

LANEWAY RESOURCES LIMITED

A.B.N. 75 003 049 714

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

LANEWAY RESOURCES LIMITED

CORPORATE DIRECTORY	
DIRECTORS Stephen Bizzell (Chairman) Rick Anthon Mark Baker Peter Wright	AUSTRALIAN BUSINESS NUMBER ABN 75 003 049 714
COMPANY SECRETARY Paul Marshall	STOCK EXCHANGE LISTING Australian Securities Exchange ASX Code: LNY ordinary shares
PRINCIPAL BUSINESS ADDRESS Level 21 110 Mary St Brisbane Qld 4000 Telephone: (07) 3108 3500 Email: admin@lanewayresources.com.au	REGISTERED OFFICE Level 21 110 Mary St Brisbane Qld 4000
SHARE REGISTRY Link Market Services Ltd Level 21 10 Eagle Street Brisbane Qld 4000 Telephone: 1300 554 474	AUDITOR BDO Audit Pty Ltd Level 10, 12 Creek Street Brisbane QLD 4000 Phone: + 61 7 3237 5999
SOLICITOR McCullough Robertson Level 11, 66 Eagle Street Brisbane, QLD 4000 Telephone: +61 7 3233 8888	WEBSITE www.lanewayresources.com.au

LANEWAY RESOURCES LIMITED DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Laneway Resources Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2019.

Directors

The directors of the company in office during the half-year and until the date of this report are:

SG Bizzell (Chairman)

RS Anthon (Non-executive Director)

CM Baker (Non-executive Director)

P Wright (Non-executive Director)

Review and Results of Operations and Significant Changes in the State of Affairs

During the half year, Laneway continued tribute mining with Maroon Gold Pty Ltd (Maroon) at Agate Creek within ML100030. Mining finished in August and ore transportation continued into early September with the decision made to transport and process the low-grade stockpile (≈15,000 tonnes) due to the significant increase in AUD gold price since the commencement of mining in April 2019. This resulted in processing continuing until mid-September.

Under the Mining and Processing (Tribute) Agreement entered into with Maroon, all direct costs incurred with respect to production from the were incurred by and paid for by Maroon. The parties then shared the proceeds of the gold produced above an amount retained by Maroon towards the production costs. Total processed production from April 2019 to September 2019 was ≈70,000 tonnes of ore at an average grade of 7.3 g/t with gold recoveries averaging over 97%. Total gold sold in the campaign from the project commencement in April was 15,816 ounces. Laneway's calculation of its share of the total gold sales over this period is almost 5,000 oz with the share of the proceeds being almost \$10 million.

For the reporting period total gold sold was approximately 8,500 oz with total revenue of over \$19 million. Laneway's net share of this under the Tribute Agreement is 2,635 oz - \$5,600k. The company has an amount still owing to it from Maroon Gold of \$1.825m. Whilst about \$300k of the amount owing is disputed by Maroon Gold, Laneway also currently has concerns about the timing and ultimate recoverability of the full amount of the debt from Maroon due to Laneway's concern as to their current financial position. While Laneway remains optimistic that some or all of this amount will be recovered from Maroon, at this time a provision for the non-recovery of the full amount has been made. The company has recorded an operating profit of net profit of over \$2 million for the reporting period - after fully providing for the \$1,825k still owing by Maroon in relation to the agreement.

<u>Revenue</u>	6 months to 31/12/19 \$'000
Income from sale of gold from Agate Creek	19,143
Other income	19
Total income	19,162
<u>Expenses</u>	
Operational expenses	
Mining and processing costs under Maroon Gold Agreement	13,361
Laneway mining costs	197
Provision for doubtful debt	1,825
Net Royalties payable	399
Depreciation and Amortisation	484
Total operational expenses	16,266
Other expenses	
Employment expenses	264
Finance costs	150
Unwinding of Convertible Note discount	60
Corporate and Administration expenses	198
Total other expenses	672
Net Profit for Period	2,224

LANEWAY RESOURCES LIMITED DIRECTORS' REPORT



Agate Creek Mine

Once the operational activity at Agate Creek finished the company proceeded with further exploration and development drilling – which was used to undertake an updated JORC resource estimate for the project. In addition, a program commenced to analyse the significant historical pulp library stored on site by undertaking detailed litho-geo-chemical & alteration geo-chemical multi element analysis along with alteration zonation deposit modelling. This information will be incorporated into the existing geological models to generate a more comprehensive 3D fluid pathway model with the aim of significantly expanding the current gold inventory of the project.

A short geophysical program was completed in early November on the gold project in New Zealand to assist with future drill planning in and around Jubilee.

Limited exploration activities were undertaken on the Ashford coal project in Northern NSW however, work is continuing with procedures in relation to advancing the project towards a Mining Lease Application.

Agate Creek Gold Project

The Agate Creek Gold Project is located approximately 40km south of Forsayth and 60km west of Kidston in North Queensland. The Project covers a total of 647.5 km² and comprises of the following tenures EPM 17788, EPM 26460, MDL402 & ML 100030. It is currently defined as two principal areas, Sherwood and Sherwood West, which are situated on the north western edge of a Permian caldera measuring 10km by 5km. Numerous other historic mines are within the Etheridge Gold Field which historically produced 1 million ozs of gold between 1870 and 1914. Laneway strategically controls much of the southern end of this Gold Field.

RC Drilling Program

An RC drilling program of 46 holes for 2,244m was completed in September/October 2019. The program comprised 17 holes (1,002m) at Sherwood, 5 holes (609m) at Sherwood West and 20 holes (633m) on regional areas - targeting both potential additional high-grade material near the existing open cut pit as well as initial drilling on several regional targets.

