



MEDALLION METALS

L I M I T E D

Interim Financial Report
For the half year ended 31 December 2021

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Corporate directory

Directors

John Fitzgerald	Non-Executive Director, Chair
Tony James	Non-Executive Director
Ed Ainscough	Non-Executive Director
Paul Bennett	Managing Director

Management

Ben Larkin	Chief Financial Officer & Company Secretary
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Website: www.automicgroup.com.au

Stock Exchange Listing

ASX Ltd
ASX code: MM8

Auditor

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Perth WA 6000
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Directors' Report

Directors' report for the six months ended 31 December 2021

The directors of Medallion Metals Limited (the **Company** or **Medallion**) present their report together with the consolidated interim financial statements of the Medallion group, being the Company and its subsidiaries (together the **Group**), for the six months ended 31 December 2021 (the **period**) and the auditor's review report thereon.

Directors

The directors of the Company at any time during or since the end of the period are as set out below. Directors were in office for the entire period unless otherwise stated.

Mr John Fitzgerald	Non-Executive Director, Chair
Mr Paul Bennett	Managing Director
Mr Anthony (Tony) James	Non-Executive Director
Mr Edmund Ainscough	Non-Executive Director

Financial performance

The Company's net loss after tax attributable to the shareholders for the half year to 31 December 2021 was \$119,105 (31 December 2020 loss: \$1,749,376). The Company's net assets increased during the half year by \$4,765,350 (31 December 2020 decreased: \$1,569,976). The Company's cash position, inclusive of restricted cash, as at 31 December 2021 was \$6,801,609 (31 December 2020: \$657,924).

Review of operations

Exploration and evaluation activities

Overview

The Company continued exploration and evaluation efforts at the Ravensthorpe Gold Project (**RGP**), located in the Goldfields-Esperance region of Western Australia. During the period, approximately 18,000 m of Reverse Circulation (**RC**) and Diamond Drilling (**DDH**) was completed at RGP. Drilling during the half year yielded multiple high-grade gold and copper results from extensional drilling at the Kundip Mining Centre (**KMC**) and regional programs at the Meridian and Ariel prospects.

