

Alt Resources Limited

ABN: 57 168 928 416

Financial Statements

For the Half-year ended 31 December 2017

Alt Resources Limited

ABN: 57 168 928 416

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For the half-year ended 31 December 2017

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Directors' Report

For the half-year ended 31 December 2017

The directors present their report on Alt Resources Limited for the Period from 1 July 2017 to 31 December 2017.

1. General information

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Names	Position	Appointed/Resigned
William Hugh Ellis	Executive Director & Chairman	Appointed : 11 April 2014
Clive Napier Buckland	Executive Director & Company Secretary	Appointed : 11 April 2014
Neva Collings	Non-executive Director	Appointed : 11 April 2014

Directors have been in office since the start of the Year to the date of this report unless otherwise stated.

Principal activities

The principal activity of Alt Resources Limited during the half year was to continue exploration activity under its joint venture agreements with GFM Exploration Pty Ltd (70% interest) and Mount Roberts Mining Pty Ltd (51% interest).

In addition, plans to commence exploration activities at the new Bottle Creek, Mount Ida and Quinns projects in Western Australia have been completed. Resource drilling and target generation is planned to commence in March 2018. These new interests have been disclosed to shareholders and the ASX.

No significant changes in the nature of the Company's activity occurred during the half year.

2. Operating results and review of operations for the period

Operating results

The loss of the Company after providing for income tax amounted to \$1,155,677 (31 December 2016: \$ (880,438)).

Review of operations

A review of the operations of the Company during the year and the results of those operations show a loss of \$1,155,677 incurred in becoming operational and negotiating arrangements to generate revenue in future periods.

3. Other items

Significant changes in state of affairs

The following significant changes in the state of affairs of the Company occurred during the financial year:

An additional \$1,373,193 after transaction costs has been raised in share capital during the half-year to fund operations.

4. Future developments and results

The Company plans to continue to raise working capital to continue its exploration programme.

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5. Environmental matters

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory other than the environmental and planning Laws of New South Wales and Western Australia. The Company is not aware of any significant risk arising from non-compliance.

6. Company secretary

The following person held the position of Company secretary at the end of the financial half year:

Mr Clive Buckland was appointed as Company secretary on 11 April 2014.

7. Meetings of directors

During the period, 3 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Neva Collings	3	3
Clive Napier Buckland	3	3
William Hugh Ellis	3	3

8. Indemnification and insurance of officers and auditors

No indemnities have been given during or since the end of the financial year, for any person who is an auditor of Alt Resources Limited.

The company maintains a policy of insurance to cover the risk related to directors' and officers' liability.

9. Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the half-year ended 31 December 2017 has been received and can be found on page 3 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director:



Neva Collings

Director:



William Hugh Ellis

Dated 1st March 2018

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Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2017, there have been:

- a. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- b. no contraventions of any applicable code of professional conduct in relation to the review.

Hardwickes

Hardwickes
Chartered Accountants



Robert Johnson FCA
Partner

Canberra

1/3/18



Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2017

		Half year ended 31 December 2017	Half year ended 31 December 2016
	Note	\$	\$
Income	2	170	648
Depreciation and amortisation expense	8(a)	(11,472)	(14,674)
Employee benefits expense	3	(445,697)	(162,409)
Exploration expenditure	3	(447,097)	(486,763)
Finance costs	3	(1,017)	(1,000)
Other expenses		(250,564)	(216,240)
(Loss) before income tax		(1,155,677)	(880,438)
Tax expense	4	-	-
Net (loss) for the year		(1,155,677)	(880,438)
Other comprehensive income		-	-
Total comprehensive income for the period		(1,155,677)	(880,438)

Statement of Financial Position

As at 31 December 2017

	Note	As at 31 December 2017 \$	As at 30 June 2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	856,647	108,985
Trade and other receivables	6	84,541	599,263
Prepayments		79,659	36,592
TOTAL CURRENT ASSETS		1,020,847	744,840
NON-CURRENT ASSETS			
Investment in joint ventures and capitalised tenement costs	18	4,406,024	4,237,575
Financial assets	7	66,000	71,000
Property, plant and equipment	8	376,153	341,978
TOTAL NON-CURRENT ASSETS		4,848,177	4,650,553
TOTAL ASSETS		5,869,024	5,395,393
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	282,817	212,505
Employee benefits	11	73,306	47,374
Financial liabilities	10	155,773	12,467
TOTAL CURRENT LIABILITIES		511,896	272,346
NON-CURRENT LIABILITIES			
Employee benefits	11	38,409	13,926
Financial liabilities	10	7,910	15,828
TOTAL NON-CURRENT LIABILITIES		46,319	29,754
TOTAL LIABILITIES		558,215	302,100
NET ASSETS		5,310,809	5,093,293
EQUITY			
Issued capital	12	10,123,415	8,750,222
Accumulated losses	13	(4,812,606)	(3,656,929)
TOTAL EQUITY		5,310,809	5,093,293

Statement of Changes in Equity

For the half-year ended 31 December 2017

Half-year ended 31 December 2017

	Note	Ordinary Shares \$	Accumulated losses \$	Total \$
Balance at 1 July 2017		8,750,222	(3,656,929)	5, 093,293
Deficit attributable to members of the entity	13	-	(1,155,677)	(1,155,677)
Shares issued during the year	12	1,413,895	-	1,413,895
Transaction cost on share issued	12	(40,702)	-	(40,702)
Balance at 31 December 2017		10,123,415	(4,812,606)	5,310,809

