

Metalicity Limited

For the year ended 30 June 2020

Corporate Directory

Directors

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

Company Secretary

Nick Day (appointed 24 September 2020)
Neil Hackett (resigned 23 September 2020)

Auditors

Stantons International
Level 2
1 Walker Avenue
West Perth WA 6005

Solicitors

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

Bankers

ANZ
Cnr Hay and Outram Street
West Perth WA 6005

Registered Office

Level 25,
108 St Georges Terrace
Perth WA 6000
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Share Registry

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Investor Enquiries: 1300 554 474
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Securities Exchange Listing

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

ASX Code: MCT

Web Site: www.metalicity.com.au

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Directors' Report

The Directors of Metalicity Limited submit herewith the annual financial report of the Company and its subsidiaries (the "Group") for the financial year ended 30 June 2020.

Directors

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

Name	Particulars
Mathew Longworth	Non-Executive Chairman (appointed Chairman on 1 July 2019)
Jason Livingstone	Managing Director (appointed 1 July 2019)
Justin Barton	Finance Director
Andrew Daley	Non-Executive Director (resigned as Chairman on 1 July 2019)

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

Principal Activities

The Group's principal activity as at the date of this report is mineral exploration and development of the Kookynie and Yundamindra Gold Projects that the Company is earning into from Nex Metals Explorations Ltd.

Review of Operations and Results

Throughout the year the Company completed a strategic review of its mineral projects and refocussed Metalicity's activities no driving shareholder value by concentrating on the Kookynie and Yundamindra gold projects. The outcome of this new focus has been immediate and highly encouraging.

Kookynie & Yundamindra Gold Projects

On the 6th May 2019 the Company announced it had entered into a farm-in agreement with Nex Metals (ASX: NEX) for the Kookynie and Yundamindra projects, which sees Metalicity enter the Eastern Goldfields to explore for precious metals.

Under the agreement with Nex Metals the Company has the right to farm-in to the projects for an initial spend of \$500,000 within the first 12 months with the right to earn a 51% interest in the projects by spending a total of \$5 million within five years.

As of 31 August 2020, the Company had spent a total of ~\$1.6m at the projects through exploration programmes as well as the purchase of (i) an additional prospecting tenement adjacent to the Champion Lease and (ii) two farm in agreements & (iii) tenement applications within the area.

The Kookynie and Yundamindra Projects are located approximately 180km north of the town of Kalgoorlie and present an opportunity to develop a high-grade gold resource based off historic exploration within the area.

The Kookynie project hosts the historical mining centres of Diamantina-Cosmopolitan-Cumberland, known as the DCC trend, as well as McTavish, Leipold, Champion and Altona.

Each of the historic mining operations were highly successful, with the Cosmopolitan gold mine producing 360,000 ounces of gold from discovery from 1895 to 1922. During the early part of last century, the Cosmopolitan mine ranked as one of the largest and most profitable gold mines in Western Australia.

These former mining operations have remained untested by modern exploration, particularly the potentially rich plunge extensions of the main mineralised shoots.

Directors' Report

A JORC 2012 compliant Exploration Target was announced on the 12th March 2020 based off previous production and exploration work.

Kookynie Gold Project "Exploration Target" Summation						
Prospect	Grade Range		Tonnage Range		Ounces	
	Lower g/t Au	Upper g/t Au	Lower tonnes	Upper Tonnes	Lower ounce range	Upper Ounce Range
Diamantina-Cosmopolitan-Cumberland (DCC) Trend	10.0	15.0	300,000	600,000	100,000	290,000
previously excluded area of underground development	6.0	10.0	600,000	1,000,000	115,000	320,000
Overall Ounce Range					215,000	610,000
The Champion Prospect	3.6	6.0	200,000	400,000	25,000	80,000
previously excluded area of underground development	2.0	4.0	60,000	150,000	4,000	20,000
Overall Ounce Range					29,000	100,000
The McTavish Prospect	1.8	5.0	250,000	500,000	15,000	80,000
previously excluded area of underground development	1.5	5.0	100,000	200,000	5,000	32,000
Overall Ounce Range					20,000	112,000
The Leipold Prospect	1.5	5.0	500,000	800,000	25,000	120,000
previously excluded area of underground development	1.5	4.0	100,000	200,000	5,000	25,000
Overall Ounce Range					30,000	145,000

Table 1 – Kookynie Gold Project Exploration Target⁽¹⁾

- (1) Please note the "Exploration Target" cautionary statement: **The potential quantity and grade is conceptual in nature and there has been insufficient exploration to estimate a Mineral Resource. It is uncertain if further exploration will result in the estimation of a Mineral Resource.**

Based on the above tabulation, the Kookynie Gold Project has a total "Exploration Target" of between 294,000 ounces and 967,000 ounces and includes historically stated mineral resource estimates and previously excluded areas of underground development. Work to date by the Company in drilling, mapping and sampling has supported historical work and provided confidence to including it in the "Exploration Target".

At Cosmopolitan, the mineralisation is extrapolated some 200 metres to 300 metres down dip from historic workings to estimate the Exploration Target. The update is based on the Company's review of historical reports, sampling and the results of the company's drilling and exploration work. Historical reports from 1905, detailed channel sampling conducted during the development of the gold mine, coupled with a mineralisation estimate (actual date of publishing was 1989) illustrated that in both sets of information detailed remnant mineralisation was evident.

The Company has drill tested part of the Cosmopolitan Gold Mine that was excluded in this May 2019 estimated Exploration Target. A drill hole result from within the Cosmopolitan Gold Mine returned 2 metres @ 22.1 g/t Au from 76 metres (please refer to ASX Announcement dated 31 July 2019 titled "Metalicity Confirms Mineralisation") coupled with other significant intercepts in the general area (detailed in that same announcement dated 31 July 2019), has instigated a review of the "Exploration Target" in this area.

At Diamantina and Cumberland, mineralisation is extrapolated 300 metres to 500 metres down dip and 700 metres along strike. The maximum grade is assumed to be the historically mined grade of Cosmopolitan as the Diamantina and Cumberland are strike continuations of that mineralisation. The revision of the "Exploration Target" within the Diamantina and Cumberland Prospects is due to the extrapolation and confirmation of information previously excluded from the original May 2019 estimate.

At Champion, McTavish and Leipold, the mineralisation is extrapolated between 150 metres to 200 metres down dip and along strike. The upper grade is assumed to be between 1.5 g/t Au and 6 g/t Au based on averages of significant drill hole intersections (both historic and recent) within the structures hosting mineralisation.

Directors' Report

During the financial year, Metalicity has completed several rounds of exploration drilling at Kookynie to test plunge extensions at the historic mining centres, with a series of highly prospective results confirming significant mineralisation potential (please refer to ASX Announcements listed after Table 2).

Results returned during the year are tabled over page which summarises the significant intercepts returned from recent drilling programmes.

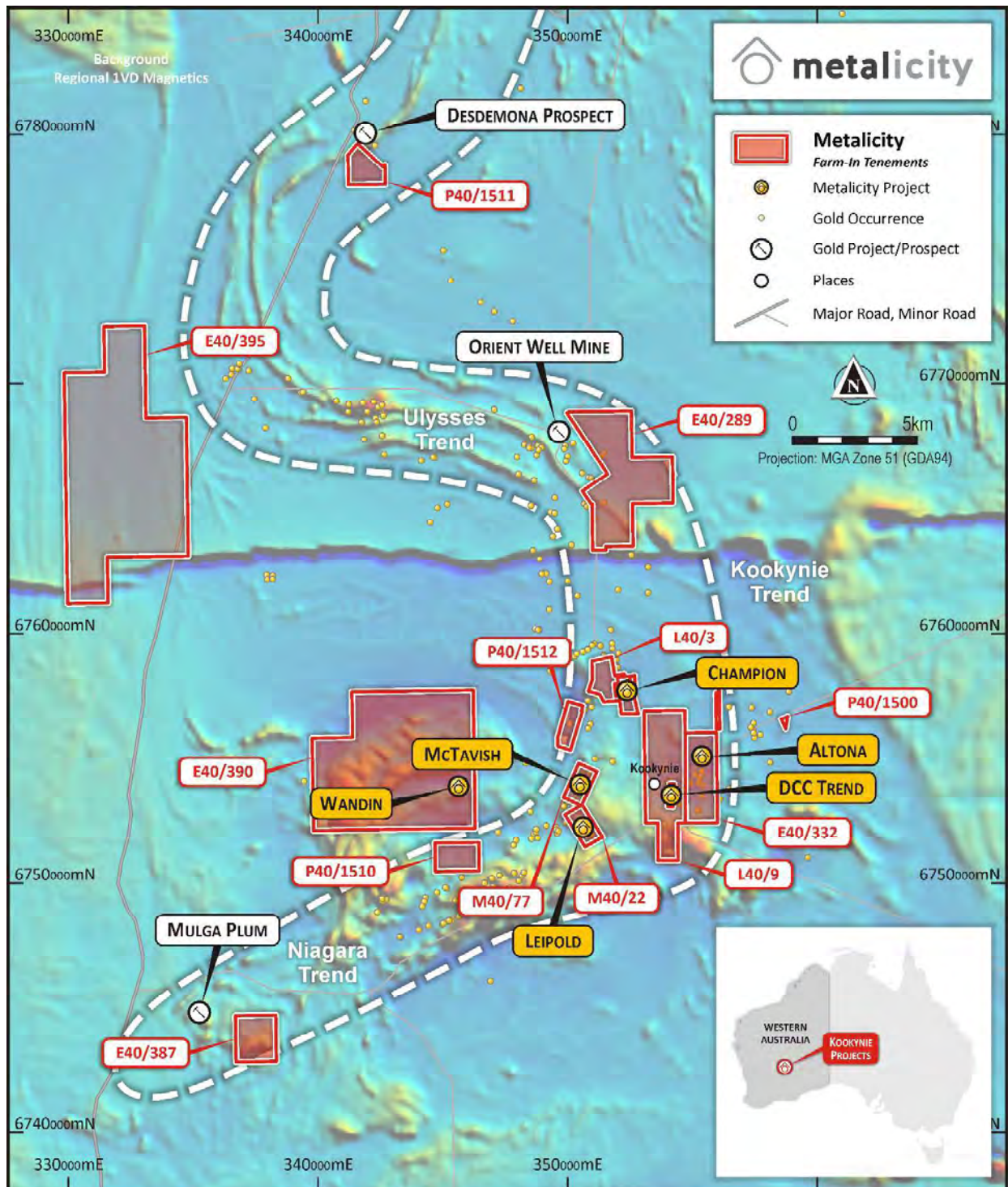


Figure 1 – Kookynie Prospect Locality Map with recent drill holes and mineralised trends.

Directors' Report

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	LPRC0001	M40/22	RC	350,744	6,752,130	420	48	-60	250	34	43	9	7.31	9m @ 7.31 g/t Au from 34m			
								including		34	37	3	7.91	inc. 3m @ 7.91 g/t Au from 34m			
								including		39	43	3	10.4	inc. 3m @ 10.4 g/t Au from 39m			
								including		40	41	1	31.2	inc. 1m @ 31.2 g/t Au from 40m			
	LPRC0002		RC	350,760	6,752,040	431	42	-60	250	18	22	4	7.1	4m @ 7.1 g/t Au from 18m			
								including		19	21	2	10.8	inc. 2m @ 10.8 g/t Au from 19m			
								-60	250	26	29	3	3.4	3m @ 3.4 g/t Au from 26m			
	LPRC0003		RC	350,766	6,752,030	431	42	-60	250	24	30	6	9.4	6m @ 9.4 g/t Au from 24m			
								including		26	28	2	19	inc. 2m @ 19 g/t Au from 26m			
	LPRC0004		RC	350,785	6,752,027	431	60	-60	250	38	46	8	3.2	8m @ 3.2 g/t Au from 38m			
								including		38	41	3	6.3	inc. 3m @ 6.3 g/t Au from 38m			
	LPRC0005		RC	350,713	6,752,113	430	30	-60	250	9	12	3	6.81	3m @ 6.81g/t Au from 9 m			
	350,732			6,752,121	430	36	-60	250	18	21	3	9.92	3m @ 9.92g/t Au from 18 m				
									26	27	1	2.7	1m @ 2.7g/t Au from 26 m				
	350,720			6,752,092	430	30	-60	250	15	19	4	3.71	4m @ 3.71g/t Au from 15 m				
	350,739			6,752,099	430	36	-60	250	21	25	4	4.12	4m @ 4.12g/t Au from 21 m				
	350,728			6,752,074	430	30	-60	250	No intercept >1g/t Au								
	350,746			6,752,081	430	36	-60	250	18	22	4	7.08	4m @ 7.08g/t Au from 18 m				
	350,765			6,752,088	430	54	-60	250	32	33	1	1.98	1m @ 1.98g/t Au from 32 m				
									41	43	2	8.57	2m @ 8.57g/t Au from 41 m				
	350,784			6,752,096	430	78	-60	250	31	32	1	1.26	1m @ 1.26g/t Au from 31 m				
									42	46	4	16.3	4m @ 16.3g/t Au from 42 m				
					including		42	45	3	20.7	inc. 3m @ 20.7g/t Au from 42 m						
	LPRC0013			350,751	6,752,128	430	54	-60	250	33	37	4	13.28	4m @ 13.28g/t Au from 33 m			
	LPRC0015			350,757	6,752,107	430	60	-60	250	30	31	1	2.69	1m @ 2.69g/t Au from 30 m			
										35	44	9	5.7	9m @ 5.7g/t Au from 35 m			
					including		40	42	2	17.9	inc. 2m @ 17.9g/t Au from 40 m						
	LPRC0016			350,776	6,752,114	430	84	-60	250	46	47	1	1.26	1m @ 1.26g/t Au from 46 m			
										49	50	1	4.48	1m @ 4.48g/t Au from 49 m			
										52	64	12	2.34	12m @ 2.34g/t Au from 52 m			
										54	57	3	5.1	inc. 3m @ 5.1g/t Au from 54 m			
	LPRC0014			RC	350,769	6,752,135	430	75	-60	250	No intercept >1g/t Au						
	LPRC0017			RC	350,736	6,752,057	430	30	-60	250	No intercept >1g/t Au						
	LPRC0018			RC	350,755	6,752,064	430	42	-60	250	23	27	4	3.69	4 m @ 3.69 g/t Au from 23m		
	LPRC0019		RC	350,774	6,752,071	430	54	-60	250	39	42	3	2.21	3 m @ 2.21 g/t Au from 39m			
	LPRC0020		RC	350,792	6,752,079	430	72	-60	250	57	60	3	-	Void - Historical Workings Intersected			
	LPRC0021		RC	350,745	6,752,037	430	30	-60	250	No intercept >1g/t Au							
	LPRC0022		RC	350,764	6,752,044	430	42	-60	250	26	30	4	2.7	4 m @ 2.7 g/t Au from 26m			
										37	39	2	4.63	2 m @ 4.63 g/t Au from 37m			
	LPRC0023		RC	350782.5	6752051.2	430	60	-60	250	41	42	1	1.55	1 m @ 1.55 g/t Au from 41m			
53		54								1	2.39	1 m @ 2.39 g/t Au from 53m					
LPRC0024	RC	350801.2	6752058.5	430	78	-60	250	58	64	6	2.87	6 m @ 2.87 g/t Au from 58m					
LPRC0025	RC	350,753	6,752,019	430	30	-60	250	No intercept >1g/t Au									
LPRC0026	RC	350,772	6,752,026	430	40	-60	250	24	32	8	2.92	8 m @ 2.92 g/t Au from 24m					
LPRC0027	RC	350,759	6,751,999	430	36	-60	250	15	19	4	1.2	4 m @ 1.2 g/t Au from 15m					
LPRC0028	RC	350,778	6,752,006	430	42	-60	250	31	34	3	4.59	3 m @ 4.59 g/t Au from 31m					
LPRC0029	RC	350,763	6,751,977	430	30	-60	250	No intercept >1g/t Au									
LPRC0030	RC	350,781	6,751,984	430	40	-60	250	25	31	6	1.77	6 m @ 1.77 g/t Au from 25m					
LPRC0031	RC	350,775	6,751,941	430	30	-60	250	No intercept >1g/t Au									
LPRC0032	RC	350,794	6,751,948	430	48	-60	250	26	36	10	3.21	10 m @ 3.21 g/t Au from 26m					
LPRC0033	RC	350,790	6,752,033	430	60	-60	250	No intercept >1g/t Au									
LPRC0034	RC	350,809	6,752,041	430	78	-60	250	No intercept >1g/t Au									
LPRC0035	RC	350,796	6,752,014	430	60	-60	250	44	47	3	2.46	3 m @ 2.46 g/t Au from 44 m					
LPRC0036	RC	350,815	6,752,021	430	78	-60	250	59	67	8	4.05	8 m @ 4.05 g/t Au from 59 m					
								69	70	1	3.07	1 metre @ 3.07 g/t Au from 69 m					
LPRC0037	RC	350,800	6,751,991	430	60	-60	250	43	45	2	8.52	2 m @ 8.52 g/t Au from 43 m					
LPRC0038	RC	350,819	6,751,999	430	78	-60	250	60	65	5	2.56	5 m @ 2.56 g/t Au from 60 m					

Continued over page.

