

JAMESON RESOURCES LIMITED
ACN 126 398 294

Half-Year Financial Report
31 December 2017

JAMESON RESOURCES LIMITED
ACN 126 398 294

HALF-YEAR FINANCIAL REPORT
For the Period Ended 31 December 2017

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COMPANY DIRECTORY

DIRECTORS

Mr T. Arthur Palm
(Chairman and Chief Executive Officer)

Mr Steve van Barneveld
(Non-Executive Director)

Mr Joel Nicholls
(Non-Executive Director)

COMPANY SECRETARY

Ms Suzie Foreman

REGISTERED OFFICE

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WEST PERTH WA 6005
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AUDITORS

HLB Mann Judd
(WA Partnership)
Level 4, 130 Stirling Street
PERTH WA 6000

SHARE REGISTRAR

Automic Pty Ltd
Level 3, 50 Holt Street
SURRY HILLS NSW 2010
Telephone: +61 2 9698 5414

SECURITIES EXCHANGE LISTING

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: JAL

JAMESON RESOURCES LIMITED
ACN 126 398 294

DIRECTORS' REPORT
HALF-YEAR FINANCIAL REPORT
For the Period Ended 31 December 2017

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2017. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

The names of Directors who held office during or since the end of the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr T. Arthur Palm
Mr Steve van Barneveld
Mr Joel Nicholls

RESULTS

The loss after tax for the period ended 31 December 2017 was \$351,354 (2016: \$503,755).

BUSINESS OF THE COMPANY

Jameson Resources Ltd ("Jameson" or "the Company") is focused on exploring and developing low cost high quality coking coal properties from within its portfolio of projects located in southeast and northeast British Columbia, Canada. Western Canada benefits from world-class railways and deep-water ports, which allow the Province of British Columbia to be among the leading metallurgical coal suppliers to the seaborne market.

The Company will also examine other business opportunities from time-to-time as they arise.

REVIEW OF OPERATIONS

Summary for the Half Year Period

Jameson continued to advance the Crown Mountain Coking Coal project on multiple fronts:

- The Application Information Requirements ("AIR") continues to progress through governmental review, with approval expected late Q1 or early Q2.
- Key additional tasks were authorised on the Crown Mountain project consistent with the development schedule contained in the April PFS Update.
- Early stage discussions with rail and port entities have commenced with respect to shipping Crown Mountain's hard coking coal product.
- A gap analysis was completed with respect to a Bankable Feasibility Study, which is expected to commence later this year.
- Planning began for a summer exploration program.
- Initial engineering/design on the spoil disposal facility commenced.

Approximately A\$0.6 million was raised via placement in September to continue advancing Crown Mountain.

The Company filed applications for four additional coal exploration licenses adjacent to Crown Mountain.

Discussions with potential off-take and/or JV partners continued as Jameson focuses on funding remaining pre-construction activities.

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As at 31 December 2017 the Top 20 shareholders held approximately 62% of the capital of the Company and the Company held \$3.38 million in cash. Jameson remains debt-free.

The reporting period witnessed continued high relative coking coal prices, hovering in the US\$225 - \$250/tonne range toward year-end, significantly higher than the US\$155/tonne assumed in the 2017 PFS.

Combined with the progress made in advancing Crown Mountain, the attractive pricing drew increased investor attention to the coking coal sector. This was reflected in a substantial gain in Jameson's share price, closing the year at \$0.165.

Regarding the Dunlevy property in northeast British Columbia, Jameson has not performed any formal exploration since 2014. Jameson's strategy has been to retain Dunlevy for future development, subject to the economic environment, as the holding cost is low.

Figure 1 below depicts the locations of Jameson's coal projects.



Figure 1: Project Locations

**DIRECTORS' REPORT
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British Columbia

Elk Valley Coal Field - Crown Mountain Project

The Crown Mountain project ("Crown Mountain" or "the Project") is located within the Elk Valley coal field in southeastern British Columbia (Figures 1 & 2). Along with the Crowsnest coal field, this region is home to five of Canada's producing coal mines. These five coal mines supply over 23 million tonnes per annum of export quality metallurgical coal, over 75% of Canada's total coal exports, making the Elk Valley coal fields the most productive in the nation.

Crown Mountain sits in the heart of this area in close proximity to two significant metallurgical coal mines, Line Creek which is 12km to the north, and Elkview which is 8km to the southwest (Figure 2). The Project includes six granted coal licences (418150, 418151, 418152, 418153, 418154, 418966) covering an area of 3,562 hectares and an additional four coal license applications comprised of 4,505 hectares (Table 1).

