



metalicity

ABN 92 086 839 992

Interim report for the half-year ended
31 December 2020

**Half-year report for the half year
ended 31 December 2020**

Corporate Directory

Directors

Jason Livingstone – Managing Director
Mathew Longworth – Non- Executive Chairman
Justin Barton – Executive Director
Andrew Daley – Non-executive Director

Company Secretary

Nick Day

Auditors

Pitcher Partners BA & A Pty Ltd
Level 11
12-14 The Esplanade
Perth WA 6000

Solicitors

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

Bankers

ANZ Banking Group Ltd
1275 Hay Street
West Perth WA 6005

Registered Office

Level 3, 30 Richardson Street
West Perth WA 6005
Telephone: +61 8 6500 0202

Share Registry

Link Market Services
QV1 Building
Level 12, 250 St Georges Terrace
PERTH WA 6000
Investor Enquiries: 1300 554 474
Facsimile: (02) 9287 0303

Stock Exchange Listing

Securities of Metalicity Limited are listed on the Australian Securities Exchange (ASX).
ASX Code: MCT

Web Site: www.metalicity.com.au

**Half-year report for the half year
ended 31 December 2020**

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Metalicity Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

DIRECTORS' REPORT

The Directors of Metalicity Limited (“the Company”) submit herewith the interim consolidated financial statements of the Company and its subsidiaries (“the Group”) for the half-year ended 31 December 2020. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Information about the Directors and senior management

The names and particulars of the Directors of the Company during or since the end of the financial period are:

| Name | Particulars |
|-------------------|------------------------|
| Jason Livingstone | Managing Director |
| Mathew Longworth | Non Executive Chairman |
| Justin Barton | Executive Director |
| Andrew Daley | Non-Executive Director |

The above-named Directors held office during and since the half-year, except as otherwise indicated.

The loss after tax for the half-year ended 31 December 2020 was \$2,587,555 (2019: Loss \$1,040,347).

Group Strategy

During the half year the Group continued its ongoing development and exploration strategy for the Kookynie and Yundamindra Gold Projects.

Several drilling programmes were executed over the Kookynie Gold Project. The intent is to establish a maiden JORC 2012 compliant Mineral Resource Estimate over the known prospects at Kookynie, coupled with discovery of complimentary prospects to develop a pipeline of Projects at Kookynie and Yundamindra.

Kookynie and Yundamindra Gold Projects

The Group has continued to actively develop its Kookynie and Yundamindra Gold Projects, located in the Goldfields district of Western Australia. The Kookynie Project, which is located approximately 50 km south of Leonora is host to six historic, large-producing historical mines: Champion, McTavish, Leipold, Diamantina, Cosmopolitan and Cumberland.

DIRECTORS' REPORT (CONTINUED)

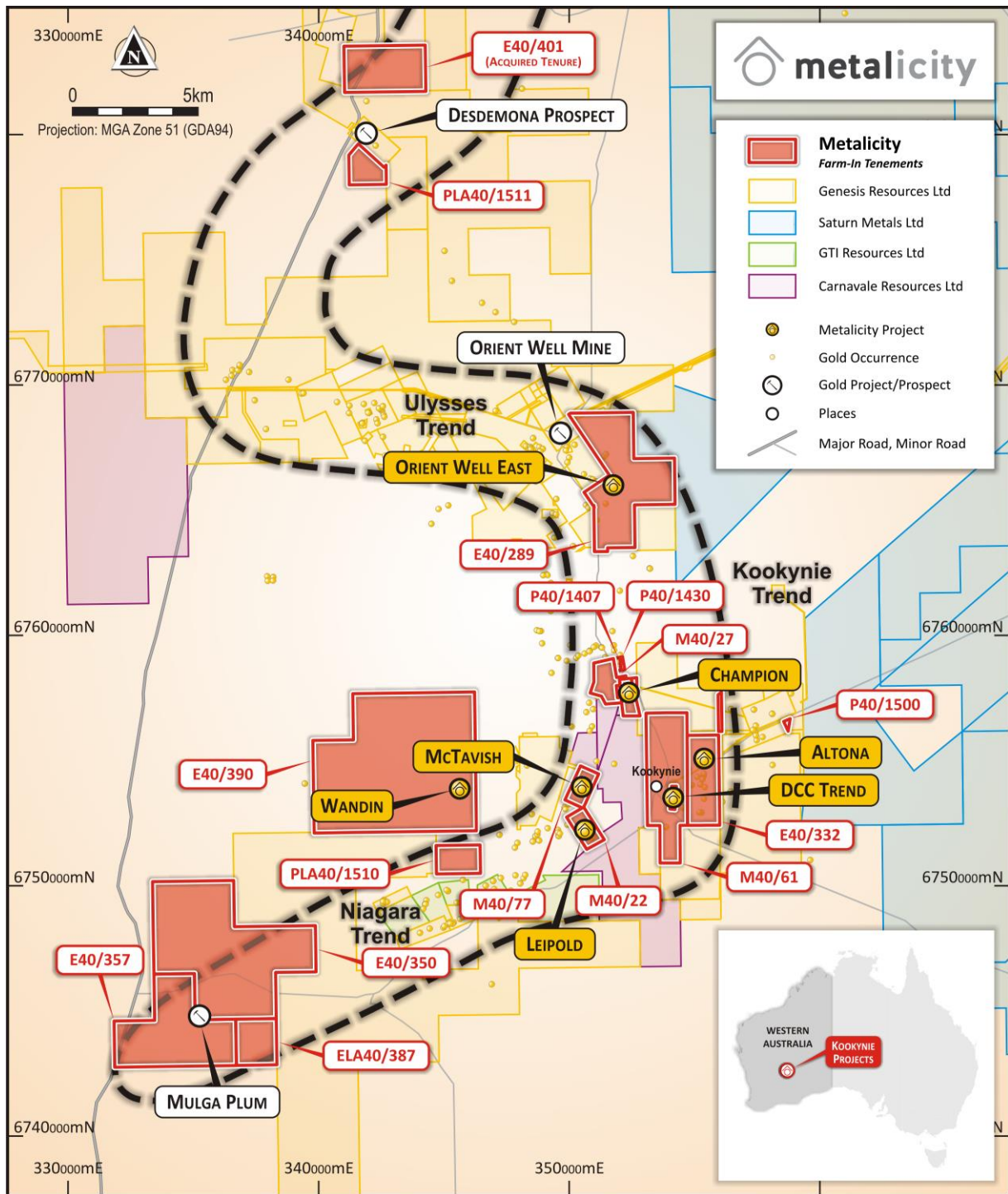


Figure 1 – The Kookynie Tenement Map

The Company has successfully completed numerous drilling campaigns at the Kookynie Gold Project to date. The table below summarises significant intercepts returned from the programmes during the half year:

DIRECTORS' REPORT (CONTINUED)

| | | | | MGA 94 Zone 51 South | | | | | | | | | | |
|----------|----------|----------|-----------|----------------------|-----------|-----|-----|-----|-----|-----------|--------|--|----------------|---|
| Prospect | Hole ID | Tenement | Hole Type | Easting | Northing | RL | EOH | Dip | Azi | From (m) | To (m) | Down Hole Width (m) | Grade (Au g/t) | Comments |
| Leipold | LPRC0039 | M40/22 | RC | 350,861 | 6,752,095 | 430 | 132 | -60 | 250 | 49 | 52 | 3 | 3.4 | 3 metres @ 3.4 g/t Au from 49 metres |
| | LPRC0041 | | | 350,815 | 6,751,958 | 430 | 60 | -60 | 250 | 79 | 81 | 2 | 2.33 | 2 metres @ 2.33 g/t Au from 79 metres |
| | LPRC0043 | | | 350,856 | 6,751,975 | 431 | 90 | -60 | 250 | 42 | 43 | 1 | 6.13 | 1 metre @ 6.13 g/t Au from 42 metres |
| | LPRC0044 | | | 350,826 | 6,751,941 | 430 | 72 | -60 | 250 | 75 | 77 | 2 | 2.22 | 2 metres @ 2.22 g/t Au from 75 metres |
| | LPRC0046 | | | 350,848 | 6,751,950 | 430 | 90 | -60 | 250 | 35 | 44 | 9 | 3.96 | 9 metres @ 3.96 g/t Au from 35 metres |
| | | | | | including | | | 42 | 44 | 2 | 9.25 | inc. 2 metres @ 9.25 g/t Au from 42 metres | | |
| | LPRC0049 | | | 350,826 | 6,751,920 | 430 | 66 | -60 | 250 | 81 | 82 | 1 | 2.2 | 1 metre @ 2.2 g/t Au from 81 metres |
| | | | | | | | | | | 93 | 94 | 1 | 2 | 1 metre @ 2 g/t Au from 93 metres |
| | | | | | | | | | | 108 | 118 | 10 | 7.44 | 10 metres @ 7.44 g/t Au from 108 metres |
| | | | | | | | | | | including | | | 111 | 113 |
| | LPRC0064 | | | 350,846 | 6,751,757 | 431 | 42 | -60 | 250 | 124 | 126 | 1 | 35.23 | 2 metres @ 35.23 g/t Au from 124 metres |
| | LPRC0065 | | | 350,868 | 6,751,766 | 430 | 54 | -60 | 250 | 27 | 34 | 7 | 3.31 | 7 metres @ 3.31 g/t Au from 27 metres |
| | | | | | including | | | 32 | 34 | 2 | 7.01 | inc. 2 metres @ 7.01 g/t Au from 32 metres | | |

Please refer to ASX Announcement “Metalicity Continues to Deliver Spectacular Drill Hole Results for the Kookynie Gold Project” dated 25 August 2020.

| | | | | MGA 94 Zone 51 South | | | | | | | | | | | |
|----------|-----------|-----------|-----------|----------------------|-----------|-----|-----------|-----|-----|-----------|---------------------------------------|---------------------|----------------|---|---------------------------------------|
| Prospect | Hole ID | Tenement | Hole Type | Easting | Northing | RL | EOH | Dip | Azi | From (m) | To (m) | Down Hole Width (m) | Grade (Au g/t) | Comments | |
| Leipold | LPRC0050 | M40/22 | RC | 350,836 | 6,752,042 | 431 | 96 | -60 | 250 | 76 | 83 | 7 | 5.19 | 7 metres @ 5.19 g/t Au from 76 metres | |
| | LPRC0051 | | | 350,860 | 6,752,052 | 430 | 114 | -60 | 250 | 97 | 105 | 8 | 9.33 | 8 metres @ 9.33 g/t Au from 97 metres | |
| | | | | Including | | | Including | | | 104 | 105 | 1 | 40.84 | inc. 1 metre @ 40.84 g/t Au from 104 metres | |
| | LPRC0052 | | | 350,847 | 6,752,004 | 430 | 96 | -60 | 250 | 78 | 86 | 8 | 4.49 | 8 metres @ 4.49 g/t Au from 78 metres | |
| | LPRC0053 | | | 350,876 | 6,752,015 | 430 | 114 | -60 | 250 | 97 | 100 | 3 | 1.61 | 3 metres @ 1.61 g/t Au from 97 metres | |
| | | | | | | | | | | 103 | 107 | 4 | 17.29 | 4 metres @ 17.29 g/t Au from 103 metres | |
| | | | | | | | | | | Including | | | 104 | 106 | 2 |
| | LPRC0054 | | | 350,709 | 6,752,336 | 430 | 60 | -60 | 250 | 48 | 51 | 3 | 9.23 | 3 metres @ 9.23 g/t Au from 48 metres | |
| | LPRC0056 | | | 350,817 | 6,751,874 | 431 | 30 | -60 | 250 | 9 | 12 | 3 | 2.74 | 3 metres @ 2.74 g/t Au from 9 metres | |
| | LPRC0058 | | | 350,832 | 6,751,881 | 431 | 66 | -60 | 250 | 54 | 58 | 4 | 5.07 | 4 metres @ 5.07 g/t Au from 54 metres | |
| | LPRC0066 | | | 350,892 | 6,751,776 | 431 | 72 | -60 | 250 | 55 | 59 | 4 | 1.85 | 4 metres @ 1.85 g/t Au from 55 metres | |
| | LPRC0076 | | | 350,725 | 6,752,299 | 430 | 66 | -60 | 250 | 49 | 55 | 6 | 6.82 | 6 metres @ 6.82 g/t Au from 49 metres | |
| | Including | | | | | | | | | 52 | 54 | 2 | 14.05 | inc. 2 metres @ 14.05 g/t Au from 52 metres | |
| | LPRC0077 | | | 350,744 | 6,752,307 | 430 | 84 | -60 | 250 | 65 | 69 | 4 | 26.91 | 4 metres @ 26.91 g/t Au from 65 metres | |
| | | | | | | | | | | Including | | | 67 | 68 | 1 |
| 430 | | 84 | -60 | | | | | | | 250 | 80 | 84 | 4 | 1.25 | 4 metres @ 1.25 g/t Au from 80 metres |
| LPRC0078 | 350,743 | 6,752,263 | 430 | 78 | -60 | 250 | 55 | 63 | 8 | 2.91 | 8 metres @ 2.91 g/t Au from 55 metres | | | | |

Please refer to ASX Announcement “Metalicity Reports Drill Hole Intercepts Up to 100 g/t Au for the Kookynie Gold Project” dated 15 September 2020.

DIRECTORS' REPORT (CONTINUED)

| Prospect | Hole ID | Tenement | Hole Type | MGA 94 Zone 51 South | | | EOH | Dip | Azi | From (m) | To (m) | Down Hole Width (m) | Grade (Au g/t) | Comments |
|----------|----------|----------|-----------|----------------------|-----------|-----|-----|-----|-----|--------------------------|--------|---------------------|----------------|---|
| | | | | Easting | Northing | RL | | | | | | | | |
| Leipold | LPRC0079 | M40/22 | RC | 350,765 | 6,752,272 | 430 | 90 | -60 | 250 | 73 | 75 | 2 | 4.25 | 2 metre s @ 4.25 g/t Au from 73 metres |
| | LPRC0080 | | | 350,740 | 6,752,219 | 430 | 66 | -60 | 250 | 51 | 55 | 4 | 4.69 | 4 metres @ 4.69 g/t Au from 51 metres |
| | LPRC0081 | | | 350,762 | 6,752,228 | 430 | 78 | -60 | 250 | 67 | 70 | 3 | 2.97 | 3 metres @ 2.97 g/t Au from 67 metres |
| | LPRC0082 | | | 350,775 | 6,752,190 | 430 | 84 | -60 | 250 | 69 | 76 | 7 | 4.76 | 7 metres @ 4.76 g/t Au from 69 metres |
| | LPRC0083 | | | 350,797 | 6,752,199 | 430 | 102 | -60 | 250 | No significant intercept | | | | |
| | LPRC0084 | | | 350,794 | 6,752,155 | 430 | 96 | -60 | 250 | 78 | 81 | 3 | 1.28 | 3 metres @ 1.28 g/t Au from 78 metres |
| | LPRC0085 | | | 350,819 | 6,752,165 | 430 | 114 | -60 | 250 | 94 | 99 | 5 | 5.42 | 5 metres @ 5.42 g/t Au from 94 metres |
| | LPRC0086 | | | 350,807 | 6,752,117 | 430 | 96 | -60 | 250 | 73 | 77 | 4 | 1.77 | 4 metre s @ 1.77 g/t Au from 73 metres |
| | LPRC0092 | | | 350,830 | 6,752,126 | 430 | 120 | -60 | 250 | No significant intercept | | | | |
| | LPRC0093 | | | 350,901 | 6,752,125 | 430 | 156 | -60 | 250 | 140 | 142 | 2 | 22.96 | 2 metres @ 22.96 g/t Au from 140 metres |
| | | | | | | | | | | 140 | 141 | 1 | 28.82 | inc. 1 metre @ 28.82 g/t Au from 140 metres |
| | | | | | | | | | | | | | | |