Directors' Report

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	
McTavish	McTRC0001	M40/77	RC	350,647	6,754,118	423	112	-60	270	67	71	4	6.4	4m @ 6.4 g/t Au from 67m	
									including	67	68	1	15.47	inc. 1m @ 15.47 g/t Au from 67m	
	McTRC0002				350,647	6,754,098	424	84	-60	270	73	76	3	1.41	3m @ 1.41 g/t Au from 73m
	McTRC0003		RC	350,576	6,754,153	423	30	-60	270	14	15	1	1.9	1m @ 1.9 g/t Au from 14m	
	McTRC0004		RC	350,596	6,754,153	423	48	-60	270	33	35	2	2.2	2m @ 2.2 g/t Au from 33m	
	McTRC0005	M40/77	RC	350,618	6,754,083	424	66	-60	270	48	53	5	17.9	5m @ 17.9 g/t Au from 48m	
									including	51	52	1	80.17	inc. 1m @ 80.17 g/t Au from 51m	
	McTRC0006		RC	350,599	6,754,095	423	42	270	-60	32	34	2	3.76	2 m @ 3.76 g/t Au from 32 m	
	McTRC0007		RC	350,595	6,754,080	423	48	270	-60	23	26	3	6.33	3 m @ 6.33 g/t Au from 23 m	
	McTRC0008		RC	350,635	6,754,080	423	72	270	-60	No intercept >1g/t Au					
	McTRC0009		RC	350,655	6,754,080	423	84	270	-60	79	82	3	2.06	3 m @ 2.06 g/t Au from 79 m	
	McTRC0010		RC	350,590	6,754,120	423	36	270	-60	20	25	5	4.17	5 m @ 4.17 g/t Au from 20 m	
	McTRC0011		RC	350,610	6,754,120	423	54	270	-60	36	40	4	5.01	4 m @ 5.01 g/t Au from 36 m	
	McTRC0012		RC	350,630	6,754,125	423	66	270	-60	54	58	4	4.64	4 m @ 4.64 g/t Au from 54 m	
	McTRC0013		RC	350,575	6,754,050	423	36	270	-60	No intercept >1g/t Au					
	McTRC0014		RC	350,595	6,754,050	423	42	270	-60	20	21	1	-	Void - Historical Workings Intersected	
	McTRC0015		RC	350,615	6,754,050	423	54	270	-60	39	41	2	14.11	2 m @ 14.11 g/t Au from 39 m	
							including	39	40	1	19.42	inc. 1 metre @ 19.42 g/t Au from 39 m			
Champion	CPRC0001	M40/27	RC	352,224	6,757,503	417	112	-60	270	Stope fill intersected - structure present but mined out.					
	CPRC0002			352,265	6,757,582	416	138	-60	250	127	128	1	1.35	1m @ 1.35 g/t Au from 127m	
	CPRC0003		RC	352,158	6,757,586	417	48	-60	270	31	33	2	1.8	2m @ 1.8 g/t Au from 31m	
	CPRC0004		RC	352,149	6,757,566	417	30	-60	270	28	30	2	25.2	2m @ 25.2 g/t Au from 28m to EOH	
								including	28	29	1	42.04	inc. 1m @ 42.04 g/t Au from 28m		
	CPRC0005	RC	352,167	6,757,631	417	42	-60	270	16	17	1	1.3	1m @ 1.3 g/t Au from 16m		
DCC Trend	CDRCDD0001	M40/61	RC/DD Tail	354,377	6,753,209	427	186.33	-60	270	167	167.72	0.72	3.1	0.72m @ 3.1 g/t Au from 167m	
										173.07	173.28	0.21	8.8	0.21m @ 8.8 g/t Au from 173.07m	
										174.85	176	1.15	1.5	1.15m @ 1.5 g/t Au from 174.85m	
	CLRC0001	M40/61	RC	354,153	6,754,058	429	136	-60	270	72	74	2	1.4	2m @ 1.4 g/t Au from 72m	
	CDDD0001	E40/332	DD	354728	6753398	432	529.5	-60	270	Structure diluted by Proterozoic Dolerite Dyke					
	CDRC0001	M40/61	RC	354284	6753513	430	148	-60	270	76	78	2	22.1	2m @ 22.1 g/t Au from 76m	

Table 2 – Significant Drill Hole Intercepts*

*Please refer to announcements: ASX Announcement "Metalicity Confirms Mineralisation" dated 31 July 2019, ASX Announcement "Metalicity Confirms Additional Gold Mineralisation at Kookynie" dated 2 October 2019, ASX Announcement "Metalicity Reports Drill Hole Intercepts Up To 80 g/t Au & Additional Tenement Acquisition for Kookynie" dated 21 January 2020, ASX Announcement "Metalicity Continues to Deliver Spectacular Drill Hole Results for the Kookynie Gold Project" dated 25 June 2020, ASX Announcement "Metalicity Continues to Deliver Excellent Drill Hole Results for the Kookynie Gold Project" dated 2 July 2020, & ASX Announcement "Metalicity Delivers More Outstanding Drill Hole Results for the Kookynie Gold Project. Phase Two Drilling to Commence Imminently" dated 10 July 2020.

These programmes have tested and confirmed extensive mineralisation at Diamantina, Cosmopolitan and Cumberland (collectively named the DCC Trend), as well as McTavish, Leipold and Champion. Please refer to Figure 1 for Prospect and tenure locations.

The Leipold Prospect

The Company is observing consistent widths and relatively consistent grades at the Leipold Prospect in relation to the structural framework that hosts the mineralisation. The Leipold Prospect is host to a JORC 2004 compliant mineral resource estimate. To date, Metalicity has 38 completed drill holes with all assays returned, 22 of those holes are significantly higher than the resource estimate grade defined in 2011. Results from this infill and step out drilling plus the results from LPRC0032, which define the strike extent, are being used by the Company to address aspects required under JORC 2012 compliancy within previously drilled areas. The objective is to completely redefine the overall size of this Prospect. Please refer to the figure below:

Directors' Report

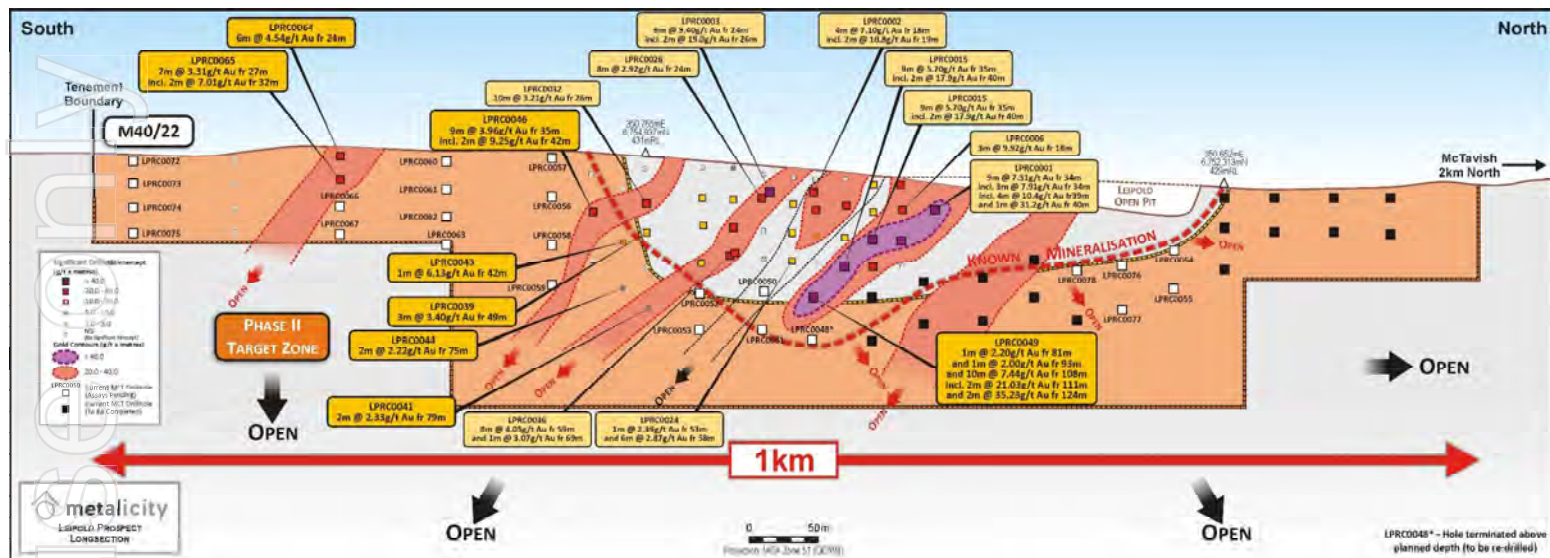


Figure Two: Leipold Prospect Long Section Plane of Vein*

*Please refer to ASX Announcement "Metalicity Continues to Deliver Spectacular Drill Hole Results for the Kookynie Gold Project" dated 25 June 2020, ASX Announcement "Metalicity Continues to Deliver Excellent Drill Hole Results for the Kookynie Gold Project" dated 2 July 2020 & ASX Announcement titled "Metalicity Reports Drill Hole Intercepts Up To 80 g/t Au, Additional Tenement Acquisition for Kookynie" dated 21 January 2020 & ASX Announcement titled "Metalicity Continues to Deliver Spectacular Drill Hole Results for the Kookynie Gold Project" dated 25 August 2020.

The McTavish Prospect

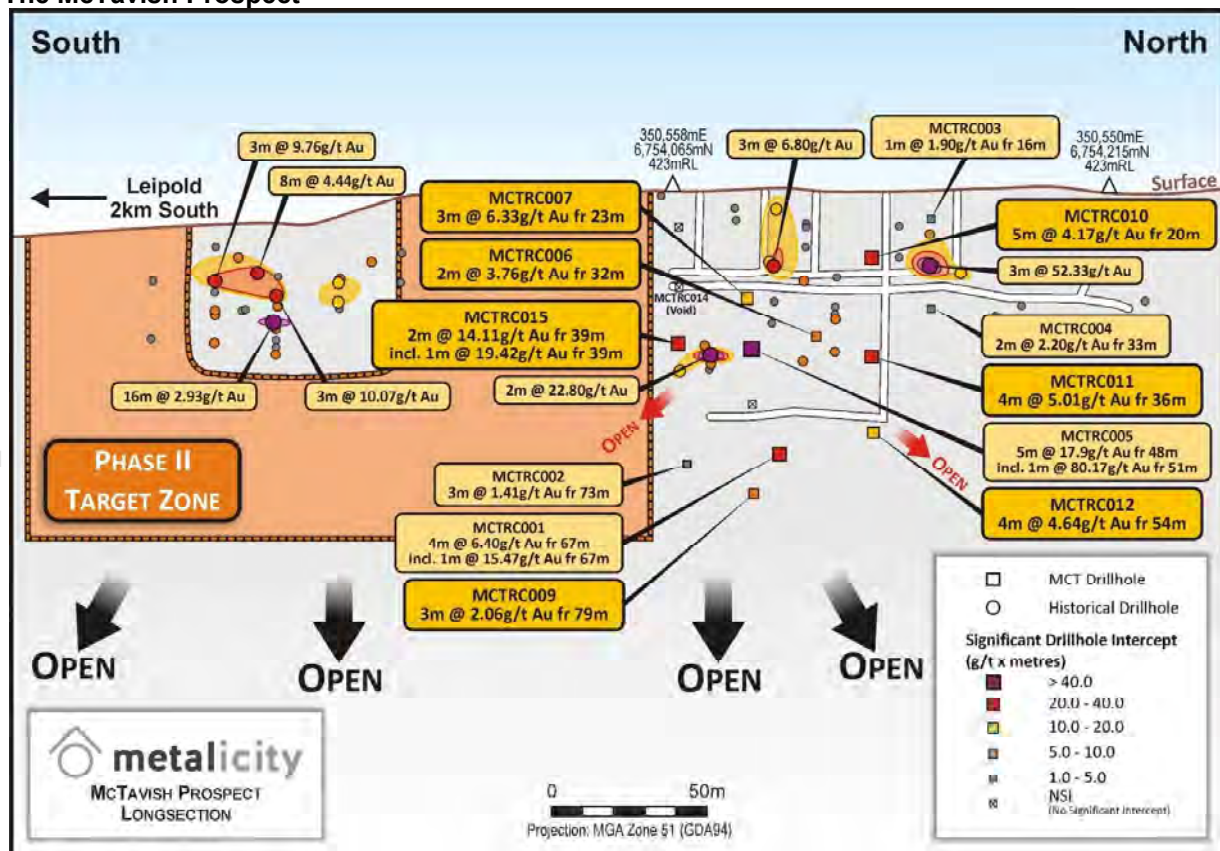


Figure Three – McTavish Plane of Vein Section with recent drilling.

Directors' Report

Two drilling programmes have been completed at the McTavish Prospect. The premise again was to confirm and step out from known mineralisation to evaluate and ultimately update the McTavish JORC 2004 compliant mineral resource estimate.

Similar issues around downhole surveys and the extent of the underground workings are required for the Company to be able to complete a JORC 2012 compliant Mineral Resource Estimate. Through our methodical exploration and development where we are addressing these aspects and intend to aggressively expand our known mineralisation strike of McTavish from approximately 200 metres of strike, to over 400 metres with our Phase Two Drilling Programme.

McTavish has also returned high grade intercepts, such as 2 metres @ 14.11 g/t Au from 39 metres, including 1 metre @ 19.42 g/t Au from 39 metres. This drill hole represents a 20-metre step out south from McTRC0005 which returned 5 metres @ 17.9 g/t Au from 48 metres including 1 metre @ 80.17 g/t Au from 51 metres. Please refer to Figure 3 above.

As at Leipold, at McTavish, the Company is observing widths, and most importantly grades well above the JORC 2004 Mineral Resource Estimate. This bodes well for when a Mineral Resource Estimate is conducted with much more geological and grade information to be inputted, for a potential, and significantly increased Mineral Resource inventory. Therefore, as with Leipold, we are expanding our aggressive Phase Two Drilling Programme to potentially delineate high grade mineralisation over a 400-500 metre strike length at McTavish.

Cosmopolitan Historical Underground Sampling

Historic channel sampling results at Cosmopolitan have indicated extraordinarily high-grade mineralisation in areas of remnant mineralisation that still may exist in developed areas of the mine (please refer to ASX Announcement dated 9 June 2020 titled "*Extremely High-Grade Gold From Historical Underground Sampling At The Cosmopolitan Gold Mine*").

Of the 2,438 sample points presented, 110 returned assays above 100 g/t Au, 444 returned assays above 50 g/t Au and 1,046 returned assays above 20 g/t Au. A short list of the best samples collated are presented below, please refer to Figure 4:

- 3.2m @ 428.6 g/t Au
- 2.2m @ 433.2 g/t Au
- 2.0m @ 330.6 g/t Au
- 2.2m @ 220.4 g/t Au
- 2.0m @ 220.4 g/t Au
- 2.1m @ 217.4 g/t Au
- 2.1m @ 214.3 g/t Au

The information presented is open to the public via the DMIRS WAMEX System, and we are using this information, along with the concurrent drone magnetic survey (please refer to ASX Announcement titled "*Drone Magnetic Survey To Commence at the Kookynie Gold Project*" dated 2 June 2020) to assist the Company in our efficient exploration efforts over the Kookynie Gold Project. This data further highlights and illustrates that the Cosmopolitan Gold Mine was one of the largest, very high-grade and prolific gold mines of its day.

The initial data suggests a significant opportunity with the high-grade remnant mineralisation may still exist within developed areas, along with clear down dip potential to the high-grade mineralisation. Metalicity also announced on 2 June 2020 that it had identified 2kms of strike extension to the structures that host Cosmopolitan, which saw a magnetic survey completed to refine targets for drilling.