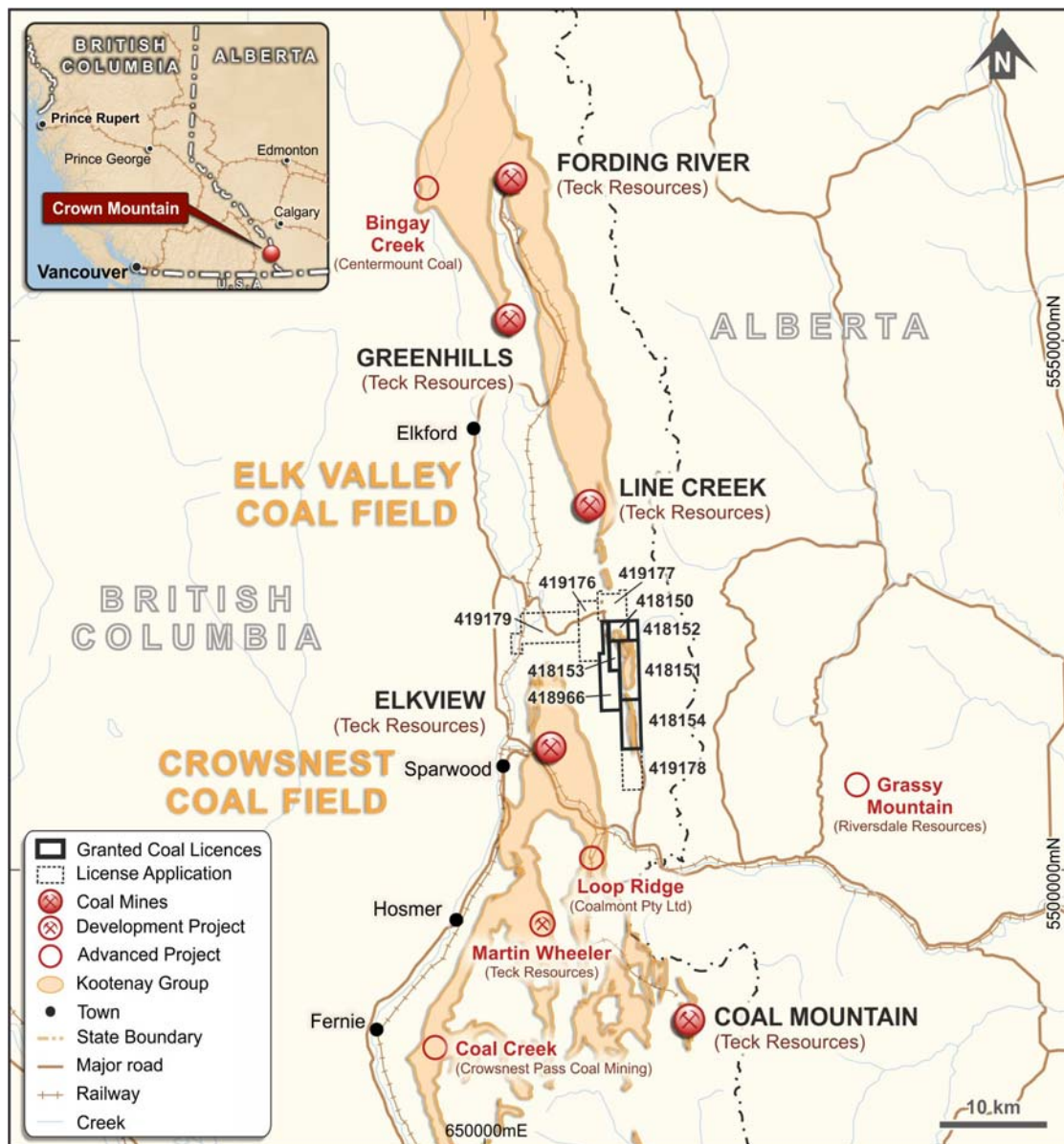


Figure 2: Crown Mountain Coal Licence Locations

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Licence Name	License Number	Status	Area (Ha)	Annual Rent
North Block	418150	Granted	334	\$3,340
South Block	418151	Granted	1,001	\$10,010
West Crown	418153	Granted	251	\$2,510
Southern Extension	418154	Granted	835	\$8,350
Crown East	418152	Granted	167	\$1,670
Northwest Extension	418966	Granted	974	\$6,818
SUBTOTAL - Granted			3,562	\$32,698
Northern Extension	419177	Application	765	\$5,355
Grave Creek	419176	Application	1,360	\$9,520
Alexander Creek	419178	Application	680	\$4,760
Grave Prairie	419179	Application	1,700	\$11,900
SUBTOTAL – Applications			4,505	\$31,535
TOTAL			8,067	\$64,233

Table 1 – Crown Mountain Coal Licence Summary Table (CAD)

The new applications significantly (more than double) increase the area of the project. The province has initiated the referral process to obtain the inputs it requires to make a decision on these applications. As previously announced (ASX announcement dated 15 August 2017) these applications are speculative in nature as Jameson does not possess any historical exploration information and is unaware of any documented coal resources. Post-issuance, the Company plans to conduct geological evaluation and, if warranted, develop a Notice of Work to support initial exploration.

