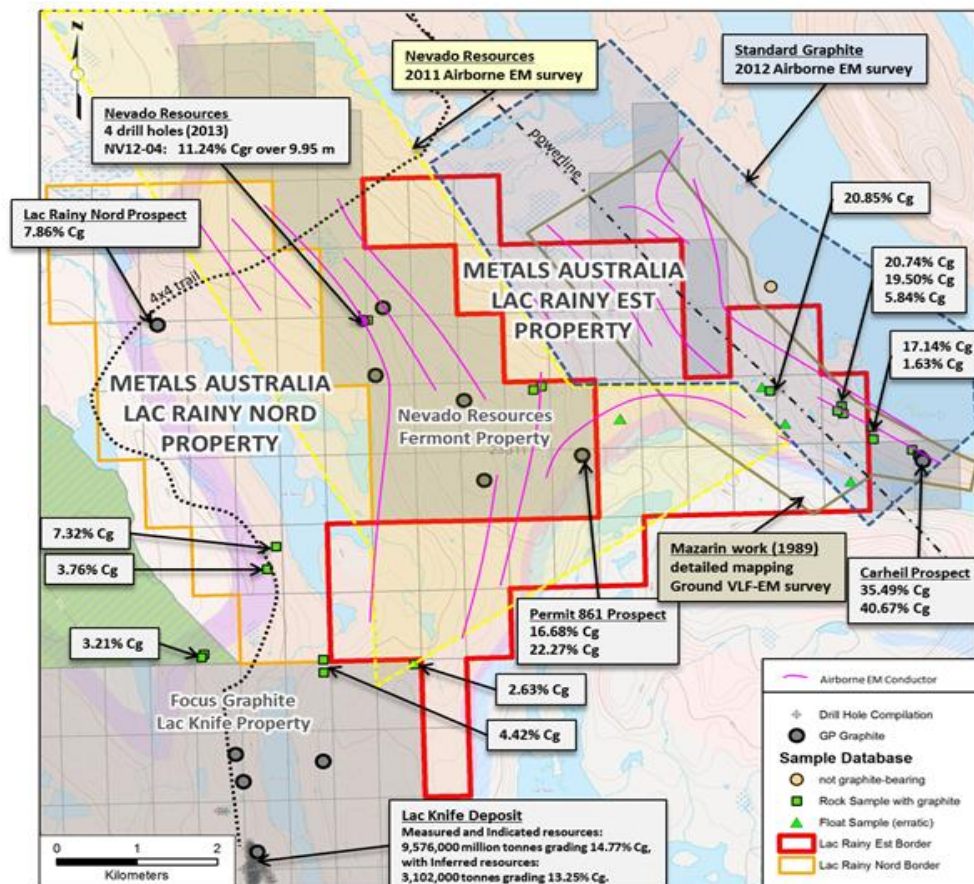


Figure 16: Surface Rock Samples at Lac Rainy Est Graphite Project

Figure 17 illustrates the location of the samples, as well as the historic exploration that was completed at the Lac Rainy Est Graphite Project. The close proximity to the Carheil Prospect and the strong geological similarities confirm that the Project is highly prospective for natural flake graphite, similar to that already identified at both the Carheil Prospect and the Lac Knife deposit.

The Project, located on the south-west side of Lac Carheil, is underlain primarily by meta-sedimentary gneisses (Knob Lake Group) cross-cut by occasional pegmatite dykes. **The gneisses contain up to 5-10% disseminated graphite as well as graphitic lenses containing up to about 30% carbon in graphite.** The graphitic zones of economic interest in the area generally correspond to stratigraphic horizons that may be up to several meters in width.

The well understood geological environment and the identified geological similarities between the Carheil Prospect and the Lac Rainy Est Graphite Project highlight the potential extension of the graphite mineralisation across the entire project area.

Figure 17 illustrates the strike of the high grade samples taken at the Lac Rainy Est Graphite Project and the close proximity of the Carheil Prospect.

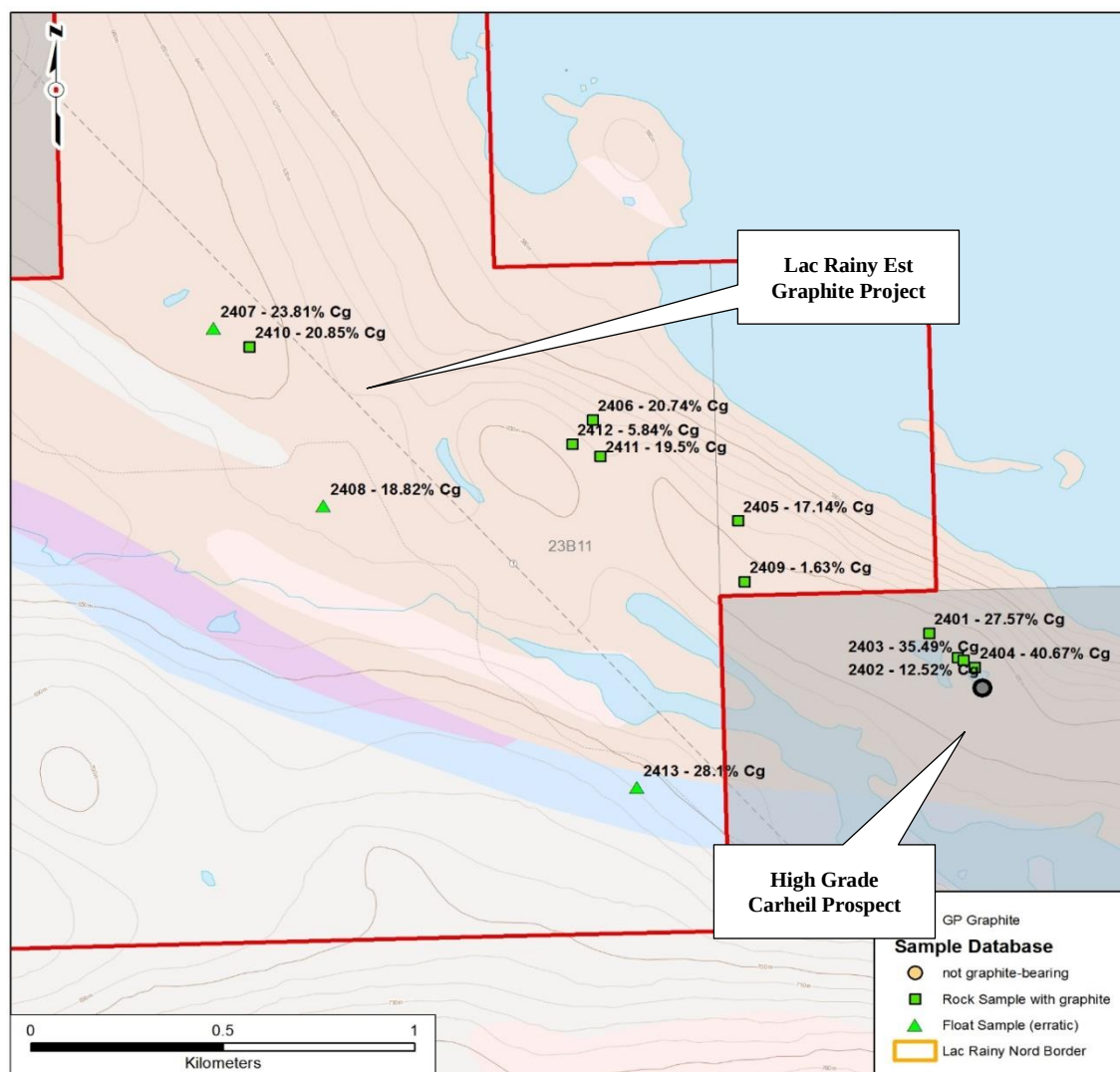


Figure 17: High Grade Samples at Lac Rainy Est Graphite Project

The Lac Rainy Est Graphite Project is located in an environment that is host to numerous graphite occurrences owned by major operators including the Lac Knife Deposit of Focus Graphite. The favourable location and access to the project facilitates exploration and development in a low-cost environment.

There remains significant potential to identify additional graphite mineralisation under the shallow overburden at the Project.

RESULTS OF MAG AND TDEM SURVEYS

The results of the MAG and TDEM surveys indicate the presence of multiple thick zones of highly conductive graphitic mineralisation exists on both projects.

The Company is very pleased with the results of the MAG and TDEM surveys and considers that both Lac Rainy Nord and Lac Rainy Est possess significant potential to host significant thick zones of graphitic mineralisation.

It is no surprise that additional zones of high grade graphite mineralisation have been identified across both projects given their close proximity to numerous other high-grade graphite occurrences, including the Lac Knife Deposit with Measured and Indicated Resource of 13.6 Mt at 14.95% Cg and an Inferred Resource of 0.8 Mt @ 13.90% Cg at a 3.0% Cg cut-off.

As part of the interpretation of the MAG and TDEM surveys, the Company has prioritised certain targets that warrant immediate follow-up through a field based exploration campaign.

MULTIPLE SIGNIFICANT MAGNETIC GRAPHITE CONDUCTORS IDENTIFIED AT LAC RAINY NORD AND LAC RAINY EST

Highlights:

- Metals Australia has identified multiple significant EM graphite conductors at the Lac Rainy Nord and Lac Rainy Est Graphite Projects, located in Quebec, Canada
- Significant graphite mineralised conductors on the northern portion of the Lac Rainy Nord Graphite Project support the view that extensive high grade graphite mineralisation exists along strike from the Lac Knife Graphite Deposit
- The discovery of extensive EM conductors at the Lac Rainy Nord Graphite Project indicate the presence of additional graphite mineralisation in an area where limited historic exploration has occurred – significant exploration upside exists at Lac Rainy Nord
- The dominant EM conductors present on the Nevado Resources Fermont Property are closely associated with the graphitic mineralisation located on the Lac Rainy Nord Graphite Project
- A dominant EM conductor was identified on the western portion of the Lac Rainy Est Graphite Project – this area has been subject to limited historic exploration, suggesting that this is a new zone of mineralisation
- MAG and TDEM surveys indicate the western extension of the high grade Carheil Prospect along strike into the Lac Rainy Est Graphite Project where the highest grade graphite results are located – new targets have been highlighted which will be followed up as part of the Phase II exploration campaign
- The Lac Rainy Project is located adjacent to Focus Graphite's Lac Knife Property which hosts the Lac Knife Graphite Deposit – Measured and Indicated Resource of 13.6 Mt @ 14.95% Cg and an Inferred Resource of 0.8 Mt @ 13.90% Cg at a 3% Cg cut-off

METALS AUSTRALIA LTD

REVIEW OF OPERATIONS

- Lac Rainy Est is less than 100 metres east of the Permit 861 graphite showing previously owned by Nevado Resources Corp, where samples have returned 22.27% Cg and 16.68% Cg (sample 2215 and 2214)
- High grade graphite surface outcrops at Lac Rainy Est have been prioritised in the Phase II exploration campaign – results up to 53.7% Cg at surface have been identified for follow up

The MAG and TDEM surveys indicate the western extension of the high grade Carheil Prospect, which is located south-east and along strike of the Lac Rainy Est Graphite Project. The previously reported high grade graphite results from outcropping zones are located within this extensive conductive corridor. This is a dominant geological feature of the Lac Rainy Est Project, and is associated with these high grade graphite horizons. In addition to confirming the western extension across the project area, a number of new targets at Lac Rainy Est have also been highlighted through the MAG and TDEM surveys which will be followed up as part of the Phase II exploration campaign.

A number of significant graphite mineralised conductors on the northern portion of the Lac Rainy Nord Graphite Project have been identified, with good access to this area via the use of an all purpose trail. This will enable exploration to be undertaken in a cost effective manner. The identification of these mineralised conductors supports the view that extensive high grade graphite mineralisation exists along strike from the Lac Knife Graphite Deposit, considered to be an extensive prospective strike length in excess of 6 km.

The extensive EM conductors at the Lac Rainy Nord Graphite Project has confirmed the presence of additional graphite mineralisation in an area where limited historic exploration has occurred. Therefore, significant exploration upside exists at Lac Rainy Nord across the entire strike zone, as supported by the MAG and TDEM survey results. The dominant magnetic conductors present on the adjacent Nevado Resources Fermont Property are closely associated with the graphitic mineralisation located on the Lac Rainy Nord Graphite Project, and appear to be part of a large contiguous body of graphitic mineralisation. This area has never been coherently explored, and will be a priority focus for the Company during the Phase II exploration campaign.

A dominant magnetic conductor has also been identified on the western portion of the Lac Rainy Est Graphite Project. Similar to many areas of the consolidated Lac Rainy projects, this area has only ever been subject to limited historic exploration in a non-systematic manner, and suggests that this is a new zone of mineralisation.

Figure 18 below illustrates the results of the MAG and TDEM surveys. The prevalence of the conductive zones across both the Lac Rainy Nord and Lac Rainy Est projects is clearly visible.

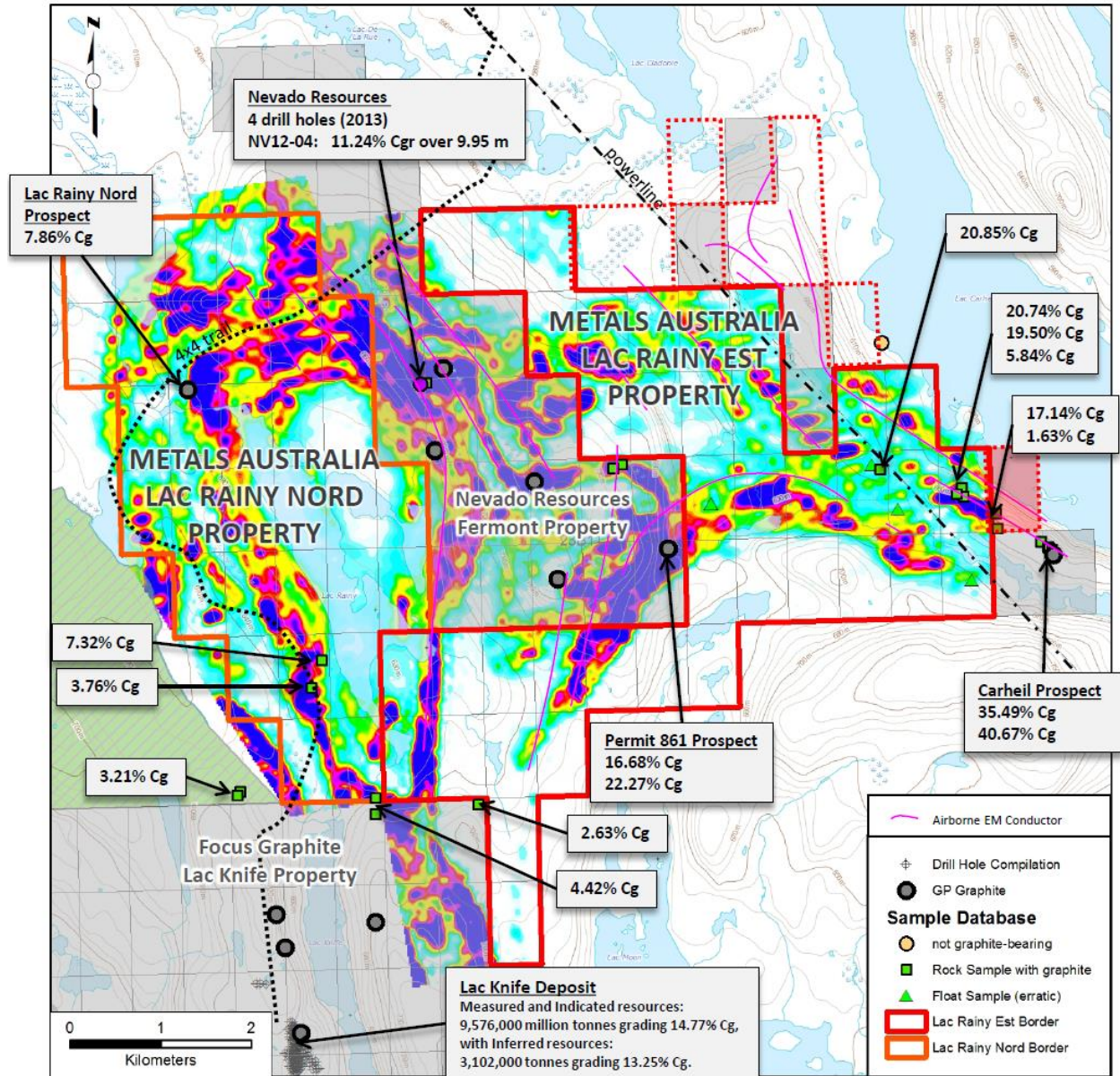


Figure 18: Results of the MAG and TDEM Surveys – Lac Rainy Nord and Lac Rainy Est Graphite Projects, Quebec, Canada

The Company is very pleased with the results of the MAG and TDEM surveys. Multiple additional zones of high grade graphite mineralisation have been identified across both projects, and given their close proximity to numerous other high grade graphite occurrences, including the Lac Knife Deposit with 9.6 Mt at 14.77% Cg (Measured and Indicated) and the advanced Carheil Prospect with a grade of 35.49% Cg and 40.67% Cg, combined with the favourable infrastructure setting, the Company will be prioritising the exploration of the consolidated Lac Rainy projects.

Up to 53.7% Cg Graphite in Samples at the Lac Rainy Graphite Project

Highlights:

- High grade natural flake graphite confirmed at the Lac Rainy Graphite Project, in Quebec (Canada)
- Exceptionally high grade results in surface samples include:
 - 53.7% Cg in Sample 123675
 - 31.9% Cg in Sample 123702
 - 27.1% Cg in Sample 123701
 - 19.0% Cg in Sample 123666
 - 18.4% Cg in Sample 123672
 - 16.6% Cg in Sample 123670
 - 16.2% Cg in Sample 123674
- Phase I exploration reveals high grade samples that cover a strike length of approximately 2.0 km and remains open along strike to the north-west
- Phase II exploration program consisting of additional surface sampling and channel sampling to be completed shortly as a precursor to maiden diamond drilling
- Mini-bulk sampling for metallurgical and characterisation test work to be completed shortly in September 2017 to determine flake size and suitability for the battery market
- The Lac Rainy Project is located adjacent to Focus Graphite's Lac Knife Property which hosts the Lac Knife Graphite Deposit – Measured and Indicated Resource of 13.6 Mt @ 14.95% Cg and an Inferred Resource of 0.8 Mt @ 13.90% Cg at a 3.0% cut-off

The surface rock samples at Lac Rainy have yielded exceptionally high grade results up to 53.7% Cg at surface. Several areas provided results that were higher than historic sampling, exceeding our expectations. In addition, to have mineralisation which starts at surface and with such high grades is very encouraging.