Half-year ended 31 December 2016

	Note	Ordinary Shares \$	Accumulated losses \$	Total \$
Balance at 1 July 2016		7,266,217	(2,984,697)	4,281,520
Deficit attributable to members of the entity	13(a)	-	(880,438)	(880,438)
Shares issued during the year	12(a)	1,405,920	-	1,405,920
Transaction cost on share issued	12(a)	(57,998)	-	(57,998)
Balance at 31 December 2016		8,614,139	(3,865,135)	4,749,004

Statement of Cash Flows

For the half-year ended 31 December 2017

		Half-year ended 31 December 2017	Half-year ended 31 December 2016
	Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
GST refunds received from ATO		44,163	47,070
Payments to suppliers and employees		(579,324)	(1,045,859)
Interest received		170	648
Interest paid		(1,017)	(1,000)
Net cash provided by (used in) operating activities	21	<u>(536,008)</u>	<u>(999,141)</u>
Purchase of plant and equipment	8(a)	(66,463)	(74,515)
Proceeds from sale of plant & equipment		5,000	-
Purchase of equity-accounted investments		(168,449)	(142,733)
Decrease / (increase) in Financial Assets		5,000	-
Net cash used by investing activities		<u>(224,912)</u>	<u>(217,248)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		135,389	46,804
Proceeds from issue of shares		1,413,895	1,347,922
Transaction cost on share issue		(40,702)	(57,998)
Net cash used by financing activities		<u>1,508,582</u>	<u>1,394,726</u>
Net increase (decrease) in cash and cash equivalents held		747,662	178,337
Cash and cash equivalents at beginning of year		108,985	302,865
Cash and cash equivalents at end of financial year	5(a)	<u>856,647</u>	<u>481,202</u>

Notes to the Financial Statements

For the half-year ended 31 December 2017

The financial report covers Alt Resources Limited as an individual entity. Alt Resources Limited is a for-profit Company limited by shares, incorporated and domiciled in Australia.

The functional and presentation currency of Alt Resources Limited is Australian dollars.

The financial statements were authorised for issue on 1st March 2018 by the directors of the Company.

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method.

Investments in joint ventures are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transaction costs) and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the joint ventures. In addition, the company's share of the profit or loss of the joint ventures is included in the company's profit or loss.

The carrying amount of the investment includes, when applicable, goodwill relating to the joint ventures. Any discount on acquisition, whereby the company's share of the net fair value of the joint ventures exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

When the company's share of losses in joint ventures equals or exceeds its interest in the joint ventures, the Company discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the joint ventures. When the joint ventures subsequently makes profits, the company will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(c) Going concern

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

The Company has incurred a loss of \$1,155,677 (2017 loss: \$672,232 funded by raising share capital).

The ability of Company to continue as a going concern is dependent on:

Notes to the Financial Statements

For the half-year ended 31 December 2017

1 Summary of Significant Accounting Policies continued

(c) Going concern continued

- i) the completion of the capital raising program;
- ii) the ability to meet projected revenue levels; and
- iii) the retention of overheads at budgeted levels.

The directors have reviewed the Company's financial position and cash flow forecasts for the next twelve months, which shows that the Company will be able to meet its debts as and when they fall due and payable and are, therefore, of the opinion that the use of the going concern basis of accounting is appropriate. This is based on the belief that the Company will complete its capital raising program, it will meet projected revenue from its mining activity, and that the Company will be able to retain overheads at budgeted levels.

Should the company not achieve the matters set above, there is uncertainty whether the Company will continue as a going concern and therefore whether it will realise its asset and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments to assets and liabilities that may be necessary if the Company is unable to continue as going concern.

(d) Income Tax

The income tax expense/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Notes to the Financial Statements

For the half-year ended 31 December 2017

1 Summary of Significant Accounting Policies continued

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(e) Revenue and other income

Interest revenue

Interest is recognised using the effective interest method.

(f) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Company retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(g) Fair Value of Assets and Liabilities

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

Notes to the Financial Statements

For the half-year ended 31 December 2017

1 Summary of Significant Accounting Policies continued

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(h) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(i) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1 (k) for further discussion on the determination of impairment losses.

(j) Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1 (l) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Notes to the Financial Statements

For the half-year ended 31 December 2017

1 Summary of Significant Accounting Policies continued

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a diminishing value basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Motor Vehicles	22.5%
Computer Equipment and Software	25%-66.67%
Leasehold Improvements	10%-22.22%
Plant & Equipment	13.33%-66.67%
Office Equipment	40%-66.67%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(k) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to

Notes to the Financial Statements

For the half-year ended 31 December 2017

1 Summary of Significant Accounting Policies continued

expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Company does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

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

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Notes to the Financial Statements

For the half-year ended 31 December 2017

1 Summary of Significant Accounting Policies continued

Impairment

A financial asset (or a company of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (include: loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(I) Impairment of non-financial assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

Notes to the Financial Statements

For the half-year ended 31 December 2017

1 Summary of Significant Accounting Policies continued

(m) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

(n) Employee benefits

(i) Short-term employee benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits such as wages and salaries are recognised as a part of current trade and other payables in the statement of financial position. The Company's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

(ii) Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(o) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Notes to the Financial Statements

For the half-year ended 31 December 2017

1 Summary of Significant Accounting Policies continued

(p) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(q) Exploration and development expenditure

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area.