In April 2017 Norwest Corporation completed a Pre-feasibility study (PFS) that determined Crown Mountain contained run-of-mine reserves totalling 56 million tonnes as shown in Table 2:

Area	ASTM Group	Run of Mine Coal Reserves			
		(Ktonnes)			
		Proven		Probable	
		COKING	PCI	COKING	PCI
North Pit	Bituminous	7,252	756	4,907	1,192
East Pit		3,563	461	0	0
South Pit		31,784	5,914	0	0
Sub-Total		42,599	7,131	4,907	1,192
Total Proven & Probable		49,730		6,099	
Total		55.829			

Table 2 – Crown Mountain Reserve Summary Table

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A group of 20 governmental regulators, First Nations and community representatives made a site visit to Crown Mountain in late September as part of the final AIR review.

Jameson did not conduct additional drilling during 2017 as the 2012-2013 programs provided adequate data to underpin the PFS and on which to commence preparation of an application for an Environmental Assessment (EA) certificate. Further field work will be necessary to complete the EA application, support design engineering, and allow preparation of a BFS.

A gap analysis was recently completed for the BFS. In addition, advancing the AIR through the review process has identified some additional information required for the EA Application. Further, several steel companies world-wide have requested coal samples from Crown Mountain for their own internal evaluation.

The summer field program being designed contains the following components:

- Additional coal quality large diameter core holes to supplement the seven that were drilled in 2013. This will increase the confidence in coal quality, allow additional internal testing to occur, and provide samples for third-parties to evaluate.
- A limited number of reverse circulation holes to examine fringe areas of the resource. This may include a portion of the prospective southern extension area, which is not currently included in the Crown Mountain reserve base.
- A few small diameter core holes for additional overburden characterisation studies.
- Additional ground water monitoring wells be installed as requested by Regulators.
- Geotechnical test pits and shallow drill holes to allow design engineering to proceed in the areas of mine pit and infrastructure design.
- A small number of "wildcat" holes in exploration application areas – assuming regulatory agencies issue tenure in a timely manner.

Completion of the summer program will allow design engineering and Bankable feasibility to proceed concurrent with drafting of the EA Application.

Jameson will continue to focus its resources on developing Crown Mountain in a cost effective and timely manner.

Peace River Coal Field – Dunlevy

Dunlevy overlies the northwest extension of the Peace River coal field district of northeast British Columbia.

The Dunlevy property is located in a well-developed area, approximately 90 km from Fort St. John, a regional commercial centre. All weather highways and good quality secondary roads link the Project to Fort St. John and Chetwynd, where Canadian National Railway's track can be accessed. The rail provides a path to the Ridley, Westshore, and Neptune coal terminals. There is also potential to reduce transportation costs by utilising the large man-made Williston Lake bordering the property to transport coal by barge to rail access at the industrial town of MacKenzie.

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Dunlevy drilling and coal quality results were announced in 2014. No exploration is currently planned on Dunlevy in the short term, as the Company focuses its resources on the flagship Crown Mountain asset. However, as circumstances change with respect to the resurgent coal market, the Company may reassess its plans for Dunlevy.

Dunlevy consists of the two issued coal exploration licenses shown in Table 3:

Project	Licence Number	Status	Area (Ha)	Annual Rent
Dunlevy	418441	Granted	1,146	\$8,022
Dunlevy	418442	Granted	1,388	\$9,716
TOTAL			2,534	\$17,738

Table 3 – Dunlevy Project Coal Licence Summary Table (CAD)

CORPORATE MATTERS

In line with the Company's philosophy to devote the maximum amount of its financial resources to project development, the CEO remains Jameson's only full-time employee. The Company continues to minimise administrative costs despite increased activity in the half year period with the Perth and Vancouver offices operating in near-virtual status.

Jameson completed a share placement in September raising approximately A\$0.6 million to continue advancing Crown Mountain.

Management's objective for funding the balance of Crown Mountain's permitting, design engineering, exploration, and the BFS is to attract a strategic partner and/or off-taker to invest in a minority position of the Crown Mountain asset. The advancement of Crown Mountain and the increase in coking coal prices has resulted in a significant number of inquiries from parties regarding Jameson's assets, and discussions are ongoing.