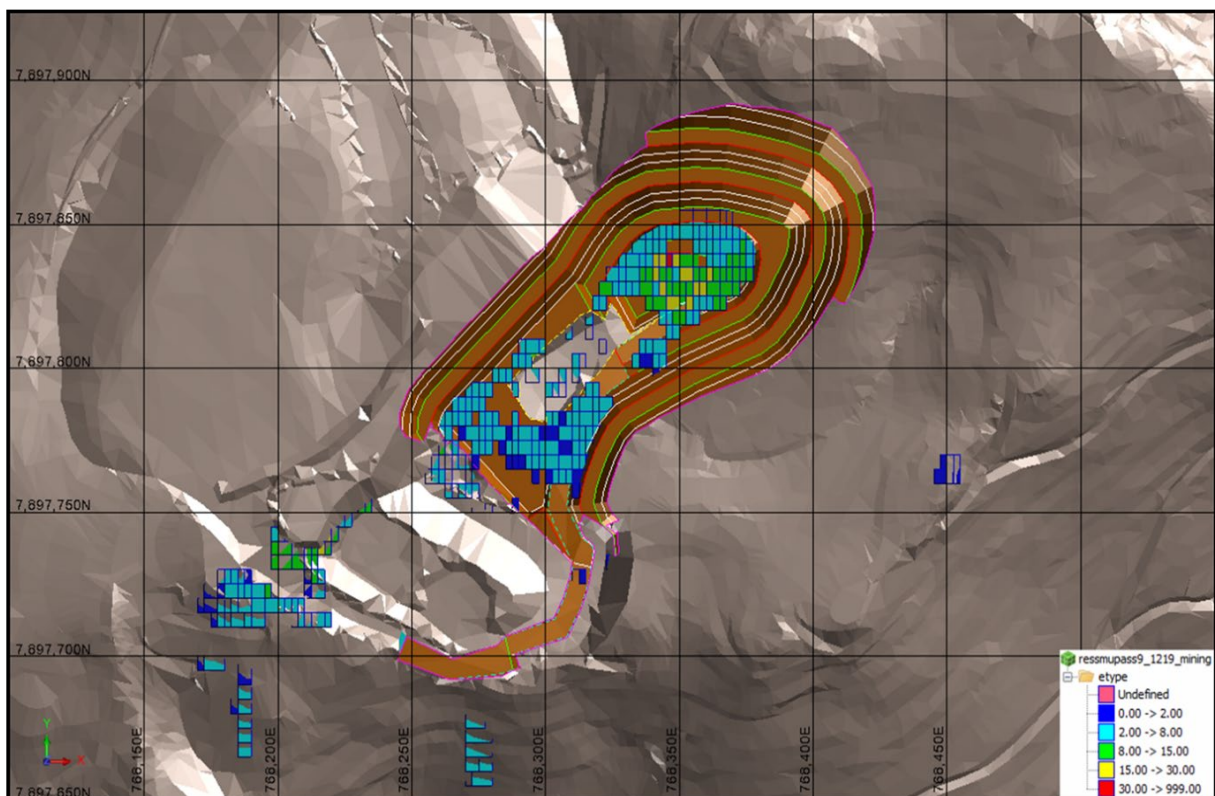
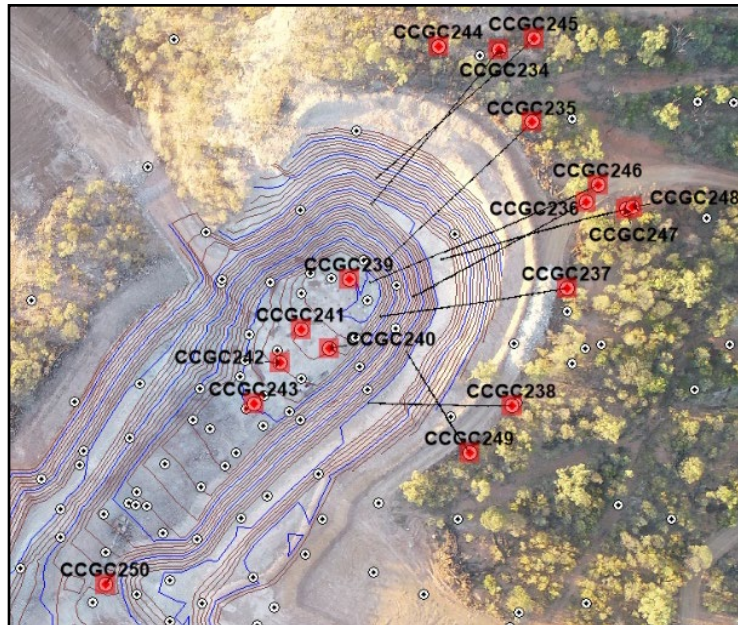
LANEWAY RESOURCES LIMITED DIRECTORS' REPORT

Sherwood

Drilling results at Sherwood confirm the potential for Laneway to undertake a small cut back on the current open cut pit area to allow for the high grade mineralisation to be mined from deeper mining of the current pit floor, along with extensions into the walls on both sides of the pit and into the northern high wall area. Full results for Sherwood drill holes were reported in the ASX announcement dated 26th November 2019. Initial analysis shows the potential for 20-25,000t tonnes to be mined in the near term by Laneway.

