CYCLONE METALS LIMITED
(FORMERLY CAPE LAMBERT RESOURCES LIMITED)

ABN 71 095 047 920

AND ITS CONTROLLED ENTITIES

Interim Financial Report
For The Half-Year Ended
31 December 2020

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CORPORATE DIRECTORY

Directors
Mr Terry Donnelly – Non-Executive Chairman (appointed 4 August 2020)
Mr Tony Sage - Executive Director
Mr Tim Turner - Non-Executive Director

Company Secretary
Ms Melissa Chapman

Stock Exchange Listing
Australian Securities Exchange
ASX code: CLE

Website
www.cyclonemetals.com

Country of Incorporation
Australia

Registered Address
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DIRECTORS' REPORT

Your Directors submit the financial report of Cyclone Metals Limited (**Cyclone** or **Company**) (previously Cape Lambert Resources Limited) and its controlled entities (together the **Consolidated Entity**) for the half-year ended 31 December 2020.

DIRECTORS

The names of Directors who held office during or since the end of the half-year are set out below. Directors were in office for this entire period unless otherwise stated.

Terry Donnelly (appointed 4 August 2020)
Tony Sage
Timothy Turner
Mark Hancock (resigned 4 August 2020)

COMPANY SECRETARY

Melissa Chapman

REVIEW OF RESULTS AND OPERATIONS

Principal Activity

The principal activity of the Consolidated Entity during the half-year was mineral investment, exploration and evaluation.

There were no significant changes in the nature of the principal activity during the half-year or infact the past 15 years of operating.

Review of Operations

Corporate

A summary of the most significant transactions is set out below:

Trading Suspension

On 16 October 2020, the Company's securities were suspended from official quotation on the basis that ASX had determined CLE's operations are not adequate to warrant the continued quotation of securities and compliance with LR 12.1. The Company is currently liaising with ASX regarding compliance with LR 12.1.

The Company made ongoing submissions to the ASX regarding compliance with LR 12.1, all of which were unfortunately rejected. The Company disputes the ASX interpretation.

Over the many years since the Company's initial listing (over 15 years) it has consistently communicated with ASX and shareholders its strategy that involves the acquisition and investment in undervalued and/or distressed mineral assets and companies. The Company currently manages 6 major assets, being investments in listed companies European Lithium Ltd (ASX:EUR), Fe Ltd (ASX:FEL), and Cauldron Energy Ltd (ASX:CXU), the Marampa iron ore asset in Sierra Leone, the Lady Ethleen copper asset in Queensland, and our rare earths project in Western Australia. The market value of these assets is well over $20m and the Company has over $1.3m cash at hand. The Company continues to engage with ASX regarding this matter with a view to a resolution as soon as practicable.

Board Restructure

During the half year, the Company announced the appointment of Mr Terry Donnelly as Non-Executive Chairman and the resignation of Mr Mark Hancock as Non-Executive Director of the Company with effect from 4 August 2020.

Mr Tony Sage was previously providing the services of Executive Chairman to Cyclone via Okewood Pty Ltd. To enable Mr Sage to focus on his role as Executive Director and growing Cyclone Metals business, Mr Terry Donnelly will act as Independent Non-Executive Chair of the Company. The appointment of Mr Donnelly to this role is also consistent with the recommendations of the ASX Corporate Governance Principles and Recommendations.

Shareholder Meetings

On 6 October 2020, the Company held an extraordinary general meeting (**EGM**) of shareholders. All resolutions were carried at the EGM.

On 30 November 2020, the Company held its annual general meeting (**AGM**) of shareholders. All resolutions were carried at the AGM.

Placement

In August 2020, the Company completed a placement to raise proceeds of $125,500 (before expenses).

In October 2020, the Company completed a placement to raise proceeds of $2,000,000 (before expenses).

In December 2020, the Company completed a placement to raise proceeds of $1,040,000 (before expenses).

Exercise of Options

On 17 September 2020, the Company issued 10,000,000 fully paid ordinary shares upon the exercise of options at an exercise price of $0.006 per share which expire on 30 June 2023.

Financing Facility - Magna

As previously announced, on 17 December 2018, the Company entered into a Convertible Note Agreement with MEF I, L.P. (**Magna**) of which A$750k (548,310 convertible notes) was drawn down on 19 December 2018.

During the half year ended 31 December 2020, Magna converted the remaining 108,612 notes which resulted in the issue of 35,951,450 fully paid ordinary shares in the Company. As at 31 December 2020, Magna had nil convertible notes remaining.

Financing Facility - Winance

On 31 July 2019, the Company announced that it had secured an A$15m finance facility with Winance Investment LLC (**Winance**) for mining exploration and general working capital purposes.

The initial tranche of A$1.2m (1,200 convertible notes) was drawn down on 8 August 2019 with the conversion of initial tranche A notes ($480k or 480 convertible notes) unconditional and the conversion of initial tranche B notes ($720k or 720 convertible notes) subject to prior approval by Cyclone shareholders. Further tranches of A$13.8m is available in tranches of A$500k each upon full conversion of the notes from the previous drawdown, subject to a cooling off period. Full terms and conditions of the convertible securities are included in the announcement released on 31 July 2019.

During the half year ended 31 December 2020, there were no conversion of notes. As at 31 December 2019, Winance had 10 convertible notes remaining.

Financing Facility – Winance Loan

On 24 January 2020 the Company entered into a $2.2m secured loan facility with Winance (**Winance Loan**). On 17 September 2020, the Company advises that the parties have agreed that the principle amount of $2.2m plus accrued interest and outstanding fees will be converted into Shares (subject to receipt of shareholder approval) (**Winance Debt Shares**) based on a share price of AUD $0.004 on 30 November 2020 (**Extended Maturity Date**).