A Long Term Incentive Plan was approved by shareholders at the November AGM.

During the half year, the Company issued equity incentives as part of a long-term incentive plan to the CEO of Jameson, Art Palm. The equity incentives comprised a Performance Rights and an Incentive Options package.

The Performance Rights totalled 3 million in 3 tranches, and vest upon the achievement of key milestones relating to Crown Mountain project development, being environmental approval, funding of mine construction and commercial production. The Performance Rights have an expiry date of between 3-5 years.

4 million Incentive Options with exercise prices between \$0.20 and \$0.40 were issued in 3 tranches and vest upon the achievement of specified market capitalisation values for Jameson, and have a term of between 3-5 years. For further information refer to Note 9 of the financial report.

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EVENTS SUBSEQUENT TO REPORTING DATE

The Canada Revenue Agency ("CRA") notified the Company in February 2018 it has selected Jameson's subsidiary, NWP Coal Canada Ltd.'s (NWP) 2016 tax return for audit, with respect to the Company's claim for a \$51,714 refund associated with the British Columbia Mining Exploration Tax Credit ("BCMETS"). NWP is responding to CRA's request for information. As no refund for 2016 has been received, there is no material impact on Company finances.

NWP has contested, as previously announced, CRA audits of previous years. No hearing date has been set.

Other than detailed above, no matters or circumstances have arisen since the end of the half year period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

SUMMARY

Jameson Resources is well positioned in coking coal with the Crown Mountain project. The PFS shows Crown Mountain to be a low-cost source of high quality steel-making coal, a market that is currently strong and forecast to grow.

The Company will continue to advance Crown Mountain as aggressively as conditions allow with the aim of bringing the project into production.

COMPETENT PERSONS STATEMENT

Mineral Reserves and Prefeasibility Study Results

The information relating to the Mineral Reserve Estimate and Pre-feasibility Study Results of the Company's Crown Mountain Coal Project are extracted from the ASX Release entitled "PFS Update Yields Lower CAPEX and OPEX and Outstanding Financials, Demonstrating the Significant Potential of Crown Mountain" announced on 26 April 2017 and is available to view on the ASX website (ASX:JAL), and the Company's website. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the reserve estimates and prefeasibility study results in the relevant market announcements 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.

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AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the review of the half-year financial report.

This Independence Declaration is set out on page 10 of this report and forms part of this Directors' Report for the half-year ended 31 December 2017.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



Art Palm
Chief Executive Officer

Dated this 12th day of March 2018

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Jameson Resources Limited for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.



**Perth, Western Australia
12 March 2018**


**N G Neill
Partner**

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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HLB Mann Judd (WA Partnership) is a member of  International, a world-wide organisation of accounting firms and business advisers

JAMESON RESOURCES LIMITED
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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

For the Half Year Ended 31 December 2017

		CONSOLIDATED	
	Note	31 December 2017 \$	31 December 2016 \$
Revenue	2	23,894	7,257
Employee benefits expense	2	(125,014)	(86,087)
Corporate and compliance fees		(123,921)	(87,801)
Consultancy expense		(23,619)	(1,333)
Administration		(16,346)	(21,315)
Depreciation and amortisation		(2,308)	(3,029)
Insurance expenses		(24,697)	(15,114)
Interest and finance expenses		(11,769)	(4,796)
Foreign exchange loss		(5,384)	(14,699)
Other tenement licence expenses		(946)	-
Other expenses		(40,677)	(22,754)
Equity based payments		(8,676)	-
Writedown of capitalised exploration		(274)	(6,109)
Write-off of bad debt		-	(5,705)
New project expense		-	(1,395)
Loss before income tax		(359,737)	(262,880)
Income tax benefit/(expense)	2	8,383	(240,875)
Loss after tax		(351,354)	(503,755)
Other comprehensive income/(expense)			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		237,741	(147,719)
Other comprehensive income/(loss) for the period, net of tax		237,741	(147,719)
Total comprehensive loss for period		(113,613)	(651,474)
Basic loss per share (cents)		(0.14)	(0.23)

The accompanying notes form part of these financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

		CONSOLIDATED	
	Note	As at 31 December 2017 \$	As at 30 June 2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		3,380,384	4,184,949
Trade and other receivables		48,654	21,368
Other assets		28,295	34,662
TOTAL CURRENT ASSETS		3,457,333	4,240,979
NON-CURRENT ASSETS			
Other receivables		92,364	90,591
Deferred exploration and evaluation expenditure	3	12,187,035	10,923,193
Property, plant and equipment		30,979	32,655
Other assets		536	525
TOTAL NON-CURRENT ASSETS		12,310,914	11,046,964
TOTAL ASSETS		15,768,247	15,287,943
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		186,624	205,603
Provisions	4	291,193	278,759
TOTAL CURRENT LIABILITIES		477,817	484,362
TOTAL LIABILITIES		477,817	484,362
NET ASSETS		15,290,430	14,803,581
EQUITY			
Issued capital	5	30,844,030	30,252,244
Reserves	6	1,829,713	1,583,296
Accumulated losses		(17,383,313)	(17,031,959)
TOTAL EQUITY		15,290,430	14,803,581

The accompanying notes form part of these financial statements.

