



ABN 33 124 792 132

**Financial Statements for the Half-Year ended
30 June 2018**

Corporate directory

Board of Directors

Mr Murray McDonald
Ms Emma Gilbert
Mr Yohanes Sucipto
Mr Nathan Lude

Executive Director and Chairman
Executive Director
Non-Executive Director (resigned on 3 July 2018)
Non-Executive Director (appointed on 3 July 2018)

Company Secretary

Mr Frank Campagna

Registered Office

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OSBORNE PARK WA 6005

Principal Office

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Telephone: +61 8 9430 7888
Facsimile: +61 8 6323 1128

Auditor

Stantons International Audit & Consulting Pty Ltd
Level 2
1 Walker Avenue
WEST PERTH WA 6005

Telephone: +61 8 9481 3188
Facsimile: +61 8 9321 1204

Share Registry

Advanced Share Registry Services Pty Ltd
110 Stirling Highway
Nedlands WA 6009

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Stock Exchange Listing

ASX Ltd
Level 40, Central Park
152 – 158 St Georges Terrace
PERTH WA 6000

ASX Code: GTR

Website

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Directors' report

The Directors of GTI Resources Ltd (**Company**) submit herewith the financial statements for the half-year ended 30 June 2018. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Name of directors

The names of the Directors of the Company who have held office during and since the end of the half year and up until the date of this report are:

Mr Murray McDonald	Executive Chairman
Ms Emma Gilbert	Executive Director
Mr Yohanes Sucto	Non-Executive Director (resigned on 3 July 2018)
Mr Nathan Luke	Non-Executive Director (appointed on 3 July 2018)

Review of Operations

During the six months to 30 June 2018, the Board continues to concentrate on Western Australian mining assets.

The Board continued discussion with interested parties relating to the acquisition of potential mining assets together with recapitalisation of the Company.

In March 2018, the Company completed the first tranche of share placement to sophisticated investors to provide additional working capital to the Company. The placement was a total of 13,975,000 Ordinary Class shares at 1.7 cents per share to raise \$237,575.

In June 2018, the Company completed the second tranche of share placement to sophisticated investors to provide additional working capital to the Company. The placement was a total of 52,300,000 Ordinary Class shares at 1.7 cents per share to raise \$889,100 and 3,376,470 Ordinary shares at 0.001 cents per share to raise \$34 in part consideration for service provided by CPS Capital in relation to the capital raising by the Company.

Shareholders will be informed if negotiations on any potential project advance past the preliminary phase.

Auditor's independence declaration

The auditor's independence declaration is included on page 3 and forms part of the Directors' report for the half year ended 30 June 2018.

Signed in accordance with a resolution of Directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'Murray McDonald', followed by a period.

Murray McDonald

Executive Chairman

Perth, 5 September 2018

5 September 2018

Board of Directors
GTI Resources Limited
7/24 Walters Drive
Osborne Park WA 6017

Dear Directors

RE: GTI RESOURCES LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of GTI Resources Limited.

As Audit Director for the review of the financial statements of GTI Resources Limited for the half year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



Martin Michalik
Director

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
GTI RESOURCES LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of GTI Resources Limited, which comprises the condensed statement of financial position as at 30 June 2018, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity, and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of GTI Resources Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such 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 Standards 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 30 June 2018 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 GTI Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

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*, has been provided to the directors of GTI Resources Limited on 5 September 2018.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of GTI Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
5 September 2018

Directors' declaration

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Accounting Standard AASB 134: Interim Financial Reporting and giving a true and fair view of the financial position and performance of the Company for the period ended 30 June 2018.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'Murray McDonald'.

Murray McDonald
Executive Chairman
Perth, 5 September 2018

Condensed statement of profit or loss and other comprehensive income for the half-year ended 30 June 2018

	Note	30 June 2018 \$	30 June 2017 \$
Revenue		-	-
Other income	2	686,648	-
Employee benefits expense		(103,365)	(172,697)
Exploration expenditure expensed as incurred		(73,015)	(172,677)
Project generation expenditure		-	(55,475)
Administration and finance expenses	3	(20,916)	(598,301)
Corporate expenses		(45,278)	(45,313)
Income/(Loss) before income tax expense		444,074	(1,044,463)
Income tax expense		-	-
Income/(Loss) for the period		444,074	(1,044,463)
Other comprehensive income/(loss) for the period			
Items that will not be classified to profit or loss		-	-
Items that may be subsequently reclassified to profit or loss			
Net change in fair value of available for sale financial assets		(170)	4,975
Total other comprehensive (loss)/income for the period		(170)	4,975
Total comprehensive income/(loss) for the period		443,904	(1,039,488)
Income/(Loss) attributable to members of GTI Resources Ltd		443,904	(1,039,488)
Total comprehensive income/(loss) attributable to members of GTI Resources Ltd		443,904	(1,039,488)
Loss per share:			
Basic and diluted (cents per share)		0.42	(1.27)

The accompanying notes form part of these financial statements.

