



ABN 59 151 155 734

Interim Financial Report

For the half-year ended 31 December 2018

Santa Fe Minerals Limited
Interim Financial Report - 31 December 2018
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Santa Fe Minerals Limited
Interim Financial Report - 31 December 2018
Corporate Information

Directors	Mark Jones (Non-Executive Chairman) Douglas Rose (Managing Director) Terence Brown (Non-Executive Director)
Company Secretary	Krystel Kirou
ABN	59 151 155 734
Registered and Principal Office	39 Clifton Street Nedlands WA 6009
Postal Address	39 Clifton Street Nedlands WA 6009
Website	www.santafeminerals.com.au
Auditors	HLB Mann Judd Chartered Accountants Level 4, 130 Stirling Street Perth WA 6000
Share Register	Advanced Share Registry Services 110 Stirling Highway Nedlands WA 6009 Tel: +61 8 9389 8033
Securities Exchange Listing	Australian Securities Exchange (ASX: SFM) Level 40, Central Park 152-158 St George's Terrace Perth WA 6000

Santa Fe Minerals Limited
Interim Financial Report - 31 December 2018
Directors' Report

Your Directors present their report together with the condensed consolidated financial statements of the Group comprising of Santa Fe Minerals Limited (the "Group") and its subsidiaries for the half-year ended 31 December 2018.

In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

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

- Mark Jones (Non-Executive Chairman)
- Doug Rose (Managing Director)
- Terence Brown (Non-Executive Director)
- Andrew Quin (Non-Executive Director) - Resigned 28 September 2018

Review of operations

Exploration Operations

During the half year, the Group continued exploration across five targets - Watson's Well (Vanadium), Paynesville Central/Fenceline (Gold), Pioneer (Gold/Copper), Mt Ford (Gold) and Yarrambie (Nickel). See Figure 1 below.

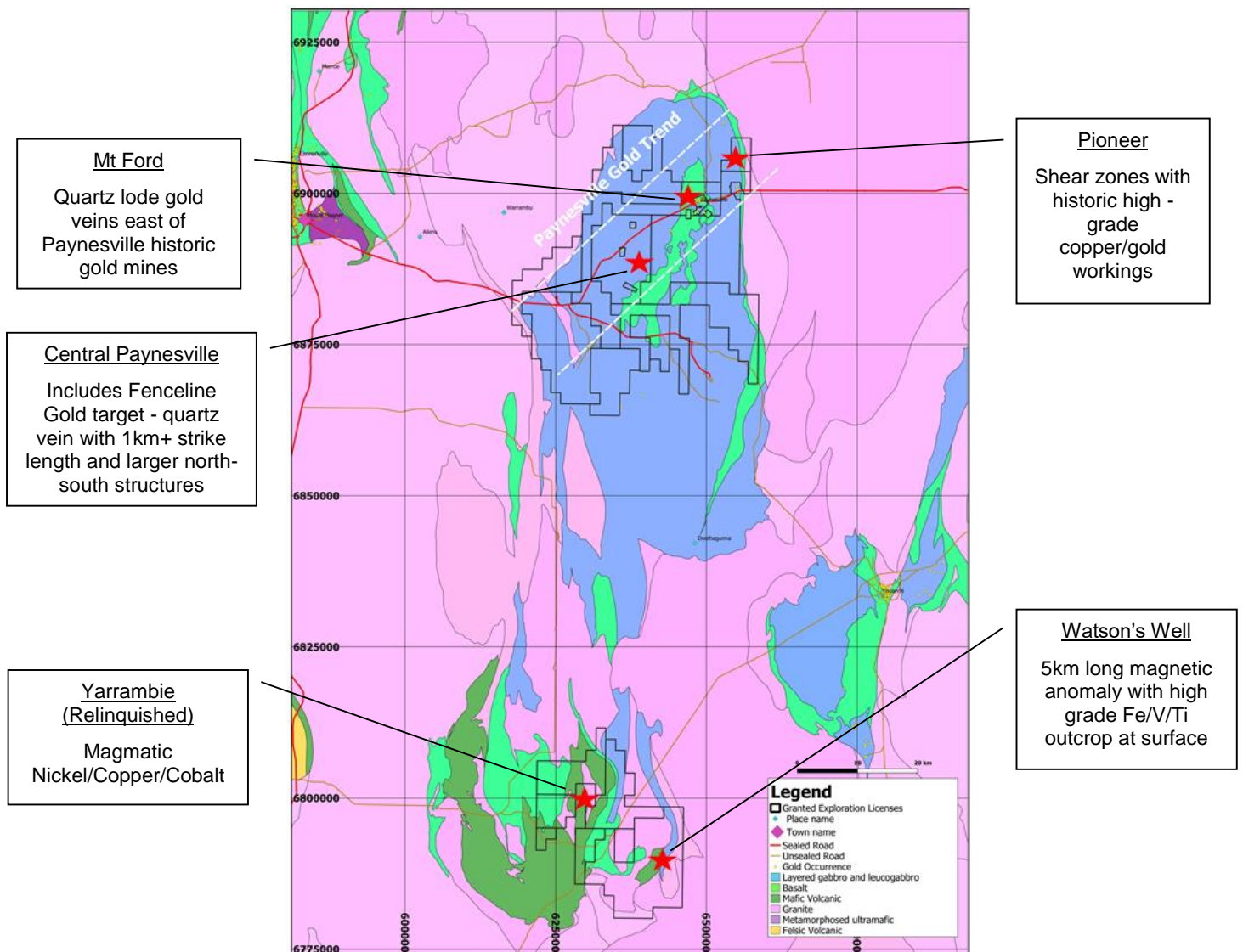


Figure 1 - Challa Project Area and prospects

Review of operations (continued)

Watsons Well - Vanadium

During the half year, the Group received final assay results from an extensive mapping and surface sampling program across the priority zones of the anomaly (see announcement dated 14 November 2018). Mag Lag sampling on a 250m by 100m grid was undertaken over a 2.4km² area. Rock chip samples were also taken from outcropping magnetite. Assay results for the program are shown in Figures 2 and 3 below.

