



METALS
AUSTRALIA LTD

METALS AUSTRALIA LTD

ACN: 008 982 474

**ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2020**

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SECURITIES EXCHANGE LISTING

The Company is listed on the
Australian Securities Exchange

Home Exchange: Perth, Western
Australia

ASX code for shares: MLS

The Directors present their report on the consolidated entity consisting of Metals Australia Ltd (Metals Australia and Company) and its controlled entities for the year ended 30 June 2020.

DIRECTORS

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

Michael Scivolo (Chairman)
Robert Collins
Gino D'Anna

PRINCIPAL ACTIVITIES

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

REVIEW OF OPERATIONS

Metals Australia Ltd (ASX: MLS) is pleased to provide shareholders with a report outlining the Company's activities for the full year ended 30 June 2020.

OVERVIEW

During the full year ended 30 June 2020, the Company continued the exploration of the Lac Rainy Graphite Project and the Eade-Pontois-Felicie Gold Projects, located in Quebec, Canada. In addition, the Company completed its scoping level metallurgical testing program at Lac Rainy with the appointment of SGS (Canada) Inc. as well as commissioning CossRocks Pty Ltd to complete the maiden JORC (2012) Mineral Resource estimate at Lac Rainy. In addition, the Company has planned a follow-up drilling program at Lac Rainy which has been designed to expand the resource of the project and move the project from its current exploration cycle into a development cycle.

The Company is also proposing to complete a scoping study on Lac Rainy initially focused on the delivery of a high-purity and high-carbon (total) graphite concentrate for the supply to the North American and European markets.

The Company also undertook a field exploration and reconnaissance program at the Eade-Pontois-Felicie Gold Projects which was aimed at expanding the mineralisation envelope at these project areas. The Eade-Pontois-Felicie projects are strategically located in a significant gold district characterised by major structural features that host prominent gold mineralisation, including the tier-1 Eleonore Gold Mine which is owned and operated by Newmont Corporation. Extensive interest has captured the Lac Gruyer Greenstone Belt where the Eade-Pontois projects are located, and the Company is seeking to capitalise on this interest, with an aim to develop a potentially high-grade gold project. The Company has recently completed an Aster LWIR and synthetic aperture radar imagery survey on the Eade-Pontois-Felicie projects as well as a detailed evaluation of the historical geological and geophysical data relevant to the projects, designed to identify additional targets for follow-up exploration.

REVIEW OF OPERATIONS (continued)

During the year ended 30 June 2020, the Company lodged its income tax and mining duty returns for all periods up to and including 30 June 2019, for total tax credits refundable of CAD\$734,335. As at the date of this report, the Company has received in its bank account cash refunds in relation to this totalling CAD\$621,770.

Of the remaining income tax and mining duty refunds of CAD\$112,565, the Company has received confirmation from the Canada Revenue Agency (CRA) that this refund has been approved and the Company will provide updates in due course as to when it is received.

LAC RAINY GRAPHITE PROJECT: JORC (2012) MINERAL RESOURCE HIGHLIGHTS

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

LAC RAINY GRAPHITE PROJECT: JORC (2012) MINERAL RESOURCE SUMMARY

During the fully year ended 30 June 2020, the Company successfully delivered its maiden JORC (2012) Mineral Resource for the Lac Rainy Graphite Project. The mineral resource demonstrated that Lac Rainy has world-class potential and that the mineral resource can be readily expanded through additional drilling and exploration.

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

REVIEW OF OPERATIONS (continued)

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

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

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

Table 1 – JORC (2012) Mineral Resource Estimate

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

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

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

REVIEW OF OPERATIONS (continued)

LAC RAINY GRAPHITE PROJECT: METALLURGICAL TESTWORK HIGHLIGHTS

- **Scoping Study level metallurgical testwork completed** on graphite mineralisation from the Lac Rainy Graphite Project
- **Metallurgical testwork completed on representative composite samples collected from split drill core** - including sample preparation, sample characterisation (chemical and mineralogical), comminution testing, flotation testing and static environmental testing
- Results indicate that **Lac Rainy graphite can produce a graphite concentrate which is high-purity and high-carbon (total) which meets commercially accepted benchmarks and exceeds** standard cut-off
 - **Average head-grade of composite sample was 12.0% Ct** – easily beneficiated to a high-purity and high-carbon (total) graphite concentrate
 - **Combined open-circuit graphite recovery of up to 86.3% within the F2 test using standard mineral processing technology in a potentially low-cost setting**
 - **Combined Concentrate grades of up to 96.9% Ct within the F2 test** – exceeding standard cut-off grades for commercial grade graphite concentrates (benchmark graphite concentrate grades of 95% Ct)
 - **Total carbon grades up to 97.1% Ct in large and jumbo flake size fractions**
 - **Up to 22.8% of the Lac Rainy graphite concentrate can be categorised in the large and jumbo flake size fractions (+80 mesh)**
 - **Low levels of potentially deleterious elements** – results show no elevated concentrations of typical deleterious elements such as vanadium, cadmium or arsenic in the ore – **graphite concentrate observed as high-purity**
- Metallurgical flowsheet was based on the nearby Lac Knife graphite deposit (100% owned by Focus Graphite Inc.) - this flow sheet will now be optimised to specifically suit Lac Rainy graphite mineralisation which is expected to lead to improved results
- **Optimisation of flowsheet test work to commence shortly to further enhance the results of the metallurgical testwork and mineralogical characterisation**
- Initial round of product specification / downstream product test work to commence shortly including test work to determine suitability of **Lac Rainy graphite concentrate for use in the Expandable Graphite, Purified Micronised Graphite and Coated Spherical Graphite markets**
- Results are considered significant and highly encouraging – a formal Scoping Study on Lac Rainy Graphite Project will commence shortly

REVIEW OF OPERATIONS (CONTINUED)

SUMMARY

Building on the success of the maiden JORC (2012) Mineral Resource, during the full year ended 30 June 2020, the Company announced to shareholders the results of its scoping level metallurgical and mineralogical testwork for the Lac Rainy project. The results of the metallurgical and mineralogical testwork highlighted the purity of the graphite concentrate and demonstrated that the Company can produce a high purity and high-carbon (total) graphite concentrate that exceeds commercially accepted benchmarks.

SGS Canada Inc. (SGS) were selected to undertake a scoping level metallurgical program on a representative composite sample from the Lac Rainy Graphite Project. The primary objectives of the program were to quantify basic comminution properties, to determine the metallurgical response of the sample and to establish a preliminary flake size distribution and concentrate grade. Testwork included sample preparation, chemical characterisation of the feed samples, and batch cleaner flotation based on a flowsheet comparable with the process proposed for the nearby Lac Knife graphite deposit being developed by Focus Graphite Inc.

Testwork results indicate that a **high-purity and high-carbon (total) graphite concentrate with high recoveries can be achieved from the graphite mineralisation at Lac Rainy. Open circuit graphite recovery of up to 86.3% and concentrate grades of up to 96.9% total carbon (Ct)** were achieved. This is a significant outcome and is very encouraging as the testwork is non-optimised for the Lac Rainy graphite mineralisation and is based on the flowsheet for a separate (though geologically similar) deposit.

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

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

LAC RAINY GRAPHITE PROJECT: PROSPECTING PROGRAM HIGHLIGHTS

- Prospecting program at the Lac Rainy Graphite Project has identified a new high-grade graphite zone located parallel to the existing high-grade Carheil Graphitic Trend where previous diamond drilling was focused – **new zone known as the West Carheil Graphitic Trend**
- The West Carheil Graphitic Trend has a minimum strike length of 900m and remains open in both directions – **highlights the potential for significant additional high-grade tonnage to be discovered through additional exploration and diamond drilling**
- Sampling along the West Carheil Graphitic Trend has identified a number of high-grade graphitic outcrops – **samples collected are outside of the existing defined drilled area and outside the channel sampled zones, highlighting the significant exploration upside that exists at the Lac Rainy Project**

REVIEW OF OPERATIONS (CONTINUED)

- High-grade sample results from the West Carheil Graphitic Trend include:
 - **26.2% Cg** within rock sample ID: 66002
 - **22.4% Cg** within rock sample ID: 66008
 - **25.6% Cg** within rock sample ID: 66009
 - **28.5% Cg** within rock sample ID: 66015
 - **25.0% Cg** within rock sample ID: 66022
- Out of 51 samples collected there were **eleven (11) rock samples** which returned assay grades **in excess of 20.0% Cg** and a further **ten (10) rock samples** which returned assay grades **in excess of 15.0% Cg**
- **A south-east extension of the high-grade Carheil Graphitic Trend was also identified** – this new zone was mapped for an additional 750m (approximately) along strike from the historic high-grade Lac Carheil Prospect – the south-east extension identified numerous high-grade occurrences confirming a continuation of the high-grade graphite which was intersected in previous diamond drilling such as **DDH LR19-09 which intersected 70.0m at an average grade of 17.1% Cg from 9.0m***
- Prospecting was also undertaken along the north-west extension of the high-grade Carheil Graphitic Trend – **the conductors identified multiple zones of graphite flake mineralisation over a strike length of approximately 700 m with high priority zones also identified**
- **Strike length along the Main Carheil Graphitic Trend including the recently discovered SE and NW extensions total approximately 4km**
- A follow up exploration campaign has been designed

** Refer to ASX announcement dated 3 July 2019 and titled "Exceptionally Wide High-Grade Graphite Zones Intersected in Diamond Drilling at the Lac Rainy Graphite Project". The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement dated 3 July 2019.*

LAC RAINY GRAPHITE PROJECT: PROSPECTING PROGRAM SUMMARY

During the full year ended 30 June 2020, the Company announced the results of its field exploration and prospecting program at the Lac Rainy Graphite Project. The prospecting program was carried out using the technical team and field geologists of Magnor Exploration Inc. (**Magnor**) and was considered highly successful in identifying and outlining additional zones of high-grade graphite mineralisation.

The aim of this field program was to:

- (i) prospect the northwest and southeast extensions of the Lac Carheil Graphite Zone that had been previously channel sampled and drill tested; and
- (ii) to assess the potential for graphite mineralisation in a new area located approximately 1.2 km south-west of the main Lac Carheil Graphite Zone (this new area has been referred to as the **"West Carheil Graphitic Trend"**).

REVIEW OF OPERATIONS (CONTINUED)

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

The prospecting campaign carried out on the south-east extension of Main Carheil Graphitic Trend was considered highly successful, resulting in identification of numerous new graphitic outcrops, rock floats and boulders. These discoveries add to the numerous other graphitic rock occurrences that were located during the summer 2018 program

The south-east extension of the Main Carheil Graphitic Trend is interpreted as a graphite horizon, possibly repeated by folding, initially traceable over a strike length of 745m and measuring between 40m and 110m in width. A potential extension also exists that could reach up to 1.5km in length by up to 175m in width.

Most of the graphitic rocks collected during the recent prospecting program contained between 10% and 60% graphite flakes (1-3mm and less) with <10% sulphides (a portion is oxidised due to weathering). Graphite flakes and sulphides are within biotite-bearing paragneiss with locally minor muscovite, identical to graphitic paragneisses observed in trenches and drill-hole cores from Main Carheil Graphitic Trend. A total of twenty-three (23) grab samples were taken for geochemical analysis during prospecting along the south-east extension.

The field exploration and prospecting campaign carried out on north-west extension of the Main Carheil Graphitic Trend identified numerous new conductors, measuring more than 35m long but less than 5m wide. These conductors were typically associated with graphite mineralisation, however, the graphite content was commonly lower than 10% mineralised.¹

As a result, the Company concluded that the north-west extension of the Main Carheil Graphitic Trend showed a lower potential for outlining additional areas of high-grade graphite mineralisation than that which was identified in the south-east extension. The Company identified high priority follow-up targets along the north-west extension, however, Magnor limited the number of grab samples collected to three (3) samples which were sent for geochemical analysis.

In addition to mapping and sampling the recently discovered NW and SE strike extensions of the Main Carheil Graphitic Trend, the Company has also identified, mapped and sampled a previously undiscovered parallel high-grade graphite zone to the west of the Main Carheil Graphitic Trend, known as the **West Carheil Graphitic Trend**.

Multiple samples were collected along the strike length of the West Carheil Graphitic Trend with assay results identifying several high-grade graphite occurrences. Importantly, the samples collected are outside of the area drilled and channel sampled.

The strike length of the recently discovered West Carheil Graphitic Trend is approximately 900m (minimum) and remains open in both directions. This highlights the potential for significant additional high-grade tonnage to be discovered through additional exploration and diamond drilling.

¹ Due to the surface oxidation effects, the sulphide minerals are partly or fully oxidized, which reduces the visual appreciation of the percentage content of sulphides in the surface rocks, so it is possible that there are more sulphides in rocks observed than what has been evaluated in the field.

REVIEW OF OPERATIONS (CONTINUED)

A new semi-massive sulphide occurrence was found along the West Carheil Graphitic Trend. Several outcrops observed presented fractured to brecciated semi-massive sulphide comprising of pyrite, pyrrhotite and minor chalcopyrite associated with strong chlorite and silica alteration in the paragneisses. The massive sulphides have been observed outcropping over more than 15m in width and is also open in both directions along strike. A further four (4) mineralised samples were taken for geochemical analysis.

Refer to ASX Announcement dated 20 April 2020 and titled "Prospecting Program Identifies New High-Grade Graphite Zone" for further information and full disclosure of the results from the prospecting exploration campaign completed at the Lac Rainy Graphite Project.

BACKGROUND INFORMATION

LAC RAINY GRAPHITE PROJECT, QUEBEC (100% OWNED)

The Lac Rainy project consists of a contiguous landholding of 92 mineral claims covering an area of approximately 45.5 km² located 22 km south-west of the historic mining town of Fermont in one of the premier graphite mining regions of Quebec. The Lac Rainy Project is approximately 15 km east of Route 389, a paved highway that links the Project with major ports along the St. Lawrence River.