Condensed statement of financial position as at 30 June 2018

	<u>Note</u>	<u>30 June 2018</u> \$	<u>31 Dec 2017</u> \$
Current assets			
Cash and cash equivalents		707,907	5,788
Trade and other receivables		11,192	3,925
Total current assets		719,099	9,713
Non-current assets			
Property, plant and equipment		1,149	1,306
Other financial assets		281	451
Total non-current assets		1,430	1,757
Total assets		720,529	11,470
Current liabilities			
Trade and other payables	8	42,788	12,149
Director unsecured loan	7	3,638	103,638
Directors' entitlements		71,090	676,084
Provisions		16,528	203,797
Total current liabilities		134,044	995,668
Total liabilities		134,044	995,668
Net assets/ (liabilities)		586,485	(984,198)
Equity			
Issued capital	4	7,367,871	6,241,092
Reserves		763,026	763,196
Accumulated losses		(7,544,412)	(7,988,486)
Total Equity/ (Deficiency)		586,485	(984,198)

The accompanying notes form part of these financial statements.

Condensed statement of changes in equity for the half year ended 30 June 2018

	Attributable to Owners				
	Ordinary shares \$	Equity-settled employee benefits reserve \$	Investment revaluation reserve \$	Accumulated losses \$	Total Equity \$
Balance at 1 January 2017	5,773,592	210,036	-	(6,756,098)	(772,470)
Loss for the period	-	-	-	(1,044,463)	(1,044,463)
Other comprehensive income					
Net change in fair value of available for sale financial assets	-	-	4,975	-	4,975
Total comprehensive loss	-		4,975	(1,044,463)	(1,039,488)
Ordinary shares issued	472,000	-	-	-	472,000
Share placement	-	553,160	-	-	553,160
Capital raising costs	(4,500)	-	-	-	(4,500)
Balance at 30 June 2017	6,241,092	763,196	4,975	(7,800,561)	(791,298)
Balance at 1 January 2018	6,241,092	763,196	-	(7,988,486)	(984,198)
Profit for the period	-	-	-	444,074	444,074
Other comprehensive income					
Net change in fair value of available for sale financial assets	-	-	(170)	-	(170)
Total comprehensive income	-	-	(170)	444,074	443,904
Ordinary shares issued	1,126,709	-	-	-	1,126,709
Capital raising costs	70	-	-	-	70
Balance at 30 June 2018	7,367,871	763,196	(170)	(7,544,412)	586,485

The accompanying notes form part of these financial statements.

Condensed statement of cash flows for the half-year ended 30 June 2018

	30 June 2018	30 June 2017
	\$	\$
Cash flows from operating activities		
Payments to suppliers, employees and for exploration activities	(154,660)	(338,118)
Net cash used in operating activities	(154,660)	(338,118)
Cash flows from financing activities		
Repayment of Director unsecured loan	(100,000)	(28,500)
Proceeds from Director unsecured loan	-	8,000
Proceeds from issue of shares	956,779	372,000
Payments of share issue cost	-	(4,500)
Net cash from financing activities	856,779	347,000
Net increase in cash and cash equivalents	702,119	8,882
Cash and cash equivalents at the beginning of the half-year	5,788	37,094
Cash and cash equivalents at the end of the half-year	707,907	45,976

The accompanying notes form part of these financial statements.

Notes to the condensed financial statements for the half-year ended 30 June 2018

1. Accounting policies

Statement of compliance

The financial statements for the interim half-year reporting period ended 30 June 2018 are a general purpose financial statement prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards ('IFRS').

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

It is recommended that these financial statements be read in conjunction with the annual financial statements for the year ended 31 December 2017 and any public announcements made by GTI Resources Ltd during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial statement are consistent with those adopted and disclosed in the Company's most recent annual financial statements for the year ended 31 December 2017.