Sherwood high grade zone (17 holes for 1,002m) included the following highlights:

- 3m at 9.2 g/t Au (CCGC235)
- 7m at 13.9 g/t Au (CCGC245)
- 2m at 24.6 g/t Au (CCGC246)
- 2m at 53.0 g/t Au (CCGC246)
- 5m at 22.3 g/t Au (CCGC247)
- 2m at 10.2 g/t Au (CCGC247)
- 3m at 22.6 g/t Au (CCGC247)



Agate Creek Pit Drilling and Analysis

**LANEWAY RESOURCES LIMITED
DIRECTORS' REPORT**

Mineral Resource Update

An updated Mineral Resource estimate (JORC 2012) was completed on the Agate Creek epithermal gold project in North Queensland that included all drilling on the project to date and depletion from all mining during 2019. Mineral Resource estimates were undertaken for the Sherwood, Sherwood West and Sherwood South deposits and were based upon a total of 710 exploration drill holes and over 1,500 sampled blast holes from mining. Independent consultants ResEval Pty Ltd were engaged to update the Mineral Resource.

For continuity a similar approach as previously used for Agate Creek was adopted for estimation using a recoverable resource estimation method that is adjusted to account for a selective mining option and includes an allowance for mine dilution. This was augmented with narrow restricted domain interpretations for the high-grade lenses that display sufficient continuity.

A global recoverable Mineral Resource has been defined for the Agate Creek Project in Table 1 at a 0.5 g/t Au cut-off suitable for a large open pit operation and reported on the same basis as the previous resource statement. A continuous high-grade Mineral Resource can be interpreted at cut-off of 2 g/t Au for Sherwood and 1 g/t Au for Sherwood West and reported in Table 2. Table 2 represents a subset of Table 1.

Table 1: Total recoverable Mineral Resource at 0.5 g/t gold cut-off grade

Classification	Sherwood			Sherwood South			Sherwood West			Total		
	Mt	Au g/t	Au oz	Mt	Au g/t	Au oz	Mt	Au g/t	Au oz	Mt	Au g/t	Au oz
Measured	0.015	4.91	2,400							0.015	4.91	2,400
Indicated	2.45	1.56	123,000				2.18	1.54	108,000	4.63	1.55	231,000
Inferred	1.73	1.15	64,000	0.37	1.16	14,000	1.59	1.14	58,000	3.69	1.15	136,000
Total	4.20	1.40	190,000	0.37	1.16	14,000	3.37	1.37	166,000	8.34	1.38	370,000

Mineral Resources are inclusive of the high-grade Mineral Resource included in Table 2

Table 2: High grade Mineral Resource subsets

Area	Cut-off Au g/t	Measured			Indicated			Inferred			Total		
		kt	Au g/t	Au oz	kt	Au g/t	Au oz	kt	Au g/t	Au oz	kt	Au g/t	Au oz
Sherwood	2.0	15	4.88	2,400	188	5.61	33,800	2	3.05	200	205	5.53	36,400
Sherwood West	1.0				977	1.87	58,800	118	1.72	6,700	1,095	1.86	65,400
Total		15	4.88	2,400	1,165	2.47	92,600	119	1.78	6,800	1,300	2.44	101,800

Grade and Tonnage rounded to 2 decimal places. Ounces calculated after rounding and reported to nearest 100Oz

Given the recent increases in the AUD gold price the Mineral Resource estimates was also reported at 0.3 g/t cut-off in Table 3. No recent economic modelling has been undertaken on the project and as such the marginal cut-off grade that would be used for a bulk tonnage operation is unknown but could be assumed to be in the 0.3 to 0.5 g/t Au range.

Table 3: Total recoverable Mineral Resource at 0.3 g/t gold cut-off grade

Classification	Sherwood			Sherwood South			Sherwood West			Total		
	Mt	Au g/t	Au oz	Mt	Au g/t	Au oz	Mt	Au g/t	Au oz	Mt	Au g/t	Au oz
Measured	0.015	4.88	2,400							0.015	4.88	2,400
Indicated	4.90	1.00	157,000				4.13	1.02	135,000	9.04	1.01	292,000
Inferred	3.06	0.83	82,000	0.51	0.96	16,000	3.19	0.78	80,000	6.76	0.81	177,000
Total	7.98	0.94	241,000	0.51	0.96	16,000	7.32	0.91	215,000	15.81	0.93	471,000

Further details of the Mineral Resource estimate are contained in the ASX announcement of 30 January 2020.

LANEWAY RESOURCES LIMITED DIRECTORS' REPORT

Sherwood West and Regional Drilling

Sherwood West southern extension (5 holes for 609m) assay results returned no significant gold results, however they have shown that the geological structure extends to the south of the known 800m long resource area. Five regional targets were also drilled for a total of 20 holes for 633m at Delaney, Eastern Bar, Eastern Bar South, Moonbeam and Jedda. At Eastern Bar the 4 holes for 132m showed good continuity of the mineralised zone both down dip and along strike. At Eastern Bar South the 1 hole for 60m showed several altered zones with minor quartz veining within metamorphic rocks. At Delaney the 10 holes for 258m showed good continuity of the structure both along strike and down dip. At Moonbeam the 2 holes for 90m indicated the mineralisation thins at depth. At Jedda the 3 holes for 93m showed the mineralised zone is about 2m wide at depth and may thin out after 10-15m. Full results were reported in the ASX announcement dated 31 January 2020.

Current Work Program

Laneway is currently investigating the significant historical pulp library stored on site by undertaking detailed litho-geo-chemical & alteration geo-chemical multi element analysis along with alteration zonation deposit modelling. This information will then be incorporated into the existing geological models to generate more comprehensive 3D fluid pathway modelling with the aim of significantly expanding the current gold inventory of the project. This information should allow for more accurate targeting of main mineralized zones at depth within the Sherwood, Sherwood West and potentially also the Nottingham Prospects & regional targets. Results from this will assist with developing a significant drilling program following full analysis and interpretation of the results of this program. This work program is currently underway and is expected to take several months to complete, the plan is to have analysis completed before the 2020 "dry" field season.