On 16 October 2020, the Company issued 146,518,667 Winance Debt Shares to satisfy interest payable under the Winance Loan following receipt of shareholder approval at the EGM.

On 22 October 2020, the Company issued 450,000,000 Winance Debt Shares at a price of $0.004 per Share to Winance in part reduction of the Winance Loan.

On 30 November 2020, the Company issued 318,094,100 Winance Debt Shares at a price of $0.004 per Share to satisfy the balance of the Winance Loan following receipt of shareholder approval at the AGM. The fair value of these shares on issue date was $0.009 per share which resulted in a loss in the extinguishment of liabilities of $1,590,471.

At 31 December 2020, the Winance Loan had been repaid in full.

Conversion of Debt

On 15 October 2020, following receipt of shareholder approval at the AGM, the Company issued 125,631,533 fully paid ordinary shares to Bennett and Co to satisfy debts of $188,447.

On 16 October 2020, following receipt of shareholder approval at the AGM, the Company issued 228,866,754 fully paid ordinary shares to Directors of the Company to satisfy debts of $343,300 (refer to note 14).

On 18 December 2020, the Company issued 6,000,000 fully paid ordinary shares and 3,000,000 unlisted options with at an exercise price of $0.005 expiring 18 December 2021 to satisfy broker fees of $30,000 in relation to the December Placement.

Other Security Movements

On 16 October 2020, the Company issued 20,000,000 fully paid ordinary shares to Mr Terry Donnelly, the appointed Non-Executive Chairman of the Company. The shares were issued following receipt of shareholder approval at the EGM.

On 18 December 2020, the Company issued 5,000,000 unlisted options to Kapital Global, the broker that facilitated the Winance Loan, and negotiated on behalf of the Company with Winance on the conversion of the Winance Loan into Winance Debt Shares. The options were issued following receipt of shareholder approval at the AGM.

Project Information

Marampa

Marampa is an iron ore project at the development stage, and is located 90 km northeast of Freetown, Sierra Leone, West Africa (**Marampa** or **Marampa Project**). The Marampa Project comprised one mining licence (ML05/2014) comprising 97.40km2 and one exploration licence (EL46A/2011) comprising 145.86km2. The status of these tenements is as follows:

ML05/2014

In 2014, Marampa Iron Ore (SL) Limited (**Marampa SL**), a wholly owned subsidiary of Cyclone Metals was granted the mining and environmental licences for ML05/2014 (together the **Mining Licence**). The Company has spent circa US$62.7m on exploration and development to date on the Marampa Project.

In September 2018, Marampa SL received a letter from the Sierra Leone Ministry of Mines (**SLMOM**) cancelling the Mining Licence. In 2018, Marampa SL commenced legal action in Sierra Leone to challenge SLMOM's decision to cancel the Mining Licence ML05/2014, however, the Board subsequently placed this legal action on hold whilst arbitration commenced by another holder of a mining licence in the area (SL Mining, a wholly owned subsidiary of Gerald

International Limited) against the Republic of Sierra Leone proceeded. The arbitration continues, with an application by the Republic to challenge a partial award from the arbitration recently dismissed by the English High Court.

The Company has during Q4/2020, and will continue to be, engaged in dialogue with the relevant Sierra Leonean authorities to present an updated mining and investment proposal (using current iron ore prices, which are significantly higher than when the Mining Licence was cancelled) in an attempt to have the Mining Licence reinstated or reissued by mutual agreement. Dialogue has been restricted significantly during the period by the impacts of COVID-19 on travel and government operations. However, the management has continued during Q4/2020 to be very active in discussions with relevant stakeholders at the SL government to fast-track the process getting the mining license issued again. Some ongoing political turmoil makes a prediction when the government would reissue the licence uncertain.

The Company has and continues to be in close contact with the relevant authorities in Sierra Leone and has finalised and lodged a sustainable business proposal to the relevant government department in Q1/2021. All our existing assets, staffing and minimum expenditure requirements are being met "in care and maintenance mode" and will be kept in place until the Company regains its mining license.

The Company has never ceased to operate in country and has spent in excess of $400k in maintaining and improving its assets in the past 12 months.

The Company will continue its discussions with the Government of Sierra Leone, as are the 2 other operators whose licenses were also cancelled.

EL46A/2011

In 2014, Marampa SL was granted exploration license EL46A/2011. In June 2014 the SLMOM extended EL46A/2011 for a further 2-year term from 31 July 2015 until 31 July 2017. Marampa SL has not paid renewal fees to the SLMOM in respect of EL46A/2011 since 31 July 2017. However, Marampa SL has not received any termination documentation or request for information from the SLMOM, therefore is of the view that EL46A/2011 remains a valid license. Marampa SL has contacted the SLMOM asking them to confirm the status of EL46A/2011 however no response has been received to date therefore tenure over EL46A/2011 remains uncertain. Marampa SL will continue to follow up with the SLMOM to determine the status of EL46A/2011. The management of Marampa SL has continued to be active in discussions with SLMOM to fast-track the process getting the EL46A/2011 to be issued again.

The Company is currently committing minimum expenditure on the Marampa Project and no exploration activities are currently underway at the Marampa Project.

Kukuna

Dempsey Resources Bermuda Limited holds the Kukuna Iron Ore Project located in Sierra Leone (**Kukuna** or **Kukuna Project**).

The Kukuna Project is located 120 km northeast of Freetown in the northwest of Sierra Leone and consists of one exploration licence (EL22/2012) covering 68km2. The licence comprises rocks known to host specular hematite mineralisation. Dempsey has not paid renewal fees to the SLMOM in respect of Kukuna. However Dempsey has not received any termination documentation or request for information from the SLMOM, therefore is of the view that Kukuna remains a valid license.