Please refer to ASX Announcement “Metalicity Continues to Deliver Fantastic Drill Hole Results for the Kookynie Gold Project” dated 1 October 2020.

| Prospect | Hole ID | Tenement | Hole Type | MGA 94 Zone 51 South | | | EOH | Dip | Azi | From (m) | To (m) | Down Hole Width (m) | Grade (Au g/t) | Comments |
|----------|-----------|----------|-----------|----------------------|-----------|-----|-----|-----|-----|----------|--------|---------------------|----------------|---------------------------------------|
| | | | | Easting | Northing | RL | | | | | | | | |
| McTavish | McTRC0018 | M40/77 | RC | 350,636 | 6,754,031 | 424 | 78 | -60 | 270 | 47 | 51 | 4 | 4.1 | 4 metres @ 4.1 g/t Au from 47 metres |
| | McTRC0025 | | | 350,666 | 6,753,922 | 425 | 72 | -60 | 270 | 47 | 55 | 8 | 3.57 | 8 metres @ 3.57 g/t Au from 47 metres |
| | McTRC0026 | | | 350,693 | 6,753,922 | 425 | 84 | -60 | 270 | 69 | 72 | 3 | 5.25 | 3 metres @ 5.25 g/t Au from 69 metres |
| | McTRC0029 | | | 350,697 | 6,753,863 | 423 | 90 | -60 | 270 | 62 | 66 | 4 | 4.3 | 4 metres @ 4.3 g/t Au from 62 metres |

Please refer to ASX Announcement “Metalicity Continues to Deliver Impressive Drill Hole Results for the Kookynie Gold Project” dated 22 October 2020.

| | | | | MGA94 Zone 51S | | | | | | | | | | | | | |
|-----------|-----------|----------|-----------|----------------|---------|-----------|-----|-----|---------|----------------|---------------------------------------|----------------|----------------|--|--|--|--|
| Prospect | Hole_ID | Tenement | Hole Type | EOH | East | North | RL | Dip | Mag Azi | From (m) | To (m) | Interval Width | Grade (g/t Au) | Comments | | | |
| Altona | ALTRC0010 | E40/332 | RC | 108 | 355,324 | 6,754,176 | 426 | -60 | 300 | 34 | 40 | 6 | 2.03 | 6 m @ 2.03 g/t Au from 34 metres | | | |
| | ALTRC0011 | | | 108 | 355,359 | 6,754,156 | 426 | -60 | 300 | 66 | 67 | 1 | 1.42 | 1 metre @ 1.42 g/t Au from 66 metres | | | |
| | | | | | | | | | | 84 | 85 | 1 | 1.7 | 1 metre @ 1.7 g/t Au from 84 metres | | | |
| | | | | | | | | | | 89 | 90 | 1 | 8.36 | 1 metre @ 8.36 g/t Au from 89 metres | | | |
| | | | | | | | | | | 102 | 103 | 1 | 6.86 | 1 metre @ 6.86 g/t Au from 102 metres | | | |
| | ALTRC0015 | | | 96 | 355,339 | 6,754,282 | 425 | -60 | 300 | 29 | 33 | 4 | 2.63 | 4 metres @ 2.63 g/t Au from 29 metres | | | |
| | | | | | | | | | | 37 | 38 | 1 | 1.28 | 1 metre @ 1.28 g/t Au from 37 metres | | | |
| | | | | | | | | | | 57 | 58 | 1 | 14.82 | *1 metre @ 14.82 g/t Au from 57 metres* | | | |
| | | | | | | | | | | 82 | 83 | 1 | 1.18 | 1 metre @ 1.18 g/t Au from 82 metres | | | |
| | ALTRC0016 | | | 102 | 355,373 | 6,754,264 | 425 | -60 | 300 | 41 | 42 | 1 | 0.95 | 1 metre @ 0.95 g/t Au from 41 metres | | | |
| | | | | | | | | | | 49 | 53 | 4 | 2.8 | 4 metres @ 2.8 g/t Au from 49 metres | | | |
| | ALTRC0017 | | | 102 | 355,407 | 6,754,243 | 425 | -60 | 300 | 92 | 94 | 2 | 1.34 | 2 metres @ 1.34 g/t Au from 92 metres | | | |
| | ALTRC0020 | | | 96 | 355,354 | 6,754,390 | 424 | -60 | 300 | 16 | 17 | 1 | 1.16 | 1 metre @ 1.16 g/t Au from 16 metres | | | |
| | | | | | | | | | | 25 | 27 | 2 | 1.48 | 2 metres @ 2.11 g/t Au from 25 metres | | | |
| | ALTRC0021 | | | 96 | 355,389 | 6,754,370 | 424 | -60 | 300 | 34 | 35 | 1 | 1.48 | 1 metre @ 1.48 g/t Au from 34 metres | | | |
| 67 | | 70 | 3 | | | | | | | 1.77 | 3 metres @ 1.77 g/t Au from 67 metres | | | | | | |
| ALTRC0023 | 96 | 355,458 | 6,754,330 | 425 | -60 | 300 | 86 | 87 | 1 | 4.81 | 1 metre @ 4.81 g/t Au from 86 metres | | | | | | |
| Leipold | LPRC0094 | M40/22 | RC | 60 | 350,734 | 6,752,161 | 430 | -60 | 250 | 29 | 39 | 10 | 2.28 | 10 metres @ 2.28 g/t Au from 29 metres | | | |
| | LPRC0095 | | | 60 | 350,744 | 6,752,114 | 430 | -60 | 250 | 34 | 35 | 1 | 10.94 | inc. 1 metre @ 10.94 g/t from 34 metres | | | |
| | | | | | | | | | | 23 | 36 | 13 | 2.77 | 13 metres @ 2.77 g/t Au from 23 metres | | | |
| | | | | | | | | | | 34 | 35 | 1 | 16.86 | inc. 1 metre @ 16.86 g/t Au from 34 metres | | | |
| | LPRC0096 | | | 60 | 350,752 | 6,752,095 | 430 | -60 | 250 | Assays pending | | | | | | | |

Please refer to ASX Announcement “Metalicity Continues to Deliver Impressive Drill Hole Results for the Kookynie Gold Project” dated 22 December 2020.

Table 1 – All Drill Hole Intercepts to date

DIRECTORS' REPORT (CONTINUED)

Throughout the period, the Group also continued to expand its tenure at the Kookynie and Yundamindra Projects, making efforts to consolidate its landholdings in an area which has historically been characterised by fractured ownership.

Importantly, all of funds used through its acquisition and farm-in activities at Kookynie and Yundamindra will be included and contribute towards the Group's arrangement with NEX Metals to spend \$5 million to earn 51% ownership in the projects.

Kimberley Mining Limited – Admiral Bay

The asset is currently on care and maintenance and the Group has engaged with numerous entities to affect a deal to monetise its holding in Kimberley Mining.

During the period ended 31 December 2020, following an extensive process to divest the Admiral Bay project, which is currently held by the ~80% owned subsidiary, Kimberley Mining Limited, the Board elected to put the Admiral Bay project on care and maintenance and impair the carrying value of the Project to nil.

The Group is now looking to concentrate on the Kookynie and Yundamindra gold projects and can confirm that the Admiral Bay Project is no longer its core business.

Competent Person Statement

Information in this report that relates to Exploration results and targets is based on, and fairly reflects, information compiled by Mr. Jason Livingstone, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr. Livingstone is an employee of Metalicity Limited and a shareholder. Mr. Livingstone has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Livingstone consents to the inclusion of the data in the form and context in which it appears.