Having achieving a material positive cash flow from the mining activities at the Agate Creek and given the recent record high prices of gold, Laneway will also be evaluating several other high grade zones for their potential to be mined economically to create further cash flow for the company. This will include assessment of the viability of recent advances in ore sorting in order to review lower grade portions of the orebody prior to transport - this is to be reviewed for its potential to be applied by the Company with initial test work to be undertaken. The benefit of ore sorting will also be assessed for other low-grade mineralised zones within the ML area along with nearby areas such as the Nottingham prospect.

Following the completion of the recent Mineral Resource update Laneway has commenced planning to undertake a further high-grade mining campaign this year by extending the current open pit and if warranted commence a further pit cut back by:

- finalising mine plan and designs
- evaluation of mining options (contractor or dry hire)
- completing related mining notifications and approvals, and
- finalising a processing plant toll treatment agreement.

Competent Persons Statements

The information relating to the Mineral Resources at the Agate Creek Project is extracted from the ASX Announcement as follows:

'Significant High-Grade Resource Increase for Agate Creek' dated 30 January 2020.

The report is available to view on the Laneway Resources website www.lanewayresources.com.au. The report was issued in accordance with the 2012 Edition of the JORC Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The information in this report that relates to Exploration Results at Agate Creek is based on information compiled by Mr Scott Hall who is a member of the Australian Institute of Mining and Metallurgy. Mr Hall is a full-time employee of Laneway Resources Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources

LANEWAY RESOURCES LIMITED DIRECTORS' REPORT

and Ore Reserves.' Mr Hall consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The company is not aware of any new information or data that materially affects the information included in this report.

Ashford Coking Coal Project (100% LNY)

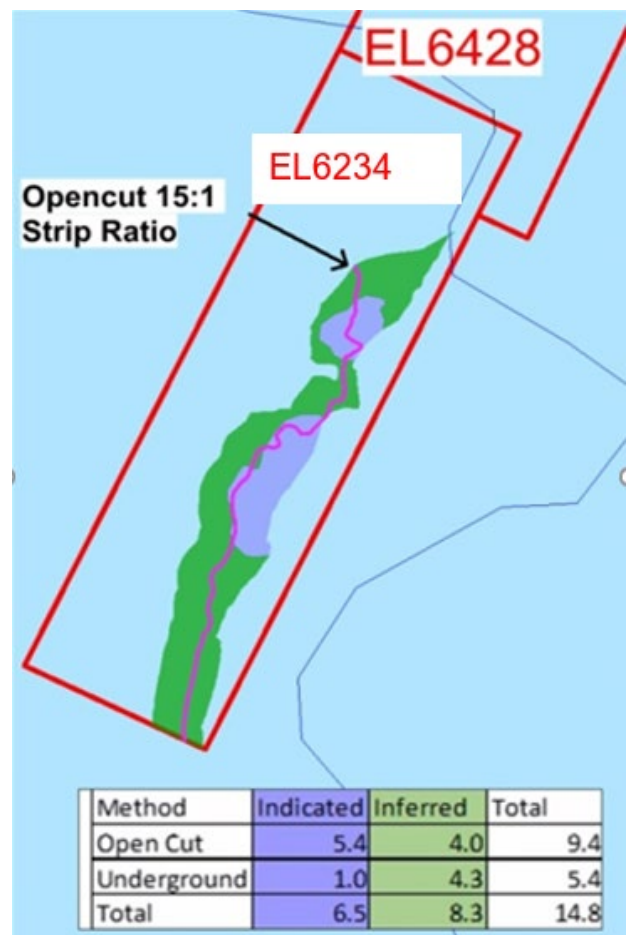
The Ashford Coking Coal Project is located approximately 60km north of Inverell (northern NSW) and 4 km from the township of Ashford. The Project is comprised of EL 6234 & EL 6428 which covers approximately 14 km². The tenures hold part of the Ashford Coal Measures covering the only commercial operation to mine the Ashford Seam the "Ashford Colliery".

Total resources within EL6234 are estimated at 14.8 million tonnes of in-situ coal with 6.5 million tonnes classified as Indicated and 8.3 million tonnes as Inferred. Of the total resource, 9.4 million tonnes are likely to be accessible by conventional open cut methods to a 15:1 vertical waste to in-situ coal tonnes stripping ratio cut off. A further 5.4 million tonnes are expected to be mined via high wall mining methods. Coal Quality studies suggest that the seam could qualify as a semi hard coking coal provided the raw ash is not above 10.5%.

The proposed Mining Lease Application (MLA) will cover the resources and also sufficient additional area to allow for mining, stockpiles and washing if required. The MLA and associated approvals and studies are being progressed currently.

As part of the infrastructure requirements associated with mining, there are several transport options that have been assessed as viable at current coking coal prices and these options will be further developed.

With the continued strength of metallurgical coal prices, the relative scarcity of open pittable Metallurgical Coal deposits and recent corporate activity in the sector, Laneway sees considerable shareholder value creation potential from the Ashford Coking Coal project and intends to progress the project towards a Mining Lease Application over the resource area within the next 12 months.



Competent Persons Statement

The information relating to the Mineral Resources at the Ashford Coking Coal Project is extracted from the ASX Announcement as follows:

ASX Announcement titled: 'Ashford Coking Coal Project - Increased Resource' dated 20 November 2017.

The report is available to view on the Laneway Resources website www.lanewayresources.com.au. The report was issued in accordance with the 2012 Edition of the JORC Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, and also "Australian Guidelines for the Estimation and Classification of Coal Resources, (2014)". The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

**LANEWAY RESOURCES LIMITED
DIRECTORS' REPORT**

New Zealand Gold Project (100% LNY)

The Project is located on the North Island of New Zealand within the Hauraki goldfield, within the mineralised corridor that is host to Oceana operating Martha Mine (Waihi); the Golden Cross gold-silver mine and also extends through the New Talisman Karangahake Project.