GEOLOGY AND MINERALISATION

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

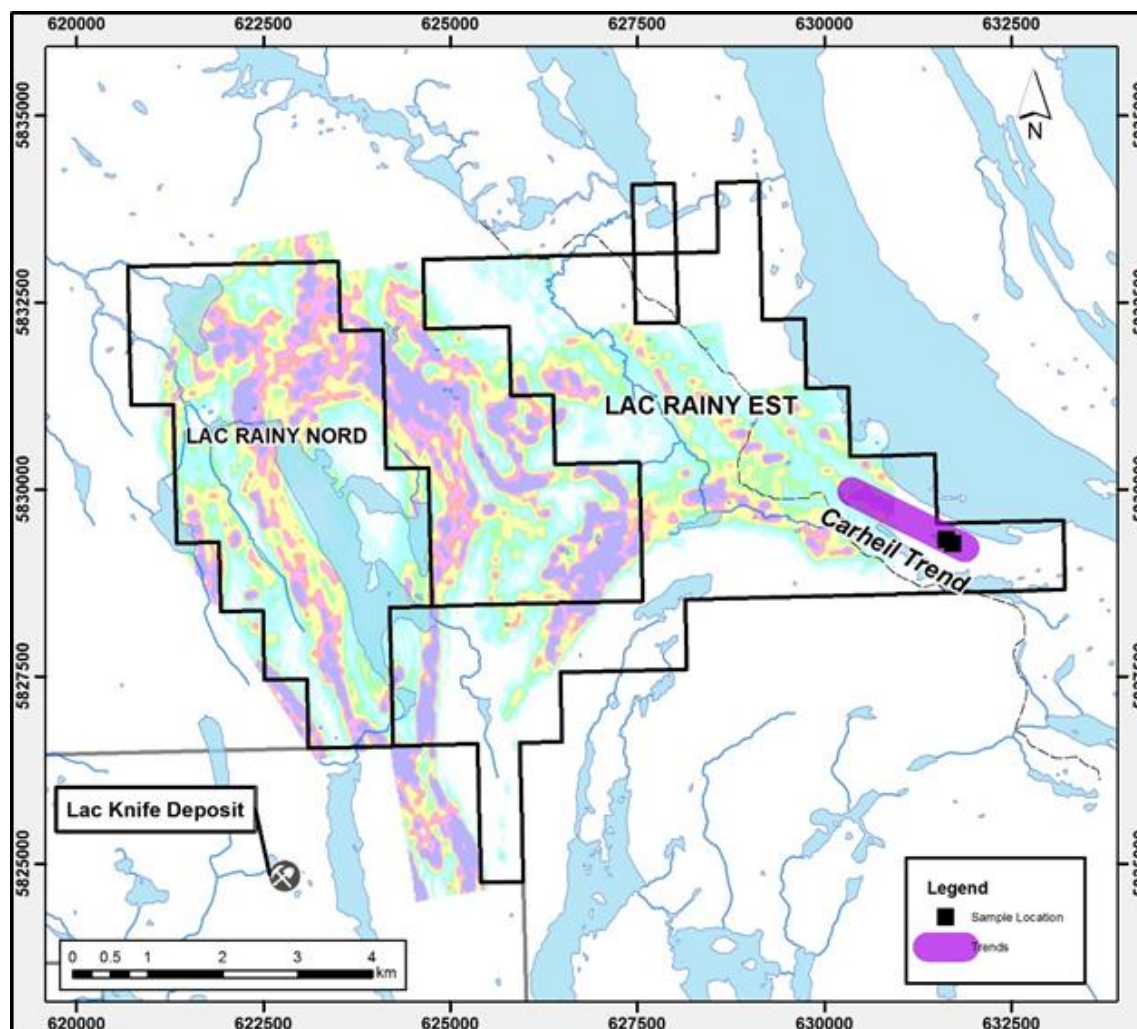
The Project is located adjacent to the Lac Knife Property, which hosts the Lac Knife Graphite Deposit owned by Focus Graphite Inc. (less than 4 km south-west of the Project) that has a Measured and Indicated Resource of 13.6 Mt @ 14.95% Cg and an Inferred Resource of 0.8 Mt @ 13.90% Cg at a 3.0% Cg cut-off (refer to Focus Graphite TSX-V market announcement dated 6 March 2017).

The high-grade Lac Carheil Prospect is located at the south-eastern corner of the Lac Rainy project area. The Carheil trend extends from south-east to north-west across the Lac Rainy Project tenement package. Graphite mineralisation has been mapped for 3.2 km in a north-east direction. High-grade graphite samples at Lac Carheil include 35.49% Cg and 40.67% Cg.

The close proximity of numerous high-grade graphitic carbon results at nearby occurrences highlights the strong potential for further graphite mineralisation to be identified at the Lac Rainy Graphite Project (Figure 1).

REVIEW OF OPERATIONS (CONTINUED)

Figure 1: Claim boundaries for the Lac Rainy Nord and Lac Rainy Est Graphite Project overlaid with the results of the recent airborne geophysical program



DIAMOND DRILLING

During the full year ended 30 June 2020, Metals Australia completed its diamond drilling campaign at the Lac Rainy Graphite Project, located in Quebec, Canada.

The drilling program was designed to test the down dip / plunge depth extensions of the high-grade surface mineralisation identified by the trenching and channel sampling campaign completed during the 2018 field season at Lac Rainy.

The drilling initially focused on the known high-grade Lac Carheil Prospect which is at the south-east end of the mineralised trend as well as step out drilling along strike in a north-west direction. Seventeen (17) diamond drill holes were completed for a total of 2,318m with the drilling program finishing on 17 May 2019. The program was highly successful with a total of eleven (11) holes from the seventeen-drill hole program finishing in mineralisation that is open at depth. Graphite flake mineralisation was intersected in all drill holes with DDH 19 intersecting the main Carheil Graphitic Zone over a significant width of 70 metres (in apparent width) at a depth from 9.0 metres to 79.9 metres.

REVIEW OF OPERATIONS (CONTINUED)

The mineralised trend at Lac Rainy has been mapped in excess of 3.2 km along strike in a north-west direction and remains open. The maiden drilling program tested approximately 1.6km of this strike extent.

SUMMARY OF ASSAY RESULTS AND DISCUSSION

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

- DDH LR19-01 intersected multiple zones of graphite, including:
 - **42.7m at an average grade of 14.5% Cg** at a depth from 75.85m to 118.55m
 - **8.8m at an average grade of 17.8% Cg** at a depth from 123.5m to 132.3m
 - graphite mineralisation remains open at depth
- DDH LR19-02 intersected multiple zones of graphite, including:
 - **33.3m at an average grade of 19.9% Cg** at a depth from 65.7m to 99.0m (end of hole) – graphite mineralisation remains open at depth
- DDH LR19-03 intersected multiple zones of graphite, including:
 - **20.6m at an average grade of 11.88% Cg** at a depth from 47.6m to 71.2m
 - **22.85m at an average grade of 13.5% Cg** at a depth from 88.15m to 111.0m (end of hole) – graphite mineralisation remains open at depth
- DDH LR19-05 intersected four (4) zones of mineralisation resulting in a cumulative graphite mineralised interval of 70.95m:
 - **30.0m at an average grade of 8.24% Cg** at depth from 10.50m to 40.50m
 - **16.45m at an average grade of 6.41% Cg** at a depth from 54.0m to 72.10m
 - **3.0m at an average grade of 9.66% Cg** at a depth from 78.90m to 81.90m
 - **21.5m at an average grade of 16.24% Cg** at a depth from 98.50m to 120.0m
- DDH LR19-06 intersected three (3) zones of graphite mineralisation resulting in a cumulative graphite mineralised interval of 38.36m:
 - **3.46m at an average grade of 5.79% Cg** at a depth of 4.90m to 8.36m
 - **28.40m at an average grade of 15.89% Cg** at a depth of 30.50m to 58.90m
 - **6.50m at an average grade of 14.64% Cg** at a depth of 74.50m to 81.0m
- DDH LR19-09 intersected multiple zones of graphite, including:
 - **70.0m at an average grade of 17.1% Cg** at a depth from 9.0m to 79.0m
- DDH LR19-10 intersected multiple zones of graphite, including:
 - **25.5m at an average grade of 13.2% Cg** at a depth from 45.0m to 70.5m
 - **62.6m at an average grade of 14.0% Cg** at a depth from 119.4m to 182.0m – **graphite mineralisation remains open at depth**

REVIEW OF OPERATIONS (CONTINUED)

The map below illustrates the drill hole locations from the program at the Lac Carheil prospect within the Lac Rainy Project (Figure 2).

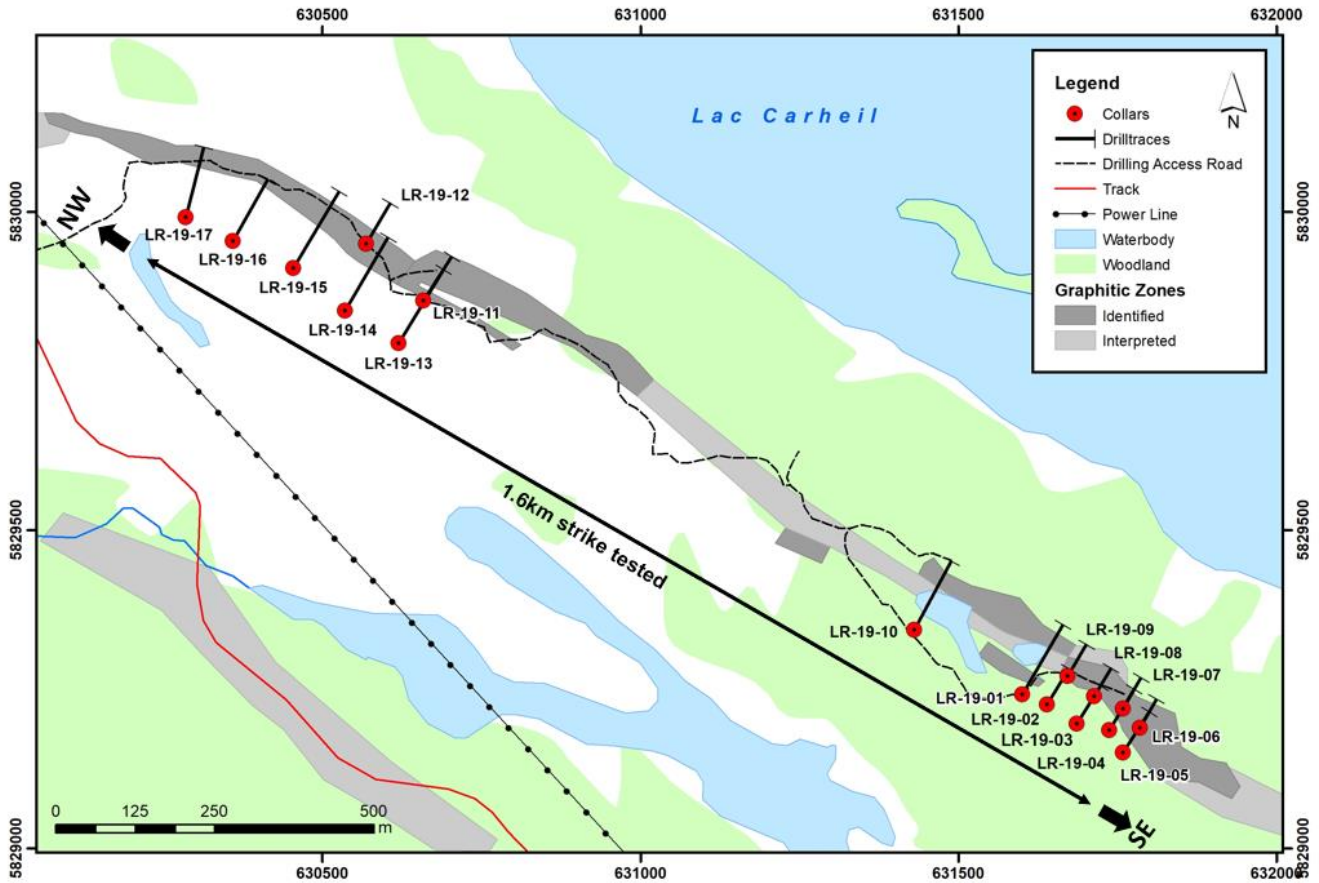


Figure 2: Diamond drill hole location map from the Phase II exploration program at the Lac Rainy Graphite Project

REVIEW OF OPERATIONS (CONTINUED)