JAMESON RESOURCES LIMITED
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Half-Year Ended 31 December 2017

	CONSOLIDATED				
	Issued Capital	Accumulated Losses	Equity Based Payment Reserve	Foreign Currency Translation Reserve	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2017	30,252,244	(17,031,959)	1,156,911	426,385	14,803,581
Loss for the period	-	(351,354)	-	-	(351,354)
Exchange differences arising on translation of foreign operations	-	-	-	237,741	237,741
Total comprehensive (loss) for the period	-	(351,354)	-	237,741	(113,613)
Performance rights issued	-	-	3,016	-	3,016
Options issued	-	-	5,660	-	5,660
Shares issued net of costs	591,786	-	-	-	591,786
Balance at 31 December 2017	30,844,030	(17,383,313)	1,165,587	664,126	15,290,430
Balance at 1 July 2016	26,738,821	(16,181,181)	1,156,911	845,939	12,560,490
Loss for the period	-	(503,755)	-	-	(503,755)
Exchange differences arising on translation of foreign operations	-	-	-	(147,719)	(147,719)
Total comprehensive (loss) for the period	-	(503,755)	-	(147,719)	(651,474)
Expiry of exchangeable shares	(45,000)	45,000	-	-	-
Conversion of exchangeable shares	(67,500)	-	-	-	(67,500)
Shares issued net of costs	1,058,812	-	-	-	1,058,812
Balance at 31 December 2016	27,685,133	(16,639,936)	1,156,911	698,220	12,900,328

The accompanying notes form part of these financial statements.

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CONDENSED 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		
Receipts from other sources	-	6,267
Interest received	20,361	2,523
Payments to suppliers and employees	(467,417)	(230,652)
Net cash flows (used in) operating activities	(447,056)	(221,862)
Cash Flows from investing activities		
Payments for exploration and evaluation	(927,809)	(298,676)
Receipt of BC Mining Tax Credit	-	127,984
Net cash flows (used in) investing activities	(927,809)	(170,692)
Cash flows from financing activities		
Proceeds from the issue of shares	599,902	1,000,000
Payments for share issue costs	(41,115)	(4,838)
Net cash flows provided by financing activities	558,787	995,162
Net (decrease)/increase in cash and cash equivalents	(816,078)	602,608
Cash and cash equivalents at 1 July	4,184,949	1,891,057
Foreign currency translation on cash held	11,513	(14,321)
Cash and cash equivalents at 31 December	3,380,384	2,479,344

The accompanying notes form part of these financial statements.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half-year consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

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

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2017 and any public announcements made by Jameson Resources Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

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

Basis of preparation

The half-year report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted. For the purpose of preparing the half-year report, the half-year has been treated as a discrete reporting period.

Significant accounting estimates and judgement

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

In preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2017 except for the following:

The Canada Revenue Agency ("CRA") audited Jameson's 2014 and 2015 tax returns, and disallowed certain expenses claimed by the Company with respect to the British Columbia Mining Exploration Tax Credit ("BCMETS"). Total disallowance for the Tax Years 2014 and 2015 amounted to C\$540,978 of which C\$244,921 (2014 claim) had already been refunded to the Company pre-audit. Jameson retained a respected third-party tax firm to review the filings, and on that firm's positive recommendation has filed an appeal to CRA. A hearing on this matter is not expected for several months due to a backlog at CRA.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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No formal response has yet been provided by the CRA on Jameson's submission as at the date of this report.

As a result, the Company has recognised a provision of CAD\$250,000 plus compound interest accrued at 31 December 2017.

Standards and Interpretations applicable to 31 December 2017

The Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting period and determined that no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the period ended 31 December 2017. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to Group accounting policies.

