



METAL HAWK

LIMITED

Metal Hawk Limited

ABN 24 630 453 664

Financial Report

For the year ended 30 June 2021

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CORPORATE DIRECTORY

Directors

Mr Brett Lambert

Mr William Belbin

Mr David Pennock

Company Secretary

Mr Chris Marshall

Registered and Principal Office

Level 2, 18 Kings Park Road
West Perth WA 6005

Telephone: +61 8 9226,0110

Postal Address

Level 2, 18 Kings Park Road
West Perth WA 6005

Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Share Registry

Automic Pty Ltd
Level 2/267 St Georges Terrace
Perth WA 6000

Telephone: 1300 288 664

Stock Exchange Listing

Shares: ASX Code MHK

Website and Email

Website: www.metalhawk.com.au

Email: admin@metalhawk.com.au

REVIEW OF OPERATIONS

Metal Hawk Limited (Metal Hawk or MHK) has a suite of projects in Western Australia that are prospective for either gold or nickel.

The Company has strategic partnerships with Western Areas Limited (ASX: WSA, "Western Areas") and Chalice Mining Limited (ASX:CHN, or "Chalice") on four of its projects.

The Kanowna East, Emu Lake and Fraser South Projects are the subject of a Joint Venture (JV) earn-in agreement whereby Western Areas will spend \$7,000,000 over five years to earn 75% interest in the Emu Lake, Kanowna East and Fraser South Projects (WSA JV). Stage 1 includes \$3,000,000 expenditure over three years to earn 51% interest, while Stage 2 involves a further \$4,000,000 expenditure over two years for total 75% interest. Metal Hawk is free-carried to decision to mine and retains the gold rights to Kanowna East and Emu Lake.

Kanowna East Project

Since ASX listing in November 2020 Metal Hawk has completed 408 Aircore holes for 27,773m at Kanowna East. Drilling has focused on testing beneath extensive lake clays into the weathered Archaean basement for indicators of gold mineralisation. Gold has been intersected at and near the base of paleochannel sand and in weathered Archaean saprolite beneath this cover sequence.

Emu Lake Project

In November 2020 Metal Hawk completed aircore drilling with 59 holes for 3,801 metres. Strongly anomalous gold was intersected within weathered felsic rocks and associated quartz veining, with EMKA014 intersecting 7m @ 0.26g/t Au from 68m (to end of hole).

Following three campaigns of auger drilling, the Company has identified numerous surface gold anomalies in various stratigraphic positions across the greenstone belt. Metal Hawk will commence testing these surface gold anomalies, and other geochemical and structural targets with closer spaced aircore drilling in Q3 2021.

Blair North and Clinker Hill Project

Moving loop electromagnetic surveys (MLTEM) were completed as part of a systematic nickel sulphide exploration program with the assistance of industry-leading geophysical consultants Newexco Exploration Pty Ltd. The aim of the program was to test several geologically favourable ultramafic rock units for conductive responses related to massive nickel sulphides and in Q2 2021 a total of 34 aircore holes were drilled for 1,419m across both tenements, targeting several geochemical and geophysical features associated with these prospective ultramafic rocks and to test historical Rotary Air Blast (RAB) Ni Cu anomalies at Blair North.

Viking Project

Chalice have decided (post quarter announcement) to demerge the Viking Gold Project into a gold-focused company as part of a new IPO. Metal Hawk believes this is a positive outcome for shareholders with a renewed focus on the project. Drilling at Viking is currently scheduled for Q4 2021.

METAL HAWK LIMITED
DIRECTORS' REPORT
For the year ended 30 June 2021

DIRECTORS' REPORT

The Directors present their report together with the financial statements of the Company for the financial year ended 30 June 2021 and the auditor's report thereon.

DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are noted below. Directors were in office for the entire period unless otherwise stated.

Name and independence status	Experience, qualifications, special responsibilities and other directorships
Brett Lambert Non-Executive Chairman Appointed: 3 July 2019 <u>Interests:</u> Shares: 400,000 Options: 1,500,000	Brett is a Mining Engineer from the WA School of Mines with over 30 years' experience in the resources industry. Brett has held senior management positions with Western Mining Corporation, Herald Resources, Western Metals, Intrepid Mines, Thundelarra Exploration and Bullabulling Gold. Brett has a wide range of experience from exploration through to mine development & operations. Brett is currently the Non-Executive Chairman of Mincor Resources & Saturn Metals & Non-Executive Director of Musgrave Minerals and Australian Potash.
Past directorships within the last 3 years	Non-Executive Director De Grey Mining Limited Non-executive Director Metals X Limited
William Belbin Managing Director Appointed: 8 December 2018 <u>Interests:</u> Shares: 2,300,000 Options: 2,250,000	Will has over 20 years' experience working in gold and base metals exploration, with extensive experience in project generation and evaluation. Will was an integral part of the Fisher East nickel sulphide discoveries as Exploration Manager for Rox Resources Limited. Previously Will has worked for Newexco on various roles. Will holds a Geology degree from UWA and a Masters of Mineral Economics from the Curtin Graduate School of Business.
David Pennock Executive Director Appointed: 8 December 2018 <u>Interests:</u> Shares: 2,300,000 Options: 2,250,000	David is a qualified geologist from the WA School of Mines and has over 12 years working in the exploration & resources sector. David runs Pennock Management Consultants, working with a range of clients from large scale producers to small cap explorers. David has strong business development skills and is well connected within the resources sector.

COMPANY SECRETARY

Chris Marshall (BA, LLB) has held the role of Company Secretary since 3 July 2019.

METAL HAWK LIMITED
DIRECTORS' REPORT
For the year ended 30 June 2021

DIRECTORS' MEETINGS

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	Full meetings of Directors	
	Number of meetings attended	Number of meetings held whilst a Director
Brett Lambert	8	8
William Belbin	8	8
David Pennock	8	8

The small size of the Board means that Members of the Board meet informally on a regular basis to discuss company operations, risks and strategies, and as required, formalise key actions through circular resolutions.

The audit and risk management, finance and environmental functions are handled by the full Board of the Company.

PRINCIPAL ACTIVITIES

During the financial year, the principal activities of the Company consisted of exploration and evaluation of the Company's exploration tenements situated in Western Australia.

OPERATING RESULTS

The loss for the financial year ended 30 June 2021 attributable to members of Metal Hawk Limited after income tax was \$1,465,766 (2020: \$912,240).

The Company has working capital of \$3,729,266 (2020: \$81,343) and had net cash inflows of \$1,671,807 (2020: net cash outflow of \$84,735).

OPERATIONS REVIEW

Information on the operations of the Company and its strategies is set out in the Review of Operations at the beginning of this Annual Report.

Significant changes in the state of affairs

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

DIVIDENDS

The Directors recommend that no dividend be provided for the year ended 30 June 2021 (2020: Nil).

LIKELY DEVELOPMENTS

The Company will continue to pursue the exploration and evaluation of resources over its base metals tenement interests and assess corporate growth opportunities.

ENVIRONMENTAL REGULATION

The Company is subject to significant environmental regulation in relation to its exploration activities. It aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation. The Directors are not aware of any breaches during the period covered by this report.

INDEMNIFICATION AND INSURANCE OF OFFICERS

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability 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.

AUDITOR

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

AUDITOR'S INDEPENDENCE DECLARATION

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

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company is important.

The Board has considered the non-audit services provided during the year by the auditor and are satisfied that the provision of these non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the remuneration for non-audit services provided by the auditor of the Company, BDO Audit (WA) Pty Ltd, and its related practices during the year are set out below:

	2021	2020
	\$	\$
Taxation services		
Tax compliance services	5,075	2,500
Investigating Accountant Report (IAR) services		
Investigating Accountants Report	14,730	10,685
	19,805	13,185

EVENTS SUBSEQUENT TO REPORTING DATE

On 29 July 2021, the Company announced it had signed a binding term sheet with Horizon Minerals to secure exclusive nickel rights on 12 tenements adjacent to the Blair North and Clinker Hill Projects. A formal agreement is currently being negotiated and must be executed on or before 11 October 2021.