Directors' Report

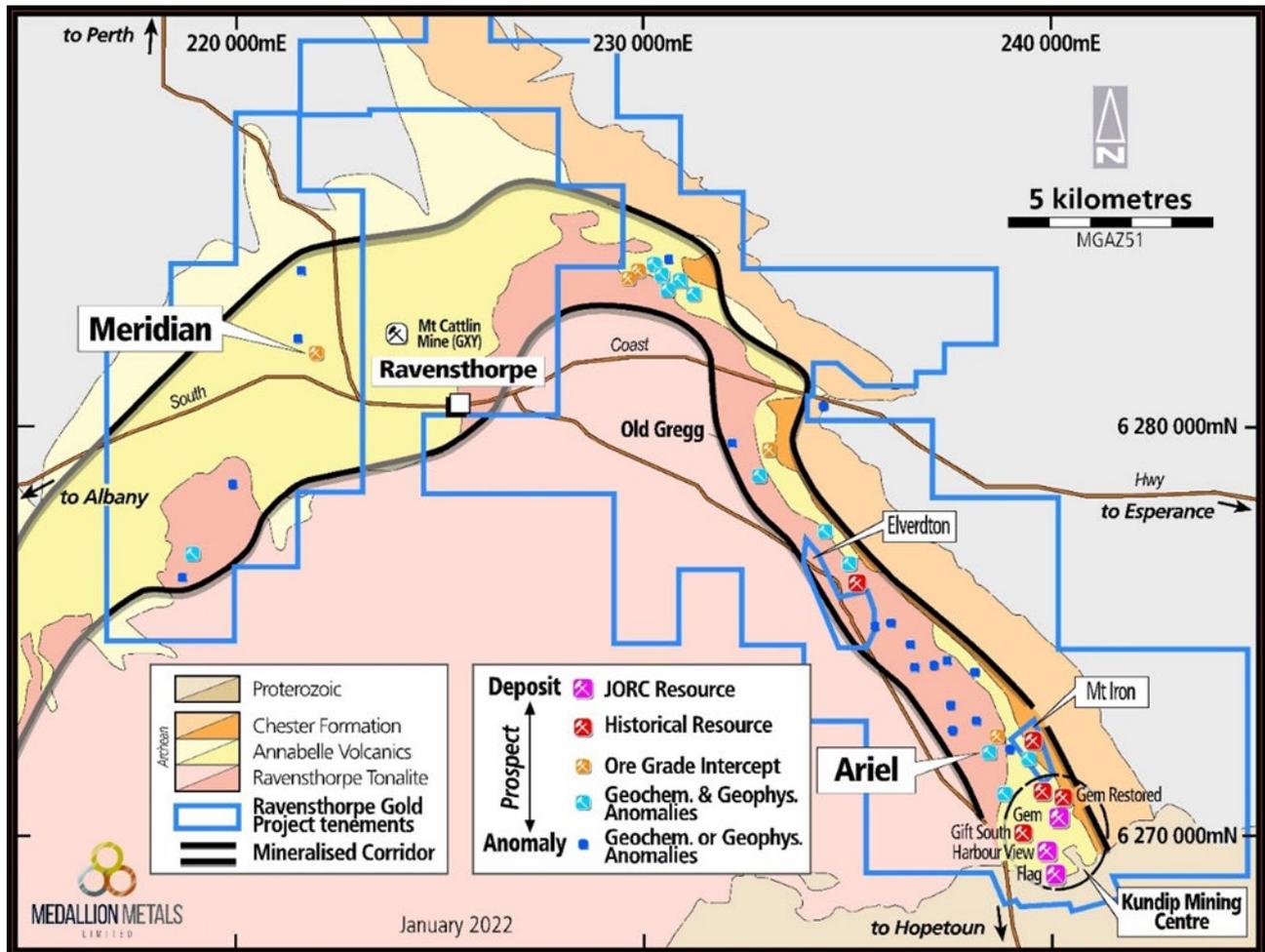


Figure 1: Plan view of the Ravensthorpe Gold Project highlighting Medallion's dominant ground holding over the Annabelle Volcanics. The Ariel Prospect is situated approximately 2km north-west of the Kundip Mining Centre in the south-east. The Meridian prospect is situated approximately 4km to the west of the Ravensthorpe townsite bordering the Mt Cattlin spodumene mine.

Kundip Mining Centre

Medallion continued to advance its extensional drill programme at KMC during the half. KMC is located approximately 20 km south-east of the regional centre of Ravensthorpe (Figure 1) and is host to the Company's JORC 2012 gold Mineral Resource Estimate (MRE) of approximately 674,000 oz¹.

During the period Medallion completed approximately 16,000m of extensional RC and DDH at KMC. Results reported during the period demonstrated that the significant structures at KMC that are the focus of extensional drill program were open at depth and along strike over long distances. The majority of drilling undertaken at KMC focused on the Gem Restored, Gem (formerly Kaolin) and Harbour View prospects. These prospects will be the subject of an MRE update in the first half of calendar 2022. In addition to drilling, ground based and down hole geophysical survey programmes were undertaken. Structural analysis of DDH core was also carried out. The geophysics and structural work was used to generate additional extensional drill targets.

Meridian

The Company confirmed the existence of a substantial mineralised system in first pass RC drilling at the regional Meridian prospect, located 21km northwest of KMC (Figure 1). Drilling undertaken during the period comprised 11 holes for 1,224m. Results of the drilling confirmed the presence of a mineralised system at Meridian over at least a 700m strike length which is open in all directions. Subsequent to the completion of the RC drilling, 3 holes were surveyed by downhole

¹ Refer to the Company's Prospectus lodged with ASX on 18 March 2021 for further information.