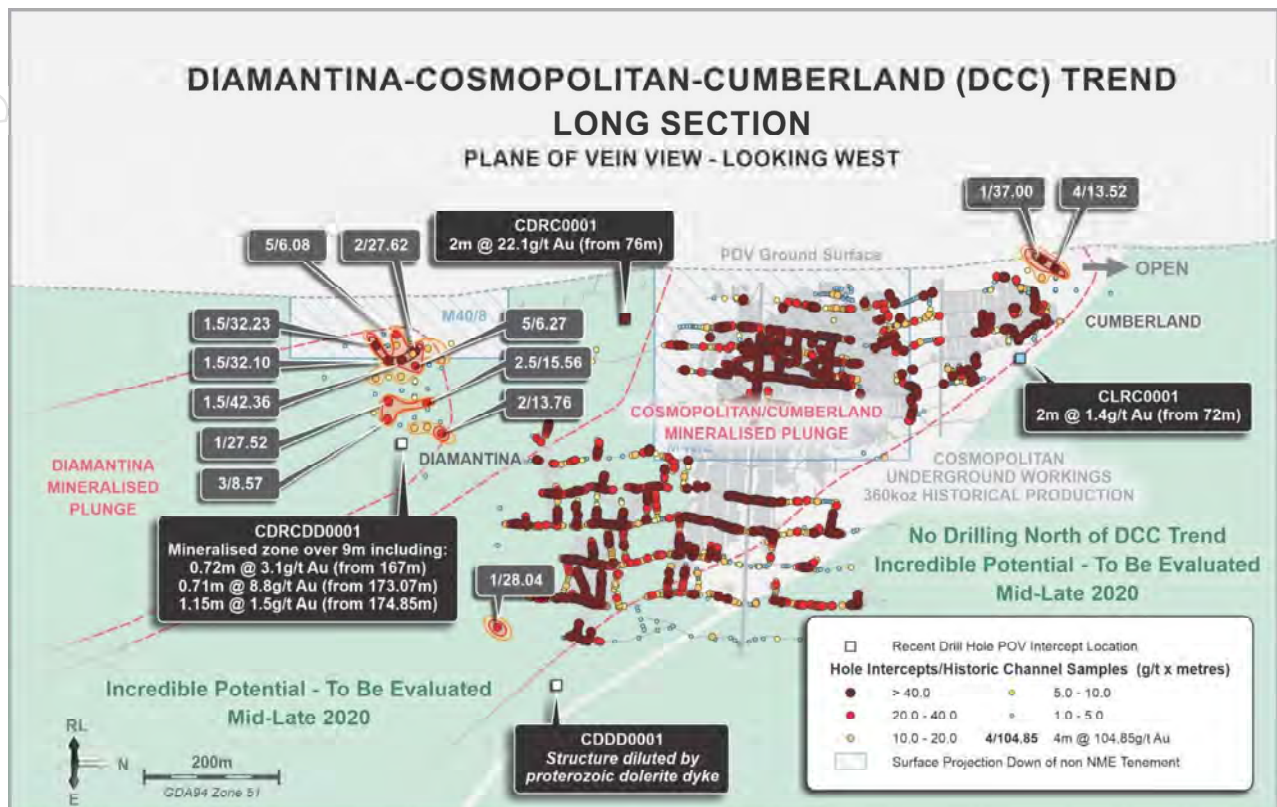


Figure Four – Cosmopolitan Gold Mine Long Section with Underground Workings with Channel Samples illustrated as gram metres*.

*Please refer to ASX Announcement dated 9 June 2020 titled "Extremely High-Grade Gold From Historical Underground Sampling At The Cosmopolitan Gold Mine".

The Champion Prospect

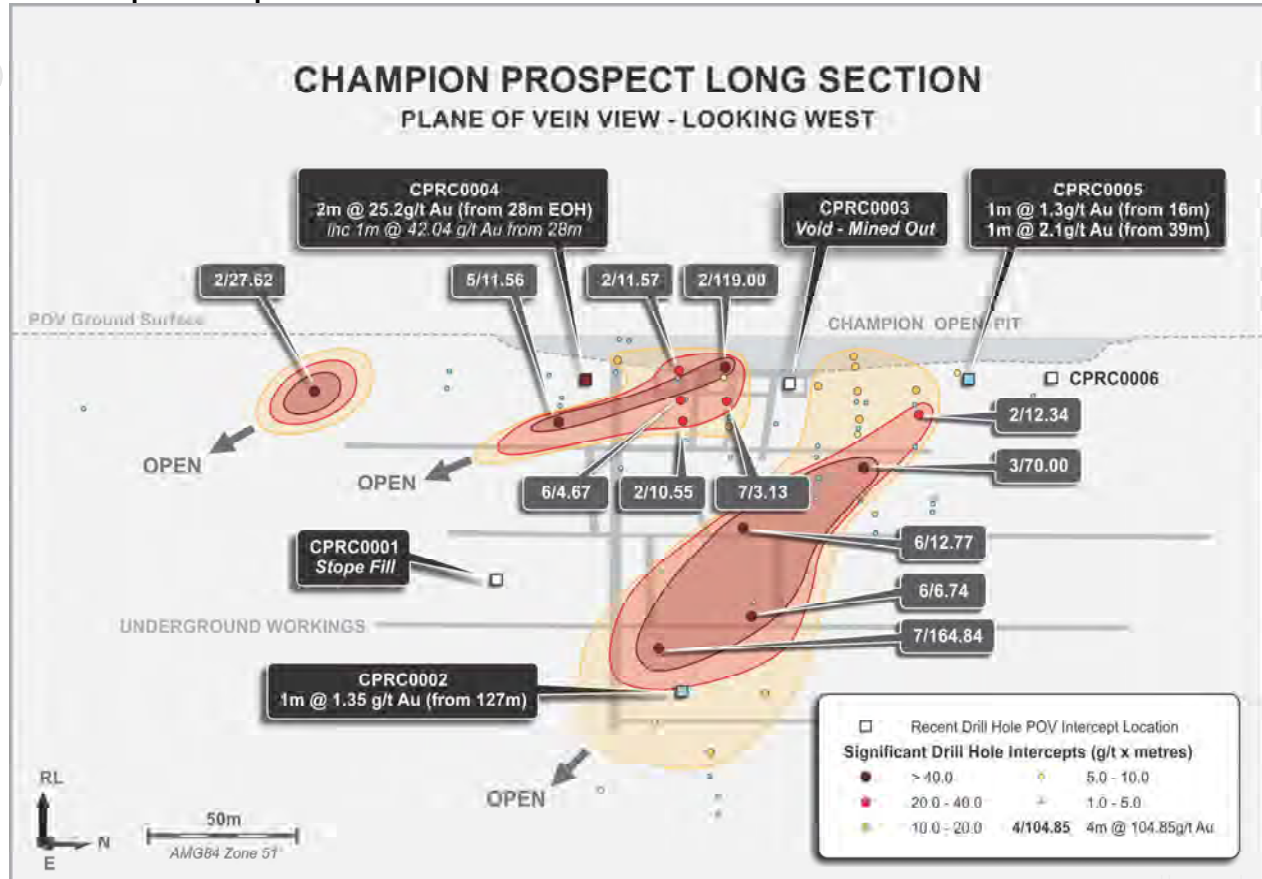


Figure Five – Champion Plane of Vein Section with recent drilling.

The Champion Prospect is not only characterised by significant drill hole intercepts, but also historical production from a very shallow (<8 metre depth) open pit. Whilst the grade control data from the open pit operation is not available, there is a gap in the historical exploration drilling and the base of this pit that spans approximately 25 metres. This area represents an opportunity to infill and define the mineralisation from the top of historical drilling to the base of the pit. The Company has completed four Reverse Circulation (RC) drill holes at the Champion Prospect for a total of 174 metres to test this section of mineralisation and to confirm its continuance to the base of the pit. We are pleased to report that each of the drill holes intersected the mineralised structure, demonstrating the up dip and strike continuation of mineralisation beyond the previously defined limits of drilling.

Below is the full list of the December 2019 drilling programme results for Champion:

- CPRC0003 – 2 metres @ 1.8 g/t Au from 31 metres,
- CPRC0004 – 2 metres @ 25.2 g/t Au from 28 metres to EOH inc. 1 metre @ 42.04 g/t Au from 28 metres,
- CPRC0005 – 1 metre @ 1.3 g/t Au from 16 metres & 1 metre @ 2.1 g/t Au from 39 metres, &
- CPRC0006 – results pending.

The return of these very high tenor grades indicates the prospectivity across the Kookynie Gold Project.

Directors' Report

The Yundamindra Gold Project

The Company has also arranged a further farm-in agreement at Yundamindra for exploration licenses E39/1773 and E39/1774.

The tenements are owned by a private entity and are immediately south of the Yundamindra Gold Project (See Figure 6). The tenements potentially host strike extents of the mineralisation observed at the Queen of May and Bound to Rise prospects.

Whilst all Yundamindra tenure is currently under plaintiff, Metalicity is comfortable that the current owners can defend this claim and they are tasked with doing so under the farm-in agreement.

Under the farm-in agreement E39/1773 and E39/1774 Metalicity will spend \$200,000 over 2 years to earn 100% of the tenure. Upon reaching this milestone, the owners will revert to a royalty of 1% NSR on the first 50,000 ounces of production that may potentially be sourced from within this area.

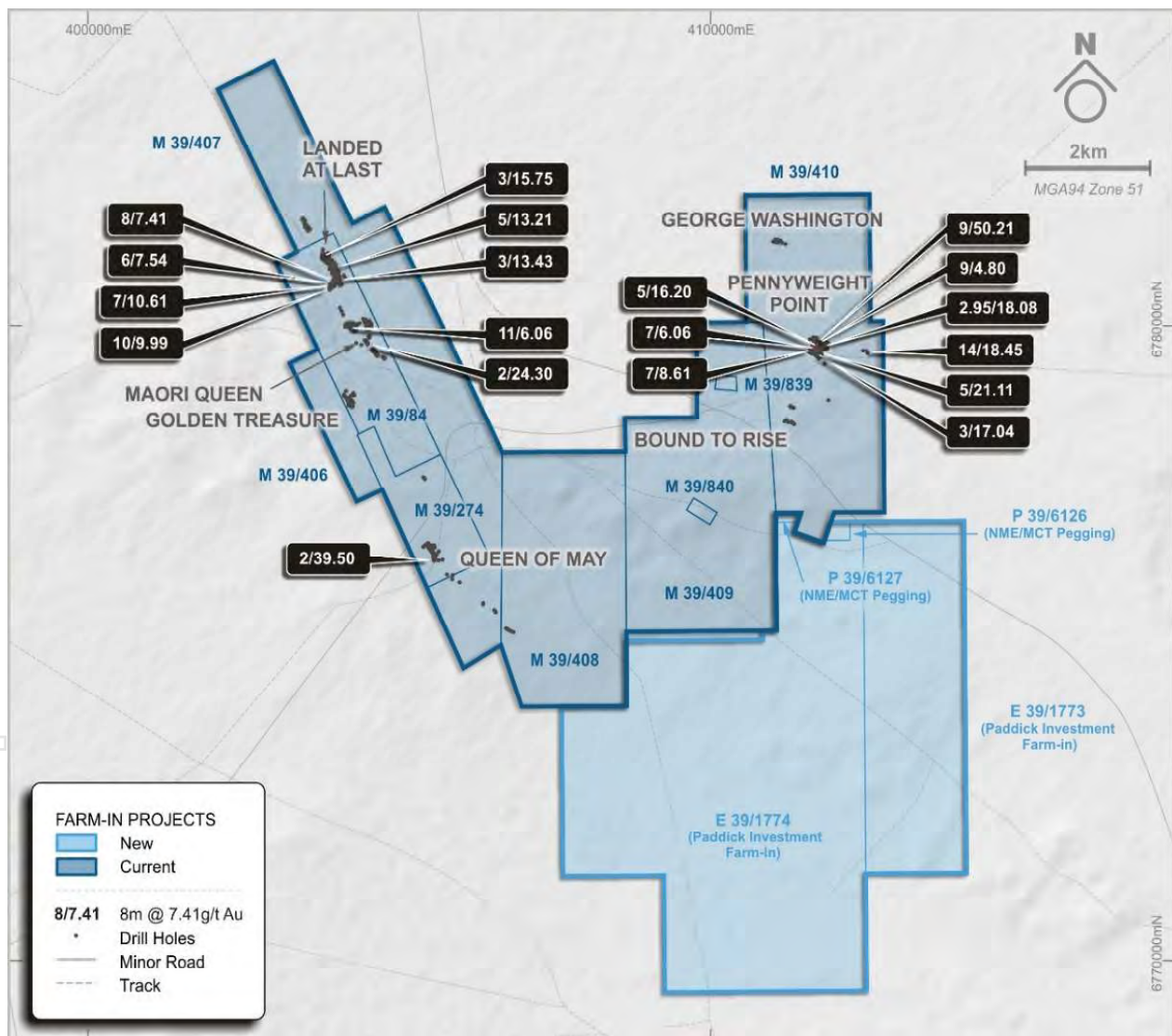


Figure Six – Yundamindra Tenement Map*

*Please refer to ASX Announcement "September 2019 Quarterly Activities Report" dated 30 October 2019.

Directors' Report

Admiral Bay

The Company currently holds an 80.3% interest in Kimberley Mining Ltd.(KML), that in turn holds 100% of the Admiral Bay Asset. While the asset itself is on care and maintenance, the Company is in discussion with a number of parties to affect a deal that will monetise its interest in KML.

As the Company is now looking to concentrate its efforts on the Kookynie and Yundamindra Gold Projects it can confirm that the Admiral Bay Project is no longer core business.

Metalicity continues to provide limited assistance on commercial terms to KML through this period with a view to maximising benefits to all shareholders.

Regional Projects

During the reporting year, Metalicity relinquished all regional tenure outside of the Admiral Bay, Kookynie and Yundamindra Gold Projects. The strategy of the Company is to move forward with our farm in partner, Nex Metals Explorations in exploring and developing the Kookynie and Yundamindra Gold Projects.

Disclaimer and Forward-Looking Statements

This report is not a prospectus nor an offer of securities for subscription or sale in any jurisdiction nor a securities recommendation. The information in this report is an overview and does not contain all information necessary for investment decisions. In making investment decisions, investors should rely on their own examination of Metalicity Limited and consult with their own legal, tax, business and/or financial advisers in connection with any acquisition of securities. The information contained in this report has been prepared in good faith by Metalicity Limited. However, no representation or warranty, express or implied, is made as to the completeness or adequacy of any statements, estimates, opinions or other information contained in this report. To the maximum extent permitted by law, Metalicity Limited, its directors, officers, employees and agents disclaim liability for any loss or damage which may be suffered by any person through the use of, or reliance on, anything contained in or omitted from this report. Certain information in this report refers to the intentions of Metalicity Limited, but these are not intended to be forecasts, forward looking statements, or statements about future matters for the purposes of the Corporations Act (Cth, Australia) or any other applicable law. The occurrence of events in the future are subject to risks, uncertainties and other factors that may cause Metalicity Limited's actual results, performance or achievements to differ from those referred to in this report to occur as contemplated. The report contains only a synopsis of more detailed information to be published in relation to the matters described in this document and accordingly no reliance may be placed for any purpose whatsoever on the sufficiency or completeness of such information and to do so could potentially expose you to a significant risk of losing all of the property invested by you or incurring by you of additional liability. Recipients of this report should conduct their own investigation, evaluation and analysis of the business, data and property described in this document. In particular, any estimates or projections or opinions contained herein necessarily involve significant elements of subjective judgment, analysis and assumptions and you should satisfy yourself in relation to such matters. Furthermore, this report may contain certain "forward-looking statements" which may not have been based solely on historical facts, but rather may be based on the Company's current expectations about future events and results. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have reasonable basis. However, forward-looking statements:

(a) are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies;

(b) involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements. Such risks include, without limitation, resource risk, metals price volatility, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, as well as political and operational risks in the countries and states in which the Company operates or supplies or sells product to, and governmental regulation and judicial outcomes; and

(c) may include, among other things, statements regarding estimates and assumptions in respect of prices, costs, results and capital expenditure, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions.

Directors' Report

The words “believe”, “expect”, “anticipate”, “indicate”, “contemplate”, “target”, “plan”, “intends”, “continue”, “budget”, “estimate”, “may”, “will”, “schedule” and similar expressions identify forward-looking statements.

All forward-looking statements contained in this presentation are qualified by the foregoing cautionary statements. Recipients are cautioned that forward-looking statements are not guarantees of future performance and accordingly recipients are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein.

The Company disclaims any intent or obligation to publicly update any forward-looking statements, whether because of new information, future events or results or otherwise.

Competent Person Statements

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. 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. In addition, please refer to the referenced ASX Announcements for the Competent Persons Statements applicable.

Metalicity confirms that the Company is not aware of any new information or data that materially affects the information included in the report and, in the case of “exploration results” that all material assumptions and technical parameters underpinning the “exploration results” in the relevant announcements referenced apply and have not materially changed.