The Kukuna Project remained on care and maintenance.

Wee McGregor

Mining International Pty Ltd (**Mining International**), is a wholly owned subsidiary of Cyclone Metals holds tenure to 4 mining leases at the Wee MacGregor Project located 40 km southeast of Mt Isa in Queensland, which were first acquired in November 2015.

The tenements are located within in the Eastern Fold Belt of the Mt Isa inlier. The tenements are located in the Mary Kathleen Zone/Wonga Subprovince. This area is prospective for a variety of deposit types, most notably structurally controlled epigenetic copper and gold deposits.

Cohiba Minerals Limited (**Cohiba**) has a Farm-in agreement with the Company for 80% of mining licences ML 2504, ML 2773 and ML 90098, with the Company retaining a 20% interest in and a pre-emptive right over Cohiba's 80%.

The Lady Ethleen tenement (ML 2771) has been retained by Cyclone and is currently being utilized for a trial mining and processing exercise using a newly developed green leach process known as GlyLeach ™ (refer ASX announcement 4 December 2020). A proposal for lab test work has been agreed on with Mining and Processing Solutions (MPS) to commence during Q1 2021. A drill rig has been tentatively booked to begin on the 15 February 2021 to obtain sufficient sample of oxide, transitional and sulphide material for use in lab testwork. Subject to border restrictions between Queensland and WA, drilling will commence on schedule and is expected to be completed within the week. Sample will then be freighted as soon as possible to Perth for commencement of proposed lab work.

A successful trial will mean a significant shift in future processing technology and will in turn facilitate possible development of the part owned nearby Wee Macgregor project as well as many other potential small assets in the district, that may be economic with appropriate processing technology.

<u>Yalardy</u>

On 11 September 2020, the Company announced that it has lodged applications for two tenements in the Carnarvon basin of WA.

The tenement applications (E09/2441 and E09/2442) cover a combined 297 graticular blocks or a total of 914.5 square kilometers starting approximately 33km east of the Overlander roadhouse near the turnoff to Shark Bay.

Recent geochemical sampling over the areas known as "Dogger" and "Sebastian" have identified two rare earth element (REE) anomalies coincident with identified geophysical anomalies that indicate potential for the existence of a buried diatreme beneath the geologically recent sedimentary cover sequences (refer ASX announcement 11 September 2020).

The southern gravity anomaly (**Sebastian**) presents as a deep gravity low with a coincident void in the TMI magnetics. The density depression and coincident magnetic low can be interpreted as a possible buried diatreme structure with similar dimensions to the Mt Weld REE deposit in the north eastern goldfields of WA. This presents an opportunity for a new REE discovery as the structural environment and geophysical indications may suggest a potential carbonatite source similar to that found at Mt Weld.

The presence of a buried diatreme may also bs a potential host to several different mineralisation possibilities.

These applications continue to progress through the DMIRS towards grant upon which reconnaissance exploration and project planning will commence.

The board intends to continue to follow its strategy of acquiring and investing in undervalued and/or distressed mineral assets and companies (**Projects**) and improve the value of these Projects, through a hands on approach to management, exploration, evaluation and development and retaining a long-term exposure to these Projects through a production royalty and/or equity interest. Cyclone aims to deliver shareholder value by adding value to these undeveloped Projects. If Projects are converted into cash, the Company intends to follow a policy of distributing surplus cash to Shareholders.

Competent Persons Statement

The contents of this Report relating to Exploration Results are based on information compiled by Olaf Frederickson, a Member of the Australasian Institute of Mining and Metallurgy. Mr Frederickson is a consultant to Cyclone and has sufficient experience relevant to the style of mineralisation and the deposit under consideration and to the activity he is undertaking to qualify as a Competent Person, as defined in the 2012 edition of the "Australasian Code for Reporting of

Exploration Results, Mineral Resources and Ore Reserves". Mr Frederickson consents to the inclusion in this report of the matters compiled by him in the form and context in which they appear.

Result

The Consolidated Entity made a loss after income tax for the half-year ended 31 December 2020 of $7,301,166 (31 December 2019: loss of $2,329,787). Included in this amount is loss of on extinguishment of liability of $6,743,087 (31 December 2019: $0).

EVENTS SUBSEQUENT TO BALANCE DATE

On 8 January 2021, the Company made two instalment payments to the ATO totalling $520k reducing the current tax liability.

On 12 January 2021, the Company entered into a deed of discharge and payment of debt agreement with a creditor of the Company to settle debts of $363,673 for a settlement amount of $100,000.

On 3 March 2021, the Company made one instalment payment to the ATO totalling $260k reducing the current tax liability.

There are no other matters or circumstances that have arisen since the end of the half year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in the future financial years.

DIVIDEND

No dividend was declared or paid during the half year ended 31 December 2020.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 8 for the half-year ended 31 December 2020.