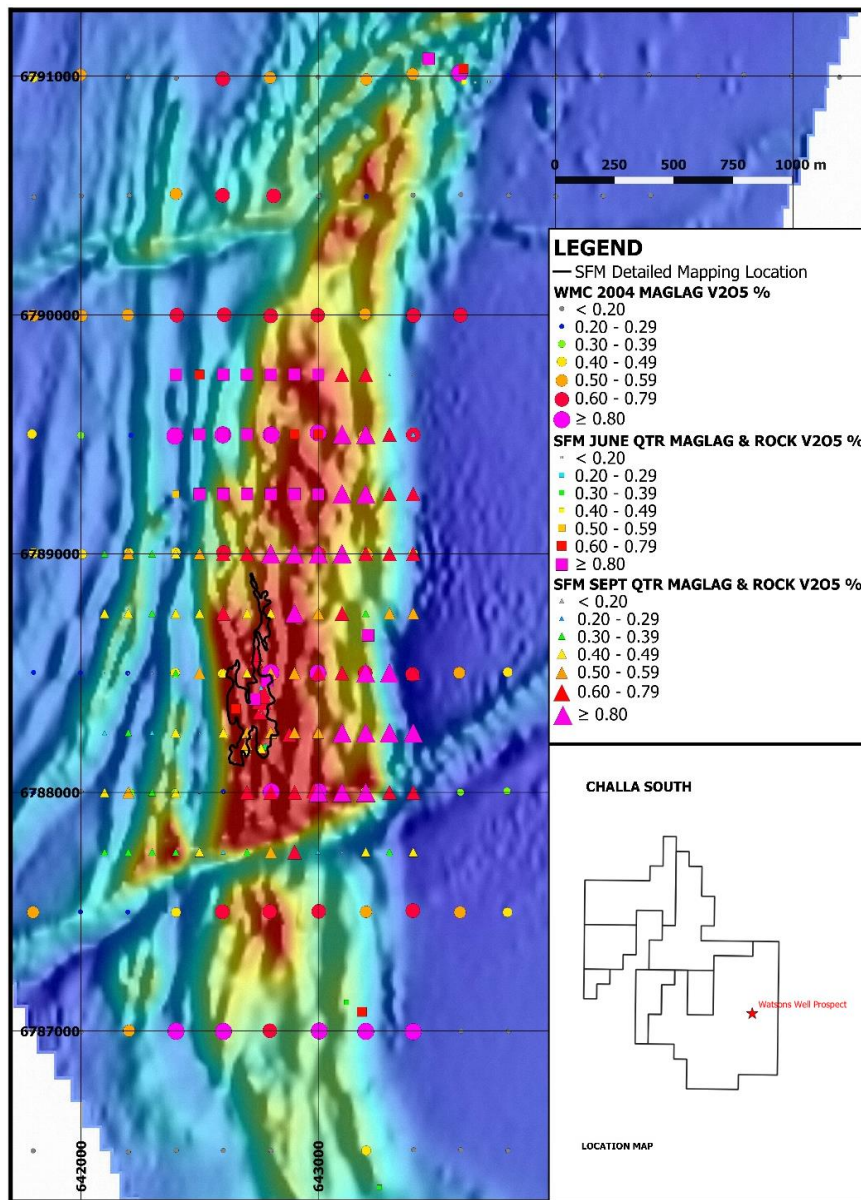


Figure 2 - V₂O₅ MagLag and Rock Chip sampling assay results and location of detailed mapping location at Watson's Well Prospect

Review of operations (continued)

Detailed mapping of available outcrop along the south western section of the magnetic surface anomaly confirmed multiple 0.1m to 0.5m true thickness and strike continuous magnetite layers within layered 3m to 10m thick meta-gabbro and several late-stage strike continuous pegmatite sills. The majority of the magnetic anomaly area is covered by transported alluvium and duricrust consisting of transported cover and residual magnetite scree.

Multiple outcrops across the magnetic anomaly of resistant quartz and pegmatites confirm the lateral continuity of the pegmatites. There is no continuous outcrop across the magnetic anomaly to create a complete stratigraphic profile of the magnetite rich layers; only drilling beneath the transported cover will be able to define the geology profile of the package.

The latest surface geochemical data (MAGLAG and Rock Chip V_2O_5 content) does not show a direct correlation with the magnetic intensity image. The strongest magnetic intensity is not associated with the highest V_2O_5 assay grade and is more likely reflecting regolith dispersion of the magnetite scree by weathering and surface transport processes.