Directors' Report

electromagnetics highlighting 3 conductor plates that may represent massive sulphide lodes. Follow up drilling has been completed in 2022 with assay results pending.

Ariel

The Company carried out first pass bedrock drilling of 6 RC holes totalling 741m at the Ariel prospect (2km to the north-west of KMC, (Figure 1)) testing a co-incident geochemical and geophysical anomaly identified in 2018. Gold mineralisation identified was predominantly shallow with 5 of the 6 holes drilled intersecting reportable gold grades (> 0.3g/t Au) from less than 20m below surface. Several bedrock zones of sulphide (pyrite-chalcopyrite) with quartz veining were also intersected within a quartz granodiorite host rock unique to the Ariel system.

Mineral Resource Estimate

The Company has commenced a MRE update for KMC, which will incorporate the drill results from the entire 2021 calendar year drill program, in combination with the historical drill results. The Company expects to report the MRE update early in the June 2022 quarter, with the aim of building a gold resource in excess of 1 million ounces.

Metallurgical Review

During the period, Medallion consolidated and reported the significant quantity of historical testwork performed at RGP. Recovery averages of 95.9% and 92.5% for gold from historical gravity-flotation-leach and gravity-leach tests and recovery averages of 73.0% for copper for historical flotation tests have been reported on RGP ores².

GR Engineering Services Limited (**GRES**) was engaged to review the consolidated historical metallurgical testwork to confirm the conventional process route for RGP ore and to advise on further work required to support a future Definitive Feasibility Study. Results of the GRES metallurgical review are expected to be announced early in the March 2022 quarter.

Ravensthorpe Camp

Medallion's 89-person Worker Accommodation Village (**Camp**) located in the regional centre of Ravensthorpe continued to provide accommodation services to third party businesses operating in the region. A total of 9,638 accommodation days were invoiced during the half, resulting in Camp revenue of approximately \$1.1 million. The Company expects strong demand to continue for accommodation services at the Camp for the foreseeable future.

Nickel Tenure Divestment

During the period, the Company concluded the divestment of the RAV8 Nickel Project and nickel rights over certain nickel tenure to NickelSearch Limited (ASX:NIS, **NickelSearch**). The divestment was completed in October 2021 following NickelSearch's successful \$10 million Initial Public Offer (**IPO**) and the issue of 15,713,662 NickelSearch consideration shares to the Company. Medallion holds approximately 15.1% of the total NickelSearch shares on issue with a market value of approximately \$3.4 million as at the date of this report.

Placement

During the period, the Company undertook a two-tranche placement to raise approximately \$4.8 million before costs (**Placement**). The Placement comprised:

- the issue of 24,674,833 fully paid ordinary shares to sophisticated investors (**Tranche 1 Placement**) at an issue price of \$0.19 per share, placed under the Company's ASX Listing Rule 7.1 capacity; and
- the issue of 394,737 fully paid ordinary shares to directors of the Company at the same issue price as the Tranche 1 Placement (**Tranche 2 Placement**), subject to shareholder approval, which was received on 31 January 2022.

² Refer to ASX announcement dated 13 October 2021 for further information.

Directors' Report

Subsequent events

Broker Options

On 31 January 2022, the Company granted 4,000,000 unlisted options as approved by shareholders of the Company at a General Meeting held on the same date. The unlisted options were issued as part consideration for lead manager services provided by Canaccord relation to the Placement (**Broker Options**). The Broker Options consist of two tranches:

- 2,000,000 options exercisable at \$0.285 per option and expiring on 31 January 2025; and
- 2,000,000 options exercisable at \$0.38 per option and expiring on 31 January 2025.

Tranche 2 Placement

Following shareholder approval at a General Meeting held on 31 January 2022, the Company issued 394,737 shares in relation to the Tranche 2 Placement.

Other than as disclosed in this Directors' Report, there have been no other events subsequent to balance date which would have a material effect on the Group's interim financial report.

