

ABM RESOURCES NL
AND CONTROLLED ENTITIES

ABN 58 009 127 020

INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2017



Contents



ABN 58 009 127 020 ACN 009 127 020

Directors	Mr Thomas McKeith (Chairman) Mr Matthew Briggs (Managing Director) Mr Mark Faul Mr Brett Smith
Secretary	Ms Jutta Zimmermann
Auditors	BDO Audit (WA) Pty Ltd 38 Station Street SUBIACO WA 6008
Bankers	Australia and New Zealand Banking Group Limited Level 10, 77 St Georges Terrace PERTH WA 6000
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DIRECTORS' REPORT

The Directors of ABM Resources NL present their report on the consolidated entity (Group), consisting of ABM Resources NL and the entities it controlled at the end of, and during, the half-year ended 31 December 2017.

Directors

Mr Thomas McKeith	Non-Executive Chairman
Mr Matthew Briggs	Managing Director
Mr Mark Faul	Non-Executive Director
Mr Brett Smith	Non-Executive Director

The Directors have been appointed for the whole period unless otherwise disclosed.

Operating Results

The consolidated loss of the Group for the half-year ended 31 December 2017 after providing for income tax amounted to \$2,893,297 (2016: loss of \$4,008,977).

Review of Operations

Since the start of the 2017/2018 financial year ABM:

- Implemented a focussed exploration strategy on ABM's under-explored and highly prospective tenement holdings in the Tanami region
- Assessed corporate and asset level opportunities, including joint ventures on early stage exploration projects, and divestments
- Undertook exploration at the Suplejack Project testing
 - 6 target areas with 179 holes for 8,490 metres of aircore drilling
 - Seuss Fault, Tethys – Seuss intersection and Hyperion South with 10 holes for 1,608 metres of RC drilling
- Undertook a aircore program at the Bluebush Project area covering
 - Capstan – 95 holes for 5,488 metres
 - Hornblower – 24 holes for 1,262 metres
 - Indefatigable – 12 holes for 561 metres
 - Wild Turkey – 28 holes for 1,163 metres
- Released an updated Resource model for Buccaneer
- Mapping and geochemical sampling continued across the area
- IGO explored the Lake Mackay Project completing a moving loop EM survey, six diamond drill holes for a total of 2,917 metres, down hole EM surveying of these 6 holes, and a soil sample survey of areas containing little or no cover adjacent to and surrounding EL24915
- Completed an exploration agreement with the Central Land Council, the representative body of Traditional Owners, for 12 joint venture tenements which were subsequently granted, expanding the area that can be actively explored at Lake Mackay from 517km² to 7,612km²
- WA tenement E80/5001, covering 446 km², was also granted and access negotiations initiated
- IGO also applied for an additional 3,245km² of tenement applications in the Northern Territory, increasing the joint venture area to 12,882km²
- Partial release of rehabilitation bonding for the Old Pirate Deposit

Planned 2018 Activities

- Extensional and infill RAB drilling is proposed for Bluebush to follow up on encouraging wide spaced results at Capstan.
- Reconnaissance RAB drilling, mapping and litho geochemistry is planned over the Suplejack North prospect areas.

DIRECTORS' REPORT

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of Directors.

A handwritten signature in black ink, appearing to read 'M. Briggs', with a stylized flourish at the end.

MATTHEW BRIGGS

Managing Director

Dated this 16th day of February 2018
Perth, Western Australia

DECLARATION OF INDEPENDENCE BY WAYNE BASFORD TO THE DIRECTORS OF ABM RESOURCES NL

As lead auditor for the review of ABM Resources NL for the half-year ended 31 December 2017, 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 ABM Resources NL and the entities it controlled during the period.