The MAGLAG samples recently completed across the magnetic anomaly display a consistent elevated $>0.60\%$ V_2O_5 anomaly. Grade variation from insitu rock chip data collected to date for the cumulate magnetite layers vary between 0.31% and 1.64% V_2O_5 (22 samples); meta-gabbro containing minor magnetite vary between 0.03% and 0.09% V_2O_5 (9 samples) and meta-gabbro containing common magnetite vary between 0.13% and 0.69% V_2O_5 (12 samples).

Based on field mapping, the magnetite layering is dipping at -75 degrees towards the West; if the unit is not structurally overturned, the lower magnetite units are on the eastern side of the magnetic anomaly.

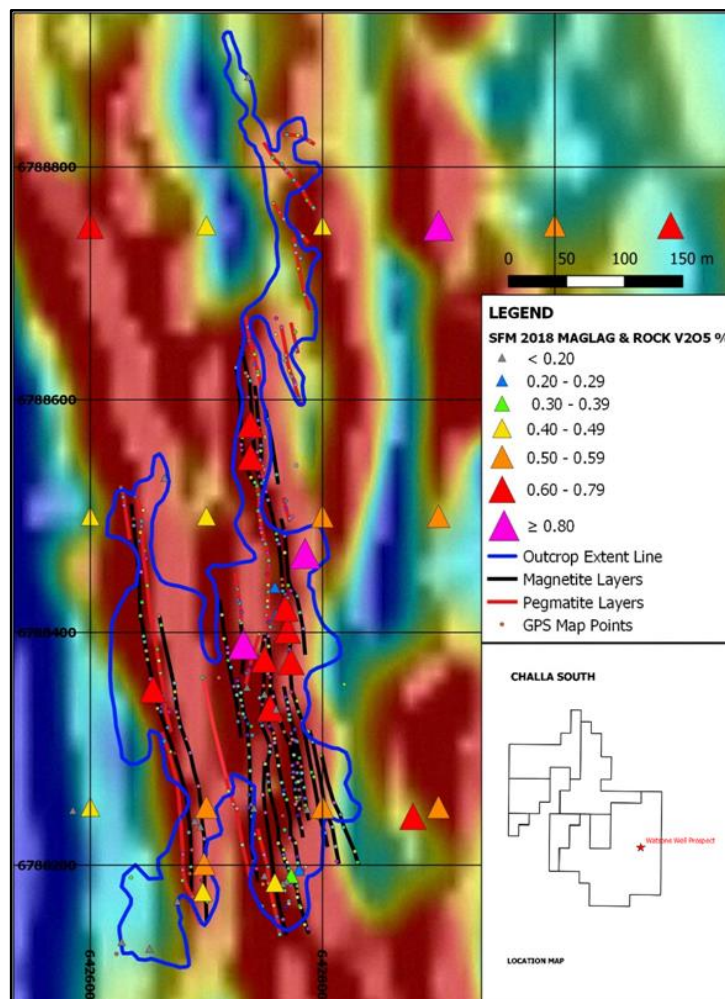


Figure 3 - V_2O_5 MagLag and Rock Chip sampling assay results and detailed outcrop mapping at Watson's Well Prospect

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Review of operations (continued)

The eastern side of the magnetic anomaly is proposed to represent the lower section of the Shephards Discordant Zone (SDZ) that contains higher V₂O₅ weight content magnetite relative to TiO₂ weight content. Due to the transported cover and surface dispersion of the residual soils, the magnetic image is not reflecting the true location or intensity of the highest V₂O₅% grade magnetite layers. The lower zone of the SDZ on the eastern side of the magnetic anomaly has the potential of being the more prospective side; however only drill testing can confirm the interpretation and provide representative assay data. The exposed western magnetite layers may represent the more evolved upper magnetite units with potentially lower V₂O₅ weight content relative to TiO₂ weight content magnetite units of the SDZ.

Pioneer/Windsor - Gold

During the half year, final assay results were received for a 100m by 200m surface LAG sampling grid and a rock chip sampling program. Field mapping also identified another high-grade small mine working to the north of the Pioneer North site (see announcement dated 14 November, 2018). A total of three high grade historic mine workings with best grades: **8.9g/t**, **19.0g/t** and **25.3g/t** (new site) have been mapped within a 2.2km Gold-Copper-Bismuth mineral system. 100m spaced magnetic data highlights at least two north-south structures with the eastern shear forming the contact between the Windimurra Igneous Complex (WIC) from the Yaloginda Formation and Big Bell Granites to the East. The western north-south shear appears to be the same structure that hosts the Windsor Castle mine workings 3.8 km to the south.