On 2 August 2021, the Company announced that its application for the Norseman East Project, tenement E63/2042, had been granted.

METAL HAWK LIMITED
DIRECTORS' REPORT
For the year ended 30 June 2021

EVENTS SUBSEQUENT TO REPORTING DATE (continued)

On 30 August 2021, the Company announced that it had purchased the Snake Hill tenement, P25/2634, which is located within the Company's Berehaven Nickel project, approximately 20 kilometres east of Kalgoorlie. The tenement was purchased for a sum of 200,000 fully paid ordinary shares in the Company at a deemed issue price of 22.5c per share. The tenement is prospective for nickel and gold, with recent alluvial gold discovered by prospectors at Snake Hill.

On 10 September 2021, the Company went into a trading halt following the discovery of Massive Nickel Sulphides at its Berehaven project. Further results are to be announced.

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

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

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

SHARES ISSUED ON EXERCISE OF OPTIONS

There were no options exercised during, or subsequent to the end of, the reporting period.

UNISSUED SHARES UNDER OPTION

At the date of this report unissued ordinary shares of the Company under option are:

Grant date	Number of shares under option	Exercise price of option cents	Expiry date of option
1-Jun-19	450,000	25	19-Nov-23
28-Jun-19	2,850,000	25	19-Nov-23
13-Sep-19	4,500,000	25	19-Nov-23
13-Sep-19	4,000,000	30	19-Nov-24
10-Sep-20	1,000,000	20	10-Sep-23
15-Sep-20	1,562,500	25	15-Sep-23
15-Sep-20	1,562,500	30	15-Sep-24
19-Nov-20	1,000,000	25	19-Nov-23
19-Nov-20	1,000,000	30	19-Nov-24
	<u>17,925,000</u>		

All unissued shares are ordinary shares of the Company.

During the reporting period nil options expired (2020: nil).

METAL HAWK LIMITED
DIRECTORS' REPORT
For the year ended 30 June 2021

REMUNERATION REPORT

The Remuneration Report, which forms part of the Directors' Report, outlines the remuneration arrangements in place for the key management personnel of Metal Hawk Limited for the financial year ended 30 June 2021 and is included on page 8.

AUDITOR INDEPENDENCE

Section 307C of the *Corporations Act 2001* requires our auditors, BDO Audit (WA) Pty Ltd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the annual report. The Independence Declaration is set out on page 45 and forms part of this Directors' report for the year ended 30 June 2021.

Signed in accordance with a resolution of the Directors.



William Belbin
Managing Director

Dated at Perth 23 September 2021

METAL HAWK LIMITED
REMUNERATION REPORT
For the year ended 30 June 2021

REMUNERATION REPORT - AUDITED

This report, which forms part of the Directors' report, outlines the remuneration arrangements in place for the Directors of Metal Hawk Limited for the year ended 30 June 2021. The information provided in this remuneration report has been audited as required by Section 308(3C) of the *Corporations Act 2001*.

The Remuneration Report details the remuneration arrangements for the Directors who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, whether executive or otherwise.

Remuneration philosophy

The objective of the Company's executive remuneration framework is to ensure reward for performance is competitive and appropriate for the results achieved. The framework aligns executive remuneration with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of remuneration. The Board of Directors ("the Board") ensures that executive remuneration satisfies the following key criteria for remuneration governance practices:

- Set competitive remuneration packages to attract and retain high calibre employees;
- Link executive rewards to shareholder value creation; and
- Establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration and Nomination Committee

The Company at present does not have a Remuneration and Nomination Committee. Due to the size and nature of the Company, all members of the Board would be involved with Remuneration and Nomination Committee meetings, therefore, the Board is currently responsible for determining and reviewing compensation arrangements for the Key Management Personnel.

The Board assesses the appropriateness of the nature and amount of remuneration of Key Management Personnel on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team.

Remuneration structure

In accordance with best practice corporate governance, the structure of Executive Director and Non-Executive Directors' remuneration is separate and distinct.

Executive Director remuneration

Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

Fixed remuneration

Fixed remuneration is reviewed annually by the Board. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Board has access to external, independent advice where necessary.

Variable remuneration - Short-term incentive scheme

Short term incentives (STI) reward employees for their individual achievements and contributions to business success and organisation outcomes during the financial year. STI's are a variable reward and are not guaranteed. Upon implementation of an STI scheme, each year, the Board will consider the appropriate targets and Key Performance Indicators (KPIs) to link the STI and the level of payout if targets are met. This may include capping the maximum payout under the STI scheme and determining the minimum levels of performance to trigger payment of the STI's. Depending upon the level of management, KPI's may include the following:

- satisfactory completion of development programs, on time and on budget;
- securing funding to support planned work programs;
- investor relations; and
- consideration of safety performance, corporate governance, external relations and general management.

METAL HAWK LIMITED
REMUNERATION REPORT
For the year ended 30 June 2021

Remuneration structure (continued)

Variable remuneration - Short-term incentive scheme (continued)

At this stage the Company does not award any STIs.

Variable remuneration - Long-term incentive scheme

The Company makes long-term incentive payments such as share options and / or performance rights to reward Executive Directors and other key management in a manner that aligns this element of remuneration with the creation of shareholder wealth.

The Company has adopted an Employee Securities Incentive Plan (**ESIP**). Under the ESIP, the Company may grant options to eligible Directors, employees and consultants to attract, motivate and retain key employees over a period of three years up to a maximum of 5% of the Company's total issued ordinary shares at the date of the grant. Director options are granted at the discretion of the Board and approved by shareholders. Performance hurdles are not attached to vesting periods however, the Board determines appropriate vesting periods to provide rewards over time.

Performance on shareholder wealth

The remuneration of the Company's key management personnel, including any component of remuneration that consists of securities in the Company, is not formally linked to the prior performance of the Company. The rationale for this approach is that the Company is in the exploration phase, and it is currently not appropriate to link remuneration to factors such as profitability or share price.

The table below sets out summary information about the Company's earnings and movements in shareholder's wealth for the three years to 30 June 2021:

	2021	2020	2019
Loss before income tax (\$)	1,465,766	912,240	66,725
Net loss attributable to equity holders (\$)	1,465,766	912,240	66,725
Share price at year end (cents)	22.5c	16c	10c
Number of fully paid ordinary shares	47,247,500	13,060,000	9,450,000
Weighted average number of shares	38,161,477	11,999,488	4,576,456
Basic loss per share EPS (cents)	3.84	7.60	1.50
Unlisted options	17,925,000	11,250,000	2,750,000
Market capitalisation (\$)	10,630,687	2,089,600	945,000
Net tangible assets (NTA) (\$)	3,862,120	207,449	238,727
NTA Backing (cents)	8.17	1.59	2.53

During the financial years noted above, there were no dividends paid or other returns of capital made by the Company to shareholders.

Non-Executive Director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Non-Executive Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. The constitution of the Company adopted prior to listing specifies the maximum annual aggregate of Non-Executive Director remuneration is currently set at \$300,000.

METAL HAWK LIMITED
REMUNERATION REPORT
For the year ended 30 June 2021

Remuneration structure (continued)

Non-Executive Director remuneration (continued)

The amount of aggregate remuneration and the manner in which it is apportioned amongst Non-Executive Directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process. No external consultants were utilised in the current year.

Each Non-Executive Director receives a fee for being a Director of the Company which is inclusive of statutory superannuation and membership of sub-committees.

The Board reviews the workload and activities undertaken by each Director.

Employment contracts

Remuneration and other terms of employment of Directors and other key management personnel are formalised in an employment contract. The major provisions of the agreement related to remuneration are set out below.