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

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Tony Sage
Director

Dated this 16 day of March 2021

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DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF CYCLONE METALS LIMITED

As lead auditor for the review of Cyclone Metals Limited for the half-year ended 31 December 2020, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 16 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Note	For the six months ended 31 December 2020 $	31 December 2019 $
Revenue	3a	**2,971**	221,594
Other income	3b	**46,695**	4,643
Gain/(loss) on extinguishment of liability	11, 12	**(6,743,087)**	-
Share based payments expense	12b	**(169,664)**	-
Directors remuneration and employee benefits expenses		**(279,236)**	(415,111)
Consulting and professional services expenses		**(318,744)**	(339,480)
Occupancy expenses		**(26,238)**	(326,622)
Compliance and regulatory expenses		**(88,656)**	(69,930)
Travel and accommodation		**(35,102)**	(10,363)
Depreciation and amortisation expense		**(3,574)**	(9,273)
Gain/(loss) on fair value of financial assets through profit and loss	5a	**1,274,171**	9,443
Exploration and evaluation expenditure	6	**(124,384)**	(177,114)
Other expenses		**(404,141)**	(105,208)
Finance expenses		**(337,082)**	(546,979)
Reversal of/(impairment) of investment in associate		**-**	(851,848)
Impairment of investments in joint venture		**-**	57,489
Share of net profits/(losses) of associates accounted for using the equity method	7b	**(362,146)**	(83,677)
Net gain on dilution of interest in associates	7b	**202,625**	312,649
Gain/(loss) on transfer from associated account to fair value through P&L	7b	**64,426**	-
Profit/(Loss) before income tax		**(7,301,166)**	(2,329,787)
Income tax benefit / (expense)		**-**	-
Profit/(Loss) after income tax		**(7,301,166)**	(2,329,787)
Other comprehensive income/(expenditure) net of tax			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange differences arising on translation of foreign operations		**23,153**	(4,021)
Share of reserves of associate accounted for using the equity method	7b	**113,125**	89,927
Total comprehensive income / (loss) for the period		**(7,164,888)**	(2,243,881)
Profit/(Loss) after income tax attributable to:			
Members of Cyclone Metals Limited		**(7,301,166)**	(2,329,787)
		(7,301,166)	(2,329,787)
Total comprehensive income / (loss) attributable to:			
Members of Cyclone Metals Limited		**(7,164,888)**	(2,243,881)
		(7,164,888)	(2,243,881)
Profit/(Loss) per share attributable to members of Cyclone Metals Limited			
Basic profit/(loss) per share (cents per share)		**(0.26)**	(0.22)
Diluted profit/(loss) per share (cents per share)		**(0.26)**	(0.22)

The accompanying notes form part of this financial report.

CYCLONE METALS LTD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMEBER 2020

	Note	As at 31 December 2020 $	30 June 2020 $
CURRENT ASSETS			
Cash and cash equivalents		**1,555,488**	238,222
Restricted cash		**17,500**	12,500
Trade and other receivables	4	**267,976**	293,305
Other financial assets	5	**3,931,574**	-
TOTAL CURRENT ASSETS		**5,772,538**	544,027
NON-CURRENT ASSETS			
Other financial assets	5	**1,436,237**	884,679
Investments accounted for using the equity method	7	**1,849,637**	5,052,941
Plant and equipment		**72,815**	81,923
Exploration and evaluation expenditure	6	**-**	-
TOTAL NON-CURRENT ASSETS		**3,358,689**	6,019,543
TOTAL ASSETS		**9,131,227**	**6,563,570**
CURRENT LIABILITIES			
Trade and other payables	10	**854,670**	2,506,410
Provisions		**85,554**	81,137
Current tax liabilities	8	**1,512,999**	1,773,171
Convertible notes	9	**-**	206,773
Short term loan payables	11	**-**	2,200,000
TOTAL CURRENT LIABILITIES		**2,453,223**	6,767,491
NON CURRENT LIABILITIES			
Convertible note	9	**103,204**	69,643
Non-current tax liabilities	8	**1,300,861**	1,300,861
TOTAL NON CURRENT LIABILITIES		**1,404,065**	1,370,504
TOTAL LIABILITIES/(DEFICIENCY)		**3,857,288**	**8,137,995**
NET ASSETS		**5,273,939**	**(1,574,425)**
EQUITY			
Issued capital	12	**220,116,993**	206,133,405
Reserves		**24,051,622**	23,885,680
Accumulated loss		**(238,894,676)**	(231,593,510)
TOTAL EQUITY/(DEFICIENCY)		**5,273,939**	**(1,574,425)**

The accompanying notes form part of this financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF- YEAR ENDED 31 DECEMBER 2020

	Note	Issued Capital $	(Accumulated Loss) / Retained earnings $	Share Based Payment Reserve $	Foreign Currency Translation Reserve $	Business Combination Reserve $	Total Equity $
Balance at 1 July 2020		**206,133,405**	**(231,593,510)**	**2,757,033**	**22,219,148**	**(1,090,501)**	**(1,574,425)**
(Loss) for the year		-	(7,301,166)	-	-	-	(7,301,166)
Other comprehensive income							
Share of reserves of associate accounted for using the equity method		-	-	113,125	-	-	113,125
Foreign exchange differences arising on translation of foreign operations		-	-	-	23,153	-	23,153
Total comprehensive income for the half-year		-	(7,301,166)	113,125	23,153	-	(7,164,888)
Transactions with owners in their capacity as owners							
Share based payments		-	-	29,664	-	-	29,664
Shares issued during the period – Winance conversion	**9**	219,778	-	-	-	-	219,778
Shares issued during the period – Magna conversion	**9**	179,757	-	-	-	-	179,757
Shares issued during the period – Placement	**12**	3,165,500	-	-	-	-	3,165,500
Shares issued during the period – Creditor conversion	**10**	3,495,748	-	-	-	-	3,495,748
Shares issued during the period – Exercise of options	**12**	60,000	-	-	-	-	60,000
Shares issued during the period – Chairman shares	**12**	140,000	-	-	-	-	140,000
Shares issued during the period – Winance loan conversion	**11**	6,912,847	-	-	-	-	6,912,847
Capital raising costs		(190,042)	-	-	-	-	(190,042)
Transactions with equity holders in their capacity as equity holders		13,983,588	-	29,664	-	-	14,013,252
Balance at 31 December 2020		**220,116,993**	**(238,894,676)**	**2,899,822**	**22,242,301**	**(1,090,501)**	**5,273,939**