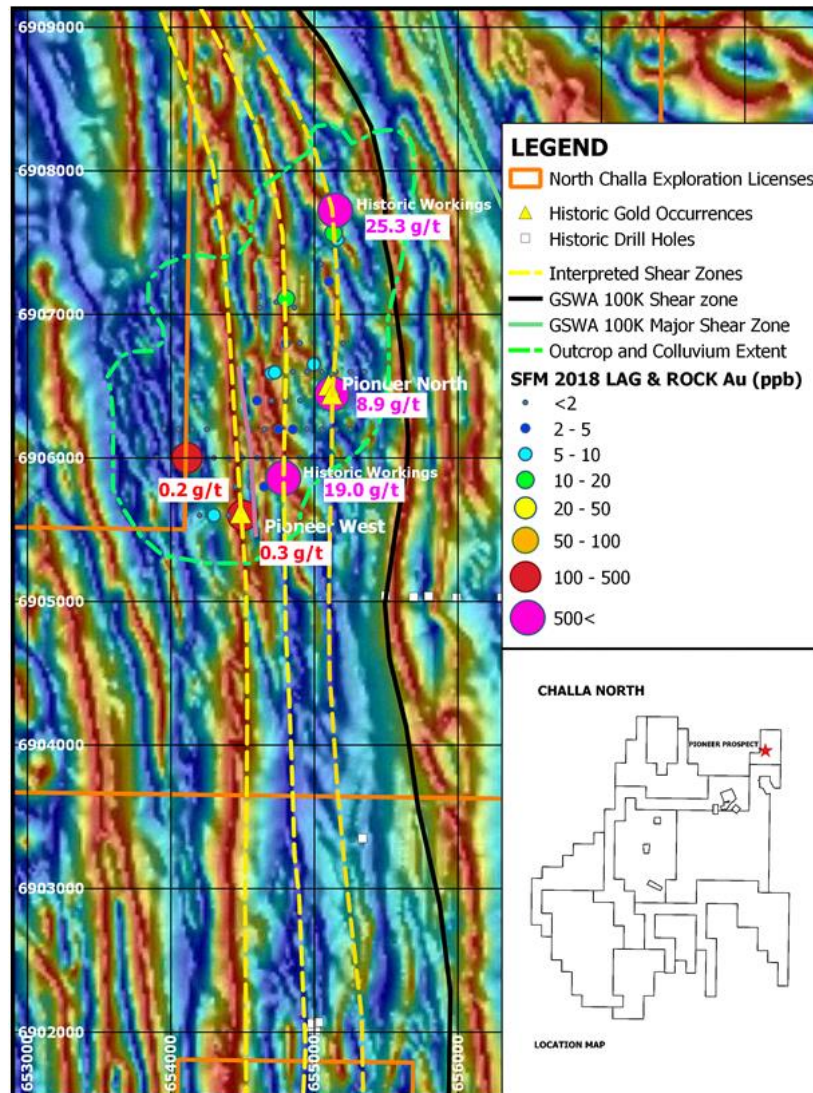


Figure 4 - Recent Lag and Rock Chip results at Pioneer Prospect over UTS 100m multiclient aeromagnetic data showing interpreted shear zones

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Review of operations (continued)

The Leucogabbro country rock hosting the shear structures is classified as part of the lower zone of the Windimurra Igneous Complex (WIC). Field observations indicate that the fabric is distinctly massive and coarse grained away from the finite shear zones hosting the quartz veins and mineralisation. The main shear hosting the quartz veining appears to be strike continuous approximately north-south and narrow 2 - 4m wide; gold mineralisation within the system is likely to be focused along these narrow (conduits) shears. The country rock appears to be resistant to deformation and hence any locality where the structure needs to deviate slightly along the main shear corridor may act as a dilation point for gold mineralisation. The mineralisation occurs within a discreet 600m wide zone and is untested 1km to the north and 3.6km to the south of the surface outcrop due to shallow transported cover.

Aircore drilling is anticipated in April - May this year.

Central Paynesville - Gold

As announced on 28 May 2018, the Group completed 1,563 metres of slim-line Reverse Circulation (RC) drilling at its Challa North project area with composite assay results being received during the half. The Group completed a total of 27 shallow slimline RC drill holes separated by 100 - 200m spacing along two east-west drill lines and 6 shallow slimline RC drill holes targeting the Fenceline quartz vein.

The east-west drill lines were sampled on 3m composites and designed to intercept both the interpreted major north-south striking and the northwest-southeast structures highlighted in the UTS Geophysics Pty Ltd (UTS) 100m multi-client aeromagnetic data.

Six of the east-west shallow slimline RC holes intercepted >20ppb Au values and all of these holes were re-assayed during the December half year to the 1m primary sample retained in green poly bags. All six holes returned >50ppb assays with the best 1m composite of 389ppb at 22m down hole for PCRC10015 and 348ppb at 44m down hole for PCRC10023; indicating an open gold system (see announcement dated 14 November 2018).

Table 1 below summarizes all 50ppb and above significant intercepts for the Paynesville drilling program on 1m composite samples. The table also contains three holes (PCRC10028, PCRC10029 and PCRC10033) drilled by the Group and previously reported, targeting the Fenceline quartz vein.

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Review of operations (continued)

RC drill hole intersections tabulated below are calculated with a 50ppb Au lower cut for the entire drill program. These represent the intersections from individual 1m sample results and include 1m of internal dilution. The samples are routinely collected as 1m sample intervals from the cyclone or field reject.