Directors' Report

Tenement Schedule

The Following table shows all tenure subject to the farm-in agreement with Nex Metals (ASX: NEX) for the Kookynie and Yundamindra projects as announced on the 6th May 2019:

Project	TEN ID	Holder	Granted	Expires	Area (ha)	Shares Held
Kookynie	G40/3	Nex Metals Explorations Limited	19-02-1986	24-02-2029	7.2	100/100
	L40/9	Nex Metals Explorations Limited	19-05-1995	18-05-2025	1.0	100/100
	E40/332	Nex Metals Explorations Limited	15-08-2014	14-08-2024	600.0	100/100
	M40/22	Nex Metals Explorations Limited	29-08-1986	28-08-2028	121.7	100/100
	M40/27	Nex Metals Explorations Limited	25-02-1987	24-02-2029	85.5	100/100
	M40/61	Nex Metals Explorations Limited	13-07-1989	12-07-2031	832.7	100/100
	M40/77	Nex Metals Explorations Limited	13-10-1988	12-10-2030	119.2	90,405/90,405
	P40/1331	KYM Mining Limited	9-04-2014	8-04-2022	161.2	100/100
	E40/289	Paris Enterprises Pty Ltd	1-07-2011	30-06-2021	1,222.7	100/100
	P40/1499	Nex Metals Explorations Limited	Pending		8.3	100/100
	P40/1500	Nex Metals Explorations Limited	Pending		5.9	100/100
	P40/1501	Nex Metals Explorations Limited	Pending		21.1	100/100
	P40/1510	Metalicity Limited	Pending		185.0	100/100
	P40/1511	Metalicity Limited	Pending		176.7	100/100
	P40/1512	Metalicity Limited	Pending		118.6	100/100
	E40/390	KYM Mining Limited	Pending		3,300.0	100/100
	E40/387	Metalicity Limited	Pending		299.0	100/100
	E40/395	KYM Mining Limited	Pending		4,203.0	100/100
Yundamindra	L39/34	Nex Metals Explorations Limited	15-12-1988	14-12-2023	1.0	100/100
	L39/52	Nex Metals Explorations Limited	19-12-1993	18-12-2023	1.0	96/96
	L39/258	Nex Metals Explorations Limited	16-04-2018	15-04-2039	3.2	100/100
	M39/84	Nex Metals Explorations Limited	29-10-1987	28-10-2029	378.0	100/100
	M39/274	Nex Metals Explorations Limited	21-05-1992	20-05-2034	230.0	100/100
	M39/406	Nex Metals Explorations Limited	21-11-2007	20-11-2028	124.0	100/100
	M39/407	Nex Metals Explorations Limited	13-11-2007	12-11-2028	896.0	100/100
	M39/408	Nex Metals Explorations Limited	13-11-2007	12-11-2028	785.0	100/100
	M39/409	Nex Metals Explorations Limited	13-11-2007	12-11-2028	966.0	100/100
	M39/410	Nex Metals Explorations Limited	6-03-2008	5-03-2029	978.0	100/100
	M39/839	Nex Metals Explorations Limited	2-07-2008	1-07-2029	7.3	100/100
	M39/840	Nex Metals Explorations Limited	2-07-2008	1-07-2029	9.7	100/100
	P39/6126	Nex Metals Explorations Limited	Pending		10.4	100/100
	P39/6127	Nex Metals Explorations Limited	Pending		5.6	100/100
	E39/1773	Paddick Investments Pty Ltd	5-06-2014	4-06-2024	903.0	100/100
	E39/1774	Paddick Investments Pty Ltd	5-06-2014	4-06-2024	2,517.0	100/100
Total Farm In Area (ha)					19,283.8	

Directors' Report

The following table shows the tenements the Group has an interest in at 30 June 2020:

Project	TEN ID	Holder	Granted	Expires
Admiral Bay	ML04/244	Kimberley Mining Australia Pty Ltd 100%	21/03/1991	20/03/2033
Admiral Bay	ML04/249	Kimberley Mining Australia Pty Ltd 100%	21/03/1991	20/03/2033
Admiral Bay	EL04/1610	Kimberley Mining Australia Pty Ltd 100%	04/09/2007	03/09/2021
Admiral Bay	E04/2621	Metalicity Limited 100%	07/10/2019	06/10/2024
Kookynie	P40/1331	KYM Mining Pty Ltd 100%	09/04/2014	08/04/2022

Results

The loss after income tax for the year ended 30 June 2020 was \$1,340,757 (30 June 2019: loss \$4,410,376).

Significant changes in state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Environmental regulations

The Group is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out exploration work.

Dividends

No dividends have been paid or declared since the beginning of the financial year and none are recommended.

Subsequent events

Other than the following, the directors are not aware of any significant events since the end of the reporting period which significantly affect or could significantly affect the operations of the consolidated entity in future financial years:

- On 16 July 2020, the Company announced the conversion of 13,802,941 options at various option prices, raising \$142,120.
- On 24 July 2020, the Company announced the conversion of 2,148,014 options at \$0.004 and 15,508 options at \$0.015, raising \$8,825.
- On 10 August 2020, the Company announced the conversion of 877,445 options at \$0.004 and 246,300 options at \$0.015, raising \$7,204.
- On 20 August 2020, the Company announced the conversion of 13,500,000 options at \$0.004, raising \$54,000 and the vesting of 15 million performance rights.
- On 20 August 2020, the Company announced the shareholder approved conversion of outstanding Director Fees into 23,882,240 fully paid ordinary shares.
- On 21 August 2020, the Company announced the issue of 177.5 million options, as approved by shareholders at general meeting.
- On 28 August 2020, the Company announced the conversion of 2,538,168 options at \$0.004 and 16,691 options at \$0.015, raising \$10,403.
- On 7 September 2020, Metalicity Limited announced the completion of a \$5 million placement (before costs) to existing and new sophisticated and professional investors with the issue of 208.3m shares at \$0.024 and 35,000,000 options to brokers at an exercise price of \$0.03.
- On 9 September 2020, the Company announced the conversion of 49,386,253 options at \$0.004 and 1,255,689 options at \$0.015, raising \$216,380 and the vesting of 1,000,000 performance rights.
- On 24 September 2020, the Company announced the appointment of Mr Nick Day as Company Secretary following the resignation of Mr Neil Hackett.

Likely developments and expected results of Operations

The Group will continue to explore and assess its mineral projects.

Directors' Report

Information on Directors

Jason Livingstone - Managing Director – appointed 1 July 2019

Experience and Expertise

Mr Livingstone is a geologist with 20 years' experience across exploration through to production environments on four continents. Mr Livingstone holds a Bachelor of Science (Geology) from the West Australian School of Mines, a Masters of Business Administration from the Curtin Graduate School of Business, is a member of the Australian Institute of Geoscientists, and has completed the Company Directors Course at the Australian Institute of Company Directors.

Other Current Directorships

None

Former Directorships in the Last Three Years

None

Special Responsibilities

None

Interests in Shares and Options

23,574,348 ordinary shares, 10,000,000 performance rights and 4,000,000 unlisted options

Mathew Longworth - Non-executive Chairman – appointed 1 July 2019 (previously Chief Executive Officer since 10 January 2019 and Non-Executive Board Member since 29 September 2014)

Experience and Expertise

Mr Longworth is a geologist with 30 years' experience across exploration, project evaluation/development, operations and corporate management. He previously held roles as Exploration Manager, COO and CEO/Managing Director with Australian listed companies, and mining analyst with a boutique investment fund. In his senior corporate roles, Mathew led multidisciplinary project evaluation and development teams. Mr. Longworth is a member of the Australasian Institute of Mining and Metallurgy.

Other Current Directorships

Ardea Resources

Greenfields Exploration Limited (a public unlisted company)

Kimberley Mining Limited (a public unlisted Canadian company)

Former Directorships in the Last Three Years

None

Special Responsibilities

Chair of the Audit Committee

Interests in Shares and Options

4,909,148 ordinary shares, 264,238 listed options and 4,231,709 unlisted options

Directors' Report

Justin Barton – Finance Director – appointed 1 January 2018

Experience and Expertise

Mr Barton is a Chartered Accountant with over 20 years' experience in accounting, international finance, M&A and the mining industry. He worked for over 13 years in the Big 4 Accounting firms in Australia and Europe and advised many of the world's largest mining, oil & gas companies and financial institutions, including Rio Tinto, Chevron, Macquarie, Merrill Lynch, Morgan Stanley and Deutsche Bank. Justin also worked for 4 years at Paladin Energy Limited as Group Tax and Finance Manager. More recently, he has worked as the CFO and has been a Board Member of a number of junior exploration companies.

Other Current Directorships

Kimberley Mining Limited (a public unlisted Canadian company)

Former Directorships in the Last Three Years

Great Western Exploration Limited (appointed 20 May 2020, resigned 4 June 2020)

Eneabba Gas Limited (appointed 1 March 2017, resigned 10 October 2017)

Interposed Holdings Limited (appointed 10 January 2017, resigned 11 December 2017)

Special Responsibilities

Finance Director, member of the Audit Committee and the Remuneration and Nomination Committee.

Interests in Shares and Options

15,439,284 ordinary shares and 5,625,000 performance rights

Andrew Daley - Non-executive Director – appointed 1 July 2019 (previously Non-Executive Chairman since 19 August 2013)

Experience and Expertise

Mr Daley is a Mining Engineer and Investment Banker. He has a Bachelor of Science (Honours), is a Chartered Engineer (UK), a Fellow of the Australasian Institute of Mining and Metallurgy and Member of IOM3 (UK). He has over 45 years' experience in resources having worked with Anglo American Corp, Rio Tinto, Conoco Minerals and Fluor Australia in mining operations, project evaluation and mining development. Mr Daley then moved into resource project finance with National Australia Bank, Chase Manhattan and from 1999 was a Director of the Mining Team at Barclays Capital in London. Subsequently, Mr Daley was a Director of Investor Resources Finance Pty Limited, a company based in Melbourne which provided financial advisory services to the resources industry globally.

Other Current Directorships

None

Former Directorships in the Last Three Years

None

Special Responsibilities

Chairman of the Audit and Risk Committee and the Remuneration and Nomination Committee.

Interests in Shares and Options

13,993,011 ordinary shares and 5,250,000 unlisted options.

Directors' Report

Company Secretary

Nicholas Day – Company Secretary – appointed 24 September 2020

Mr Day has over 20 years' experience as a company director, CFO and company secretary for a broad range of listed and private exploration, mining and technology companies. Previously he was CFO and company secretary of Battery Minerals, Minbos Resources Limited, Dreadnought Resources Limited, RTG Mining, finance director at Coventry Resources and company secretary to Paringa Resources Limited and Ebooks Corporation.

Interests in Shares and Options

Nil interest.

Neil Hackett – Company Secretary – resigned 23 September 2020

Mr Hackett was appointed to the position of company secretary on 4 December 2014. Neil has over 20 years of company secretarial, compliance and company directorship experience, including 10 years with the ASIC and seven years as an ASX 200 listed company secretary. He is currently Chairman, Director and Company Secretary of various ASX listed and private entities. Neil holds a Bachelor of Economics, is a Fellow of FINSIA, and is a Graduate and Facilitator with the Australian Institute of Company Directors.

Interests in Shares and Options

1,062,000 ordinary shares and 400,000 performance rights.

Directors' meetings

The number of meetings of the Company's board held during the year ended 30 June 2020 that each director was eligible to attend, and the number of meetings attended by each director were:

Director	Number of Meetings	
	Eligible to attend	Attended
Jason Livingstone	15	15
Andrew Daley	15	15
Justin Barton	15	15
Mathew Longworth	15	15

Directors' Report

Remuneration Report (Audited)

The Remuneration Report is set out under the following main headings:

- (1) Principles used to determine the nature and amount of remuneration;
- (2) Details of remuneration;
- (3) Service agreements;
- (4) Share-based compensation; and
- (5) Share and option holdings of Key Management Personnel (KMP)

The information provided in this Remuneration Report has been audited as required by Section 308(3C) of the *Corporations Act 2001*.

1 Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market best practice for delivery of reward. The board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- (i) competitiveness and reasonableness;
- (ii) acceptability to shareholders;
- (iii) performance linkage / alignment of executive compensation;
- (iv) transparency; and
- (v) capital management.

The Group has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- (i) focuses on sustained growth in shareholder wealth; and
- (ii) attracts and retains high calibre executives.

Alignment to program participants' interests:

- (i) rewards capability and experience; and
- (ii) provides a clear structure for earning rewards.

Directors' Report

Remuneration Report (audited) (continued)

2 Details of remuneration

Executive fees

The fees and payments to the executive reflect the demands which are made on, and the responsibilities of the executive, and are in line with market. The executives' remuneration is reviewed annually by the board to ensure that the fees and payments remain appropriate and in line with the market.

The remuneration packages of the Executives are detailed below under "Service agreements".

Non-executive directors

Fees to the non-executive directors are determined by the Remuneration Committee as appropriate having regard to the market and the aggregate remuneration specified in the Company's Constitution and determined by the shareholders in general meeting. The fees are reviewed annually.

Retirement allowances and benefits

There are no retirement or termination allowances, or benefits paid to directors.

The amount of remuneration of the directors of the Company (as defined in AASB 124 *Related Party Disclosures*) and other key management personnel is set out in the following table.

Short term benefits				Post employment benefits	Equity settled share based payments		
2020	Salary &, fees ^(a)	Annual leave	Other	Super-annuation	Options/ Performance Rights	Total	Performance related %
Executive director							
Jason Livingstone	210,046	10,212	-	19,954	40,971	281,183	14.6%
Justin Barton	182,652	9,004	-	17,348	21,510	230,514	9.3%
Non-executive directors							
Andrew Daley	45,662	-	-	4,338	-	50,000	0.0%
Mathew Longworth (b)	75,312	-	22,500	-	-	97,812	0.0%
Other executives							
Neil Hackett (c)	52,000	-	-	-	2,458	54,458	4.5%
Totals	565,672	19,216	22,500	41,640	64,939	713,967	

The fees paid to director related entities were for the provision of services of the particular director to the Company are as follows:

- During the year, the Directors agreed to accrue a portion of salary to preserve cash in the company during Covid-19 and obtained shareholder approval to convert this portion of salary to shares at the general meeting on 20 August 2020. The shareholder approved conversion of accrued Director Fees into 23,882,240 fully paid ordinary shares. The accrued salary converted to shares was \$26,256 for Jason Livingstone, \$22,831 for Justin Barton, \$9,687 for Mat Longworth and \$5,708 for Andrew Daley.
- Mat Mining Pty Ltd, an entity associated with Mathew Longworth, was paid \$75,312 (2019: \$199,742) for director's fees and a further \$22,500 for consultancy services.
- Corporate Starboard Pty Ltd, an entity associated with Neil Hackett, was paid \$52,000 (2019: \$54,400).

Directors' Report

Remuneration Report (audited) (continued)

Short term benefits				Post employment benefits	Equity settled share based payments		
2019	Salary, fees & leave	Annual leave	Other	Super-annuation	Options/ Performance Rights	Total	Performance related %
Executive director							
Matthew Gauci ^(a)	162,003	-	140,000	21,771	-	323,774	0.0%
Justin Barton	182,656	6,556	-	17,352	5,894	212,458	2.8%
Non-executive directors							
Andrew Daley ^(b)	83,750	-	-	-	-	83,750	0.0%
Mathew Longworth ^(c)	55,833	-	143,909	-	-	199,742	0.0%
Other executives							
Jason Livingstone ^(d)	67,732	5,269	-	6,435	10,795	90,231	12.0%
Leonardo Romero ^(e)	19,433	-	-	1,846	-	21,279	0.0%
Neil Hackett ^(f)	54,400	-	-	-	-	54,400	0.0%
Totals	625,807	11,825	283,909	47,404	16,689	985,634	

The fees paid to director related entities were for the provision of services of the particular director to the Company are as follows:

- Matthew Gauci resigned on 9 January 2019 and was paid a termination payment of \$137,500. An associated entity of Mr Gauci, Macro Capital Partners, has a post termination consultancy agreement for \$500 a month for 18 months, of which \$2,500 was paid during the year. This agreement was terminated during the year ended 30 June 2020.
- Dalenier Enterprises Pty Ltd, an entity associated with Andrew Daley, was paid or is payable \$83,750 (2018: \$90,000) for director's fees.
- Mat Mining Pty Ltd, an entity associated with Mathew Longworth, was paid \$199,742 (2018: \$67,500) for director's fees and consultancy services.
- Jason Livingstone was appointed as Exploration Manager on 18 February 2019 and Managing Director on 1 July 2019.
- Leonardo Romero resigned on 31 August 2018.
- Corporate Starboard Pty Ltd, an entity associated with Neil Hackett, was paid or is payable \$54,400 (2018: \$70,815).

Short term incentives

Short term incentives (STI) are an 'at risk' component of senior employee's remuneration packages and are awarded based on annual review of past year's performance against specific goals.

No STI's were paid during the year ended 30 June 2020 or 30 June 2019.

Long term incentives

Long term incentives (LTI) are "at risk" benefits awarded to the Managing Director and potentially senior executives for achieving certain specified goals related to the long-term growth and development of the Group.

LTI's were awarded to Jason Livingstone and Justin Barton during the year ended 30 June 2020 and 30 June 2019. During the year ended 30 June 2020, Jason Livingstone was awarded 10 million performance rights vesting at 2.5cents and 10 million performance rights vesting at 5cents. Justin Barton was awarded 5 million performance rights vesting at 2.5cents and 5.625 million performance rights vesting at 5cents.