Going concern

The directors draw attention to note 3 a) of the consolidated interim financial statements in relation to matters regarding going concern.

Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 21 and forms part of the directors' report for the six months ended 31 December 2021.

This report is made with a resolution of the directors:



Paul Bennett

Managing Director

Dated at Perth, this 11th day of March 2022

Consolidated interim financial statements

Consolidated interim statement of financial position

As at 31 December 2021

	Note	Dec 2021 \$	Jun 2021 \$
Assets			
Cash and cash equivalents		6,727,305	8,821,124
Restricted cash		74,304	74,304
Prepayments		23,837	76,292
Trade and other receivables		223,129	440,786
Total current assets		7,048,575	9,412,506
Listed equity instruments	6	2,592,754	-
Exploration and evaluation assets	7	8,039,120	6,520,854
Property, plant and equipment	8	862,782	816,053
Right of use assets		67,127	102,810
Total non-current assets		11,561,783	7,439,717
Total assets		18,610,358	16,852,223
Liabilities			
Trade and other payables		(550,539)	(1,869,087)
Lease liabilities		(53,616)	(69,230)
Employee benefits		(164,938)	(149,964)
Total current liabilities		(769,093)	(2,088,281)
Lease liabilities		(14,645)	(38,380)
Borrowings		(4,000,000)	(4,000,000)
Provisions	9	(698,552)	(2,362,844)
Total non-current liabilities		(4,713,197)	(6,401,224)
Total liabilities		(5,482,290)	(8,489,505)
Net assets		13,128,068	8,362,718
Equity			
Share capital	10	23,763,790	19,361,365
Reserves		2,830,711	2,348,680
Accumulated losses		(13,466,433)	(13,347,327)
Total equity		13,128,068	8,362,718

The notes on pages 12 to 17 are an integral part of these consolidated interim financial statements.

Consolidated interim financial statements

Consolidated interim statement of profit or loss and other comprehensive income

For the six months ended 31 December 2021

	Note	Dec 2021 \$	Dec 2020 \$
Camp revenue		1,060,824	-
Net gain on disposal of non-current assets	5	3,620,629	-
Grants and subsidies		-	113,000
Administrative expenses		(1,385,283)	(1,080,477)
Exploration and evaluation expenses		(2,745,905)	(755,767)
Changes in fair value of equity listed investments	6	(549,978)	-
Results from operating activities		287	(1,723,244)
Finance income		7,101	2,006
Finance expense		(126,494)	(28,138)
Net finance expense		(119,393)	(26,132)
Income tax benefit/(expense)		-	-
Loss for the period after income tax		(119,106)	(1,749,376)
Other comprehensive profit/(loss)			
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive profit/(loss) for the period net of tax		-	-
Total comprehensive loss for the period		(119,106)	(1,749,376)
Earnings per share			
Basic loss per share		(0.00)	(0.01)
Diluted loss per share		(0.00)	(0.01)

The notes on pages 12 to 17 are an integral part of these consolidated interim financial statements.

Consolidated interim financial statements

Consolidated interim statement of changes in equity

For the six months ended 31 December 2021

	Note	Share Capital \$	Share Option Reserve \$	Accumulated Losses \$	Total Equity \$
Balance 1 July 2020		8,104,240	1,186,650	(9,574,255)	(283,365)
Total comprehensive loss for the period					
Loss for the period		-	-	(1,749,376)	(1,749,376)
Total comprehensive loss for the period		-	-	(1,749,376)	(1,749,376)
Transactions with owners recorded directly in equity					
contributions by and distributions to owners					
Share options exercised		3,585	-	-	3,585
Share based payments		-	175,814	-	175,814
Total contributions by and distributions to owners		3,585	175,814	-	179,399
Balance as at 31 December 2020		8,107,825	1,362,464	(11,323,631)	(1,853,342)