Hole ID	Collar N (MGA)	Collar E (MGA)	Collar RL	Dip	Azimuth	Hole Depth (m)	Depth From (m)	Depth To (m)	Downhole Intersection (m)	Au Value (ppb)
PCRC10010	6891803	639403	489	-60	90	72	6	8	2	108
Including							6	7	1	164
PCRC10010	6891803	639403	489	-60	90	72	10	11	1	51
PCRC10011	6891803	638902	480	-60	90	39	19	20	1	76
PCRC10013	6891803	638703	480	-60	90	36	17	18	1	152
PCRC10015	6891795	638527	481	-60	90	48	16	18	2	52
PCRC10015	6891795	638527	481	-60	90	48	20	27	7	153
Including							22	23	1	389
Including							25	26	1	243
PCRC10021	6888800	638830	478	-60	90	45	21	24	3	87
Including							21	22	1	164
PCRC10023	6888798	639398	477	-60	270	66	44	49	5	134
Including							44	45	1	348
PCRC10028	6888483	638848	479	-60	360	72	17	19	2	68
Including							17	18	1	104
PCRC10029	6888506	638850	479	-60	360	48	16	23	7	66
Including							16	17	1	182
PCRC10033	6888525	638450	478	-60	360	48	18	20	2	1890
Including							18	19	1	3740

Table 1: 2018 Paynesville and Fenceline RC Drilling Results – Challa North – Paynesville Gold Trend

Of the 33 holes completed during the Paynesville drilling program, 9 drill holes with elevated (>50ppb) gold intercepts occurred within a 1km wide zone running parallel to a major north-south magnetic structural line. Historic surface samples also show a sharp grade transition away from the north-south contact; gold mineralizing fluids may be associated with this structure; no historic drilling has tested this contact between the two recent east-west drill lines. The majority of gold occurrences observed on surface are associated with discrete dilation quartz veins and stacked en-echelon shear veins.

The abundant occurrences of these finite gold hosted bucky quartz veins proximal to the north-south shear structure indicate that a larger gold provenance may occur at depth along the north-south shear structure; preventing simple grade vectoring methods using surface sampling.

Aircore drilling is anticipated in April - May this year.

Review of operations (continued)

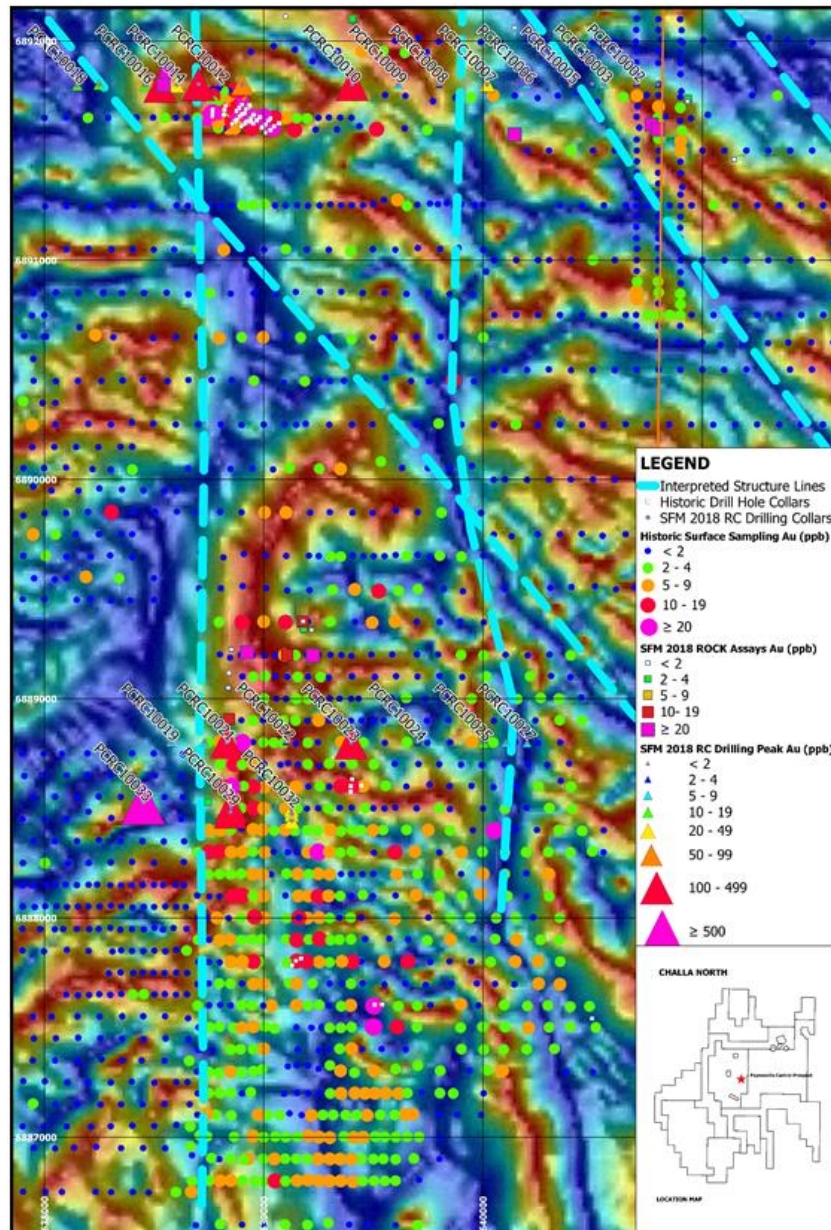


Figure 5 - Drill Hole Location plan over UTS 100m multi-client aeromagnetic data showing recent RC drilling relative to interpreted structures. Historic surface sampling and recent Rock Chip results shown

Mt Ford - Gold

The Mt Ford prospect is located adjacent to the historic Paynesville mine workings (excised).