Name	Terms of agreement	Employee notice period	Employer notice period	Base salary *	Termination Benefit **
William Belbin	Executive Director	3 months	3 months	\$225,000***	N/A
David Pennock	Executive Director	3 months	3 months	\$90,000	N/A
Brett Lambert	Non-Executive Director	N/A	N/A	\$50,000	N/A

* Base salary is exclusive of the superannuation guarantee charge rate applicable at the time (9.50% for the financial year ended 30 June 2021, increasing to 10% for financial year 2022).

** Termination benefits are payable upon early termination by the Company, other than for gross misconduct. They are equal to base salary and superannuation payable for the notice period.

*** William Belbin's salary was increased from \$180,000 to \$225,000 effective 1 June 2021.

Use of remuneration consultants

No remuneration consultants provided services during the year.

Voting at the Company's 2021 Annual General Meeting

At the 2021 AGM, 98.95% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2020. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

METAL HAWK LIMITED
REMUNERATION REPORT
For the year ended 30 June 2021

Remuneration of Directors

Name		Short-term employee benefits	Post Employment benefits	Share-based payments		Total	Performance related
		Cash salary and fees	Superannuation	Shares	Options		
		\$	\$	\$	\$	\$	%
Non-Executive Directors							
Brett Lambert	2021	37,500	3,562	10,229	36,439	87,730	-
	2020	-	-	29,771	86,457	116,228	-
Sub-total Non-Executive Directors' remuneration	2021	37,500	3,562	10,229	36,439	87,730	-
	2020	-	-	29,771	86,457	116,228	-
Executive Director							
William Belbin	2021	163,750	15,500	2,688	54,658	236,596	-
	2020	-	-	5,171	128,981	134,153	-
David Pennock	2021	67,500	6,412	2,688	54,658	131,258	-
	2020	-	-	5,171	128,981	134,153	-
Sub-total Executive Directors' remuneration	2021	231,250	21,912	5,376	109,316	367,854	-
	2020	-	-	10,342	257,964	268,306	-
Total Directors' remuneration							
	2021	268,750	25,474	15,605	145,755	455,584	-
	2020	-	-	40,113	344,420	384,533	-

METAL HAWK LIMITED
REMUNERATION REPORT
For the year ended 30 June 2021

Options

Granted as compensation

No options were granted as compensation to Directors in the current year. The value of share-based payments recognised as remuneration in the current financial year relates to the ongoing vesting of those equity instruments issued in prior years. All equity instruments granted to Directors in FY 2020 vested upon the Company being listed on the ASX.

The table below outlines the key information relating to the options issued in FY 2020 as remuneration to KMP, for which vesting expense has been recognised in the FY 2021 Remuneration Report.

	Number of options granted	Grant date	Value per option at grant date cents	Value of options at grant date \$	Vesting date	Exercise price per option cents	Expiry date
Brett Lambert	750,000	13-Sep-19	7.76	58,200	13-Sep-19	25	13-Sep-22
	750,000	13-Sep-19	8.58	64,350	13-Sep-19	30	13-Sep-23
William Belbin	1,250,000	13-Sep-19	7.76	97,000	13-Sep-19	25	13-Sep-22
	1,000,000	13-Sep-19	8.58	85,800	13-Sep-19	30	13-Sep-23
David Pennock	1,250,000	13-Sep-19	7.76	97,000	13-Sep-19	25	13-Sep-22
	1,000,000	13-Sep-19	8.58	85,800	13-Sep-19	30	13-Sep-23

No options granted as compensation in the prior years were exercised. No options granted as compensation in the prior years were forfeited, lapsed or cancelled (2020: nil).

METAL HAWK LIMITED
REMUNERATION REPORT
For the year ended 30 June 2021

Shares

Granted as compensation

As noted above, no shares were granted as compensation to Directors in the current year. The value of share-based payments recognised as remuneration in the current financial year relates to the ongoing vesting of those equity instruments. All equity instruments granted to Directors in FY 2020 vested upon the Company being listed on the ASX.

The table below outlines the key information relating to the shares issued in FY 2020 as remuneration to KMP, for which vesting expense has been recognised in the FY 2021 Remuneration Report.

	Number of shares granted	Grant date	Value per share at grant date cents	Value of shares at grant date \$
Brett Lambert	400,000	8-Jul-19	10	40,000
William Belbin	1,300,000	8-Apr-19	1	13,000
David Pennock	1,300,000	8-Apr-19	1	13,000

Other information

Options held by Directors

	Held at 1 July 2020	Exercised	Expired	Held at 30 June 2021	Vested and exercisable at 30 June 2021
Brett Lambert	1,500,000	-	-	1,500,000	1,500,000
William Belbin	2,250,000	-	-	2,250,000	2,250,000
David Pennock	2,250,000	-	-	2,250,000	2,250,000

Ordinary shares held by Directors

	Held at 1 July 2020	Purchases	Granted as remuneration	Exercise of options	Held at 30 June 2021
Brett Lambert	400,000	-	-	-	400,000
William Belbin	2,300,000	-	-	-	2,300,000
David Pennock	2,300,000	200,000	-	-	2,500,000

During the reporting period, no shares were issued on the exercise of options previously granted as compensation.

Cash bonuses included in remuneration

No cash bonuses were granted during 2021 (2020: nil).

Share-based remuneration granted as compensation

For details of share-based payments granted during the year, refer note 7.1.

Other transactions with Key Management Personnel

No other transactions with key management personnel, aside from direct remuneration as disclosed in note 7.3, occurred during 2021 (2020: Nil)

THIS IS THE END OF THE REMUNERATION REPORT – AUDITED.

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

As lead auditor of Metal Hawk Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

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



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 23 September 2021

METAL HAWK LIMITED
FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION
AS AT YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
Assets			
Cash and cash equivalents	3.1	1,769,800	97,993
Trade and other receivables		7,782	826
Deposits and bonds	3.2	2,016,364	-
Prepayments		-	67,223
Total current assets		3,793,946	166,042
Property, plant and equipment	5.1	95,012	-
Right of use assets	5.2	45,918	-
Exploration and evaluation	4.1	1,747,805	194,155
Total non-current assets		1,888,735	194,155
Total assets		5,682,681	360,197
Liabilities			
Trade and other payables	3.3	(24,455)	(84,699)
Lease liabilities	5.3	(40,225)	-
Total current liabilities		(64,680)	(84,699)
Lease liabilities	5.3	(8,077)	-
Total non-current liabilities		(8,077)	
Total liabilities		(72,757)	(84,699)
Net assets		5,609,924	275,498
Equity			
Share capital	6.1	7,030,655	765,949
Reserves		1,024,000	488,514
Accumulated losses		(2,444,731)	(978,965)
Total equity		5,609,924	275,498

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

METAL HAWK LIMITED
FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
Other income		2,423	6,566
Exploration expensed	4.1	(282,274)	(194,501)
General and administrative expenses		(481,407)	(15,840)
Professional fees		(193,436)	(288,631)
Personnel expenses	2.2	(424,496)	(384,948)
Marketing and business development		(39,728)	(25,552)
Depreciation and amortisation		(32,500)	-
Finance expenses		(3,064)	-
Other expenses		(11,284)	(9,334)
Loss before income tax		(1,465,766)	(912,240)
Income tax expense		-	-
Loss for the year		(1,465,766)	(912,240)
Loss per share			
Basic and diluted (cents per share)	2.3	(3.84)	(7.60)

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

METAL HAWK LIMITED
FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Note	Issued capital \$	Share-based payments reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2020		765,949	488,514	(978,965)	275,498
Total comprehensive loss for the year					
Loss for the year		-	-	(1,465,766)	(1,465,766)
Total comprehensive loss for the year		-	-	(1,465,766)	(1,465,766)
Transactions with owners, recorded directly in equity:					
Contributions by and distributions to owners					
Issue of ordinary shares	6.1	6,250,000	-	-	6,250,000
Share-based payment transactions	6.1/7.1	344,901	535,486	-	880,387
Capital raising costs		(330,195)	-	-	(330,195)
Total contributions by and distributions to owners		6,264,706	535,486	-	6,800,192
Balance at 30 June 2021		7,030,655	1,024,000	(2,444,731)	5,609,924