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

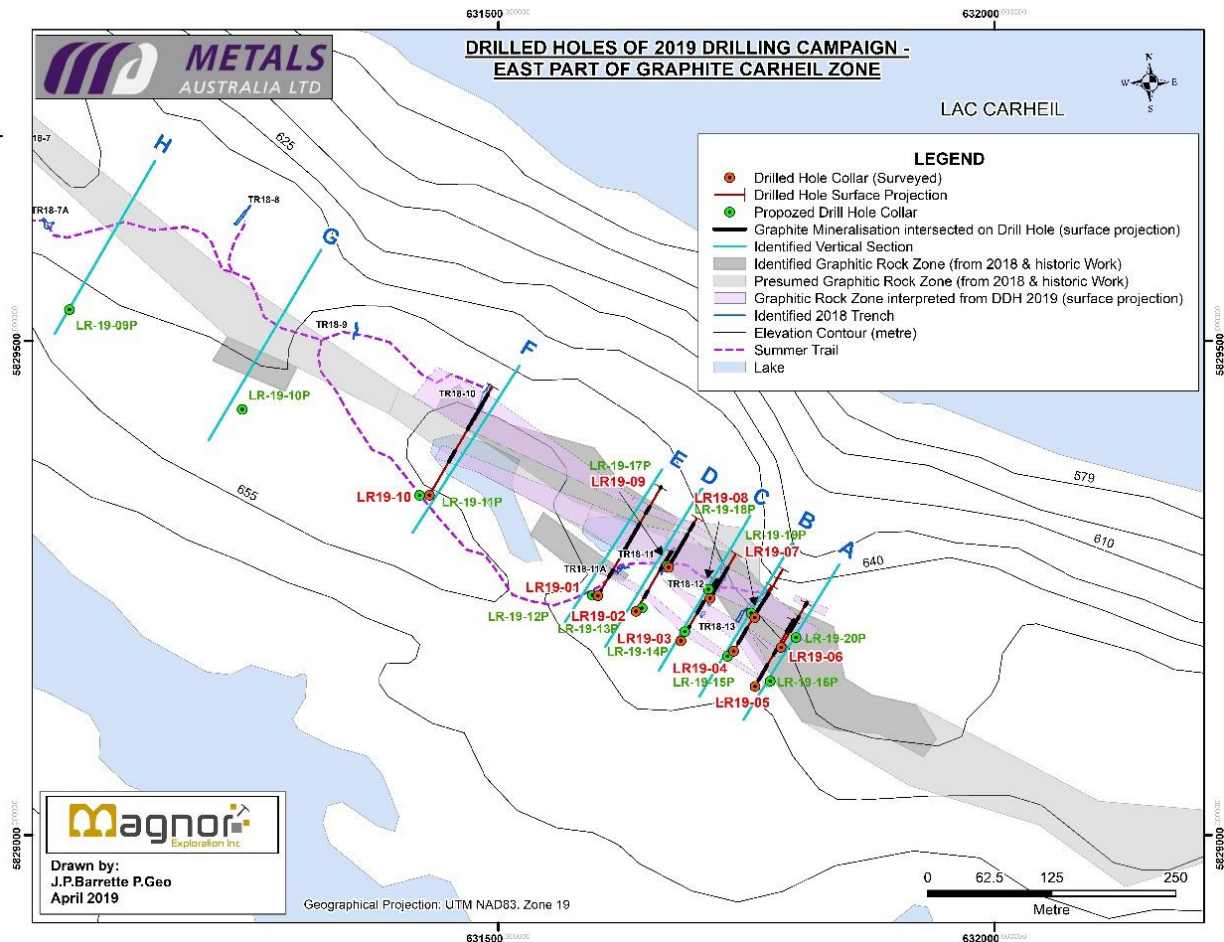


Figure 3: Diamond drill hole location map for the south-east part of the Carheil Graphitic trend at the Lac Rainy Graphite Project

The **Graphitic Carheil Zone** has been successfully intersected in all drill holes, with DDH LR19-10 intersecting the **Upper Branch of the Graphitic Carheil Zone** over a width of 25.5m at an average grade of 13.2% Cg from 45.0m to 70.5m (Figure 4).

In addition, DDH LR19-10 intersected the **Lower Branch of the Graphitic Carheil Zone** over a width of 62.6m at an average grade of 14.0% Cg from 119.4m to 182.0m with a possible continuation of the graphite mineralisation at depth.

The assay results from the drilling campaign have highlighted the extensive width and continuity of the high-grade graphite mineralisation at Lac Rainy. Importantly, the mineralisation at Lac Rainy appears to be consistent in terms of the Cg grade exhibited.

REVIEW OF OPERATIONS (CONTINUED)

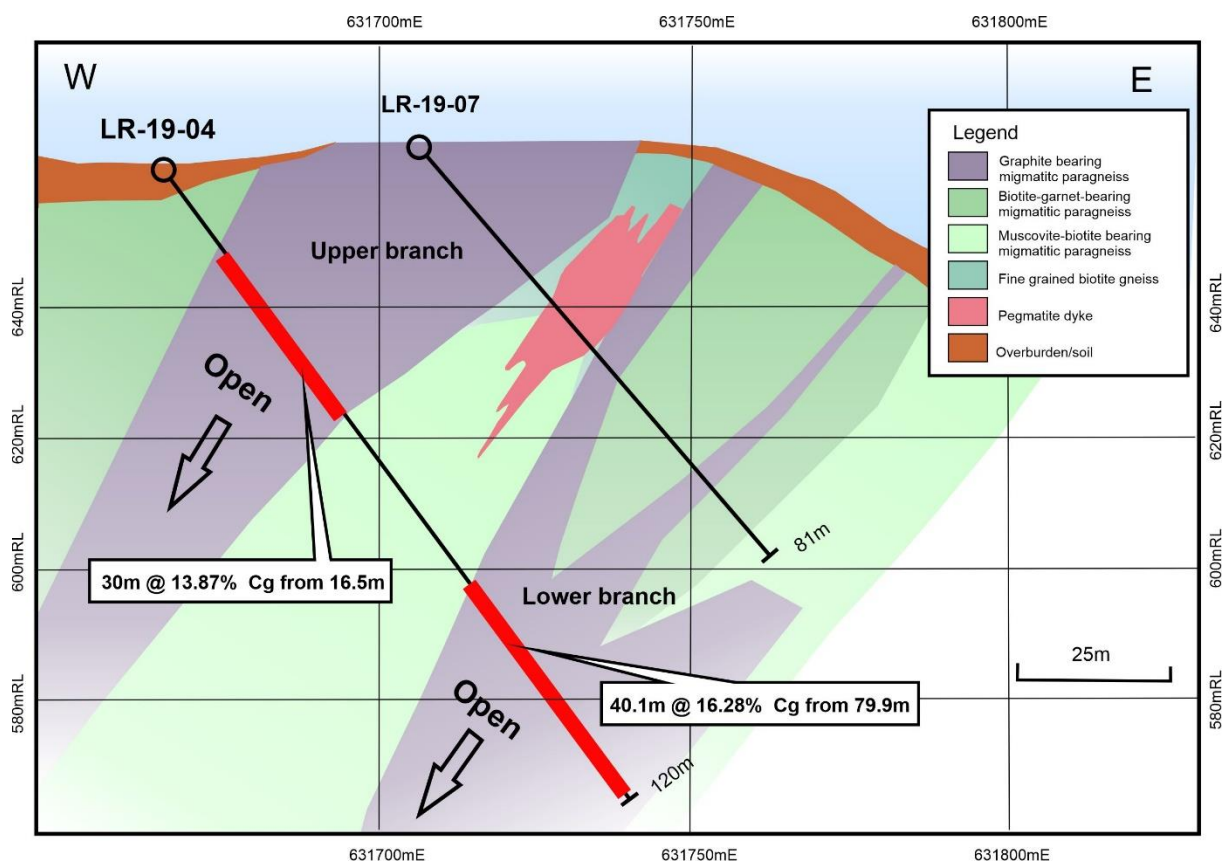


Figure 4: Cross section of the Carheil Zone at Lac Rainy showing the Upper and Lower Graphitic Zones

Trenching and drilling has identified a Southeast and Northwest extension of the known high-grade Carheil Zone. **Adding the new north-west and south-east extensions, including historic high-grade Cg occurrences and the trenching, sampling, mapping and drilling results completed by the Company, the Carheil Zone has a potential economic envelope of 3.2 km in length by 10m to 45m in width.**

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

This is a significant finding as this area was previously obscured by shallow cover. Discoveries such as this demonstrate that Metals Australia has only just started to “scratch the surface” in terms of realising the true potential of the Lac Rainy project.

In addition to the above, a significant number of additional targets remain untested at Lac Rainy Project which will be followed-up in subsequent exploration campaigns.

REVIEW OF OPERATIONS (CONTINUED)

EADE GOLD PROJECT: FIELD PROSPECTING CAMPAIGN

HIGHLIGHTS

- During the full year ended 30 June 2020, the Company completed an Aster Remote Sensing study and Synthetic Radar Aperture (SAR) survey which highlighted the substantial gold potential of the Eade Gold Project – **the results were most encouraging and multiple gold, copper and base metal anomalous targets have been identified** (Refer to ASX Announcement dated 23 July 2020 and titled “Extensive Gold Potential Identified at Eade Gold Project”)
- In addition, during the full year ended 30 June 2020, the Company completed a detailed **evaluation of historical geological and geophysical data which identified a number of additional gold targets – review of historical exploration data was done in addition to the remote sensing study** (Refer to ASX Announcement dated 29 July 2020 and titled “Technical Evaluation Highlights Additional Gold Targets”)
- Field mapping and prospecting exploration program completed at the Eade Gold Project has highlighted broad zones of gold mineralisation on surface along banded iron formation (BIF) located within the east-west trending Lac Guyer Greenstone Belt
- The **Eade Gold Project** is split into two domains:
 - **West Eade** contains an **8.3 km strike length** with at least two gold prospects (**rock chip samples of 7.41 g/t Au and 11.45g/t Au**) which have not been followed up with modern exploration techniques
 - **East Eade** contains a **6.7 km strike length** with at least two gold prospects (**rock chip samples up to 12.0g/t Au and a 1m channel sample at Eade-Till returned a value of 5.3g/t Ag**) which have not been followed up with modern exploration techniques and borders the Azimut Exploration Inc. (TSX.V: AZM) and SOQUEM owned Masta 2-Corvette Project (*the Passi Prospect*)
- The program targeted historic gold and copper showings as well as historic exploration trenches and pits within the project area and was designed to demonstrate continuity of broader gold mineralisation
- A rock sample collected along strike of the Eade-6 historic gold showing within West Eade returned a result of 3.37 g/t Au whilst another sample collected further along strike returned a result of 0.82 g/t Au at surface – **these results indicate that the mineralisation extends along strike of the banded iron formation at West Eade over a considerable distance**
- A follow up soil geochemical and till sampling program has been designed to test the broader zones of mineralisation and better define the mineralised corridor – **based on these results, the Company will then design a further exploration program which may include trenching, channel sampling and drilling the targets outlined**
- The Eade Gold Project hosts a significant strike length with several mineralised structures already identified

REVIEW OF OPERATIONS (CONTINUED)

SUMMARY

During the full year ended 30 June 2020, the Company announced the results of the ground exploration and sampling program at the Eade Gold Project. The primary objective of the program was to confirm the historic high-grade gold and copper mineralisation documented on the Project from the existing outcrops and exploration pits and trenches.

The reconnaissance mapping and sampling program also targeted several other prospective occurrences within the Project located along the main shear zone and along strike of the known historic prospects. The purpose of the campaign was to better define the broad zones of mineralisation at the Project which would allow the Company to then undertake additional exploration.

The field mapping and prospecting exploration program has been successful with a number of mineralised targets identified and sampled on surface. Although the program was only able to investigate a limited number of the prospective areas, the Eade Gold Project has demonstrated the potential for broad zones of mineralisation which will be followed up during subsequent field programs.

Gold mineralisation identified across the Guyer greenstone belt and within the Eade project area are within silicate, oxide (magnetite) and sulphide facies of banded iron formation. The map below outlines the claim blocks of the Eade East and Eade West project areas underlain by the geology of the area, which forms part of the Lac Guyer Greenstone Belt: South Branch:

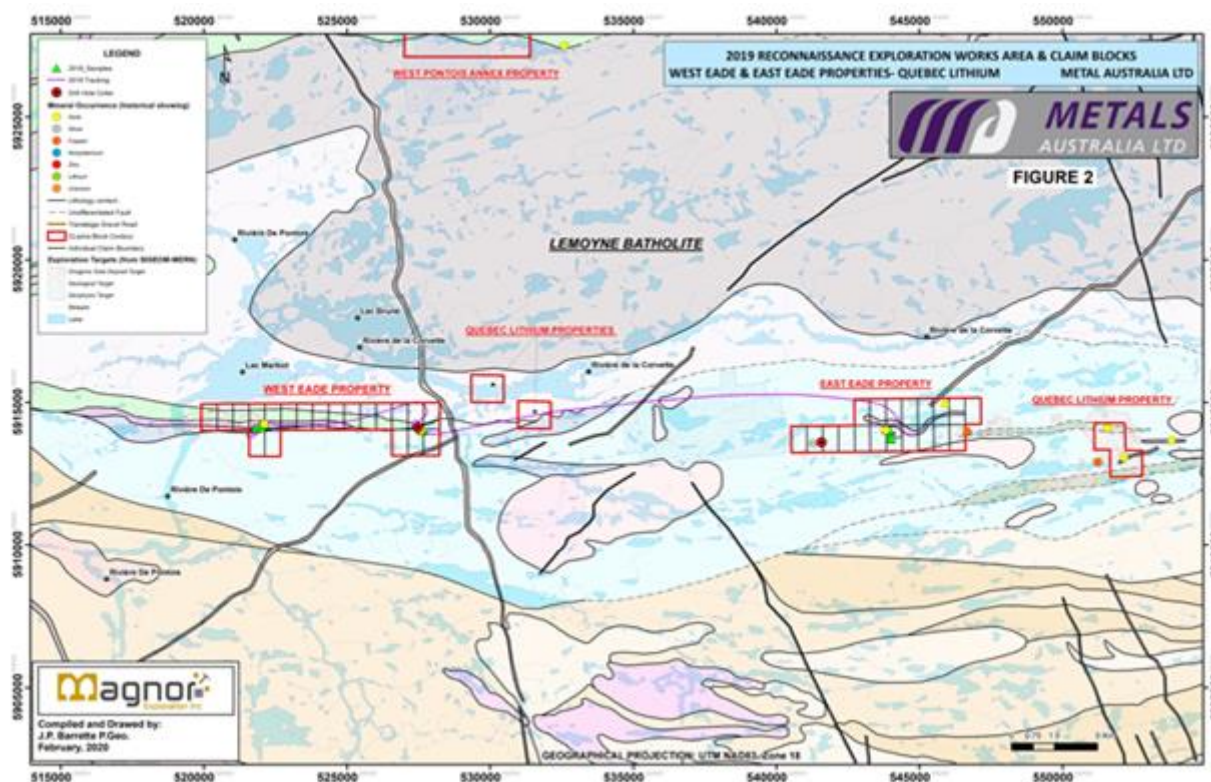


Figure 5: Location map outlining the claim blocks of the Eade East and Eade West project areas underlain by the geology of the area, which forms part of the Lac Guyer Greenstone Belt: South Branch, located in northern Quebec, Canada.