2. LOSS FOR THE PERIOD

	31 December 2017 \$	31 December 2016 \$
The following items are relevant in explaining the financial performance for the half-year:		
Interest revenue	23,894	7,257
BC Mining Tax Credit benefit/(expense)	8,383	(240,875)
Employee benefits expense	(125,014)	(86,087)

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2017

3. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Half-year ended 31 December 2017 \$	Year ended 30 June 2017 \$
Costs carried forward in respect of areas of interest in the following phases	12,187,035	10,923,193
Exploration and evaluation phase – at cost		
Balance at beginning of period	10,923,193	10,453,580
Expenditure capitalised	1,050,246	867,731
Impairment of Dunlevy project	(274)	(24,407)
Foreign currency translation	213,870	(373,711)
As at balance date	12,187,035	10,923,193

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

4. PROVISIONS

Provision

BCMETC reclaim	291,193	278,759
	291,193	278,759

BCMETC reclaim

The Canada Revenue Agency ("CRA") audited Jameson's 2014 and 2015 tax returns, and disallowed certain expenses claimed by the Company with respect to the British Columbia Mining Exploration Tax Credit ("BCMETC"). Total disallowance for the Tax Years 2014 and 2015 amounted to C\$540,978 of which C\$244,921 (2014 claim) had already been refunded to the Company pre-audit. Jameson retained a respected third-party tax firm to review the filings, and on that firm's positive recommendation has filed an appeal to CRA. A hearing on this matter is not expected for several months due to a backlog at CRA.

As a result, the Company has recognised a provision of CAD\$250,000 plus interest accrued at 31 December 2017.

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2017

5. ISSUED CAPITAL

	Half-year ended 31 December 2017 \$	Year ended 30 June 2017 \$
256,624,033 (30 June 2017: 250,625,018) issued and fully paid ordinary shares	30,844,030	30,252,244
	<u>30,844,030</u>	<u>30,252,244</u>

	Half-year ended 31 December 2017 Number	Half-year ended 31 December 2017 \$
Fully Paid Ordinary Shares		
<i>Movements in ordinary shares on issue</i>		
At 1 July 2017	250,625,018	30,252,244
Placement at \$0.10 per share	5,999,015	599,902
Share issue costs	-	(8,116)
At 31 December 2017	<u>256,624,033</u>	<u>30,844,030</u>

6. RESERVES

	Half-year ended 31 December 2017 \$	Year ended 30 June 2017 \$
Equity Based Payment Reserve (a)	1,165,587	1,156,911
Foreign Currency Translation Reserve (b)	664,126	426,385
	<u>1,829,713</u>	<u>1,583,296</u>

(a) Equity Based Payment Reserve:

Balance at the beginning of the period	1,156,911	1,156,911
Current value of Performance Rights issued	3,016	-
Incentive Options expensed during period	5,660	-
Balance at period end	<u>1,165,587</u>	<u>1,156,911</u>

The current values of the Performance Rights and Director Incentive Options issued during the period have been independently valued using the Black Scholes option binomial pricing model.

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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6. RESERVES (cont')

	Half-year ended 31 December 2017 Number	Half-year ended 31 December 2017 \$
<i>Movement in performance rights</i>		
Balance of the beginning of the period	-	-
Performance Rights issued – Class A	750,000	3,016
Performance Rights issued – Class B	750,000	-
Performance Rights issued – Class C	1,500,000	-
	<u>3,000,000</u>	<u>3,016</u>

Refer Note 9 for details on terms of Performance Rights and valuation methodology.

	Half-year ended 31 December 2017 Number	Year ended 30 June 2017 Number
<i>Movements in Options</i>		
Balance at the beginning of the period	7,142,857	7,142,857
Options issued (i)	4,000,000	-
Balance at the end of the period	<u>11,142,857</u>	<u>7,142,857</u>

Refer Note 9 for details on terms of options and valuation methodology.

	Half-year ended 31 December 2017 Number	Half-year ended 31 December 2017 \$
(i)		
Balance of the beginning of the period	7,142,857	-
Options issued – Class A (\$0.20 exercise price)	750,000	1,648
Options issued – Class B (\$0.30 exercise price)	1,250,000	1,822
Options issued – Class C (\$0.40 exercise price)	2,000,000	2,190
	<u>11,142,857</u>	<u>5,660</u>

(b) Foreign Currency Translation Reserve:

	Half-year ended 31 December 2017 \$	Year ended 30 June 2017 \$
Balance at the beginning of the period	426,385	845,939
Foreign exchange differences	237,741	(419,554)
Balance at the end of the period	<u>664,126</u>	<u>426,385</u>

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	Half-year ended 31 December 2017 \$	Half-year ended 31 December 2016 \$
7. LOSS PER SHARE		
(a) Loss used in the calculation of basic loss per share	<u>(351,354)</u>	<u>(503,755)</u>
	Number of shares	Number of shares
(b) Weighted average number of ordinary shares outstanding during the reporting period used in calculation of basic loss per share:	<u>254,001,513</u>	<u>212,061,406</u>

The diluted earnings per share is not disclosed as the Company made a loss for the period.