Costs of site restoration are provided for over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(r) Critical accounting estimates and judgments

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

Key estimates

Impairment – general

The Company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Notes to the Financial Statements

For the half-year ended 31 December 2017

1 Summary of Significant Accounting Policies continued

(r) Critical accounting estimates and judgements continued

Key judgements

(i) Issuing of Shares

The Company's Board of Directors resolved to issue fully paid shares with a discounted issue price of 8 cents per share and 5 cents per share.

A share Purchase plan with a discounted share price of 5 cents per share was over-subscribed by shareholders during December 2017.

(ii) Exploration and evaluation expenditure

The Company capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at \$nil.

(s) New Accounting Standards and Interpretations

Accounting Standards and Interpretations issued by the AASB that are not yet mandatory applicable to the company, together with an assessment of the potential impact of such pronouncements on the company when adopted in future periods, are discussed below:

- AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Company on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Company's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

Notes to the Financial Statements

For the half-year ended 31 December 2017

1 Summary of Significant Accounting Policies continued

(s) New Accounting Standards and Interpretations continued

- AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117 : *Leases and related Interpretations*. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116 : *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 15 : *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8 : *Amendments to Australian Accounting Standards – Effective Date of AASB 15*).

When effective, this Standard will replace the current accounting requirements in AASB 118 and the related interpretations. The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. Revenue is recognised through a five-step process that notably involves identifying a contract with customer and the related performance obligations and recognising revenue (as a portion of transaction price allocated to such performance obligations) as and when the performance obligation is satisfied.

Notes to the Financial Statements

For the half-year ended 31 December 2017

1 Summary of Significant Accounting Policies continued

(s) New Accounting Standards and Interpretations continued

The key areas of change that may impact the Group's financial statements have been identified below:

- identification and categorisation of performance obligations on each contract, which would influence the timing of revenue recognition on each contract deliverable;
- capitalisation of costs incurred in procuring a contract that is expensed under the existing accounting policies;
- upfront estimation of credit risk applicable to each customer and factoring the same in the revenue recognition of each contract;
- estimation of the variable consideration in the transaction price and including that portion in the revenue recognition on the contract for the current year; and
- additional qualitative and quantitative disclosures regarding contracts and the related amounts.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108 : Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application.

The assessment of the financial impact due to the above changes in accounting policies is still in progress and as such that impact is not known at this stage.

Notes to the Financial Statements

For the Half-year ended 31 December 2017

2 Revenue and Other Income

	Half year ended 31 December 2017 \$	Half year ended 31 December 2016 \$
Other Income		
Interest received	170	648

3 Loss for the Half-year

Profit / Loss before income tax from continuing operations includes the following specific expenses:

	Half year ended 31 December 2017 \$	Half year ended 31 December 2016 \$
Interest paid	1,017	1,000
Employee benefit expenses	445,697	162,409
Depreciation expenses	11,472	14,674
Superannuation contributions	14,218	9,402
Rent paid	10,552	4,950
Exploration expenditure	447,097	486,763

Notes to the Financial Statements

For the Half-year ended 31 December 2017

4 Income Tax Expense

(a) Reconciliation of income tax to accounting profit:

Income tax is payable on that proportion of the income less expenses. The aggregate amount of income tax attributable to the financial year differs from the amount prima facie payable on the operating profit. The difference is reconciled as follows:

	Half year ended 31 December 2017 \$	Half year ended 31 December 2016 \$
Prima facie tax payable on profit from ordinary activities before income tax at 27.5% (2017: 28.5%)	(317,811)	(250,925)
Add:		
Tax effect of:		
- non-deductible expense	48,046	29,052
- change in tax rate	32,431	11,249
	(237,334)	(210,444)
Less:		
Tax effect of:		
- Other deductible expenses	(46,735)	(53,697)
- Other deductible expenses capital raising	(27,368)	(50,154)
Tax losses not brought to account	311,437	314,295
Income tax expense	-	-

(b) Deferred Tax Asset not brought to accounts

The amounts of deductible temporary difference and unused tax losses for which no deferred tax assets have been brought to account:

	Half year ended 31 December 2017 \$	Half year ended 31 December 2016 \$
- deductible temporary difference	16,078	5,393
- tax losses - operating in nature	1,463,967	1,239,383
	1,480,045	1,244,776

The benefits of above temporary differences and unused tax losses will be realised when the conditions for deductibility set out in Note 1(d) occur. These amounts have no expiry date. The half yearly figures to 31 December 17 have been adjusted to the tax rate of 27.5% (2017 28.5%).

Notes to the Financial Statements

For the Half-year ended 31 December 2017

5 Cash and cash equivalents

	Half year ended 31 December 2017	Year ended 30 June 2017
	\$	\$
Cash on hand	10	10
Cash at bank	756,637	108,975
Cash in Solicitor's trust account	100,000	-
	856,647	108,985

5(a) Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	Half year ended 31 December 2017	Half year ended 31 December 2016
	\$	\$
Cash and cash equivalents	856,647	481,202
Balance as per statement of cash flows	856,647	481,202

6 Trade and other receivables

	Half year ended 31 December 2017	Year ended 30 June 2017
	\$	\$
CURRENT		
R & D incentive tax refund receivable	-	546,251
GST receivable	54,854	24,376
Other receivables	29,687	25,000
Total current trade and other receivables	84,541	599,263

Notes to the Financial Statements

For the Half-year ended 31 December 2017

7 Other financial assets

Loans receivable

	Half year ended 31 December 2017 \$	Year ended 30 June 2017 \$
Government Department Rehabilitation Bonds	66,000	71,000
	66,000	71,000

No repayment terms have been determined for the above loan. No interest has been charged.