REVIEW OF OPERATIONS (CONTINUED)

A rock sample collected along strike of the Eade-6 historic gold showing returned a result of 3.37 g/t Au whilst another sample collected further along strike of the same mineralised banded iron formation and structure returned a result of 0.82 g/t Au at surface. These results indicate that the mineralisation extends along strike of the target geological structures within the banded iron formation at West Eade over a considerable distance.

Refer to Appendix A of ASX announcement dated 5 March 2020 and titled "Exploration Program Highlights Gold Potential Eade Project" for the complete list of sample results.

The results of the field program are consistent with the historical sampling that was undertaken at the Eade project confirming the presence of gold mineralisation within these BIF structures. Whilst higher grade mineralisation has been identified in localised zones, it is understood that these concentrations are due to a higher accumulation of fluids which deposit the gold in the formation. The presence of gold mineralisation over broader zones is significant and encouraging for the Company due to the fact that it eliminates the theory that the gold mineralisation is simply coincidental.

As part of the continued exploration at the Eade Gold Project, the Company will confirm the precise location of the historical samples and overlay those with the results of the recent field program.

As the historical samples were reported under different coordinate methods, the Company plans to visit the sites, mark them with an accurate GPS coordinate and re-sample the historical sites. This will allow the Company to build a reliable surface mineralisation model which can then be expanded upon through follow up field exploration.

The Company is also planning a follow up soil geochemical and till sampling program to test the broader zones of mineralisation and better define the mineralised corridor.

These programs will be designed with the intention to define the mineralisation over a more significant strike length, therefore allowing the Company to prioritise certain target areas for follow up staged exploration. Based on these results, the Company will then design a further exploration program which may include trenching, channel sampling and drilling, if warranted.

The Eade Gold Project has not been the subject of modern exploration and limited follow up exploration has been undertaken on the historical occurrences. The Company believes that modern exploration techniques, including channel sampling, soil geochemical sampling and till sampling will open up a significant amount of strike length of the known structures, enabling a focus on modern gold and copper exploration on and around the known prospects.

The map below illustrates the location of the 2019 field exploration sampling points at the Eade-East project area as well as the historic exploration, including historical drill holes, rock samples and channel samples.

REVIEW OF OPERATIONS (CONTINUED)

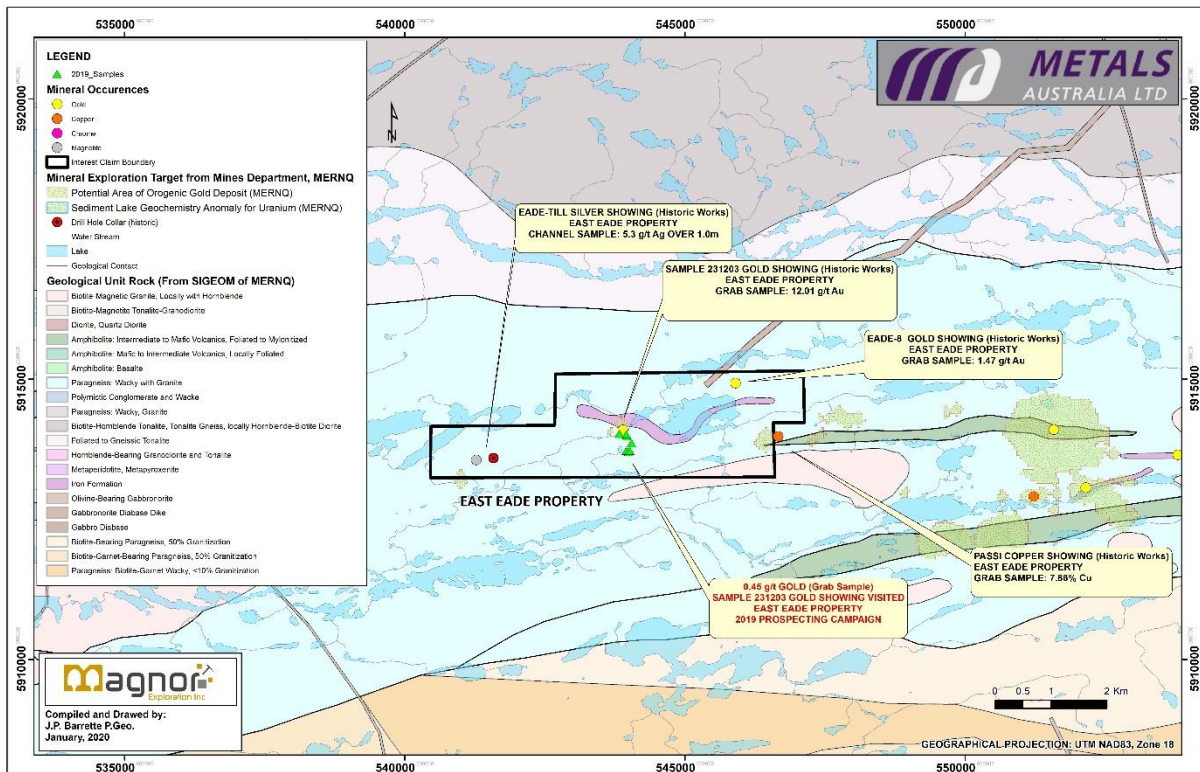


Figure 6: Geological map overlaid by the 2019 field exploration sampling points at the Eade-East project area together with the sampling points and location of historic exploration, including historical drill holes, rock samples and channel samples.

REVIEW OF OPERATIONS (CONTINUED)

The map below illustrates the location of the 2019 field exploration sampling points at the Eade-West project area as well as the historic exploration, including historical drill holes, rock samples and channel samples.

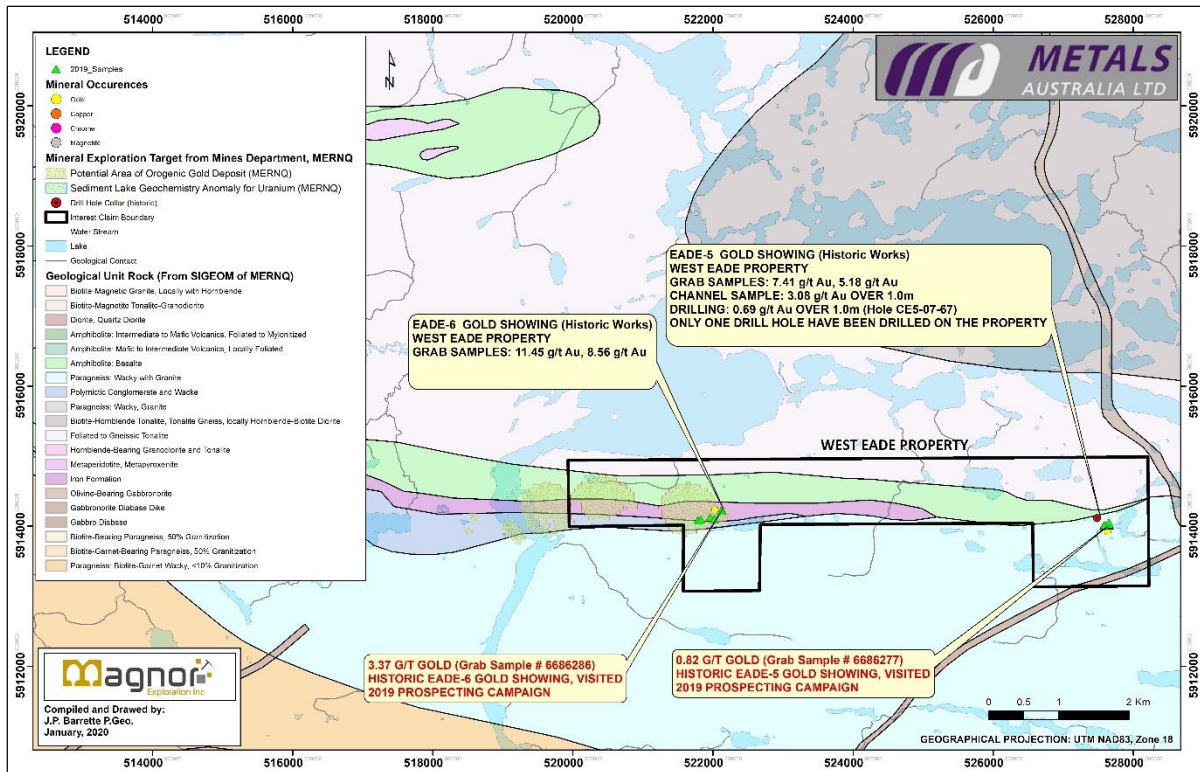


Figure 7: Geological map overlaid by the 2019 field exploration sampling points at the Eade-West project area together with the sampling points and location of historic exploration, including historical drill holes, rock samples and channel samples.

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

The East Eade and West Eade project areas include 20km of an east-west trending volcano-sedimentary belt. The geological setting is characterised by sheared metasediments, banded iron formation (silicate, oxide-magnetite and sulfide facies BIF), paragneisses, metabasalt and small felsic intrusions.

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

Refer to ASX Announcement dated 25 September 2019 and titled "Acquisition of Quebec Focused Gold Exploration Projects".

REVIEW OF OPERATIONS (CONTINUED)

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

Refer to ASX Announcement dated 25 September 2019 and titled "Acquisition of Quebec Focused Gold Exploration Projects".

BACKGROUND INFORMATION

EADE-PONTOIS-FELICIE GOLD PROJECTS, QUEBEC (100% OWNED)

The Eade-Pontois-Felicie gold exploration projects are located in the Lac Guyer greenstone belt of northern-Quebec (Canada), an east-west trending greenstone belt which is host to numerous high-grade gold-copper and base metal discoveries.

The projects are located approximately 120km northeast of the Eleonore Gold Mine which is owned and operated by Goldcorp and are located in close proximity to the Trans-Taiga Highway which provides excellent all-year road access to the projects. Due to the proximity of the Eade-Pontois-Felicie Gold Projects to the Lac Rainy Graphite Project, the Company has been able to engage the same team to oversee the exploration at these new project areas. Geologically, the projects are located in the north-eastern sector of the Superior Province and straddle the boundary of the La Grande and Opinaca geological sub-provinces. Together, the projects include approximately 20km of an east-west trending volcano-sedimentary belt. The greenstone sequence is variable, containing basalt, ultramafic, felsic volcanics and sediments. This provides rheological contrasts that can cause strain partitioning and focusing of gold bearing fluids. The projects are also close to the margin of a granite which has controlled regional scale east-west shearing. The greenstone belt contains multiple gold occurrences that indicate prospectivity for gold mineralisation. This is supported by the reported widespread distribution of low-grade sulphide mineralisation (possibly due to alteration) at the Felice Gold Project. Gold occurrences are aligned in an east-west direction along the main regional shear zones to the north and south of the granite.

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

REVIEW OF OPERATIONS (CONTINUED)

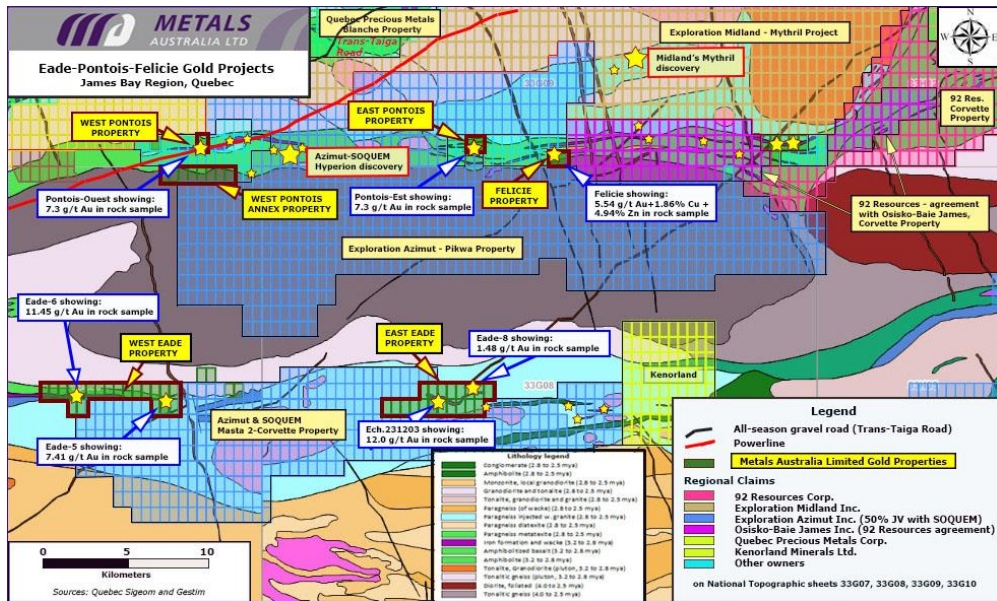


Figure 8: Regional geology map of the Eade-Pontois-Felicie Gold Projects located in Quebec, Canada. Sample site locations are contained within the map above with the use of a star highlighting the location of the sample and a text box highlighting the assay results of the particular sample.