DIRECTORS' REPORT (CONTINUED)

Subsequent events

The Directors are not aware of any other matter or circumstance that has arisen since 31 December 2020 which has significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years other than:

- On 9 February 2021, the Company announced the the proceedings brought against the Company in the United States District Court of Minnesota had been dismissed by the Court.
- On 10 February 2021, the Company announced the issue of 22,736,481 shares from listed options that were exercised at \$0.004, totalling \$90,945.
- On 19 February 2021, the Company announced that it had secured a significant new tenement (E40/401) via a successful ballot draw.
- On 8 March 2021, the Company announced the issue of 130,000 shares from listed options that were exercised at \$0.004, totalling \$520 and the expiry of 3,000,000 unlisted options at \$0.06 and 3,000,000 at \$0.08.

Auditor's independence declaration

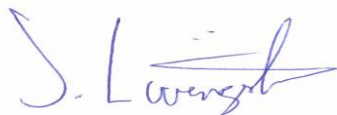
A copy of the auditor's independence declaration as required under section 307C of the *Corporation Act 2001* in relation to the review for the half-year is provided with this report on page 8.

Rounding of amounts to nearest thousand dollars

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' report and in the financial report have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

Signed in accordance with a resolution of Directors made pursuant to s.306 (3) of the *Corporations Act 2001*.

On behalf of the Directors



Jason Livingstone
Managing Director
Perth, Western Australia

12 March 2021

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF METALICITY LIMITED AND ITS CONTROLLED ENTITIES**

In relation to the independent review for the half-year ended 31 December 2020, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of Metalicity Limited and the entities it controlled during the period.

Pitcher Partners BA&A Pty Ltd

PITCHER PARTNERS BA&A PTY LTD



JOANNE PALMER
Executive Director
Perth, 12 March 2021

METALICITY LIMITED
ABN 92 086 839 992

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF METALICITY LIMITED

Conclusion

We have reviewed the half-year financial report of Metalicity Limited, (the "Company") and its controlled entities (the "Group"), which comprises the consolidated condensed statement of financial position as at 31 December 2020, the consolidated condensed statement of comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of *Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

Without modifying our opinion, we draw attention to Note 2(e) in the financial report, which indicates that the Group incurred a net loss of \$2,587,555 during the half-year ended 31 December 2020 and, as of that date, a net cash outflow from operating and investing activities was \$3,199,780. These conditions, along with other matters as set forth in Note 2(e), indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Directors' Responsibility for the Half-Year Financial Report

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

METALICITY LIMITED
ABN 92 086 839 992

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF METALICITY LIMITED**

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

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

Pitcher Partners BA&A Pty Ltd

PITCHER PARTNERS BA&A PTY LTD



JOANNE PALMER

Executive Director

12 March 2021

**Consolidated condensed statement of profit or loss and other comprehensive income
for the half-year ended 31 December 2020**

| | | Consolidated | |
|---|-------------|-----------------------------|-----------------------------|
| | | 31 December 2020 | 31 December 2019 |
| | Note | \$ | \$ |
| Other income | 3 | 73,634 | 118,755 |
| Expenses | 4 | (1,139,857) | (1,159,102) |
| Loss before income tax expense | | (1,066,223) | (1,040,347) |
| Income tax expense | | - | - |
| Loss after income tax from continuing operations | | (1,066,223) | (1,040,347) |
| Discontinued operations | | | |
| Net Loss from discontinued operations | 7 | (1,521,332) | - |
| Net Loss | | (2,587,555) | (1,040,347) |
| Other comprehensive income | | | |
| Items that may be reclassified subsequently to profit or loss | | - | - |
| Foreign currency translation difference | | 54,108 | 24,716 |
| Other comprehensive income for the period, net of tax | | 54,108 | 24,716 |
| Total comprehensive loss for the period | | (2,533,447) | (1,015,631) |
| Loss attributable to: | | | |
| Owners of the parent | | (2,304,166) | (1,012,586) |
| Non-controlling interest | | (283,389) | (27,761) |
| | | (2,587,555) | (1,040,347) |
| Total comprehensive loss attributable to: | | | |
| Owners of the parent | | (2,248,511) | (1,006,460) |
| Non-controlling interest | | (284,936) | (9,171) |
| | | (2,533,447) | (1,015,631) |
| Loss per share from continuing operations attributable to the equity holders of the parent entity: | | | |
| Basic loss per share (cents) | 9 | (0.07) | (0.15) |
| Diluted loss per share (cents) | 9 | (0.07) | (0.15) |
| Loss per share from discontinued operations attributable to the equity holders of the parent entity: | | | |
| Basic loss per share (cents) | 9 | (0.08) | - |
| Diluted loss per share (cents) | 9 | (0.08) | - |
| Loss per share attributable to the equity holders of the parent entity: | | | |
| Basic earnings per share | 9 | (0.15) | (0.15) |
| Diluted earnings per share | 9 | (0.15) | (0.15) |

The accompanying notes form part of these financial statements.

**Consolidated condensed statement of financial position
as at 31 December 2020**

| | | Consolidated | |
|---|-------------|-----------------------------|-------------------------|
| | | 31 December 2020 | 30 June 2020 |
| | Note | \$ | \$ |
| Current assets | | | |
| Cash and cash equivalents | | 3,126,470 | 1,108,285 |
| Trade and other receivables | | 201,990 | 121,200 |
| Assets held for sale | 6 | - | 1,420,616 |
| Financial asset at fair value through profit and loss | 13 | 228,141 | 72,966 |
| Other assets | | 20,882 | 197,838 |
| Total current assets | | 3,577,483 | 2,920,905 |
| Non-current assets | | | |
| Exploration and evaluation expenditure | 5 | 3,426,650 | 1,160,907 |
| Plant and equipment | | 27,013 | 1,127 |
| Right of use asset | 8 | 37,243 | - |
| Total non-current assets | | 3,490,906 | 1,162,034 |
| Total assets | | 7,068,389 | 4,082,939 |
| Current liabilities | | | |
| Trade and other payables | | 860,470 | 730,255 |
| Provision | | 60,969 | 38,299 |
| Lease liability | 8 | 19,802 | - |
| Shares to be issued | | 33,894 | 35,654 |
| Total current liabilities | | 975,135 | 804,208 |
| Non-current liabilities | | | |
| Lease liability | 8 | 17,479 | - |
| Total non-current liabilities | | 17,479 | - |
| Total liabilities | | 992,614 | 804,208 |
| Net assets | | 6,075,775 | 3,278,731 |
| Equity | | | |
| Parent entity interest: | | | |
| Issued Capital | 10 | 53,031,842 | 48,568,493 |
| Other reserves | | 5,163,353 | 4,240,556 |
| Accumulated losses | | (52,052,354) | (49,748,188) |
| Total parent entity interest | | 6,142,841 | 3,060,861 |
| Minority interest in controlled entities | | (67,066) | 217,870 |
| Total equity | | 6,075,775 | 3,278,731 |

The accompanying notes form part of these financial statements.

**Consolidated condensed statement of changes in equity
for the half-year ended 31 December 2020**

| | Issued Capital | Share Based Payments Reserve | Foreign Exchange Reserve | Accumulated losses | Non Controlling Interest | Total |
|--|-------------------|------------------------------------|--------------------------------|-----------------------|--------------------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Consolidated | | | | | | |
| Balance at 1 July 2020 | 48,568,493 | 4,296,211 | (55,655) | (49,748,188) | 217,870 | 3,278,731 |
| (Loss) for the period | - | - | - | (2,304,166) | (283,389) | (2,587,555) |
| Other comprehensive loss | - | - | (26,304) | - | (1,547) | (27,851) |
| Reclassification adjustment transfer of foreign currency translation reserve to profit and loss | - | - | 81,959 | - | - | 81,959 |
| Total comprehensive loss for the period | - | - | 55,655 | (2,304,166) | (284,936) | (2,533,447) |
| Issue of share capital | 5,000,000 | - | - | - | - | 5,000,000 |
| Conversion of options | 496,346 | - | - | - | - | 496,346 |
| Issue of shares for tenements | - | 50,000 | - | - | - | 50,000 |
| Issue of shares in lieu of salary | - | 64,581 | - | - | - | 64,581 |
| Issue of performance rights | - | 31,581 | - | - | - | 31,581 |
| Issue of broker options | - | 720,980 | - | - | - | 720,980 |
| Issue costs | (1,032,997) | - | - | - | - | (1,032,997) |
| Total transactions with owners | 4,463,349 | 867,142 | - | - | - | 5,330,491 |
| Balance at 31 December 2020 | 53,031,842 | 5,163,353 | - | (52,052,354) | (67,066) | 6,075,775 |

The accompanying notes form part of these financial statements.