8 Property, plant and equipment

	Half year ended 31 December 2017 \$	Year ended 30 June 2017 \$
Freehold property		
At cost	199,990	199,990
Accumulated depreciation	-	-
Total Freehold property	199,990	199,990
 Computer equipment		
At cost	18,955	13,023
Accumulated depreciation	(12,281)	(11,461)
Total Computer equipment	6,674	1,562
 Computer software		
At cost	39,680	-
Accumulated depreciation	(1,708)	-
Total computer software	37,972	-

Notes to the Financial Statements

For the Half-year ended 31 December 2017

8 Property, plant and equipment continued

	Half year ended 31 December 2017 \$	Year ended 30 June 2017 \$
Motor vehicles		
At cost	75,217	72,357
Accumulated depreciation	(22,638)	(24,635)
Total motor vehicles	<u>52,579</u>	<u>47,722</u>
 Leasehold Improvements		
At cost	25,229	24,379
Accumulated depreciation	(3,932)	(2,312)
Total leasehold improvements	<u>21,297</u>	<u>22,067</u>
 Plant & equipment		
At cost	134,064	134,064
Accumulated depreciation	(80,486)	(68,876)
Total plant & equipment	<u>53,578</u>	<u>65,188</u>
 Office equipment		
At cost	10,470	10,470
Accumulated depreciation	(6,408)	(5,021)
Total office equipment	<u>4,062</u>	<u>5,449</u>
 Total property, plant and equipment	<u><u>376,153</u></u>	<u><u>341,978</u></u>

Notes to the Financial Statements

For the Half-year ended 31 December 2017

8(a) Movements in carrying amounts of plant and equipment

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:

	Computer Equipment & Software \$	Motor Vehicles \$	Leasehold Improvements \$	Plant & Equipment \$	Office Equipment \$	Total \$
Half -year ended 31 December 2017						
Balance at the beginning of year	1562	23,817	7,358	41,676	5,449	79,862
Additions	937	-	850	-	-	1,787
(Disposals)	-	(8,956)	-	-	-	(8,956)
Depreciation expense	(466)	(1,998)	(884)	(6,737)	(1,387)	(11,472)
Balance at the end of the year	2,033	12,863	7,324	34,939	4,062	61,221

	Computer Equipment \$	Motor Vehicles \$	Leasehold Improvements \$	Plant & Equipment \$	Computer Software \$	Total \$
Exploration Assets						
Half-year ended 31 December 2017						
Balance at the beginning of year	-	23,905	14,710	23,512	-	62,127
Additions	4,996	20000	-	-	39,680	64,676
(Disposals)	-	-	-	-	-	-
Depreciation expense	(354)	(4,189)	(737)	(4,873)	(1,708)	(11,861)
Balance at the end of the half-year	4,642	39,716	13,973	18,639	37,972	114,942

	Computer Equipment & Software \$	Motor Vehicles \$	Leasehold Improvements \$	Plant & Equipment \$	Office Equipment \$	Total \$
Half-year ended 31 December 2016						
Balance at the beginning of year	3,382	22,958	914	58,300	2,828	88,382
Additions	-	7,000	-	-	1,111	8,111
(Disposals)	-	-	(873)	-	-	(873)
Depreciation expense	(916)	(2,799)	(41)	(10,102)	(816)	(14,674)
Balance at the end of the half-year	2,466	27,159	-	48,198	3,123	80,946

	Plant & Equipment \$	Motor Vehicles \$	Leasehold Improvements \$	Total \$
Exploration Assets				
Half-year ended 31 December 2016				
Balance at the beginning of year	23,975	61,110	-	85,085
Additions	7,878	40,216	16,655	64,749
(Disposals)	-	-	-	-
Depreciation expense	(5,473)	(7,775)	(295)	(13,543)
Balance at the end of the half-year	26,380	93,551	16,360	136,291

Notes to the Financial Statements

For the Half-year ended 31 December 2017

9 Trade and Other Payables

	As at 31 December 2017 \$	As at 30 June 2017 \$
CURRENT		
Trade payables	62,958	143,140
GST on Income	-	3,636
Audit Fee accrual	8,250	16,000
Superannuation payable	18,158	12,985
Amounts held from salary and wages	39,131	21,744
Payroll Clearing account	4,215	-
Sundry liabilities	150,105	15,000
	282,817	212,505

10 Financial Liabilities

	As at 31 December 2017 \$	As at 30 June 2017 \$
Current Liabilities:		
Short term convertible note loan	100,000	-
Other commercial loans	55,773	12,467
Total Current Financial Liabilities	155,773	12,467

	As at 31 December 2017 \$	As at 30 June 2017 \$
Non-current Liabilities:		
Other commercial loans	7,910	15,828
Total Non-current Financial Liabilities	7,910	15,828