The accompanying notes form part of this financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF- YEAR ENDED 31 DECEMBER 2019

	Issued Capital $	(Accumulated Loss) / Retained earnings $	Share Based Payment Reserve $	Foreign Currency Translation Reserve $	Business Combination Reserve $	Total Equity $
Balance at 1 July 2019	**203,295,135**	**(230,059,028)**	**2,677,884**	**22,208,957**	**(1,090,501)**	**(2,967,553)**
(Loss) for the year	-	(2,329,787)	-	-	-	(2,329,787)
Other comprehensive income						
Share of reserves of associate accounted for using the equity method	-	-	66,528	23,399	-	89,927
Foreign exchange differences arising on translation of foreign operations	-	-	-	(4,021)	-	(4,021)
Total comprehensive income for the half-year	-	(2,329,787)	66,528	19,378	-	(2,243,881)
Transactions with owners in their capacity as owners						
Shares issued during the period	460,265	-	-	-	-	460,265
Transactions with equity holders in their capacity as equity holders	460,265	-	-	-	-	460,265
Balance at 31 December 2019	**203,755,400**	**(232,388,815)**	**2,744,412**	**22,228,335**	**(1,090,501)**	**(4,751,169)**

The accompanying notes form part of this financial report

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	For the six months ended 31 December 2020 $	31 December 2019 $
CASHFLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees (inclusive of GST)		**(911,611)**	(305,875)
Payments for exploration and evaluation		**(229,352)**	(328,317)
Interest received		**2,971**	303
Income tax paid	8	**(260,172)**	(260,172)
Transfer of funds from non-restricted to restricted		**(5,000)**	-
Net cash used in operating activities		**(1,403,164)**	(894,061)
CASHFLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(2,364)**	-
Purchase of equity investments		**(30,000)**	-
Proceeds on sale of equity investments	5a	**12,373**	-
Payment for other investments		**(325,037)**	-
Net cash from / (used in) investing activities		**(345,028)**	-
CASHFLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of convertible notes		**-**	1,200,000
Proceeds from the exercise of options		**60,000**	-
Transaction costs related to issue of convertible notes		**(160,042)**	(412,403)
Proceeds from share issue		**3,165,500**	-
Net cash provided by financing activities		**3,065,458**	787,597
Net increase/(decrease) in cash and cash equivalents		**1,317,266**	(106,464)
Cash and cash equivalents at beginning of period		**238,222**	210,106
Cash and cash equivalents at end of period		**1,555,488**	103,642

The accompanying notes form part of this financial report.

1. BASIS OF PREPARATION

General Information

This general purpose condensed financial report for the half-year ended 31 December 2020 has been prepared in accordance with Accounting Standard *AASB 134: Interim Financial Reporting* and the *Corporations Act 2001* and was authorised for issue in accordance with a resolution of Directors on 16 March 2021.

Cyclone Metals Limited (previously Cape Lambert Resources Limited) is a company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded in the ASX. The principal activity of the Consolidated Entity during the half-year was mineral investment, exploration and evaluation.

This half-year financial report is to be read in conjunction with the annual financial report for the year ended 30 June 2020 and any public announcements made by Cyclone and its controlled entities during the half-year in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001*.

The half-year financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report.

Going Concern

The consolidated financial statements of Cyclone have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the half-year ended 31 December 2020 the Consolidated Entity incurred a loss after income tax of $7,301,166 (31 December 2019: $2,329,787 loss), net cash outflows from operating activities of $1,403,164 (31 December 2019: $894,061), a working capital surplus of $3,319,315 (30 June 2020: $6,223,464 deficit) and at that date had cash on hand of $1,555,488 (30 June 2020: $238,222).

The Consolidated Entity's ability to continue as a going concern and to continue to fund its planned expanded activities is dependent on raising further capital, continued support from creditors and related parties, successful extension or renegotiation of borrowing facilities and reducing operational costs.

These conditions indicate a material uncertainty that may cast a significant doubt about the Consolidated Entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe that it is reasonably foreseeable that the Consolidated Entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The Consolidated Entity is progressing towards the reissuance of the relevant licences at the Marampa Iron Ore Project and developing the project;
- The Consolidated Entity requires additional capital for its next phase. The Company continues to seek funding options;
- Continued support from external creditors allowing for the deferred payment of certain liabilities;
- The Consolidated Entity is engaging with the ATO regarding the outstanding debt; and
- Ability to realise certain of the Consolidated Entity's financial assets through the sale of its listed shares.

Should the Consolidated Entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the consolidated entity not continue as a going concern.

Significant Accounting Policies

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half-year. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards with the exception of the following:

Conceptual Framework for Financial Reporting and relevant amending standards (Conceptual Framework)

The Consolidated Entity has adopted the Conceptual Framework with the date of initial application being 1 July 2020.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows:

- Chapter 1 – The objective of financial reporting
- Chapter 2 – Qualitative characteristics of useful financial information
- Chapter 3 – Financial statements and the reporting entity
- Chapter 4 – The elements of financial statements
- Chapter 5 – Recognition and derecognition
- Chapter 6 – Measurement
- Chapter 7 – Presentation and disclosure
- Chapter 8 – Concepts of capital and capital maintenance

Amendments to References to the Conceptual Framework in IFRS Standards has also been issued, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event. In addition, relief has been provided in applying IFRS 3 and developing accounting policies for regulatory account balances using IAS 8, such that entities must continue to apply the definitions of an asset and a liability (and supporting concepts) in the 2010 Conceptual Framework, and not the definitions in the revised Conceptual Framework.

At 1 July 2020 it was determined that the adoption of the Conceptual Framework had no impact on the Consolidated Entity.

