APPENDIX 4D
HALF YEAR REPORT
Period ended 31 December 2018

Name of entity: Silver Lake Resources Limited
Current reporting period: 6 months ended 31 December 2018
Previous corresponding reporting period: 6 months ended 31 December 2017

		31 Dec 2018 A$'000	31 Dec 2017 A$'000
Revenues from ordinary activities	up 4%	119,821	114,708
Profit from ordinary activities after tax attributable to members	up 88%	4,002	2,131

Dividend information

The Company has not proposed to pay any dividend in respect of the period.

Net tangible assets per share

	31 Dec 2018	30 June 2018
Net tangible assets per share	$0.41	$0.41

Control gained or lost over entities during the period

There have been no changes in control over entities in the 6 month period ended 31 December 2018.

As at 31 December 2018, the Group has the following interests in unincorporated joint operations:

Joint Operation	Joint Operation Parties	SLR Interest 31 Dec 2018	SLR Interest 30 June 2018
Peter's Dam	SLR/Rubicon	71.6%	71.3%

The joint operations are not separate legal entities. They are contractual arrangements between participants for the sharing of costs and outputs and do not in themselves generate revenue and profit. The joint operations are of the type where initially one party contributes tenements with the other party earning a specified percentage by funding exploration activities; thereafter the parties often share exploration and development costs and output in proportion to their ownership of joint operation assets.

There are no other associates or joint venture entities.

Financial results

This report is based on the attached Interim Financial Report which has been reviewed by the Group's auditors, KPMG.

Silver Lake Resources Limited

(ABN 38 108 779 782)

Interim Financial Report
For the Six Months Ended 31 December 2018

Corporate Directory

Directors

David Quinlivan	Non-executive Chairman
Luke Tonkin	Managing Director
Les Davis	Non-executive Director
Kelvin Flynn	Non-executive Director

Company Secretary

David Berg

Principal Office

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85 South Perth Esplanade
South Perth WA 6151
Tel: +61 8 6313 3800
Fax: +61 8 6313 3888
Email: contact@silverlakeresources.com.au

Registered Office

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85 South Perth Esplanade
South Perth WA 6151

Share Register

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth WA 6000
Tel: 1300 850 505

Auditors

KPMG
235 St George's Terrace
Perth WA 6000

Internet Address

www.silverlakeresources.com.au

ABN 38 108 779 782

ASX Code: SLR

	Page

Directors' Report

The Directors present their report for the half year ended 31 December 2018.

DIRECTORS

The names and details of the Company's Directors in office during the six months and until the date of this report are as follows. The Directors were in office for the entire period unless otherwise stated.

David Quinlivan	Non-executive Chairman	Appointed 25 June 2015
Luke Tonkin	Managing Director	Appointed 14 October 2013
Les Davis	Non-executive Director	Appointed 25 May 2007
Kelvin Flynn	Non-executive Director	Appointed 24 February 2016
Brian Kennedy	Non-executive Director	Appointed 20 April 2004/Resigned 23 October 2018

PRINCIPAL ACTIVITIES

The principal activities of the Group during the course of the financial period were gold mining and processing from the Mount Monger Operation, gold exploration and evaluation of projects.

OPERATING OVERVIEW

Silver Lake is an all-Australian, ASX listed gold producing and exploration company operating in the Eastern Goldfields district of Western Australia. Silver Lake's land position in Western Australia covers highly prospective, under explored tenements containing gold and silver.

GROUP FINANCIAL OVERVIEW

The Group recorded a net profit after tax for the period of $4.002 million (2017: $2.131 million). Operating cash flow for the period was $29.672 million (2017: $30.147 million).

A reconciliation between the statutory profit after tax and the Group's underlying operating results is tabled on page 7. This reconciliation is an unaudited non-IFRS measure that, in the opinion of the Board, provides useful information to assess the operating performance of the Group. As noted in the table, the Group's EBITDA (excluding significant items) for the period was $24.716 million for the period (2017: $39.731 million).

Revenue for the period totalled $119.821 million from the sale of 69,947 ounces of gold at an average realised gold sale price of A$1,713/oz compared with revenue of $114.708 million from 68,704 ounces (@ A$1,662/oz) in the previous corresponding period.