GOLD PROJECT SUMMARY OVERVIEW

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

EADE GOLD PROJECT

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

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

REVIEW OF OPERATIONS (CONTINUED)

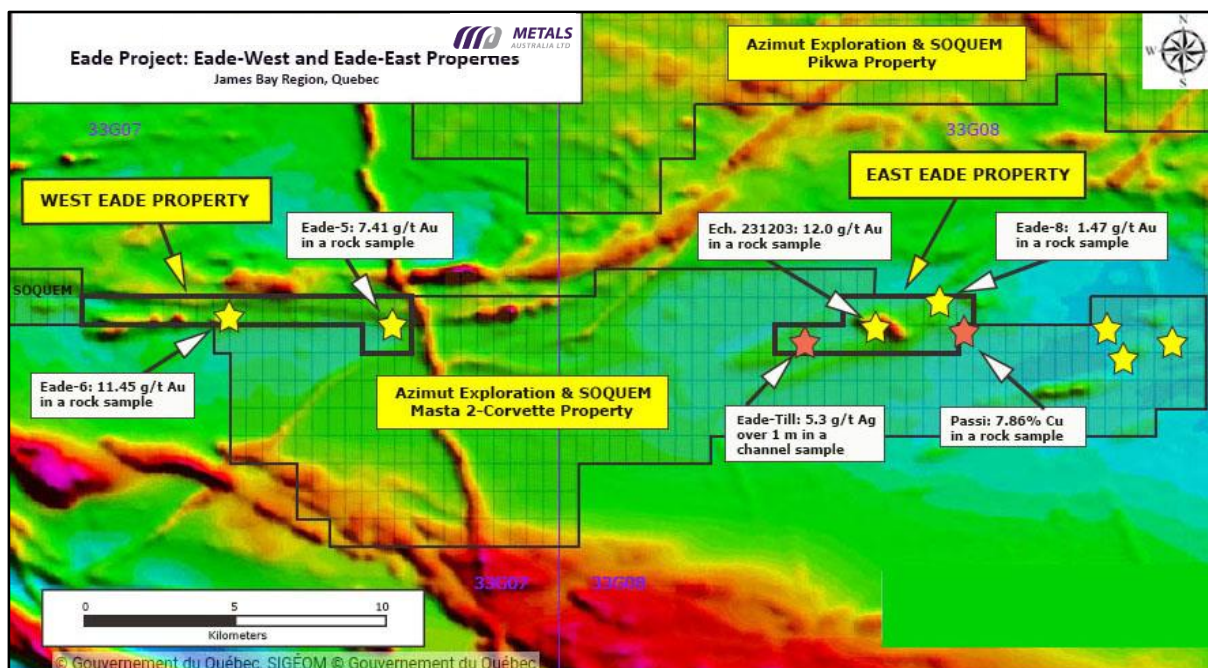


Figure 9: East Eade and West Eade project areas location map overlaid by the regional magnetic data. Sample site locations are contained within the map above with the use of a star highlighting the location of the sample and a text box highlighting the assay results of the particular sample.

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

The West Eade project area contains a **12km strike length** and covers two gold occurrences: Eade-5 and Eade 6. At Eade-5 rock chips have returned values up to **7.41g/t Au** in iron formation within a sulphidic shear. Approximately 6km along strike to the west at Eade-6, rock chip samples of iron formation returned results up to **11.45g/t Au**.

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

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

East Eade also borders the Azimut Exploration Inc. (TSX.V: AZM) and SOQUEM owned Masta 2-Corvette Project (*the Passi Prospect - refer to Figure 8 above*).

FELICIE GOLD PROJECT

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

REVIEW OF OPERATIONS (CONTINUED)

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

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

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

Refer to Figure 8 for an overview of the regional geology of the Felicie Gold Project.

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

PONTOIS GOLD PROJECT

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

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

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

Refer to Figure 8 for an overview of the regional geology of the Pontois Gold Project.

RESULTS

The loss of the Group for the financial year after providing for income tax amounted to \$1,515,663 (2019: \$732,434).

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 decreased by \$943,696 from \$8,941,573 at 30 June 2019 to \$7,997,877 at 30 June 2020.

SIGNIFICANT CHANGES

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

LIKELY DEVELOPMENTS

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

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

a) Qualifications and experience of Directors:

(i) Michael Scivolo B. Com, FCPA (Non-Executive Chairman)

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

(ii) Robert Collins (Non-Executive Director)

Mr Collins has served on a number of ASX listed industrial and mining company boards, and owned a large accounting practice serving the corporate sector. He was a Director of Covata Ltd (formerly Prime Minerals Limited) until 29 October 2014, Blaze International Limited until 8 April 2016 and K2Fly Ltd (formerly Power resources Ltd) until 17 November 2016. Mr Collins is currently a Non-Executive Director of Sabre Resources Ltd and Golden Deeps Limited.

(iii) Gino D'Anna (Non-Executive Director)

Mr D'Anna has significant primary and secondary capital markets experience. Mr D'Anna also possesses extensive experience in resource exploration, public company operations, administration and financial management.

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

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

(i) Martin Stein B. Bus., CA, FCIS, FGIA

Mr Stein is a finance and governance professional and has previously held executive positions with PwC and Anvil Mining Ltd. He is a Chartered Accountant, Fellow of Institute of Chartered Secretaries and Administrators and Fellow of Governance Institute of Australia.

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

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

INFORMATION ON DIRECTORS AND COMPANY SECRETARY (continued)

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

Name	Ordinary Shares	Options
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, other than for the provision of director and consulting services to the Company.

REMUNERATION REPORT (AUDITED)

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

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

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

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

There are no committees or sub committees of the Board.

KMP Remuneration

2020 Key Management Personnel	Short-term Benefits		Super- annuation	Share- based Payment Options	Total	Performance Related %
	Directors Fees/Salary	Consulting Fees			Total	
	\$	\$	\$	\$	\$	
M Scivolo	12,000	-	1,140	-	13,140	-
R Collins	12,000	-	-	-	12,000	-
G D'Anna	12,000	115,848	-	-	127,848	-
TOTAL	36,000	115,848	1,140	-	152,988	-

REMUNERATION REPORT (AUDITED) (continued)

KMP Remuneration (continued)

2019

Key Management Personnel	Short-term Benefits		Super-annuation	Share-based Payment Options	Total	Performance Related %
	Directors Fees/Salary	Consulting Fees			Total	
	\$	\$	\$	\$	\$	
M Scivolo	12,000	-	1,140	-	13,140	-
R Collins	12,000	-	-	-	12,000	-
G D'Anna	12,000	92,963	-	-	104,963	-
H S Majteles	7,500	-	-	-	7,500	-
TOTAL	43,500	92,963	1,140	-	137,603	-

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 2019	Granted as Compensation	Issued on exercise of options during the year	Other changes during the year	Balance 30 June 2020
M Scivolo	25,000	-	-	-	25,000
R Collins	4,000,000	-	-	-	4,000,000
G D'Anna	43,100,000	-	-	-	43,100,000
Total	47,125,000	-	-	-	47,125,000

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 2019. The Company did not receive specific feedback at the AGM regarding its remuneration practices.

END OF REMUNERATION 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 July 2019	2,927,197,777	33,092,480
Placement 26 September 2019	30,000,000	60,000
Placement 4 November 2019	250,155,000	400,248
Capital raising costs on above placements	-	(52,564)
Expiration of options	-	971,935
Closing balance 30 June 2020	3,207,352,777	34,472,099

ANALYSIS OF MOVEMENT IN OPTIONS

During the year the movement in options was as follows:

Class	Balance 1 July 2019	Issued During Year	Exercised or expired during year	Balance 30 June 2020
Exercisable at \$0.003 on or before 1 December 2019	215,111,668	-	(215,111,668)	-
Exercisable at \$0.01 on or before 31 May 2020	920,885,000	-	(920,885,000)	-
Exercisable at \$0.035 on or before 1 June 2022	-	1,416,110,000	-	1,416,110,000
Exercisable at \$0.035 on or before 1 January 2023	-	50,000,000	-	50,000,000

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

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2020 and the number of meetings attended by each Director:

Name	Eligible to attend	Attended
M Scivolo	2	2
R Collins	2	2
G D'Anna	2	2

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

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

RETIREMENT, ELECTION AND CONTINUATION IN OFFICE OF DIRECTORS

Both of Mr Gino D'Anna and Mr Robert Collins retired by rotation as a Director at the Annual General Meeting on 30 November 2019 and were re-elected.

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

ENVIRONMENTAL ISSUES

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

EVENTS SUBSEQUENT TO BALANCE DATE

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

On 27 August 2020, the Company issued 440,999,999 fully paid ordinary shares at \$0.00187 per share, raising \$824,670 (before costs). The Company has also entered into a capital raising mandate to issue, subject to receiving shareholder approval at the next General Meeting, a further 526,508,022 fully paid ordinary shares at \$0.00187 per share, to raise an additional \$984,570 (before costs). A total of 1,002,508,021 options will also be issued, subject to shareholder approval at the next General Meeting, with an exercise price of \$0.0035 per share and expiring on 1 June 2022.

Subsequent to balance date, the Company received informal notification from its Canadian tax consultants that a Canadian subsidiary company would be eligible to receive a tax refund in relation to their corporate and mining tax returns for the year ended 30 June 2020. The notification was preliminary in nature, and at the date of this report, the amount of any refund could not be reliably measured and has not been brought to account at 30 June 2020.

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

INDEMNIFYING OFFICER OR AUDITORS

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the independent auditor's declaration as required by section 307c of the *Corporations Act 2001* is set out on page 63.

DIRECTORS' BENEFITS

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

AUDIT COMMITTEE

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

NON-AUDIT SERVICES

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

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

During the year under review, the Company's previous auditor Grant Thornton Audit Pty Ltd 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 will be set out in the annual report.

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



.....
Mr Michael Scivolo
Chairman

Dated 8th September 2020
Perth, Western

Competent Person Declaration

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

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

		Consolidated 30 June 2020 \$	30 June 2019 \$
Revenue	Note		
Interest earned		1,650	12,213
		<u>1,650</u>	<u>12,213</u>
Expenses			
Change in fair value of investments		(101,800)	(91,600)
Key management personnel remuneration		(152,988)	(137,603)
Management fees		(283,360)	(281,120)
ASX listing fees		(34,372)	(29,387)
Professional fees		(220,840)	(178,491)
Exploration and evaluation expenditure written off	10	(1,399,966)	-
Other expenses		(59,601)	(26,446)
		<u>(2,252,927)</u>	<u>(744,647)</u>
Loss before income tax		(2,251,277)	(732,434)
Income tax benefit	4	735,614	-
Loss for the year from continuing operations		(1,515,663)	(732,434)
Loss for the year from discontinued operations		-	-
Loss for the year		(1,515,663)	(732,434)
Other Comprehensive Loss, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign controlled entities		92,704	-
Total comprehensive (loss for the year)		(1,422,959)	(732,434)
(Loss) for the year attributable to:			
Owners of the parent		(1,515,663)	(732,434)
Non-controlling interest		-	-
Total (Loss) for the year, net after tax		(1,515,663)	(732,434)
Total comprehensive (loss) for the year attributable to:			
Owners of the parent		(1,422,959)	(732,434)
Non-controlling interest		-	-
Total comprehensive (loss) for the year		(1,422,959)	(732,434)
Basic and diluted loss per share (cents):			
- loss from continuing operations		(0.05)	(0.03)
- loss from discontinued operations		-	-
Total loss per share	16	(0.05)	(0.03)

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

METALS AUSTRALIA LTD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

				Consolidated	
				30 June 2020	30 June 2019
				\$	\$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	7	496,129		543,079	
Trade and other receivables	8	243,219		22,804	
Financial assets	9	70,402		157,202	
Prepayment		4,293		1,592	
TOTAL CURRENT ASSETS		814,043		724,677	
NON-CURRENT ASSETS					
Exploration and evaluation expenditure	10	7,476,163		8,582,411	
TOTAL NON-CURRENT ASSETS		7,476,163		8,582,411	
TOTAL ASSETS		8,290,206		9,307,088	
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	11	292,329		365,515	
TOTAL CURRENT LIABILITIES		292,329		365,515	
TOTAL LIABILITIES		292,329		365,515	
NET ASSETS		7,997,877		8,941,573	
EQUITY					
Issued capital	12	34,472,099		33,092,480	
Share option reserve	13	71,579		971,935	
Accumulated losses	14	(26,562,588)		(25,046,925)	
Foreign currency translation reserve		92,704		-	
Parent interests		8,073,794		9,017,490	
Non-controlling interest	15	(75,917)		(75,917)	
TOTAL EQUITY		7,997,877		8,941,573	

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 2020**

	Issued Capital	Share Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total attributable to owners of parent	Non-controlling Interest	Total Equity
	\$	\$	\$	\$	\$	\$	\$
BALANCE AT 1 JULY 2019 (as previously stated)	32,137,689	971,935	-	(24,390,408)	8,719,216	-	8,719,216
Prior period adjustment (refer to note 26)	-	-	-	75,917	75,917	(75,917)	-
BALANCE AT 1 JULY 2019 - restated	32,137,689	971,935	-	(24,314,491)	8,795,133	(75,917)	8,719,216
(Loss) attributable to the members of the parent entity	-	-	-	(732,434)	(732,434)	-	(732,434)
Issues of capital	1,067,470	-	-	-	1,067,470	-	1,067,470
Capital raising costs	(112,679)	-	-	-	(112,679)	-	(112,679)
BALANCE AT 30 JUNE 2019	33,092,480	971,935	-	(25,046,925)	9,017,490	(75,917)	8,941,573
BALANCE AT 1 JULY 2019	33,092,480	971,935	-	(25,046,925)	9,017,490	(75,917)	8,941,573
(Loss) attributable to the members of the parent entity	-	-	-	(1,515,663)	(1,515,663)	-	(1,515,663)
Total other comprehensive income / (loss) for the period	-	-	92,704	-	92,704	-	92,704
Issues of capital	460,248	-	-	-	460,248	-	460,248
Capital raising costs	(52,564)	-	-	-	(52,564)	-	(52,564)
Issue of options	-	71,579	-	-	71,579	-	71,579
Expiration of options	971,935	(971,935)	-	-	-	-	-
BALANCE AT 30 JUNE 2020	34,472,099	71,579	92,704	(26,562,588)	8,073,794	(75,917)	7,997,877

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 2020

	Note	Consolidated 30 June 2020 \$	30 June 2019 \$
Cash Flows from Operating Activities			
Payments to suppliers and employees		(715,441)	(695,306)
Canadian tax refunds		902,270	-
Interest received		1,650	19,381
<i>Net cash from / (used in) operating activities</i>	17	188,479	(675,925)
Cash Flows from Investing Activities			
Payment for investments		(15,000)	-
Payment for exploration expenditure and acquisitions		(586,545)	(1,823,292)
<i>Net cash (used in) investing activities</i>		(601,545)	(1,823,292)
Cash Flows from Financing Activities			
Proceeds from capital raising		400,247	1,053,720
Payments for cost of capital raising		(34,131)	(112,679)
<i>Net cash from financing activities</i>		366,116	941,041
Net increase / (decrease) in Cash and Cash Equivalents		(46,950)	(1,558,176)
Cash and Cash Equivalents at the Beginning of the Year		543,079	2,101,255
Effect of exchange rates on cash holdings in foreign currencies		-	-
Cash and Cash Equivalents at the End of Year		496,129	543,079

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

1. CORPORATE INFORMATION

The financial report of Metals Australia Ltd and its subsidiaries Karrilea Holdings Pty Ltd, Quebec Lithium Ltd, Lac Rainy Graphite Inc and Lac du Marcheur Cuivre-Cobalt Inc (the Group) for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on 8 September 2020.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of Preparation**

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

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

The financial report is presented in Australian Dollars.