Based on the high grades obtained to date and the strike length of ~2 km, that remains open to the north-west, there is a strong potential for a high grade graphite deposit of high-tonnage to be present at Lac Rainy. The 2017 samples were collected at and along strike from the high grade Carheil Prospect, where up to 40.67% Cg has been sampled historically. We are understandably excited by what has been identified. Our corporate objective for the Project is to define a deposit of sufficient tonnage in the 15-20% Cg range similar to the nearby Lac Knife Deposit. These exceptional results have clearly advanced us towards achieving this goal considerably.

A follow-up Phase II field exploration program will be completed shortly, which will consist of channel sampling and the collection of ~100 kg of mineralised material for characterisation purposes. This work will serve as a pre-cursor to our maiden drilling campaign. We will focus our attention on these high grade graphitic surface exposures, which at the early stages appears to be similar to the most advanced battery-grade graphite project in North America, the nearby Lac Knife Graphite Deposit.

The metallurgical test work aims to demonstrate the suitability of the graphite to feed into the lithium-ion battery manufacturing market and other renewable energy applications.

LAC DU MARCHEUR COBALT PROJECT

Highlights:

- The Lac du Marcheur Cobalt Project (the “Project”) in the cobalt endowed Laurentian region of southern Quebec, Canada
- The Project contains the Lac Pauzé and Lac Pauzé-Ouest cobalt-copper-nickel showings and is on strike with a number of other documented showings containing favourable cobalt-copper-nickel grades
- Various local prospects, within and in close proximity to the Project, containing pyrrhotite, pentlandite and chalcopyrite mineralisation have returned assays of up to 0.25% cobalt, 1.11% copper, 1.23% nickel and 12.7 g/t silver in separate surface grab samples
- Samples taken from the Lac Pauzé area of the Project returned assays up to 0.18% cobalt, 0.23% copper and 0.34% Ni (separate samples)
- Hinterland Metals’ (TSX-V: HMI) Chilton Cobalt property lies between, and borders the north and south blocks of the Project
- Previous work in the area includes geological mapping, geochemical sampling and an airborne EM survey carried out by the Ministère de l’Énergie et des Ressources Naturelles and the Geological Survey of Canada
- The price of cobalt metal has recently increased to over US\$58,000/t as global shortages of this vital input in the production of lithium-ion batteries has forced offtake customers and end-users to source new production opportunities
- The escalation in demand for lithium-ion batteries across the globe has created a significant requirement for high grade cobalt, with a particular focus on sourcing ‘clean’ production from safe operating jurisdictions, such as Quebec
- The importance of cobalt metal is growing due to the mass global adoption of lithium-ion batteries as an energy storage solution and the transformational shift to renewable energy sources

The Lac du Marcheur Cobalt Project consists of two discrete contiguous groups of claims, being the North Block and the South Block which are approximately 1 kilometre apart, totalling 1,780 hectares or 17.8 km². They form a north-south trending corridor that extends south from the village of Notre-Dame-de-la-Merci.

The Project is made up of 35 mineral claims and is located approximately 70 kilometres northeast of Montreal and is easily accessible via a paved highway (Provincial Route 125) and a network of secondary roads. The favourable location of the project means that exploration and mobilisation costs will be lower in comparison to more remote projects. It is less than 90 minutes by car from Montreal.

The 11-claim (579 ha) North Block is located in Chilton Township and abuts the south side of the village of Notre-Dame-de-la-Merci. The 24-claim (1,201 ha) South Block lies 5 km south of the village and is located in parts of three townships; Chilton, Chertsy and Wexford.

REVIEW OF OPERATIONS

Hinterland Metals' Chilton Cobalt property lies between, and borders the north and south blocks of the Lac du Marcheur Cobalt Project.

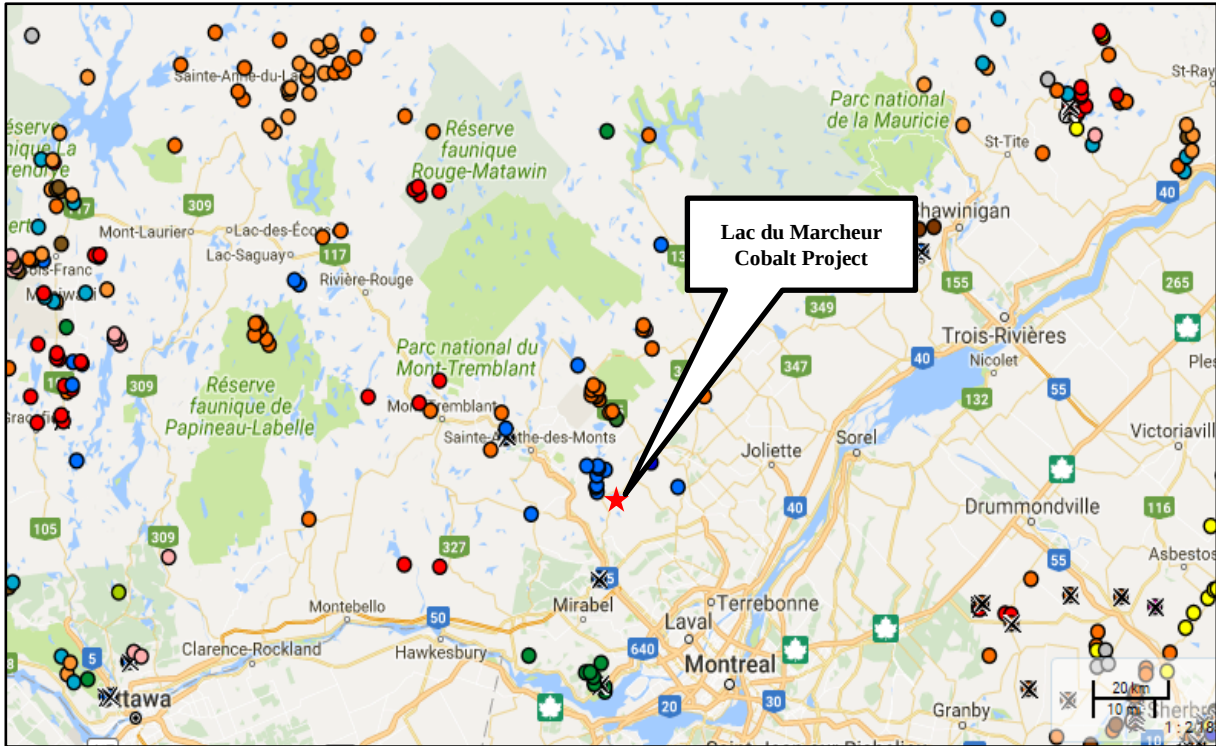


Figure 19: Location Map of Lac du Marcheur Cobalt Project

Geology and Mineralisation

Geologically, the rocks of the Lac du Marcheur Cobalt Project are within the Grenville Province of the Canadian Shield. The project is underlain by the same north-south trending package of gabbroic to anorthositic rocks (Morin Intrusive Suite) that underlie the Hinterland Metals 100% owned Chilton Cobalt Project.

The Lac du Marcheur Cobalt 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 eastern extension of the Lac du Marcheur showing is located on the northern border of the South Block of the newly acquired Lac du Marcheur Cobalt Project.**

According to the Ministère de l'Énergie et des Ressources Naturelles ("MERNQ") database (<http://sigeom.mines.gouv.qc.ca>), these various local showings, with variable amounts of pyrrhotite, pentlandite and chalcopyrite mineralisation have returned assays of up to **2,500 ppm (0.25%) cobalt, 1.11% copper, 1.23% nickel and 12.7 g/t silver** in surface grab and trench samples associated with gabbros, gabbroic anorthosites and quartzites.

The mineralisation is in the form of disseminated sulphides and stockworks (veins and veinlets) of massive sulphides filling fractures in the anorthositic gabbros, commonly at or near contacts with quartzites. Grab samples taken from the Lac du Marcheur Cobalt Project - **Lac Pauze showing** (located in Chertsy Township) returned assays up to **1,765 ppm (0.18%) cobalt, 0.23% copper and 0.34% Ni** (MERNQ GM 54214, GM 54928, GM 55347, and GM 55906).

The mineralisation is in the form of disseminated sulphides and stockworks (veins and veinlets) of massive sulphides filling fractures in the anorthositic gabbros, commonly at or near contacts with quartzites.

Similar sulphide-bearing mafic to ultramafic zones, associated with anorthositic intrusions, have generated significant amounts of interest, such as the Lac St-Jean and the Manicouagan complexes, and the Main Plutonic Suite (Voisey's Bay).

A field work program designed to identify extensive cobalt mineralisation on the property began in August 2017. The exploration program consisted of prospecting and detailed mapping.

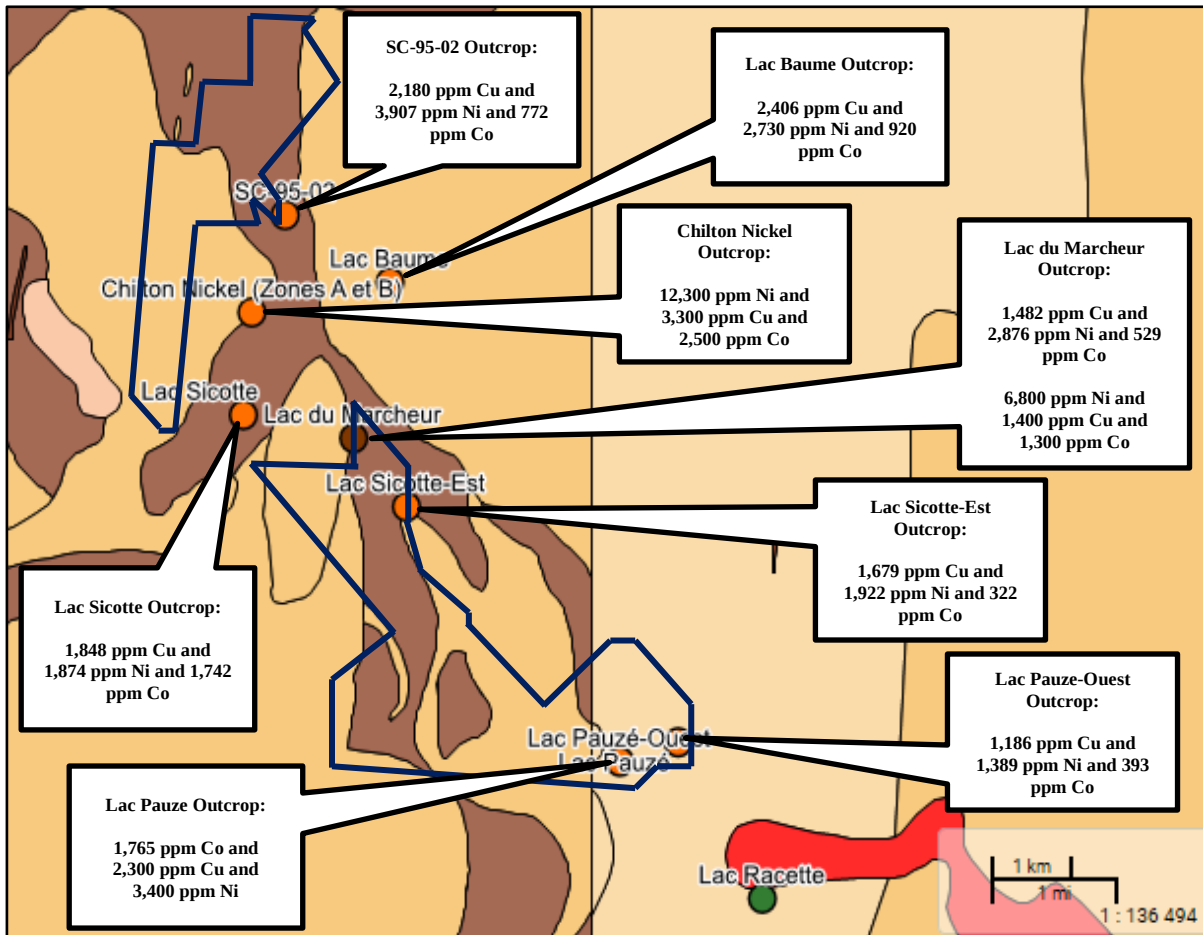


Figure 20: Geology Map of Lac du Marcheur Cobalt Project and Assay Results of Local Outcrops

The strike length of the prospective 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.

Historical Exploration at Lac du Marcheur Cobalt Project

Previous work in the area surrounding the Lac du Marcheur Cobalt Project includes geological mapping and geochemical sampling surveys by the MERNQ, geological mapping and an airborne magnetic survey by the Geological Survey of Canada and various exploration programs undertaken by a number of exploration companies.

Most of the exploration carried out in the area was directed at the magnetite-ilmenite mineralisation associated with the anorthositic intrusion, most of which are located in the area surrounding Notre-Dame-de-la-Merci.

The best sample result reported from the area is **0.33% copper, 1.23% nickel and 0.25% cobalt** at the Chilton Nickel Occurrence from an “undefined” sample from a trench. Significantly, no reported exploration work was specifically aimed at the cobalt-bearing New Glasgow troctolite-gabbro intrusive suite.

In the summer of 1995, Virginia Gold Mines Inc. explored a mineralised corridor of 5 to 9 kilometres wide and approximately 50 kilometres long. It extends, from north to south, from the town of Notre-Dame-de-la-Merci to the town of New Glasgow. One of the objectives of Virginia’s work was to determine if there might be geological similarities with the geological environment of the Voisey Bay nickel-copper-cobalt deposit. Virginia concluded that considering the relative abundance of mineralised and rusted zones, further prospecting would most likely result in the discovery of numerous other mineralised deposits.

Similar sulphide-bearing mafic to ultramafic zones, associated with anorthositic intrusions, have generated significant amounts of interest, such as the Lac St-Jean and the Manicouagan complexes, and the Main Plutonic Suite (Voisey’s Bay).

LAC LA MOTTE LITHIUM PROJECT

The Lac La Motte lithium project is located in the Abitibi Greenstone Belt of Quebec approximately 25 kilometres northwest of the historic mining town of Val d’Or and 400 km northwest of Montreal. The Lac La Motte project consists of a contiguous landholding of 64 mineral claims and 25 mineral claim applications covering an area of approximately 49.4 km². Access to the Lac La Motte project from Val d’Or is easily gained via paved Highway 111 and a number of all-weather gravel roads.

Figure 21 shows the location of the Lac La Motte project, the key infrastructure, and the known lithium occurrences surrounding the project.

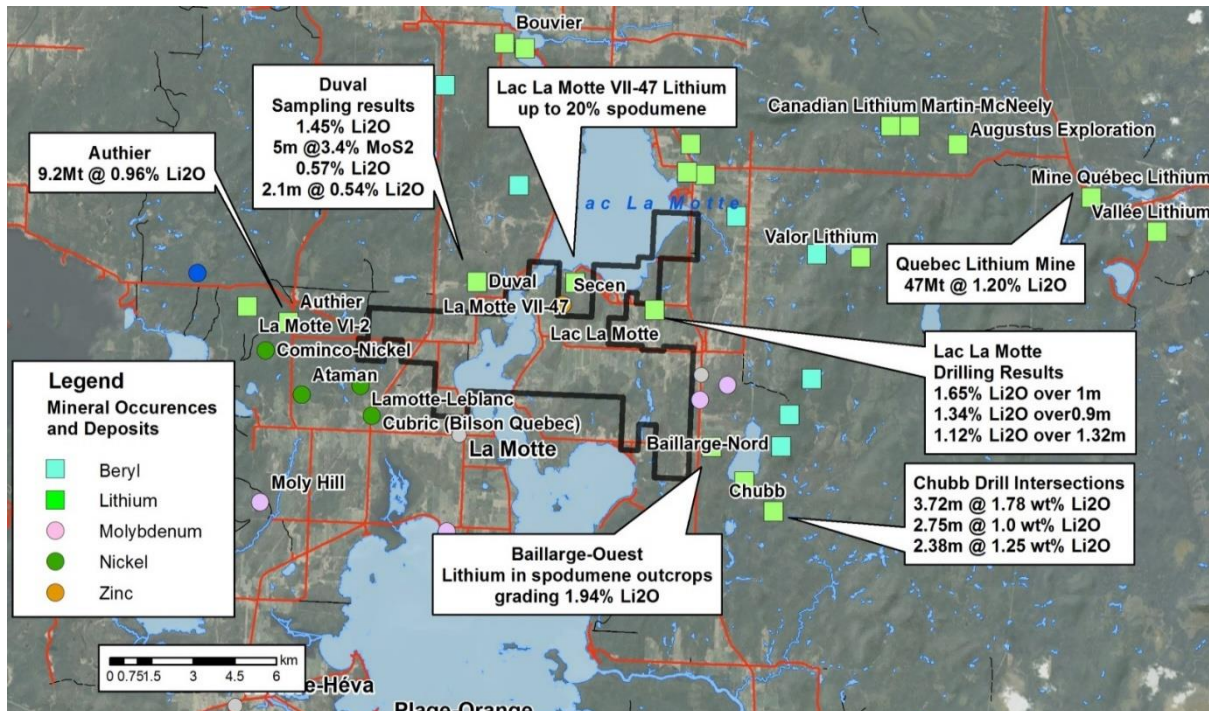


Figure 21: Lac La Motte Project Location. Green squares represent lithium deposits. See also figure 11 which shows pegmatite trends and magnetic imagery

Regional Mineralisation

The Lac La Motte lithium project represents a significant landholding surrounded by known lithium deposits and occurrences, as well as known beryl occurrences. The lithium mineralisation at the Lac La Motte project

METALS AUSTRALIA LTD

REVIEW OF OPERATIONS

is contained in north-east and east-west trends. The Lac La Motte project is targeting spodumene-bearing rare metal LCT pegmatite dyke complexes.

Much of the previous exploration in the region has concentrated on gold and base metal potential of the area.

This presents a unique opportunity for MLS to commence an immediate exploration program focused on the detailed structural geological features that exist at the project. A comprehensive mapping and sampling program has already been designed, with a maiden drill campaign to commence as soon as the results from the phase 1 program are known.

Within the Lac La Motte project, numerous LCT pegmatites hosting spodumene varying from 1.6m to 6m in width exist which intrude diorites, monzonites and metasediments of the Caste Group that are in contact with the basalts of the Lower Malartic Group. The lithium mineralisation occurs mainly in medium to large spodumene crystals.

The La Motte lithium occurrence, which is located within metres of the Lac La Motte project licence boundaries, has exhibited strong lithium mineralisation where previous drill hole intercepts highlighted high grade lithium mineralisation of 1.65% Li₂O over 1.0 m (drill hole No. 16, Quebec Government file report GM 03089), 1.34% Li₂O over 0.9 m (drill hole No. 15) and 1.12% Li₂O over 1.32 m (drill hole No. 14).

Existing Lithium Deposits in Close Proximity

The Jilin owned Quebec Lithium Mine which is located in the northeast part of the region less than 7 km northeast of the Lac La Motte project, contains a measured and indicated mineral resource of 41.6 Mt at 1.09% Li₂O and inferred resource of 17.8 Mt at 1.10% Li₂O, (RB Energy press release October 11, 2012)

For further information, refer to the following:

www.rb-e.com/i/pdf/Quebec_Lithium_Mineral_Resources_and_Reserves_Estimates.pdf

The Lac La Motte project is located less than 1 km east of the Authier lithium deposit which has a reported JORC Measured resource of 5.6 Mt at 1.01% Li₂O, an indicated resource of 9.57 Mt at 1.03% Li₂O, and an inferred resource of 2.21Mt at 0.99% Li₂O.