Cost of sales for the period of $106.610 million was in line with the prior corresponding period's balance of $105.522 million. The All-in Sustaining Cost (AISC) for the half year of A$1,467/oz (2017: A$1,387/oz) reflects the investment in the Aldiss Mining Centre and the treatment of lower grade Majestic stockpiles prior to the expected increased contribution of Harrys Hill ore through the second half of the 2019 financial year.

The cash and bullion balance of $104.266 million at 31 December 2018 is after $22.019 million of capital expenditure and $5.571 million of exploration expenditure. This included $13.88 million of growth capital investment establishing the Aldiss Mining Centre and capitalised stripping of the Harrys Hill Open Pit.

Directors' Report

Overview of Mount Monger Camp

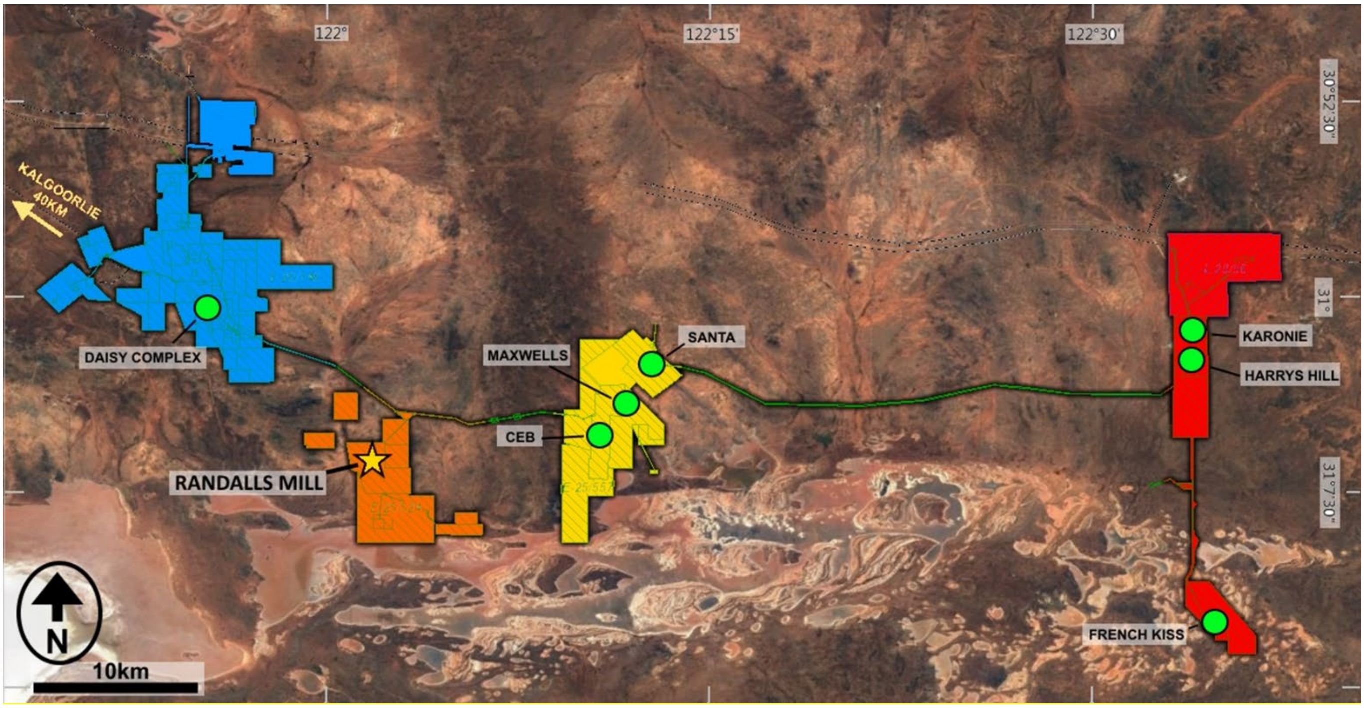

Figure 1: Location of Mount Monger Camp Mining Centres and the centralised Randalls Mill.

Mining

Ore mined from the three Mount Monger Mining Centres totalled 526,174 tonnes at a grade of 4.1 g/t Au for 70,088 contained ounces (2017: 779,575 tonnes at a grade of 3.4 g/t Au for 85,835 contained ounces).