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

(b) New or amended Accounting Standards and Interpretations adopted

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

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

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

AASB 16 Leases

The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(b) New or amended Accounting Standards and Interpretations adopted(continued)***Impact of adoption*

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

(c) Current and non-current classification

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

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

(d) Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2020. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(d) Basis of Consolidation (continued)**

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 acquire, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

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

(e) Interest in joint ventures

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

(f) Foreign currency translation

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(g) Property, plant and equipment**

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

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

- Plant and equipment – over 3 to 5 years

Impairment

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

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

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

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

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

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

(h) Right-of-use assets

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(i) Goodwill**

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

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

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

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

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

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

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

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

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

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

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

(j) Investments and other financial assets

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(j) Investments and other financial assets (continued)**

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

Financial assets at fair value through profit or loss

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

Financial assets at fair value through other comprehensive income

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

Impairment of financial assets

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

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

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

(k) Exploration and Evaluation Expenditure

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(l) Trade and other receivables**

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

(m) Cash and cash equivalents

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

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

(n) Provisions

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

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

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

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

(o) Share-based payment transactions*(i) Equity settled transactions:*

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(o) Share-based payment transactions (continued)**

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

(p) Revenue

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

Interest

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

(q) Income tax

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(q) Income tax (continued)**

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.

(t) Lease liabilities

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(t) Lease liabilities (continued)**

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

(u) Contributed equity

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

(v) Earnings per share

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

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

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

(w) Comparatives

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

(x) Going Concern

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

During the year, the Group has reported a net loss of \$1,515,663 (2019 loss: \$732,434) and a net cash inflow from operating activities of \$188,479 (2019 outflows: \$675,925) and net cash outflow from investing activities of \$601,545 (2019 outflow: \$1,823,292). The Group's net current asset position at 30 June 2020 was \$521,714 (2019: \$359,162).

During the year the Group raised \$407,684 after costs for issuing shares and at 30 June 2020 had \$496,129 cash on hand.

On 27 August 2020, the Company issued 440,999,999 fully paid ordinary shares at \$0.00187 per share, raising \$824,670 (before costs). The Company has also entered into a capital raising mandate to issue, subject to receiving shareholder approval at the next General Meeting, a further 526,508,022 fully paid ordinary shares at \$0.00187 per share, to raise an additional \$984,570 (before costs).

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(x) Going Concern (continued)**

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

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

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

(y) Significant Accounting Judgments, Estimates and Assumptions

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

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

*(i) Significant accounting judgments include:***(a) Expected credit loss**

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

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

(b) Exploration expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the financial year at \$7,476,163.

3. Significant Accounting Judgments, Estimates and Assumptions (continued)**(c) Coronavirus (COVID-19) pandemic**

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

NOTES TO THE FINANCIAL STATEMENTS

4. Income Tax

	Consolidated	
	2020	2019
	\$	\$
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% (2019: 27.5%):	(675,383)	(219,730)
Add:		
Tax effect of:		
Other non-allowable items	467,487	81,542
Other assessable items	-	2,150
Non-assessable income	-	-
Deferred tax asset not brought to account	207,896	136,038
Canadian corporate and mining tax credits	735,614	-
Less:		
Tax effect of:		
Effect of overseas tax rate	-	-
Income tax benefit attributable to entity	735,614	-
Unrecognised deferred tax assets:		
- Tax losses: revenue	5,113,591	4,880,242
- Temporary differences	60,867	71,857
- Tax losses: capital	797,325	797,325
	5,971,783	5,749,424
Unrecognised Deferred Tax Liabilities	(1,363,169)	(1,407,809)

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

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

All unused tax losses of \$19,164,266 (2019: 18,925,223) were incurred by Australian entities.

NOTES TO THE FINANCIAL STATEMENTS

5. Auditor's Remuneration

	Consolidated	
	2020	2019
	\$	\$
Remuneration of the auditor of the parent entity, Crowe Horwath Perth		
- auditing or reviewing the financial report	16,700	11,700
- taxation services provided by a related practice of the auditor	5,500	-
	<u>22,200</u>	<u>11,700</u>

Remuneration of the previous auditor of the parent entity, Grant Thornton Audit Pty Ltd

- auditing or reviewing the financial report	-	14,253
- taxation services provided by a related practice of the auditor	-	8,250
- auditing or reviewing the financial reports of subsidiaries	-	-
	<u>-</u>	<u>22,503</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 2020.

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

Short-term employee benefits	151,848	136,463
Superannuation	1,140	1,140
	<u>152,988</u>	<u>137,603</u>

7. Cash and Cash Equivalents

Represented by:

Cash at bank	496,129	543,079
Deposit Accounts	-	-
Cash at bank	<u>496,129</u>	<u>543,079</u>

8. Trade and Other Receivables**Current**

Canadian mining, corporate and sale taxes receivable	249,097	-
Less: provision for doubtful recoverability	(35,445)	-
GST receivable	24,240	22,804
Deposits held	5,327	-
	<u>243,219</u>	<u>22,804</u>

9. Other financial assets – held for trading

Financial assets – listed Australian securities at market value	<u><u>70,402</u></u>	<u><u>157,202</u></u>
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NOTES TO THE FINANCIAL STATEMENTS

10. Exploration and Evaluation Expenditure

Opening balance – at cost	8,582,411	6,511,751
Exploration and evaluation expenditure including foreign currency exchange movements	233,718	2,070,660
Shares issued to acquire projects	60,000	-
Expenditure written off	(1,399,966)	-
	7,476,163	8,582,411

11. Trade and other Payables**Current**

Trade creditors	159,763	79,037
Accrued liabilities	132,566	286,478
	292,329	365,515

12. Issued Capital

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

	Number	\$
Balance 30/06/2018	2,339,047,777	32,137,689
Placement 18 September 2018	2,750,000	13,750
Placement 27 March 2019	350,000,000	630,000
Placement 5 June 2019	235,400,000	423,720
Capital raising costs on above placements	-	(112,679)
Balance 30/06/2019	2,927,197,777	33,092,480
Placement 26 September 2019	30,000,000	60,000
Placement 4 November 2019	250,155,000	400,248
Expiration of options	-	971,935
Capital raising costs on above placements	-	(52,564)
Balance 30/06/2020	3,207,352,777	34,472,099

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

13. Share Option Reserve

Date	Details	Number of Options	Amount \$
30/06/2018	Balance	1,136,036,668	971,935
30/06/2019	Balance	1,136,036,668	971,935
26/09/2019	Options issued as consideration for acquisition of mineral properties	50,000,000	53,146
04/11/2019	Options issued as capital raising fee	20,000,000	18,433
01/12/2019	Expiration of options	(215,111,668)	(747,531)
31/05/2020	Expiration of options	(920,925,000)	(224,404)
30/06/2020	Balance	70,000,000	71,579

Movement in Options Granted

Movements in share options during the year were as follows:

Class	Balance 1 July 2019	Issued During Year	Exercised or expired during year	Balance 30 June 2020
Exercisable at \$0.003 on or before 01/12/2020	215,111,668	-	(215,111,668)	-
Exercisable at \$0.01 on or before 31/05/2020	920,925,000	-	(920,925,000)	-
Exercisable at \$0.0035 on or before 01/12/2023	-	50,000,000	-	50,000,000
Exercisable at \$0.0035 on or before 01/06/2022	-	1,416,110,000	-	1,416,110,000
Total	1,136,036,668	1,466,110,000	(1,136,036,668)	1,466,110,000

The weighted average exercise price of the options on hand at year end is \$0.0035. The remaining contractual life of the options outstanding at year end was a weighted average of 1.94 years.

NOTES TO THE FINANCIAL STATEMENTS

13. Share Option Reserve (continued)

Capital Management

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

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

14. Accumulated Losses

	Consolidated	
	2020	2019
	\$	\$
Accumulated losses at the beginning of the year	(25,046,925)	(24,314,491)
Loss for the year	(1,515,663)	(732,434)
Accumulated losses at the end of the financial year	(26,562,588)	(25,046,925)

15. Non-controlling Interest

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

16. Earnings per Share

Weighted average number of shares on issue during the financial year used in the calculation of basic earnings per share	3,113,337,244	2,448,714,673
Basic earnings per share (cents):		
- earnings from continuing operations	(0.05)	(0.03)
- loss from discontinued operations	-	-
Total loss per share:	(0.05)	(0.03)

NOTES TO THE FINANCIAL STATEMENTS

17. Cash Flow Information

Reconciliation to Statement of Cash Flows

	Consolidated	
	2020	2019
	\$	\$
Operating loss after income tax	(1,515,663)	(732,434)
Non-cash items in profit/(loss)		
Equity payment to supplier	-	13,750
Revaluation of shares	101,800	91,600
Exploration and evaluation expenditure written off	1,399,966	
Foreign exchange movements	267,860	-
Changes in assets and liabilities:		
Decrease / (increase) in trade and other receivables	(220,415)	133,747
Decrease/(increase) in prepayments	(2,701)	
Increase / (decrease) in trade and other payables	157,632	(182,588)
Net cash flows (used in) operating activities	188,479	(675,925)

18. Financial Instruments

(a) Interest Rate Risk

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

Consolidated Group	Floating Interest Rate		Non-Interest Bearing		Total	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
Financial Assets:						
Cash and cash equivalents	496,129	543,079	-	-	496,129	543,079
Trade and other receivables	-	-	243,219	22,804	243,219	22,804
Held-for-trading investments	-	-	70,402	157,202	70,402	157,202
Total Financial Assets	496,129	543,079	313,621	180,006	809,750	723,085
Financial Liabilities:						
Trade and other payables	-	-	(292,329)	(365,515)	(292,329)	(365,515)
Total Financial Liabilities	-	-	(292,329)	(365,515)	(292,329)	(365,515)
Net Financial Assets	496,129	543,079	21,292	(185,509)	517,421	357,570

Reconciliation of Financial Assets to Net Assets

	Consolidated	
	2020	2019
	\$	\$
Net financial assets	517,421	357,570
Prepayments	4,293	1,592
Exploration and evaluation expenditure	7,476,163	8,582,411
Net assets	7,997,877	8,941,573

18. Financial Instruments (continued)**(b) Credit Risk**

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

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

(c) Net Fair Values

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

(d) Financial Risk Management

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

(e) Liquidity Risk

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

18. Financial Instruments (continued)

At 30 June 2020, 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	
	2020	2019
	\$000	\$000
Change in profit/(loss)		
- Increase in interest rate by 2%	10,392	26,443
- Decrease in interest rate by 2%	(10,392)	(26,433)
Change in equity		
- Increase in interest rate by 2%	10,392	26,443
- Decrease in interest rate by 2%	(10,392)	(26,433)

Liquidity Risk Sensitivity Analysis

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

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

Consolidated Group	Within 1 year		1 to 5 years		Total	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
Financial Liabilities – Due for Payment						
Trade and other payables	(292,329)	(365,515)	-	-	(292,329)	(365,515)
Total Expected Outflows	(292,329)	(365,515)	-	-	(292,329)	(365,515)
Financial Assets – Cash Flows Realisable						
Cash and cash equivalents	496,129	543,079	-	-	496,129	543,079
Receivables	243,219	22,804	-	-	243,219	22,804
Held-for-trading investments	70,402	157,202	-	-	70,402	157,202
Total anticipated inflows	809,750	723,085	-	-	809,750	723,085
Net (outflow) / inflow on financial instruments	517,421	357,570	-	-	517,421	357,570

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.

NOTES TO THE FINANCIAL STATEMENTS

18. Financial Instruments (continued)

Financial Instruments Measured at Fair Value

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

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

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Consolidated Group				
2020				
Financial assets				
Financial assets at fair value through profit or loss:				
Investments: held for trading	70,402	-	-	70,402
	70,402	-	-	70,402

2019

Financial assets

Financial assets at fair value through profit or loss:

Investments: held for trading	157,202	-	-	157,202
	157,202	-	-	157,202

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.