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

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Note	Issued capital \$	Share-based payments reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2019		308,658	-	(66,725)	241,933
Total comprehensive loss for the year					
Loss for the year		-	-	(912,240)	(912,240)
Total comprehensive loss for the year		-	-	(912,240)	(912,240)
Transactions with owners, recorded directly in equity:					
Contributions by and distributions to owners					
Issue of ordinary shares	5.1	242,813	-	-	242,813
Share-based payment transactions	5.1/ 6.1	223,478	488,514	-	711,992
Capital raising costs		(9,000)	-	-	(9,000)
Total contributions by and distributions to owners		457,291	488,514	-	945,805
Balance at 30 June 2020		765,949	488,514	(978,965)	275,498

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

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers		-	7,222
Payments to suppliers and employees		(822,530)	(163,613)
Payments for exploration expensed		(103,201)	(181,001)
Interest paid		(3,064)	-
Interest received		2,423	-
Net cash used in operating activities	3.1(b)	(926,372)	(337,391)
Cash flows from investing activities			
Payments for capitalised exploration		(1,335,025)	(50,155)
Payments for investments		(3,000,000)	-
Receipt from investments at maturity		1,000,000	-
Payments for property, plant and equipment		(103,023)	-
Net cash used in investing activities		(3,438,048)	(50,155)
Cash flows from financing activities			
Proceeds from issue of shares		6,250,000	302,812
Share issue transaction costs		(191,669)	-
Repayment of lease liabilities		(22,104)	-
Net cash from financing activities		6,036,227	302,812
Net increase / (decrease) in cash and cash equivalents		1,671,807	(84,734)
Cash and cash equivalents at commencement of period		97,993	182,727
Cash and cash equivalents at 30 June	3.1(a)	1,769,800	97,993

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

SECTION 1 BASIS OF PREPARATION

Metal Hawk Limited presents its financial statements in a format and style that is relevant and clear to shareholders and other users. In preparing the 2021 financial statements, we have grouped notes into sections under six key categories:

1. Basis of preparation
2. Results for the year
3. Working capital disclosures
4. Assets and liabilities supporting exploration and evaluation
5. Property, plant and equipment and lease liabilities
6. Equity and funding
7. Other disclosures

Significant accounting policies specific to one note are included within that note and where possible, wording has been simplified to provide clearer commentary on the financial report of the Company. Accounting policies determined non-significant are not included in the financial statements. There have been no changes to the Company's accounting policies that are no longer disclosed in the financial statements.

1.1 GENERAL INFORMATION

The Company is a for-profit, listed public company domiciled in Australia. The Company's registered office is located at Suite 2/7 Ord Street, West Perth, WA 6005.

The Company is primarily involved in the mineral exploration industry in Australia.

The financial statements of the Company as at and for the year ended 30 June 2021 were authorised for issue by the Board of Directors on 23 September 2021. The financial statements are general purpose financial statements which:

- have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial statements comply with International Financial Reporting Standards (IFRS's) as issued by the International Accounting Standards Board;
- have been prepared on a historical cost basis, except for share-based payments which are measured at fair value. The basis of measurement is discussed further in the individual notes;
- are presented in Australian Dollars, being the Company's functional currency;
- adopts all new and revised Australian Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Company and effective for reporting periods beginning on or after 1 July 2020. Refer to note 1.3 for further details; and
- does not early adopt any Australian Accounting Standards and Interpretations that have been issued or amended but not yet effective. Refer to note 1.3 for further details.

1.2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements and information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment are included in the following notes:

Share-based payment transactions

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, using the assumptions detailed in note 7.1.

Exploration and evaluation costs

Exploration and evaluation costs are capitalised on the basis that the entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made. Refer note 4.1.

Contingent consideration

The Company executed several asset acquisitions during the current and prior periods, of which, deferred contingent consideration has been agreed as disclosed at note 7.6. The Company holds the right, in their complete discretion, to settle any deferred consideration payable upon achievement of certain milestones via payment of cash or issue of equity. Judgement has been exercised in determining the fair value of consideration.

Coronavirus (COVID-19) pandemic

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

Asset acquisitions

Where an acquisition does not meet the definition of a business combination, the transaction is accounted for as an asset acquisition. The consideration transferred for the acquisition of an asset comprises the fair values of the assets transferred, the liabilities assumed, and the equity interests issued by the Company. The consideration transferred also includes the fair value of any asset, liability or equity resulting from a contingent consideration arrangement. Acquisition related costs with regards to the acquisition are capitalised. Identifiable assets acquired and liabilities assumed in the acquisition are measured at their fair value at the date of acquisition.

1.2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Asset acquisitions (continued)

Where settlement of any part of cash consideration is deferred and/or contingent, the probability of making these future payments is assessed at acquisition date and measured accordingly. The amounts payable in the future are discounted to their present value as at the date of exchange. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in profit or loss.

Adoption of new and revised standards

Standards and interpretations applicable to 30 June 2021

For the year ended 30 June 2021, the Directors have reviewed all new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the reporting periods beginning on or after 1 July 2020.

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

The following Accounting Standard and Interpretations are most relevant to the Company:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The Company has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Company's financial statements.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted that are relevant to the Company and effective for the reporting periods beginning on or after 1 July 2021.

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

SECTION 2 RESULTS FOR THE YEAR

This section focuses on the results and performance of the Company, with disclosures including segmental information, components of the operating profit, taxation and earnings per share.

2.1 OPERATING SEGMENTS

Accounting Policy

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

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

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

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

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since 30 June 2020.

2.2 PERSONNEL EXPENSES AND EMPLOYEE BENEFITS

The table below sets out personnel costs expensed during the year, inclusive of remuneration of Directors.

	Note	2021 \$	2020 \$
Directors' remuneration	7.3	455,584	384,948
Wages and salaries		75,424	-
Personnel costs capitalised to exploration and evaluation		(106,512)	-
		424,496	384,948

METAL HAWK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2.3 LOSS PER SHARE

Accounting Policy

Basic earnings per share is the amount of a company's profit or loss for a reporting period that is available to the ordinary shareholders of its common stock that are outstanding during the reporting period. The amount presented is on a per share basis that is calculated by division of the profit or loss by the weighted average number of shares on issue for the year.

Basic and diluted loss per share

Earnings / (loss) per share (EPS) is the amount of post-tax profit or loss attributable to each share.

The calculation of basic loss per share at 30 June 2021 has been based on the loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

Diluted EPS takes account of the dilutive effect of all potential ordinary shares, being share options on issue.

Loss per share attributable to ordinary shareholders

	2021	2020
Net loss attributable to ordinary shareholders - \$	(1,465,766)	(912,240)
Issued ordinary shares at beginning of period	13,060,000	9,450,000
Effect of shares issued - number	25,101,477	2,549,488
Weighted average number of ordinary shares at 30 June	38,161,477	11,999,488
Basic and diluted loss per share (cents)	(3.84)	(7.60)

- * At 30 June 2021, 17,925,000 options (2020: 11,250,000 options) were excluded from diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

2.4 INCOME TAX EXPENSE

Accounting Policy

Income tax expense or benefit comprises current and deferred tax. Current tax assets and liabilities are measured at the amount expected to be recovered from, or paid to, the taxation authorities. Current tax is based on tax rates enacted or substantively enacted at the balance date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used for calculating taxable profits. Deferred tax balances are disclosed net to the extent that they relate to taxes levied by the same authority and the Company has the right of set-off.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that taxable profits will be available to allow all or part of the assets to be recovered. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on substantively enacted rates at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

2.4 INCOME TAX EXPENSE (continued)

Accounting Policy (continued)

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payable in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(a) Reconciliation of effective tax rate

	2021	2020
	\$	\$
Loss for the period	(1,465,766)	(912,240)
Income tax using the Company's domestic tax rate of 26% (2020: 27.5%)	(381,099)	(250,866)
Non-deductible expenses	59,312	154,493
Timing differences	28,121	(21,954)
Capitalised exploration immediately deductible	(403,948)	-
Tax losses not brought to account	697,614	118,327
Income tax expense	-	-

All unused tax losses were incurred in Australia.