**Consolidated condensed statement of changes in equity
for the half-year ended 31 December 2020**

| Consolidated | Issued Capital | Share Based Payments Reserve | Foreign Exchange Reserve | Accumulated losses | Non Controlling Interest | Total |
|---|-------------------|------------------------------------|--------------------------------|-----------------------|--------------------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2019 | 46,955,647 | 4,565,034 | (35,676) | (48,692,932) | - | 2,792,073 |
| Correction of error | - | (476,085) | 6,736 | 219,413 | 249,936 | - |
| Balance at 1 July 2019 (restated) | 46,955,647 | 4,088,949 | (28,940) | (48,473,519) | 249,936 | 2,792,073 |
| (Loss) for the period | - | - | - | (1,012,586) | (27,761) | (1,040,347) |
| Other comprehensive income | - | - | 6,126 | - | 18,590 | 24,716 |
| Total comprehensive loss for the period | - | - | 6,126 | (1,012,586) | (9,171) | (1,015,631) |
| Issue of share capital | 592,725 | - | - | - | - | 592,725 |
| Issue of employee performance rights | - | 64,939 | - | - | - | 64,939 |
| Issue costs | (11,342) | - | - | - | - | (11,342) |
| Movement due to increase in NCI | - | (20,383) | - | - | 20,383 | - |
| Total transactions with owners | 581,383 | 44,556 | - | - | 20,383 | 646,322 |
| Balance at 31 December 2019 | 47,537,030 | 4,133,505 | (22,814) | (49,486,105) | 261,148 | 2,422,764 |

The accompanying notes form part of these financial statements.

**Consolidated condensed statement of cash flows
for the half-year ended 31 December 2020**

| | Consolidated | |
|--|-----------------------------|-----------------------------|
| | 31 December 2020 | 31 December 2019 |
| Note | \$ | \$ |
| Cash flows from operating activities | | |
| Payments to suppliers and employees | (1,480,831) | (735,983) |
| Payments for exploration and evaluation | (37,422) | - |
| Government grants | 72,871 | - |
| Interest received | 536 | 303 |
| Other income | 5 | 45,223 |
| Net cash (used in) operating activities | (1,444,841) | (690,457) |
| Cash flows from investing activities | | |
| Payment for acquisition of tenements | (152,558) | (10,000) |
| Payment for applications | (1,862) | - |
| Payment for plant and equipment | (27,164) | - |
| Lease payment | (2,409) | - |
| Proceeds from sale of shares | - | 78,871 |
| Payments for tenements and exploration expenditure | (1,570,946) | (408,995) |
| Net cash (used in) investing activities | (1,754,939) | (340,124) |
| Cash flows from financing activities | | |
| Proceeds from share issue | 5,000,000 | 592,725 |
| Proceeds from option conversion | 496,346 | - |
| Issue costs | (312,015) | (11,342) |
| Proceeds from options for shares to be issued | 33,894 | - |
| Net cash provided by financing activities | 5,218,225 | 581,383 |
| Net (decrease)/increase in cash and cash equivalents | 2,018,445 | (449,198) |
| Cash and cash equivalents at the beginning of the financial period | 1,108,285 | 666,560 |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | (260) | 3,022 |
| Cash and cash equivalents at the end of the financial period | 3,126,470 | 220,384 |

The accompanying notes form part of these financial statements.

Condensed notes to the consolidated financial statements for the half-year ended 31 December 2020

1. Significant accounting policies

a. Statement of compliance

The half-year financial report is a financial report which was prepared in accordance with the *Corporations Act 2001* and Accounting Standards AASB 134, Interim Financial Reporting where possible (refer to “Basis of preparation” note below).

b. Basis of preparation

These interim financial statements for the half-year reporting period ended 31 December 2020 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Metalicity Limited and its controlled entities (referred to as the "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2020, together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on 12 March 2021.

c. Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except for those as described in Note 1(d) below.

d. New and Amended Standards Adopted by the Group

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2020, except for the adoption of new standards effective as of 1 July 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

A number of new and amended accounting standards are effective for the current reporting period, however, the change to the Group's accounting policies arising from these standards has not required the Group to make retrospective adjustments as a result of adopting these standards. The adoption of the new and amended accounting standards has therefore had no material impact on the Group for the half-year ended 31 December 2020

**Condensed notes to the consolidated financial statements for the
half-year ended 31 December 2020**

1. Significant accounting policies (continued)

e. Going Concern

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

For the half year ended 31 December 2020, the Group recorded a loss of \$2,587,555 (December 2019: loss \$1,040,347) and had a net cash outflow from operating and investing activities of \$3,199,780 (31 December 2019: \$1,030,581). The Group has a working capital surplus of \$2,602,348 at 31 December 2020 (June 2020: surplus of \$2,116,697). The net assets of the Group as at 31 December 2020 were 6,075,775 (30 June 2020: \$3,278,731)

The Group's cash flow forecasts through to 31 March 2022, reflect that although the Group has sufficient working capital to enable it to meet its committed administration, exploration and operational expenditure over this period, it is likely that the group will be required to raise additional working capital within this timeframe to enable it to pursue its ongoing exploration and evaluation objectives.

The Directors have reviewed the business outlook and cash flow forecasts and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will continue to raise further funds through the disposal of non-core assets and capital raisings and will meet its expenditure commitments as required.

On this basis no adjustments have been made to the financial report relating to the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities that might be necessary should the Group not continue as a going concern. Accordingly, the financial report has been prepared on a going concern basis.

Should the Group be unsuccessful with the initiatives detailed above then, the Group may in the future not be able to continue as a going concern and may therefore be required to realise assets and extinguish liabilities other than in the ordinary course of business with the amount realised being different from those shown in the financial statement.

f. Foreign Currency translation and balances

Transactions in foreign currencies of entities within the Group are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

Except for certain foreign currency hedges, all resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year.

Entities that have a functional currency different to the presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at actual exchange rates or average exchange rates for the period where appropriate; and
- All resulting exchange differences are recognised as a separate component of equity.

On disposal of a foreign operation, the deferred cumulative amount recognized in equity relating to that foreign operation is recognized in the Statement of Comprehensive Income.