Underground production from the Daisy and Mount Belches (Maxwells and Cock-eyed Bob) Mining Centres increased in 1H FY2019 reflecting the ramp up of production from Cock-eyed Bob during the period. The establishment of the Mount Belches Mining Centre provides access to shallow, high grade underground ore sources and broadens the sources of high-grade ore at Mount Monger in addition to the established high-grade baseload from the Daisy Complex.

During the half year the Daisy Complex produced 162,387 tonnes at 5.9 g/t Au for 30,827 contained ounces and again demonstrated the mine's consistent cornerstone contribution to the Mount Monger production base. Following a successful FY2018 exploration program at Daisy North, mine design and evaluation was completed during the period. Stripping of the 550 level to access the Daisy North area has commenced with development on track to commence stope production next financial year. A development program was also approved to access new lodes identified east of the existing Lower Prospect mining area. Neither of these targets are included in the 2018 Ore Reserve Statement and provide further evidence of the strong prospectivity of the Daisy Complex and the success of the exploration program to generate new mining fronts outside the current mining areas and proximal to existing development and services infrastructure.

The Mount Belches Mining Centre produced 187,358 tonnes at 4.7 g/t for 28,303 ounces. Production from Maxwells underground increased to 103,739 tonnes at 4.7 g/t Au for 15,519 contained ounces. A significant increase in production was reported at Cock-eyed Bob as the mine begins to reach consistent targeted production rates. During the half year, Cock-eyed Bob produced 83,619 tonnes at 4.8 g/t Au for 12,784 contained ounces.

Directors' Report

Key infrastructure projects were completed during the period at the new Aldiss Mining Centre. These included a 36km haul road, administration offices, 80 person camp, and power and communications infrastructure. The Aldiss Mining Centre will initially comprise of three proximal open pit mines being Harrys Hill, French Kiss and Karonie South, which will underpin feed to the Randalls Mill from FY2019 to FY2022.

During the period, open pit mining operations were focused on waste stripping of the Harrys Hill pit with a total of 2,015,000 bcm mined, ore mined totalled 176,429 tonnes at 1.9 g/t Au for 10,958 contained ounces.

The investment in waste development resulted in an average strip ratio for the half year of 29:1 versus a LOM strip ratio of approximately 8.3:1. Ore tonnes and grades will significantly increase throughout 2H FY2019 as the strip ratio declines to a weighted average strip ratio of approximately 6:1 for the remainder of FY2019.

Processing

Gold ore from the Mount Monger Operation is treated at the centrally located Randalls Gold Processing Facility. Ore milled for the period totalled 601,739 tonnes at a blended grade of 3.7 g/t Au for 70,862 recovered ounces. The high grade underground mines provided ~58% of the mill feed with the balance sourced from low grade stockpiles, prior to the introduction of Harrys Hill ore in the latter half of 2Q FY2019.

Mining and production statistics for the Mount Monger Operation for the period ended 31 December 2018 are detailed in Table 1 and Table 2.

Gold Mining and Production Statistics

Mount Monger - Mining	Units	1H FY2019	1H FY2018
Underground			
Ore mined	Tonnes	349,745	263,165
Mined grade	g/t Au	5.3	5.6
Contained gold in ore	Oz	59,130	47,615
Open Pit			
Ore mined	Tonnes	176,429	516,410
Mined grade	g/t Au	1.9	2.3
Contained gold in ore	Oz	10,958	38,220
Total ore mined	Tonnes	526,174	779,575
Mined grade	g/t Au	4.1	3.4
Contained gold in ore	Oz	70,088	85,835

Table 1: Mount Monger mine production statistics

Directors' Report

Mount Monger - Processing	Units	1H FY2019	1H FY2018
Ore Milled	Tonnes	601,739	628,528
Head grade	g/t Au	3.7	3.8
Contained gold in ore	Oz	70,862	75,961
Recovery	%	95	91
Gold produced	Oz	66,966	68,898
Gold sold	Oz	69,947	68,704

Table 2: Randalls mill processing statistics

EXPLORATION

The exploration focus during the period targeted near-term resource definition and project development opportunities across the three Mining Centres at Mount Monger and step out exploration proximal to existing infrastructure. During the half year Silver Lake drilled a total of 23,000 metres and exploration expenditure totalled $5.571 million. Significant exploration results during the half year are outlined below.