Potential future income tax benefits of up to \$818,096 (2020: \$120,482) attributed to tax losses have not been brought to account.

The benefit of these tax losses will only be obtained if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legalisation continue to be complied with;
- no changes in tax legislation adversely affect the Company in realising the benefit; and
- satisfaction of either the continuity of ownership or the same business test.

METAL HAWK LIMITED
NOTES TO THE FINANCIAL STATEMENTS

2.4 INCOME TAX EXPENSE (continued)

(b) Unrecognised deferred tax assets and liabilities

Deferred tax assets and liabilities have not been recognised in respect of the following items:

	2021	2020
	\$	\$
Deferred tax assets		
Black hole deductible costs – s40-880	145,727	5,667
Right of use assets	6,367	
Trade and other payables	6,280	3,300
Carry forward tax losses	818,096	120,482
	976,470	129,449
Deferred tax liabilities		
Prepaid expenditure	-	(18,486)
Property, plant and equipment	(2,083)	-
Carry forward tax losses	(2,083)	(18,486)
Net Unrecognised Deferred Tax Assets	974,387	110,963

The DTA / DTL have not been brought to account.

SECTION 3 WORKING CAPITAL DISCLOSURES

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

3.1 CASH AND CASH EQUIVALENTS

Accounting Policy

Cash comprises cash at bank and in hand.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(a) Reconciliation of cash recorded in Statement of Financial Position to Statement of Cash Flows

	2021	2020
	\$	\$
Cash and cash equivalents in the statement of cash flows	1,769,800	97,993

(b) Reconciliation of cash flows from operating activities

	Note	2021	2020
		\$	\$
Cash flows from operating activities			
Loss for the period		(1,465,766)	(912,240)
Adjustments for:			
Equity-settled share-based payment transactions	6.1	330,861	557,885
Written off exploration expenditure	4.1	179,073	
Depreciation and amortisation		32,500	
Change in other receivables		(23,319)	3,488
Change in prepayments		67,223	(67,223)
Change in trade and other payables		(46,944)	80,699
Net Cash used in operating activities		(926,372)	(337,391)

(c) Non-cash investing and financing activities

	Note	2021	2020
		\$	\$
Additions of right-of-use assets	5.2	70,447	-
Acquisition of tenements via shares and options	4.1/ 7.1	411,000	
Share-based settlement of capital raising costs	7.1	138,526	
		619,973	-

METAL HAWK LIMITED
NOTES TO THE FINANCIAL STATEMENTS

3.2 DEPOSITS AND BONDS

		2021	2020
		\$	\$
Current			
Term deposit	(i)	2,000,000	-
Rental bond		16,364	-
		2,016,364	-

- (i) Term deposit has an interest rate of 0.6% and a maturity date of 30 November 2021. The carrying value of term deposits equates to their fair value, given the short term nature of the deposit.

3.3 TRADE AND OTHER PAYABLES

Accounting Policy

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

		2021	2020
		\$	\$
Current			
Trade payables	(i)	455	84,699
Accruals		24,000	-
		24,455	84,699

- (i) Trade payables are non-interest bearing and are normally settled on 30-day terms. All amounts are short-term. The net carrying amount of trade payables is considered a reasonable approximation of fair value.

Information regarding the interest rate, foreign exchange and liquidity risk exposure is set out in note 7.2.

SECTION 4 ASSETS AND LIABILITIES SUPPORTING EXPLORATION AND EVALUATION

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

Key estimates and assumptions in this section

Indicators of impairment for exploration and evaluation assets

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

4.1 EXPLORATION AND EVALUATION EXPENDITURE

Accounting Policy

Exploration for and evaluation of mineral resources is the search for mineral resources after the entity has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resource. Accordingly, exploration and evaluation expenditures are those expenditures incurred by the Company in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Accounting for exploration and evaluation expenditures is assessed separately for each 'area of interest'. An 'area of interest' is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

Exploration and evaluation costs are capitalised on the basis that the entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

	2021	2020
	\$	\$
Costs carried forward in respect of areas of interest		
Exploration and evaluation expenditure	1,747,805	194,155
Movements for the year		
Opening balance	194,155	-
Tenement acquisitions – via share-based payments	411,000	-
Tenement acquisitions – via cash payments	287,804	-
Capitalised expenditure	1,033,919	194,155
Expenditure written-off	(179,073)	-
	1,747,805	194,155

A total of \$103,201 (2020: \$194,501) has been expensed during the financial year for exploration expenditure on tenements for which tenement applications were still in progress and therefore an inability to capitalise expenditure under AASB 6 is present due to absence of tenement ownership.

SECTION 5 NON-CURRENT ASSETS AND LEASE LIABILITIES

5.1 PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

Recognition and measurement

Items of property, plant and equipment are measured at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and recognised net within "other gains and losses" in profit or loss.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives of the assets are as follows:

Plant and equipment	3 – 20 years
Motor vehicles	5 - 15 years
Computer equipment & software	2 – 4 years
Office equipment	4 – 15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

	Plant & Equipment	Office Equipment	Motor Vehicles	Computer Equipment	Total
	\$	\$	\$	\$	\$
Gross carrying amount					
Balance at 1 July 2019	-	-	-	-	-
Additions	-	-	-	-	-
Balance at 1 July 2020	-	-	-	-	-
Additions	3,300	7,798	89,265	2,660	103,023
Balance at 30 June 2021	3,300	7,798	89,265	2,660	103,023
Depreciation					
Balance at 1 July 2019	-	-	-	-	-
Depreciation for the period	-	-	-	-	-
Balance at 1 July 2020	-	-	-	-	-
Depreciation for the period	(122)	(1,273)	(6,320)	(296)	(8,011)
Balance at 30 June 2021	(122)	(1,273)	(6,320)	(296)	(8,011)
Carrying amounts					
Balance at 30 June 2020	-	-	-	-	-
Balance at 30 June 2021	3,178	6,525	82,945	2,364	95,012

5.2 RIGHT OF USE ASSETS

Accounting Policy

Recognition and measurement

The Company assesses whether a contract is or contains a lease at inception of the contract. The Company will recognise a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and lease of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The right-of-use assets comprise the initial measurement of the corresponding lease liability (Note 5.3), lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated amortisation and impairment losses.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "general and administrative expenses" in profit and loss.

Amortisation

Right-of-use assets are amortised over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is amortised over the useful life of the underlying asset. The amortisation starts at the commencement date of the lease.