**Condensed notes to the consolidated financial statements for the
half-year ended 31 December 2020**

1. Significant accounting policies (continued)

g. Lease

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease assets

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the Group, and an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

Lease liabilities

Lease liabilities are initially recognised at the present value of the future lease payments (i.e. the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Group's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e. the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

**Condensed notes to the consolidated financial statements for the
half-year ended 31 December 2020**

2. 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. The Group has two geographic segments being Australia and Canada and operates in one industry being the exploration of minerals.

| Segment result | Consolidated | |
|-------------------------|-----------------------------|-----------------------------|
| | 31 December 2020 | 31 December 2019 |
| | \$ | \$ |
| Segment revenue | | |
| Australia | 73,634 | 118,755 |
| Canada | - | - |
| | <u>73,634</u> | <u>118,755</u> |
| Segment expenses | | |
| Australia | (1,139,857) | (1,154,390) |
| Canada | (1,521,332) | (4,712) |
| | <u>(2,661,189)</u> | <u>(1,159,102)</u> |
| Income tax | - | - |
| Profit/(loss) after tax | <u>(2,587,555)</u> | <u>(1,040,347)</u> |

| Segment assets and liabilities | Consolidated | | Consolidated | |
|---------------------------------------|-----------------------------|-------------------------|--------------------------------|-------------------------|
| | Non-current assets | | Non-current liabilities | |
| | 31 December 2020 | 30 June 2020 | 31 December 2020 | 30 June 2020 |
| | \$ | \$ | \$ | \$ |
| Australia | 3,490,906 | 1,162,034 | 17,479 | - |
| Canada | - | - | - | - |
| | <u>3,490,906</u> | <u>1,162,034</u> | <u>17,479</u> | <u>-</u> |
| | Total assets | | Total liabilities | |
| | 31 December 2020 | 30 June 2020 | 31 December 2020 | 30 June 2020 |
| | \$ | \$ | \$ | \$ |
| Australia | 7,049,397 | 2,641,202 | 992,614 | 804,208 |
| Canada | 19,992 | 1,441,737 | - | - |
| | <u>7,068,389</u> | <u>4,082,939</u> | <u>992,614</u> | <u>804,208</u> |

**Condensed notes to the consolidated financial statements for the
half-year ended 31 December 2020**

3. Other income

An analysis of the Group's income for the period is as follows:

| | Consolidated | |
|------------------------|-----------------------------|-----------------------------|
| | 31 December 2020 | 31 December 2019 |
| | \$ | \$ |
| Gain on sale of shares | - | 4,795 |
| Rental income | - | 45,223 |
| Foreign exchange gains | - | 3,418 |
| Interest income | 759 | 303 |
| Government subsidies | 72,875 | 65,016 |
| | 73,634 | 118,755 |

4. Expenses

| | | Consolidated | |
|--|---|-----------------------------|-----------------------------|
| | | 31 December 2020 | 31 December 2019 |
| | | \$ | \$ |
| Accounting and audit expense | | 85,699 | 16,230 |
| ASX expense | | 71,988 | 12,221 |
| Company secretarial fees | | 53,870 | 24,000 |
| Consulting fees | | - | 41,129 |
| Depreciation | | 3,725 | 4,940 |
| Directors fees | | 61,378 | 58,125 |
| Share based payment | | 31,581 | 64,939 |
| Insurance expense | | 14,828 | 19,005 |
| Impairment expense | 5 | 15,939 | 353,962 |
| Fair value loss on financial assets at fair value through profit and loss | | 82,834 | - |
| Investor relations expense | | 24,370 | 35,000 |
| Legal fees | | 231,894 | 115,908 |
| Project work and generation expense | | 83,069 | - |
| KML costs | | - | 4,712 |
| Rent and office expense | | 7,439 | 99,229 |
| Employee benefits expense | | 246,333 | 169,732 |
| Share registry fees | | 89,897 | 34,380 |
| Travel and accommodation expense | | 1,186 | 19,293 |
| Other expenses | | 33,827 | 86,297 |
| Total Expenses | | 1,139,857 | 1,159,102 |

**Condensed notes to the consolidated financial statements for the
half-year ended 31 December 2020**

5. Exploration and evaluation expenditure

| | Consolidated | |
|--|-----------------------------|-------------------------|
| | 31 December 2020 | 30 June 2020 |
| | \$ | \$ |
| Opening balance | 1,160,907 | 204,133 |
| Acquisition costs | 202,558 | 10,000 |
| Expenditure incurred | 2,079,124 | 1,071,569 |
| Exploration write-off | (15,939) | (124,795) |
| Closing balance | 3,426,650 | 1,160,907 |
| Total expenditure incurred and carried forward in respect of specific projects | | |
| - Kookynie/Yundumindra JV Assets | 3,426,650 | 1,152,449 |
| - Other | - | 8,458 |
| | 3,426,650 | 1,160,907 |

6. Assets Held for Sale

| | Consolidated | |
|---|-----------------------------|-------------------------|
| | 31 December 2020 | 30 June 2020 |
| | \$ | \$ |
| Assets Held for Sale | | |
| Balance at beginning of the period | 1,420,616 | 2,734,940 |
| Impairment of Assets Held for Sale ¹ | (1,399,418) | (279,383) |
| Sale of tenements | - | (1,034,941) |
| Foreign exchange difference | (21,198) | - |
| Balance of assets held for sale | - | 1,420,616 |

| | Consolidated | |
|--|-----------------------------|-------------------------|
| | 31 December 2020 | 30 June 2020 |
| | \$ | \$ |
| Liabilities Related to Assets Held for Sale | | |
| Balance at beginning of the period | - | 1,034,941 |
| Translation difference | - | - |
| Payment of deferred acquisition costs | - | - |
| Reversal of deferred income | - | - |
| Satisfaction of liability under Deed of Settlement | - | (1,034,941) |
| Balance of assets held for sale | - | - |

¹During the period ended 31 December 2020, the Directors decided to impair the carrying value of the Admiral Bay Project to nil, following an extensive process to divest the project which resulted in no offers.

**Condensed notes to the consolidated financial statements for the
half-year ended 31 December 2020**

7. Discontinued operations

| | Consolidated | |
|---|-----------------------------|-------------------------|
| | 31 December 2020 | 30 June 2020 |
| | \$ | \$ |
| Discontinued operations | | |
| Kimberley Mining Limited - Admiral Bay Project | 1,439,373 | - |
| Transfer of foreign currency translation reserve to profit and loss (discontinued operation) | 81,959 | - |
| | 1,521,332 | - |

During the period ended 31 December 2020, following an extensive process to divest the Admiral Bay project, which is currently held by the ~80% owned subsidiary, Kimberley Mining Limited, the Board elected to put the Admiral Bay project on care and maintenance and impair the carrying value of the Project to nil.

8. Leases

(a) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

| | Consolidated | |
|-----------------------------------|-----------------------------|-------------------------|
| | 31 December 2020 | 30 June 2020 |
| | \$ | \$ |
| Right of use assets | | |
| Building – at initial recognition | 39,689 | - |
| Less: Accumulated depreciation | (2,446) | - |
| | 37,243 | - |
| Lease liabilities | | |
| Current | 19,802 | - |
| Non-current | 17,479 | - |
| | 37,281 | - |

(b) Amounts recognised in the statement of profit and loss

The statement of profit or loss shows the following amounts relating to leases:

| | Consolidated | |
|---|-----------------------------|-------------------------|
| | 31 December 2020 | 30 June 2020 |
| | \$ | \$ |
| Depreciation charge of right of use assets | | |
| Building | (2,446) | - |
| | (2,446) | - |
| Interest expense | (147) | - |

(c) The Group's leasing activities and how these are accounted for

The Group leases an office premises which has a 2 year fixed term commencing on 16 November 2020, with an option to extend.

Contracts contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Lease assets may not be used as security for borrowing purposes.

The weighted average incremental borrowing rate applied in the calculation of the initial carrying amount of lease liabilities was 3%.