Daisy Mining Centre

Eight diamond drill holes were completed into the central to upper zone within the recently discovered Easter Hollows target area. The drilling successfully intersected multiple mineralised structures to the west of current mining development, extending ~400 metres from current mining fronts. Significant assay results were received from the eight holes, all intersecting multiple high-grade Daisy-style lode structures between 50 metres and 450 metres west of existing Daisy underground development. The discovery of the Easter Hollows lodes has the potential to be an important new higher margin mining front within the Daisy Complex. These lodes are located higher in Daisy's mine elevation and are accessible by lateral development from existing underground development.

The progressive infill delineation drilling program within existing Inferred Mineral Resource blocks continues to confirm the continuity of the high-grade gold mineralisation and is expected to support the upgrade of Inferred to Indicated Mineral Resources for potential future conversion to Mineral Reserves.

Mount Belches

Surface diamond drilling at the Santa project returned a significant number of high grade drill results. Exploration work during the half targeted the relatively untested Western BIF unit beneath the Santa North pit floor with the results demonstrating strike and vertical continuity within the Western BIF unit. Mineralisation in the drill core is observed to be consistent with the high-grade mineralisation seen at the Maxwells and Cock-eyed Bob underground mines.

Drilling and mine design studies will continue in parallel to advance the Santa project during the second half of FY2019. The ability to leverage from installed above-ground support services and maintenance infrastructure at Mount Belches provides potential for an internally funded, near-term and low capital mine development, should sufficient confidence in the continuity of mineralisation at Santa be established through further drill programs.

Aldiss

Regional exploration along the prospective 10km shear zone will target extensions and repetitions of the Karonie and Harrys Hill deposits along the strike of the Aldiss mineralised zone to the south. Current Mineral

Directors' Report

Resources along the shear zone include Spice, Tank and Atriedes and total 48,000 ounces. Current drilling coverage within these deposits is constrained to ~60 metres below surface and a high resolution ground magnetics survey to enhance geological and structural targeting was completed during the period. Reverse circulation and diamond drilling programs in the second half of FY2019 and beyond will target direct extensions to the strike and down plunge extents of the current deposits at Aldiss.

STRATEGY

The Group's short to medium term strategy is to maximise returns to shareholders. This will be achieved by:

- Maximising the value of our established asset base;
- Investing in exploration to target extensions to known resources and the discovery of new deposits proximal to existing infrastructure; and
- Create new opportunities to compete for capital

Key risks associated with delivering on the Group's strategy include:

- price and demand for gold - it is difficult to accurately predict future demand and gold price movements and such movements may adversely impact on the Group's profit margins, future development and planned future production;
- exchange rates – the Group is exposed to the Australian dollar currency risk on gold sales, which are denominated in US dollars. Therefore, revenue will be affected by movements in the US dollar gold price or movement in the Australian Dollar exchange rate (against the US dollar);
- Reserves and Resources - the Mineral Resources and Ore Reserves for the Group's assets are estimates only and no assurance can be given that they will be realised;
- operations - the Group's operations are subject to operating risks that could result in decreased production, increased costs and reduced revenues. Operational difficulties may impact the amount of gold produced, delay deliveries or increase the cost of mining for varying lengths of time; and
- exploration success – no assurance can be given that exploration expenditure will result in future profitable operating mines.

REVIEW OF FINANCIAL CONDITION

The Group recorded an after tax profit for the financial period of $4.002 million (2017: $2.131 million). This profit includes a number of significant items, such as depreciation/amortisation and change in fair value of ASX listed investments that, in the opinion of the directors, need adjustment to enable shareholders to obtain an understanding of the results from operations. The Group's earnings before interest, tax, depreciation and amortisation (EBITDA) excluding these significant items are outlined in the table below:

Reconciliation of Statutory Profit after Tax to EBITDA (excluding significant items) - Unaudited	**31 Dec 2018 $'000**	**31 Dec 2017 $'000**
Statutory profit after tax for the period:	4,002	2,131
Adjustments for:		
Depreciation & amortisation	18,068	35,593
Net finance costs (includes change in fair value of listed investments)	1,350	421
Exploration expensed	1,296	1,586
EBITDA (excluding significant items) *	**24,716**	**39,731**

* Non-IFRS measure

Directors' Report

At 31 December 2018, the Group had $96.471 million in cash (30 June 2018: $97.959 million), $6.758 million in gold bullion and bullion receivables (30 June 2018: $7.632 million) and $5.153 million gold in circuit (30 June 2018: $5.114 million). In addition, the Group had $6.646 million in ASX listed investments at period end (30 June 2018: $8.140 million).