	Office Lease	Total
	\$	\$
Gross carrying amount		
Balance at 1 July 2019	-	-
Additions	-	-
Balance at 1 July 2020	-	-
Additions	70,407	70,407
Balance at 30 June 2021	70,407	70,407
Amortisation		
Balance at 1 July 2019	-	-
Amortisation for the period	-	-
Balance at 1 July 2020	-	-
Amortisation for the period	(24,489)	(24,489)
Balance at 30 June 2021	(24,489)	(24,489)
Carrying amounts		
Balance at 30 June 2020	-	-
Balance at 30 June 2021	45,918	45,918

5.3 LEASE LIABILITIES

Accounting Policy

Recognition and measurement

The Company assesses whether a contract is or contains a lease at inception of the contract. The Company will recognise a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and lease of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- Amount expected to be payable by lessee under residual guarantee values
- Exercise price or purchase options, if the lessee is reasonably certain to exercise these options
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an early termination option

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

	2021	2020
	\$	\$
Opening balance	-	-
Liability recognised on lease inception	70,407	-
Principal and interest repayments	(24,943)	-
Interest expense	2,838	-
Closing Balance	48,302	-
Classification		
Current liabilities	40,225	-
Non-current liabilities	8,077	-
	48,302	-

SECTION 6 EQUITY AND FUNDING

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

6.1 Capital and Reserves

Accounting Policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Share capital

	Ordinary shares			
	Number of shares		Amount in \$	
	2021	2020	2021	2020
On issue at commencement of period	13,060,000	9,450,000	765,949	308,658
<i>Shares issued and expensed during the period:</i>				
Issue of fully paid shares for cash	32,187,500	1,811,328	6,250,000	242,813
Issue of shares in lieu of director fees	-	650,000	-	48,378
Issue of shares for acquisition of exploration tenements	2,000,000	-	320,000	-
Vesting expense of prior period SBPs	-	150,000	24,901	15,313
Issue of shares in satisfaction of services	-	998,672	-	159,787
Capital raising costs	-	-	(330,195)	(9,000)
On issue at 30 June	47,247,500	13,060,000	7,030,655	765,949

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

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

All issued shares are fully paid.

The Company has also share options on issue (see note 7.1).

Nature and purpose of reserves

Share-based payments reserve

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

SECTION 7 OTHER DISCLOSURES

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

7.1 SHARE-BASED PAYMENT PLANS

Accounting Policy

The share option programme allows Directors, employees and consultants to receive rights to acquire shares of the Company. The grant date fair value of share-based payment awards granted to employees is recognised as a personnel expense or professional fees expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do not meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where the fair value of an employee share option has been recognised as a share-based payment and the option lapses on expiry, the total amount of the share-based payment expense is transferred from the share-based payment reserve to accumulated losses.

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

	2021	2020
	\$	\$
Expensed in personnel expenses (Director remuneration)		
Options issued to Directors	-	344,420
Shares issued to Directors	-	29,771
Vesting expense on prior period issuances – options	145,755	10,342
Vesting expense on prior period issuances – shares	15,605	-
Expensed in professional fees		
Shares issued to consultants	-	24,287
Vesting expense on prior period issuances – options	60,731	4,971
Vesting expense on prior period issuances – shares	9,296	-
Options issued to consultants	-	144,094
Expensed in general and administrative expenses		
Options issued to consultants	99,474	-
Capital raising costs within equity		
Options issued to a consultant	138,526	9,000
Capitalised within exploration and evaluation		
Shares issued to a consultant	-	144,000
Shares issued to vendors	320,000	-
Options issued to vendors	91,000	-

7.1 SHARE-BASED PAYMENT PLANS (continued)

Share-based payment programme

The Company has adopted an Employee Securities Incentive Plan ("ESIP"). Under the ESIP, the Company may grant options and rights to Company eligible employees to acquire securities to a maximum of 5% of the Company's total issued ordinary shares at the date of the grant. The fair value of share options granted is measured using the Black Scholes option pricing model.

The options and rights vest on a time scale as specified in the ESIP and are granted for no consideration. Options and rights granted under the plan carry no dividend or voting rights. When exercisable, each option is converted into one ordinary share. The maximum term of an option is 5 years from grant date and the exercise price is settled in cash.

Options may not be transferred other than to an associate of the holder.

METAL HAWK LIMITED
NOTES TO THE FINANCIAL STATEMENTS

7.1 SHARE-BASED PAYMENT PLANS (continued)

Options

At 30 June 2021, a summary of the Company options issued and not exercised under the share-based payment programme are as follows. Options are settled by the physical delivery of shares:

Grant date	Vesting date	Expiry date	Exercise Price (cents)	Balance at the start of the year	Granted during the year	Exercised during the year	Expired / forfeited during the year	Balance at the end of the year	Vested and exercisable at the end of the year
13-Sep-19	13-Sep-19	13-Sep-22	25	4,500,000	-	-	-	4,500,000	4,500,000
13-Sep-19	13-Sep-19	13-Sep-23	30	4,000,000	-	-	-	4,000,000	4,000,000
10-Sep-20	10-Sep-20	10-Sep-23	20	-	1,000,000	-	-	1,000,000	1,000,000
19-Nov-20	19-Nov-20	19-Nov-23	25	-	1,000,000	-	-	1,000,000	1,000,000
19-Nov-20	19-Nov-20	19-Nov-24	30	-	1,000,000	-	-	1,000,000	1,000,000
Total				8,500,000	3,000,000	-	-	11,500,000	11,500,000
Weighted Average Exercise Price (cents)				27.35	25	-	-	26.74	

The weighted average remaining contractual life of options outstanding at year end was 1.93 years.

METAL HAWK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

7.1 SHARE BASED PAYMENT PLANS (continued)

Options (continued)

Key valuation assumptions made at valuation dates are summarised below:

	Management Options T1	Management Options T2	Skryne Hill Acquisition	Lead Manager Options	Lead Manager Options
Number of options	4,500,000	4,000,000	1,000,000	1,000,000	1,000,000
Exercise price (cents)	25	30	20	25	30
Grant date	13-Sep-19	13-Sep-19	10-Sep-20	19-Nov-20	19-Nov-20
Expiry date	13-Sep-22	13-Sep-23	10-Sep-23	19-Nov-23	19-Nov-24
Life of the options (years)	3	4	3	3	4
Volatility	100%	100%	100%	100%	100%
Risk free rate	0.89%	0.89%	0.265%	0.265%	0.445%
Fair value at grant date (cents)	7.76	8.58	9.1	11.4	12.4
Share price at grant date (cents)	15	15	20	20	20

7.2 FINANCIAL INSTRUMENTS

Accounting Policy

Recognition and derecognition

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for any 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:

- amortised cost;
- fair value through profit or loss (FVTPL);
- equity instruments at fair value through other comprehensive income (FVOCI);
- debt instruments at fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

7.2 FINANCIAL INSTRUMENTS (continued)

Accounting Policy (continued)

Subsequent remeasurement of financial assets

Financial assets at amortised cost

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

- they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows;
- 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 costs using the effective interest method.

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the expected credit loss (ECL) model.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Level 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Level 2').
- 'Level 3' would cover financial assets that have objective evidence of impairment at the reporting date.

12-month expected credit losses are recognised for the first category whilst 'lifetime expected credit losses' are recognised for the second category. The Company does not have any material expected credit losses.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Derivative financial instruments

Derivative financial instruments are accounted for at fair value through profit and loss (FVTPL). The Company did not have any derivative financial instruments during the current or previous financial year.

7.2 FINANCIAL INSTRUMENTS (continued)

Classification and measurement of financial liabilities

The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

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

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

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Company's overall strategy remains unchanged from 2020.

The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings.

The Company is not subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax and general administrative outgoings.

Financial risk management objectives

The Company is exposed to market risk (including interest rate risk), credit risk and liquidity risk.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed on a continuous basis to reflect changes in market conditions and the Company's activities. The Company does not trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

The Company's activities expose it primarily to the financial risks of changes in interest rates. As there are no foreign operations or sales of commodities at present, the Company is not exposed to foreign exchange risk or commodity price risk. Fair value risk is managed by monitoring interest rate movements and limiting the duration of term deposits.

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

Foreign currency exchange rate risk management

The Company is not exposed to foreign currency risk.

Interest rate risk management

The Company does not currently have any outstanding borrowings, with exposure to interest rate risk limited to interest bearing cash and term deposits.

7.2 FINANCIAL INSTRUMENTS (continued)

The Company's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate risk sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the balance date.

At balance date, if interest rates had been 100 points higher or lower and all other variables were held constant, the Company's profit or loss would increase / (decrease) by \$14,406 / (2020: \$1,828).

The Company's sensitivity to interest rates has remained constant during the year due to having minimal exposure to interest rates at the current time. The Company's only exposure to interest rates is through term deposits held with financial institutions and implicit interest calculated on lease liabilities.