Directors' Report

Remuneration Report (audited) (continued)

3 Service agreements

Directors

There is an Executive Contract with Jason Livingstone, to perform the function of Managing Director from 1 July 2019 until termination in accordance with the contract. The details are:

1. Remuneration of \$230,000 per annum (including superannuation and directors fees) subject to an annual review;
2. The Company may pay a performance based bonus of up to 50% over and above the salary;
3. The Company reimburses costs and expenses reasonably incurred;
4. Either party can terminate the agreement on six months (6) months written notice.

There are letters of director appointment with each director which set out the annual fixed fee and terms and conditions of the appointment including compliance with the Company's Constitution and Corporate Governance Policies; re-election, retirement and office vacancy; duties; remuneration; insurance and indemnity; disclosure of interests; and confidentiality. They serve until they resign, are removed, cease to be a director or prohibited from being a director under the provisions of the *Corporations Law 2001*, or are not re-elected to office. They are remunerated on a monthly basis with no termination payments payable.

It is the Group's policy that service contracts for non-executive directors are unlimited in term and capable of termination by either party upon written notice.

Key Management Personnel

There is a Consultancy Agreement with 133 North Trust for Nick Day, to perform the function of Company Secretary, commencing on 24 September 2020 until the termination of the contract. The details are:

1. Monthly retainer of \$5,500 exclusive of GST per month. Additional time to be charged at \$220/hr; and
2. Either party can terminate the agreement by giving four weeks written notice

The Company had a Consultancy Agreement with Corporate Starboard Pty Ltd for Neil Hackett to perform the function of Company Secretary, which commenced 1 December 2014 and ended on 24 September 2020. The details were:

3. Monthly retainer of \$4,000 exclusive of GST per month. Additional time to be charged at \$175/hr; and
4. Either party can terminate the agreement by giving two weeks written notice

In the case of wilful or fraudulent misconduct, the Group retains the right to terminate all service contracts without notice.

Key management personnel are entitled to receive on termination of employment their statutory entitlements, including any accrued annual and long service leave, together with any superannuation benefits. Each service contract outlines the components of compensation paid to the key management personnel but does not prescribe how compensation levels are modified year to year.

Directors' Report

Remuneration Report (audited) (continued)

4 Share-based compensation

During the financial year, the following performance rights for Directors and key management personnel were granted:

2020

Name	Share price at grant date	No. granted	Grant date	Expiry Date	Value of Performance Rights granted at grant date
Jason Livingstone	\$0.025	10,000,000	25/11/2019	30/01/2023	\$24,583
Jason Livingstone	\$0.05	10,000,000	25/11/2019	30/01/2023	\$16,388
Justin Barton	\$0.025	5,000,000	25/11/2019	30/01/2023	\$12,291
Justin Barton	\$0.05	5,625,000	25/11/2019	30/01/2023	\$9,219
Neil Hackett	\$0.025	1,000,000	25/11/2019	30/01/2023	\$2,458

No performance rights issued to directors or key management personnel vested during the year and no options were exercised during the year. No performance rights or option issued to directors or key management personnel were cancelled during the year. 25,500,000 Options issued to Matt Gauci were cancelled during the year.

5 Share and option holdings of Key Management Personnel (KMP)

(i) Option and performance right holdings

The numbers of options over ordinary shares in the Company held during the financial year by each KMP, including their personally related parties, are set out below:

2020

	Balance at the start of the year	Granted during the year ^(a)	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year	Vested but not exercisable at end of year
Options							
Directors							
Jason Livingstone	4,000,000	1,016,667	-	-	5,016,667	5,016,667	-
Andrew Daley	12,750,000	1,716,420	-	-	14,466,420	14,466,420	-
Justin Barton	13,500,000	362,964	-	(13,500,000) ^(b)	362,964	362,964	-
Mathew Longworth	10,200,000	295,971	-	-	10,495,971	10,495,971	-
Other executives							
Neil Hackett	6,000,000	-	-	(6,000,000) ^(b)	-	-	-
	46,450,000	3,392,022	-	(19,500,000)	30,342,022	30,342,022	-

^(a)Options acquired as part of shareholder entitlement issue and placement.

^(b)Options expired on 31 December 2019 or were cancelled during the year.

Directors' Report

Remuneration Report (audited) (continued)

2019

	Balance at the start of the year	Granted during the year	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year	Vested but not exercisable at end of year
Options							
Directors							
Matthew Gauci	33,500,000	-	-	-	33,500,000 ^(a)	33,500,000	-
Andrew Daley	12,750,000	-	-	-	12,750,000	12,750,000	-
Justin Barton	6,000,000	7,500,000	-	-	13,500,000	6,000,000	-
Mathew Longworth	10,200,000	-	-	-	10,200,000	10,200,000	-
Other executives							
Jason Livingstone	-	4,000,000	-	-	4,000,000	4,000,000	-
Leonardo Romero	6,000,000	-	-	-	6,000,000 ^(a)	6,000,000	-
Neil Hackett	6,000,000	-	-	-	6,000,000	6,000,000	-
	74,450,000	11,500,000	-	-	85,950,000	78,450,000	-

^(a)Balance at time of resignation

2020

	Balance at the start of the year	Granted during the year	Exercised during the year	Other changes during the year	Balance at the end of the year/date of resignation	Vested and exercisable at the end of the year/date of resignation	Vested but not exercisable at end of year
Performance Rights							
Directors							
Jason Livingstone	-	20,000,000	-	-	20,000,000	10,000,000	-
Justin Barton	-	10,625,000	-	-	10,625,000	5,000,000	-
Other executives							
Neil Hackett	400,000	1,000,000	-	-	1,400,000	1,000,000	-
	400,000	31,625,000	-	-	32,025,000	16,000,000	-

2019

	Balance at the start of the year	Granted during the year	Exercised during the year	Other changes during the year	Balance at the end of the year/date of resignation	Vested and exercisable at the end of the year/date of resignation	Vested but not exercisable at end of year
Performance Rights							
Other Executives							
Neil Hackett	400,000	-	-	-	400,000	-	-
Leonardo Romero	1,506,846	-	-	-	1,506,846 ^(a)	-	-
	1,906,846	-	-	-	1,906,846	-	-

^(a)Balance at time of resignation

Directors' Report

Remuneration Report (audited) (continued)

5 Share and option holdings of Key Management Personnel (KMP) (continued)

(ii) Share holdings

The numbers of shares in the Company held during the financial year by each director, including their personally related parties, are set out below:

2020

	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors				
Jason Livingstone	-	-	2,833,333	2,833,333
Andrew Daley	3,678,036	-	3,984,545	7,662,581
Justin Barton	777,778	-	842,594	1,620,372
Mathew Longworth	634,167	-	687,016	1,321,183
Other executives				
Neil Hackett	340,801	-	-	340,801
	5,430,782	-	8,347,488	13,778,270

2019

	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors				
Matthew Gauci	11,739,033	-	(397,000)	11,342,033 ^(a)
Andrew Daley	2,588,682	-	1,089,354	3,678,036
Justin Barton	277,778	-	500,000	777,778
Mathew Longworth	634,167	-	-	634,167
Other executives				
Jason Livingstone	-	-	-	-
Leonardo Romero	-	-	-	-
Neil Hackett	340,801	-	-	340,801
	15,580,461	-	1,192,354	16,772,815

^(a)Balance at time of resignation

(End of Remuneration Report)

Directors' Report

Additional Information

(a) Shares under option

At the date of this report, the Company had 439,152,036 options and 16,025,000 performance rights over ordinary shares under issue. These options are exercisable as follows:

Details	No of Options	Grant Date	Date of Expiry	Conversion Price \$
Management Incentive Options	3,150,000	27/11/2015	10/12/2020	0.03
	4,550,000	27/11/2015	10/12/2020	0.04
	4,550,000	27/11/2015	10/12/2020	0.05
	2,500,000	27/07/2018	26/08/2021	0.06
	2,500,000	27/07/2018	26/08/2021	0.08
	2,500,000	27/07/2018	26/08/2021	0.10
	2,000,000	10/04/2019	14/01/2022	0.025
	2,000,000	10/04/2019	14/01/2022	0.035
Other Options	25,709,467	21/02/2018	14/02/2023	0.08
	10,785,715	10/06/2019	31/05/2022	0.02
	3,000,000	15/03/2018	12/03/2021	0.06
	3,000,000	15/03/2018	12/03/2021	0.08
	6,768,765	04/10/2019	04/10/2020	0.015
	7,945,620	18/10/2019	18/10/2020	0.015
	25,000,000	13/08/2020	14/08/2022	0.003
	333,192,469	22/05/2020	22/05/2022	0.004
	439,152,036			

Details	No of Options	Grant Date	Date of Expiry	Hurdle Price \$
Performance Rights	400,000	15/03/2018	15/03/2021	0.06
	15,625,000	25/11/2019	30/01/2023	0.05
	16,025,000			

Refer to note 15 for details of options cancelled and exercised during the year.

At the date of this report, Kimberly Mining Limited, a Canadian subsidiary of the Company, had the following warrants on issue:

Details	No of Options	Grant Date	Date of Expiry	Conversion Price \$
Founder Warrants	5,289,500	29/08/2018	29/08/2023	0.4
Founder Warrants – Tranche 2	3,171,500	28/09/2018	28/09/2023	0.4
	8,461,000			

(b) Insurance of officers

During the financial year, the Group paid a premium in respect of a contract insuring the directors of the Company, the Company Secretary, and any executive officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Directors' Report

Additional Information (continued)

(c) Agreement to indemnify officers

The Group has entered into agreements with the directors to provide access to Group records and to indemnify them. The indemnity relates to any liability as a result of being, or acting in their capacity as, an officer of the Company to the maximum extent permitted by law; and for legal costs incurred in successfully defending civil or criminal proceedings. No liability has arisen under these indemnities as at the date of this report.

(d) Proceedings on behalf of the Group

No person has applied to the court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the Group with leave of the court under Section 237.

(e) Non-audit services

No non-audit services were provided by the auditor or any entity associated with the auditor for the year ended 30 June 2020 (2019: Nil).

(f) Corporate Governance

The Directors of the Group support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. Please refer to the corporate governance statement dated 29 September 2016 released to ASX and posted on the Company's website www.metalicity.com.au.

(g) Environmental Liabilities

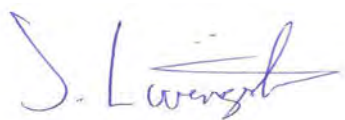
There are no environmental liabilities at the date of this report.

Auditor's independence declaration

The auditor's independence declaration is included on page 30 of the annual report.

This Directors' report is signed in accordance with a resolution of Directors made pursuant to s.298 (2) of the Corporations Act 2001.

On behalf of the Directors



Jason Livingstone
Managing Director
Perth, Western Australia

30 September 2020

Corporate Governance Statement

For the year ended 30 June 2020

The Company's Corporate Governance Statement and Appendix 4G can be found on the Company's website at www.metalicity.com.au/corporate/corporate-governance/ and was approved by the Board on 30 September 2020 and is current as at 30 September 2020.

The Board of Directors ("the Board") is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

Corporate Governance Statement outlines the main Corporate Governance practices in place throughout the financial year, which comply with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd edition unless otherwise stated.

30 September 2020

The Directors
Metalicity Limited
Level 25,
108 St Georges Terrace
West Perth WA 6000

Dear Sirs

RE: METALICITY LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Metalicity Limited.

As Audit Director for the audit of the financial statements of Metalicity Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully,

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD



Martin Michalik
Director

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Metalicity 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 comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is 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 financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the 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 (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.

Key Audit Matters

We have determined the matter described below to be a key audit matter to be communicated in the report.

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.

Key Audit Matters

How the matter was addressed in the audit

Carrying Value of Capitalised Exploration and Evaluation Expenditure including Asset held for Sale.

As at 30 June 2020, the Group capitalised exploration and evaluation expenditure of \$2,581,523 of which \$1,420,616 is disclosed as assets held for sale (refer to Note 10 of the financial report) and \$1,160,907 as Exploration and Evaluation expenditure (refer to Note 11 of the financial report).

The carrying value of Capitalised Exploration and Evaluation Expenditure is a key audit matter due to:

- The significance of the total Capitalised Exploration and Evaluation balance (63% of total assets);
- The necessity to assess management's application of the requirements of the accounting standard Exploration for and Evaluation of Mineral Resources ("AASB 6"), in light of any indicators of impairment that may be present; and
- The assessment of significant judgements made by management in relation to the Capitalised Exploration and Evaluation Expenditure.

Inter alia, our audit procedures included the following:

- i. Assessing the Group's right to tenure over exploration assets by corroborating the ownership of the relevant licences for mineral resources to government registries and relevant third-party documentation;
- ii. Evaluating the directors' assessment of the carrying value of the exploration and evaluation expenditure, ensuring the veracity of the data presented and that management has considered the effect of potential impairment indicators, commodity prices and the stage of the Group's projects against AASB 6;
- iii. Evaluation of Group documents for consistency with the intentions for the continuing of exploration and evaluation activities in certain areas of interest, and corroborated with enquiries of management. Inter alia, the documents we evaluated included:
 - Minutes of meetings of the board and management;
 - Announcements made by the Group to the Australian Securities Exchange; and
 - Cash forecasts;
- iv. Ensured that the assets held for sale have been appropriately accounted for in accordance with the relevant accounting standard; and
- v. Assessing the adequacy of the related disclosures contained in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year 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 accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control.

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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our 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.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. 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 reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial report of the current period and are therefore 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 not 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

We have audited the Remuneration Report included in pages 20 to 26 of the directors' report for the year ended 30 June 2020. 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.

Opinion on the Remuneration Report

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

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
30 September 2020

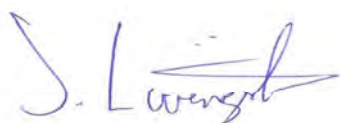
Directors' declaration

In the directors' opinion:

1. the financial statements and notes set out on pages 36 to 67 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
2. there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable;
3. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; and
4. the audited remuneration disclosures set out on pages 20 to 26 of the Directors' Report comply with accounting standard AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*.

The directors have been given the declarations required by Section 295(A) of the *Corporations Act 2001* from the Managing Director and the Company Secretary for the year ended 30 June 2020.

This declaration is made in accordance with a resolution of the directors.



Jason Livingstone
Managing Director
Perth, Western Australia

30 September 2020

**Consolidated statement of profit or loss and other comprehensive income
for the financial year ended 30 June 2020**

		Consolidated Group	
		2020	Restated 2019
	Note	\$	\$
Continuing operations			
Revenue	4	570,882	327,544
Expenses	5	(1,911,639)	(4,737,920)
Loss from continuing operations before income tax		(1,340,757)	(4,410,376)
Income tax expense	6	-	-
Loss after income tax from continuing operations		(1,340,757)	(4,410,376)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss		-	-
Items that will not be reclassified subsequently to profit or loss		-	-
Foreign currency translation		(13,076)	(35,676)
Other comprehensive loss for the period, net of tax		(13,076)	(35,676)
Total comprehensive loss for the year		(1,353,833)	(4,446,052)
Loss attributable to:			
Owners of the parent		(1,274,669)	(4,190,963)
Non-controlling interest		(66,088)	(219,413)
		(1,340,757)	(4,410,376)
Total comprehensive loss attributable to:			
Owners of the parent		(1,301,384)	(4,219,903)
Non-controlling interest		(52,449)	(226,149)
		(1,353,833)	(4,446,052)
Basic loss per share (cents)			
- Continuing operations	23(a)	(0.17)	(0.70)
		(0.17)	(0.70)
Diluted loss per share (cents)			
- Continuing operations	23(b)	(0.17)	(0.70)
		(0.17)	(0.70)

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

**Consolidated statement of financial position
as at 30 June 2020**

		Consolidated Group	
		2020	Restated 2019
	Note	\$	\$
Current assets			
Cash and cash equivalents	7(a)	1,108,285	666,560
Trade and other receivables	8	121,200	76,723
Other assets	9	270,804	499,847
Held for sale	10	1,420,616	2,734,940
Total current assets		2,920,905	3,978,070
Non-current assets			
Exploration and evaluation expenditure	11	1,160,907	204,133
Plant & equipment		1,127	1,191
Total non-current assets		1,162,034	205,324
Total assets		4,082,939	4,183,394
Current liabilities			
Trade and other payables	12	730,255	334,310
Provisions	13	38,299	22,070
Shares to be issued		35,654	-
Liabilities related to assets held for sale	10	-	1,034,941
Total current liabilities		804,208	1,391,321
Total liabilities		804,208	1,391,321
Net assets		3,278,731	2,792,073
Equity			
Issued capital	14	48,568,493	46,955,647
Other reserves		4,240,556	4,060,009
Accumulated losses		(49,748,188)	(48,473,519)
Parent Entity Interest		3,060,861	2,542,137
Non Controlling Interest	24	217,870	249,936
Total equity		3,278,731	2,792,073