**Condensed notes to the consolidated financial statements for the
half-year ended 31 December 2020**

9. Earnings/(loss) per share

| | Consolidated | |
|---|-------------------------------|-------------------------------|
| | 31 December 2020 Cents | 31 December 2019 Cents |
| (a) Basic loss per share | | |
| Loss attributable to the ordinary equity holders of the Company – continuing operations | (0.07) | (0.15) |
| Loss attributable to the ordinary equity holders of the Company – discontinuing operations | (0.08) | - |
| (b) Diluted loss per share | | |
| Loss attributable to the ordinary equity holders of the Company – continuing operations | (0.07) | (0.15) |
| Loss attributable to the ordinary equity holders of the Company – discontinuing operations | (0.08) | - |
| (c) Reconciliation of loss used in calculating earnings per share | | |
| <i>Basic and diluted loss per share</i> | | |
| Loss attributable to the ordinary equity holders of the Company | (2,304,166) | (1,012,586) |
| | Consolidated | |
| | 31 December 2020 Number | 31 December 2019 Number |
| (d) Weighted average number of shares used as the denominator | | |
| Weighted average number of ordinary shares used as the denominator in calculating basic earnings/(loss) per share | 1,616,255,491 | 668,370,929 |
| Adjustment for calculation of diluted earnings/(loss) per share – Options | - | - |
| Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings/(loss) per share | 1,616,255,491 | 668,370,929 |

**Condensed notes to the consolidated financial statements for the
half-year ended 31 December 2020**

10. Contributed equity

(a) Issued share capital

| | Consolidated | |
|--|---------------------|----------------|
| | 31 December | 30 June |
| | 2020 | 2020 |
| | \$ | \$ |
| 1,744,257,774 (30 June 2020: 1,397,793,904) fully paid ordinary shares | 53,031,842 | 48,568,493 |

(b) Movement in ordinary share capital

| Date | Details | Number of shares | \$ |
|-------------------|--|-------------------------|-------------------|
| 01/07/2020 | Opening balance | 1,397,793,904 | 48,568,493 |
| 15/07/2020 | Option exercise at \$0.015 | 4,888,439 | 73,327 |
| 15/07/2020 | Option exercise at \$0.025 | 2,500,000 | 62,500 |
| 15/07/2020 | Option exercise at \$0.02 | 471,429 | 9,428 |
| 15/07/2020 | Option exercise at \$0.004 | 87,772,592 | 351,090 |
| 14/08/2020 | Vesting and exercise of performance rights (refer note 10 (c)) | 15,000,000 | - |
| 14/08/2020 | Shares issued to Directors in lieu of salaries at \$0.0027 per share (refer note 11 b (ii)) | 23,882,240 | - |
| 08/09/2020 | Vesting and exercise of performance rights rights (refer note 10 (c)) | 1,000,000 | - |
| 11/09/2020 | Share placement at \$0.0024 | 208,333,333 | 5,000,000 |
| 03/12/2020 | Shares issued as part consideration for tenement acquisition at \$0.019 per share (refer note 11 b (ii)) | 2,615,837 | - |
| | Share issue costs | - | (1,032,997) |
| 31/12/2020 | Balance at the end of the period | 1,744,257,774 | 53,031,842 |

| Date | Details | Number of shares | \$ |
|-------------------|---|-------------------------|-------------------|
| 01/07/2019 | Opening balance | 624,422,475 | 46,955,647 |
| 12/09/2019 | Share placement at \$0.006 | 19,966,668 | 119,800 |
| 04/10/2019 | Share placement at \$0.006 | 33,843,825 | 203,063 |
| 18/10/2019 | Share placement at \$0.006 | 44,976,970 | 269,861 |
| 14/02/2020 | Share placement at \$0.006 | 2,027,777 | 12,167 |
| 22/05/2020 | Entitlement issue at \$0.002 | 483,491,811 | 966,985 |
| 22/05/2020 | Share placement at \$0.002 | 180,000,000 | 360,000 |
| 15/06/2020 | Conversion of options at \$0.004 | 8,104,170 | 32,416 |
| 29/06/2020 | Conversion of options at \$0.004 | 960,209 | 3,841 |
| | Share issue costs | - | (355,287) |
| 30/06/2020 | Balance at the end of the period | 1,397,793,904 | 48,568,493 |

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a poll every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote.

**Condensed notes to the consolidated financial statements for the
half-year ended 31 December 2020**

10. Contributed Equity (continued)

(c) Options, Performance Rights and Warrants

Options

As at 31 December 2020, there were 439,184,829 unissued ordinary shares under option (30 June 2020: 347,689,002). These options are exercisable as follows:

| Details | No of Options | Date of Expiry | Conversion Price \$ |
|------------------------------|---------------|----------------|---------------------|
| Management incentive options | 2,500,000 | 26/08/2021 | 0.06 |
| | 2,500,000 | 26/08/2021 | 0.08 |
| | 2,500,000 | 26/08/2021 | 0.10 |
| | 2,000,000 | 14/01/2022 | 0.025 |
| | 2,000,000 | 14/01/2022 | 0.035 |
| Other options | 10,785,715 | 31/05/2022 | 0.02 |
| | 25,709,467 | 14/02/2023 | 0.08 |
| | 3,000,000 | 12/03/2021 | 0.06 |
| | 3,000,000 | 12/03/2021 | 0.08 |
| | 25,000,000 | 14/08/2022 | 0.003 |
| | 35,000,000 | 13/10/2023 | 0.03 |
| Listed options | 325,189,647 | 22/05/2022 | 0.004 |
| | 439,184,829 | | |

| | 31 December 2020 | 30 June 2020 |
|-------------------------------------|-----------------------------|-------------------------|
| | No. | No. |
| Balance at beginning of the period | 347,689,002 | 175,538,837 |
| Granted during the period | 237,500,000 | 261,770,100 |
| Exercised during the period | (95,632,460) | (9,064,379) |
| Forfeited/expired during the period | (50,371,713) | (80,555,556) |
| Balance at the end of the period | 439,184,829 | 347,689,002 |

Performance Rights

As at 31 December 2020, there were 82,459,110 unissued ordinary shares under performance rights (30 June 2020: 32,025,000). These performance rights are exercisable as follows:

| Details | No of Rights | Date of Expiry | Conversion Price \$ |
|-----------------------------|--------------|----------------|---------------------|
| Employee Performance Rights | 400,000 | 15/03/2021 | 0.00 |
| Employee Performance Rights | 15,625,000 | 30/01/2023 | 0.00 |
| Employee Performance Rights | 29,679,144 | 18/12/2022 | 0.00 |
| Employee Performance Rights | 36,754,966 | 18/12/2022 | 0.00 |
| | 82,459,110 | | |

| | 31 December 2020 | 30 June 2020 |
|-------------------------------------|-----------------------------|-------------------------|
| | No. | No. |
| Balance at beginning of the period | 32,025,000 | 2,274,713 |
| Granted during the period | 66,434,110 | 31,625,000 |
| Exercised during the period | (16,000,000) | - |
| Forfeited/expired during the period | - | (1,874,713) |
| Balance at the end of the period | 82,459,110 | 32,025,000 |

**Condensed notes to the consolidated financial statements for the
half-year ended 31 December 2020**

10. Contributed Equity (continued)

(c) Options, Performance Rights and Warrants (continued)

Kimberly Mining Limited Warrants

As at 31 December 2020, there were 31,128,738 in issued common shares in Kimberly Mining Limited and 8,461,000 under warrants (30 June 2020: 31,128,738 common shares and 8,734,370 under warrants). These warrants are exercisable/convertible as follows:

| Details | No of Warrants | Date of Expiry | Conversion Price \$ |
|------------------------------|----------------|----------------|---------------------|
| Special Warrants | 5,317,250 | 23/08/2023 | 0.40 |
| Special Warrants – Tranche 2 | 3,171,500 | 23/09/2023 | 0.40 |
| | 8,461,000 | | |

Special warrants were issued for \$0.40 per warrant and convert to 1.1 ordinary share in Kimberly Mining Limited ordinary shares on 1 January 2019.

| | 31 December 2020 No. | 30 June 2020 No. |
|-------------------------------------|-------------------------------------|---------------------------------|
| Balance at beginning of the period | 8,734,370 | 8,734,370 |
| Granted during the period | - | - |
| Exercised during the period | - | - |
| Forfeited/expired during the period | (273,370) | - |
| Balance at the end of the period | 8,461,000 | 8,734,370 |