PROPOSED MERGER WITH DORAY MINERALS LIMITED

On 14 November 2018 Silver Lake and Doray Minerals Limited ("Doray") announced that they had entered into a binding Scheme Implementation Deed, under which the two companies will merge by way of a Doray Scheme of Arrangement ("Scheme").

The merger has been unanimously recommended by the Doray and Silver Lake Board of Directors. Under the terms of the Scheme, each Doray Shareholder will receive 0.6772 Silver Lake shares for every Doray share held. The Scheme is subject to a number of customary conditions including the approval of Doray Shareholders at a meeting scheduled 22 March 2019.

A Scheme booklet containing full details of the merger was circulated to Doray shareholders and released to the ASX in February 2019 and subject to approvals is expected to be implemented in early April 2019.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than noted elsewhere in this report, there were no significant changes in the state of affairs of the Group that occurred during the period under review.

AUDITOR'S INDEPENDENCE

Section 307C of the Corporations Act 2001 requires Silver Lake's auditors, KPMG, to provide the Directors of Silver Lake with an Independence Declaration in relation to the audit of the interim financial report for the six months ended 31 December 2018. This Independence Declaration is attached to the Directors' Report and forms a part of the Directors' Report.

SUBSEQUENT EVENTS

Other than noted elsewhere in this report, there have been no material events that have occurred between the reporting date and the date of signing this report.

Signed in accordance with a resolution of the Directors.

Luke Tonkin
Managing Director
26 February 2019

Directors' Declaration

In the opinion of the Directors:

a) The consolidated financial statements and notes of the Group are 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 2018 and of its performance for the six month period then ended; and
   ii) Complying with Australian Accounting Standard *AASB 134: Interim Financial Reporting* and the *Corporations Regulations 2001*

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.

The declaration is signed in accordance with a resolution of the Board of Directors.

Luke Tonkin
Managing Director
26 February 2019

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

To the Directors of Silver Lake Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Silver Lake Resources Limited for the half-year ended 31 December 2018 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Derek Meates
Partner
Perth
26 February 2019

Independent Auditor's Review Report

To the shareholders of Silver Lake Resources Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying ***Interim Financial Report*** of Silver Lake Resources Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Silver Lake Resources Limited 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 2018 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Interim Financial Report*** comprises:

- Condensed consolidated statement of financial position as at 31 December 2018
- Condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date
- Notes 1 to 7 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The ***Group*** comprises Silver Lake Resources Limited (the Company) and the entities it controlled at the Half-year's end or from time to time during the Half-year.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor’s responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim 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 Interim 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 2018 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Silver Lake 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.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001.*

KPMG

KPMG

Derek Meates
Partner
Perth
26 February 2019

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2018

	Notes	31 December 2018 $'000	31 December 2017 $'000
Revenue		119,821	114,708
Cost of sales		(106,610)	(105,522)
Gross profit		13,211	9,186
Other income		1	53
Profit on sale of assets		-	9
Exploration expenditure	5	(1,296)	(1,586)
Administrative expenses		(6,564)	(5,110)
Results from operating activities		5,352	2,552
Finance income		549	381
Finance expenses		(1,899)	(802)
Net finance costs	4	(1,350)	(421)
Profit before income tax		4,002	2,131
Income tax expense		-	-
Profit for the period		4,002	2,131
Total comprehensive profit for the period		4,002	2,131

Earnings per share	Cents Per Share	Cents Per Share
Basic earnings per share	0.79	0.42
Diluted earnings per share	0.78	0.42

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes to these consolidated financial statements.