11 Employee Benefits

	As at 31 December 2017 \$	As at 30 June 2017 \$
Current liabilities		
Annual leave provision	73,306	47,374
Non-current liabilities		
Long service leave provision	38,409	13,926

Notes to the Financial Statements

For the Half-year ended 31 December 2017

12 Issued Capital

	As at 31 December 2017 \$	As at 30 June 2017 \$
34,999,000 (2015: 34,999,000) Ordinary shares of \$0.05 each	1,749,950	1,749,950
12,294,500 (2014: 12,294,500) Ordinary shares of \$0.10 each	1,229,450	1,229,450
50 (2014: 50) Ordinary shares of \$.20 each	10	10
3,375,000 Ordinary shares of \$0.16 each	540,000	540,000
22,943,500 Ordinary shares of \$0.20 each	4,588,700	4,588,700
133,333 Ordinary shares of \$0.15 each	20,000	20,000
19,574,000 Ordinary shares of \$0.08 each	1,565,920	1,485,920
26,677,907 Ordinary shares of \$0.05 each	1,333,895	-
1,250,000 Ordinary shares of \$0.04 each	50,000	50,000
Transaction cost on share issued	(954,510)	(913,808)
Total	10,123,415	8,750,222

12 Ordinary shares

	As at 31 December 2017 No.	As at 30 June 2017 No.
At the beginning of the reporting period	93,569,383	73,495,383
Shares issued during the half-year		
Ordinary shares of \$0.16 each	-	250,000
Ordinary shares of \$0.08 each	1,000,000	18,574,000
Ordinary shares of \$0.05 each	26,677,907	
Ordinary shares of \$0.04 each		1,250,000
At the end of the reporting period	121,247,290	93,569,383

Notes to the Financial Statements

For the Half-year ended 31 December 2017

12(a) Issued Capital

	As at 31 December 2017 \$	As at 31 December 2016 \$
34,999,000 (2015: 34,999,000) Ordinary shares of \$0.05 each	1,749,950	1,749,950
12,294,500 (2014: 12,294,500) Ordinary shares of \$0.10 each	1,229,450	1,229,450
50 (2014: 50) Ordinary shares of \$.20 each	10	10
3,375,000 Ordinary shares of \$0.16 each	540,000	540,000
22,943,500 Ordinary shares of \$0.20 each	4,588,700	4,588,700
133,333 Ordinary shares of \$0.15 each	20,000	20,000
19,574,000 Ordinary shares of \$0.08 each	1,565,920	1,365,920
26,677,907 Ordinary shares of \$0.05 each	1,333,895	
1,250,000 Ordinary shares of \$0.04 each	50,000	
Transaction cost on share issued	(954,510)	(879,891)
Total	10,123,415	8,614,139

12(a) Ordinary shares

	As at 31 December 2017 No.	As at 31 December 2016 No.
At the beginning of the reporting period	93,569,383	73,495,383
Shares issued during the half-year		
Ordinary shares of \$0.16 each	-	250,000
Ordinary shares of \$0.08 each	1,000,000	17,074,000
Ordinary shares of \$0.05 each	26,677,907	-
At the end of the reporting period	121,247,290	90,819,383

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

12(b) Performance shares

The Company issued 12,000,000 performance shares on 19th December 2017. These shares have no voting rights and no capital rights but will convert to fully paid ordinary shares if the two performance targets included in the purchase agreement for the acquisition of 70% of the Joint Venture with GFM Exploration Pty Ltd are met. These performance shares are not included in the issued capital reported in the Company's Statement of Financial Position.

12(c) Options

The Company issued 3,110,900 options on 6th December 2017. These options have no voting rights and no capital rights but will convert to fully paid ordinary shares in the future at the owners' discretion. These options are not included in the issued capital reported in the Company's Statement of Financial Position. The total number of options issued by the company is 6,610,900 (2017 3,500,000).

Notes to the Financial Statements

For the Half-year ended 31 December 2017

13 Reserves

	As at 31 December 2017 \$	As at 30 June 2017 \$
Accumulated losses		
Opening balance	(3,656,929)	(2,984,697)
Loss for the half-year	(1,155,677)	(672,232)
	<u>(4,812,606)</u>	<u>(3,656,929)</u>

13(a) Reserves

	As at 31 December 2017 \$	As at 31 December 2016 \$
Accumulated losses		
Opening balance	(3,656,929)	(2,985,697)
Loss for the half-year	(1,155,677)	(880,438)
Closing balance	<u>(4,812,606)</u>	<u>(3,865,135)</u>

Notes to the Financial Statements

For the Half-year ended 31 December 2017

14 Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans receivable and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statements, are as follows:

		As at 31 December 2017 \$	As at 30 June 2017 \$
Financial Assets			
Cash and cash equivalents	5	856,647	108,985
Loan receivables	7	66,000	71,000
Trade and other receivables excluding GST	6	29,687	571,251
Total financial assets		952,334	751,236
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables excluding GST	9	282,817	208,869
- Current Financial Liabilities	10	155,773	12,467
- Non-Current Financial Liabilities	10	7,910	15,828
Total financial liabilities		446,500	237,164

Financial risk management policies

The Board of Directors monitors the Company's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to commodity price risk, counterparty credit risk, currency risk, liquidity risk and interest rate risk.