For further information, refer to the following:

http://www.sayonamining.com.au/PDF/ASX23Nov16_Authier%20Expanded%20JORC.pdf

The nearest major Lithium occurrence, the Duval Lithium occurrence, is located approximately 1.2 km to the northwest. The Duval Lithium occurrence includes mineralization which is contained within two granitic pegmatite dykes (182-259 m long x 2-3 m thick), rich in spodumene with accessory tantalum and Beryl. The dykes were investigated by 27 DDH by Ascot Metals in 1955. Dyke #1 yielded Li₂O assays of 1.45 % Li₂O, whereas, Dyke #2 yielded an average of 0.57% Li₂O. Historical resource estimates were 75,000t @1.45 wt. % Li₂O (Source: RG160; MERN).

Lithium Deposits and Occurrences on the Lac La Motte Project

The Lac La Motte VII-47 lithium occurrence is located within metres from the claims comprising the Lac La Motte lithium project. This LCT pegmatite dyke intersects metasediments of the Caste Group that are in contact with the basalts of the Lower Malartic Group. Spodumene and beryl are observed in fracture fillings in LCT pegmatite dykes.

This prospect was identified as a potentially significant lithium lode, which is oriented in an east-west direction. It has been interpreted that this lithium bearing mineralized zone continues into the Lac La Motte licence boundaries and could represent an important source for mineralisation at the project.

The nearby Lac La Motte lithium occurrence is located in close proximity to licence boundaries of the Lac La Motte lithium project. The host LCT pegmatite dykes contain spodumene in high concentrations with associated beryl and occur in multiple locations across the Lac La Motte project.

There are at least 6 known parallel LCT pegmatite dykes containing spodumene. The irregular distribution of the lithium-bearing pegmatite dykes in fractures in the granites suggests that this system of dykes could also be present on the Lac La Motte project.

Historical Exploration at Lac La Motte Project

Exploration and historical drilling on the Lac La Motte project took place on the edges of the volcanics and ultramafics and focussed on the gold, zinc, nickel and copper potential, with little exploration directed at lithium. Extensive mapped outcrops of LCT pegmatite hosting beryl exist on the Lac La Motte project.

The Lac La Motte project contains numerous Li (spodumene) $\pm$ Ta (tantalite) $\pm$ Be (beryllium) mineralised occurrences which have been investigated only sporadically by junior mining companies with various geophysical, geochemical and geological tools from the early 1950s until the present day.

LAC LA CORNE LITHIUM PROJECT

The Lac La Corne lithium project is located in approximately 20 kilometres north of the historic mining town of Val d'Or and 400 km northwest of Montreal and represents a contiguous landholding of 87 mineral claims totalling approximately 49.8 km². Access from Val d'Or is gained via paved Highway 111 and a number of all-weather gravel roads.

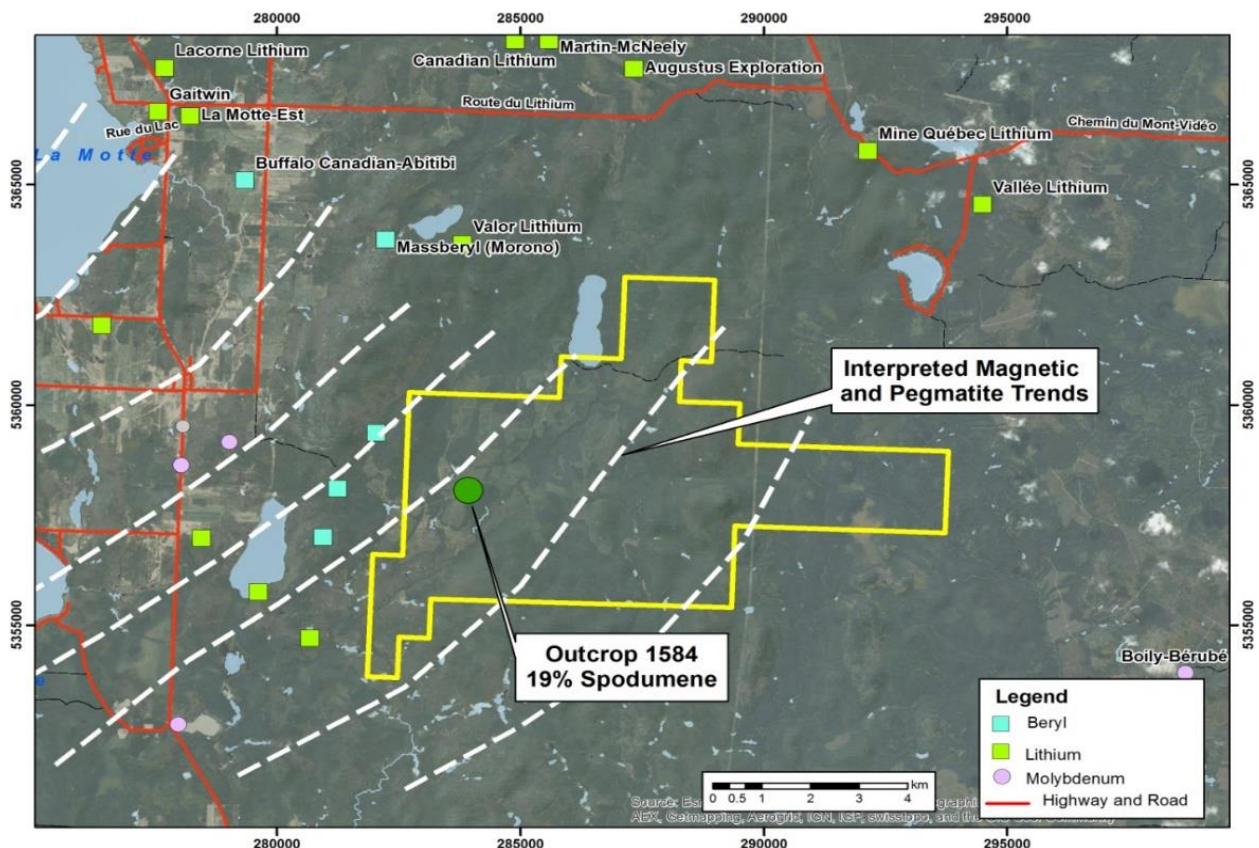


Figure 22. Lac La Corne Project. Green squares represent lithium deposits

Figure 22 above shows the location of the Lac La Corne project and associated key infrastructure. It also shows the pegmatite trends though the project interpreted from the regional magnetic imagery and which correspond to the location of Outcrop 1548 and known lithium deposits to the west, south west and north east.

Regional Mineralisation

The Lac La Corne lithium project represents a significant landholding surrounded by known lithium occurrences as well as beryl occurrences. The lithium mineralisation at the Lac La Corne project is contained in tight north-north-east trending zones.

The Lac La Corne project is targeting spodumene and rare metal-bearing LCT pegmatite dyke complexes.

The region is dominated by quartz monzodiorite and metasomatized quartz diorite (tonalite) of the La Corne plutonic complex. A swarm of spodumene-rich granitic pegmatite dykes intrude fractures and small faults within the plutonic rocks.

The LCT pegmatite dykes are as much as 6m thick and are generally crudely zoned, some having quartz cores and border zones of aplite. The granitic LCT pegmatites are composed of quartz, albite and/or cleavelandite, K-feldspar, muscovite, with spodumene in high concentration.

Existing Lithium occurrences in Close Proximity

Located less than 2km west of the Lac La Corne project is the Chubb Lithium deposit which is currently owned by Globex Mining Enterprises, and was optioned to Great Thunder Gold Corporation in May 2016.

Drilling intersections obtained in 1994 by Abitibi Lithium Corp. at the Chubb Lithium occurrence, produced an interval of 3.7 m @ 1.68% Li (Sigeom report GM 51854)

Lithium Occurrences on the Lac La Corne Project

The Quebec Geological Survey Department in July 2014 recorded outcrop 1584 as having high spodumene and molybdenum potential. This outcrop is located in the south-west portion of the Lac La Corne project.

To date no drilling or follow up exploration has been undertaken, despite strong recommendations from the Geological Survey Department geologist at the time. Outcrop 1584 is contained in a NNE-trending structure that continues along strike into the Lac La Corne project.

The Company has made contact with the Geological Survey Department geologist who was responsible for conducting this survey and subsequently identified the outcrop. Follow-up exploration is planned immediately for this high priority target.

LACOURCIERE-DARVEAU LITHIUM PROJECT

The Lacourciere-Darveau lithium project consists of 152 mineral claims and 28 mineral claim applications totalling approximately 104.25 km² located approximately 15 kilometres west of the community of Malartic.

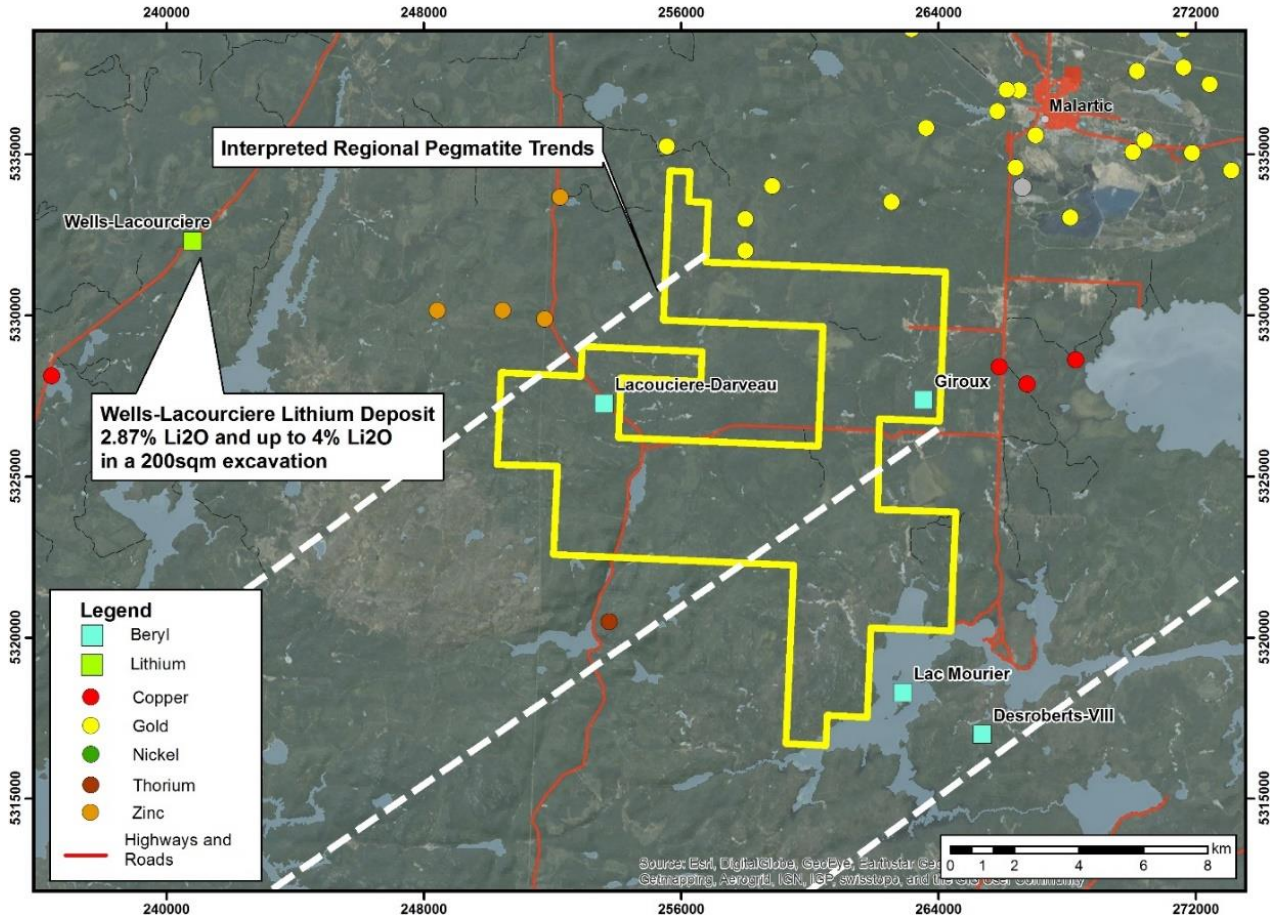


Figure 23. Lacourciere-Darveau Project Location.

Regional Mineralisation and Existing Lithium Deposits in Close Proximity

The LD Property is located south of the well-known La Corne Lithium district. The La Corne Lithium district is home to the past-producing Quebec Lithium Mine and several other advanced lithium and rare-metal (molybdenum, beryl, tantalum, niobium) projects.

The nearest major Lithium occurrence, the Wells Lacourciere occurrence, is located approximately 10 km to the northwest. The Wells Lacourciere occurrence consists of spodumene-bearing pegmatite dykes. Sampling of that showing has revealed some high grades over 2% Li₂O.

The LD Property is located at the northern margin of the Archean Reservoir Decelles batholith, in contact with the Archean Pontiac Group metasedimentary and metavolcanic rocks. The Reservoir Decelles batholith consists of variable tonalite, granodiorite with coarse grained (pegmatitic) segregations.

The La Corne district has empirically shows that the edges of the granitic pluton is the most prospective geological setting for lithium-bearing pegmatites. We see this demonstrated at the Wells Lacourciere Occurrence at this contact.

METALS AUSTRALIA LTD

REVIEW OF OPERATIONS

The LD Property has beryl occurrences that have been known since about 1925. A 1961 report (GM 11755) describes the Lacourciere-Darveau beryl occurrence. The report describes the pegmatite dyke as having dimensions of 20 by 70 metres. The mineralogy consists of quartz and feldspar, with lesser amounts of muscovite, tourmaline, garnet, apatite and rare amounts of beryl. No follow-up work has been reported on this occurrence.

In 1961 and 1986, the Giroux beryl occurrence was studied, with the most impressive drill intersection of 0.432% Be over 5.7 metres (GM 12470). The same report describes some sporadic silver mineralization. Report GM 43865 describes the pegmatite as consisting of quartz and feldspar with muscovite, tourmaline, molybdenite and beryl.

At both occurrences, spodumene mineralization was not noted.

Competent Person Declaration

Australian and Namibian Projects

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr. Dean Goodwin, a consultant to Metals Australia Ltd, and a member of The Australasian Institute of Geoscientists. Mr. Goodwin 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. Goodwin consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Quebec Lithium Limited – Canadian Projects

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves, as applicable, is based on information compiled by Mr. Darren L. Smith P.Geol., a Competent Person who is a Professional Geologist registered with L'Ordre des geologues du Quebec, in Canada. Mr Darren L. Smith is an employee of Dahrouge Geological Consulting Ltd. (Dahrouge). Dahrouge Geological Consulting Ltd. and all competent persons are independent from the issuer of this statement, Metals Australia Ltd. Mr Darren L. Smith has sufficient experience 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, Minerals Resources and Ore Reserves". Mr Darren L Smith consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Metals Australia Ltd's planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may", "potential," "should," and similar expressions are forward-looking statements. Although Metals Australia Ltd believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

METALS AUSTRALIA LTD

REVIEW OF OPERATIONS

MINERAL AND EXPLORATION LICENCES

Country	State/ Region	Project	Tenement ID	Area km ²	Grant Date	Expiry Date	Interest %	Company
Namibia		Mile 72	EPL 3308	73	19/05/2005	17/5/2018	100	Metals Namibia (Pty) Ltd
Australia	WA	Manindi	M57/227	4.64	3/09/1992	2/09/2034	80	Karrilea Holdings Pty Ltd
			M57/240	3.15	10/11/1993	9/11/2035	80	
			M57/533	8.01	17/01/2008	16/01/2029	80	
Australia	WA	Sherlock Bay	E47/1769	76.7	7/09/2009	Pending	30	Metals Australia Ltd
			E47/1770	223	7/09/2009	Pending	30	

Lac Rainy Nord Graphite Project (Quebec)

	Licenses application number	Claim number (CDC series)	Area (ha.)	Claims license expiry date
1	1578708	CDC 2462752	52.34	18-Sep-18
2	1578708	CDC 2462753	52.32	18-Sep-18
3	1578708	CDC 2462754	52.32	18-Sep-18
4	1578708	CDC 2462755	52.32	18-Sep-18
5	1578708	CDC 2462756	52.31	18-Sep-18
6	1578708	CDC 2462757	52.30	18-Sep-18
7	1578708	CDC 2462758	52.34	18-Sep-18
8	1578708	CDC 2462759	52.34	18-Sep-18
9	1578708	CDC 2462760	52.32	18-Sep-18
10	1578708	CDC 2462761	52.32	18-Sep-18
11	1578708	CDC 2462762	52.30	18-Sep-18
12	1578708	CDC 2462763	52.33	18-Sep-18
13	1578708	CDC 2462764	52.31	18-Sep-18
14	1578708	CDC 2462765	52.31	18-Sep-18
15	1578708	CDC 2462766	52.30	18-Sep-18
16	1578708	CDC 2462767	52.36	18-Sep-18
17	1578708	CDC 2462768	52.33	18-Sep-18
18	1578708	CDC 2462769	52.33	18-Sep-18
19	1578708	CDC 2462770	52.31	18-Sep-18
20	1578708	CDC 2462771	52.31	18-Sep-18
21	1578708	CDC 2462772	52.35	18-Sep-18
22	1578708	CDC 2462773	52.35	18-Sep-18
23	1578708	CDC 2462774	52.31	18-Sep-18
24	1578708	CDC 2462775	52.30	18-Sep-18
25	1578708	CDC 2462776	52.30	18-Sep-18
26	1578708	CDC 2462777	52.36	18-Sep-18
27	1578708	CDC 2462778	52.35	18-Sep-18
28	1578708	CDC 2462779	52.34	18-Sep-18
29	1578708	CDC 2462780	52.33	18-Sep-18
30	1578708	CDC 2462781	52.33	18-Sep-18
31	1578708	CDC 2462782	52.33	18-Sep-18
32	1578708	CDC 2462783	52.34	18-Sep-18

METALS AUSTRALIA LTD

REVIEW OF OPERATIONS

Lac La Motte Lithium Project (Quebec)