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

**Consolidated statement of changes in equity
for the financial year ended 30 June 2020**

	Issued capital	Share Based Payments Reserve	Other Reserves	Foreign Currency Reserve	Accumulated losses	Non Controlling Interest	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	46,955,647	4,563,534	1,500	(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	4,087,449	1,500	(28,940)	(48,473,519)	249,936	2,792,073
(Loss) for the year	-	-	-	-	(1,274,669)	(66,088)	(1,340,757)
Other comprehensive loss	-	-	-	(26,715)	-	13,639	(13,076)
Total comprehensive loss for the year	-	-	-	(26,715)	(1,274,669)	(52,449)	(1,353,833)
<i>Transactions with owners in their capacity as owners</i>							
Issue of share capital	1,968,133	-	-	-	-	-	1,968,133
Issue of options	-	162,706	-	-	-	-	162,706
Issue of employee rights	-	-	64,939	-	-	-	64,939
Movement due to increase in NCI	-	(20,383)	-	-	-	20,383	-
Issue costs	(355,287)	-	-	-	-	-	(355,287)
	1,612,846	142,323	64,939	-	-	20,383	1,840,491
Balance at 30 June 2020	48,568,493	4,229,772	66,439	(55,655)	(49,748,188)	217,870	3,278,731

	Issued capital	Share Based Payments Reserve	Option Premium Reserve	Foreign Currency Reserve	Accumulated losses	Non Controlling Interest	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	46,638,047	2,025,208	1,500	-	(44,282,556)	-	4,382,199
(Loss) for the year	-	-	-	-	(4,410,376)	-	(4,410,376)
Other comprehensive loss	-	-	-	(35,676)	-	-	(35,676)
Total comprehensive loss for the year	-	-	-	(35,676)	(4,410,376)	-	(4,446,052)
<i>Transactions with owners in their capacity as owners</i>							
Issue of share capital	157,600	-	-	-	-	-	157,600
Issue of KML warrants	-	2,521,637	-	-	-	-	2,521,637
Issue of employee options	-	16,689	-	-	-	-	16,689
Deferred transaction costs	160,000	-	-	-	-	-	160,000
	317,600	2,538,326	-	-	-	-	2,855,926
Balance at 30 June 2019	46,955,647	4,563,534	1,500	(35,676)	(48,692,932)	-	2,792,073

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

**Consolidated statement of cash flows
for the financial year ended 30 June 2020**

		Consolidated Group	
		2020	Restated 2019
	Note	\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(752,277)	(4,219,170)
R&D Rebate		-	80,440
Lease income		22,937	67,992
Government stimulus		16,572	-
Interest received		1,040	4,426
Net cash used in operating activities	7(b)	<u>(711,728)</u>	<u>(4,066,312)</u>
Cash flows from investing activities			
Proceeds from sale of royalty		200,000	-
Proceeds from sale of shares		78,872	44,125
Proceeds from sale of tenements		64,870	1,519,007
Payment for exploration and in relation to tenements		(992,464)	(826,872)
Payments for assets held for sale		-	(500,000)
Net cash (used in)/provided by investing activities		<u>(648,722)</u>	<u>236,260</u>
Cash flows from financing activities			
Proceeds from shares issued		1,927,709	157,600
Proceeds from option conversions		36,257	-
Proceeds from option conversions to be issued		35,654	-
KML capital raised		-	2,521,637
Transaction costs		(192,571)	-
Net cash provided by financing activities		<u>1,807,049</u>	<u>2,679,237</u>
Net increase/(decrease) in cash and cash equivalents		446,599	(1,150,815)
Cash and cash equivalents at the beginning of the financial year		666,560	1,866,233
Effect of exchange rates on cash holdings in foreign currencies		<u>(4,874)</u>	<u>(48,858)</u>
Cash and cash equivalents at the end of the financial year	7(a)	<u>1,108,285</u>	<u>666,560</u>

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

Notes to Financial Statements for the financial year ended 30 June 2020

1. General information

Metalicity Limited ("the Company" or "MCT") is a company limited by shares, incorporated and domiciled in Australia. Its shares are listed on the Australian Securities Exchange. MCT and its wholly owned subsidiaries, Metalicity Energy Pty Ltd and KYM Mining Pty Ltd and its approximate 80.3% interest in Kimberly Mining Limited, Kimberly Mining Australia Pty Ltd, Kimberly Mining Holdings Pty Ltd and Ridgecape Holdings Pty Ltd, are referred to as the 'Group' or 'Consolidated Entity'.

The Financial Report of MCT for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the board of directors on 30 September 2020.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of the Financial Report are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

(a) Basis of preparation

This general purpose Financial Report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), Australian Accounting Interpretations and the Corporations Act 2001.

It is recommended that this financial report be read in conjunction with the public announcements made by the Company during the year in accordance with the continuous disclosure requirements arising under the ASX Listing Rules.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the Financial Report of the Group complies with International Financial Reporting Standards (IFRS).

Historical cost convention

These financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Where these are areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, these are disclosed in Note 2(r).

Comparative figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current year. When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

Going concern basis

The financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. For the year ended 30 June 2020 the Group incurred a loss after tax of \$1,340,757 (2019: \$4,410,376) and a net cash outflow from operations of \$711,728 (2019: \$4,066,312). At 30 June 2020, the Group has working capital surplus of \$2,116,697 (2019: working capital of \$2,586,749) and current cash holding was \$1,108,285 (2019: \$666,560).

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 has raised sufficient cash to continue operating beyond 12 months and will continue to raise further funds through subsequent capital raisings and will meet its expenditure commitments as required.

Notes to Financial Statements for the financial year ended 30 June 2020

2. Significant accounting policies (continued)

(b) Correction of prior-period errors

During the current reporting period, the Group reviewed its consolidation worksheets to ensure all non-controlling interests in Kimberley Mining Limited had been appropriately disclosed. Consequently, there were errors noted, which have been corrected and the non-controlling interest in Kimberley Mining Limited have been restated to ensure they reflect the correct position at 30 June 2020.

30 June 2019 Comparatives

The impact of the correction of the error on the 30 June 2019 comparatives is summarised as follows:

	30 June 2019 (Previously Reported)	Increase / (Decrease)	30 June 2019 Restated
Consolidated Statement of Financial Position (Extract)			
Equity	46,955,647	-	46,955,647
Reserves	4,529,358	(469,349)	4,060,009
Accumulated Losses	(48,692,932)	219,413	(48,473,519)
Non-Controlling Interest	-	249,936	249,936

Consolidated Statement of Financial Position amounts other than those mentioned above were not affected by the correction of prior period error.

	30 June 2019 (Previously Reported)	Increase / (Decrease)	30 June 2019 Restated
Consolidated Statement of Profit or Loss and other Comprehensive Income (Extract)			
Gain/(Loss) attributable to:			
Owners of the parent	(4,410,376)	219,413	(4,190,963)
Non-controlling interest	-	(219,413)	(219,413)
Total comprehensive gain/(loss) attributable to:			
Owners of the parent	(4,446,052)	226,149	(4,219,903)
Non-controlling interest	-	(226,149)	(226,149)

Consolidated Statement of Profit or Loss and other Comprehensive Income amounts other than those mentioned above were not affected by the correction of prior period error.

2. Significant accounting policies (continued)

(c) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of subsidiaries of the Company as at 30 June 2020 and the results of the subsidiaries for the period then ended.

Metalicity Energy Pty Ltd, KYM Mining Pty Ltd, Ridgecape Holdings Pty Ltd, Kimberly Mining Australia Pty Ltd, Kimberly Mining Holdings Pty Ltd and Kimberly Mining Limited are the subsidiaries over which the Company has the power to govern the financial and operating policies as the holder of all of the voting rights. The subsidiaries are fully consolidated from the date of acquisition of the subsidiary. Consolidation will cease from the date that control of the subsidiary ceases. Any and all intercompany transactions and balances between the Company and the subsidiary are eliminated on consolidation.

(d) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets less liabilities transferred to the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 'Income Taxes' and AASB 119 'Employee Benefits' respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 'Share-based Payment' at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Noncurrent Assets Held for Sale and Discontinued Operations' are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Sale of Goods

Revenue from sale of goods in the course of ordinary activities is brought to account when delivered to the customer and selling prices are known or can be reasonably estimated.

Government Tax Credits and Rebates

Government tax credits and rebates, inclusive of research and development tax credit, are recognised as income at their fair value where there is a reasonable assurance that the grant or rebate will be received and the Group will comply with all attached conditions.

2. Significant accounting policies (continued)

(e) Revenue recognition (continued)

Royalties Income

Revenue from the sale of Royalties rights accounted during the year due to disposal of royalties to third party.

Interest Income

Interest revenue is recognised on a time proportionate basis using the effective interest method.

Sale of tenement income

Revenue from the sale of tenements accounted during the year due to disposal of tenements to third party.

(f) Cash and Cash Equivalents

For statement of cash flow presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(g) Income Tax

The income tax expense or revenue for the period is the tax payable on a current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity. Deferred income tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and tax losses.

(h) Exploration Expenditure

Exploration and evaluation expenditure incurred on granted exploration licences is accumulated in respect of each identifiable area of interest. These costs are carried forward where the rights to tenure of the area of interest are current and to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to any abandoned area will be written off in full against profit in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review will be undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(i) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised costs using the effective interest method, less provision for impairment. Trade and other receivables are generally receivable within 30 days. Collectability of trade receivables is reviewed on an ongoing basis. Amounts that are known to be uncollectible are written off by reducing the carrying amount directly.

Notes to Financial Statements for the financial year ended 30 June 2020

2. Significant accounting policies (continued)

(j) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and usually paid within 30 days of recognition.

(k) Borrowings

Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

(l) 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 from the proceeds.

(m) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the result attributable to equity holders of the Company by the weighted number of shares outstanding during the year. Diluted EPS adjusts the figures used in the calculation of basic EPS to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed or known to have been issued in relation to dilutive potential ordinary shares.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flow on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(o) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data.

(p) Equity-Settled Compensation

The Group operates equity-settled share-based payment share and option schemes to Directors and employees. The fair value of the equity to which Directors and employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Binomial or Black and Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

2. Significant accounting policies (continued)

(q) Financial Instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial instruments (except for trade receivables) are measured initially at fair value adjusted by transactions costs, except for those carried "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss. Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted. Subsequent measurement of financial assets and financial liabilities are described below.

Trade receivables are initially measured at the transaction price if the receivables do not contain a significant financing component in accordance with AASB 15.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement

Financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- amortised cost;
- fair value through other comprehensive income (FVOCI); and
- fair value through profit or loss (FVPL).

Classifications are determined by both:

- The contractual cash flow characteristics of the financial assets; and
- The entities business model for managing the financial asset.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through other comprehensive income (Equity instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and

2. Significant accounting policies (continued)

(q) Financial Instruments (continued)

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling the financial asset.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI.

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 Financial Instruments: Presentation and are not held for trading.

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

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, gains and losses arising on changes in fair value are recognised in profit or loss.

Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by AASB, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluated this designation at the end of each reporting period.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

2. Significant accounting policies (continued)

(q) Financial Instruments (continued)

- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

(r) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assumed a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

2. Significant accounting policies (continued)

(r) Critical Accounting Estimates and Judgements (continued)

Key Estimates – Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to an impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. This includes an assessment of the carrying values of intangibles and capitalised exploration and evaluation costs

Key Estimates – Share based payment transactions

The Group measures the cost of equity-settled transactions with employees (including directors) by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in Note 16.

Key Estimates – Exploration expenditure

The write-off and carrying forward of exploration acquisition costs is based on an assessment of an area of interest's viability and/or the existence of economically recoverable reserves.

Key Estimates – Deferred taxation

Deferred tax assets in respect of tax losses have not been brought to account as it is not considered probable that future taxable profits will be available against which they could be utilised

(s) Application of new and revised Accounting Standards

The Group has considered the implications of new and amended Accounting Standards which have become applicable for the current financial reporting period. The Group had to change its accounting policies as a result of adopting the following Standard:

- AASB 16: *Leases*

The Group had 1 lease during the year which was terminated prior to 30 June 2020, therefore the adoption of AASB 16 does not have a significant impact on the financial report.

Leases

The Group as lessee

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.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows;

- fixed lease payments less any lease incentives;
- variable lease payments that depend on index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options;

Notes to Financial Statements for the financial year ended 30 June 2020

2. Significant accounting policies (continued)

(s) Application of new and revised Accounting Standards (continued)

- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of options to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the costs of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Initial Application of AASB 16: Leases

The Group has adopted AASB 16: *Leases* retrospectively with the cumulative effect of initially applying AASB 16 recognised as 1 July 2019. In accordance with AASB 16, the comparatives for the 2019 reporting period have not been restated.

The following practical expedients have been used by the Group in applying AASB 16 *Leases* for the first time:

- Leases that have remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same way as short-term lease.

Other standards not yet applicable

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(t) Foreign Currency Transactions and Balances

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional currency. The functional currency of Canadian subsidiary is Canadian Dollars.

Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity when the exchange difference arises on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation).

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

Notes to Financial Statements for the financial year ended 30 June 2020

2. Significant accounting policies (continued)

(t) Foreign Currency Transactions and Balances (continued)

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than the Australian dollar are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

3. 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 segment being Australia and Canada and operates in one industry being the exploration of minerals.

Segment result	Consolidated	
	30 June 2020 \$	30 June 2019 \$
Segment revenue		
Australia	570,882	285,301
Canada	-	42,243
	<u>570,882</u>	<u>327,544</u>
Segment expenses		
Australia	(1,466,170)	(3,140,376)
Canada	(445,469)	(1,597,544)
	<u>(1,911,639)</u>	<u>(4,737,920)</u>
Income tax	-	-
(Loss) after tax	<u>(1,340,757)</u>	<u>(4,410,376)</u>

Notes to Financial Statements for the financial year ended 30 June 2020

3. Segment information (continued)

Segment assets and liabilities	Consolidated		Consolidated	
	Non-current assets		Non-current liabilities	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	\$	\$	\$	\$
Australia	1,162,034	205,324	-	-
Canada	-	-	-	-
	1,162,034	205,324	-	-
	Total assets		Total liabilities	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	\$	\$	\$	\$
Australia	2,641,202	1,385,542	804,208	226,421
Canada	1,441,737	2,797,852	-	1,164,900
	4,082,939	4,183,394	804,208	1,391,321

4. Revenue

An analysis of the Group's revenue for the year is as follows:

	Consolidated Group	
	2020	2019
	\$	\$
Sale of Royalty	200,000	80,440
Gain on revaluation of shares	233,833	-
Lease Income	22,937	67,992
Interest earned	1,040	4,426
Gain on sale of shares	4,795	44,125
Foreign exchange gain	4,874	48,858
Sale of tenements	64,870	-
Government stimulus	16,572	-
Other	21,961	81,703
	570,882	327,544

Notes to Financial Statements for the financial year ended 30 June 2020

5. Expenses

	Consolidated Group	
	2020	2019
	\$	\$
Accounting & audit	38,974	100,377
ASX	34,409	40,261
Company secretarial fees	52,000	54,400
Consulting fees	72,129	68,789
Depreciation	63	1,640
Employee benefits	434,372	615,130
Exploration written-off	124,795	634,834
Investor relations	50,873	114,116
KML costs	166,086	678,614
Legal fees	170,333	152,032
Project work & generation - cash	91,179	1,372,772
Rent & office costs	157,190	212,878
Share based payments	64,939	16,689
Share registry fees	39,823	44,022
Travel & accommodation	16,613	53,034
Impairment of assets held for sale	279,383	6,824,415
Reversal of deferred income	-	(7,053,180)
Cost of tenements sold	-	549,365
Other	118,478	257,732
Total expenses	1,911,639	4,737,920

6. Income tax expense

	Consolidated Group	
	2020	2019
	\$	\$
a) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	(1,340,757)	(4,410,376)
Tax at the Australian tax rate of 27.5% (2019: 27.5%)	(368,708)	(1,212,853)
Tax effect of amounts which are not deductible in calculating taxable income	59,583	506,027
Tax effect of amounts which are non (taxable) in calculating taxable income	(368,055)	(355,994)
R&D Rebate	-	(22,121)
(Over)/under provision from prior year	-	(110,765)
Tax losses not recognised	677,180	1,195,706
Prior year losses not recognised, now recognised	-	-
Income tax expense	-	-

Notes to Financial Statements for the financial year ended 30 June 2020

6. Income taxes (continued)

	Consolidated Group	
	2020	2019
	\$	\$
b) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	10,293,144	9,616,234
Potential tax benefit at 26% (2019: 27.5%)	2,676,217	2,644,464

Tax losses have not been recognised as a deferred tax asset as recoupment is dependent on, amongst other matters, sufficient future assessable income being earned. That is not considered certain in the foreseeable future and accordingly there is uncertainty that the losses can be utilised. There are deferred tax liabilities of approximately \$709,919 relating to capitalised exploration costs claimed for tax as at 30 June 2020 (2019: \$56,136). These are offset with the deferred tax assets that have been recognised to the extent of the deferred tax liabilities.