Credit risk management

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to credit risk from financial assets including cash and cash equivalents held at banks, term deposits held with banks and trade and other receivables.

The Company has adopted a policy of only dealing with creditworthy counterparties.

The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses publicly available financial information and its own trading record to rates its customers.

The Company's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks or government agencies with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, represents the Company's maximum exposure to credit risk.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements.

The Company manages liquidity risk by maintaining adequate banking and borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Non-derivative financial liabilities

The table on the following page details the Company's expected contractual maturities for its non-derivative financial liabilities.

These have been drawn up based on undiscounted contractual maturities of the financial liabilities based on the earliest date the Company can be required to repay.

The table include both interest and principal cash flows.

METAL HAWK LIMITED
NOTES TO THE FINANCIAL STATEMENTS

7.2 FINANCIAL INSTRUMENTS (continued)

	Weighted average interest rate %	Less than 6 months \$	6 months to 1 year \$	1 – 5 years \$
30 June 2021				
Trade and other payables	-	(24,455)	-	-
Right of use lease liabilities	7	(19,409)	(20,815)	(10,408)
		(43,864)	(20,815)	(10,408)
30 June 2020				
Trade and other payables	-	(84,699)	-	-

Fair value measurement

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy.

The three levels are defined based on the observability of significant inputs to the measurement, as follows:

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

The Directors consider that the carrying amounts of current receivables, current payables, and current interest-bearing borrowings, approximate their fair values.

7.3 RELATED PARTIES

Accounting Policy

Key management personnel compensation

Directors' remuneration is expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount because of past service provided by the employee and the obligation can be estimated reliably.

(a) Key management personnel compensation

Key management personnel compensation comprises the following:

	2021 \$	2020 \$
Short-term employee benefits	294,224	-
Share-based payments – shares	15,605	40,113
Share-based payments – options	145,755	344,420
	455,584	384,533

METAL HAWK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

7.3 RELATED PARTIES (continued)

(b) Other transactions with related parties

During the year to 30 June 2021, MHK was assigned a 2-year office lease from Pennock Pty Ltd, a company associated with Director David Pennock, with details disclosed in Note 5.2 and 5.3. The assignment has been entered into on arms-length terms.

7.4 AUDITORS' REMUNERATION

	2021 \$	2020 \$
Audit and other assurance services		
<i>BDO Audit (WA) Pty Ltd</i>		
Audit services	25,371	12,322
Independent Limited Assurance Report	14,729	-
TOTAL AUDITORS' REMUNERATION	40,100	12,322

7.5 SUBSEQUENT EVENTS

On 29 July 2021, the Company announced it had signed a binding term sheet with Horizon Minerals to secure exclusive nickel rights on 12 tenements adjacent to the Blair North and Clinker Hill Projects. A formal agreement is currently being negotiated and must be executed on or before 11 October 2021.

On 2 August 2021, the Company announced that its application for the Norseman East Project, tenement E63/2042, had been granted.

On 30 August 2021, the Company announced that it had purchased the Snake Hill tenement, P25/2634, which is located within the Company's Berehaven Nickel project, approximately 20 kilometres east of Kalgoorlie. The tenement was purchased for a sum of 200,000 fully paid ordinary shares in the Company at a deemed issue price of 22.5c per share. The tenement is prospective for nickel and gold, with recent alluvial gold discovered by prospectors at Snake Hill.

On 10 September 2021, the Company went into a trading halt following the discovery of Massive Nickel Sulphides at its Berehaven project. Further results are to be announced.

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

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

7.6 CONTINGENCIES

Tasex Contingency

On 26 June 2020, Metal Hawk executed a deed of variation and option exercise to acquire the tenements held by Tasex Geological Services ('Tasex'). On 3 August 2020, the consideration of \$150,000 due under the deal was paid.

Further to this, Tasex has future consideration due to it, should:

1. A JORC compliant Indicated and/or Measured Resource of 100,000 oz contained gold or 15,000 tonnes contained Ni Metal on the acquired tenement be found. Tasex would receive either \$500,000 cash or shares worth \$500,000 at the issue price at the time.

7.6 CONTINGENCIES (continued)

2. A JORC compliant Indicated and/or Measured Resource of 500,000 oz contained gold or 75,000 tonnes contained Ni Metal on the acquired tenement be found. Tasex would receive either \$1,000,000 cash or shares worth \$1,000,000 at the issue price at the time.

Clinker Hill Contingency

During FY 2020, a Deed of variation and option exercise was signed between Metal Hawk and Spartan Exploration. Future contingent commitments are outlined below:

Clinker Hill Milestone A

Metal Hawk releasing an ASX announcement or otherwise receives a mineral resource report which discloses an indicated or measured resource (as defined in the JORC code), collectively, in the Tenements of one or more of the following:

- a. No less than 100,000 tonnes of gold ore with a minimum cut-off grade of 1.0g/t Au or greater, with no less than 100,000 ounces of contained gold or gold Metal Equivalents;
- b. No less than 100,000 tonnes of nickel or with a minimum cut-off grade of 1.0% Ni or greater, with no less than 15,000 tonnes of nickel contained metal or nickel Metal Equivalents;
- c. No less than 100,000 tonnes of copper ore with a minimum cut-off grade of 1.0% Cu or greater, with no less than 30,000 of contained copper or copper Metal Equivalents;
- d. No less than 100,000 tonnes of zinc ore with a minimum cut-off grade of 5.0% Zn or greater, with no less than 60,000 tonnes of contained zinc or zinc Metal Equivalents; or
- e. No less than 100,000 tonnes of silver ore with a minimum cut-off grade of 50g/t Ag or greater, with no less than 4,000,000 ounces of contained silver Metal Equivalents.

As Metal Hawk has not yet achieved Milestone A and has listed successfully on the ASX, at its election, Metal Hawk may issue \$500,000 worth of Shares based on a 30-day VWAP or pay \$500,000 cash to the vendor upon satisfaction of Milestone A.

Clinker Hill Milestone B

Metal Hawk releasing an ASX announcement or otherwise receives assay results disclosing assays of drill hole intersections conducted in relation to the Tenements showing either:

- a. Gold intercepts on a grade-thickness basis of ≥ 20 -gram metres Au, where the grade of the bulk interval is greater than 1.0 grams per tonne over no less than 20 metres;
- b. Nickel intercepts on a grade-thickness of 20%*m*, providing the grade of the mineralisation is $\geq 1.0\%$ Ni (eg $\geq 20\text{m} @ 1.0\% \text{ Ni}$) where the grade of bulk interval is greater than 1.0% nickel over 20*m*;
- c. Copper intercepts on a grade-thickness basis of 20%*m*, providing the grade of the mineralisation is $\geq 1.0\%$ Cu (eg. $\geq 20\text{m} @ 1.0\% \text{ Cu}$) where the grade of bulk interval is greater than 1.0% Cu over 20*m*;
- d. Zinc intercepts on a grade-thickness basis of 20%*m* Zn, providing the grade of the mineralisation is $\geq 5.0\%$ Zn (eg. $\geq 4\text{m} @ 5.0\% \text{ Zn}$) where the grade of bulk interval is greater than 5.0% Zn over 4*m*; or
- e. Silver intercepts on a grade thickness basis of ≥ 1000 -gram metres Ag (eg. $\geq 20\text{m} @ 50\text{g/t Ag}$) where the grade of the bulk interval is greater than 50 grams per tonne Ag over no less than 20 metres.

As Metal Hawk has not yet achieved Milestone B and has listed successfully on the ASX, at its election, Metal Hawk may issue \$100,000 worth of Shares based on a 30-day VWAP or pay \$100,000 cash to the vendor upon satisfaction of Milestone B.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Metal Hawk Limited (the "Company"):
 - (a) the accompanying financial statements and notes are in accordance with the *Corporations Act 2001* including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001*, professional reporting requirements and other mandatory requirements.
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - (c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2021.