	License application number	Claim number (CDC series)	Area (ha.)	Claim license expiry date
1	1571638	Villegiature	57.29	pending-1
2	1570688	CDC 2455462	57.29	27-Jul-18
3	1570688	CDC 2455463	57.29	27-Jul-18
4	1571638	CDC 2455487	57.28	27-Jul-18
5	1571638	CDC 2455488	57.28	27-Jul-18
6	1570688	Villegiature	57.28	pending-2
7	1570688	Villegiature	57.28	pending-3
8	1570688	Villegiature	57.28	pending-4
9	1570688	Villegiature	57.28	pending-5
10	1570688	CDC 2455464	57.28	27-Jul-18
11	1570688	CDC 2455465	57.28	27-Jul-18
12	1570688	CDC 2455466	57.27	27-Jul-18
13	1570688	CDC 2455467	57.27	27-Jul-18
14	1571638	Villegiature	57.27	pending-6
15	1571638	CDC 2455489	57.27	27-Jul-18
16	1571638	CDC 2455490	57.27	27-Jul-18
17	1571638	CDC 2455491	57.27	27-Jul-18
18	1571638	CDC 2455492	57.27	27-Jul-18
19	1571638	CDC 2455493	57.27	27-Jul-18
20	1570688	CDC 2455468	57.27	27-Jul-18
21	1570688	CDC 2455469	57.27	27-Jul-18
22	1570688	CDC 2455470	57.27	27-Jul-18
23	1570688	CDC 2455471	57.27	27-Jul-18
24	1570688	CDC 2455472	57.26	27-Jul-18
25	1570688	CDC 2455473	57.26	27-Jul-18
26	1570688	CDC 2455474	57.26	27-Jul-18
27	1570688	CDC 2455475	57.26	27-Jul-18
28	1570688	CDC 2455476	57.26	27-Jul-18
29	1570688	CDC 2455477	57.26	27-Jul-18
30	1570688	CDC 2455478	57.26	27-Jul-18
31	1570688	CDC 2455479	57.26	27-Jul-18
32	1570688	CDC 2455480	57.26	27-Jul-18
33	1570688	CDC 2455481	57.26	27-Jul-18
34	1570688	CDC 2455482	57.26	27-Jul-18
35	1570688	CDC 2455483	57.26	27-Jul-18
36	1570688	CDC 2455484	57.26	27-Jul-18
37	1570688	CDC 2455485	57.26	27-Jul-18
38	1570688	CDC 2455486	57.26	27-Jul-18
39	1568029	CDC 2455432	29.94	27-Jul-18
40	1568029	CDC 2455433	54.02	27-Jul-18
41	1568029	Villegiature	57.25	pending-7
42	1568029	CDC 2455434	57.25	27-Jul-18
43	1568029	CDC 2455435	57.25	27-Jul-18
44	1568029	CDC 2455436	57.25	27-Jul-18
45	1568029	CDC 2455437	57.25	27-Jul-18
46	1569550	Villegiature	57.25	pending-8
47	1569550	Villegiature	57.25	pending-9

METALS AUSTRALIA LTD

REVIEW OF OPERATIONS

Lac La Motte Lithium Project (Quebec) (continued)

48	1569550	CDC 2455445	57.25	27-Jul-18
49	1569550	CDC 2455446	57.25	27-Jul-18
50	1569550	CDC 2455447	57.25	27-Jul-18
51	1569550	CDC 2455448	57.25	27-Jul-18
52	1569550	CDC 2455449	57.25	27-Jul-18
53	1569550	CDC 2455450	57.25	27-Jul-18
54	1569550	CDC 2455451	57.25	27-Jul-18
55	1569550	CDC 2455452	47.63	27-Jul-18
56	1569550	CDC 2455453	57.25	27-Jul-18
57	1569550	Villegiature	57.25	pending-10
58	1568029	CDC 2455438	39.10	27-Jul-18
59	1568029	CDC 2455439	57.24	27-Jul-18
60	1568029	CDC 2455440	57.24	27-Jul-18
61	1568029	CDC 2455441	57.24	27-Jul-18
62	1568029	CDC 2455442	57.24	27-Jul-18
63	1568029	CDC 2455443	57.24	27-Jul-18
64	1568029	CDC 2455444	57.24	27-Jul-18
65	1569550	Villegiature	57.24	pending-11
66	1569550	Villegiature	57.24	pending-12
67	1569550	Villegiature	57.24	pending-13
68	1569550	Villegiature	57.24	pending-14
69	1569550	CDC 2455454	57.24	27-Jul-18
70	1569550	CDC 2455455	57.24	27-Jul-18
71	1569550	CDC 2455456	57.24	27-Jul-18
72	1569550	Villegiature	57.23	pending-15
73	1569550	Villegiature	57.23	pending-16
74	1569550	CDC 2455457	57.23	27-Jul-18
75	1569550	CDC 2455458	57.23	27-Jul-18
76	1569550	Villegiature	57.23	pending-17
77	1569550	Villegiature	57.22	pending-18
78	1569550	Villegiature	57.22	pending-19
79	1569550	Villegiature	57.22	pending-20
80	1569550	Villegiature	57.22	pending-21
81	1569550	CDC 2455459	33.56	27-Jul-18
82	1569550	CDC 2455460	41.19	27-Jul-18
83	1529267	CDC 2438019	42.48	13-Mar-18
84	1529267	CDC 2438020	45.81	13-Mar-18
85	1569550	Villegiature	46.08	pending-22
86	1569550	CDC 2455461	22.73	27-Jul-18
87	1569550	Villegiature	63.15	pending-23
88	1569550	Villegiature	83.89	pending-24
89	1569550	Villegiature	41.50	pending-25

METALS AUSTRALIA LTD

REVIEW OF OPERATIONS

Lac La Corne Lithium Project (Quebec)

	License application number	Claim number (CDC series)	Area (ha.)	Claim license expiry date
1	1567089	CDC 2455213	57.31	27-Jul-18
2	1567089	CDC 2455214	57.30	27-Jul-18
3	1567089	CDC 2455215	57.30	27-Jul-18
4	1567089	CDC 2455216	57.29	27-Jul-18
5	1567089	CDC 2455217	57.29	27-Jul-18
6	1567089	CDC 2455218	57.29	27-Jul-18
7	1568007	CDC 2455240	57.29	27-Jul-18
8	1568007	CDC 2455241	57.29	27-Jul-18
9	1568007	CDC 2455242	57.29	27-Jul-18
10	1568007	CDC 2455243	57.29	27-Jul-18
11	1568007	CDC 2455244	57.29	27-Jul-18
12	1568007	CDC 2455245	57.29	27-Jul-18
13	1568007	CDC 2455246	57.28	27-Jul-18
14	1568007	CDC 2455247	57.28	27-Jul-18
15	1568007	CDC 2455248	57.29	27-Jul-18
16	1563137	CDC 2450086	57.29	19-Jun-18
17	1563137	CDC 2450087	57.29	19-Jun-18
18	1565954	CDC 2454427	57.29	27-Jul-18
19	1565954	CDC 2454428	57.29	27-Jul-18
20	1567128	CDC 2455233	57.29	27-Jul-18
21	1567128	CDC 2455234	57.29	27-Jul-18
22	1568007	CDC 2455249	57.29	27-Jul-18
23	1568007	CDC 2455250	57.29	27-Jul-18
24	1568007	CDC 2455251	57.28	27-Jul-18
25	1568007	CDC 2455252	57.28	27-Jul-18
26	1568007	CDC 2455253	57.27	27-Jul-18
27	1563137	CDC 2450088	57.27	19-Jun-18
28	1552358	CDC 2444218	57.27	4-May-18
29	1552358	CDC 2444219	57.27	4-May-18
30	1565954	CDC 2454429	57.27	27-Jul-18
31	1565954	CDC 2455219	57.27	27-Jul-18
32	1567128	CDC 2455235	57.27	27-Jul-18
33	1568007	CDC 2455254	57.27	27-Jul-18
34	1568007	CDC 2455255	57.27	27-Jul-18
35	1568007	CDC 2455256	57.27	27-Jul-18
36	1568007	CDC 2455257	57.27	27-Jul-18
37	1568007	CDC 2455258	57.27	27-Jul-18
38	1568007	CDC 2455259	57.27	27-Jul-18
39	1568007	CDC 2455260	57.26	27-Jul-18
40	1568007	CDC 2455261	57.26	27-Jul-18
41	1568007	CDC 2455262	57.26	27-Jul-18
42	1568007	CDC 2455263	57.26	27-Jul-18
43	1568007	CDC 2455264	57.26	27-Jul-18
44	1568007	CDC 2455265	57.26	27-Jul-18
45	1565954	CDC 2454430	57.26	27-Jul-18
46	1563137	CDC 2450089	57.26	19-Jun-18

METALS AUSTRALIA LTD

REVIEW OF OPERATIONS

Lac La Corne Lithium Project (Quebec) (continued)

47	1563137	CDC 2450090	57.26	19-Jun-18
48	1565954	CDC 2454431	57.26	27-Jul-18
49	1567089	CDC 2455220	57.26	27-Jul-18
50	1567089	CDC 2455221	57.26	27-Jul-18
51	1567089	CDC 2455222	57.26	27-Jul-18
52	1568007	CDC 2455266	57.26	27-Jul-18
53	1568007	CDC 2455267	57.26	27-Jul-18
54	1568007	CDC 2455268	57.26	27-Jul-18
55	1568007	CDC 2455269	57.26	27-Jul-18
56	1568007	CDC 2455270	57.26	27-Jul-18
57	1568007	CDC 2455271	57.26	27-Jul-18
58	1568007	CDC 2455272	57.26	27-Jul-18
59	1568007	CDC 2455273	57.25	27-Jul-18
60	1568007	CDC 2455274	57.25	27-Jul-18
61	1568007	CDC 2455275	57.25	27-Jul-18
62	1568007	CDC 2455276	57.25	27-Jul-18
63	1565954	CDC 2454432	57.25	24-Jul-18
64	1565954	CDC 2454433	57.25	24-Jul-18
65	1565954	CDC 2454434	57.25	24-Jul-18
66	1565954	CDC 2454435	57.25	24-Jul-18
67	1567128	CDC 2455236	57.25	27-Jul-18
68	1567089	CDC 2455223	57.25	27-Jul-18
69	1567089	CDC 2455224	57.25	27-Jul-18
70	1567089	CDC 2455225	57.25	27-Jul-18
71	1568007	CDC 2455277	57.25	27-Jul-18
72	1568007	CDC 2455278	57.25	27-Jul-18
73	1568007	CDC 2455279	57.25	27-Jul-18
74	1567089	CDC 2455226	57.24	27-Jul-18
75	1567089	CDC 2455227	57.24	27-Jul-18
76	1567089	CDC 2455228	57.24	27-Jul-18
77	1567089	CDC 2455229	57.24	27-Jul-18
78	1567089	CDC 2455230	57.23	27-Jul-18
79	1567089	CDC 2455231	57.23	27-Jul-18
80	1567089	CDC 2455232	57.23	27-Jul-18
81	1569244	CDC 2455280	57.23	27-Jul-18
82	1569244	CDC 2455281	57.23	27-Jul-18
83	1569244	CDC 2455282	57.23	27-Jul-18
84	1569244	CDC 2455283	57.23	27-Jul-18
85	1567128	CDC 2455237	57.21	27-Jul-18
86	1567128	CDC 2455238	57.21	27-Jul-18
87	1567128	CDC 2455239	57.20	27-Jul-18

METALS AUSTRALIA LTD

REVIEW OF OPERATIONS

Lacourciere-Darveau Lithium Project (Quebec)

Cell count	Licenses application number	Claim number (CDC series)	Area (ha.)	Claims license expiry date
1	1570439	CDC 2455550	57.68	27-Jul-18
2	1570439	CDC 2455551	57.68	27-Jul-18
3	1570439	CDC 2455552	57.67	27-Jul-18
4	1570439	CDC 2455553	57.67	27-Jul-18
5	1570439	CDC 2455554	57.67	27-Jul-18
6	1570439	CDC 2455585	57.67	27-Jul-18
7	1570439	CDC 2455586	57.66	27-Jul-18
8	1570439	CDC 2455587	57.66	27-Jul-18
9	1570439	CDC 2455588	57.66	27-Jul-18
10	1570439	CDC 2455589	57.66	27-Jul-18
11	1570439	CDC 2455555	57.65	27-Jul-18
12	1570439	CDC 2455556	57.65	27-Jul-18
13	1570439	CDC 2455590	57.65	27-Jul-18
14	1570439	CDC 2455591	57.65	27-Jul-18
15	1570439	CDC 2455592	57.64	27-Jul-18
16	1570439	CDC 2455593	57.64	27-Jul-18
17	1570439	CDC 2455594	57.64	27-Jul-18
18	1570439	CDC 2455595	57.64	27-Jul-18
19	1570439	CDC 2455596	57.64	27-Jul-18
20	1570439	CDC 2455557	57.64	27-Jul-18
21	1570439	CDC 2455558	57.64	27-Jul-18
22	1570439	CDC 2455559	57.64	27-Jul-18
23	1569825	CDC 2455560	57.63	27-Jul-18
24	1569825	CDC 2455597	57.63	27-Jul-18
25	1569825	CDC 2455598	57.63	27-Jul-18
26	1569825	CDC 2455599	57.63	27-Jul-18
27	1570414	CDC 2455600	57.63	27-Jul-18
28	1570414	CDC 2455601	57.63	27-Jul-18
29	1570414	CDC 2455602	57.63	27-Jul-18
30	1570414	CDC 2455603	57.63	27-Jul-18
31	1570414	CDC 2455604	57.62	27-Jul-18
32	1569309	CDC 2455605	57.62	27-Jul-18
33	1569309	CDC 2455606	57.62	27-Jul-18
34	1569309	CDC 2455561	57.62	27-Jul-18
35	1569309	CDC 2455562	57.62	27-Jul-18
36	1569309	CDC 2455563	57.62	27-Jul-18
37	1569309	CDC 2455564	57.62	27-Jul-18
38	1569309	CDC 2455565	57.62	27-Jul-18
39	1569309	CDC 2455607	57.62	27-Jul-18
40	1569619	CDC 2455608	57.62	27-Jul-18
41	1569619	CDC 2455609	57.62	27-Jul-18
42	1569825	CDC 2455610	57.62	27-Jul-18
43	1569825	CDC 2455611	57.62	27-Jul-18
44	1569825	CDC 2455612	57.62	27-Jul-18
45	1569825	CDC 2455613	57.62	27-Jul-18
46	1569825	CDC 2455614	57.62	27-Jul-18

METALS AUSTRALIA LTD

REVIEW OF OPERATIONS

Lacourciere-Darveau Lithium Project (Quebec) (continued)

47	1570414	CDC 2455615	57.62	27-Jul-18
48	1570414	CDC 2455566	57.62	27-Jul-18
49	1570414	CDC 2455567	57.62	27-Jul-18
50	1570414	CDC 2455568	57.62	27-Jul-18
51	1570414	CDC 2455569	57.61	27-Jul-18
52	1569309	CDC 2455570	57.61	27-Jul-18
53	1569309	CDC 2455540	57.61	27-Jul-18
54	1569309	CDC 2455541	57.61	27-Jul-18
55	1569309	CDC 2455616	57.61	27-Jul-18
56	1569309	CDC 2455571	57.61	27-Jul-18
57	1569309	CDC 2455572	57.61	27-Jul-18
58	1569309	CDC 2455573	57.61	27-Jul-18
59	1569309	CDC 2455574	57.61	27-Jul-18
60	1569619	CDC 2455575	57.61	27-Jul-18
61	1569619	CDC 2455542	57.61	27-Jul-18
62	1569825	CDC 2455543	57.61	27-Jul-18
63	1569825	CDC 2455544	57.61	27-Jul-18
64	1569825	CDC 2455583	57.61	27-Jul-18
65	1570414	CDC 2455576	57.61	27-Jul-18
66	1570414	CDC 2455577	57.62	27-Jul-18
67	1570414	CDC 2455545	57.62	27-Jul-18
68	1570414	CDC 2455546	57.62	27-Jul-18
69	1570414	CDC 2455547	57.62	27-Jul-18
70	1570414	CDC 2455578	57.62	27-Jul-18
71	1570414	CDC 2455536	57.62	27-Jul-18
72	1569309	CDC 2455548	57.60	27-Jul-18
73	1569309	CDC 2455584	57.60	27-Jul-18
74	1569619	CDC 2455579	57.60	27-Jul-18
75	1569619	CDC 2455580	57.60	27-Jul-18
76	1569619	CDC 2455537	57.60	27-Jul-18
77	1569619	CDC 2455538	57.60	27-Jul-18
78	1569619	CDC 2455539	57.60	27-Jul-18
79	1569825	CDC 2455581	57.60	27-Jul-18
80	1569825	CDC 2455582	57.60	27-Jul-18
81	1569825	CDC 2455549	57.60	27-Jul-18
82	1569825	CDC 2454954	57.60	26-Jul-18
83	1569825	CDC 2454955	57.60	26-Jul-18
84	1570414	CDC 2454977	57.61	26-Jul-18
85	1570414	CDC 2454978	57.61	26-Jul-18
86	1570414	CDC 2454990	57.59	26-Jul-18
87	1570414	CDC 2454991	57.59	26-Jul-18
88	1570414	CDC 2454992	57.59	26-Jul-18
89	1570414	CDC 2454993	57.59	26-Jul-18
90	1570414	CDC 2454994	57.59	26-Jul-18
91	1570414	CDC 2454995	57.59	26-Jul-18
92	1569309	CDC 2454917	57.59	26-Jul-18
93	1569309	CDC 2454918	57.59	26-Jul-18
94	1569619	CDC 2454928	57.59	26-Jul-18
95	1569619	CDC 2454929	57.59	26-Jul-18
96	1569619	CDC 2454930	57.59	26-Jul-18
97	1569619	CDC 2454931	57.59	26-Jul-18
98	1569619	CDC 2454932	57.59	26-Jul-18

METALS AUSTRALIA LTD

REVIEW OF OPERATIONS

Lacourciere-Darveau Lithium Project (Quebec) (continued)