	Note	Share Capital \$	Share Option Reserve \$	Accumulated Losses \$	Total Equity \$
Balance 1 July 2021		19,361,365	2,348,680	(13,347,327)	8,362,718
Total comprehensive loss for the period					
Loss for the period		-	-	(119,106)	(119,106)
Total comprehensive loss for the period		-	-	(119,106)	(119,106)
Transactions with owners recorded directly in equity					
contributions by and distributions to owners					
Issue of shares, net of costs	10	4,402,425	-	-	4,402,425
Share based payments	11	-	482,031	-	482,031
Total contributions by and distributions to owners		4,402,425	482,031	-	4,884,456
Balance as at 31 December 2021		23,763,790	2,830,711	(13,466,433)	13,128,068

The notes on pages 12 to 17 are an integral part of these consolidated interim financial statements.

Consolidated interim financial statements

Consolidated interim statement of cash flows

For the six months ended 31 December 2021

	Dec 2021	Dec 2020
	\$	\$
Cash flows from operating activities		
Loss for the period	(119,106)	(1,749,376)
Adjustments for:		
Depreciation	59,759	33,052
Net finance costs	112,636	26,133
Sale of non-current assets, settled in shares	(3,620,629)	-
Changes in fair value of listed equity instruments	549,978	-
Equity settled share based payment transactions	482,031	175,814
	(2,535,331)	(1,514,377)
Changes in:		
Prepayments	52,455	1,999
Trade and other receivables	217,657	(21,694)
Trade and other payables	(869,909)	4,556
Employee benefits and provisions	14,973	98,798
Net cash used in operating activities	(3,120,155)	(1,430,718)
Cash flows from investing activities		
Interest received	6,372	1,753
Payments for property, plant & equipment	(519,443)	(23,271)
Payments for exploration and evaluation assets	(2,704,661)	(134,580)
Net cash used in investing activities	(3,217,732)	(156,098)
Cash flows from financing activities		
Proceeds from the issue of shares, net of costs	4,402,425	-
Proceeds from the exercise of options	-	3,585
Payments for interest on borrowings	(119,007)	-
Payments for lease liabilities	(39,350)	(13,983)
Transfers to restricted cash	-	(34,304)
Net cash provided by/(used in) financing activities	4,244,068	(44,702)
Net decrease in cash and cash equivalents	(2,093,819)	(1,631,518)
Cash and cash equivalents as at 30 June	8,821,124	2,255,138
Cash and cash equivalents as at 31 December	6,727,305	623,620

The notes on pages 12 to 17 are an integral part of these consolidated interim financial statements.

Notes to the consolidated interim financial statements

1. Reporting entity

Medallion Metals Limited (the **Company**) is a for profit public company limited by shares and incorporated in Australia.

The consolidated interim financial statements of the Company as at and for the period from 1 July 2021 to 31 December 2021 comprise the Company and its subsidiaries (together referred to as the **Group**). The nature of the operations and principal activities of the Group are as described in the Directors' Report.

2. Statement of compliance

The consolidated interim financial statements are a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated annual report of the Group as at and for the year ended 30 June 2021.

The consolidated interim financial statements were approved by the Board of Directors on 11 March 2022.

3. Basis of preparation

a) Going concern

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

For the period ended 31 December 2021, the Group produced a loss after income tax of \$119,106. Cash outflows from operations and investment activities were \$6,337,885. As at 31 December 2021 the Group has a net working capital surplus, inclusive of current provisions, of \$6,279,482.

Based on the Group's future cashflow forecast, the Group will require additional funding in the next 12 months to enable it to continue its normal business activities and to ensure the realisation of assets and extinguishment of liabilities as and when they fall due, including progression of its exploration and project development activities and meeting its annual tenement expenditure commitments.

The ability of the Group to continue as a going concern is dependent upon the Group securing additional funding through raising equity or undertaking a whole or partial sale of interests in its mineral exploration assets.