19. Investment in controlled entities

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding (%)		Book Value of Investment \$'000		Contribution to Consolidated Result \$'000	
			2020	2019	2020	2019	2020	2019
Karrilea Holdings Pty Ltd	Australia	Ordinary	80	80	-	-	-	-
Quebec Lithium Ltd	Australia	Ordinary	100	100	-	-	(715,710)	-
Lac Rainy Graphite Inc	Canada	Ordinary	100	100	-	-	-	-
Lac du Marcheur Cuivre-Cobalt Inc	Canada	Ordinary	100	100	-	-	-	-

METALS AUSTRALIA LTD

NOTES TO THE FINANCIAL STATEMENTS

20. Related Parties

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

Related Party	Relationship	Nature Of Transaction	Year ended 30 June 2020		Year ended 30 June 2019	
			Transaction	Balance	Transaction	Balance
			\$	\$	\$	\$
Karrilea Holdings Pty Ltd	Subsidiary	Loan	-	4,844,631	84,755	4,844,631
Quebec Lithium Ltd	Subsidiary	Loan	2,825,401	3,018,494	121,461	193,093
Sabre Resources Ltd	Common Directors	Investment in shares	-	5,400	-	7,200
Sabre Resources Ltd	Common Directors	Trade Payables	(15,014)	(7,272)	(23,549)	(3,008)
Golden Deeps Ltd	Common Directors	Trade Payables	(8,181)	-	(3,816)	(1,616)
Golden Deeps Limited	Common directorship	Investments in Shares	-	50,000	-	150,000
Internazionale Consulting Pty Ltd	Director Related Entity	Payment of director and consulting fees	(127,848)	(13,266)	(104,963)	(14,388)
Profit & Resources Management Pty Ltd	Director Related Entity	Payment of director fees	(12,000)	(3,300)	(12,000)	(3,300)
Sherlock Investors Pty Ltd	Common Directors	Investment in shares	(15,000)	15,000	-	-

All transactions with Directors are disclosed in Note 6.

21. Operating Segments

Segment Information

Identification of reportable segments

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

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

Segments

The two reportable segments are as follows:

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

Basis of Accounting for purposes of reporting by operating segments

Accounting Policies Adopted

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

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

Unallocated items

Corporate costs are not considered core operations of any segment.

NOTES TO THE FINANCIAL STATEMENTS

21. Operating Segments (continued)

Segment Performance – June 2020	Australia	Canada	Total
	\$	\$	\$
Revenue			
From external sources	-	-	-
Interest earned	109	1,541	1,650
Total Group revenue			1,650
Segment profit/(loss)			
Management Fees	(283,360)	-	(283,360)
Corporate overheads	(479,690)	(89,911)	(569,601)
Exploration and evaluation expenditure written off	-	(1,399,966)	(1,399,966)
Total Group profit/(loss) before tax			(2,251,277)
Segment assets	3,712,365	4,577,841	8,290,206
Total Group assets			8,290,206
Segment liabilities			
Unallocated – corporate trade payables	249,462	42,867	292,329
Total Group liabilities			292,329
Segment Performance – June 2019	Australia	Canada	Total
	\$	\$	\$
Revenue			
From external sources			
Interest earned	12,213	-	12,213
Total Group revenue			12,213
Segment profit/(loss)	(732,434)	-	(732,434)
Management Fees	(281,120)	-	(281,120)
Corporate overheads	(463,527)	-	(463,527)
Total Group profit/(loss) before tax			(732,434)
Segment assets	5,261,894	4,045,194	9,307,088
Total Group assets			9,307,088
Segment liabilities			
Unallocated – corporate trade payables	234,515	131,000	365,515
Total Group liabilities			365,515

NOTES TO THE FINANCIAL STATEMENTS

22. Commitments

(i) Mining Tenements

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

Year Ending 30 June	Western Australia	Canada	Total \$
2021	159,400	71,364	230,764
2022	159,400	71,364	230,764
2023	159,400	71,364	230,764
2024	159,400	71,364	230,764
2025	159,400	71,364	230,764
	797,000	356,820	1,153,820

(ii) Management Agreement

The Company has an agreement with a management service company for the provision of services at the current annual rate of \$283,360 per annum (plus CPI increases). Charges are at commercial terms in accordance with the Deed of Variation to Facilitation and Management Agreement entered into on 6 March 2018 for a five-year term commencing 14 November 2017.

23. Contingent Liabilities

No contingent liability exists for termination benefits under service agreements with directors or persons who take part in the management of the company. There were no contingent liabilities as at 30 June 2020.

24. Subsequent Events

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

On 27 August 2020, the Company issued 440,999,999 fully paid ordinary shares at \$0.00187 per share, raising \$824,670 (before costs). The Company has also entered into a capital raising mandate to issue, subject to receiving shareholder approval at the next General Meeting, a further 526,508,022 fully paid ordinary shares at \$0.00187 per share, to raise an additional \$984,570 (before costs). A total of 1,002,508,021 options will also be issued, subject to shareholder approval at the next General Meeting, with an exercise price of \$0.0035 per share and expiring on 1 June 2022.

Subsequent to balance date, the Company received informal notification from its Canadian tax consultants that a Canadian subsidiary company would be eligible to receive a tax refund in relation to their corporate and mining tax returns for the year ended 30 June 2020. The notification was preliminary in nature, and at the date of this report, the amount of any refund could not be reliably measured and has not been brought to account at 30 June 2020.

NOTES TO THE FINANCIAL STATEMENTS

24. Subsequent Events (continued)

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

25. Parent Entity Information

The following details information related to the parent entity, Metals Australia Ltd, at 30 June 2020. The information presented here has been prepared using consistent accounting policies as shown in Note 2.

	Parent Entity	
	2020	2019
	\$	\$
Assets		
Current assets	455,024	724,677
Non-current assets	3,257,341	3,793,273
Total Assets	3,712,365	4,517,950
Liabilities		
Current liabilities	(249,464)	(234,515)
Non-current liabilities	-	-
Total Liabilities	(249,464)	(234,515)
Equity		
Issued capital	34,472,099	33,092,480
Share option reserve	71,579	971,935
Accumulated losses	(31,080,777)	(29,780,980)
Total Equity	3,462,901	4,283,435
Financial performance		
(Loss) for the year	(1,299,797)	(898,644)
Other comprehensive income	-	-
Total comprehensive (loss)	(1,299,797)	(898,644)

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

No contingent liabilities exist.

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

26. Prior Period Adjustment

The restatement of the 30 June 2019 financial statements is as a result of the non-controlling interest not being accounted for in prior period. This has been rectified by restating each of the affected financial statement line items for prior period.

	Previous amount	Adjustment	Restated amount
	\$	\$	\$
30 June 2019			
Accumulated losses	(24,390,408)	75,917	(24,314,491)
Non-controlling interest	-	(75,917)	(75,917)

METALS AUSTRALIA LTD

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

- (a) the financial statements and notes set out on pages 31 to 61, and the remuneration disclosures that are contained in pages 25 to 26 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 2020 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 25 to 26 of the Remuneration Report in the Directors' Report comply with Australian Accounting Standard AASB 124 Related Party Disclosures; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declaration required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2020.

Signed in accordance with a resolution of the Directors:



Michael Scivolo
Chairman

Dated 8th September 2020.
Perth, Western Australia

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

As lead auditor for the audit of Metals Australia Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

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

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



Crowe Perth



Sean McGurk
Partner

Signed at Perth, Western Australia dated this 8 September 2020

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 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended, and notes to the financial statements comprising a summary of significant accounting policies and the Director's Declaration.

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

- (a) Giving a true and fair view of the Group's financial position at 30 June 2020 and of its financial performance for the period then ended; and
- (b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

Emphasis of Matter – Material Uncertainty Regarding Going Concern

We draw attention to Note 2(x) in the financial report, which indicates that the Group incurred a net loss of \$1,515,663 (2019 loss: \$732,434). As stated in Note 2(x) this condition, along with other matters set forth in Note 2(x), indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern, and whether it will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report. Our opinion is not modified in respect of this matter

Key Audit Matters

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

Key Audit Matter	How we addressed the Key Audit Matter
Consideration of impairment of capitalised mineral exploration and evaluation expenditure	
The carrying amount of capitalised mineral exploration and evaluation expenditure was a significant component of the Group's total assets at \$7,476,163 at 30 June 2020. Exploration assets are required to be assessed for impairment when facts and circumstances suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount. This matter is considered a key audit matter due to the high degree of judgement required by the directors to assess whether impairment indicators are present for specified tenements held and due to the significance of the capitalised amount at 30 June 2020. The conditions and assessment undertaken in relation to impairment are disclosed in the Group's accounting policy Notes 2(j) and 2(k), and Note 10 in the financial report.	Our procedures included, but were not limited to: • Conducting discussions with management regarding the criteria used in their impairment assessment and ensuring that this was in line with <i>AASB 6 Exploration for and Evaluation of Mineral Resources</i>. • Reviewing evidence of activities carried out and management intentions for the area of interest the Group holds, to corroborate the representations made by management during our discussions. • Assessed the Group's right to tenure by obtaining and assessing supporting documentation such as license agreements or renewals and any correspondence with relevant government agencies in connection with the renewal process. • Evaluating key assumptions adopted by management that support the position formed on whether the exploration and evaluation expenditure was impaired.

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

The directors are responsible for the other information. The other information comprises the information included in the Group's 2020 Annual Report for the period ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Metals Australia Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

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

Partner

Signed at Perth, Western Australia dated this 8 September 2020

METALS AUSTRALIA LTD

CORPORATE GOVERNANCE

INTRODUCTION

Metals Australia Ltd ACN 008 982 474 (**Metals** and **Company**) has adopted systems of control and accountability as the basis for the administration of corporate governance. These policies and procedures and additional information about the Company's corporate governance practices is set out on the Company's website at www.metalsaustralia.com.au

The Board of Directors of Metals is responsible for the corporate governance of the Company. In developing its corporate governance policies Metals has referred to recommendations within the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd edition (**CGPR**).

The Company's corporate governance practices during the financial year ended 30 June 2020 (**Reporting Period**) are reported below. Where the Company's corporate governance practices follow the CPGR the Board has provided appropriate statements reporting on the adoption of the CPGR. In compliance with the "if not, why not" reporting framework, where the Company's corporate governance practices differ from the relevant CPGR, the Board has explained its reasons for doing so and any alternative practice the Company may have adopted.

CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE PRINCIPLES & RECOMMENDATIONS	ADOPTED / NOT ADOPTED AND COMMENT
Principle 1: Lay solid foundations for management and oversight.	
1.1 Listed entities should disclose the roles and responsibilities of its Board and management, those expressly reserved to the Board and those delegated to management.	A The Company has formalised and disclosed on its website at www.metalsaustralia.com.au the functions reserved to the Board and those delegated to management within its <i>Corporate Governance Policy</i> .
1.2 Listed entities should undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a Director; and provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.	A The Company undertakes appropriate checks before appointing a person or putting forward to shareholders a candidate for election or re-election as a Director and provides shareholders with all material information in its possession relevant to a decision on whether to elect or re-elect a Director.
1.3 Listed entities should have written agreements with each Director and senior executive setting out the terms of their appointment.	A The Company has set out the terms of appointment in writing with each Director and senior executive.
1.4 The company secretary of a listed entity should be accountable directly to the Board, through the chair, on all matters to do with proper functioning of the Board.	A The Company Secretary is accountable directly to the Board, through the Chair, as to the proper functioning of the Board.

Legend: A = Adopted NA = Not Adopted

METALS AUSTRALIA LTD

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PRINCIPLES & RECOMMENDATIONS	ADOPTED / NOT ADOPTED AND COMMENT
Principle 1: Lay solid foundations for management and oversight (Ctd)	
1.5 Listed entities should: (a) Have a diversity policy which includes requirements for the Board or relevant Board committee to set measurable objectives for achieving gender diversity and to annually assess and disclose the objectives and progress towards their achievement; (b) Disclose that policy or a summary of it; and (c) Disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board (or relevant Board committee) in accordance with the entity's diversity policy and its progress towards achieving them, and either: [1] the respective proportions of men and women on the Board, in senior management positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes) or [2] if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators" as defined under that Act.	NA The Company has disclosed its <i>Diversity Policy</i> on its website at www.metalsaustralia.com.au. The Company's <i>Diversity Policy</i> does not mandate setting measurable objectives for achieving gender diversity as it is impractical to do so at this time. The proportion of women across the whole organisation, in senior executive positions, and on the Board, as at the date of this statement, is as follows: • Whole organisation – 0% • Senior Executive Positions – 0% • Board – 0% For the purposes of this statement and the Company's gender diversity, "senior executive" means a person who reports directly to the Board or Managing Director and/or who makes or participates in making decisions that could significantly affect the Company's operations.
1.6 Listed entities should have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and disclose whether a performance evaluation was undertaken in the reporting period in accordance with that process.	A The Company's processes for evaluating the performance of the Board and its Directors are disclosed on the Company's website at www.metalsaustralia.com.au in the Company's <i>Corporate Governance Policy</i>.
1.7 Listed entities should have and disclose a process for periodically evaluating the performance of its senior executives; and disclose whether a performance evaluation was undertaken in the reporting period in accordance with that process.	A The Company's processes for evaluating its Managing Director and key executives are disclosed on the Company's website at www.metalsaustralia.com.au in the Company's <i>Corporate Governance Policy</i>.