99	1569825	CDC 2454956	57.59	26-Jul-18
100	1569825	CDC 2454957	57.59	26-Jul-18
101	1569825	CDC 2454958	57.59	26-Jul-18
102	1569825	CDC 2454959	57.59	26-Jul-18
103	1570414	CDC 2454996	57.59	26-Jul-18
104	1568175	CDC 2455116	57.58	26-Jul-18
105	1568175	CDC 2455117	57.58	26-Jul-18
106	1568175	CDC 2455118	57.58	26-Jul-18
107	1568175	CDC 2455119	57.58	26-Jul-18
108	1568175	CDC 2455120	57.58	26-Jul-18
109	1568175	CDC 2455121	57.58	26-Jul-18
110	1568175	CDC 2455122	57.58	26-Jul-18
111	1568175	CDC 2455123	57.58	26-Jul-18
112	1568175	CDC 2455127	57.57	26-Jul-18
113	1568175	CDC 2455128	57.57	26-Jul-18
114	1568175	CDC 2455129	57.57	26-Jul-18
115	1568175	CDC 2455130	57.57	26-Jul-18
116	1568175	CDC 2455131	57.57	26-Jul-18
117	1568175	CDC 2455132	57.57	26-Jul-18
118	1568175	CDC 2455133	57.57	26-Jul-18
119	1568175	CDC 2455134	57.57	26-Jul-18
120	1569619	CDC 2454934	57.56	27-Jul-18
121	1569619	CDC 2454935	57.56	27-Jul-18
122	1569619	CDC 2454936	57.56	27-Jul-18
123	1569619	CDC 2454937	57.57	27-Jul-18
124	1569619	CDC 2454938	57.57	27-Jul-18
125	1569619	CDC 2454939	57.57	27-Jul-18
126	1576003	Villegiature	57.61	pending-1
127	1576003	CDC 2454997	57.60	26-Jul-18
128	1576003	Villegiature	57.60	pending-2
129	1576003	Villegiature	57.60	pending-3
130	1576003	Villegiature	57.59	pending-4
131	1576003	Villegiature	57.59	pending-5
132	1576003	Villegiature	57.59	pending-6
133	1576003	Villegiature	57.58	pending-7
134	1576003	Villegiature	57.58	pending-8
135	1576003	Villegiature	57.58	pending-9
136	1576180	Villegiature	57.58	pending-10
137	1576180	Villegiature	57.58	pending-11
138	1576180	Villegiature	57.58	pending-12
139	1576056	CDC 2454998	57.57	26-Jul-18
140	1576180	Villegiature	57.57	pending-13
141	1576180	Villegiature	57.57	pending-14
142	1576180	Villegiature	57.57	pending-15
143	1576180	Villegiature	57.57	pending-16
144	1576180	Villegiature	57.57	pending-17
145	1576056	CDC 2454999	57.56	26-Jul-18
146	1576180	Villegiature	57.56	pending-18
147	1576180	Villegiature	57.56	pending-19
148	1576180	Villegiature	57.56	pending-20
149	1576180	Villegiature	57.56	pending-21
150	1576180	Villegiature	57.56	pending-22

METALS AUSTRALIA LTD

REVIEW OF OPERATIONS

Lacourciere-Darveau Lithium Project (Quebec) (continued)

151	1576056	CDC 2455000	57.55	26-Jul-18
152	1576056	CDC 2455001	57.55	26-Jul-18
153	1576056	CDC 2455002	57.55	26-Jul-18
154	1576056	CDC 2455003	57.55	26-Jul-18
155	1576056	CDC 2455004	57.55	26-Jul-18
156	1576056	CDC 2455005	57.55	26-Jul-18
157	1576056	CDC 2455006	57.55	26-Jul-18
158	1576056	CDC 2455007	57.55	26-Jul-18
159	1576056	CDC 2455008	57.55	26-Jul-18
160	1576056	CDC 2455009	57.55	26-Jul-18
161	1576056	CDC 2455010	57.55	26-Jul-18
162	1576180	Villegiature	57.55	pending-23
163	1576180	Villegiature	57.55	pending-24
164	1576180	Villegiature	57.55	pending-25
165	1576056	CDC 2455011	57.54	26-Jul-18
166	1576056	CDC 2455012	57.54	26-Jul-18
167	1576056	CDC 2455013	57.54	26-Jul-18
168	1576056	CDC 2455014	57.54	26-Jul-18
169	1576056	CDC 2455015	57.54	26-Jul-18
170	1576056	CDC 2455016	57.54	26-Jul-18
171	1576056	CDC 2455017	57.54	26-Jul-18
172	1576056	CDC 2455018	57.54	26-Jul-18
173	1576056	CDC 2455019	57.54	26-Jul-18
174	1576056	Villegiature	57.54	pending-26
175	1576180	Villegiature	57.54	pending-27
176	1576180	Villegiature	57.54	pending-28
177	1576056	CDC 2455020	57.53	26-Jul-18
178	1576056	CDC 2455021	57.53	26-Jul-18
179	1576056	CDC 2455022	57.52	26-Jul-18
180	1576056	CDC 2455023	57.52	26-Jul-18
181	1576056	CDC 2455024	57.51	26-Jul-18

10424.57

METALS AUSTRALIA LTD

REVIEW OF OPERATIONS

Lac du Marcheur Cobalt Project (Quebec)

Count	Licenses application number	Claim number (CDC series)	Area (ha.)	License Expiry
1	1606901	CDC 2473803	59,55	Jan 26, 2019
2	1606901	CDC 2473804	59,54	Jan 26, 2019
3	1606901	CDC 2473805	59,53	Jan 26, 2019
4	1606901	CDC 2473806	59,53	Jan 26, 2019
5	1606901	CDC 2473807	59,53	Jan 26, 2019
6	1606901	CDC 2473808	59,52	Jan 26, 2019
7	1606901	CDC 2477461	59,55	Feb 6, 2019
8	1606901	CDC 2477462	56,91	Feb 6, 2019
9	1606901	CDC 2477463	8,83	Feb 6, 2019
10	1606901	CDC 2477464	46,28	Feb 6, 2019
11	1606901	CDC 2477465	49,94	Feb 6, 2019
12	1606901	CDC 2477466	10,88	Feb 6, 2019
13	1606901	CDC 2477467	23,53	Feb 6, 2019
14	1606901	CDC 2477468	56,87	Feb 6, 2019
15	1606901	CDC 2477469	9,58	Feb 6, 2019
16	1606901	CDC 2477470	54,20	Feb 6, 2019
17	1606901	CDC 2477471	41,03	Feb 6, 2019
18	1606901	CDC 2477472	55,11	Feb 6, 2019
19	1606901	CDC 2477473	18,90	Feb 6, 2019
20	1606901	CDC 2477474	35,87	Feb 6, 2019
21	1607257	CDC pending	59,60	Feb 6, 2019
22	1607257	CDC pending	59,61	Feb 6, 2019
23	1607257	CDC pending	59,61	Feb 6, 2019
24	1607257	CDC pending	59,60	Feb 6, 2019
25	1607257	CDC pending	59,60	Feb 6, 2019
26	1607257	CDC pending	59,61	Feb 6, 2019
27	1607257	CDC pending	59,61	Feb 6, 2019
28	1607257	CDC pending	59,61	Feb 6, 2019
29	1607257	CDC pending	59,60	Feb 6, 2019
30	1607257	CDC pending	59,60	Feb 6, 2019
31	1606799	CDC pending	59,61	Feb 6, 2019
32	1606799	CDC pending	59,61	Feb 6, 2019
33	1606799	CDC pending	59,57	Feb 6, 2019
34	1606799	CDC pending	59,56	pending
35	1606799	CDC pending	59,58	pending

METALS AUSTRALIA LTD

REVIEW OF OPERATIONS

Lac Rainy Est Graphite Project (Quebec)

Total count	License application number	Claim number (CDC series)	Area (ha.)	Claim license expiry date
1	1584125	CDC 2465815	52,30	Oct 12, 2018
2	1587764	CDC 2467343	52,33	Oct 30, 2018
3	1587764	CDC 2467344	52,33	Oct 30, 2018
4	1587764	CDC 2467345	52,32	Oct 30, 2018
5	1587764	CDC 2467346	52,32	Oct 30, 2018
6	1594099	CDC 2471082	52,38	Dec 15, 2018
7	1594099	CDC 2471083	52,37	Dec 15, 2018
8	1594099	CDC 2471084	52,36	Dec 15, 2018
9	1594099	CDC 2471085	52,36	Dec 15, 2018
10	1594099	CDC 2471086	52,36	Dec 15, 2018
11	1594099	CDC 2471087	52,36	Dec 15, 2018
12	1594099	CDC 2471088	52,35	Dec 15, 2018
13	1594099	CDC 2471089	52,35	Dec 15, 2018
14	1594099	CDC 2471090	52,35	Dec 15, 2018
15	1594099	CDC 2471091	52,35	Dec 15, 2018
16	1594099	CDC 2471092	52,34	Dec 15, 2018
17	1594099	CDC 2471093	52,34	Dec 15, 2018
18	1594099	CDC 2471094	52,34	Dec 15, 2018
19	1594099	CDC 2471095	52,34	Dec 15, 2018
20	1594099	CDC 2471096	52,33	Dec 15, 2018
21	1594099	CDC 2471097	52,33	Dec 15, 2018
22	1594099	CDC 2471098	52,33	Dec 15, 2018
23	1594099	CDC 2471099	52,33	Dec 15, 2018
24	1594099	CDC 2471100	52,32	Dec 15, 2018
25	1594099	CDC 2471101	52,32	Dec 15, 2018
26	1594099	CDC 2471102	52,32	Dec 15, 2018
27	1594099	CDC 2471103	52,32	Dec 15, 2018
28	1594099	CDC 2471104	52,31	Dec 15, 2018
29	1594099	CDC 2471105	52,31	Dec 15, 2018
30	1594099	CDC 2471106	52,31	Dec 15, 2018
31	1594099	CDC 2471107	52,31	Dec 15, 2018
32	1594099	CDC 2471108	52,31	Dec 15, 2018
33	1606965	CDC 2477073	52,35	Feb 1, 2019
34	1606965	CDC 2477074	52,35	Feb 1, 2019
35	1606965	CDC 2477075	52,35	Feb 1, 2019
36	1606965	CDC 2477076	52,34	Feb 1, 2019
37	1606965	CDC 2477077	52,34	Feb 1, 2019
38	1606965	CDC 2477078	52,30	Feb 1, 2019
39	1606965	CDC 2477079	52,30	Feb 1, 2019

2041,03

CORPORATE

The Company continues to look for additional projects.

METALS AUSTRALIA LTD

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Metals Australia Ltd and its controlled entities for the year ended 30 June 2017.

DIRECTORS

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

Hersh Solomon Majteles (Chairman)
Michael Scivolo
Robert Collins
Gino D'Anna (appointed 22 December 2016)

PRINCIPAL ACTIVITIES

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

RESULTS

The loss of the Group for the financial year after providing for income tax amounted to \$1,303,042 (2016: \$169,149).

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 \$3,632,371 from \$5,390,858 at 30 June 2016 to \$9,023,229 at 30 June 2017.

SIGNIFICANT CHANGES

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

LIKELY DEVELOPMENTS

The Group will continue to focus on its exploration activities.

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

(a) Qualifications and experience of Directors:

(i) Hersh Solomon Majteles LLB (Non-Executive Chairman)

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

METALS AUSTRALIA LTD

DIRECTORS' REPORT

(ii) Michael Scivolo B. Com, FCPA (Non-Executive Director)

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

(iii) 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.

(ii) 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 founding shareholder and founding Executive Director of Atrum Coal (ASX: ATU) which is developing the Groundhog Anthracite Project, located in British Columbia, Canada.

Mr D'Anna is currently a Director of MetalsTech Ltd, BC Anthracite NL and K2fly Limited.

(b) A new Company Secretary was appointed on the 11 July 2017 following the retirement of the previous Company Secretary. His qualifications and experience are as follows:

Paul Fromson CPA

Mr Fromson is a CPA and licensed Tax Agent. He has been involved in the resources industry since 1987. Mr Fromson has held a range of senior roles with ASX listed entities including CFO, Company Secretary and Director.

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

Name	Ordinary Shares	Options
H S Majteles	6,000,000	-
M Scivolo	25,000	-
R Collins	4,000,000	-
G D'Anna	43,100,000	42,900,000

(d) Directors' interest in contracts:-

No Director has an interest, whether directly or indirectly, in a contract or proposed contract with the Company.

METALS AUSTRALIA LTD

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

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

Mr Hersh Solomon Majteles – Chairman – in office for the full year

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

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

Mr Gino D'Anna – Non Executive Director – appointed 22 December 2016

There are no committees or sub committees of the board.

KMP Remuneration

2017 Key Management Personnel	Short-term Benefits		Super- annuation	Share- based Payment Options	Total	Performance Related %
	Directors Fees/Salary	Consulting Fees				
	\$	\$	\$	\$	\$	
H S Majteles	26,250	-	2,494	-	28,744	-
M Scivolo	-	-	13,140	-	13,140	-
R Collins	-	12,000	-	-	12,000	-
G D'Anna	-	29,601	-	-	29,601	-
TOTAL	26,250	41,601	15,634	-	83,485	-

2016 Key Management Personnel	Short-term Benefits		Super- annuation	Share- based Payment Options	Total	Performance Related %
	Directors Fees	Consulting Fees				
	\$	\$	\$	\$	\$	
H S Majteles	30,000	-	2,850	-	32,850	-
M Scivolo	12,000	-	1,140	-	13,140	-
R Collins	12,000	-	-	-	12,000	-
TOTAL	54,000	-	3,990	-	57,990	-

METALS AUSTRALIA LTD

DIRECTORS' REPORT

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 2016	Granted as Compensation	Issued on exercise of options during the year	Other changes during the year	Balance 30 June 2017
H S Majteles	2,950,000	-	-	3,050,000	6,000,000
M Scivolo	25,000	-	-	-	25,000
R Collins	-	-	-	4,000,000	4,000,000
G D'Anna	-	-	-	43,100,000	43,100,000
Total	2,975,000	-	-	50,150,000	53,125,000

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 2016. The Company did not receive specific feedback at the AGM regarding its remuneration practices.

END OF REMUNERATION REPORT

METALS AUSTRALIA LTD

DIRECTORS' REPORT

ANALYSIS OF MOVEMENT IN SHARES

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

	Number	\$
Opening balance 1/7/2016	819,951,110	25,187,316
Placement 26/10/2016	158,333,334	475,000
Placement 15/12/2016	158,333,333	475,000
Capital raising costs on above placements	-	(99,680)
Shares issued to acquire tenements 22/12/2017	150,000,000	750,000
Exercise of options 01/2/2017 – 01/3/2017	25,055,000	75,165
Placement 5/4/2017	327,900,000	2,459,250
Capital raising costs on above placements	-	(147,555)
Capital raising cost – value of options issued	-	(31,310)
Shares issued to acquire tenements 14/6/2017	29,500,000	118,000
30 June 2017	1,669,072,777	29,261,186

ANALYSIS OF MOVEMENT IN OPTIONS

During the year a number of options were granted and also some options were exercised or expired as follows:

Class	Balance 1 July 2016	Issued During Year	Exercised or expired during year	Balance 30 June 2017
Exercisable at \$0.02 on or before 31/8/2016	50,000,000	-	(50,000,000)	Nil
Exercisable at \$0.003 on or before 1/12/2019	Nil	240,166,667	(25,055,000)	215,111,667
Exercisable at \$0.01 on or before 31/5/2020	Nil	181,950,000	-	181,950,000

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.

METALS AUSTRALIA LTD

DIRECTORS' REPORT

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2017 and the number of meetings attended by each Director:

Name	Eligible to attend	Attended
H S Majteles	4	2
M Scivolo	4	4
R Collins	4	4
G D'Anna	2	1

The Board also conducted business via nine 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 Robert Collins retired by rotation as a Director at the Annual General Meeting on 30 November 2016 and was re-elected.

At the forthcoming Annual General Meeting, Mr Mike Scivolo retires by rotation as a Director and offers himself for re-election. Mr Gino D'Anna's appointment as director during the year was ratified at a shareholder meeting.

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

No 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 90.

METALS AUSTRALIA LTD

DIRECTORS' REPORT

DIRECTORS' BENEFITS

Except as detailed in note 6, no Director of the Company has received or become entitled to receive during or since the end of the previous financial year, any benefit (other than a benefit included in the aggregate amounts of emoluments received or due and receivable by Directors shown in the accounts or the fixed salary of a full time employee of the Company or of a related corporation) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

AUDIT COMMITTEE

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

NON AUDIT SERVICES

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

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

During the year under review, Grant Thornton also provided services in relation to taxation matters. Details of the amounts paid and payable to the auditor of the company, Grant Thornton Audit Pty Ltd and its related entities for audit and non-audit services provided during the year are set out in Note 5 to the Financial Statements.

CORPORATE GOVERNANCE STATEMENT

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

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



.....
Hersh Solomon Majteles
Chairman

Dated this 29th of September 2017
Perth, Western Australia

METALS AUSTRALIA LTD

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017**

	Notes	Consolidated 2017 \$	2016 \$
Revenue			
Interest earned		3,391	113
Change in fair value of investments		56,397	-
		<u>59,788</u>	<u>113</u>
Expenditure			
Change in fair value of investments		-	12,333
Management fees	23	536,266	-
Directors' fees and services	6	83,485	57,990
Securities Exchange fees		56,737	14,924
Administration costs	23	449,463	-
Provision for doubtful debts	8	63,791	
Other operating costs		172,919	83,910
Depreciation expense	9	169	105
		<u>1,362,830</u>	<u>169,262</u>
Profit/(loss) before income tax		(1,303,042)	(169,149)
Income tax benefit	4	-	-
Profit/(loss) after income tax		<u>(1,303,042)</u>	<u>(169,149)</u>
Attributable to:			
Non-controlling interest		-	-
Members of the parent entity	15	(1,303,042)	(169,149)
<i>Other Comprehensive Income, net of tax:</i>			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign controlled entities		114,013	(209,004)
Total Comprehensive Income/(Loss) for the year		<u>(1,189,029)</u>	<u>(378,153)</u>
Total Comprehensive Income attributable to:			
Non-controlling interest	16	-	-
Members of the parent entity		(1,189,029)	(378,153)
Total Comprehensive Income		<u>(1,189,029)</u>	<u>(378,153)</u>
Earnings per share		Cents	Cents
Basic and diluted profit/(loss) per share	17	(0.11)	(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 2017**

		Consolidated	
	Notes	2017	2016
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	7	1,085,129	55,765
Trade and other receivables	8	132,901	91,210
Financial assets	10	111,066	54,671
TOTAL CURRENT ASSETS		1,329,096	201,646
NON-CURRENT ASSETS			
Plant and equipment	9	-	152
Exploration and evaluation expenditure	11	8,483,523	5,828,270
TOTAL NON-CURRENT ASSETS		8,483,523	5,828,422
TOTAL ASSETS		9,812,619	6,030,068
CURRENT LIABILITIES			
Trade and other payables	12(a)	120,505	44,898
TOTAL CURRENT LIABILITIES		120,505	44,898
NON-CURRENT LIABILITIES			
Trade and other payables	12(b)	668,884	439,312
Borrowings	12(c)	-	155,000
TOTAL NON-CURRENT LIABILITIES		668,884	594,312
TOTAL LIABILITIES		789,389	639,210
NET ASSETS		9,023,230	5,390,858
EQUITY			
Issued capital	13	29,261,186	25,187,316
Option reserve	14	747,531	612,000
Foreign currency translation reserve		67,898	(46,115)
Accumulated losses	15	(21,053,385)	(20,362,343)
PARENT EQUITY INTEREST		9,023,230	5,390,858
Non-controlling interest	16	-	-
TOTAL EQUITY		9,023,230	5,390,858

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 2017**

CONSOLIDATED ENTITY

	Issued Capital	Option Reserve	Foreign Currency Translation Reserve	Accum- ulated Losses	Total
	\$	\$	\$	\$	\$
Balance as at 30 June 2015	25,187,316	612,000	162,889	(20,193,194)	5,769,011
Loss attributable to members of parent entity	-	-	-	(169,149)	(169,149)
Total other comprehensive loss for the year	-	-	(209,004)	-	(209,004)
Total comprehensive loss	-	-	(209,004)	-	(209,004)
Balance as at 30 June 2016	25,187,316	612,000	(46,115)	(20,362,343)	5,390,858
Loss attributable to members of parent entity	-	-	-	(1,303,042)	(1,303,042)
Other Comprehensive income – Movement in Foreign Currency Translation Reserve	-	-	114,013	-	114,013
Total Comprehensive Loss	-	-	114,013	(1,303,042)	(1,189,029)
Transactions with Owners:					
Issues of capital	4,352,415	-	-	-	4,352,415
Capital raising costs	(278,545)	-	-	-	(278,545)
Options expired	-	(612,000)	-	612,000	-
Options issued	-	747,531	-	-	747,531
Total transactions with owners	4,073,870	135,531	-	612,000	4,821,401
Balance as at 30 June 2017	29,261,186	747,531	67,898	(21,053,385)	9,023,230

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 2017**

		Consolidated	
	Notes	2017	2016
		\$	\$
Cash flow from operating activities			
Payments to suppliers		(1,099,169)	(101,545)
Interest received		3,391	113
Net cash used in operating activities	18(a)	(1,095,778)	(101,432)
Cash flow from investing activities			
Exploration and evaluation expenditure	11	(1,002,591)	(74,633)
Proceeds from disposal of plant and equipment		-	46
Net cash used in from investing activities		(1,002,591)	(74,586)
Cash flow from financing activities			
Loans proceeds		45,000	155,000
Loan repaid		(200,000)	-
Proceeds of capital raisings		3,484,414	-
Capital raising costs		(204,555)	-
Net cash provided by financing activities		3,124,859	155,000
Net increase (decrease) in cash and cash equivalents held		1,026,490	(21,018)
Cash and cash equivalents at the beginning of the financial year		55,765	78,724
Effect of exchange rates on cash holdings in foreign currencies		2,874	(1,941)
Cash and cash equivalents at the end of the financial year	7	1,085,129	55,765

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The financial report of Metals Australia Ltd and its subsidiaries Karrilea Holdings Pty Ltd, Quebec Lithium Ltd and Metals Namibia (Pty) Ltd (the Group) for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the Directors on 18 September 2017.