8. SEGMENT REPORTING

Jameson Resources Limited operates predominantly in one industry being the mining and exploration industry in Canada.

Segment Information

Identification of reportable segments

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

The Company is managed primarily on the basis of its coal exploration in Canada and its corporate activities. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

Types of reportable segments

(i) Coal exploration

Segment assets, including acquisition cost of exploration licences and all expenses related to the tenements in Canada are reported on in this segment.

(ii) Corporate

Corporate, including treasury, corporate and regulatory expenses arising from operating an ASX listed entity. Segment assets, including cash and cash equivalents, and investments in financial assets are reported in this segment.

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8. SEGMENT REPORTING (cont')

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief operating decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Company.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Company as a whole and are not allocated. Segment liabilities include trade and other payables.

(i) Segment performance

	Corporate	Coal Exploration	Total
	\$	\$	\$
31 December 2017			
Segment revenue	22,545	1,349	23,894
Segment results	(295,321)	(56,033)	(351,354)
Included within segment result:			
• Depreciation	-	(2,308)	(2,308)
• Interest Revenue	22,545	1,349	23,894
• Write-down of capitalised exploration	-	(274)	(274)
• BC Mining Tax Credits	-	8,383	8,383
31 December 2017			
Segment assets	2,928,828	12,839,419	15,768,247
Segment liabilities	(70,237)	(407,580)	(477,817)

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8. SEGMENT REPORTING (cont')

	Corporate	Coal Exploratio	Total
	\$	\$	\$
31 December 2016			
Segment revenue	4,806	2,451	7,257
Segment results	(229,135)	(274,620)	(503,755)
Included within segment result:			
• Depreciation	(151)	(2,878)	(3,029)
• Interest Revenue	4,806	2,451	7,257
• Write-down of capitalised exploration	-	6,109	6,109
• BC Mining Tax Credits	-	(240,875)	(240,875)
31 December 2016			
Segment assets	1,548,452	11,721,132	13,269,584
Segment liabilities	(323,435)	(45,821)	(369,256)

(ii) Revenue by geographical region

There is no revenue attributable to external customers for the half year period ended 31 December 2017 (2016: nil).

(iii) Assets by geographical region

Reportable segment assets are located in Canada and Australia.

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9. SHARE BASED PAYMENTS

During the half year, the Company issued equity incentives as part of a long-term incentive plan to the CEO of Jameson, Art Palm. The equity incentives comprised a Performance Rights and Incentive Options package and are designed to align executive performance with the long term business strategy, and ultimately shareholder wealth.

Long Term Incentive Options

The Incentive Options were issued in 3 tranches and vest upon the achievement of specified market capitalisation values for Jameson, and have a term of between 3-5 years.

The Incentive Options will vest based on the earlier of:

- (i) The Company's market capitalisation achieving a value greater than the Tranche Market Capitalisation or the occurrence of a Change of Control Event. The Tranche Market Capitalisation is calculated based upon a 20 consecutive market day volume weighted average share price of Jameson on the ASX, details of which are set out below:

Tranche	Expiry Date	Market Capitalisation	Exercise Price	No. of Options to vest
Tranche 1	31 December 2020	A\$120,000,000	A\$0.20	750,000
Tranche 2	31 December 2021	A\$180,000,000	A\$0.30	1,250,000
Tranche 3	31 December 2022	A\$240,000,000	A\$0.40	2,000,000

- (ii) A Change of Control Event means either a bona fide takeover bid of greater than 50.1%, a merger, scheme of arrangement or reconstruction which results in an acquisition of greater than 50% or board control.

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9. SHARE BASED PAYMENTS (cont')

The fair value of the Incentive Options granted are estimated at the date of grant using the Black Scholes option and binomial pricing model and based on the assumptions set out below:

	Tranche 1	Tranche 2	Tranche 3
Assumptions:			
Valuation date	15/11/2017	15/11/2017	15/11/2017
Market price of Shares	\$0.12	\$0.12	\$0.12
Exercise price	\$0.20	\$0.30	\$0.40
Expiry date	31/12/2020	31/12/2021	31/12/2022
Risk free interest rate	1.92%	2.33%	2.33%
Dividend Yield	0	0	0
Expected future volatility	86.6%	78.7%	73.9%
Indicative value per Director Option	\$0.0455	\$0.048	\$0.045
Number of options	750,000	1,250,000	2,000,000
Total Value of Director Options \$	40,910	59,673	89,130

As at 31 December 2017, management has provided the best estimate of the number of options expected to vest. The options have been valued in accordance with AASB 2 Share Based Payments, and bought to account over their vesting periods. The length of the expected vesting period is consistent with the expiry dates for the options, and a value of \$5,660 has been expensed for the half year.