On 31 January 2020, the COVID-19 pandemic announced by the World Health Organisation is having a negative impact on world stock markets, currencies and general business activity. The Company has developed a policy and is evolving procedures to address the health and wellbeing of employees, consultants and contractors in relation to COVID-19. The timing and extent of the impact and recovery from COVID-19 is unknown but it may have an impact on activities and potentially impact the ability for the Group to raise capital in the current prevailing market conditions.

These conditions indicate a material uncertainty that may cast significant doubt about the Group'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 are satisfied that at the date of signing of the financial report, there are reasonable grounds to believe that the Group will be able to raise additional funds to meet its debts as and when they fall due and it is appropriate for the financial statements to be prepared on a going concern basis. Should the Group not be able to raise additional funds, the Group may:

- scale back certain activities that are non-essential so as to conserve cash; and/or
- undertake a whole or partial sale of interests in mineral exploration assets.

Should the Group 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, and at amounts that differ from those stated in the

Notes to the consolidated interim financial statements

financial statements. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

b) Significant accounting policies, judgements and estimates

Except as noted below, the accounting policies, significant judgements and estimates applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its consolidated annual financial report as at and for the year ended 30 June 2021.

(i) Share based payments

During the period, the Company granted 968,600 incentive options to employees of the Company. Refer to Note 13 for further details regarding the option grant.

A portion of the options are subject to a performance condition which must be satisfied in order for the options to vest. The performance condition comprises a non-market condition in the form of the requirement to achieve a specified level of JORC Resources.

While the timing of the satisfaction of the performance condition is not known at grant date, it is required to be estimated for the purposes of determining the period over which the option values will be expensed. The Company has estimated the timing of the satisfaction of the performance condition, assessing that it will be satisfied during the 2022 financial year. Accordingly, the Company will expense the value of the options which are subject to the performance condition in full during the 2022 financial year.

(ii) Classification of listed equity investments

As described in Note 5, the Company has acquired 15,713,662 NickelSearch shares (NIS Shares), which has resulted in the Company directly holding 15.1% of the voting power of NickelSearch. Additionally, as Medallion holds more than 10% of the total NickelSearch shares on issue the Company has exercised its right to appoint one nominee non-executive director to the NickelSearch board of directors.

The Company has assessed whether it has 'significant influence' over NickelSearch as defined in AASB 128. The Group does not consider that it has 'significant influence' over NickelSearch due to holding less than 20% of the voting power, the existence of other substantial shareholders and considering the composition of the NickelSearch Board, consisting of five directors. As a result, it has been determined that the investment in NickelSearch will not be accounted for as an 'associate' and the Company will not apply the equity method of accounting as at 31 December 2021.

The Company has not elected to apply the option to designate the NIS Shares as being held at fair value through other comprehensive income' (FVOCI). Accordingly, the NIS Shares are held at 'fair value through profit or loss' (FVPL).

4. Segments

Operating segments

The Group identifies its operating segments based on the internal reports that are reviewed and used by the Managing Director (chief operating decision maker) in assessing performance and determining the allocation of resources.

The Group has one reportable segment, 'Mineral Exploration', which is the Group's strategic business unit.

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of activities earning revenue. Segment assets are based on the geographical location of assets.

The Group conducts all its activities within Australia and accordingly has assessed its sole geographical segment to be Australia.

Notes to the consolidated interim financial statements

5. Net gain on the disposal of non-current assets

	Dec 2021	Dec 2020
	\$	\$
Consideration received	3,142,732	-
De-recognition of site restoration provision	1,664,292	-
Disposal of exploration and evaluation assets	(1,097,623)	-
Disposal of land	(88,772)	-
Net gain on disposal of non-current assets	3,620,629	-

During the period, the Company executed an Asset Sale Agreement and Deed of Mineral Specified Rights (the **Agreements**) with NickelSearch Limited (ASX:NIS, **NickelSearch**).