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(x)).

(b) New and Amended Accounting Standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. Information on these new standards which are relevant to the Group is presented below.

AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle

These amendments arise from the issuance of Annual Improvements to IFRS 2012-2014 Cycle in September 2014 by the IASB.

Among other improvements, the amendments clarify that when an entity reclassifies an asset (or disposal group) directly from being held for sale to being held for distribution (or vice-versa), the accounting guidance in paragraphs 27-29 of AASB 5 Non-current Assets Held for Sale and Discontinued Operations does not apply. The amendments also state that when an entity determines that the asset (or disposal group) is no longer available for immediate distribution or that the distribution is no longer highly probable, it should cease held-for-distribution accounting and apply the guidance in paragraphs 27-29 of AASB 5.

NOTES TO THE FINANCIAL STATEMENTS

AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to AASB 116 prohibit the use of a revenue-based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment.

The amendments to AASB 138 present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. This rebuttable presumption can be overcome (ie. a revenue-based amortisation method might be appropriate) only in two (2) limited circumstances:

- intangible asset is expressed as a measure of revenue, for example when the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold; or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101

The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments:

- clarify the materiality requirements in AASB 101, including an emphasis on the potentially detrimental effect of obscuring useful information with immaterial information
- clarify that AASB 101's specified line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position can be disaggregated
- add requirements for how an entity should present subtotals in the statement(s) of profit and loss and other comprehensive income and the statement of financial position
- clarify that entities have flexibility as to the order in which they present the notes, but also emphasise that understandability and comparability should be considered by an entity when deciding that order
- remove potentially unhelpful guidance in AASB 101 for identifying a significant accounting policy

(c) New Accounting Standards for Application in Future Periods

New and revised accounting standards and amendments that are currently issued for future reporting periods that are relevant to the Group include:

AASB 9 *Financial Instruments*

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

The effective date is for annual reporting periods beginning on or after 1 January 2018.

The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

AASB 15 *Revenue from Contracts with Customers*

AASB 15 replaces AASB 118: Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations. In summary, AASB 15:

- establishes a new revenue recognition model;

NOTES TO THE FINANCIAL STATEMENTS

- changes the basis for deciding whether revenue is to be recognised over time at a point in time;
- provides a new and more detailed guidance on specific topics (eg multiple element arrangements, variable pricing, rights of return and warranties); and
- expands and improves disclosures about revenue.

When this Standard is first adopted for the year ending 30 June 2018, there will be no material impact on the transactions and balances recognised in the financial statements.

AASB ***2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations***

This amendment impacts on the use of AASB 11 when acquiring an interest in a joint operation.

The effective date is for annual reporting periods beginning on or after 1 January 2016.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

(d) Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2017. 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.

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 acquiree, 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

NOTES TO THE FINANCIAL STATEMENTS

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 Australian subsidiaries is the Australian Dollar (A\$). The functional currency of the Namibian subsidiary is the Namibian Dollar (N\$). Cash remittances from the parent entity to the Namibian subsidiary are sent in Australian dollars and then converted to Namibian dollars using the applicable rate of exchange. Monetary assets and liabilities denominated in the foreign currency are retranslated at the rate of exchange at the reporting date.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

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) 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.

(i) Impairment of non-financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

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.

(j) Investments and other financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date, i.e. that date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category “financial assets at fair value through profit or loss”. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payment that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

(k) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development, or sale, of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on a discounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(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

NOTES TO THE FINANCIAL STATEMENTS

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.

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:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

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.

Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

(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

NOTES TO THE FINANCIAL STATEMENTS

liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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

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

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

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

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

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

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

(t) 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.

(u) 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.

(v) Comparatives

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

(w) Going Concern

The financial report has been prepared on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. During the period, the Group has reported a net loss of \$1,303,042 (2016: \$169,149) and a net cash outflow from operating activities of \$1,095,778 (2016: \$101,432) and from investing activities of \$1,002,592 (2016: \$74,585).

During the year the Group raised \$3,279,859 after costs and at 30 June 2017 had \$1,085,129 cash on hand. The Directors will continue to monitor the capital requirements of the Group will seek additional capital raisings in future periods as required. In addition the, Service Fees and Reimbursable expenses for the years ended 30 June 2016 and 2017 have been deferred for at least 12 months from the issue of the audited financial statements

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

3. Significant Accounting Judgments, Estimates and Assumptions

In applying the Group's accounting policies, management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

NOTES TO THE FINANCIAL STATEMENTS

(i) *Significant accounting judgments include:*

(a) Classification of and value of investments

The Group holds investments in listed Australian securities which have been classified as "held for trading" investments. Movements in fair value of these securities are recognised directly in the Statement of Profit or Loss. The fair value of listed securities has been determined by reference to published price quotations in an active market.

(b) Provision in and loans to subsidiaries

Investments in and loans to subsidiaries are fully provided for until such time as subsidiaries are in a position to repay loans.

(c) 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 reporting period at \$8,483,523. Refer to Note 11 for details in relation to the current renewal of the Namibian Licence.

(ii) *Significant accounting estimates and assumptions include:*

(a) Provision for rehabilitation

Where applicable, the Group makes provision for material restoration obligations. The amount recognised includes the cost of reclamation and site rehabilitation after taking into account any restoration works which are carried out during exploration. The provision for rehabilitation costs is determined from an estimate of future costs which may be incurred in rehabilitating exploration sites.

(b) Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment) and turnover policies (for motor vehicles). In addition, the condition of assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary.

METALS AUSTRALIA LTD

NOTES TO THE FINANCIAL STATEMENTS

4. Income Tax

	Consolidated	
	2017	2016
	\$	\$
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%:	(358,337)	(50,745)
Add:		
Tax effect of:		
Other non-allowable items	85,934	3,525
Other assessable items		
Deferred tax asset not brought to account	283,505	50,777
 Less:		
Tax effect of:		
Research and development tax offset		-
Effect of overseas tax rate	(11,102)	(3,556)
Income tax benefit attributable to entity	<u>-</u>	<u>-</u>
Unrecognised deferred tax assets:		
- Tax losses: operating losses	4,129,131	3,887,130
- Temporary differences	382,685	435,757
- Temporary differences equity		
	<u>4,511,816</u>	<u>4,322,887</u>
Unrecognised Deferred Tax Assets	(1,109,334)	(975,596)

The benefits from Unrecognised Deferred Tax Assets 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 the Law; and
- (iii) No changes in tax legislation adversely affect the companies in realising the benefits from the deductions for the losses.

METALS AUSTRALIA LTD

NOTES TO THE FINANCIAL STATEMENTS

5. Auditor's Remuneration

	Consolidated	
	2017	2016
	\$	\$
Remuneration of the auditor of the parent entity, Grant Thornton Audit Pty Ltd		
- auditing or reviewing the financial report	34,902	24,850
- taxation services provided by a related practice of the auditor	1,437	5,300
- other	-	-
Remuneration of other auditors of subsidiaries for:		
- auditing or reviewing the financial reports of subsidiaries	8,338	9,242
	<u>44,677</u>	<u>39,392</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 2017.

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

Short-term employee benefits	67,851	54,000
Superannuation	15,634	3,990
	<u>83,485</u>	<u>57,990</u>

7. Cash and Cash Equivalents

	Consolidated	
	2017	2016
	\$	\$
<i>Represented by:</i>		
Cash at bank	<u>1,085,129</u>	<u>55,765</u>

8. Trade and Other Receivables

Current		
Other debtors	196,692	91,210
Provision for doubtful debt	(63,791)	-
	<u>132,901</u>	<u>91,210</u>

The above provision for doubtful debts relates to VAT refunds in Namibia which are overdue by more than 1 year and hence fully provided for. All amounts are short term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

METALS AUSTRALIA LTD

NOTES TO THE FINANCIAL STATEMENTS

9. Plant and Equipment

Plant and equipment, at cost	9,911	9,268
Less: accumulated depreciation	(9,911)	(9,116)
	<u>-</u>	<u>152</u>
Opening written down value	152	303
Disposals	-	(46)
Exchange movement	17	-
Depreciation	(169)	(105)
Closing written down value	<u>-</u>	<u>152</u>

10. Other financial assets – held for trading

Financial assets – listed Australian securities at market value	<u>111,066</u>	<u>54,671</u>
---	----------------	---------------

11. Exploration and Evaluation Expenditure

Opening balance	5,828,270	5,951,296
Cash expenditure for the year	1,002,591	74,632
Value of securities issued to acquire tenements	1,541,541	-
Foreign exchange	<u>111,121</u>	<u>(197,658)</u>
	<u>8,483,523</u>	<u>5,828,270</u>

During the year the Company issued shares and options to the value of \$1,541,541 to acquire the Canadian graphite, lithium and cobalt projects. See notes 20.

The Company's Australian exploration properties may be subject to claim(s) under native title, or contain sacred sites or sites of significance to Aboriginal people. As a result exploration properties or areas within the tenement may be subject to exploration and/or mining restrictions or incur a liability for compensation. It is not possible to quantify these restrictions and liabilities at this time.

Included in the abovementioned is \$1,145,766 relating to Exploration and Evaluation tenements held in Namibia. The Namibian government has released for comment a draft New Equitable Economic Empowerment Framework (NEEEF) discussion paper seeking to give Namibian citizens greater opportunities to participate in the economic development of their country.

It is not clear at this stage what the final form of the legislation, if enacted, may take and it may have implications for our future activities in Namibia.

As part of the License renewal for Exclusive Prospecting License 3308 the Namibian Ministry of Mines and Energy imposed a condition of the renewal that 5% of the project had to be sold to a Namibian resident. The Board of Metals Australia Ltd has authorised the sale however this sale has not yet taken place and remains an obligation of the Company.

METALS AUSTRALIA LTD

NOTES TO THE FINANCIAL STATEMENTS

12. Trade and other Payables

(a) Current

Trade Payables	118,525	44,896
Owing to related parties	1,980	-
	<u>120,505</u>	<u>44,896</u>

(b) Non-Current

Trade Payables - Note (1)	<u>668,884</u>	<u>439,312</u>
---------------------------	----------------	----------------

Note (1) - The Company has the unconditional right to defer settlement for at least twelve months from the issue of the audited financial statements. The creditor is not a related party of the company but is a major shareholder in the company.

(c) Borrowings

Non-Current Borrowings	<u>-</u>	<u>155,000</u>
------------------------	----------	----------------

The borrowings were repaid in full during the year.

13. Issued Capital

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

	Number	\$
Opening balance 1/7/2015	819,951,110	25,187,316
No movement during 2016		
Balance 30 June 2016	<u>819,951,110</u>	<u>25,187,316</u>
Placement 26/10/2016	158,333,334	475,000
Placement 15/12/2016	158,333,333	475,000
Capital raising costs on above placements	-	(99,680)
Shares issued to acquire Canadian tenements 22/12/16	150,000,000	750,000
Exercise of options 01/2/2017 – 01/3/2017	25,055,000	75,165
Placement 5/4/2017	327,900,000	2,459,250
Capital raising costs on above placements	-	(147,555)
Capital raising cost – value of options issued	-	(31,310)
Shares issued to acquire Canadian tenements 14/6/17	29,500,000	118,000
30 June 2017	<u>1,669,072,777</u>	<u>29,261,186</u>

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

METALS AUSTRALIA LTD

NOTES TO THE FINANCIAL STATEMENTS

14. Share Option Reserve

Date	Details	Number of Options	Amount \$
1 July 2015	Balance	50,000,000	612,000
	No movement in 2016		
30 June 2016	Balance	50,000,000	612,000
	Options issued during the year as consideration for Canadian tenements or services provided	179,000,000	747,531
	Options issued as free attaching options with placement of shares	243,116,667	-
	Options expired during the year	(50,000,000)	(612,000)
	Options converted to shares	(25,055,000)	-
30 June 2017	Balance	<u>397,061,667</u>	<u>747,531</u>

Movement in Options Granted

Movements in share options during the year were as follows:

Class	Balance 1 July 2016	Issued During Year	Exercised or expired during year	Balance 30 June 2017
Exercisable at \$0.02 on or before 31/8/2016	50,000,000	-	(50,000,000)	Nil
Exercisable at \$0.003 on or before 1/12/2019	Nil	240,166,667	(25,055,000)	215,111,667
Exercisable at \$0.01 on or before 31/5/2020	Nil	181,950,000	-	181,950,000
Total	<u>50,000,000</u>	<u>422,116,667</u>	<u>(75,055,000)</u>	<u>397,061,667</u>

The weighted average exercise price of the options on hand at year end is \$0.0062. The remaining contractual life of the options outstanding at year end was a weighted average of 2.65 years.

METALS AUSTRALIA LTD

NOTES TO THE FINANCIAL STATEMENTS

Black Scholes Valuation Parameters

A number of options were also issued at no cost as consideration for the acquisition of tenements. The options were valued using the Black Scholes method and the parameters for the valuations were as follows:

Class	Number	Underlying share price	Exercise price	Risk free rate	Volatility Factor	Total Value
Exercisable at \$0.003 on or before 1/12/2019	150,000,000	0.005	0.003	2.31%	173%	673,541
Exercisable at \$0.003 on or before 1/12/2019	9,000,000	0.005	0.003	2.15%	172%	34,920
Exercisable at \$0.003 on or before 1/12/2019	2,000,000	0.004	0.003	2.31%	172%	7,760
Exercisable at \$0.01 on or before 31/5/2020	18,000,000	0.004	0.010	1.74%	100%	31,310
Total	179,000,000					747,531

Capital Management

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

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

15. Accumulated Losses

	Consolidated	
	2017 \$	2016 \$
Accumulated losses at the beginning of the year	(20,362,343)	(20,193,194)
Option reserve expense reversed due to expiry of options	612,000	-
Profit/(loss) for year	(1,303,042)	(169,149)
Accumulated losses at the end of the financial year	(21,053,385)	(20,362,343)

METALS AUSTRALIA LTD

NOTES TO THE FINANCIAL STATEMENTS

16. Non-controlling Interest

	\$	\$
Comprises:		
Share capital	2	2
Accumulated losses	(2)	(2)
	<u>-</u>	<u>-</u>

The parent company has taken over the losses of its subsidiaries as there is no firm commitment from the minority shareholders to provide additional funding to the subsidiary.

17. Earnings per Share

Weighted average number of shares on issue during the financial year used in the calculation of basic earnings per share	1,178,749,836	819,951,110
	<u>(0.11)</u>	<u>(0.05)</u>
Basic and diluted profit/(loss) per share - cents		

18(a). Cash Flow Information

Reconciliation to Statement of Cash Flows

	Consolidated 2017 \$	2016 \$
Operating loss after income tax	(1,303,042)	(169,149)
Non-cash items in profit/(loss)		
Unrealised foreign exchange gain/(loss)	-	(9,405)
Revaluation of shares	(56,397)	12,333
Depreciation	169	105
Changes in assets and liabilities:		
Decrease / (increase) in trade and other receivables	(41,690)	(24,928)
Increase / (decrease) in trade and other payables	305,182	89,612
Net cash flows (used in) operating activities	<u>(1,095,778)</u>	<u>(101,432)</u>

18(b). Non-cash share based payments

A total of 179,500,000 shares were issued as consideration for the acquisition of tenements with a total deemed value of \$868,000. The shares were valued at market price on date of issue.

A number of options were also issued as consideration for the acquisition of tenements.
See Note 14

METALS AUSTRALIA LTD

NOTES TO THE FINANCIAL STATEMENTS

19. Financial Instruments

(a) Interest Rate Risk

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

	Floating Interest Rate		Non-Interest Bearing		Total	
	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$
	0.00% - 1.10%	0.00% - 1.10%				
Financial Assets						
Cash and cash equivalents	1,085,129	55,765	-	-	1,085,129	55,765
Loans and Receivables	-	-	132,901	91,210	132,901	91,210
Held for trading investments	-	-	111,066	54,669	111,066	54,669
Total Financial Assets	1,085,129	55,765	243,967	145,879	1,329,096	201,644
Financial Liabilities (at amortised cost)						
Trade and other payables	-	-	(789,390)	(639,210)	(789,390)	(639,210)
Net Financial Assets	1,085,129	55,765	(545,423)	(493,331)	539,706	(437,566)

Reconciliation of Financial Assets to Net Assets

	Consolidated	
	2017	2016
	\$	\$
Net financial assets	539,706	(437,566)
Exploration and evaluation expenditure	8,483,523	5,828,270
Plant & equipment	-	152
Net assets	9,023,229	5,390,856

(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.

NOTES TO THE FINANCIAL STATEMENTS

(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.