11. Reserves

(a) Reserves

| | Consolidated | |
|--------------------------------------|---------------------|---------------------|
| | 31 December 2020 | 31 December 2019 |
| | \$ | \$ |
| Shared based payment reserve | 5,163,353 | 4,296,211 |
| Foreign currency translation reserve | - | (55,655) |
| Total | 5,163,353 | 4,240,556 |

| | 31 December 2020 \$ |
|--|------------------------------------|
| Movement of Shared based payment reserve | |
| Balance at beginning of the period | 4,296,211 |
| Issue of shares for tenements (note 11 b (ii)) | 50,000 |
| Issue of shares in lieu of salary (note 11 b (ii)) | 64,581 |
| Issue of options (note 11 b (i)) | 720,980 |
| Issue of employee rights (note 11 b (iii)) | 31,581 |
| Balance at the end of the period | 5,163,353 |

**Condensed notes to the consolidated financial statements for the
half-year ended 31 December 2020**

11. Reserves (continued)

(a) **Reserves (continued)**

| | 31 December 2020 |
|--|-----------------------------|
| Movement of Foreign currency translation reserve | \$ |
| Balance at beginning of the period | (55,655) |
| Foreign currency translation reserve movement during the period | (26,304) |
| Transfer of foreign currency translation reserve to profit and loss (discontinued operation) | 81,959 |
| Balance at the end of the period | - |

The following options and performance right arrangements were issued during the current and prior reporting periods:

31 December 2020

60,000,000 options were issued to brokers as part of share placements during the period ended 31 December 2020, as follows:

| Option Series | Number | Grant Date | Expiry Date | Exercise Price | Fair Value at Grant |
|----------------------|---------------|-------------------|--------------------|-----------------------|----------------------------|
| Issued 17/08/2020 | 25,000,000 | 13/08/2020 | 14/08/2022 | 0.003 | \$0.0065 |
| Issued 13/10/2020 | 35,000,000 | 15/09/2020 | 13/10/2023 | 0.03 | \$0.0206 |
| | 60,000,000 | | | | |

The 25,000,000 option was accounted for during the year ended 30 June 2020. \$162,706 was fully recognised directly in equity in prior year as transactions costs.

The 35,000,000 option issued to advisors during the period ended 31 December 2020 have been valued applying a Black Scholes model, \$720,980 is fully recognised directly in equity as transaction costs during the half year period, with the following inputs.

| | |
|---------------------------|----------|
| Share price at grant date | \$0.026 |
| Exercise price | \$0.030 |
| Risk free rate | 0.23% |
| Volatility | 147.50% |
| Fair Value | \$0.0206 |

66,434,110 performance rights options were issued to employees during the period ended 31 December 2020, as follows:

| Performance Shares | Number | Grant Date | Expiry Date | Exercise Price | Fair Value at Grant |
|-------------------------------|---------------|-------------------|--------------------|-----------------------|----------------------------|
| Issued 18/12/2020 – Tranche 1 | 29,679,144 | 26/11/2020 | 18/12/2022 | 0.00 | \$0.0108 |
| Issued 18/12/2020 – Tranche 2 | 36,754,966 | 26/11/2020 | 18/12/2022 | 0.00 | \$0.0092 |
| | 66,434,110 | | | | |

**Condensed notes to the consolidated financial statements for the
half-year ended 31 December 2020**

11. Reserves (continued)

(a) Reserves (continued)

The performance rights issued during the period ended 31 December 2020 have been valued applying a Monto Carlo Simulation model, \$31,581 is expensed over vesting period, with the following inputs for each tranche.

| | Tranche 1 | Tranche 2 |
|-----------------------------------|-----------|-----------|
| Share price at grant date | \$0.017 | \$0.017 |
| Exercise price | Nil | Nil |
| Risk free rate | 0.09% | 0.09% |
| Volatility | 123% | 123% |
| VWAP Hurdle – Vesting condition | \$0.04 | \$0.06 |
| Vesting period | 2 year | 2 year |
| Fair Value per performance rights | \$0.0108 | \$0.0092 |

31 December 2019

| Option Series | Number | Grant Date | Expiry Date | Exercise Price | Fair Value at Grant |
|--------------------|-----------|------------|-------------|----------------|---------------------|
| Issued 26/08/2018* | 2,500,000 | 27/07/2018 | 26/08/2021 | 0.06 | \$0.0015 |
| Issued 26/08/2018* | 2,500,000 | 27/07/2018 | 26/08/2021 | 0.08 | \$0.0006 |
| Issued 26/08/2018* | 2,500,000 | 27/07/2018 | 26/08/2021 | 0.10 | \$0.0003 |
| | 7,500,000 | | | | |

19,757,528 options were issued as free attaching options attached to the share placement during the period ended 31 December 2019.

(b) Types of share-based payment plans

(i) Options

There were \$720,980 share based payments relating to options issued to brokers for the period ended 31 December 2020 (31 December 2019: Nil) directly recognised in equity as a transaction costs in relation to the \$5 million equity raise during the period.

(ii) Shares

There were total amounting to \$114,581 of share based payments relating to shares issued for the period ended 31 December 2020 (31 December 2019: Nil). It is made up of the following:

- 2,615,837 shares amounting to \$50,000 was issued as payment for tenement E40/350 and E40/357 for exercise of Mulga Plum option.
- 23,882,240 shares were issued to Directors in lieu of salaries at \$0.0027 per share, total amounting to \$64,581.

(iii) Performance Rights

There were share based payments relating to performance rights issued totalling \$31,581 for the period ended 31 December 2020 (31 December 2019: \$64,939). The Shareholders approved the Performance Rights at the Annual General Meeting.

(iv) KML Warrants

No share based payments relating to KML warrants were issued for the period 31 December 2020 (31 December 2019: Nil).

Condensed notes to the consolidated financial statements for the half-year ended 31 December 2020

12. Commitments

In order to maintain the mineral tenements in which the Group is involved, the Group is committed to fulfill the minimum annual expenditure conditions under which the tenements are granted. Minimum annual expenditure not longer than 1 year required to maintain the Group's tenements is \$548,914 (30 June 2020: \$321,580). This obligation is capable of being varied from time to time. Exploration expenditure commitments beyond this time cannot be reliably determined.

13. Fair Value Measurement

The fair value of the Group's financial assets in quoted equity shares held traded on an active market is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. This represents level 1 inputs in the fair value hierarchy which are quoted prices in active markets for identical assets or liabilities.

| 31 December 2020 | | | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
|--------------------------------------|----------------------|-------------|--|--|--|
| | Date of valuation | Total \$ | \$ | \$ | \$ |
| Assets measured at fair value | | | | | |
| Shares in Listed Companies | 31 Dec 2020 | 228,141 | 228,141 | - | - |

| 30 June 2020 | | | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
|--------------------------------------|----------------------|-------------|--|--|--|
| | Date of valuation | Total \$ | \$ | \$ | \$ |
| Assets measured at fair value | | | | | |
| Shares in Listed Companies | 30 June 2020 | 72,966 | 72,966 | - | - |

14. Subsequent events

The Directors are not aware of any matter or circumstance that has arisen since 31 December 2020 which has significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years other than:

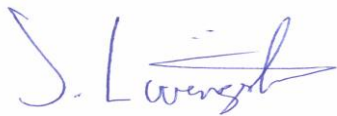
- On 9 February 2021, the Company announced the the proceedings brought against the Company in the United States District Court of Minnesota had been dismissed by the Court.
- On 10 February 2021, the Company announced the issue of 22,736,481 shares from listed options that were exercised at \$0.004, totalling \$90,945.
- On 19 February 2021, the Company announced that it had secured a significant new tenement (E40/401) via a successful ballot draw.
- On 8 March 2021, the Company announced the issue of 130,000 shares from listed options that were exercised at \$0.004, totalling \$520 and the expiry of 3,000,000 unlisted options at \$0.06 and 3,000,000 at \$0.08 on 12 March 2021.

Directors' declaration

In the opinion of the Directors of Metalicity Limited ("the Company")

- (a) the financial statements and notes set out on pages 12 to 29 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Group as at 31 December 2020 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
- (b) as set out in Note 1(e), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Directors



Jason Livingstone
Managing Director
Perth, Western Australia

12 March 2021