Wayne Basford

Director

BDO Audit (WA) Pty Ltd

Perth, 16 February 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Notes	Consolidated	
		31 December 2017 \$	31 December 2016 \$
Revenue		69,469	96,911
Other income		62,053	139,157
Mining, processing maintenance expenses		-	(257,865)
Administrative expenses			
Employee and Directors benefit expenses		(243,821)	(529,369)
Share-based payment expenses		(103,415)	(837,469)
Depreciation expenses		(11,962)	(14,456)
Other expenses		(284,658)	(415,363)
Exploration expenses		(2,380,963)	(2,190,523)
Loss before income tax expense		(2,893,297)	(4,008,977)
Income tax expense		-	-
Loss for the half-year		(2,893,297)	(4,008,977)
Loss attributable to members of ABM Resources NL		(2,893,297)	(4,008,977)
Other comprehensive income		-	-
Total other comprehensive income for the half-year		-	-
Total comprehensive loss for the half-year		(2,893,297)	(4,008,977)
Total comprehensive loss for the half-year attributable to members of ABM Resources NL		(2,893,297)	(4,008,977)
Basic loss per share attributable to the ordinary equity holders of the Company			
Basic loss per share (cents per share)		(0.77)	(1.07)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Notes	Consolidated	
		31 December 2017 \$	30 June 2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		2,472,569	5,361,475
Other receivables	3	24,133	23,875
Inventories		13,093	47,919
Other current assets		41,993	135,697
TOTAL CURRENT ASSETS		2,551,788	5,568,966
NON-CURRENT ASSETS			
Term and other Deposits	3	2,348,456	2,533,023
Property, plant and equipment		193,802	251,802
Exploration and evaluation expenditure		10,048,751	10,048,751
TOTAL NON CURRENT ASSETS		12,591,009	12,833,576
TOTAL ASSETS		15,142,797	18,402,542
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		187,048	539,698
Employee benefits		205,134	180,274
TOTAL CURRENT LIABILITIES		392,182	719,972
NON-CURRENT LIABILITIES			
Employee benefits		51,094	56,737
Provisions		1,592,550	1,755,472
TOTAL NON-CURRENT LIABILITIES		1,643,644	1,812,209
TOTAL LIABILITIES		2,035,826	2,532,181
NET ASSETS		13,106,971	15,870,361
EQUITY			
Contributed equity	4	166,374,620	166,374,620
Reserves		3,218,898	3,088,991
Accumulated losses		(156,486,547)	(153,593,250)
TOTAL EQUITY		13,106,971	15,870,361

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Notes	Contributed Equity \$	Share-based Payment Reserve \$	Employee Options Reserve \$	Retained Earnings \$	Total \$
Balance at 1 July 2016		166,259,494	1,937,613	311,382	(146,892,443)	21,616,046
Comprehensive income for the half-year						
Loss for the half-year		-	-	-	(4,008,977)	(4,008,977)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss for the half-year		-	-	-	(4,008,977)	(4,008,977)
Transaction with owners in their capacity as owners:						
Share-based payments		-	837,469	-	-	837,469
Transfer of reserve on vested shares issued to employees		-	-	(61,067)	61,067	-
Total transactions with owners		-	837,469	(61,067)	61,067	837,469
Balance at 31 December 2016		166,259,494	2,775,082	250,315	(150,840,353)	18,444,538
Balance at 1 July 2017		166,374,620	3,088,991	-	(153,593,250)	15,870,361
Comprehensive income for the half-year						
Loss for the half-year		-	-	-	(2,893,297)	(2,893,297)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss for the half-year		-	-	-	(2,893,297)	(2,893,297)
Transaction with owners in their capacity as owners:						
Share-based payments		-	129,907	-	-	129,907
Total transactions with owners		-	129,907	-	-	129,907
Balance at 31 December 2017		166,374,620	3,218,898	-	(156,486,547)	13,106,971

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Consolidated	
	31 December 2017 \$	31 December 2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipt from gold and silver sales	-	1,379
Other Income	3,679	114,748
Payments to suppliers and employees	(479,320)	(1,118,631)
Interest received	67,242	83,702
R&D uplift refund	-	810,212
Payments for exploration	(2,723,448)	(2,697,259)
Payments for mining and processing	-	(1,386,607)
Net cash outflow from operating activities	(3,131,847)	(4,192,456)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of exploration interest	-	(6,000)
Proceeds from sale of property, plant and equipment	58,374	29,008
Net cash inflow from investing activities	58,374	23,008
CASH FLOWS FROM FINANCING ACTIVITIES		
Release of security deposits (cash-backed)	184,567	1,617,651
Net cash inflow from financing activities	184,567	1,617,651
Net decrease in cash and cash equivalents	(2,888,906)	(2,551,797)
Cash and cash equivalents at beginning of reporting period	5,361,475	10,096,566
Cash and cash equivalents at end of reporting period	2,472,569	7,544,769

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

This general purpose interim financial report for the half-year reporting period ended 31 December 2017 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by ABM Resources NL during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Going concern

The financial statements have been prepared on the going concern basis of accounting which assumes that the Group will be able to meet its commitments, complete rehabilitation, realise its assets and discharge its liabilities in the ordinary course of business.

The Group has approved a budget that contemplates an equity raising during the financial year to fund an extensive exploration program in excess of its current cash reserves. However, the Group has the ability to defer exploration expenditure or divest assets in the event that the terms of an equity raising are not considered suitable to the Group.

(b) Estimates

The preparation of the half-year financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these consolidated half-year financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2017.

NOTE 2: SEGMENT INFORMATION

Following commencement of mining operations in April 2015, the full Board of Directors, who are the chief operating decision makers, identified two main reportable segments from the Group's main activities, being the Mining and Processing segment and Exploration segment. Commencing 1 July 2017 the mining and processing segment has been removed as mining concluded during April 2016 and the lease for the Coyote plant concluded during July 2016.

Management assesses the performance of the operating segments based on a measure of exploration expenditure for each activity. The measure excludes items such as interest income and corporate expenses as these activities are centralised.