(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 2017, 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	
	2017	2016
	\$000	\$000
Change in profit/(loss)		
- Increase in interest rate by 2%	-	-
- Decrease in interest rate by 2%	-	-
Change in equity	-	-
- Increase in interest rate by 2%	-	-
- Decrease in interest rate by 2%	-	-

METALS AUSTRALIA LTD

NOTES TO THE FINANCIAL STATEMENTS

Foreign Currency Risk Sensitivity Analysis

The parent company has loaned funds in Australian dollars to its Namibian subsidiary which holds assets in Namibian dollars. The loan of A\$2,604,000 has been converted to Namibian dollars at a year end exchange rate of 10.0464. Each one percent fluctuation in the exchange rate results in a further unrealised gain of loss of \$26,304.

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		Over 5 Years		Total	
	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$
<i>Financial Liabilities - Due for Payment</i>								
Trade and other payables	120,505	44,898	668,885	594,312	-	-	789,390	639,210
Total expected outflows	120,505	44,898	668,885	594,312	-	-	789,390	639,210
<i>Financial Assets - Cash Flows Realisable</i>								
Cash and cash equivalents	1,085,129	55,765	-	-	-	-	1,085,129	55,765
Receivables	132,901	91,210	-	-	-	-	132,901	91,210
Financial assets through profit or loss	111,066	54,669	-	-	-	-	111,066	54,669
Total anticipated inflows	1,329,096	201,644	-	-	-	-	1,329,096	201,644
Net (outflow)/inflow on financial instruments	1,208,591	156,746	(668,885)	(594,312)	-	-	539,706	(437,566)

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:

METALS AUSTRALIA LTD

NOTES TO THE FINANCIAL STATEMENTS

- 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
	\$000	\$000	\$000	\$000
Consolidated Group				
2017				
Financial assets				
Financial assets at fair value through profit or loss:				
Investments: held for trading	111	-	-	111
	111	-	-	111

2016

Financial assets

Financial assets at fair value through profit or loss:

Investments: held for trading	55	-	-	55
	55	-	-	55

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

20. Investment in controlled entities

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding (%)		Book Value of Investment		Contribution to Consolidated Result	
			2017 %	2016 %	2017 \$'000	2016 \$	2017 \$	2016 \$
Karrilea Holdings Pty Ltd	Australia	Ordinary	80	80	-	-	-	-
Metals Namibia (Pty) Ltd	Namibia	Ordinary	100	100	-	-	-	-
Quebec Lithium Ltd	Australia	Ordinary	100	-	1,527,918	-	-	-

On the 14th December 2016, the Company acquired 100% of the equity instruments of Quebec Lithium Limited, an Australian based company holding tenements in Quebec.

METALS AUSTRALIA LTD

NOTES TO THE FINANCIAL STATEMENTS

20. Investment in controlled entities (continued)

The details of the acquisition of Quebec Lithium Ltd are as follows:

\$

Cash	\$70,000
Share and options	\$1,423,541
Other capitalised costs	\$34,377
Total acquisition costs	\$1,527,918

21. Related Parties

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

Related Party	Relationship	Nature Of Transaction	Year ended 30 June 2017		Year ended 30 June 2016	
			Transaction	Balance	Transaction	Balance
			\$	\$	\$	\$
Karrilea Holdings Pty Ltd	Subsidiary	Loan	784,858	4,416,428	70,577	3,631,570
Metals Namibia (Pty) Ltd	Subsidiary	Loan	64,000	2,604,000	45,000	2,540,000
Quebec Lithium Ltd	Subsidiary	Loan	70,000	70,000	-	-
Karrilea Holdings Pty Ltd	Subsidiary	Provisions	(784,858)	(4,416,428)	(70,577)	(3,631,570)
Metals Namibia (Pty) Ltd	Subsidiary	Provisions	(64,000)	(2,604,000)	(45,000)	(2,540,000)
Quebec Lithium Ltd	Subsidiary	Provisions	(70,000)	(70,000)	-	-
Golden Deeps Limited	Common directorship	Employee Costs	-	-	(3,821)	-
Sabre Resources Ltd	Common Directorship	Employee Costs	(24,434)			
Golden Deeps Limited	Common directorship	Shareholding	-	100,000	-	40,000

All transactions with Directors are disclosed in Note 6.

22. Operating Segments**Segment Information****Identification of reportable segments**

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

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

Segments

The three reportable segments are as follows:

- (i) Western Australian Projects
- (ii) Namibian Projects
- (iii) 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.

METALS AUSTRALIA LTD

NOTES TO THE FINANCIAL STATEMENTS

Segment Performance – June 2017

	Western Australian Base Metal Projects \$	Namibian Uranium Projects \$	Quebec Lithium/ Graphite Projects	Total \$
Revenue from external sources				
Unallocated – interest revenue	-	-	-	3,381
Unallocated gain/(loss) on investments		-	-	56,397
Total Group revenue	-	-	-	59,788
Segment profit/(loss)	-	163,710	-	163,710
Management Fees – unrelated parties				(536,266)
Corporate overheads - unrelated parties				(449,463)
Unallocated items - corporate charges & write backs				(481,023)
Total Group profit/(loss)				(1,303,042)
Segment assets	4,033,940	1,145,766	3,203,817	8,383,523
Unallocated - cash, receivables, plant & equipment				1,429,096
Total Group assets				9,812,619
Segment liabilities	(25,762)	(8,298)	(12,480)	(46,540)
Unallocated – corporate trade payables				(742,850)
Total Group liabilities				(789,390)

Segment Performance – June 2016

	Western Australian Base Metal Projects \$	Namibian Uranium Projects \$	Quebec Lithium/ Graphite Projects	Total \$
Revenue from external sources				
Unallocated – interest revenue		-	-	113
Unallocated – Gain/(loss) on investments		-	-	(12,333)
Total Group revenue		-	-	(12,220)
Segment profit/(loss)	-	(47,417)	-	(47,417)
Unallocated items - corporate charges				(121,732)
Total Group profit/(loss)				(169,149)
Segment assets	3,251,985	2,576,285	-	5,828,270
Unallocated - cash, receivables, plant & equipment		-	-	201,796
Total Group assets				6,030,066
Segment liabilities				
Unallocated – corporate trade payables	633,987	5,220	-	639,207
Total Group liabilities				639,207

NOTES TO THE FINANCIAL STATEMENTS

23. Commitments**(i) Mining Tenements**

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

Year Ending 30 June	Amount \$
2018	159,400
2019	159,400
2020	159,400
2021	159,400
2022	159,400
	<u>797,000</u>

(ii) Management Agreement

The Company has an agreement with a management service company for the provision of services at \$255,000 per annum plus CPI. Charges are at commercial terms in accordance with the Deed of Variation to Facilitation and Management Agreement entered into on 18 October 2012 for a five year term. The management service company has advised in writing it will defer unpaid service fees and overheads it is entitled to up to 30 June 2017 until the company has raised further capital and is in a stronger financial position.

The management service company did not invoice for its management fees and reimbursable costs in the prior year and no costs were accrued. The company has now quantified all the amounts owing and accordingly these amounts have been accrued even though the management service company has not invoiced for the amounts payable and has agreed to defer some costs. See Note 12 (b) for the amounts deferred.

24. Contingent Liabilities

No contingent liability exists for termination benefits under service agreements with directors or persons who take part in the management of the company. There were no contingent liabilities as at 30 June 2017.

25. Subsequent Events

No matters or circumstances have arisen since the end of the financial year which significantly affected 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.

METALS AUSTRALIA LTD

NOTES TO THE FINANCIAL STATEMENTS

26. Parent Entity Information

The following details information related to the parent entity, Metals Australia Ltd, at 30 June 2017. The information presented here has been prepared using consistent accounting policies as shown in Note 2.

	Parent Entity	
	2017	2016
	\$	\$
ASSETS		
Current assets	1,315,021	143,735
Non-current assets	3,233,817	1,547,476
TOTAL ASSETS	4,548,838	1,691,211
LIABILITIES		
Current liabilities	(112,207)	(39,678)
Non-current liabilities	(668,885)	(594,312)
TOTAL LIABILITIES	(781,092)	(633,990)
EQUITY		
Issued capital	29,261,185	25,187,316
Accumulated losses	(26,240,970)	(24,742,092)
TOTAL EQUITY	3,020,215	445,224
RESERVES		
Share option reserve	747,531	612,000
TOTAL RESERVES	747,531	612,000
FINANCIAL PERFORMANCE		
(Loss) for the year	(2,110,878)	(169,149)
Other comprehensive income	-	-
TOTAL COMPREHENSIVE (LOSS)	(2,110,878)	(169,149)

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 Service Fees. It should be noted that the Service Fees have been deferred until the company has raised further capital and is in a stronger financial position.

Exploration commitments on mining tenements for the next five years are as follows:

Year Ending 30 June	Amount \$
2018	159,400
2019	159,400
2020	159,400
2021	159,400
2022	159,400
	797,000

METALS AUSTRALIA LTD
DIRECTORS' DECLARATION

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

- (a) the financial statements and notes set out on pages 54 to 84, and the remuneration disclosures that are contained in pages 49 to 50 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 2017 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 49 to 50 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 Financial Officer for the financial year ended 30 June 2017.

Signed in accordance with a resolution of the Directors:

Hersh Solomon Majteles
Chairman



Dated this 29th day of September 2017
Perth, Western Australia

Level 1
10 Kings Park Road
West Perth WA 6005

Correspondence to:
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

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 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated statement statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Metals Australia Limited is in accordance with the Corporations Act 2001, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
- 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 our report. We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(w) in the financial statements, which indicates that the Group incurred a net loss of \$1,303,042 and a net cash outflow from operating and investing activities of \$2,098,370 during the year ended 30 June 2017. As stated in Note 2(w), these events or conditions indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. 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 consolidated statement report of the current period. These matters were addressed in the context of our audit of the consolidated statement 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 Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Exploration and Evaluation Assets – valuation Note 2(k) and Note11	
At 30 June 2017 the carrying value of Exploration and Evaluation Assets was \$8,483,523. In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the company is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value. The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement. This area is a key audit matter due to the valuation of exploration and evaluation assets being a significant risk.	Our procedures included, amongst others: • Obtaining the management prepared reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger; • Reviewing management's area of interest considerations against AASB 6; • Conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including: – Tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed – Enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of managements' budgeted expenditure; – Understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale; • Assessing the accuracy of impairment recorded for the year as it pertained to exploration interests; and • Reviewing the appropriateness of the related disclosures within the financial statements.

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

The Directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the 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 on the work we have performed, we conclude that there is a 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 the 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report**Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 49-50 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Metals Australia Limited, for the year ended 30 June 2017, 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



P W Warr
Partner – Audit & Assurance
29 September 2017

Level 1
10 Kings Park Road
West Perth WA 6005

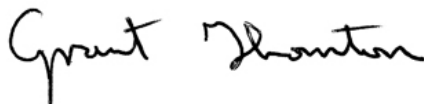
Correspondence to:
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration to the Directors of Metals Australia Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Metals Australia Limited for the year ended 30 June 2017, 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



P W Warr
Partner - Audit & Assurance

Perth, 29 September 2017

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation.

CORPORATE GOVERNANCE STATEMENT

Metals Australia Ltd ACN 008 982 474 ("the Company") has adopted systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised below.

The following additional information about the Company's corporate governance practices is set out on the Company's website at www.metalsaustralia.com.au :

Principle 1 – Lay solid foundations for management and oversight

Responsibilities of the Board

The Board is responsible for the following matters:

- ensuring the Company's conduct and activities are ethical and carried out for the benefit of all its stakeholders;
- development of corporate strategy, implementation of business plans and performance objectives;
- reviewing, ratifying and monitoring systems of risk management, codes of conduct, internal control system and legal and regulatory compliance;
- the appointment of the Company's Corporate Manager, Chief Executive Officer (or equivalent), Chief Financial Officer, Company Secretary and other senior executives;
- monitoring senior executives' performance and implementation of strategy;
- determining appropriate remuneration policies;
- allocating resources and ensuring appropriate resources are available to management;
- approving and monitoring the annual budget, progress of major capital expenditure, capital management, and acquisitions and divestitures; and
- approving and monitoring financial and other reporting.

Diversity

The Company recognises and respects the value of diversity at all levels of the organisation.

Due to the size and scale of the Company's activities, most managerial and geological services are provided by the Corporate Manager and the Company no direct employees.

When the level of activity permits, the Directors will ensure that women are fairly considered and the Company's aim will be to promote a culture which embraces diversity through ongoing education, succession planning, director and employee selection and recognising that skills are not gender specific.

The Company recognises that the mining and exploration industry is intrinsically male dominated in many of the operational sectors and the pool of women with appropriate skills is limited in some instances. The Company also recognises that diversity extends to matters of age, disability, ethnicity, marital/family status, religious/cultural background and sexual orientation. Where possible, the Company will seek to identify suitable candidates for positions from a diverse pool.

As at the date of this report, the Company has no women appointed to the Board, or to senior management.

Chairman

The Chairman is responsible for leadership of the Board and for the efficient organisation and conduct of the Board's business. The Chairman should facilitate the effective contribution of all directors and promote constructive and respectful relations between directors and between the Board and management of the Company. The Chairman is responsible for briefing directors on issues arising at Board meetings and is ultimately responsible for communications with shareholders and arranging Board performance evaluation.

Corporate Manager

The Corporate Manager is responsible for running the affairs of the Company under authority delegated from the Board. In carrying out its responsibilities the Corporate Manager must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results.

Company Secretary

The Company Secretary is responsible for monitoring the extent that Board policy and procedures are followed, and coordinating the timely completion and despatch of Board agendas and briefing material and is accountable directly to the Board on all matters to do with the proper functioning of the Board. All directors are to have access to the Company Secretary.

Performance Evaluation

The Chairman and/or the Managing Director are responsible for reviewing the performance of each executive at least once every calendar year. During the financial year ended 30 June 2017, an evaluation of the performance of the Board and its members was not formally undertaken. However, a general review of the Board and executives occurs on an on-going basis to ensure that structures suitable to the Company's status as a listed entity are in place.

It is the policy of the Board to conduct evaluation of individual employees' performance. The objective of this evaluation is to provide best practice corporate governance to the Company. During the financial year an evaluation of the performance of the individuals was not formally carried out. However, a general review of the individuals occurs on an on-going basis to ensure that structures suitable to the Company's status as a listed entity are in place.

Principle 2 - Structure the Board to add value

Composition of the Board

The Company will ensure that the Board will be of a size and composition that is conducive to making appropriate decisions and be large enough to incorporate a variety of perspectives and skills, and to represent the best interests of the Company as a whole rather than of individual shareholders or interest groups. It will not, however, be so large that effective decision-making is hindered.

Independent Directors

The Company will regularly review whether each non-executive director is independent and each non-executive director should provide to the Board all information that may be relevant to this assessment. If a director's independence status changes this should be disclosed and explained to the market in a timely fashion.

An Independent Director:

1. is a Non-Executive Director and;
2. is not a substantial shareholder of the Company or an officer of, or otherwise associated

METALS AUSTRALIA LTD

CORPORATE GOVERNANCE

directly with, a substantial shareholder of the Company;

3. within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
4. within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
5. is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
6. has no material contractual relationship with the Company or other group member other than as a Director of the Company;
7. has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
8. is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

The Company's non-executive directors are all independent and will endeavour to ensure that it has a majority of independent directors at all times, subject to the right of shareholders in general meeting to elect and remove directors.

The Company's current non-executives are:

Hersh Majteles was first appointed on 6 March 1987
Michael Scivolo was first appointed on 23 July 2012
Robert Collins was first appointed on 26 February 2014
Gino D'Anna was first appointed on 22 December 2016

Chairman

The Chairman should be a non-executive director who is independent and should not be the Chief Executive Officer of the Company. The Chairman's other positions should not be such that they are likely to hinder the effective performance of his role of Chairman of the Company.

Independent decision-making

All directors - whether independent or not - should bring an independent judgment to bear on Board decisions. Non-executive directors are encouraged to confer regularly without management present. Their discussions are to be facilitated by the Chairman, if he is independent, or, if he is not independent, the deputy Chairman. Non-executive directors should inform the Chairman before accepting any new appointments as directors.

Independent advice

To facilitate independent decision making, the Board and any committees it convenes from time to time may seek advice from independent experts whenever it is considered appropriate.

With the consent of the Chairman, individual directors may seek independent professional advice, at the expense of the Company, on any matter connected with the discharge of their responsibilities.

Procedure for selection of new directors

The Company believes it is not of a size to justify having a Nomination Committee. If any vacancies arise on the Board, all directors will be involved in the search and recruitment of a replacement. The Board believes corporate performance is enhanced when it has an appropriate mix of skills and experience.

Prior to the appointment of a director, appropriate checks will be undertaken to determine the suitability of any candidate, and the Board will provide security holders with all material information in its possession, which the Board considers relevant.

In support of their candidature for directorship or re-election, non-executive directors should provide the Board with details of other commitments and an indication of time available for the Company. Prior to appointment or being submitted for re-election non-executive directors should specifically acknowledge to the Company that they will have sufficient time to meet what is expected of them. Re-appointment of directors is not automatic. There are no written agreements with directors.

The Company has reviewed the skill set of its Board to determine where the skills lie and any relevant gaps in skill shortages. The Company monitors any perceived gaps in skills, as well as seeking to identify future suitable Board candidates for positions from a diverse pool.

Induction and education

The Board has an induction programme to enable new directors to gain an understanding of:

- the Company's financial, strategic, operational and risk management position;
- the rights, duties and responsibilities of the directors;
- the roles and responsibilities of senior executives; and
- the role of any Board committees in operation.

Directors will have reasonable access to continuing education to update and enhance their skills and knowledge, including education concerning key developments in the Company and in the industries in which the Company's business is involved.

Access to information

The Board has the right to obtain all information from within the Company which it needs to effectively discharge its responsibilities.

Senior executives are required on request from the Board to supply the Board with information in a form and timeframe, and of a quality that enables the Board to discharge its duties effectively. Directors are entitled to request additional information where they consider such information necessary to make informed decisions.

Principle 3: Promote ethical and responsible decision-making

Code of conduct

The Board has adopted the Code of Conduct set out at Appendix A to promote ethical and responsible decision making by directors, management and employees. The Code embraces the values of honesty, integrity, enterprise, excellence, accountability, justice, independence and equality of stakeholder opportunity.

The Board is responsible for ensuring that training on the Code of Conduct is provided to staff and officers of the Company.

The Board is responsible for making advisers, consultants and contractors aware of the Company's expectations set out in the Code of Conduct.

Policy for trading in Company securities

The Board has adopted a policy on trading in the Company's securities by directors, senior executives and employees set out in Appendix B.

The Board is responsible for ensuring that the policy is brought to the attention of all affected persons and for monitoring compliance with the policy.