The Hauraki goldfields have yielded in excess of 45 million ounces of gold and silver from approximately 50 low-sulphidation epithermal deposits. Andesite-hosted deposits comprise about 95% of past gold production. Gold and silver are localised in quartz veins that range up to 30m wide and approximately 800m long. Historic mining occurred in the Project area between 1860 and 1952, with workings reaching a depth of up to 140m from surface. There remains significant scope for down dip and strike extensions of this mineralization throughout a >7 km long prospective corridor. There is also the potential to delineate near surface resources that may be amenable to standard open cut mining techniques.

A short geophysical program was conducted in November primarily targeting mining voids from historically mining so they do not impact drilling. The Ground Penetrating Radar technique being utilised also has identified some of the quartz veining in the area. Results are still being interpreted and utilised to further assisting drill planning.

There are still several drill ready target areas within the project area. The most exciting of these areas is the 500m long Jubilee trend, which was historically mined around the turn of last century. Historical reports also state quartz veining was up to 32 feet wide mined in the lower levels 200m below surface. The Jubilee area has had less than 10 holes drilled into the area shown below with only 2 of these holes deeper than 200m and as such retains significant potential, particularly when compared to the Maria vein within the Karangahake Mine System which sits 7km directly along trend from Jubilee. With 8 drill ready targets (LNY01-08) at the Jubilee Prospect targeting both along strike and down dip extensions of known mineralisation and new targets. All agreements, permitting and drill pads are now in place to allow drilling of this target.

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

The Auditor's Independence Declaration is attached and forms part of the Directors' Report for the half-year ended 31 December 2019.

Signed in accordance with a resolution of the Directors.



Stephen G Bizzell
Director
Brisbane 13 March 2020

**LANEWAY RESOURCES LIMITED
AUDITOR'S INDEPENDENCE DECLARATION**



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DECLARATION OF INDEPENDENCE BY T R MANN TO THE DIRECTORS OF LANEWAY RESOURCES LIMITED

As lead auditor for the review of Laneway Resources Limited for the half-year ended 31 December 2019, 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 Laneway Resources Limited and the entities it controlled during the period.

A handwritten signature in dark ink, appearing to read 'T R Mann', with a long horizontal flourish extending to the right.

T R Mann
Director

BDO Audit Pty Ltd

Brisbane, 13 March 2020

LANEWAY RESOURCES LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Note	31 December 2019 \$	31 December 2018 \$
Continuing Operations			
Revenue from Contracts with Customers	2	19,142,645	-
Other income	2	18,956	133
Production expenses		(13,558,002)	-
Net Royalties expense	2	(398,883)	-
Provision for doubtful debt		(1,825,000)	-
Depreciation and amortisation expenses	2	(483,940)	-
Finance costs	2	(149,425)	(102,440)
Unwinding of Convertible Note Discount	2	(60,187)	-
Employment costs		(264,007)	(206,307)
Other expenses		(197,917)	(308,346)
Profit/(Loss) from ordinary activities before tax		2,224,240	(616,960)
Income tax expense		-	-
Profit/(Loss) for the period		2,224,240	(616,960)
Other comprehensive income		-	-
Total comprehensive income for the half-year attributable to owners of Laneway Resources Ltd		2,224,240	(616,960)
Basic earnings/(loss) per share (cents per share)	6	0.06	(0.019)
Diluted earnings/(loss) per share (cents per share)	6	0.059	(0.019)

The Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

LANEWAY RESOURCES LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	31 December 2019 \$	30 June 2019 \$
Current Assets			
Cash and cash equivalents	4	3,226,045	2,648,743
Trade and other receivables	9	998,098	698,576
Financial assets		3,516	3,516
Other current assets		96,879	24,692
Total Current Assets		<u>4,324,538</u>	<u>3,375,527</u>
Non-Current Assets			
Trade and other receivables		178,632	178,632
Property, plant and equipment	7	257,643	54,011
Exploration, evaluation and development assets	8	12,620,573	12,110,829
Total Non-Current Assets		<u>13,056,848</u>	<u>12,343,471</u>
Total Assets		<u>17,381,386</u>	<u>15,718,998</u>
Current Liabilities			
Trade and other payables	10	1,096,189	1,830,151
Provisions		140,201	118,278
Total Current Liabilities		<u>1,236,390</u>	<u>1,948,429</u>
Non-Current Liabilities			
Borrowings	11	1,762,242	1,833,875
Provisions		205,650	205,650
Total Non-Current Liabilities		<u>1,967,892</u>	<u>2,039,525</u>
Total Liabilities		<u>3,204,282</u>	<u>3,987,954</u>
Net Assets		<u>14,177,104</u>	<u>11,731,044</u>
Equity			
Issued capital	3	128,544,819	128,322,999
Convertible note equity reserve		344,125	344,125
Accumulated losses		(114,711,840)	(116,936,080)
Total Equity		<u>14,177,104</u>	<u>11,731,044</u>

The Consolidated Balance Sheet should be read in conjunction with the accompanying notes