During the half year, the Group undertook two LAG sampling grids and Rock Chip sampling on two localities across the Mt Ford prospect with Assays received during the December half; refer to Figure 6 below. The locality has good exposure of the host rock which consists of equigranular felsic volcanic and sedimentary rocks of the Kantie Murdana Volcanics (KMV) Member that occurs as a local roof pendant to the folded Windimurra Igneous Complex (WIC). The KMV unit displays ubiquitous north south axial planar foliation parallel to the WIC fold hinge. Shear planes parallel to the north-south axial foliation have produced discrete sites of en echelon dilation quartz veins often hosting gold mineralisation.

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Review of operations (continued)

Of the two surface LAG grids completed at Mt Ford prospect, the eastern grid displayed an open Au anomaly to the north with a best grade anomaly of 72ppb, individual rock chip assays also show above background Au values. A discrete northeast linear trend is also evident on the western grid with a best grade anomaly of 0.34g/t, further mapping and rock chip sampling is required to determine if the trend is significant. Planned work will include infilling and extending the eastern surface LAG grid to the north across the open target zone; refer to Figure 6 below.

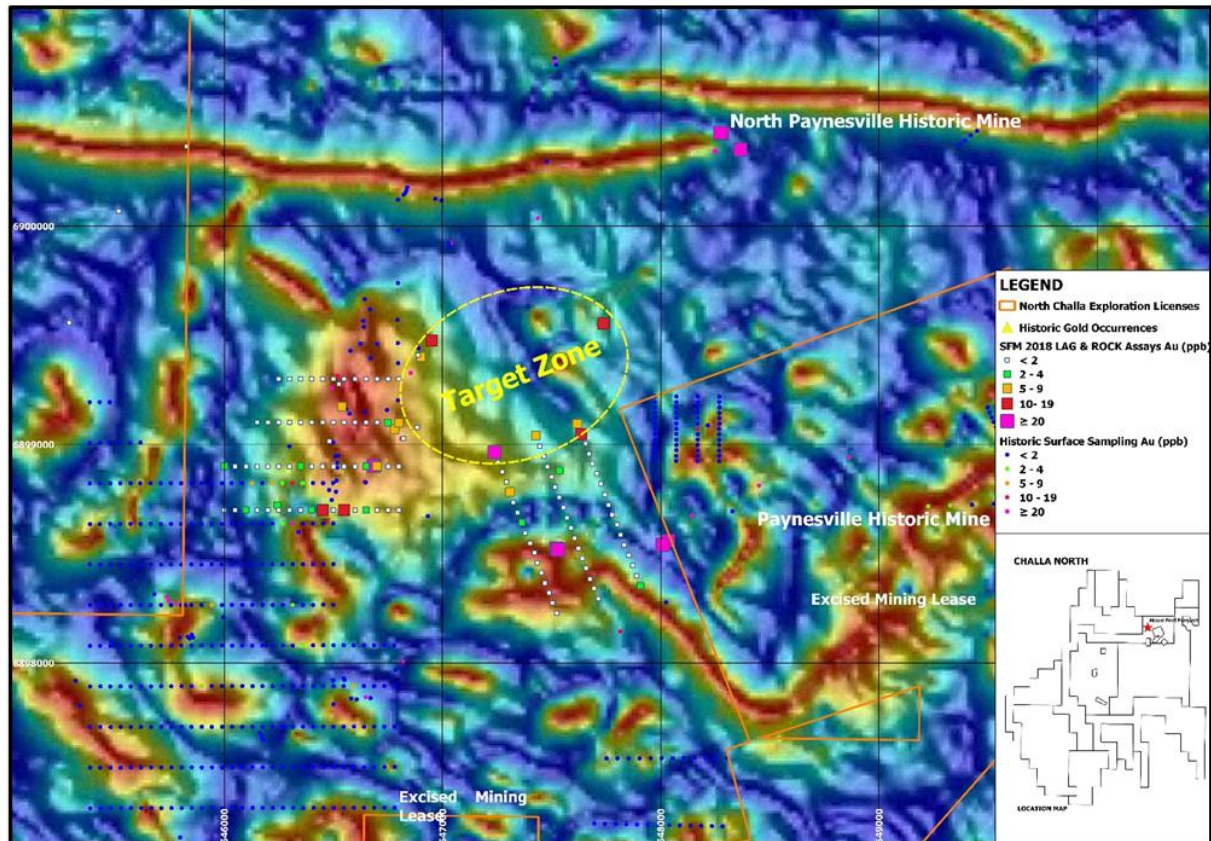


Figure 6 - Lag and Rock Chip results at Mt Ford Prospect over UTS 100m multiclient aeromagnetic data showing open target zone. Historic surface sampling and gold occurrences shown

Yarrambie - Nickel/Copper/Cobalt

During the half year, the Group completed its ground based moving-loop time-domain electromagnetics (MLTEM) survey over its Yarrambie Nickel prospect in Western Australia. The results of the survey indicated that there are no significant conductors indicative of massive sulphide mineralisation within 200m of the surface. The Group has since relinquished parts of the ground at Challa South, including the Yarrambie prospect.

During the half year, the Group relinquished 437km² of exploration ground. Since the end of the half year, the Company relinquished a further 292km² of ground and now holds a total of 1,482km² across 13 granted exploration licences.

The Group continues to assess further opportunities in the resources sector.

Corporate

The net loss after income tax attributable to members of the Group for the half-year ended 31 December 2018 was \$558,522 (31 December 2017: \$549,654). At the end of the half-year period ended 31 December 2018 the Group had net assets of \$5,919,841 (30 June 2018: \$6,478,363).