7. Cash and cash equivalents

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments. Cash and cash equivalents at the end of the financial year as shown in the consolidated statement of cash flows are reconciled to the related items in the consolidated statement of financial position as follows:

	Consolidated Group	
	2020	2019
	\$	\$
Cash and cash equivalents	1,108,285	666,560

(b) Reconciliation of loss for the year to net cash flows from operating activities

Loss for the year	(1,340,757)	(4,410,376)
Share based payments	64,939	16,689
Foreign exchange loss/(gain)	(4,874)	48,119
Depreciation	63	1,640
Exploration written-off	124,795	634,834
Gain on revaluation	(233,833)	-
Gain on sale of listed securities	(4,795)	-
Cost of tenements sold	-	549,365
Reversal of deferred income	-	(7,053,180)
Impairment of asset held for sale	279,383	6,824,415
Gain on sale of shares	-	(44,125)
(Increase) in trade and other receivables and other asset	(44,477)	(400,240)
(Decrease) in trade and other payables	431,599	(212,117)
(Decrease)/increase in provisions	16,229	(21,336)
Net cash (used in) operating activities	(711,728)	(4,066,312)

(c) Non cash investing and financing activities

For shares issued to acquire exploration tenements, refer to note 16(a).

Notes to Financial Statements for the financial year ended 30 June 2020

8. Trade and other receivables

GST Receivable
Lease fee receivable
Shares to be issued

Consolidated Group	
2020	2019
\$	\$
66,300	70,246
-	6,477
54,900	-
121,200	76,723

None of these receivables are past due or impaired.

9. Other assets

Tenement applications and deposits
Prepayments
Rental security
Shares held for sale⁽¹⁾
Expenditure incurred

Consolidated Group	
2020	2019
\$	\$
9,558	325,010
-	34,196
271	38,500
260,975	102,141
270,804	499,847

⁽¹⁾The Group held 2,087,796 shares in NEX Metals Explorations Limited. This investment is carried at fair value through profit and loss.

10. Current Assets Held for Sale

Assets Held for sale

Balance at beginning of the period
Capitalisation of exploration expenditure
Impairment of Assets Held for Sale
Sale of tenements⁽¹⁾
Balance of assets held for sale

Consolidated Group	
2020	2019
\$	\$
2,734,940	9,175,727
-	383,629
(279,383)	(6,824,416)
(1,034,941)	-
1,420,616	2,734,940

Liabilities Related to Non-Current Assets Held for Sale

Balance at beginning of the period
Translation difference
Payment of deferred acquisition costs⁽²⁾
Reversal of deferred income
Settlement of liability⁽¹⁾
Balance at period end

Consolidated Group	
2020	2019
\$	\$
1,034,941	8,553,180
-	34,941
-	(500,000)
-	(7,053,180)
(1,034,941)	-
-	1,034,941

⁽¹⁾ During the year ended 30 June 2020, the Company entered into a Deed of Settlement, completed on 11 October 2019, with Meridian (Lennard Shelf Projects) Pty Ltd for the return of the Napier Range assets in satisfaction of the outstanding liability owing to Meridian (Lennard Shelf Projects) Pty Ltd.

⁽²⁾ The deferred acquisition costs at 30 June 2018 relate to the final two payments, of \$500,000 and \$1,000,000, for the acquisition of the Napier Range tenements. The first payment of \$500,000 was made during the year ended 30 June 2019.

Notes to Financial Statements for the financial year ended 30 June 2020

11. Exploration and evaluation expenditure

	Consolidated Group	
	2020	2019
	\$	\$
Exploration at cost at the beginning of the period	204,133	2,304,094
Acquisition costs	10,000	-
Expenditure incurred	1,071,569	603,245
Exploration written-off	(124,795)	(634,834)
Tenements sold	-	(2,068,372)
Closing balance	1,160,907	204,133
Total expenditure incurred and carried forward in respect of specific projects		
- Kookynie and Yundamindra	1,152,449	204,133
- Other	8,458	-
Total carried forward exploration expenditure	1,160,907	204,133

12. Trade and other payables

	Consolidated Group	
	2020	2019
	\$	\$
Trade payables and accruals	730,255	320,561
BAS payable	-	13,749
	730,255	334,310

13. Provisions

	Consolidated Group	
	2020	2019
	\$	\$
Employee benefits – annual leave	38,299	22,070

Notes to Financial Statements for the financial year ended 30 June 2020

14. Issued capital

(a) Issued share capital

	2020 \$	2019 \$
1,397,793,904 (2019: 624,422,475) fully paid ordinary shares	48,568,493	46,955,647

(b) Movement in ordinary share capital

Date	Details	Number of shares	\$
01/07/2018	Opening balance	592,463,745	46,638,047
12/11/2018	Deferred consideration	10,000,000	160,000
10/06/2019	Share placement at \$0.06	22,514,285	157,600
30/06/2019	Reversal of prior year shares incorrectly issued	(555,556)	-
30/06/2019	Balance at the end of the year	624,422,474	46,955,647

Date	Details	Number of shares	\$
01/07/2019	Opening balance	624,422,474	46,955,647
12/09/2019	Share placement at \$0.06	19,966,668	119,800
4/10/2019	Share placement at \$0.06	33,843,825	203,063
18/10/2019	Share placement at \$0.06	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
	Issue costs*	-	(355,287)
30/06/2020	Balance at the end of the year	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 show of hands or on a poll every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote.

*Included in issue costs \$162,706 of which relates to options to be issued to brokers.

Notes to Financial Statements for the financial year ended 30 June 2020

15. Options, Performance Rights and Warrants

Options

At year end 30 June 2020, the Company had 347,689,002 options over ordinary shares under issue (30 June 2019: 175,538,837). These options are exercisable as follows:

Details	No of Options	Grant Date	Date of Expiry	Exercise Price \$
Management incentive options	4,500,000	02/07/2015	23/07/2020	0.025
	4,500,000	02/07/2015	23/07/2020	0.03
	6,500,000	02/07/2015	23/07/2020	0.04
	3,150,000	27/11/2015	10/12/2020	0.03
	4,550,000	27/11/2015	10/12/2020	0.04
	4,550,000	27/11/2015	10/12/2020	0.05
	2,500,000	27/07/2018	26/08/2021	0.06
	2,500,000	27/07/2018	26/08/2021	0.08
	2,500,000	27/07/2018	26/08/2021	0.10
	2,000,000	10/04/2019	14/01/2022	0.025
	2,000,000	10/04/2019	14/01/2022	0.035
Other options	12,766,670	18/08/2017	18/08/2020	0.08
	25,709,467	21/02/2018	14/02/2023	0.08
	11,257,144	10/06/2019	31/05/2022	0.02
	3,000,000	15/03/2018	12/03/2021	0.06
	3,000,000	15/03/2018	12/03/2021	0.08
	3,993,333	09/09/2019	09/09/2020	0.015
	6,768,765	04/10/2019	04/10/2020	0.015
	8,995,430	18/10/2019	18/10/2020	0.015
	266,667	14/02/2020	18/10/2020	0.015
	232,681,526	22/05/2020	22/05/2022	0.004
	347,689,002			

The weighted average exercise price of the above options is \$0.021 (2019: \$0.062)

	2020 No.	2019 No.
Balance at beginning of the year	175,538,837	156,781,693
Granted during the year (see note 16(a))	261,770,100	22,757,144
Exercised during the year	(9,064,379)	-
Forfeited/expired/cancelled during the year	(80,555,556)	(4,000,000)
Balance at the end of the year	347,689,002	175,538,837

Performance Rights

At the date of this report, the Company had 32,025,000 performance rights over ordinary shares under issue (30 June 2019: 2,274,713). These performance rights are exercisable as follows:

Details	No of Performance Rights	Grant Date	Date of Expiry	Hurdle Price \$
Performance rights	400,000	31/01/2018	15/03/2021	0.06
Performance rights	16,000,000	25/11/2019	30/01/2023	0.025
Performance rights	15,625,000	25/11/2019	30/01/2023	0.05
	32,025,000			

Notes to Financial Statements for the financial year ended 30 June 2020

15. Options, Performance Rights and Warrants (continued)

Performance Rights (continued)

	2020 No.	2019 No.
Balance at beginning of the year	2,274,713	2,274,713
Granted during the year (Refer 16(a))	31,625,000	-
Exercised during the year	-	-
Forfeited/expired/cancelled during the year	(1,874,713)	-
Balance at the end of the year	32,025,000	2,274,713

Capital Management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern. The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

The Group is not subject to any 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 the management of debt levels, distributions to shareholders and share issues.

16. Share Based Payments

(a) Recognised share-based payment expense

The expense recognised for options and shares issued during the year is shown in the table below:

	Consolidated Group	
	2020 \$	2019 \$
Expense arising from equity-settled share-based payment transaction:		
- Performance rights issued to employees/contractors	64,939	-
- Options issued to employees	-	16,689
Total	64,939	16,689

Notes to Financial Statements for the financial year ended 30 June 2020

16. Share Based Payments (continued)

(a) Recognised share-based payment expense (continued)

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

30 June 2020

Options/Performance Rights	Number	Grant Date	Expiry Date	Exercise Price	Fair Value at Grant Date
Options					
Issued 12/09/2019	3,993,333	09/09/2019	09/09/2020	0.015	\$0.00 ⁽¹⁾
Issued 04/10/2019	6,768,765	04/10/2019	04/10/2020	0.015	\$0.00 ⁽¹⁾
Issued 18/10/2019	8,995,430	18/10/2019	18/10/2020	0.015	\$0.00 ⁽¹⁾
Issued 14/02/2020	266,667	14/02/2020	18/10/2020	0.015	\$0.00 ⁽¹⁾
Issued 10/04/2019	241,745,905	22/05/2020	22/05/2022	0.004	\$0.00 ⁽⁴⁾
	261,770,100				
Performance rights					
Issued 14/01/2020 ⁽²⁾	16,000,000	25/11/2019	30/01/2023	0.00	\$0.00245
Issued 14/01/2020 ⁽³⁾	15,625,000	25/11/2019	30/01/2023	0.00	\$0.00164
	31,625,000				

30 June 2019

Option Series/Performance Rights	Number	Grant Date	Expiry Date	Exercise Price	Fair Value at Grant Date
Options					
Issued 29/08/2018	2,500,000	27/07/2018	26/08/2021	0.06	\$0.0015
Issued 29/08/2018	2,500,000	27/07/2018	26/08/2021	0.08	\$0.0006
Issued 29/08/2018	2,500,000	27/07/2018	26/08/2021	0.10	\$0.0003
Issued 10/04/2019	2,000,000	10/04/2019	14/01/2022	0.025	\$0.0030
Issued 10/04/2019	2,000,000	10/04/2019	14/01/2022	0.035	\$0.0024
	11,500,000				

⁽¹⁾ No fair value is attributable to these options as they are free attaching options issued in relation to the Placements and Entitlement issues during the year.

⁽²⁾ Performance rights, with zero exercise price, were granted to employees on 25 November 2019, which vest when the 20 day VWAP of the share price of the Company exceeds \$0.025.

⁽³⁾ Performance rights, with zero exercise price, were granted to employees on 25 November 2019, which vest when the 20 day VWAP of the share price of the Company exceeds \$0.05.

⁽⁴⁾ No fair value attributable to these options as these were listed options issued during the year.

Notes to Financial Statements for the financial year ended 30 June 2020

16. Share Based Payments (continued)

(b) Types of share-based payment plans

(i) Options and performance rights

There were \$64,939 share based payments relating to performance rights in 2020 (2019: \$16,689).

The following tables lists the inputs to the model used to value the performance rights issued during the financial year ended 30 June 2020:

No of Performance Rights	16,000,000	15,625,000
Grant date	25/11/19	25/11/19
Share price	\$0.004	\$0.004
Exercise price	\$0.00	\$0.00
Risk-free interest rate	0.765%	0.765%
Vesting Conditions and Period	If 20 day VWAP exceeds \$0.025	If 20 day VWAP exceeds \$0.05
Expiry date	30/01/23	30/01/23
Volatility	138%	138%
Fair value at grant date (cents)	0.004	0.004
Discount for vesting condition	40%	60%
Fair value after discounts (cents)	0.00246	0.00164

(ii) Shares

There were no share based payments relating to options in the financial year ended 30 June 2020 (2019: \$1,000,000), apart from performance rights stated above. Please note unlisted options granted during the year were free attaching options.

(c) Summary of share based payment options granted

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options issued during the year:

	2020 No	2020 WAEP	2019 No	2019 WAEP
Outstanding at the beginning of the year	175,538,837	0.062	156,781,693	0.0646
Granted during the year	261,770,100	0.0048	22,757,144	0.0415
Exercised during the year	(9,064,379)	0.004	-	-
Expired/forfeited/cancelled during the year	(80,555,556)	0.058	(4,000,000)	0.06
Outstanding at the end of the year	347,689,002	0.021	175,538,837	0.062

(d) Weighted average of remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2020 is 1.48 years (2019: 1.56 years).

The weighted average remaining contractual life for the performance rights outstanding as at 30 June 2020 is 1.49 years (2019: 1.70 years)

(e) Range of exercise price

The range of exercise prices for options outstanding at the end of the year was \$0.015-\$0.02 (2019: \$0.025-\$0.12).

The performance rights do not have an exercise price.

Notes to Financial Statements for the financial year ended 30 June 2020

16. Share Based Payments (continued)

(f) Weighted average fair value

The weighted average fair value of options granted during the year, excluding free attaching options, was Nil (2019: \$0.0884).

The weighted average fair value of performance rights granted during the year was Nil (2018: \$0.0384)

(g) Share options exercised during the year

The following options were exercised during the year.

2020

Option Series	Number	Grant Date	Expiry Date	Exercise Price	Fair Value at Grant Date
Issued 22/05/2020	9,064,379	22/05/2020	22/05/2022	\$0.004	0.004

2019

Nil

(h) Kimberly Mining Limited Warrants

As at 30 June 2020, there were 31,128,738 in issued common shares in Kimberly Mining Limited and 8,734,370 under warrants (30 June 2019: 14,371,570). These warrants are exercisable/convertible as follows:

Details	No of Warrants	Date of Expiry	Conversion Price \$
Special Warrants	5,289,500	23/08/2023	0.4
Special Warrants – Tranche 2	3,171,500	23/09/2023	0.4
	8,461,000		

Details	No of Warrants	Date of Expiry	Conversion Price \$
Broker Warrants	176,620	29/08/2020	0.40
Broker Warrants – Tranche 2	96,750	28/09/2020	0.40
	273,370		

Special warrants and broker warrants are convertible to 1 ordinary share in Kimberly Mining Limited upon exercise.

Notes to Financial Statements for the financial year ended 30 June 2020

17. Financial Risk Management

Risk management is the role and responsibility of the board. The Group's current activities expose it to minimal risk. However, as activities increase there may be exposure to interest rate, market, credit, and liquidity risks.

(a) Interest Rate Risk

The Group'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 rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Floating interest rate \$	1 year or less \$	Over 1 year to 5 years \$	More than 5 years \$	Non interest bearing \$	Total \$
30 June 2020						
Financial Assets						
Cash and deposits	1,078,677	-	-	-	29,608	1,108,285
Trade and other receivables	-	-	-	-	121,200	121,200
	<u>1,078,677</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,808</u>	<u>1,229,485</u>
Weighted average interest rate	0.40%					0.35%
Financial liabilities						
Trade and other payables	-	-	-	-	730,255	730,255
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>730,255</u>	<u>730,255</u>
30 June 2019						
Financial Assets						
Cash and deposits	80,487	20,197	-	-	565,876	666,560
Trade and other receivables	-	-	-	-	76,723	76,723
	<u>80,487</u>	<u>20,197</u>	<u>-</u>	<u>-</u>	<u>642,599</u>	<u>743,283</u>
Weighted average interest rate	0.81%	2.45%				0.04%
Financial liabilities						
Trade and other payables	-	-	-	-	334,310	334,310
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>334,310</u>	<u>334,310</u>

The Group has interest bearing assets and therefore income and operating cash flows are subject to changes in the market rates. However, market changes in interest rates will not have a material impact on the profitability or operating cash flows of the Group. A movement in interest rates of +/- 100 basis points will result in less than a +/- \$10,786 (2019: \$800) impact on the Group's income and operating cash flows. At this time, no detailed sensitivity analysis is undertaken by the Group.

(b) Market risk

The Group's listed investments are susceptible to market risk arising from uncertainties about its fair value. This risk is managed by investing decisions conducted by a committee or Board. The Group held 2,087,796 shares in NEX Metals Explorations Limited valued at \$260,975 as at 30 June 2020. This is a level 1 measurement in accordance with the AASB 13 Fair Value hierarchy.