The directors have prepared the financial statements on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The directors believe this to be appropriate for the following reasons:

- The Company has cash reserves of \$707,907 at 30 June 2018;
- The Company continues to monitor opportunities to raise further equity from interested investors;
- The Company's Board of Directors has a long history of fund raising in the public and will do so when required; and
- The managing director will continue to provide financial support to assist the company in meeting its financial obligations.

Based on the above, the directors are confident that the Company will be able to continue operations as a going concern into the foreseeable future.

New and Revised Accounting Requirements Applicable to the Current Half Year Reporting Period

For the half-year reporting period to 30 June 2018 the same accounting policies and methods of computation have been followed in the interim financial report as were applied in the most recent annual financial statements. The Company has adopted new and revised Australian Accounting Standards from 1 January 2018 together with consequential amendments to other Standards. The application of these new and revised requirements did not have a material impact on the measurement basis or disclosures in the half-year report.

Significant accounting judgements and key estimates

The preparation of interim financial statements 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 half-year's financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation were the same as those that applied to the financial statements for the year ended 31 December 2017.

2. Other income

	30 Jun 2018	30 Jun 2017
	\$	\$
Director – Wages forgiveness and employee entitlements	686,648	-

On 19 March 2018, the shareholders approved to issue 10,000,000 shares at deemed issue price of 1.7 cents to the Executive Chairman, Murray McDonald. Mr McDonald has agreed to waive \$686,648 which accounted for all outstanding salary and employment entitlements after the issue of the 10,000,000 shares due from the Company with effect from 19 March 2018.

3. Expenses

	30 Jun 2018	30 Jun 2017
	\$	\$
The following expense items are included in the financial performance for the half-year:		
Depreciation	157	210

4. Issued Capital

	30 Jun 2018	31 Dec 2017
	\$	\$
162,818,139 fully paid ordinary shares (2017: 93,166,669)	7,367,871	6,241,092

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

	30 Jun 2018		31 Dec 2017	
	No.	\$	No.	\$
Fully paid ordinary shares				
Opening balance at the beginning of the financial period	93,166,669	6,241,092	76,766,669	5,773,592
Share placement	59,651,470	956,709	16,400,000	472,000
Ordinary share issued	10,000,000	170,000		
Share issue costs	-	70	-	(4,500)
Closing balance at the end of the financial period	162,818,139	7,367,871	93,166,669	6,241,092

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Share options

As at 30 June 2018, the company has 85,137,500 share options on issue (2017: 50,000,000). This included 7,000,000 options issued to CPS Capital Group Pty Ltd (CPS) at \$0.00001 per option in part consideration for services provided by CPS in relation to the capital raising by the Company. No options were exercised or lapsed during the period.

5. Segment information

The Company operates predominately in one geographical segment, being Western Australia, and in one industry, mineral exploration.

6. Contingent liabilities

The Company has no contingent liabilities at the date of this report.

7. Related parties

Arrangements with related parties continue to be in place except for the below directors' remuneration:

Directors	Gross Annual Wages	Superannuation entitlement
Mr Murray McDonald	\$185,000	\$18,500
Ms Emma Gilbert	\$18,000	\$1,710

Key management personnel continue to receive compensation in the form of short term employee benefits, post-employment benefits and share based payments.

At 30 June 2018 the Executive Chairman has made an interest-free loan of \$3,638 (31 December 2017: \$103,638). During the six month period \$100,000 was repaid.

On 19 March 2018, the shareholders approved to issue 10,000,000 shares at deemed issue price of 1.7 cents to the Executive Chairman, Murray McDonald. Mr McDonald has agreed to waive \$686,648 which accounted for all outstanding salary and employment entitlements after the issue of the 10,000,000 shares due from the Company with effect from 19 March 2018.

8. Trade and Other Payables

	30 June 2018	31 Dec 2017
	\$	\$
Trade payables	25,933	12,149
Other payables and accruals	16,855	-
	42,788	12,149

9. Subsidiaries

The Company has a 100% interest in GTI Minerals Pty Ltd, a company incorporated in Australia with share capital of \$1.00. The Company also has a 75% interest in PT GTRI Mining, a company incorporated in Indonesia. Both GTI Minerals Pty Ltd and PT GTRI Mining have been dormant since incorporation. As the subsidiaries have no assets or liabilities, consolidated financial statements have not been prepared.

10. Events subsequent to reporting date

No other material subsequent events have occurred between 1 July 2018 and the date of this report.