AASB 2018-7 Definition of Material (Amendments to AASB 101 and AASB 108)

The Consolidated Entity has adopted AASB 2018-7 with the date of initial application being 1 July 2020.

This Standard amends AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

At 1 January 2020 it was determined that the adoption of AASB 2018-7 had no impact on the Consolidated Entity.

Standards and Interpretations in issue not yet adopted applicable to 31 December 2020

The Directors have reviewed the new and revised Standards and Interpretations in issue not yet adopted that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 January 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 the Consolidated Entity accounting policies. The Consolidated Entity has not elected to early adopt any new accounting standards and interpretations.

Significant estimates and judgments

The Consolidated Entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Refer to the most recent annual financial report for the year ended 30 June 2020 for a discussion of the significant estimates and judgments.

2. SEGMENT INFORMATION

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. In the case of the Consolidated Entity the CODM are the executive management team and all information reported to the CODM is based on the consolidated results of the Consolidated Entity as one operating segment, as the Consolidated Entity's activities relate to mineral exploration.

Accordingly, the Consolidated Entity has only one reportable segment and the results are the same as the Consolidated Entity's results.

Information by geographical region

The analysis of the location of non-current assets other than financial instruments and deferred tax assets is as follows:

	31 December 2020 $	30 June 2020 $
Australia	1,762,516	5,061,755
West Africa	65,210	73,108
	1,827,726	5,134,864

Revenue by geographical region

	31 December 2019 $	30 June 2020 $
Australia	1,762,516	324,910
West Africa	65,210	-
	1,827,726	324,910

3. PROFIT/(LOSS) FROM OPERATIONS	31 December 2020 $	31 December 2019 $
(a) Revenue		
Interest	2,971	303
Rental revenue	-	221,291
	2,971	221,594
(b) Other income		
Foreign currency gain / (loss)	1,695	(5,934)
Sale of tenement income	35,000	-
Government grants	10,000	-
Other	-	10,577
	46,695	4,643

4. TRADE AND OTHER RECEIVABLES

	31 December 2020 $	30 June 2020 $
Trade and other receivables – current		
Trade debtors	3,785,179	3,850,527
Deferred consideration receivable (a)	2,500,000	2,500,000
GST recoverable and other debtors	76,576	26,321
Prepayments	-	10,236
Loans receivable (b)	-	-
Expected credit loss allowance	(6,093,779)	(6,093,779)
	267,976	293,3052

(a) Deferred consideration receivable payable on the achievement of a production milestone. This receivable has been previously provided for in full.

(b) Current loans receivable at balance date are made up as follows:

	Interest rate	Carrying value of loans 31 December 2020 $	30 June 2020 $
Current			
Convertible loan note of $250,250	15.0%	159,250	159,250
Loan of USD$8,000,000	Libor + 6%	10,447,200	10,447,200
Carrying value of loans		10,606,450	10,606,450
Impairment of receivables		(10,606,450)	(10,606,450)
Current carrying value at amortised cost at balance date		-	-

5. OTHER FINANCIAL ASSETS

	31 December 2020 $	30 June 2020 $
Current		
Financial Assets at Fair value through Profit or Loss		
Shares in listed entities (a)	3,931,574	-
	3,931,574	-
Non-Current		
Financial Assets at Fair value through Profit or Loss		
Shares in listed entities (a)	1,418,802	867,244
Shares in unlisted entities	17,435	17,435
	1,436,237	884,679
Total Financial Assets	5,367,811	884,679

(a) Movements in the carrying amount of the non-current shares in listed entities	**31 December 2020 $**	**30 June 2020 $**
Brought forward	867,244	979,620
Reclassification of financial asset at fair value through profit or loss to/(from) investment in associate	3,221,334	-
Gain/(Loss) on fair value of financial assets through profit and loss	1,274,171	(112,376)
Disposal of equity investments	(12,373)	-
	5,350,376	**867,244**

6. EXPLORATION AND EVALUATION EXPENDITURE	31 December 2020 $	30 June 2020 $
Exploration and evaluation phases	-	-
Movement in carrying amounts		
Brought forward	-	-
Exploration and evaluation expenditure capitalised	124,384	344,648
Exploration expenditure de-recognised during the period	(124,384)	(344,648)
Total exploration and evaluation phases	-	-

7. INVESTMENTS IN ASSOCIATED ENTITIES	31 December 2020 $	30 June 2020 $
Investments in associates accounted for using the equity method	1,849,637	5,052,941

(a) Investment details	Percentage held at balance date		31 December 2020	30 June 2020
	31 December 2020	30 June 2020	$	$
European Lithium Limited [1]	-	9.73	-	3,156,907
Fe Limited	26.85	29.84	1,849,637	1,896,034
			1,849,637	5,052,941

[1] Given the Company holds less than 20% interest in European Lithium Ltd (EUR), and that Mr Turner resigned as a Director of EUR on 2 September 2020, and as such Tony Sage is the only similar Director on EUR and Cyclone Metals Ltd, the Company is considered to no longer have significant influence over the investment and accordingly is no longer equity accounted for. Instead, the Company's shareholding in EUR is accounted for a fair value through profit and loss.

(b) Movements in the carrying amount of the investment in associates	31 December 2020 $	30 June 2020 $
Balance at beginning of period	5,052,941	6,030,739
Sale of shares	-	-
Purchase of shares	-	3,982
Share of profits/(losses) of associates recognised during the period	(362,146)	1,430,813
Share of reserves of associates recognised during the period	113,125	95,513
Net gain on dilution of interest in associates	202,625	483,806
Reclassification to Financial Assets at fair value through Profit and Loss	(3,221,334)	-
Gain/(loss on transfer from associated account to fair value through P&L	64,426	-
Impairment (loss)	-	(2,991,912)
	1,849,637	5,052,941

(c) Fair value of investments in listed associates

The fair value of listed associates has been determined by reference to published price quotations in an active market (level 1 in the fair value hierarchy).