(c) Credit risk

The Group has no significant concentrations of credit risk and as such, no sensitivity analysis is prepared by the Group. Credit risk related to balances with banks is managed by ensuring that the surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA-.

Notes to Financial Statements for the financial year ended 30 June 2020

17. Financial Risk Management (continued)

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet commitments as and when they fall due. The Group manages liquidity risk by preparing forecasts and monitoring actual cash flows and requirements for future capital raisings. The Group does not have committed credit lines available, which is appropriate given the nature of its operations. Surplus funds are invested in a cash management account with ANZ which is available as required.

The material liquidity risk for the Group is the ability to raise equity in the future.

(e) Effective interest rate and repricing analysis

Cash and cash equivalents are the only interest bearing financial instruments of the Group.

(f) Currency risk

Currency risk arises from investments that are denominated in a currency other than the respective functional currencies of Group entities.

The Group is exposed to foreign currency risk in the form of financial instruments held in US Dollars (USD). The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	2020 USD\$	2019 USD\$
Cash and cash equivalents	660	327,015
Total Exposure	660	327,015

Assuming all other variables remain constant, a 10% strengthening of the Australian dollar at 30 June 2020 against the USD would have resulted in an increased loss of \$85 (2019: \$46,600). A 10% weakening of the AUD would have resulted in a decreased loss of \$94 (2019: \$46,600), assuming all other variables remain constant. The Group does not currently hedge against currency risk.

18. Key management personnel disclosures

Key management personnel compensation

Short-term employee benefits
Post-employment benefits
Share based payments

Consolidated Group	
2020	2019
\$	\$
607,388	921,541
41,640	47,404
64,939	16,689
713,967	985,634

Detailed remuneration disclosures are provided in sections 1 to 4 of the Remuneration Report in the Directors' Report.

Apart from the Company's directors, the Group had no employees as at 30 June 2020 (30 June 2019: 2 employees).

Notes to Financial Statements for the financial year ended 30 June 2020

19. Remuneration of auditors

During the year the following fees (exclusive of GST) were paid or payable for services provided by the auditor of the Group:

Audit services

	Consolidated Group	
	2020	2019
	\$	\$
- Audit and review of financial report and other audit work under the <i>Corporations Act 2001</i>	39,425	50,673
- Over provision of audit fees for prior year	(770)	-

Non-audit services

- Other services provided	-	-
Total remuneration for audit and other services	38,655	50,673

The auditors of Metalicity Limited and its subsidiaries is Stantons International.

20. Contingent liabilities

The Company has entered into an Agreement with Harbury Advisors Pty Ltd to assist with the divestment of the Company's interest in the Admiral Bay project. Harbury Advisors Pty Ltd are paid a retainer of \$15,000 a month (exclusive of GST) and will be paid a success fee of 6% of the Asset Value on successful completion.

The Company is currently seeking legal advice on proceedings undertaken within the state of Minnesota, United States of America concerning Portland Orthopaedics Limited activities. The company remains unaware of the potential financial impact other than that the US Complaint (equivalent to statement of claim) has a pleading that the plaintiff's claim "*exceeds the sum or value of US\$75,000, exclusive of interest and costs*", which the Company have been informed by the US lawyers that this is a jurisdictional requirement and is not a pleading of the actual amount of the claim, and the plaintiff's lawyers have not otherwise given an indication of the value of the claim. At the date of this report, the amount and probability of any claim is not determinable.

Notes to Financial Statements for the financial year ended 30 June 2020

21. Commitments for expenditure

(a) Exploration Commitments

In order to maintain an interest in the mining and exploration tenements in which the Group is involved, the Group is committed to meet the conditions under which the tenements were granted and the obligations of any joint venture agreements. The timing and amount of exploration expenditure commitments and obligations of the Group are subject to the minimum expenditure commitments required as per the Mining Act, as amended, and may vary significantly from the forecast based upon the results of the work performed which will determine the prospectivity of the relevant area of interest. These obligations are not provided for in the financial report and are payable.

Outstanding exploration commitments are as follows (other than detailed below, no estimate has been given of expenditure commitments beyond 12 months as this is dependent on the Directors' ongoing assessment of operations and, in certain circumstances, Native Title negotiations):

Not longer than 1 year
Longer than 1 year and not longer than 5 years
Longer than 5 years

Consolidated Group	
2019	2018
\$	\$
321,580	1,217,400
3,847,551	-
-	-
4,169,131	1,217,400

(b) Operating Lease Commitments

The Group has no operating leases at 30 June 2020.

22. Related Party transactions

(a) Key management personnel

During the year ended 30 June 2020, there were no related party transactions with key management personnel.

All other disclosures relating to key management personnel are set out in Note 18 and in the detailed remuneration disclosures in the Directors' Report.

(b) Transaction with related parties

There were no transactions with related parties other than with key management personnel as noted above.

(c) Outstanding balances arising from sales / purchases of goods and services

There are no balances owing to or from related parties at 30 June 2020 (2019: \$Nil).

Notes to Financial Statements for the financial year ended 30 June 2020

23. Earnings per share

(a) Basic earnings per share

Loss from continuing operations attributable to the ordinary equity holders of the Company

Consolidated Group	
2020	2019
Cents	Cents
(0.17)	(0.7)
(0.17)	(0.7)

(b) Diluted earnings/(loss) per share

Loss from continuing operations attributable to the ordinary equity holders of the Company

(0.17)	(0.7)
(0.17)	(0.7)

(c) Reconciliation of profit/(loss) used in calculating earnings per share

Basic and diluted profit/(loss) per share

Loss from continuing operations attributable to the ordinary equity holders of the Company

Loss from discontinued operations

2020	2019
\$	\$
(1,274,669)	(4,190,963)
-	-
(1,274,669)	(4,190,963)

(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

Adjustment for calculation of diluted profit/(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

2020	2019
Number	Number
770,501,748	599,998,774
-	-
770,501,748	599,998,774

As the Group made a loss for the years ended 30 June 2020 and 30 June 2019, the options on issue have no dilutive effect. Therefore, dilutive loss per share is equal to basic loss per share.

24. Group entities

	Country of incorporation	Interest 2020	Interest 2019
Parent entity			
Metalicity Limited	Australia		
Subsidiary			
Stuart Town Gold Pty Ltd	Australia	-	100%
Metalicity Energy Pty Ltd	Australia	100%	100%
KYM Mining Pty Ltd	Australia	100%	-
Kimberley Mining Limited ⁽¹⁾	Canada	~80.3%	~81%
Ridgecape Holdings Pty Ltd ⁽¹⁾	Australia	~80.3%	~81%
Kimberley Mining Australia Pty Ltd ⁽¹⁾	Australia	~80.3%	~81%
Kimberley Mining Holdings Pty Ltd ⁽¹⁾	Australia	~80.3%	~81%

⁽¹⁾Metalicity Limited holds ~80.3% interest in Kimberley Mining Limited, and its wholly owned subsidiaries, with outside equity interest holding the remaining ~19.7%. The outside equity interest in Kimberley Mining Limited equates to ~6.7% of the net assets of the Group, being \$217,870 at 30 June 2020 (2019: \$249,936).

Notes to Financial Statements for the financial year ended 30 June 2020

25. Parent entity information

Statement of financial position

As at 30 June 2020

	Parent 2020 \$	Parent 2019 \$
ASSETS		
Total current assets	1,279,724	1,168,492
Total non-current assets	2,990,986	5,373,010
TOTAL ASSETS	4,270,710	6,541,502
LIABILITIES		
Total current liabilities	804,449	220,597
TOTAL LIABILITIES	804,449	220,597
NET ASSETS	3,466,261	6,320,905
EQUITY		
Contributed equity	48,568,493	46,955,647
Other reserves	2,271,043	2,043,397
Accumulated losses	(47,373,275)	(42,678,139)
TOTAL EQUITY	3,466,261	6,320,905
Profit/(Loss) of the parent entity	(4,695,136)	1,643,517
Total comprehensive (loss) of the parent entity	(4,695,136)	1,643,517

The parent entity has not provided any guarantees or become responsible for contingent liabilities or contractual commitments of its subsidiaries, other than those disclosed in this financial report.

27. Subsequent events

Other than the following, the directors are not aware of any significant events since the end of the reporting period which significantly affect or could significantly affect the operations of the consolidated entity in future financial years:

- On 16 July 2020, the Company announced the conversion of 13,802,941 options at various option prices, raising \$142,120.
- On 24 July 2020, the Company announced the conversion of 2,148,014 options at \$0.004 and 15,508 options at \$0.015, raising \$8,825.
- On 10 August 2020, the Company announced the conversion of 877,445 options at \$0.004 and 246,300 options at \$0.015, raising \$7,20.
- On 20 August 2020, the Company announced the conversion of 13,500,000 options at \$0.004, raising \$54,000 and the vesting of 15 million performance rights.
- On 20 August 2020, the Company announced the shareholder approved conversion of outstanding Director Fees into 23,882,240 fully paid ordinary shares.
- On 21 August 2020, the Company announced the issue of 177.5 million options, as approved by shareholders at general meeting.
- On 28 August 2020, the Company announced the conversion of 2,538,168 options at \$0.004 and 16,691 options at \$0.015, raising \$10,403.
- On 7 September 2020, Metalicity Limited announced the completion of a \$5 million placement (before costs) to existing and new sophisticated and professional investors with the issue of 208.3m shares at \$0.024 and 35,000,000 options to brokers at an exercise price of \$0.03.
- On 9 September 2020, the Company announced the conversion of 49,386,253 options at \$0.004 and 1,255,689 options at \$0.015, raising \$216,380 and the vesting of 1,000,000 performance rights.
- On 24 September 2020, the Company announced the appointment of Mr Nick Day as Company Secretary following the resignation of Mr Neil Hackett.

ASX Additional Information

Additional Information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

The shareholder information was applicable as at 17 September 2020.

(a) Substantial Shareholder

There are no substantial shareholders at the date of this report.

(b) Voting Rights

Ordinary Shares

On a show of hands every member present at a meeting of shall have one vote and upon a poll each share shall have one vote.

Options

There are no voting rights attached to the options

(c) Distribution of Equity Security Holders

(i) Ordinary Shares

Category	Ordinary Fully Paid Shares	% Issued Capital
1 – 1,000	296,179	0.02
1,001 – 5,000	792,194	0.05
5,001 – 10,000	971,379	0.06
10,001 – 100,000	112,194,689	6.49
100,001 and over	1,615,692,045	93.40
Total	1,729,946,486	100.00

There were 7,622,685 unmarketable parcel of ordinary shares.

(ii) Listed Options

Category	Listed Options	% of Listed Options
1 – 1,000	6,948	0.00
1,001 – 5,000	37,223	0.01
5,001 – 10,000	108,854	0.03
10,001 – 100,000	5,748,534	1.73
100,001 and over	327,290,910	98.23
Total	333,192,469	100.00

ASX Additional Information

(d) Equity Security Holders (i) Ordinary Shares

The names of the twenty largest ordinary fully paid shareholders at 17 September 2020 are:

		Number Held	Percentage of Issued Shares
1.	CITICORP NOMINEES PTY LIMITED	37,665,515	2.18
2.	E C DAWSON SUPER PTY LTD <THE DAWSON SUPER FUND A/C>	34,773,687	2.01
3.	LOKTOR HOLDINGS PTY LTD <TAYBIRD A/C>	34,406,250	1.99
4.	ARDEA RESOURCES LIMITED	33,843,825	1.96
5.	MR JASON NEWTON LIVINGSTONE	23,574,348	1.36
6.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	18,251,297	1.06
7.	MR DAVID KENLEY <INVROS INVESTMENTS A/C>	16,671,666	0.96
8.	MR ZHANGHE CHEN	16,544,409	0.96
9.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	15,844,487	0.92
10.	COVENTINA HOLDINGS PTY LTD <CONVENTINA FAMILY A/C>	15,439,285	0.89
11.	FMG PILBARA PTY LTD	15,000,000	0.87
12.	MR CHEYNE MICHAEL DUNFORD	14,560,000	0.84
13.	MR ANDREW DALEY & MRS INEKE DALEY <MOTHERLODE SUPER FUND A/C>	13,992,982	0.81
14.	KAGARA LTD	12,806,711	0.74
15.	TROMSO PTY LIMITED	11,000,000	0.64
16.	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	9,667,494	0.56
17.	DR LOUISE ANN CULLEN	9,505,000	0.55
18.	HOGHTON SUPERFUND PTY LTD <HOGHTON SUPERFUND A/C>	9,200,000	0.53
19.	MR GREGORY JAMES MILLER	9,000,000	0.52
20.	NEWECOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	8,999,169	0.52
	Total	360,746,125	20.85

ASX Additional Information

(ii) Listed Option Holders

The names of the twenty largest listed option holders shareholders at 17 September 2020 are:

		Number Held	Percentage of Issued Shares
1.	PEARSE STREET PTY LTD	33,712,962	10.12
2.	CG NOMINEES (AUSTALIA) PTY LTD	25,000,000	7.50
3.	HISHENK PTY LTD	18,750,000	5.63
4.	E C DAWSON SUPER PTY LTD <THE DAWSON SUPER FUND A/C>	18,394,499	5.52
5.	RECO HOLDINGS PTY LTD <RECO SUPER FUND A/C>	17,356,481	5.21
6.	UPSKY EQUITY PTY LTD <UPSKY INVESTMENT A/C>	16,856,481	5.06
7.	MR CHEYNE MICHAEL DUNFORD	9,651,872	2.90
8.	GEORDIE BAY HOLDINGS PTY LTD	8,000,000	2.40
9.	SKYWALKER HOLDINGS WA PTY LTD	6,250,000	1.88
9.	MR DAVID KENLEY <INVROS INVESTMENTS A/C>	6,250,000	1.88
9.	WINDELL HOLDINGS PTY LTD <THE THOMPSON INVESTMENT A/C>	6,250,000	1.88
10.	LOKTOR HOLDINGS PTY LTD <TAYBIRD A/C>	6,019,217	1.81
11.	CRAZY DINGO PTY LTD	5,739,145	1.72
12.	MS EILEEN COLLINS & MR ADAM CHAMPION <THE EILEEN COLLINS UNIT A/C>	5,113,333	1.53
13.	MR ADAM STUART DAVEY <SHENTON PARK INVESTMENTS A/C>	5,000,000	1.50
13.	BRU BOY PTY LTD <BRU BOY INVESTMENT A/C>	5,000,000	1.50
14.	M & K KORKIDAS PTY LTD <M&K KORKIDAS P/L S/FUND A/C>	4,946,145	1.48
15.	SOTIS SUPERANNUATION PTY LTD <SOTIS SUPERANNUATION A/C>	4,900,000	1.47
16.	MR CAJETAN FRANCIS MASCARENHAS	4,800,000	1.44
17.	MR ANTHONY JAMES HAWKINS	4,650,000	1.40
18.	HOGHTON SUPERFUND PTY LTD <HOGHTON SUPERFUND A/C>	4,056,481	1.22
19.	DKH WA PTY LTD <HOGHTON FAMILY>	4,000,000	1.20
20.	MR GREGORY JAMES MILLER	3,000,000	0.90
	Total	223,696,616	67.14

(ii) Unlisted Options

Unquoted equity securities

	Number on Issue
Options exercisable at 3 cents before 10 December 2020	3,150,000
Options exercisable at 4 cents before 10 December 2020	4,550,000
Options exercisable at 5 cents before 10 December 2020	4,550,000
Options exercisable at 2 cents before 31 May 2022	10,785,715
Options exercisable at 8 cents before 14 February 2023	25,709,467
Options exercisable at 6 cents before 12 March 2021	3,000,000
Options exercisable at 8 cents before 12 March 2021	3,000,000
Options exercisable at 6 cents before 21 August 2021	2,500,000
Options exercisable at 8 cents before 21 August 2021	2,500,000
Options exercisable at 10 cents before 21 August 2021	2,500,000
Options exercisable at 2.5 cents before 14 January 2022	2,000,000
Options exercisable at 3.5 cents before 14 January 2022	2,000,000
Options exercisable at 1.5 cents before 4 October 2020	6,768,765
Options exercisable at 1.5 cents before 18 October 2020	7,913,286
Options exercisable at 0.3 cents before 14 August 2022	25,000,000

ASX Additional Information

(e) Tenement List:

As at 17 September 2020

Project	TEN ID	Holder	Granted	Expires
Admiral Bay	ML04/244	Kimberley Mining Australia Pty Ltd 100%	21/03/1991	20/03/2033
Admiral Bay	ML04/249	Kimberley Mining Australia Pty Ltd 100%	21/03/1991	20/03/2033
Admiral Bay	EL04/1610	Kimberley Mining Australia Pty Ltd 100%	04/09/2007	03/09/2021
Admiral Bay	E04/2621	Metalicity Limited 100%	07/10/2019	06/10/2024
Kookynie	P40/1331	KYM Mining Pty Ltd 110%	09/04/2014	08/04/2022