Following the satisfaction of all conditions precedent pursuant to the Agreements, Medallion acquired 15,713,662 NickelSearch Limited (ASX:NIS, **NickelSearch**) shares (**NIS Shares**) at an issue price of \$0.20 per share as consideration for the divestment of the Company's RAV8 Nickel Project, nickel rights over certain tenure and associated freehold land (together, the **Nickel Assets**).

Other material terms of the Agreements included:

- NickelSearch assuming the environmental liability and site restoration obligations associated with the RAV8 Nickel Project; and
- Medallion being entitled to appoint one nominee non-executive director to the NickelSearch board of directors until such time as Medallion's shareholding falls below 10% of the total shares on issue.

The Company's NIS Shares were quoted on the ASX on 18 October 2021 and are subject to an ASX imposed escrow, expiring 18 October 2023.

6. Listed equity instruments

	Dec 2021	Jun 2021
	\$	\$
Opening balance	-	-
Listed equity instruments acquired	3,142,732	-
Changes in fair value of listed equity instruments recognised in profit or loss	(549,978)	-
Balance at the end of the period	2,592,754	-
Current	-	-
Non-current	2,592,754	-
Balance at the end of the period	2,592,754	-

During the period, the Company acquired 15,713,662 NickelSearch shares at an issue price of \$0.20 per share as consideration for the divestment of the Company's Nickel Assets. Refer to Note 5 for further information regarding the divestment.

The closing NickelSearch share price on the ASX as at 31 December 2021 was \$0.17 per share, which is lower than the initial issue price of \$0.20 per share. Accordingly, the Company has recognised an unrealised loss of \$549,978 as at the end of the period.

Notes to the consolidated interim financial statements

7. Exploration and evaluation assets

	Dec 2021	Jun 2021
	\$	\$
Cost		
Opening balance	6,520,854	4,262,154
Additions	2,615,889	2,258,700
Disposals	(1,097,623)	-
Balance at the end of the period	8,039,120	6,520,854

During the period, the Company disposed of its RAV8 Nickel Project, which was a component of the Nickel Assets divested to NickelSearch. Further details regarding the disposal are provided at Note 5.

8. Property, plant and equipment

	Land & buildings	Plant & equipment	Motor vehicles	Office equipment	Total
31 December 2021	\$	\$	\$	\$	\$
Cost					
Opening balance	537,411	271,365	63,558	37,766	910,100
Additions	-	62,262	50,799	46,515	159,577
Disposals	(88,772)	-	-	-	(88,772)
Balance as at 31 December 2021	448,639	333,627	114,357	84,281	980,905
Depreciation					
Opening balance	-	(56,840)	(28,620)	(8,586)	(94,046)
Depreciation	(1,978)	(11,266)	(4,766)	(6,067)	(24,077)
Balance as at 31 December 2021	(1,978)	(68,106)	(33,386)	(14,652)	(118,123)
Carrying amount					
Opening balance	537,411	214,525	34,938	29,180	816,054
Balance as at 31 December 2021	446,661	265,521	80,971	69,629	862,782
30 June 2021					
Cost					
Opening balance	88,772	191,184	63,558	8,900	352,414
Additions	448,639	80,181	-	28,866	557,686
Balance as at 30 June 2021	537,411	271,365	63,558	37,766	910,100
Depreciation					
Opening balance	-	(41,234)	(20,697)	(3,025)	(64,956)
Depreciation	-	(15,606)	(7,923.23)	(5,561)	(29,090)
Balance as at 30 June 2021	-	(56,840)	(28,620)	(8,586)	(94,046)
Carrying amount					
Opening balance	88,772	149,950	42,861	5,875	287,458
Balance as at 30 June 2021	537,411	214,525	34,938	29,180	816,054

Notes to the consolidated interim financial statements

During the period, the Company disposed of certain freehold land, which was a component of the Nickel Assets divested to NickelSearch. Further details regarding the disposal are provided at Note 5.