Long Term Incentive – Performance Rights

The Performance Rights totalled 3 million in 3 tranches, which vest upon the achievement of key milestones relating to Crown Mountain project development, being environmental approval, funding of mine construction and commercial production. The Performance Rights have an expiry date of between 3-5 years.

Class A - 750,000 Performance Rights will each convert into one fully paid ordinary share upon receipt of an Environmental Assessment Certificate from the province of British Columbia's Environmental Assessment Office for the Crown Mountain Project by the expiry of 31 December 2020; and

Class B - 750,000 Performance Rights will each convert into one fully paid ordinary share upon execution of binding commitments to fully fund the construction phase of the Crown Mountain project from commencement through completion by the expiry of 31 December 2021; and

Class C - 1,500,000 Performance Rights will each convert into one fully paid ordinary share upon completion of loading the first commercial shipment of Crown Mountain coal onto truck or train for shipping to a customer under the terms of a sales agreement by the expiry of 31 December 2022.

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9. SHARE BASED PAYMENTS (cont')

The fair value of the Performance Rights granted are estimated at the date of grant using the Black Scholes option and binomial pricing model and based on the assumptions set out below:

	Class A Milestone	Class B Milestone	Class C Milestone
Assumptions:			
Valuation date	15/11/2017	15/11/2017	15/11/2017
Market price of Shares	\$0.12	\$0.12	\$0.12
Exercise price	Nil	Nil	Nil
Expiry date	31/12/2020	31/12/2021	31/12/2022
Risk free interest rate	1.92%	2.33%	2.33%
Dividend Yield	0	0	0
Expected future volatility	86.6%	78.7%	73.9%
Vesting milestone	Environmental Assessment Certificate	Fully Fund Construction	First Commercial Coal Shipment
Indicative value per Performance Right	\$0.12	\$0.048	\$0.03
Number of performance rights	750,000	750,000	1,500,000

As at 31 December 2017, management has provided the best estimate of the number of performance rights expected to vest. The performance rights have been valued in accordance with AASB 2 Share Based Payments, and brought to account over their vesting periods. The length of the expected vesting period is consistent with the expiry dates for the performance rights, and a value of \$3,016 has been expensed for the half year.

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2017

10. FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values of various financial assets and liabilities. The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

The Directors consider that the carrying value of the financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	31 December 2017		30 June 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
FINANCIAL ASSETS				
Cash & cash equivalents	3,380,384	3,380,384	4,184,949	4,184,949
Trade & other receivables	48,654	48,654	21,368	21,368
	<u>3,429,038</u>	<u>3,429,038</u>	<u>4,206,317</u>	<u>4,206,317</u>
FINANCIAL LIABILITIES				
Trade & other creditors	186,624	186,624	205,603	205,603
	<u>186,624</u>	<u>186,624</u>	<u>205,603</u>	<u>205,603</u>

12. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Dunlevy Energy Inc. acquisition

As a condition for the acquisition of Dunlevy Energy Inc. and the Dunlevy Project, Jameson agreed to pay Mr Ken Murfitt C\$250,000 (plus Canadian HST) upon commencement of commercial production from the Dunlevy Project.

13. EVENTS SUBSEQUENT TO REPORTING DATE

The Canada Revenue Agency ("CRA") notified the Company in February 2018 it has selected Jameson's subsidiary, NWP Coal Canada Ltd.'s (NWP) 2016 tax return for audit, with respect to the Company's claim for a \$51,714 refund associated with the British Columbia Mining Exploration Tax Credit ("BCMETS"). NWP is responding to CRA's request for information. As no refund for 2016 has been received, there is no material impact on Company finances.

NWP has contested, as previously announced, CRA audits of previous years. No hearing date has been set.

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

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DIRECTORS' DECLARATION

For the Half Year Ended 31 December 2017

In the opinion of the Directors of Jameson Resources Limited ("the Company"):

1. the attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b) giving true and fair view of the group's financial position as at 31 December 2017 and of its performance for the half-year then ended; and
2. 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 signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.



Art Palm
Chief Executive Officer

Dated this 12th day of March 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Jameson Resources Limited

Report on the Condensed Half-Year Financial Report*Conclusion*

We have reviewed the accompanying half-year financial report of Jameson Resources Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2017, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 Jameson Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) 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 gives a true and fair view and 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 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 company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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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*.



HLB Mann Judd
Chartered Accountants



N G Neill
Partner

Perth, Western Australia
12 March 2018