Condensed Consolidated Statement of Financial Position

As at 31 December 2018

	Notes	31 December 2018 $'000	30 June 2018 $'000
Current Assets			
Cash and cash equivalents		96,471	97,959
Trade and other receivables		6,305	2,067
Inventories		22,591	27,740
Prepayments		87	150
Total Current Assets		125,454	127,916
Non-Current Assets			
Inventories		1,868	1,868
Exploration, evaluation and development expenditure	5	92,860	79,588
Property, plant and equipment		37,567	37,366
Investments		6,646	8,140
Total Non-Current Assets		138,941	126,962
Total Assets		264,395	254,878
Current Liabilities			
Trade and other payables		34,697	30,033
Employee benefits		2,322	2,013
Total Current Liabilities		37,019	32,046
Non-Current Liabilities			
Rehabilitation and restoration provision		16,684	16,450
Total Non-Current Liabilities		16,684	16,450
Total Liabilities		53,703	48,496
Net Assets		210,692	206,382
Equity			
Share capital		699,564	699,564
Reserves		1,958	1,650
Accumulated losses		(490,830)	(494,832)
Total Equity		210,692	206,382

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes to these consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2018

	Share Capital $'000	Option Reserve $'000	Accumulated Losses $'000	Total Equity $'000
Balance at 1 July 2017	699,564	1,220	(511,018)	189,766
Total comprehensive profit for the period	-	-	2,131	2,131
Transactions with owners, recorded directly in equity				
Equity settled share based payment	-	225	-	225
Balance at 31 December 2017	699,564	1,445	(508,887)	192,122
Balance at 1 July 2018	699,564	1,650	(494,832)	206,382
Total comprehensive profit for the period	-	-	4,002	4,002
Transactions with owners, recorded directly in equity				
Equity settled share based payment	-	308	-	308
Balance at 31 December 2018	699,564	1,958	(490,830)	210,692

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes to these consolidated financial statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2018

	31 December 2018 $'000	31 December 2017 $'000
Cash flow from operating activities		
Cash receipts from customers	115,871	111,873
Cash paid to suppliers and employees	(86,199)	(81,726)
Net cash from operating activities	29,672	30,147
Cash flow from investing activities		
Interest received	549	381
Proceeds from sale of non-current assets	-	1,509
Acquisition of plant and equipment	(5,357)	(4,480)
Acquisition of investment	(159)	-
Exploration, evaluation and development expenditure	(26,184)	(30,464)
Net cash used in investing activities	(31,151)	(33,054)
Cash flow from financing activities		
Stamp duty paid	-	(2,057)
Interest paid	(9)	(71)
Net cash from financing activities	(9)	(2,128)
Net decrease in cash and cash equivalents	(1,488)	(5,035)
Cash and cash equivalents at 1 July	97,959	61,196
Cash and cash equivalents at 31 December	96,471	56,161

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes to the consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2018

1. Basis of Preparation

Silver Lake Resources Limited ("Silver Lake" or "the Company") is a for profit entity domiciled in Australia. The condensed consolidated financial statements of the Company as at and for the six months ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as "the Group" and individually as "Group Entities").

The condensed consolidated financial statements were approved by the Board of Directors on 26 February 2019.

(a) Statement of Compliance

The condensed consolidated financial statements have been prepared in accordance with AASB 134 *Interim Financial Reporting,* the Corporations Act 2001 and with IAS34 *International Financial Reporting*. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2018.

(b) Functional and Presentation Currency

These consolidated financial statements are prepared in Australian dollars, which is the functional currency of the Company and its subsidiaries. The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191* and in accordance with that Corporations Instrument, all financial information has been rounded off to the nearest thousand dollars, unless otherwise stated.

(c) Use of Judgements and Estimates

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

The significant judgements 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 statements as at and for the year ended 30 June 2018.

2. Significant Accounting Policies

Except as noted below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2018.

Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(a) AASB 9 Financial Instruments

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 largely retains the existing requirements in AASB 139 for the classification and measurement of financial liabilities. However, it eliminates the previous AASB 139 categories for financial assets held to maturity, loans, receivables and available for sale. The adoption of AASB 9 has not had a significant effect on the Group's accounting policies related to financial assets and liabilities.

Notes to the Condensed Consolidated Financial Statements
For the six months ended 31 December 2018

Impairment of financial assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost but not to investments in equity investments. Under AASB 9, credit losses are recognised earlier than under AASB 139. The financial assets at amortised cost consist of trade and other receivables, and cash and cash equivalents.