LANEWAY RESOURCES LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	Note	31 December 2019 \$	31 December 2018 \$
Cash Flows from Operating Activities			
Cash receipts in the course of operations		4,780,738	133
Cash payments in the course of operations		(1,246,472)	(223,375)
Finance costs		(156,584)	-
Royalties Paid		(1,579,352)	-
Royalties Receipt		601,505	-
Net cash from/(used) in operating activities		<u>2,399,835</u>	<u>(223,242)</u>
Cash Flows from Investing Activities			
Refund of tenement security deposits		-	7,500
Payments for plant and equipment		(183,603)	-
Payments for exploration & evaluation		(648,285)	(709,473)
Payments for project development		(240,645)	-
Loans extended		(750,000)	-
Net cash used in investing activities		<u>(1,822,534)</u>	<u>(701,973)</u>
Cash Flows from Financing Activities			
Proceeds from issue of shares		-	349,500
Proceeds from issue of convertible notes		-	895,000
Security issue expense		-	(127,273)
Advance receipt of placement funds		-	180,000
Loans received		-	146,550
Loans (repaid)		-	(170,000)
Net cash flows provided by financing activities		<u>-</u>	<u>1,273,777</u>
Net increase/(decrease) in cash held		577,302	348,563
Cash at the beginning of the period		2,648,743	172,147
Cash at the end of the period	4	<u><u>3,226,045</u></u>	<u><u>520,710</u></u>

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

LANEWAY RESOURCES LIMITED

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

	Issued Capital \$	Convertible Note Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2018	127,798,879	85,000	(118,836,028)	9,047,851
Loss for the period	-	-	(616,960)	(616,960)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(616,960)	(616,960)
Transactions with owners in their capacity with owners				
Issue of shares re share placement	390,000	-	-	390,000
Share issue expense	(75,880)	-	-	(75,880)
Convertible note issue	-	244,125	-	244,125
Total transactions with owners	314,120	244,125	-	558,245
Balance at 31 December 2018	128,112,999	329,125	(119,452,988)	8,989,136
Balance at 1 July 2019	128,322,999	344,125	(116,936,080)	11,731,044
Profit for the period	-	-	2,224,240	2,224,240
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	2,224,240	2,224,240
Transactions with owners in their capacity with owners				
Issue of shares re note conversion	131,820	-	-	131,820
Issue of shares re employee bonus	90,000	-	-	90,000
Total transactions with owners	221,820	-	-	221,820
Balance at 31 December 2019	128,544,819	344,125	(114,711,840)	14,177,104

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

LANEWAY RESOURCES LIMITED

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS

This general purpose financial report for the interim half-year reporting period ended 31 December 2019 has been prepared in accordance with Australian Accounting Standard AASB134: Interim Financial Reporting and the Corporations Act 2001.

The interim report does not include all notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. Accordingly, this interim financial report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by Laneway Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies and methods of computation applied by the Consolidated Entity in the consolidated interim financial report are the same as those applied by the Consolidated Entity in its consolidated financial report as at and for the year ended 30 June 2019, except as noted below.

New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period and the Consolidated Entity had to change its accounting policies as a result of adopting the following standard:

- AASB 16 *Leases*

The impact of the adoption of these standards and the new accounting policies are disclosed below. The other standards did not have any impact on the Consolidated Entity's accounting policies and did not require retrospective adjustments.

AASB 16 *Leases*

This standard and its consequential amendments were applied from 1 July 2019, replacing the 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. This means that for most leases, a right-of-use asset and a lease liability will be recognised, with the right-of-use asset being depreciated and the lease liability being unwound in principal and interest components over the life of the lease.

As at 31 December 2019, the Consolidated Entity was not involved in a lease as described under AASB 16, so the adoption of AASB 16 *Leases* did not have any impact on the group's accounting policies and did not require retrospective adjustments.

Fair Values

The fair values of cash and cash equivalents, trade and other receivables, security deposits, interest bearing loans and borrowings and trade and other payables approximate their carrying value.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below:

Key judgements – exploration & evaluation assets

The consolidated entity performs regular reviews on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. These reviews are based on detailed surveys and analysis of drilling results performed to balance date.

The Directors have assessed that for the exploration and evaluation assets recognised at 31 December 2019, the facts and circumstances do not suggest that the carrying amount of an asset may exceed its recoverable amount. In considering this the Directors have had regard to the facts and circumstances that indicate a need for impairment as noted in Accounting Standard AASB 6 "Exploration for and Evaluation of Mineral Resources".

LANEWAY RESOURCES LIMITED

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS (CONT'D)

Key judgements – capitalisation and impairment assessment of development costs

Initial capitalisation of costs is based on management's judgement that technical and economic feasibility is confirmed. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generating potential of the project.

During the prior financial year Laneway obtained a Mining Licence for its high grade near surface gold project at Agate Creek. A Mining and Processing Agreement was entered into that enabled mining operations to commence and previously capitalised exploration costs on Agate Creek were transferred from exploration expenditure to development expenditure and formed part of the pool of expenditures being amortised.

Key judgements – Revenue Recognition

The Group has entered into a Mining and Processing Agreement with a mine operator. Through this agreement, the Group has engaged the other party to operate / mine its gold tenements for a period of 18 months capped at 100,000 tonnes of ore produced.

In consideration for this service the mine operator is entitled the revenues from the first 3.5g/t of any ore refined. Any excess above 3.5g/t is split 60% to Laneway and 40% to Maroon based on monthly production. This consideration was revised to 3g/t for the sales from 1 August 2019 onwards.

At all times Laneway retains legal title to the ore and minerals.

The Group accounts for this arrangement by recognising the gross revenue from the sale of minerals and a cost of the mining service provided by the mine operator to the Group.

Going concern basis for accounting

As a result of the revenue arising from the successful development of the Agate Creek project, the ongoing support from the chairman of the company and the prior success of capital raisings the directors believe the going concern basis of preparation is appropriate, and accordingly have prepared the financial report on this basis. The going concern basis presumes that funds will be available to finance future operations and that the realisation of assets and liabilities will occur in the normal course of business.