Legend: A = Adopted NA = Not Adopted

METALS AUSTRALIA LTD

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PRINCIPLES & RECOMMENDATIONS	ADOPTED / NOT ADOPTED AND COMMENT
Principle 2: Structure the Board to add value	
2.1 (a) The Board of a listed entity should have a nomination committee of at least three members (a majority of whom are independent directors) chaired by an independent director and disclose: • The committee charter • The committee members; and • As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) If a nomination committee is not established then disclose that fact and the processes employed to address board succession issues, and to ensure the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	NA The Company has a small Board consisting of three Directors. The Board considers it desirable to use the full complement of knowledge, expertise and experience of all its Directors in making decisions and performing the functions usually associated with a Nomination Committee. The Company's <i>Corporate Governance Policy</i> and <i>Diversity Policy</i> disclosed at www.metalsaustralia.com.au outlines processes pertaining to board succession, skills, knowledge, experience, independence and diversity.
2.2 Listed entities should have and disclose a board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.	A The Company has disclosed in its <i>Corporate Governance Policy</i> and <i>Diversity Policy</i> at www.metalsaustralia.com.au the mix of skills and diversity the Board currently has and considers desirable in its membership given the Company's stage of development.
2.3 Listed entities should disclose the names of directors considered by the Board to be independent directors, the length of each director's service and, if a director has an interest, position, association or relationship that might cause doubt about the independence of that director, but the Board is of the opinion that it does not compromise the independence of the director, disclose the nature of the interest, position, association or relationship in question and disclose why the Board is of that opinion.	A The three current Directors are considered independent. The Company has disclosed the names of its Directors, their position, relevant interests or associations and their length of service in the Company's 2020 Annual Financial Report.
2.4 A majority of a listed entity's Board should be independent directors.	A The three current Directors are considered independent.

Legend: A = Adopted NA = Not Adopted

METALS AUSTRALIA LTD

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PRINCIPLES & RECOMMENDATIONS	ADOPTED / NOT ADOPTED AND COMMENT
Principle 2: Structure the Board to add value (Ctd)	
2.5 The Chairperson of a listed entity should be an Independent Director and, in particular, should not be the same person as the CEO of the entity.	A The Chairperson is independent.
2.6 Listed entities should have an induction program for new directors and provide professional development opportunities for directors to develop and maintain the skills and knowledge to perform their role as directors effectively.	A An induction program will be provided to any new directors if and when a new director is appointed. Professional development opportunities are provided to the Directors as and when needed.
Principle 3: Act ethically and responsibly	
3.1 Listed entities should have a code of conduct for its directors, senior executives and employees and disclose that code or a summary of it.	A The Company has disclosed its <i>Code of Conduct</i> and <i>Policy for Trading in Company Securities</i> on the Company's website at www.metalsaustralia.com.au .
Principle 4: Safeguard integrity in corporate reporting	
4.1 Listed entities should: (a) Have an audit committee which: (1) Has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) Is chaired by an independent director, who is not the chair of the Board, and disclose: (3) The charter of the committee; (4) The relevant qualifications and experience of the members of the committee; and (5) In relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) If it does not have an audit committee, disclose that fact and the processes employed to independently verify and safeguard the integrity of its corporate reporting, including the processes.	NA The Company has a small Board consisting of three Directors. At this stage, the Company has not established an Audit Committee and the Board prefers to use the full complement of knowledge, expertise and experience of all Directors in making decisions regarding the Company's audit and the Company's external auditors. All three Directors are financially literate. The Company's external auditors were appointed in 2019. Prior to their appointment, the Board obtained proposals from reputable audit firms and appointed the Company's current auditor after considering their experience with listed exploration companies operating in foreign and domestic jurisdictions, the experience and quality of personnel involved with the Company's audit, their internal quality control measures, their approach and methodology in conducting the audit, references, and awareness of professional requirements within accounting and for the appointment and removal of the external auditor and the rotation of the audit engagement partner, auditing standards including those pertaining to independence, confidentiality and conflicts of interest.

Legend: A = Adopted NA = Not Adopted

METALS AUSTRALIA LTD

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PRINCIPLES & RECOMMENDATIONS	ADOPTED / NOT ADOPTED AND COMMENT
Principle 4: Safeguard integrity in corporate reporting (Ctd)	
4.2 The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	A Prior to approving the financial statements for the full year ended 30 June 2020, Metals' Board received from the Chief Executive Officer and Chief Financial Officer declarations that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
4.3 Listed entities should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	A In accordance with section 250S of the Corporations Act the external auditor attended the 2019 AGM and the Chair expressly provided the opportunity for shareholders attending the meeting to ask questions relevant to the audit. Had there been any written questions submitted to the auditor (there were none) the Chair would also have ensured the opportunity for the external auditor to answer questions as required under section 250PA of the Corporations Act.
Principle 5: Make timely and balanced disclosure	
5.1 Listed entities should have a written policy for complying with its continuous disclosure obligations under the Listing Rules and disclose that policy or a summary of it.	A The Company has established written policies for complying with continuous disclosure obligations under the ASX Listing Rules which are disclosed within the Company's <i>Disclosure Policy</i> on the Company's website at www.metalsaustralia.com.au .
Principle 6: Respect the rights of security holders	
6.1 A listed entity should provide information about itself and its governance via its website.	A The Company provides information about itself and its governance to investors via its website at www.metalsaustralia.com.au .

Legend: A = Adopted NA = Not Adopted

METALS AUSTRALIA LTD

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PRINCIPLES & RECOMMENDATIONS	ADOPTED / NOT ADOPTED AND COMMENT
Principle 6: Respect the rights of security holders (Ctd)	
6.2 Listed entities should design and implement an investor relations program to facilitate effective two-way communication with investors.	A The Company has designed and implemented an investor relations program to facilitate effective two-way communication with investors. The program is set out in the Company's <i>Disclosure Policy</i> and <i>Corporate Governance Policy</i> disclosed on its website at www.metalsaustralia.com.au .
6.3 Listed entities should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	A Refer above – the Company's <i>Corporate Governance Policy</i> and the Company's <i>Disclosure Policy</i> are both published on the Company's website at www.metalsaustralia.com.au .
6.4 Listed entities should provide security holders with the option to receive communications from, and send communications to the entity and its share registry electronically.	A Shareholders are given the option to receive communications from, and send communications to the Company and its share registry electronically.
Principle 7: Recognise and manage risk	
7.1 The listed entity's Board should: (a) Have a committee or committees to oversee risk, each of which: (1) Has at least three members, a majority of whom are independent directors; and (2) Is chaired by an independent director, and disclose: (3) The charter of the committee; (4) The members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) If it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework	A Given the size and composition of the current Board it believes that no efficiencies are to be gained by establishing a separate Risk Committee. During the Reporting Period, responsibility for overseeing the Company's risk management rested with the Board. The Company's Risk Management Policy is disclosed within its <i>Corporate Governance Policy</i> on the Company's website at www.metalsaustralia.com.au. During the Reporting Period the full Board reviewed and where necessary amended its risk management and in so doing identified or confirmed business risks, assessed the likelihood and materiality of these risks and developed and implemented measures to mitigate these risks.

Legend: A = Adopted NA = Not Adopted

METALS AUSTRALIA LTD

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PRINCIPLES & RECOMMENDATIONS	ADOPTED / NOT ADOPTED AND COMMENT
Principle 7: Recognise and manage risk (Ctd)	
7.2 The listed entity's Board or a committee of the Board should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and disclose, in relation to each reporting period, whether such a review has taken place.	A Refer above.
7.3 Listed entities should disclose if they have an internal audit function, how the function is structured and what role it performs or, if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	NA The Company does not have an internal audit function. Refer above (7.1) for further discussion.
7.4 Listed entities should disclose whether they have any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks	A The Company faces economic, social and environmental risks that are largely inherent to the global and domestic economies, the industry, capital markets and the jurisdictions in which it operates. The Board has considered these risks in relation to a "material exposure threshold", as required under the CPGR, and put in place measures to reduce these risks to tolerable levels and, as defined in CPGR, there does not appear to be "a real possibility that the risk could substantively impact the Company's ability to create or preserve value for security holders ..." in the foreseeable future.
Principle 8: Remunerate fairly and responsibly	
8.1 Listed entities should: (a) Have a remuneration committee which: (1) Has at least three members, a majority of whom are independent directors; and (2) Is chaired by an independent director, and disclose: (3) The charter of the committee; (4) The members of the committee; and	A Given the size and composition of the current Board, it believes that no efficiencies are to be gained by establishing a separate Remuneration Committee. During the Reporting Period the Board followed the Company's Remuneration Policy as disclosed in the Director's Report of the Company's Annual Financial Report for the year ended 30 June 2020. In doing so the Board employed policies and processes designed to ensure equitable and responsible levels and composition of remuneration to Directors and senior executives.

Legend: A = Adopted NA = Not Adopted

METALS AUSTRALIA LTD

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PRINCIPLES & RECOMMENDATIONS	ADOPTED / NOT ADOPTED AND COMMENT
Principle 8: Remunerate fairly and responsibly(Ctd)	
(5) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) If it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives ensuring that such remuneration is appropriate and not excessive.	
8.2 Listed entities should separately disclose their policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives	A During the Reporting Period the Board followed the Company's Remuneration Policy which is separately disclosed in the Director's Report of the Company's Annual Financial Report for the year ended 30 June 2020.
8.3 Listed entities which have an equity-based remuneration scheme should have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme and disclose that policy or a summary of it.	A The Company does not have an equity-based remuneration scheme.

Legend: A = Adopted NA = Not Adopted

METALS AUSTRALIA LTD

SHAREHOLDER INFORMATION

Additional information included in accordance with the listing requirements of the Australian Securities Exchange Limited. The information set out below is applicable as at 7 September 2020 unless otherwise stated.

Capital Structure

The Company currently has issued capital of 3,648,352,776 fully paid ordinary shares held by 1,651 holders.

The Company has also issued 1,416,110,000 unlisted options exercisable at \$0.0035 at any time up to their maturity on 1 June 2022, held by 84 holders.

The Company has also issued 50,000,000 unlisted options exercisable at \$0.0035 at any time up to their maturity on 1 January 2023, held by 1 holder.

Voting Rights

The Company's Constitution provides that at a meeting of shareholders, and on a show of hands, each shareholder present in person and each other person present as a proxy, attorney or representative, has one vote. On a poll, each shareholder present in person has one vote for each fully paid ordinary share held by the shareholder and each person as a proxy, attorney or representative of a shareholder has one vote for each fully paid ordinary share held by the shareholder that person represents.

The Company's option holders do not have any voting rights.

On-Market Buy-Back

The Company does not have an on-market buy-back.

Securities Subject to Escrow

There are no Company securities subject to voluntary escrow.

Distribution of Shareholders

(a) The distribution of members and their shareholdings was:

Range of Holding		Holders	Shares Held	Percent
1	- 1,000	18	3,395	0.00%
1,001	- 5,000	9	30,643	0.00%
5,001	- 10,000	11	94,250	0.00%
10,001	- 100,000	62	3,353,476	0.09%
100,001	and over	1,551	3,644,871,012	99.91%
		1,651	3,648,352,776	100%

(b) There were 149 shareholders with unmarketable parcels of shares based on the closing market price on 7 September 2020.

Substantial Shareholders

The Company has received the requisite notices from substantial shareholders being:

Name	Number of Ordinary Shares	Percentage of Issued Capital
Phung Dang Ngyuen	163,017,605	5.08%

METALS AUSTRALIA LTD

SHAREHOLDER INFORMATION

Top 20 Shareholders

The twenty largest shareholders, representing 26.78% of the paid up capital were:

Name of Holder	Number	Percent
Mr Phung Dang Nguyen	113,150,011	3.10
Kalgoorlie Mine Management Pty Ltd	78,000,000	2.14
Mr Brett John Holdsworth <BJ Holdsworth A/C>	77,957,999	2.14
Mr Phung Dang Nguyen + Mrs Thi Thu Thuy Nguyen	71,500,000	1.96
Buratu Pty Ltd	60,457,172	1.66
McNeill Nominees Pty Limited	53,625,000	1.47
Rachel D'Anna	48,900,000	1.34
Mr Nghia Pham	47,250,000	1.30
Mr Mick Zivkov	43,900,000	1.20
Mr Manfred Karl Heinz Raabe	40,000,000	1.10
Everbright Accounting Services Pty Ltd	39,200,000	1.07
J P Morgan Nominees Australia Pty Limited	37,556,804	1.03
HSBC Custody Nominees (Australia) Limited	36,880,667	1.01
Mr Albert Edward Bennetts	35,000,000	0.96
Pan Pacific Mining Pty Ltd	35,000,000	0.96
Ms Chunyan Niu	33,333,333	0.91
Mr Don George	32,000,000	0.88
Mr Setayesh Behin-Ain	31,500,000	0.86
Mr James Patrick O'brien	31,000,000	0.85
Eugen Hudjek <Leodia Investments A/C>	31,000,000	0.85
	977,210,986	26.79

Top 20 Option holders

Unlisted Option holders \$0.0035 Exercise Price Expiring 1 June 2022

(a) The distribution of optionholders and their holdings was:

Range of Holding	Holders	Options Held	Percent
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 and over	84	1,416,110,000	100%
	84	1,416,110,000	100%

(b) Holders of more than 20% in this class are as follows:

Name of Holder	Number	Percent
McNeil Nominees Pty Limited	530,800,000	37.48%

METALS AUSTRALIA LTD

SHAREHOLDER INFORMATION

Distribution of Unlisted Option holders \$0.0035 Exercise Price Expiring 1 January 2023

(a) The distribution of optionholders and their holdings was:

Range of Holding		Holders	Options Held	Percent
1	- 1,000	-	-	-
1,001	- 5,000	-	-	-
5,001	- 10,000	-	-	-
10,001	- 100,000	-	-	-
100,001	and over	1	50,000,000	100%
		1	50,000,000	100%

(b) Holders of more than 20% in this class are as follows:

Name of Holder	Number	Percent
Glenn Griesbach	50,000,000	100%