The Group has elected to measure loss allowances for trade and other receivables at an amount equal to 12 month ECLs. When determining the credit risk of a financial asset, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both the quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, including forward-looking information. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be in default when the financial asset is more than 90 days past due.

At 31 December 2018, no receivables were more than 30 days past due and therefore the ECL at 31 December 2018 was nil. No other receivables are considered to have a material credit risk.

(b) AASB 15 Revenues from Contracts with Customers

The Group has applied AASB 15 Revenue from Contracts with Customers (as amended) for the first time in the current period. The impact of the adoption of this standard on gold sales and the new accounting policy are disclosed below.

Previously, the Group recognised revenue from gold sales when all risks and rewards transferred; no further processing was required by the Group; the quality and quantity of the gold had been determined; and the sale was probable. Under IFRS 15, the Group recognises revenue when control has passed to the buyer; the Company has no significant continuing involvement; and the amount of revenue and costs incurred or costs to be incurred in respect of the transaction can be measured reliably. The Group's assessment is that this occurs when the refined gold has been physically delivered, which is also the date when title has passed to the buyer and the Company enters into a transaction that fixes the quantity and price of the gold for each delivery. The impact of the change in accounting policy is that gold bullion awaiting settlement (which represented gold dore that has not been outturned by the Group's refiner prior to period end) is no longer recognised as revenue. Revenue recognition will now be delayed until the refined gold has been physically delivered and title has passed to the buyer. The change in policy has had no impact on previously recognised revenue.

(c) AASB 16 Leases

IFRS 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new Standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

The Group is currently assessing the potential impact of the adoption of this standard. Work undertaken to date includes the identification and analysis of the potential contracts that are likely to contain a lease (as newly defined). The range of relevant contracts will potentially include mining services, equipment hire and power generation. The standard is mandatory for the annual reporting period beginning 1 July 2019.

3. Segment Reporting

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Group does not have any operating segments with discrete financial information. The Group does not have any customers, other than the Perth Mint and its

Notes to the Condensed Consolidated Financial Statements
For the six months ended 31 December 2018

bankers, and all the group assets and liabilities are located within Australia. The Board of Directors review internal management reports on a monthly basis that is consistent with the information provided in the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position and Statement of Cash Flows. As a result, no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

4. Finance Income and Expenses

	31 December 2018 $'000	31 December 2017 $'000
Interest income	549	381
Finance Income	549	381
Accretion of rehabilitation provision	(236)	-
Change in fair value of listed investments	(1,654)	(731)
Interest expense on financial liabilities	(9)	(71)
Finance Costs	(1,899)	(802)
Net Finance Income/(Costs)	(1,350)	(421)

5. Exploration, Evaluation and Development Expenditure

During the period ended 31 December 2018 the Group incurred and capitalised the following on exploration, evaluation and development expenditure:

Exploration and evaluation phase	31 December 2018 $'000	30 June 2018 $'000
Cost brought forward	17,263	15,018
Capitalised during period	3,993	7,642
Expensed during period	(1,296)	(2,663)
Transferred to development phase	-	(2,734)
Balance at period end	19,960	17,263
Development phase		
Cost brought forward	10,004	8,886
Expenditure during the period	-	1,118
Transferred from exploration and evaluation phase	-	2,734
Transferred to production phase	(4,814)	(2,734)
Balance at period end	5,190	10,004
Production phase		
Cost brought forward	52,321	75,158
Transferred from development phase	4,814	2,734
Expenditure during the year	23,598	27,343
Rehabilitation asset adjustment	-	1,050
Amortisation expense	(13,023)	(53,964)
Balance at period end	67,710	52,321
Total	92,860	79,588

Notes to the Condensed Consolidated Financial Statements
For the six months ended 31 December 2018

6. Financial Risk Management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 June 2018.

Hedging

At 31 December 2018, the Company had a total of 128,300 ounces left to be delivered under its hedging programmes (at an average forward price of A$1,737/ounce).

The sale of gold under these hedges is accounted for using the 'own use exemption' under AASB 139 Financial Instruments and as such all hedge revenue is recognised in the Profit and Loss and no mark to market valuation is performed on undelivered ounces.

7. Subsequent Events

No material events have occurred between the reporting date and the date of signing this report.