LANEWAY RESOURCES LIMITED

	Consolidated Entity	
	Half-year Ended 31 December 2019 \$	Half-year Ended December 2018 \$
2. REVENUES AND EXPENSES		
Profit/(Loss) from ordinary activities before income tax includes the following specific items:		
Mineral royalty expenses		
Payable on mineral production	1,328,642	-
Recoverable under Agate Creek Tribute Agreement	(601,515)	-
Net royalty expense	398,883	-
Provision for doubtful debt	1,825,000	-
Depreciation		
Plant and equipment	20,870	-
Amortisation		
Amortisation of Agate Creek development costs	463,070	-
Unwinding of Convertible Note discount – equity portion	60,187	-
Finance costs		
Interest on Convertible Notes	149,425	48,148
Interest – Director related entity	-	17,174
Interest other	-	37,117
	149,425	102,440

3. ISSUED CAPITAL

Ordinary Shares

	Half-year Ended Dec 2019		Year Ended June 2019	
	No. of shares	\$	No. of shares	\$
Ordinary shares fully paid				
Beginning of the financial period	3,680,065,933	128,322,999	3,480,065,933	127,798,879
Increases				
- Placement (1)	-	-	200,000,000	600,000
- Issue of employee bonus shares (2)	10,000,000	90,000	-	-
- Conversion of Convertible Notes (3)	30,000,000	131,820	-	-
- Share issue expense (4)	-	-	-	(75,880)
	3,720,065,933	128,544,819	3,680,065,933	128,322,999

(1) Issue of shares by way of placement at 0.3 cents per share

(2) Issue of employee bonus shares at 0.9 cents per share

(3) Conversion of 30m \$0.05 June 2021 Convertible Notes

(4) Share issue expenses

Share Options

There were no options on issue at the start, during or at the end of the financial period.

Convertible Notes

At the start of the period there were 420,000,000 unlisted \$0.005 2021 convertible notes on issue. During the half year 30,000,000 notes were converted into fully paid ordinary shares resulting in a total of 390,000,000 being on issue at 31 December 2019. Each note is convertible, at the holder's election, into one fully paid ordinary share on or before 30 June 2021.

LANEWAY RESOURCES LIMITED

4. RECONCILIATION OF CASH

Cash and cash equivalents at the end of the half-year as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:

	31 December 2019 \$	Consolidated 30 June 2019 \$	31 December 2018 \$
Cash and cash equivalents	3,226,045	2,648,743	520,710
	<u>3,226,045</u>	<u>2,648,743</u>	<u>520,710</u>

Non cash transactions

During the period a total of 10,000,000 shares were issued at \$0.009 per share to an employee in relation to a bonus from the prior period and 30,000,000 \$0.005 2021 Convertible Notes were converted into 30,000,000 fully paid ordinary shares.

5. SEGMENT INFORMATION

Reportable Segments

The principal geographical areas of operation of the Consolidated Entity are as follows:

- Australia
- New Zealand

Operating segments are identified on the basis of internal reports that are regularly reviewed by the executive team in order to allocate resources to the segment and assess its performance.

Segment Revenues and Results

The following is an analysis of the Consolidated Entity's revenue and results by reportable operating segment for the periods under review.

	New Zealand \$	Australia \$	Consolidated \$
31-Dec-19			
Revenue:			
Revenue from outside the Consolidated Entity	-	19,161,601	19,161,601
Other unallocated revenue	-	-	-
Total Revenue	<u>-</u>	<u>19,161,601</u>	<u>19,161,601</u>
Segment result	-	2,224,240	2,224,240
Income tax	-	-	-
Net Profit	<u>-</u>	<u>2,224,240</u>	<u>2,224,240</u>
Assets:			
Segment assets	1,056,348	12,020,114	13,076,462
Unallocated corporate assets	-	-	4,304,924
Consolidated Total Assets	<u>1,056,348</u>	<u>12,020,114</u>	<u>17,381,386</u>
	New Zealand \$	Australia \$	Consolidated \$
31-Dec-18			
Revenue:			
Revenue from outside the Consolidated Entity	-	133	133
Other unallocated revenue	-	-	-
Total Revenue	<u>-</u>	<u>133</u>	<u>133</u>
Segment result	-	(616,960)	(616,960)
Income tax	-	-	-
Net Loss	<u>-</u>	<u>(616,960)</u>	<u>(616,960)</u>
30-Jun-19			
Assets:			
Segment assets	882,590	11,461,052	12,343,642
Unallocated corporate assets	-	-	3,375,356
Consolidated Total Assets	<u>882,590</u>	<u>11,461,052</u>	<u>15,718,998</u>

LANEWAY RESOURCES LIMITED

6. EARNINGS PER SHARE

	Consolidated Entity	
	Half-year Ended 31 December 2019 \$	Half-year Ended 31 December 2018 \$
Earnings/(Loss) per share		
Basic earnings/(loss) per share (cents per share)	0.059	(0.019)
Diluted earnings/(loss) per share (cents per share)	0.06	(0.019)

The following reflects the income and share data used in the calculations of basic and diluted earnings/(loss) per share:

Profit/(loss) from continuing operations	2,224,240	(616,960)
Earnings used in calculating basic earnings per share	2,224,240	(616,960)
Profit/(loss) from continuing operations	2,224,240	(616,960)
Interest expense in relation to dilutive convertible notes	207,578	-
Earnings used in calculating diluted earnings per share	4,231,818	(616,960)
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	3,713,109,411	3,261,531,512
Effect of dilutive securities	390,000,000	-
Adjusted weighted average number of ordinary shares used in calculating dilutive earnings per share	4,103,109,411	3,261,531,512