Mitigation strategies for specific risks faced are described below:

Specific financial risk exposures and management

The main risks the Company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, and other price risk (commodity and equity price risk). There have been no substantive changes in the types of risks the company is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

Notes to the Financial Statements

For the Half-year ended 31 December 2017

(a) Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile, managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The Company's policy is to ensure no more than 30% of borrowings should mature in any 12-month period.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities. Bank overdrafts have been deducted in the analysis as management does not consider there is any material risk the bank will terminate such facilities. The bank does however maintain the right to terminate the facilities without notice and therefore the balances of overdrafts outstanding at year-end could become repayable within 12 months. Financial guarantee liabilities are treated as payable on demand since the company has no control over the timing of any potential settlement of the liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Notes to the Financial Statements

For the Half-year ended 31 December 2017

14 Financial Risk Management continued

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	Half-year ended 31 December 2017	Year ended 30 June 2017	Half-year ended 31 December 2017	Year ended 30 June 2017	Half-year ended 31 December 2017	Year ended 30 June 2017	Half-year ended 31 December 2017	Year ended 30 June 2017
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Trade and other payables (excluding estimated annual leave and GST)	(282,817)	(208,869)	-	-	-	-	(282,817)	(208,869)
Current Loans	(155,773)	(12,467)	-	-	-	-	(155,773)	(12,467)
Non-Current Loans	-	-	(7,910)	(15,828)	-	-	(7,910)	(15,828)
	(438,590)	(221,336)	(7,910)	(15,828)	-	-	(446,500)	(237,164)
Total expected outflows	(438,590)	(221,336)	(7,910)	(15,828)	-	-	(446,500)	(237,164)
Financial assets – cash flows realisable								
Cash and cash equivalents	856,647	108,985	-	-	-	-	856,647	108,985
Trade and other receivables (excluding GST)	29,687	571,251	-	-	-	-	29,687	571,251
Loan receivables	-	-	66,000	71,000	-	-	66,000	71,000
Total anticipated inflows	886,334	680,236	66,000	71,000	-	-	952,334	751,236
Net (outflow)/inflow on financial instruments	447,744	458,900	58,090	55,172	-	-	505,834	514,072

Notes to the Financial Statements

For the Half-year ended 31 December 2017

14 Financial Risk Management continued

(b) Market risk

(i) Interest rate risk

The financial instruments that primarily expose the Company to interest rate risk are borrowings and cash and cash equivalents.

(c) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in Note 6.

Credit risk related to balances with banks and other financial institutions is managed by the FOC in accordance with approved board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard & Poor's counterparty credit ratings.

The following table details the Company's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Company and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Company.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount \$	Past due and impaired \$	Past due but not impaired (days overdue)				Within initial trade terms \$
			< 30 \$	31-60 \$	61-90 \$	> 90 \$	
For the Half-year ended 31 December 2017							
Trade and other receivables	29,687	-	-	-	-	-	29,687
Total	29,687	-	-	-	-	-	29,687
For the Year ended 30 June 2017							
Trade and other receivables	571,251	-	-	-	-	-	571,251
Total	571,251	-	-	-	-	-	571,251

Notes to the Financial Statements**For the Half-year ended 31 December 2017****14 Financial Risk Management continued**

The Company does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

The other classes of receivables do not contain impaired assets.

Sensitivity analysis - Interest rate risk**Interest rate risk sensitivity analysis**

The following table illustrates sensitivities to the company's exposures to changes in interest rates, exchange rates and commodity and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Half-year ended 31 December 2017 \$	Year ended 30 June 2017 \$
Change in profit		
- Increase in interest rate by 1%	\$8,566	\$1,090
- Decrease in interest rate by 1%	\$(8,566)	\$(1,090)
Change in equity		
- Increase in interest rate by 1%	\$8,566	\$1,090
- Decrease in interest rate by 1%	\$(8,566)	\$(1,090)

Notes to the Financial Statements

For the Half-year ended 31 December 2017

15 Capital Management

The directors control the capital of Alt Resources Limited in order to maintain a debt to equity ratio, provide the shareholders with adequate returns and ensure the company can fund its operations and continue as a going concern.

The Company's debt and capital includes ordinary share capital and financial liabilities supported by financial assets.

The directors effectively manage Alt Resources Limited's capital by assessing the Company's financial risks and adjusting the capital structure in response to changes in these risks. The responses include the management of debt levels, distributions to shareholders and share issues.

The gearing ratio for the half-year ended 31 December 2017 and year ended 30 June 2017 are as follows:

		As at 31 December 2017	As at 30 June 2017
		\$	\$
Trade and other payables	9	282,817	212,505
Financial Liabilities	10	163,683	28,295
Less Cash and cash equivalents	5	(856,647)	(108,985)
Net (asset)/debt		(410,147)	131,815
Equity	12	10,123,415	8,750,222
Total capital		9,713,268	8,882,037
Gearing ratio		(4.22%)	1.48%

Notes to the Financial Statements

For the Half-year ended 31 December 2017

16 Key Management Personnel Disclosures

The totals of remuneration paid to the key management personnel of Alt Resources Limited during the year are as follows:

		Half-year ended 31 December 2017	Half-year ended 31 December 2016
		\$	\$
Short-term employee benefits		50,000	124,583
Share-based payments	22	230,000	-
		280,000	124,583

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current-year's estimated cost of providing for the company's defined benefits scheme post-retirement and superannuation commitments made during the year and post-employment life insurance benefits.