9. Provisions

	Note	Dec 2021 \$	Jun 2021 \$
Balance at beginning of the period		2,362,844	2,094,014
Unwind of discount on site restoration costs		-	43,167
Provisions made during the period		-	225,663
Provisions reversed during the period	5	(1,664,292)	-
Balance at end of the period		698,552	2,362,844
Current		-	-
Non-current		698,552	2,362,844
Balance at the end of the period		698,552	2,362,844

10. Share capital

	Dec 2021 shares	Jun 2021 shares	Dec 2021 \$	Jun 2021 \$
Ordinary share capital				
On issue at the beginning of the period	170,522,545	11,615,132	19,361,365	8,104,240
Issued for cash, net of costs	24,674,833	50,000,000	4,402,425	11,253,540
Exercise of incentive options	-	358,553	-	3,585
Effects of a subdivision of shares	-	107,763,165	-	-
Issued for the acquisition of exploration & evaluation assets	-	785,695	-	-
On issue at the end of the period	195,197,378	170,522,545	23,763,790	19,361,365

In December 2021, the Company issued 24,674,833 fully paid ordinary shares to sophisticated investors at an issue price of 19 cents per share under the Company's ASX Listing Rule 7.1 capacity.

11. Share based payments

Incentive Options Plan

The Group has established an Incentive Options Plan (IOP) under which directors, employees and certain other eligible participants may be offered options to acquire shares in the Company, subject to the terms of the IOP and any additional terms and conditions as the Company determines.

Options granted during the period

The Company issued 968,600 options to employees of the Company under the IOP. The options have an exercise price of \$0.00 per option expiring 20 October 2026 and are subject to the following vesting criteria:

- 50% to vest upon the Company declaring a JORC compliant resource at the Ravensthorpe Gold Project (RGP) of greater than one million gold ounces; and
- 50% to vest on 28 September 2023.

Fair value of options granted during the period

The grant date fair value of the options was determined as \$208,249 (\$0.215 per option) and was measured using the Black-Scholes formula. The inputs used to determine the fair value of options granted during the period were:

Notes to the consolidated interim financial statements

	Option grant 21 October 2021
Fair value at grant date	\$0.215
Inputs	
Share price	\$0.215
Expected dividends	-
Contractual life (years)	5.0
Option exercise price	\$0.00
Expected volatility of the underlying shares	90.0%
Risk free rate applied	1.2%

Share based payments expense recognised during the period

The Company has recognised a share based payments expense of \$482,031 in respect of incentive options during the period.

Options exercised during the period

No options were exercised during the period.

12. Subsequent events

Broker Options

On 31 January 2022, the Company granted 4,000,000 unlisted options as approved by shareholders of the Company at a General Meeting held on the same date. The unlisted options were issued as part consideration for lead manager services provided by Canaccord relation to the Placement (**Broker Options**). The Broker Options consist of two tranches:

- 2,000,000 options exercisable at \$0.285 per option and expiring on 31 January 2025; and
- 2,000,000 options exercisable at \$0.38 per option and expiring on 31 January 2025.

Tranche 2 Placement

Following shareholder approval at a General Meeting held on 31 January 2022, the Company issued 394,737 shares at \$0.19 per share in a placement to directors of the Company.

There have been no other events subsequent to balance date which would have a material effect on the Group's consolidated interim financial statements.

Directors' declaration

1. In the opinion of the directors of Medallion Metals Limited (the **Company**):
 - (a) the consolidated interim financial statements and notes 1 to 12 that are contained within are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
 - (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.

Signed in accordance with a resolution of the directors:



Paul Bennett
Managing Director

Dated at Perth, this 11th day of March 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Medallion Metals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Medallion Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, 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 significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of 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 2021 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 2021 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



Jarrad Prue

Director

Perth, 11 March 2022

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF MEDALLION METALS LIMITED

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

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



Jarrad Prue
Director

BDO Audit (WA) Pty Ltd
Perth, 11 March 2022