7. PROPERTY, PLANT AND EQUIPMENT

	Consolidated Entity			
	Minesite Assets \$	Motor Vehicles \$	Plant & Equip \$	Total \$
Period ended 31 December 2019				
At 1 July 2019 net of accumulated depreciation	26,263	27,748	-	54,011
Additions	91,718	74,328	58,457	224,503
Depreciation charge for the period	(8,859)	(7,815)	(4,197)	(20,870)
At 31 Dec 2019, net of accumulated depreciation	109,122	94,261	54,260	257,643
At 1 July 2019				
Cost or fair value	27,264	76,732	-	103,996
Accumulated depreciation	(1,001)	(48,984)	-	(49,985)
Net carrying amount	26,263	27,748	-	54,011
At 31 Dec 2019				
Cost or fair value	118,982	151,060	58,457	328,498
Accumulated depreciation	(9,860)	(56,799)	(4,197)	(70,856)
Net carrying amount	109,122	94,261	54,260	257,643

LANEWAY RESOURCES LIMITED

8. EXPLORATION, EVALUATION AND DEVELOPMENT ASSETS

	Consolidated Entity	
	Half-year Ended 31 December 2019	Year Ended 30 June 2019
	\$	\$
Exploration and development costs carried forward in respect of areas of interest		
Areas of production		
- Opening balance	1,402,937	1,157,674
- Accumulated amortisation	(1,157,674)	(694,604)
	245,263	463,070
Areas not in production		
- Exploration phase	12,375,310	11,647,759
-		
	12,620,573	12,110,829
Reconciliation		
Exploration expenditure capitalised		
- Opening balance	11,647,759	11,772,392
- Net Current period/year expenditure	727,551	517,904
- Transferred to development expenditure	-	(642,537)
- Written off/disposed during the period/year	-	-
Carried forward	12,375,310	11,647,759
Development expenditure capitalised		
- Opening balance	463,070	-
- Net Current period/year expenditure	245,263	515,137
- Transferred from exploration expenditure	-	642,537
- Amortisation	(463,070)	(694,604)
- Written off/disposed during the period/year	-	-
Carried forward	245,263	463,070

Exploration Assets

Recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation of areas of interest, and the sale of minerals or the sale of the respective areas of interest.

Development Assets

Recoverability of the carrying amount of development assets is dependent on the successful completion of development activities, or alternatively, sale of the respective areas of interest.

9. TRADE AND OTHER RECEIVABLES (CURRENT)

	Consolidated Entity	
	Half-year Ended 31 December 2019	Year Ended 30 June 2019
	\$	\$
Trade receivables	2,005,953	676,897
Less provision for doubtful debt ²	(1,825,000)	-
	180,953	-
Loan extended ¹	768,856	-
Other receivables	48,289	21,679
	998,098	698,576

¹ The short-term loan facility (of up to \$1.5m) is repayable on 31 May 2020. Interest receivable by the Company on the funds advanced is at 8% per annum. The loan has been advanced to BAM Opportunities Fund Pty Ltd to enable the Company to generate a return in excess of current cash deposit rates on surplus cash held and is secured by a first ranking fixed and floating charge over the assets of the borrower.

² A provision of \$1,825k has been made for the amount still owing by Maroon Gold in relation to the Tribute mining agreement. While Laneway remains optimistic that some or all of this amount will be recovered, at this time a provision for its non-recovery has been made.

LANEWAY RESOURCES LIMITED

10. TRADE AND OTHER PAYABLES (CURRENT)

	Consolidated Entity	
	Half-year Ended 31 December 2019	Year Ended 30 June 2019
	\$	\$
Trade creditors	244,141	643,534
Other payables and accruals	852,048	1,186,618
	<u>1,096,189</u>	<u>1,830,151</u>

11. BORROWINGS

	Consolidated Entity	
	Half-year Ended 31 December 2019	Year Ended 30 June 2019
	\$	\$
Non-Current		
Convertible Notes - June 2021 (a)	1,762,242	1,833,875
(a) <u>June 2021 \$0.005 convertible notes:</u>		
Number Issued: 390,000,000 at \$0.005 per note.		
Interest Rate: 15% per annum.		
Interest Payments: Interest paid half yearly in arrears and the interest may be paid in certain circumstances at Laneway's election by the issue of further Convertible Notes.		
Conversion: Each Convertible Note can be converted into one fully paid Laneway share.		
Maturity Date: 30 June 2021.		
Liability: The liability component of \$1,762,242 is reflected in financial liabilities while the equity component of \$344,125 of the issued June 2021 Convertible Notes is reflected in the convertible note reserve.		
Security: The Convertible Notes have equal ranking security proportionally with the Bizzell Nominees Facility.		

	Consolidated Entity	
	Half-year Ended 31 December 2019	Year Ended 30 June 2019
	\$	\$
The convertible notes are presented in the statement of financial position as follows:		
Value of notes issued	2,100,000	2,100,000
Value of notes converted	(131,820)	-
Value of equity component	(344,125)	(344,125)
	<u>1,624,055</u>	<u>1,755,875</u>
Unwinding of equity component – interest expense	138,187	78,000
Convertible note liability at balance date	<u>1,762,242</u>	<u>1,833,875</u>

12. CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no material change of any contingent assets or liabilities.

LANEWAY RESOURCES LIMITED

Directors' Declaration

In the Directors' opinion:

- (a) the attached financial statements and notes as set out on pages 11 to 21 are in accordance with the Corporations Act 2001 and:
 - (i) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (ii) give a true and fair view of the Consolidated Entity's financial position as at 31 December 2019 and of its performance for the half year ended on that date; 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.

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

On behalf of the directors



Stephen G Bizzell
Director

Brisbane
13 March 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Laneway Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Laneway Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated balance sheet as at 31 December 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not 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 2019 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*.

Directors' responsibility for the Half-Year 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 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 Group's financial position as at 31 December 2019 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*. As the auditor of the Group, 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 the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit Pty Ltd



T R Mann
Director

Brisbane, 13 March 2020