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

Dated at Perth 23rd day of September 2021.



William Belbin
Managing Director

INDEPENDENT AUDITOR'S REPORT

To the members of Metal Hawk Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Metal Hawk Limited (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; 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 Company in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Capitalised Exploration and Evaluation Expenditure

Key audit matter	How the matter was addressed in our audit
<p>The carrying value of the capitalised exploration and evaluation asset as at 30 June 2021 is disclosed in Notes 1.2 and 4.1 of the financial report.</p> <p>As the carrying value of the exploration and evaluation asset represents a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.</p> <p>Judgement is applied in determining the treatment of exploration expenditure in accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources. In particular:</p> <ul style="list-style-type: none"> • Whether the conditions for capitalisation are satisfied; • Which elements of exploration and evaluation expenditures qualify for recognition; and • Whether facts and circumstances indicate that the exploration and expenditure assets should be tested for impairment. 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Obtaining a schedule of the area of interest held by the Company and assessing whether the rights to tenure of the area of interest remained current at balance date; • Considering the status of the ongoing exploration programmes in the area of interest by holding discussions with management, and reviewing the Company's exploration budgets, ASX announcements and director's minutes; • Considering whether the area of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Considering whether any facts or circumstances existed to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in Notes 1.2 and 4.1 to the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

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

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

If, based 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf

This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 13 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Metal Hawk Limited, for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

Responsibilities

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

BDO Audit (WA) Pty Ltd

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

Dean Just

Director

Perth, 23 September 2021

METAL HAWK LIMITED
SECURITIES EXCHANGE INFORMATION

SECURITIES EXCHANGE INFORMATION

The shareholder information set out below was applicable as at 31 August 2021:

1. Distribution of ordinary shares

Range	Total holders	Ordinary shares	% of issued capital
1 - 5,000	146	430,853	0.91
5,001 - 10,000	115	975,749	2.07
10,001 – 100,000	291	11,774,549	24.92
100,001 and over	67	34,066,349	65.01
Total	619	47,247,500	100.00

2. Substantial shareholders

The substantial shareholders are set out below:

Shareholders	Number of Shares
Western Areas Limited	3,125,000

3. Voting rights

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll, every member present or by proxy shall have one vote for every share held.

Options and rights

No voting rights.

4. Unlisted options

Grant date	Number	Number of holders	Expiry date	Exercise price (cents)
1-Jun-19	450,000	1	19-Nov-23	25
28-Jun-19	2,850,000	28	19-Nov-23	25
13-Sep-19	4,500,000	5	19-Nov-23	25
13-Sep-19	4,000,000	5	19-Nov-24	30
10-Sep-20	1,000,000	1	10-Sep-23	20
15-Sep-20	1,562,500	1	15-Sep-23	25
15-Sep-20	1,562,500	1	15-Sep-24	30
19-Nov-20	1,000,000	5	19-Nov-23	25
19-Nov-20	1,000,000	5	19-Nov-24	30

5. Twenty largest shareholders as at 31 August 2021

METAL HAWK LIMITED
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Shareholders	Ordinary shares	
	Number held	% of issued shares
WESTERN AREAS LIMITED	3,125,000	6.61%
CAMELWOOD INVESTMENTS PTY LTD	2,300,000	4.87%
WAGOE INVESTMENTS PTY LTD	2,300,000	4.87%
LESAMOURAI PTY LTD	2,050,000	4.34%
CALIFORNIA GROUP PTY LTD	2,050,000	4.34%
BALLANOCK PTY LTD	1,755,000	3.71%
PENNOCK PTY LTD	1,400,000	2.96%
SKRYNE HILL PTY LTD	1,100,000	2.33%
MR JEREMY ANDREW STANLEY	1,100,000	2.33%
CH2 INVESTMENTS PTY LTD	1,000,000	2.12%
SPARTAN EXPLORATION PTY LTD	900,000	1.90%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	845,499	1.79%
NORFOLK BLUE PTY LTD	837,923	1.77%
MRS HEMA NAGA JYOTHI DANDA	805,000	1.70%
MRS MARISA MACKOW	640,000	1.35%
MR PAUL PENNOCK	604,750	1.28%
PATINA RESOURCES PTY LTD	600,000	1.27%
MR RICHARD MARK BENNETT & MRS KYLEE ROCHELLE BENNETT	500,000	1.06%
CROESUS MINING PTY LTD	500,000	1.06%
BNP PARIBAS NOMINEES PTY LTD	468,633	0.99%

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6. Tenements listing as at 31 August 2021

Tenement description	Tenement Numbers	Status	Percentage Interest
Berehaven Nickel	25/0349	Granted	Aurenne Cannon Pty Ltd (100%)
Berehaven Nickel	25/0543	Granted	Black Mountain Gold Limited (100%)
Berehaven Nickel	25/0564	Granted	Aurenne Cannon Pty Ltd (100%)
Berehaven Nickel	25/0511	Granted	Kalgoorlie Ore Treatment Company Pty Ltd (100%)
Berehaven Nickel	25/2526	Granted	Kalgoorlie Ore Treatment Company Pty Ltd (100%)
Berehaven Nickel	26/4381	Granted	Kalgoorlie Ore Treatment Company Pty Ltd (100%)
Berehaven Nickel	26/4382	Granted	Kalgoorlie Ore Treatment Company Pty Ltd (100%)
Berehaven Nickel	26/4383	Granted	Kalgoorlie Ore Treatment Company Pty Ltd (100%)
Berehaven Nickel	26/4384	Granted	Kalgoorlie Ore Treatment Company Pty Ltd (100%)
Berehaven Nickel	26/4385	Granted	Kalgoorlie Ore Treatment Company Pty Ltd (100%)
Berehaven Nickel	26/4386	Granted	Kalgoorlie Ore Treatment Company Pty Ltd (100%)
Berehaven Nickel	26/4405	Granted	Kalgoorlie Ore Treatment Company Pty Ltd (100%)
Hampton	25/2716	Pending	Metal Hawk Limited (100%)
Blair	26/0210	Live	Berehaven Holdings Pty Ltd (100%)
Blair	26/0216	Live	Berehaven Holdings Pty Ltd (100%)
Blair	26/4174	Live	Berehaven Holdings Pty Ltd (100%)
Clinker Hill	25/2289	Live	Metal Hawk Limited (100%)
Clinker Hill	25/2290	Live	Metal Hawk Limited (100%)
Clinker Hill	25/2335	Live	Metal Hawk Limited (100%)
Clinker Hill	25/2370	Live	Metal Hawk Limited (100%)
Clinker Hill	25/2371	Live	Metal Hawk Limited (100%)
Clinker Hill	25/2672	Pending	Metal Hawk Limited (100%)
Clinker Hill	25/2673	Live	Metal Hawk Limited (100%)
Emu Lake (WSA JV)	27/0615	Live	Metal Hawk Limited (100%)
Emu Lake (WSA JV)	27/0562	Live	Metal Hawk Limited (100%)
Fraser South (WSA JV)	69/3584	Pending	Skryne Hill Pty Ltd (100%)
Fraser South (WSA JV)	69/3593	Pending	Skryne Hill Pty Ltd (100%)
Fraser South (WSA JV)	63/1936	Live	Skryne Hill Pty Ltd (100%)
Fraser South (WSA JV)	69/3808	Pending	Metal Hawk Limited (100%)
Fraser South (WSA JV)	69/3809	Live	Metal Hawk Limited (100%)
Kanowna East (WSA JV)	27/0596	Live	Tasex Geological Services Pty Ltd (100%)
Kanowna East (WSA JV)	27/2428	Live	Metal Hawk Limited (100%)
Norseman	63/2042	Live	CH2 Investments Pty Ltd (100%)
Viking	63/1963	Live	Metal Hawk Limited (100%)