	Exploration \$	Total \$
Half-year ended 31 December 2017		
Segment revenue	-	-
Segment other income	58,374	58,374
Segment loss		
Total segment loss	(2,322,589)	(2,322,589)
Net segment loss	(2,322,589)	(2,322,589)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 2: SEGMENT INFORMATION cont'd

	Exploration \$	Total \$
Segment loss includes the following significant items:		
Depreciation expenses	46,038	46,038
Other expenses	2,334,925	2,334,925
Total segment assets		
31 December 2017	10,272,496	10,272,496

	Mining & Processing \$	Exploration \$	Total \$
Half-year ended 31 December 2016			
Segment revenue	45	-	45
Segment other income	113,002	16,287	129,289
Segment loss			
Total segment loss	(144,818)	(2,174,236)	(2,319,054)
Net segment loss	(144,818)	(2,174,236)	(2,319,054)
Segment loss includes the following significant items:			
Depreciation expenses	-	(129,805)	(129,805)
Other expenses	(257,865)	(2,060,718)	(2,318,583)
Total segment assets			
31 December 2016	-	12,863,473	12,863,473

Reconciliation of segment result to Group net profit/(loss) before tax is provided as follows:

	Consolidated 31 December 2017 \$	31 December 2016 \$
Net segment loss	(2,322,589)	(2,319,054)
Corporate items:		
Interest revenue	69,469	96,866
Other income	3,679	9,868
Employee and Directors' benefit expenses	(243,821)	(529,369)
Share-based payments	(103,415)	(837,469)
Depreciation expenses	(11,962)	(14,456)
Other expenses	(284,658)	(415,363)
Net loss before tax from continuing operations	(2,893,297)	(4,008,977)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 3: TERM DEPOSITS AND OTHER RECEIVABLES

	Consolidated	
	31 December 2017 \$	30 June 2017 \$
CURRENT		
Other receivables (Note 3(a))	24,133	23,875
	<u>24,133</u>	<u>23,875</u>
NON-CURRENT		
Bonds term deposit	2,348,456	2,533,023
	<u>2,348,456</u>	<u>2,533,023</u>

(a) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group, and do not contain any past due assets that are not impaired.

NOTE 4: CONTRIBUTED EQUITY

Details	Date	Number of Shares	Issue Price \$	Value \$
Opening balance at the beginning of reporting period	1 July 2016	375,157,803		166,259,494
Closing balance	31 December 2016	<u>375,157,803</u>		<u>166,259,494</u>
Opening balance at the beginning of reporting period	1 July 2017	375,157,803		166,374,620
Closing balance	31 December 2017	<u>375,157,803</u>		<u>166,374,620</u>

NOTE 5: FAIR VALUES OF FINANCIAL INSTRUMENTS

(a) Recurring fair value measurements

The Group does not have any financial instruments that are subject to recurring or non-recurring fair value measurements.

(b) Fair values of financial instruments not measured at fair value

The carrying amounts of trade and other receivables and trade and other payables are assumed to equal their fair value.

NOTE 6: CONTINGENCIES

The Group provides for all known environmental liabilities. While the Directors believe that, based upon current information, its current provisions for the environmental rehabilitation are adequate, there can be no assurance that material new provisions will not be required as a result of new information or regulatory requirements with respect to known sites or identification of new remedial obligations at other sites.

Bank guarantees and bonds lodged with the Department of Primary Industry and Resources (DPIR) totalling \$2,365,301 (2016: \$2,427,937) have been provided. Term deposits and deposits with the DPIR of \$2,365,301 (2016: \$2,427,937) secure these guarantees and bonds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 7: RELATED PARTY TRANSACTIONS

Transactions between related parties occur on normal commercial terms and conditions and are no more favourable than those available to other parties unless otherwise stated. During the year loan transactions occurred between the Parent Entity and its wholly owned subsidiaries.

The terms and conditions of the transactions with Directors, other key management personnel and their related parties and entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions with non-Director related parties and entities on an arm's length basis.

DIRECTORS' DECLARATION

The Directors of the Group declare that:

- (a) the financial statements and notes set out on pages 6 to 13 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that ABM Resources NL will be able to pay its debts as and when they become due and payable, subject to the matters in Note 1(a).

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

Dated this 16th day of February 2018

A handwritten signature in black ink, appearing to read 'M Briggs', with a stylized flourish at the end.

MATTHEW BRIGGS
Managing Director

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of ABM Resources NL

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of ABM Resources NL (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year 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 2017 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 2017 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 (WA) Pty Ltd

A handwritten signature in black ink. The signature starts with the letters 'BDO' in a stylized, cursive font. Below this, there is a more fluid, cursive signature that appears to be 'Wayne Basford'. A long, horizontal flourish extends from the end of the signature.

Wayne Basford

Director

Perth, 16 February 2018