	31 December 2020 $	30 June 2020 $
European Lithium Limited	-	3,156,907
Fe Limited	5,833,945	1,896,034

8. TAX LIABILITY	31 December 2020 $	30 June 2020 $
Current	1,512,999	1,773,171
Non-current	1,300,861	1,300,861
	2,813,860	**3,074,032**

	31 December 2020 $	30 June 2020 $
Balance at beginning of period	3,074,032	3,903,572
Repayments of income tax	(260,172)	(829,540)
Balance at end of period	2,813,860	3,074,032

9. CONVERTIBLE NOTE	31 December 2020 $	30 June 2020 $
Current	-	206,773
Non-current	103,204	69,643
	103,204	**276,416**

	31 December 2020 $	30 June 2020 $
Balance at beginning of period	276,416	459,737
Funds borrowed under convertible loan agreement	-	1,200,000
Finance charges	6,546	192,359
Amounts repaid through cash	-	(90,212)
Amounts repaid through issue of shares	(179,758)	(1,043,468)
Amounts transferred to trade and other payables	-	(442,000)
Balance at end of period	103,204	276,416

(a) Magna

During the year, Magna elected to convert 108,612 notes borrowed under the convertible loan agreement into 35,951,448 fully paid ordinary shares of the Company.

As at 31 December 2020, Magna had nil convertible notes.

(b) Winance

As at 31 December 2020, Winance had 10 convertible notes remaining at a fair value of $103,206.

10. TRADE AND OTHER PAYABLES	31 December 2020 $	30 June 2020 $
Trade & Other Payables	757,366	1,600,028
Other creditors and accruals	96,876	905,175
Withholding tax	428	1,207
	854,670	2,506,410

11. LOAN PAYABLE

	31 December 2020 $	30 June 2020 $
Current	-	2,200,000
Non-current	-	-
	-	2,200,000

(a) Movements in the carrying amount of loan payable

	31 December 2020 $	30 June 2020 $
Balance at beginning of period	2,200,000	1,422,736
Proceeds from borrowings	-	2,200,000
Repayment of borrowings (a)	(2,200,000)	(1,422,736)
Foreign exchange	-	-
	-	2,200,000

(a) Winance

On 16 October 2020, the Company issued 146,518,667 Winance Debt Shares to satisfy interest payable under the Winance Loan following receipt of shareholder approval at the EGM.

On 22 October 2020, the Company issued 450,000,000 Winance Debt Shares at a price of $0.004 per Share to Winance in part reduction ($1,800,000) of the Winance Loan. The fair value of these shares on issue date was $0.009 per share which resulted in a loss in the extinguishment of liabilities of $2,250,000.

On 30 November 2020, the Company issued 318,094,100 Winance Debt Shares at a price of $0.004 per Share to satisfy the balance of the Winance Loan. The fair value of these shares on issue date was $0.009 per share which resulted in a loss in the extinguishment of liabilities of $1,590,471.

At 31 December 2020, the Winance Loan had been repaid in full.

12. ISSUED CAPITAL

(a) Ordinary shares

	31 December 2020 $	30 June 2020 $
4,532,236,982 fully paid ordinary shares (30 June 2020: 1,736,981,667)	**220,116,993**	206,133,405

	Ordinary fully paid shares Number	$
Shares on issue at 1 July 2020	**1,736,981,667**	206,133,405
Shares issued during the period – Winance conversion (note 11a)	**146,518,667**	219,778
Shares issued during the period – Magna conversion (note 9a)	**35,951,450**	179,757
Shares issued during the period – Placement (i)	**1,454,192,811**	3,165,500
Shares issued during the period – Creditor conversion (ii)	**360,498,287**	3,495,748
Shares issued during the period – Exercise of options	**10,000,000**	60,000
Shares issued during the period – Chairman shares (note 14)	**20,000,000**	140,000
Shares issued during the period – Winance Loan (note 9a)	**768,094,100**	6,912,847
Capital raising costs	**-**	(190,042)
	4,532,236,982	220,116,993

(i) Placements

The following shares were issued via share placement during the half year ended 31 December 2020:

- On 25 August 2020, the Company issued 69,722,223 shares at an issue price of $0.0018 per share to raise proceeds of approximately $125,500 (before expenses).
- At various dates in October 2020, the Company issued 1,176,470,588 shares at an issue price of $0.0017 per share to raise proceeds of $2,000,000 (before expenses).
- On 18 December 2020, the Company issued 208,000,000 shares at an issue price of $0.005 per shares to raise proceeds of $1,040,000 (before expenses).

(ii) Creditor Conversions

The following shares were issued in settlement of liabilities during the half year ended 31 December 2020:

- On 15 October 2020 the Company issued 125,631,533 shares to settle liabilities of $188,447 at a deemed issue price of $0.0015 per share as approved by shareholders at the Company's GM held on 6 October 2020 (resolution 9). The fair value of these shares on issue date was $0.011 per share which resulted in a loss in the extinguishment of liabilities of $1,193,500.
- On 16 October 2020 the Company issued 196,248,087 shares to settle liabilities of $294,72 at a deemed issue price of $0.0015 per share as approved by shareholders at the Company's GM held on 6 October 2020 (resolution 4). The fair value of these shares on issue date was $0.09 per share which resulted in a loss in the extinguishment of liabilities of $1,471,861 (Refer to note 14).
- On 16 October 2020 the Company issued 10,618,667 shares to settle liabilities of $15,928 at a deemed issue price of $0.0015 per share as approved by shareholders at the Company's GM held on 6 October 2020 (resolution 5). The fair value of these shares on issue date was $0.09 per share which resulted in a loss in the extinguishment of liabilities of $79,640 (Refer to note 14).
- On 16 October 2020 the Company issued 22,000 shares to settle liabilities of $33,000 at a deemed issue price of $0.0015 per share as approved by shareholders at the Company's GM held on 6 October 2020 (resolution 6). The fair value of these shares on issue date was $0.09 per share which resulted in a loss in the extinguishment of liabilities of $165,000 (Refer to note 14).
- On 18 December 2020, the Company issued 6,000,000 shares to settle liabilities of $30,000 at a deemed issue price of $0.009 per share. The fair value of these shares on issue date was $0.09 per share which resulted in a loss in the extinguishment of liabilities of $24,000.