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Directors' Report

Principal Activities

The principal activities of the Group during the course of the financial year were exploration for gold and base metals within the state of Western Australia.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Group with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on the next page and forms part of the Directors' Report for the half-year ended 31 December 2018.

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



Mark Jones
Non-Executive Chairman

11 March 2019
Perth, Western Australia

COMPLIANCE STATEMENT

The information in this report that relates to Exploration Results is based on information compiled by Mr. Peter Van Luyt who is a Member of the Australian Institute of Geoscientists. Mr. Van Luyt is a contractor for Santa Fe Minerals Limited and has sufficient experience which is relevant to the style of mineralisation under consideration to qualify as a Competent Person as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Van Luyt consents to the inclusion in the report of the matters based on the information compiled by him, in the form and context in which it appears. All technical information in this report has previously been released to ASX - see the following announcements: 6 August 2018 – Exploration Update – Paynesville Gold Trend Drilling Results and Watson's Well Vanadium Exploration Program; 14 November 2018 – Exploration Update – Watsons Well and Regional Gold Prospects; 21 September 2018 – Ground Survey Completed at Yarrambie Nickel Prospect.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Santa Fe Minerals Limited for the half-year ended 31 December 2018, 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
11 March 2019



D I Buckley
Partner

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Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

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Condensed Consolidated Statement of Comprehensive Income
For the half-year ended 31 December 2018

	Notes	31 December 2018 \$	31 December 2017 \$
Interest income		56,359	82,642
Depreciation		(11,462)	(4,734)
Exploration expense		(215,470)	(110,618)
Employee benefits expense		(237,197)	(162,144)
Other expenses		(238,559)	(353,372)
Fair value gain on FVTPL assets		87,807	-
Loss from disposal of available-for-sale assets		-	(1,429)
Loss before tax		(558,522)	(549,654)
Income tax expense		-	-
Net loss for the period		(558,522)	(549,654)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Change in fair value of equity investments		-	(309)
Income tax relating to these items		-	-
Other comprehensive loss for the period, net of tax		-	(309)
Total comprehensive loss for the period		(558,522)	(549,963)
Basic loss per share	3	(0.77)	(0.86)
Diluted loss per share	3	(0.77)	(0.86)

The accompanying notes form part of these financial statements.

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Condensed Consolidated Statement of Financial Position
As at 31 December 2018

	Notes	31 December 2018 \$	30 June 2018 \$
Assets			
Current Assets			
Cash and cash equivalents		4,554,500	4,812,821
Trade and other receivables		30,835	31,469
Other financial assets		12,903	20,451
Total Current Assets		4,598,238	4,864,741
Non-Current Assets			
Deferred exploration expenditure	5	521,067	521,067
Assets classified as FVTPL	6	792,000	1,140,000
Plant and equipment		73,783	62,472
Total Non-Current Assets		1,386,850	1,723,539
Total Assets		5,985,088	6,588,280
Liabilities			
Current Liabilities			
Trade and other payables		23,460	60,753
Employee benefits liability		41,787	49,164
Total Current Liabilities		65,247	109,917
Total Liabilities		65,247	109,917
Net Assets		5,919,841	6,478,363
Equity			
Share capital	4	14,757,954	14,757,954
Fair value reserve		-	196,078
Share based payments reserve		76,067	76,067
Accumulated losses		(8,914,180)	(8,551,736)
Total Equity		5,919,841	6,478,363

The accompanying notes form part of these financial statements.

Santa Fe Minerals Limited
Interim Financial Report - 31 December 2018

Condensed Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2018

	Issued capital \$	Fair value reserve \$	Share - based payment reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2018	14,757,954	196,078	76,067	(8,551,736)	6,478,363
Adjustment on initial application of AASB 9	-	(196,078)	-	196,078	-
	14,757,954	-	76,067	(8,355,658)	6,478,363
Loss for the period	-	-	-	(558,522)	(558,522)
Total comprehensive loss	-	-	-	(558,522)	(558,522)
Balance at 31 December 2018	14,757,954	-	76,067	(8,914,180)	5,919,841
Balance at 1 July 2017	16,405,862	(72,452)	-	(7,308,258)	9,025,153
Loss for the period	-	-	-	(549,654)	(549,654)
Other comprehensive loss for the period, net of income tax	-	(309)	-	-	(309)
Total comprehensive loss	-	(309)	-	(549,654)	(549,963)
Shares issued during the year	1,125,000	-	-	-	1,125,000
Shares issue costs	(99,812)	-	-	-	(99,812)
Share capital reduction	(2,478,096)	-	-	-	(2,478,096)
Share based payments	-	-	45,941	-	45,941
Balance at 31 December 2017	14,952,954	(72,761)	45,941	(7,857,912)	6,798,222

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 2018

	31 December 2018	31 December 2017
	\$	\$
Cash flows from operating activities		
Interest income	56,359	95,475
Payments to suppliers and employees	(727,714)	(654,506)
Net cash outflow from operating activities	(671,355)	(559,031)
Cash flows from investing activities		
Payments for purchase of prospects	-	(175,000)
Payments for plant and equipment	(22,773)	(69,217)
Payments for purchases of equity investments	(752,381)	(31,237)
Proceeds from disposal of equity investments	1,188,188	38,571
Net cash inflow / (outflow) from investing activities	413,034	(236,883)
Cash flows from financing activities		
Proceeds from issue of shares	-	1,000,000
Payments for expenses for issue of shares	-	(99,667)
Capital return to shareholders	-	(2,748,096)
Net cash outflow from financing activities	-	(1,847,763)
Net decrease in cash held	(258,321)	(2,643,677)
Cash at the beginning of the period	4,812,821	8,776,440
Cash and cash equivalents at period end	4,554,500	6,132,763

The accompanying notes form part of these financial statements.