Principle 4: Safeguard integrity in financial reporting

Audit and Risk Management

The Company believes it is not of a size to justify having a separate Audit and Risk Management Committee. Ultimate responsibility for the integrity of the Company's financial reporting rests with the full Board. Given the small size of the Board, the directors believe an Audit and Risk Management Committee structure to be inefficient. All directors share responsibility for ensuring the integrity of the Company's financial reporting and appropriate Board processes have been implemented to perform the following audit and risk management functions:

- external audit function:
 - review the overall conduct of the external audit process including the independence of all parties to the process;
 - review the performance of the external auditors;
 - consider the reappointment and proposed fees of the external auditor; and
 - where appropriate seek tenders for the audit and where a change of external auditor is recommended arrange submission to shareholders for shareholder approval;
- reviewing the quality and accuracy of published financial reports;
- reviewing the accounting function and ongoing application of appropriate accounting and business policies and procedures;
- reviewing and imposing variations to the risk management and internal control policies designed and implemented by Company management; and
- any other matters relevant to audit and risk management processes.

The Company's Risk Management Policy ensures that the Board as a whole is responsible for the oversight of the Company's risk management and control framework. The objectives of the Company's Risk management strategy are to:

- identify risks to the Company;
- balance risk to reward;
- ensure regulatory compliance is achieved; and
- ensure senior executives, the Board and investors understand the risk profile of the Company.

The Board monitors risk through various arrangements including:

- regular Board meetings;
- share price monitoring;
- market monitoring; and
- regular review of financial position and operations.

The Company's Risk Management Policy is considered adequate for addressing and managing risk. It is intended that the Board will annually review the following categories of risks affecting the Company as part of the Company's systems and processes for managing material business risks:

- operational matters,
- financial reporting,
- sovereignty and
- market-related risks.

Principle 5: Make timely and balanced disclosure

Disclosure Policy

The Board has adopted a Disclosure Policy for ensuring timely and accurate disclosure of price-sensitive information to shareholders through the ASX set out in Appendix D.

The Disclosure Policy ensures that:

METALS AUSTRALIA LTD

CORPORATE GOVERNANCE

- all investors have equal and timely access to material information concerning the Company including its financial position, performance, ownership and governance; and
- Company announcements are subjected to a vetting and authorisation process designed to ensure they are:
 - released in a timely manner;
 - factual and do not omit material information; and
 - expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to making it easy for shareholders to participate in shareholder meetings of the Company. The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company.

Shareholders are given the opportunity to receive communications electronically.

The Company's website includes the following:

- Corporate Governance policies, procedures, charters, programs, assessments, codes and frameworks;
- Names and biographical details of each of its directors and senior executives;
- Constitution;
- Copies of annual, half yearly and quarterly reports;
- ASX announcements;
- Copies of notices of meetings of security holders;
- Media releases;
- Overview of the Company's current business, structure and history;
- Details of upcoming meetings of security holders;
- Summary of the terms of the securities on issue;
- Historical market price information of the securities on issue;
- Contact details for the share registry and media enquiries;
- Share registry key security holder forms.

Principle 6: Respect the rights of shareholders

Communication with Shareholders

The Board is committed to open and accessible communication with holders of the Company's shares and other securities. Disclosure of information and other communication will be made as appropriate by telephone, mail or email.

The Company's website will also be used to provide additional relevant information to security holders. The Board considers the following to be appropriate features for the Company's website:

- placing the full text of notices of meeting and explanatory material on the website;
- providing information about the last three years' press releases or announcements plus at least three years of financial data on the website; and
- providing information updates to security holders on request by email.

General Meetings

The Company is committed to improving shareholder participation in general meetings. In order to achieve that objective, the Company has adopted guidelines of the ASX Corporate Governance Council for improving shareholder participation through the design and content of notices and through the conduct of the meeting itself.

The external auditor is invited to attend every AGM for the purpose of answering questions from security holders relevant to the audit.

Principle 7: Recognise and manage risk

Creation and implementation of Company risk management policies

It is the responsibility of the Corporate Manager to create, maintain and implement risk management and internal control policies for the Company, subject to review by the Board.

The Corporate Manager must report to the Board on an annual basis regarding the design, implementation and progress of the risk management policies and internal control systems.

Audit and Risk Management

As referenced with respect to Principle 4, the Board has not established an Audit and Risk Management Committee for the reasons given above.

Due to the nature and size of the Company's operations, and the Company's ability to derive substantially all of the benefits of an independent internal audit function, the expense of an independent internal auditor is not considered to be appropriate.

The Company has considered its economic, environmental and social sustainability risks by way of internal review and has concluded that it is not subject to material economic, environmental and social sustainability risks.

Review by the Board

The Board will review the effectiveness of implementation of the risk management system and internal control system at least annually.

When reviewing risk management policies and internal control system the Board should take into account the Company's legal obligations and should also consider the reasonable expectations of the Company's stakeholders, including security holders, employees, customers, suppliers, creditors, consumers and the community.

Corporate Manager

The Corporate Manager is required annually to state in writing to the Board that the Company has a sound system of risk management, that internal compliance and control systems are in place to ensure the implementation of Board policies, and that those systems are operating efficiently and effectively in all material respects.

Verification of financial reports

The Corporate Manager and Chief Financial Officer are required by the Company to state the following in writing prior to the Board making a solvency declaration pursuant to section 295(4) of the Corporations Act:

- that the Company's financial reports contain a true and fair view, in all material respects, of the financial condition and operating performance of the Company and comply with relevant accounting standards; and
- that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and that the system is operating effectively in all material respects in relation to financial reporting risks.

Principle 8: Remunerate fairly and responsibly

Director and senior executive remuneration policies

The Company's remuneration policy is structured for the purpose of:

- motivating senior executives to pursue the long-term growth and success of the Company; and
- demonstrating a clear relationship between senior executives' performance and remuneration.

The Board's responsibility is to set the level and structure of remuneration for officers (including but not limited to directors and secretaries) and executives, for the purpose of balancing the Company's competing interests of:

- attracting and retaining senior executives and directors; and
- not paying excessive remuneration.

Executive directors' remuneration is structured to reflect short and long-term performance objectives appropriate to the Company's circumstances and goals.

Executive directors' and senior executives' remuneration packages involve a balance between fixed and incentive-based pay, reflecting short and long-term performance objectives appropriate to the Company's circumstances and goals.

METALS AUSTRALIA LTD

CORPORATE GOVERNANCE

Non-executive directors' remuneration is formulated with regard to the following guidelines:

- non-executive directors are normally remunerated by way of fees, in the form of cash, non-cash benefits, superannuation contributions or equity, usually without participating in schemes designed for the remuneration of executives;
- non-executive directors are not provided with retirement benefits other than superannuation.

Executives and non-executive directors are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

No director is involved in setting their own remuneration or terms and conditions, but if such a case were to arise, the relevant director would be required to absent himself from the full Board discussion.

Remuneration Committee

The Company believes it is not of a size to justify having a Remuneration Committee and that it has Board processes in place which raise the issues that would otherwise be considered by a committee.

Appendix A – Code of Conduct

Introduction

This Code of Conduct sets out the standards with which the Board, management and employees of the Company are encouraged to comply when dealing with each other, the Company's shareholders and the broader community.

Responsibility to shareholders

The Company aims:

- to increase shareholder value within an appropriate framework which safeguards the rights and interests of shareholders; and
- to comply, with openness and integrity, the systems of control and accountability which the Company has in place as part of its corporate governance.

Responsibility to clients, employees, suppliers, creditors, customers and consumers

The Company will comply with all legislative and common law requirements which affect its business.

Employment practices

The Company will employ the best available staff with the skills required to carry out the role for which they are employed. The Company will ensure a safe workplace and maintain proper occupational health and safety practices.

Responsibility to the community

The Company recognises, considers and respects environmental, native title and cultural heritage issues which may arise in relation to the Company's activities and will comply with all applicable legal requirements.

Responsibility to the individual

The Company recognises and respects the rights of individuals and will comply with applicable laws regarding privacy and confidential information.

Obligations relative to fair trading and dealing

The Company will deal with others in a way that is fair and will not engage in deceptive practices.

Business courtesies, bribes, facilitation payments, inducements and commissions

Corrupt practices are unacceptable to the Company. It is prohibited for the Company or its directors, managers or employees to directly or indirectly offer, pay, solicit or accept bribes or any other corrupt arrangements.

Conflicts of interest

The Board, management and employees must report any situations where there is a real or apparent conflict of interest between them as individuals and the interests of the Company. Where a real or apparent conflict of interest arises, the matter must be brought to the attention of the Chairman in the case of a Board member, the Corporate Manager in the case of a member of management and a supervisor in the case of an employee, so that it may be considered and dealt with in an appropriate manner.

Compliance with the Code of Conduct

Any breach of compliance with this Code of Conduct is to be reported directly to the Chairman.

Periodic review of Code

The Company will monitor compliance with this Code of Conduct periodically by liaising with the Board, management and staff. Suggestions for improvements or amendments to this Code of Conduct can be made at any time to the Chairman.

Appendix B – Policy for trading in Company securities

Introduction

The Company recognises and enforces legal and ethical restrictions on trading in its securities by relevant persons within and external to the Company. The terms of this securities dealing policy apply to the Company's directors, Corporate Manager, senior executives, employees and consultants (Relevant Persons).

Communication

This policy will be communicated to all Relevant Persons and will be placed on the Company website.

Trading restrictions

Trading by Relevant Persons in the Company's securities is subject to the following limitations:

- No trading in Company securities shall take place during the two weeks preceding release of each quarterly report, half-yearly financial report, and annual financial report of the Company.
- No trading in the Company's securities shall take place, directly or indirectly, where it is known, or ought reasonably to have been known by the person intending to trade, that information exists which has not been released to the ASX and where that information is of a type that could reasonably be expected to encourage buying or selling were that information known by others.
- No trading shall take place in Company securities unless prior notice is given to the Chairman (and approval is obtained from the Chairman).

Hardship

During a period specified in the above paragraphs, Relevant Persons may, after obtaining the Chairman's consent, trade the Company's securities to the extent reasonably necessary to avoid or ameliorate documented hardship and suffering or as required by other extenuating circumstances.

Directors' trading and disclosures

Within twenty four hours of a director being appointed to the Board, resigning or being removed from the Board, or trading in the Company's securities, full details of the director's notifiable interests in the Company's securities and changes in such interest must be advised to the Company Secretary so that a record is kept within the Company and so that necessary ASX notifications will occur.

All directors must notify the Company Secretary of any margin loan or similar funding arrangement entered into in relation to the Company's securities and any variations to such arrangements, including the number of securities involved, the circumstances in which the lender can make margin calls, and the right of the lender to dispose of securities.

Appendix C - Disclosure Policy

Disclosure requirements

The Company recognises its obligations pursuant to the continuous disclosure rules of the ASX Listing Rules and the Corporations Act to keep the market fully informed of information which may have a material effect on the price or value of the Company's securities.

Subject to certain exceptions (in ASX Listing Rule 3.1A), the Company is required to immediately release to the market information that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

Responsibilities of directors officers and employees

The Board as a whole is primarily responsible for ensuring that the Company complies with its disclosure obligations and for deciding what information will be disclosed. Subject to delegation, the Board is also responsible for authorising all ASX announcements and responses of the Company to ASX queries.

Every director, officer and employee of the Company is to be informed of the requirements of this policy and must advise the Corporate Manager, Chairman or Company Secretary as soon as possible (and prior to disclosure to anyone else) of matters which they believe may be required to be disclosed.

Authorised Disclosure Officer

The Board has delegated its primary responsibilities to communicate with ASX to the following Authorised Disclosure Officer:

- the Company Secretary or
- in the absence of the Company Secretary, the Corporate Manager is authorised to act in that capacity by the Board.

Responsibilities of Authorised Disclosure Officer

Subject to Board intervention on a particular matter, the Authorised Disclosure Officer is responsible for the following:

- monitoring information required to be disclosed to ASX and coordinating the Company's compliance with its disclosure obligations;
- ASX communication on behalf of the Company, authorising Company announcements and lodging documents with ASX;
- requesting a trading halt in order to prevent or correct a false market;
- providing education on these disclosure policies to the Company's directors, officers and employees; and
- ensuring there are vetting and authorisation processes designed to ensure that Company announcements:
 - are made in a timely manner;
 - are factual;
 - do not omit material information; and
 - are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

An Authorised Disclosure Officer, who is responsible for providing contact details and other information to ASX to ensure such availability, must be available to communicate with the ASX at all reasonable times.

Measures to avoid a false market

In the event that ASX requests information from the Company in order to correct or prevent a false market in the Company's securities, the Company will comply with that request. The extent of information to be provided by the Company will depend on the circumstances of the ASX request.

If the Company is unable to give sufficient information to the ASX to correct or prevent a false market, the Company will request a trading halt.

If the full Board is available to consider the decision of whether to call a trading halt, only they may authorise it, but otherwise, the Authorised Disclosure Officer may do so.

ASX announcements

Company announcements of price sensitive information are subjected to the following vetting and authorisation process to ensure their clarity, timely release, factual accuracy and inclusion of all material information:

- The Authorised Disclosure Officer must prepare ASX announcements when required to fulfil the Company's disclosure obligations.
- Proposed announcements must be approved by the Corporate Manager or in his absence, urgent announcements may be approved by any other person expressly authorised by the Board.
- Announcements must first be released to the ASX Announcements Platform before being disclosed to any other private or public party (such as the media). After release of the announcement, it must be displayed on the Company's website, following which the Company can then release such information to media and other information outlets.
- Wherever practical, all announcements must be provided to the directors, Corporate Manager and Company Secretary prior to release to the market for approval and comment.

Confidentiality and unauthorised disclosure

The Company must safeguard the confidentiality of information which a reasonable person would expect to have a material effect on the price or value of the Company's securities. If such information is inadvertently disclosed, the Authorised Disclosure Officer must be informed of the same and must refer it to the Chairman and Corporate Manager as soon as possible.

External communications and media relations

The Chairman, Corporate Manager and Company Secretary are authorised to communicate on behalf of the Company with the media, government and regulatory authorities, stock brokers, analysts and other interested parties or the public at large. No other person may do so unless specifically authorised by the Chairman or the Corporate Manager.

All requests for information from the Company must be referred to the Authorised Disclosure Officer for provision to the Chairman and the Corporate Manager.

Breach of Disclosure Policy

Serious breaches of the Company's Disclosure Policy may be treated with disciplinary action, including dismissal, at the discretion of the Board.

Where the breach is alleged against a member of the Board, that director will be excluded from the Board's consideration of the breach.

METALS AUSTRALIA LTD

SHAREHOLDER INFORMATION

Additional information included in accordance with listing requirements of the Australian Securities Exchange Limited.

1. SHAREHOLDERS

(a) As at 11 September 2017 the distribution of members and their shareholdings were:-

Range of Holding	Holders	Shares Held	Percent
1 - 1,000	111	60,650	0.004
1,001 - 5,000	282	954,318	0.057
5,001 - 10,000	357	3,073,427	0.184
10,001 - 100,000	1,356	63,273,576	3.791
100,001 - and over	1,268	1,601,710,806	95.964
	3,374	1,669,072,777	100.000

(b) There exist 2,180 shareholders with unmarketable parcels of shares.

(c) The twenty largest shareholders as at 11 September 2017 which represents 48.302% of the paid up capital were as follows:

Name of Holder	Number	Percent
Kalgoorlie Mine Management Ltd	84,000,000	5.033
JP Morgan Nominees Australia	62,626,214	3.752
Rachel D'Anna	42,900,000	2.570
Pan Pacific Mining Pty Ltd	35,000,000	2.097
G Griesbach and JT Asihto	32,100,000	1.923
PG Hamlyn	27,800,000	1.666
T and E Doyle	22,036,406	1.320
K and H Leary	20,000,000	1.198
I-Can Limited	17,000,000	1.019
Warbont Nominees Pty Ltd	16,999,998	1.019
Merryl Lynch (Australia) Nominees Pty Ltd	15,900,000	0.953
B Holdsworth	15,511,282	0.929
PIO Services Pty Ltd	15,057,000	0.902
Comsec Nominees Pty Ltd	14,941,575	0.895
BNP Paribas Noms Pty Ltd	14,107,027	0.845
Doraemon Investments Pty Ltd	13,962,857	0.837
M and K Smith	13,333,333	0.799
LC Asia Pty Ltd	12,720,000	0.762
S Danze	12,000,000	0.719
M Sawires	11,000,000	0.659
	498,995,692	29.897

(d) Substantial Shareholders

The names of the substantial shareholders who have notified the Company in accordance with Section 671B of the *Corporation Act 2001* are:

Name	Number of Ordinary Shares	Percentage of Issued Capital
Pan Pacific Mining Ltd	120,500,000	7.22%

METALS AUSTRALIA LTD

SHAREHOLDER INFORMATION

2. TOP 20 OPTIONHOLDERS

There are two classes of options on issue

Options exercisable at \$0.003 on or before 1 December 2019. Listed options - MLSO

Name of Holder	Number	Percent
R D'Anna	42,900,000	19.943
G Griesbach and J Asihto	32,100,000	14.922
Kalgoorlie Mine Management Pty Ltd	31,808,902	14.787
Pershing Australia Nominees Pty Ltd	16,500,000	7.670
Bellaire Capital Pty Ltd	10,533,333	4.897
Caconda Pty Ltd	5,000,000	2.324
Pan Pacific Mining Pty Ltd	5,000,000	2.324
A Szarukan and R Braniska	4,849,440	2.254
P Aivaliotis	4,000,000	1.859
M and K Smith	3,750,000	1.743
Demasiado Pty Ltd	3,259,715	1.515
M & K Korkidas Pty Ltd	2,600,000	1.209
R Jacomb	2,000,000	0.930
AJ Godina	2,000,000	0.930
Westbourne Asset Management Pty Ltd	1,875,000	0.872
J Durak	1,790,000	0.832
The Brand Connection Pty Ltd	1,625,000	0.755
N Lucano	1,600,000	0.744
OT and EH Yeoh	1,511,111	0.702
HC Investment Holdings Pty Ltd	1,500,000	0.697
	176,202,501	81.912

Options exercisable at \$0.01 on or before 31 May 2020. Unlisted options.

Name of Holder	Number	Percent
B Liu	20,000,000	10.992
Bellaire Capital Pty Ltd	18,100,000	9.948
KD and HP Leary	10,000,000	5.496
CS Third Nominees Pty Ltd	10,000,000	5.496
Spiceme Capital Pty Ltd	9,999,999	5.496
Taos Pty Ltd	7,000,000	3.847
M and K Smith	6,666,666	3.664
LG Wood	5,000,000	2.748
Demasiado Pty Ltd	4,999,999	2.748
Samlam Private Wealth Pty Ltd	4,375,000	2.405
1215 Capital Pty Ltd	4,333,334	2.382
J Walters and B Parker	4,333,333	2.382
HC Investment Pty Ltd	4,000,000	2.198
D Coventry	3,333,334	1.932
Hirsch Financial Pty Ltd	2,500,000	1.374
Demasiado Pty Ltd	2,500,000	1.374
Pelrus Pty Ltd	2,500,000	1.374
S May	2,400,000	1.319
SG and PJ Leary	2,333,334	1.282
A Szarukan and R Braniska	2,000,000	0.610
	126,374,999	69.456

METALS AUSTRALIA LTD
SHAREHOLDER INFORMATION