(b) Options

At 31 December 2020, the unissued ordinary shares of the Company under option are as follows:

Date of Expiry	Status	Exercise Price	Number of Options
30/06/2021	Unlisted	$0.03	15,000,000
13/12/2020	Unlisted	$0.005	5,000,000
18/12/2021	Unlisted	$0.005	107,000,000
30/06/2023	Unlisted	$0.006	11,200,000
			138,200,000

(c) Share based payments	**31 December 2020**	**30 June 2020**
Share Based Payment Reserve	**$**	**$**
Share-Based Payment Expense		
Director Fees – options issued	-	3,005
Director shares (note14)	140,000	-
Corporate Advisor – options issued	29,664	-
Total Expense Recognised in Profit & Loss	169,664	3,005
Capital Raising Costs		
Corporate Advisor – options issued	-	152,971
Total Expense Recognised in Equity	-	152,971
Total Share Based Payments Expense	-	155,976

13. CONTINGENT ASSETS AND LIABILITIES

The Company had no other movements in contingent liabilities as at 31 December 2020 from those disclosed at 30 June 2020.

14. RELATED PARTY TRANSACTIONS

On 16 October 2020 the Company issued 196,248,087 shares to Okewood Pty Ltd, an entity controlled by Director Tony Sage, to settle liabilities of $294,372 at a deemed issue price of $0.0015 per share as approved by shareholders at the Company's GM held on 6 October 2020 (resolution 4). The fair value of these shares on issue date was $0.09 per share which resulted in a loss in the extinguishment of liabilities of $1,471,861 (Refer to note 14).

On 16 October 2020 the Company issued 10,618,667 shares to Haven Resources Pty Ltd, an entity controlled by Director Mark Hancock, to settle liabilities of $15,928 at a deemed issue price of $0.0015 per share as approved by shareholders at the Company's GM held on 6 October 2020 (resolution 5). The fair value of these shares on issue date was $0.09 per share which resulted in a loss in the extinguishment of liabilities of $79,640 (Refer to note 14).

On 16 October 2020 the Company issued 22,000 shares to Marnichar Nominees Pty Ltd ATF the Hallemar Trust trading as CRMS, an entity controlled by Director Timothy Turner, to settle liabilities of $33,000 at a deemed issue price of $0.0015 per share as approved by shareholders at the Company's GM held on 6 October 2020 (resolution 6). The fair value of these shares on issue date was $0.09 per share which resulted in a loss in the extinguishment of

On 16 October 2020, the Company issued 20,000,000 fully paid ordinary sign-on bonus shares to Mr Terry Donnelly, the appointed Non-Executive Chairman of the Company. The shares were issued following receipt of shareholder approval at the EGM held on 6 October 2020.

During the half year ended 31 December 2020, the Company paid an amount of $24,819 to a Director related entity for commission in respect to the placements which completed in October and December.

There are no significant changes to the nature of related party relationships and transactions from those disclosed in the 30 June 2020 annual financial report.

15. EVENTS SUBSEQUENT TO REPORTING DATE

On 8 January 2021, the Company made two instalment payments to the ATO totalling $520k reducing the current tax liability.

On 12 January 2021, the Company entered into a deed of discharge and payment of debt agreement with a creditor of the Company to settle debts of $363,673 for a settlement amount of $100,000.

On 3 March 2021, the Company made one instalment payment to the ATO totalling $260k reducing the current tax liability.

There are no other matters or circumstances that have arisen since the end of the half year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in the future financial years.

16. FINANCIAL INSTRUMENTS

Fair value measurement

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes. The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values as the carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

Financial Instruments Measured at Fair Value

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

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

31 December 2020	**Level 1** **$**	**Level 2** **$**	**Level 3** **$**	**Total** **$**
Financial assets:				
Investments in listed shares	5,350,376	-	-	5,350,376
Investments in unlisted shares	-	-	17,435	17,435
Financial liabilities:				
Convertible notes liability	-	103,204	-	103,204

30 June 2020	**Level 1** **$**	**Level 2** **$**	**Level 3** **$**	**Total** **$**
Financial assets:				
Investments in listed shares	867,244	-	-	867,244
Investments in unlisted shares	-	-	17,435	17,435
Financial liabilities:				
Convertible notes liability	-	276,416	-	276,416

DIRECTORS' DECLARATION

In the opinion of the directors:

(a) The financial statements and notes of the Consolidated Entity for the half-year ended 31 December 2020 are in accordance with the *Corporations Act 2001,* including:

(i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

(ii) complying with Australian Accounting Standard *AASB 134 Interim Financial Reporting*, International Financial Reporting Standard, IAS 34 Interim Financial Reporting and the Corporations Regulations 2001, and other mandatory professional reporting requirements.

(b) Subject to the matters set out in Note 1, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

____

Tony Sage
Director

Dated this 16 day of March 2021

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Cyclone Metals Limited

Report on the Half-Year Financial Report

Conclusion

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

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

(i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

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

Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

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

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

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 16 March 2021