Other long-term benefits

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the directors' report.

Key management personnel shareholdings

The number of ordinary shares in Alt Resources Limited held by each key management person of Alt Resources Limited during the financial year is as follows:

	Balance at beginning of year	Shares Issued	On exercise of options	Other changes during the year	Balance at 31 December 2016
As at 31 December 2017					
Directors					
William Hugh Ellis	890,500	-	-	-	890,500
Clive Napier Buckland	442,500	-	-	-	442,500
Neva Collings	2,082,350	-	-	-	2,082,350
Other KMP					
Phillip James Anderson	1,660,650	3,000,000	-	20,000	4,680,650
	5,076,000	3,000,000	-	20,000	8,096,000

Notes to the Financial Statements

For the Half-year ended 31 December 2017

16 Key Management Personnel Disclosures continued

	Balance at beginning of year	Shares Issued	On exercise of options	Other changes during the year	Balance at 30 June 2017
As at 30 June 2017					
Directors					
William Hugh Ellis	890,500	-	-	-	890,500
Clive Napier Buckland	450,000	-	-	(7,500)	442,500
Neva Collings	1,815,500	406,250	-	(139,400)	2,082,350
Other KMP					
Phillip James Anderson	1,792,360	281,250	-	(412,960)	1,660,650
	4,948,360	687,500	-	(559,860)	5,076,000

For details of other transactions with key management personnel, refer to Note 20: Related Parties.

17 Remuneration of Auditors

	Half-year ended 31 December 2017 \$	Half-year ended 31 December 2016 \$
Remuneration of the auditor of the Company, Hardwicks Chartered Accountants, for:		
- auditing or reviewing the financial report	8,250	9,000

18 Joint Arrangements and Capitalised Tenement Costs

Joint Ventures

Reconciliation of carrying amount of interest in joint venture to summarised financial information for joint ventures accounted for using the equity method:

	Half-year ended 31 December 2017 \$	Year ended 30 June 2017 \$
Joint Venture with GFM		
Opening balance	4,147,835	3,830,976
70% share in Joint Venture at cost	43,449	316,859
Carrying amount	4,191,284	4,147,835

Notes to the Financial Statements

For the Half-year ended 31 December 2017

18 Joint Arrangements and Capitalised Tenement Costs continued

	Half-year ended 31 December 2017 \$	Year ended 30 June 2017 \$
Joint Venture with Mount Roberts Mining Pty Ltd		
Opening balance	82,746	25,000
51% share in Joint Venture at cost	-	57,746
Carrying amount	<u>82,746</u>	<u>82,746</u>
	Half-year ended 31 December 2017 \$	Year ended 30 June 2017 \$
Investments in Tenements at Lake Cowan WA		
Opening balance	6,994	-
Exploration Licence Application Costs	-	6,994
Carrying amount	<u>6,994</u>	<u>6,994</u>
	Half-year ended 31 December 2017 \$	Year ended 30 June 2017 \$
Investments in Tenements at Bottle Creek WA		
Opening balance	-	-
Cost of option to acquire mining licence	125,000	-
Carrying amount	<u>125,000</u>	<u>-</u>
Total carrying amount of capitalised investment and tenement costs	<u><u>4,406,024</u></u>	<u><u>4,237,575</u></u>

Notes to the Financial Statements

For the Half-year ended 31 December 2017

Risks associated with the interests in joint ventures

The recoverability of the carrying amount of the exploration development expenditure is dependent on successful development and commercial exploitation or, alternatively, sale of the respective areas of interest.

Name	Classification	Place of Business/	Participating Share %	Measurement Method	Carrying Amount \$
Joint Venture with GFM Exploration Pty Ltd	Joint Venture	New South Wales	70%	Equity Method	<u>4,191,284</u>
Joint Venture with Mount Roberts Mining Pty Ltd	Joint Venture	Western Australia	51%	Equity Method	<u>82,746</u>

Alt Resources Limited holds a 70% interest in an unincorporated Joint Venture, a strategic joint arrangement structured between the Company and GFM Exploration Pty Ltd (GFM). The principal place of business of the Joint Venture is in New South Wales.

Alt Resources Limited holds a 51% interest in an unincorporated Joint Venture, a strategic joint arrangement structured between the Company and Mount Roberts Mining Pty Ltd. The principal place of business of the Joint Venture is in Western Australia.

The primary purpose of the joint ventures is the discovery, location and delineation of Gold and all activities as are necessary or expedient for the purpose of exploring the Joint Venture Areas and includes conducting a feasibility studies and all activities to produce the same and all activities as are necessarily or desirable in order to implement and give to facilitate exploration, mining and sale of Gold on behalf of the joint operators.

The Joint Ventures are not created as partnerships. The rights, interests, liabilities and obligations of the Parties respectively under the Joint Ventures are individual and separate and will not be joint or collective and each party is responsible for its own obligations and will be liable only for its own proportionate share of any property and assets of the Joint Ventures. The rights and obligation of the parties is several and neither joint nor joint and several.

19 Fair Value Measurement

Net Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Notes to the Financial Statements

For the Half-year ended 31 December 2017

	As at 31 December 2017		As at 30 June 2017	
	Net Carrying Value	Net Fair value	Net Carrying Value	Net Fair value
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	856,647	856,647	108,985	108,985
Trade and other receivables	84,541	84,541	571,251	571,251
Loan Receivables	66,000	66,000	71,000	71,000
Total financial assets	1,007,188	1,007,188	751,236	751,236
Financial liabilities				
Trade and other payables	282,817	282,817	208,869	208,869
Current Financial Liabilities	155,773	155,773	12,467	12,467
Non-current Financial Liabilities	7,910	7,910	15,828	15,828
Total financial liabilities	446,500	446,500	237,164	237,164

The fair values disclosed in the above table have been determined based on the following methodologies:

(i) Cash and cash equivalents, trade and other receivables and trade and other payables are short term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave and income received in advance which are not considered to be financial instruments.

(ii) Discounted cash flow models are used to determine the fair values of loans and advances. Discount rates used on the calculations are based on interest rates existing at reporting date for similar types of loans and advances. Differences between fair values and carrying values largely represent movements in the effective interest rate determined on initial recognition and current market rates.

20 Related Parties

The Company's main related parties are as follows:

(a) Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 16: Key Management Personnel Compensation.

(b) Other related parties

Other related parties include immediate family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel, individually or collectively with their immediate family members.

Notes to the Financial Statements

For the Half-year ended 31 December 2017

(c) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

		Half-year to 31 December 2017	Half-year to 31 December 2016
		\$	\$
Orange Door Legal	Legal Fees	5,000	1,100
Orange Door Legal	Exploration costs	9,000	4,000
James Anderson	CEO Incentive payment per agreement	280,000	-
2020 Accountancy Solutions	Accounting Fees	78,899	-

21 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	Half-year to 31 December 2017	Half-year to 31 December 2016
	\$	\$
(Loss) for the period	(1,155,677)	(880,438)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	11,472	14,674
- depreciation – Exploration costs	11,861	13,543
- Loss on disposal of Plant & Equipment	3,956	874
Changes in assets and liabilities,		
- (increase)/decrease in trade and other receivables	514,721	(50,042)
- (increase)/decrease in prepayments	(43,067)	(88,779)
- increase/(decrease) in trade and other payables	70,312	(13,940)
- increase/(decrease) in employee benefits	50,414	4,967
Cashflow from operations	(536,008)	(999,141)

Notes to the Financial Statements

For the Half-year ended 31 December 2017

22 Share-based Payments

During the half-year 1 July 2017 to 31 December 2017 the following number of shares were granted to key management personnel (KMP), employees, consultants and suppliers as share-based payments.

		Half-year to 31 December 2017 \$	Half-year to 31 December 2017 Shares	Half-year to 31 December 2016 \$	Half-year to 31 December 2016 Shares
KMPs	16	230,000	4,000,000	-	-
Other Employees	16	-	-	34,000	425,000
Consultants		-	-	-	-
Other Suppliers		-	-	52,000	400,000
Total		230,000	4,000,000	86,000	825,000

The weighted average fair value of those equity instruments, determined by management was \$0.0575 (Half-year to 31 December 16 \$0.1042).

Included under expenses in the statement of profit and loss is \$230,000 which relates to equity settled share-based payment transactions.

Included under transaction cost on the share issue in the statement of Changes in Equity is \$0 (Half-year to 31 December 16 \$0) which relates to equity settled share-based payment transactions.

23 Events Occurring After the Reporting Date

The financial report was authorised for issue on 1st March 2018 by the board of directors.

No matters or circumstances have arisen since the end of the financial 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 future financial years.

24 Company Details

The registered office of the company is:

Alt Resources Limited
64 Industrial Drive
Mayfield NSW 2304

The principal place of business is:

11-13 Baggs Street
Jindabyne NSW 2627

Notes to the Financial Statements

For the Half-year ended 31 December 2017

25 Joint Venture Details

- i) The company holds 70% of the Joint Venture with GFM Exploration Pty Ltd holding the other 30%. Therefore the company has beneficial and legal entitlement to 70% of the following tenements:

EL7825 Paupong; EL8266 Paupong; EL8382 Paupong; EL8416 Myalla.

The company details provided at Note 24 above are the same for GFM Exploration Pty Ltd.

- ii) The company holds 51% of the Joint Venture with Mount Roberts Mining Pty Ltd holding the other 49%. Therefore the company has beneficial and legal entitlement to 51% of the following tenements:

M36/279 and M36/3.41.

Notes to the Financial Statements

For the Half-year ended 31 December 2017

The directors of the Company declare that:

1. the financial statements and notes for the half year ended 31 December 2017 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, which, as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position and performance of the Company;
2. In the directors' opinion, 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.

Director



Neva Collings

Director



William Hugh Ellis

Dated 1st March 2018

Alt Resources Limited

ABN: 57 168 928 416

Independent Auditor's Review Report to the members of Alt Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Alt Resources Limited, which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Alt Resources Limited 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 is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 Alt Resources Limited's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Alt Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Alt Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.



Alt Resources Limited

ABN: 57 168 928 416

Independent Auditor's Review Report to the members of Alt Resources Limited

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Alt Resources Limited is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Alt Resources Limited's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

Hardwickes

Hardwickes
Chartered Accountants



Robert Johnson FCA
Partner

Canberra

1/3/18



CHARTERED ACCOUNTANTS
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