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Notes to the Condensed Consolidated Financial Statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

These interim 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*.

This condensed consolidated interim 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 2018 and any public announcements made by the Group during the half year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The Group is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

(b) Statement of Compliance

The interim financial statements were authorised for issue on 11 March 2019.

The interim financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the interim financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(c) Accounting policies and methods of computation

The Group's accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half-year except for the impact of the new and revised standards effective 1 July 2018 outlined in Note 1(d) below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

(d) Adoption of new and revised standards

Standards and Interpretations applicable to 31 December 2018

In the period ended 31 December 2018, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting periods beginning on or after 1 July 2018.

As a result of this review, the Group has initially applied AASB 9 from 1 July 2018.

Due to the transition methods chosen by the Group in applying AASB, comparative information throughout the interim financial statements has not been restated to reflect the requirements of the new standards.

AASB 9 *Financial Instruments*

AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement* and makes changes to a number of areas including classification of financial instruments, measurement, impairment of financial assets and hedge accounting model.

Financial instruments are classified as either held at amortised cost or fair value. Financial instruments are carried at amortised cost if the business model concept can be satisfied.

All equity instruments are carried at fair value and the cost exemption under AASB 139 which was used where it was not possible to reliably measure the fair value of an unlisted entity has been removed. Equity instruments which are non-derivative and not held for trading may be designated as fair value through other comprehensive income (FVOCI).

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(d) Adoption of new and revised standards (continued)

The AASB 9 impairment model is based on expected loss at day 1 rather than needing evidence of an incurred loss, this is likely to cause earlier recognition of bad debt expenses. Most financial instruments held at fair value are exempt from impairment testing.

The Group has applied AASB 9 with the effect of initially applying this standard recognised at the date of initial application, being 1 July 2018 and has elected not to restate comparative information. Accordingly, the information presented for 31 December 2017 and 30 June 2018 has not been restated.

The investments held by the Group were classified as 'financial assets at fair value through profit or loss' ("FVTPL"). Previously these investments were classified under AASB 139 as 'available-for-sale ("AFS") financial assets. The accumulated fair value of these investments in the 'fair value' reserve was transferred to accumulated losses on 1 July 2018 (refer to Note 6).

There is no material impact to net assets on the adoption of this new standard in the current or comparative years. Refer to Note 6 for further details.

Other than the above, the Directors have determined that there is no material impact of the other new and revised Standards and Interpretations on the Group and therefore, 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 2018. 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 Group and, therefore, no change is necessary to Group accounting policies.

(e) Significant accounting judgements and key estimates

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 financial report for the year ended 30 June 2018.

(f) Going concern

The interim financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business.

NOTE 2: SEGMENT REPORTING

The directors have considered the requirements of AASB 8 Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board of Directors) in allocating resources and have concluded that at this time there are no separate identifiable segments.

The Group's principal activity is exploration for gold and copper within the state of Western Australia.

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Notes to the Condensed Consolidated Financial Statements

NOTE 3: LOSS PER SHARE

	31 December 2018	31 December 2017
	\$	\$
Basic and diluted loss per share (cents per share)	(0.77)	(0.86)
Weighted average number of ordinary shares on issue used in the calculation of basic loss per share	72,818,789	63,912,196
Loss used in the calculation of basic loss per share (\$)	<u>(558,522)</u>	<u>(549,654)</u>

NOTE 4: SHARE CAPITAL

	31 December 2018	30 June 2018
	\$	\$
72,818,789 fully paid ordinary shares (30 June 2018: 72,818,789)	<u>14,757,954</u>	<u>14,757,954</u>

	Six months to 31 December 2018		Year to 30 June 2018	
	Number	\$	Number	\$
<i>Movements in ordinary shares</i>				
Balance at beginning of period	72,818,789	14,757,954	61,068,789	16,405,862
Issue of fully paid ordinary shares at \$0.10 each	-	-	11,250,000	1,125,000
Issue of fully paid ordinary shares at \$0.15 each	-	-	500,000	75,000
Share issue costs	-	-	-	(99,812)
Return of capital to shareholders	-	-	-	(2,748,096)
Balance at end of period	<u>72,818,789</u>	<u>14,757,954</u>	<u>72,818,789</u>	<u>14,757,954</u>

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Group does not have a limited amount of authorised capital.

NOTE 5: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2018	30 June 2018
	\$	\$
Balance at beginning of period	521,067	-
Acquisition costs incurred	-	521,067
Total deferred exploration and evaluation expenditure	<u>521,067</u>	<u>521,067</u>

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.

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NOTE 6: FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair value of various financial assets and financial liabilities.

The three levels are defined based on the observe ability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following tables shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis as at 31 December 2018 and 30 June 2018.

	Six months to 31 December 2018 Fair value	Year to 30 June 2018 Fair value	Fair value hierarchy	Valuation technique
	\$	\$		
Equity investments designated at FVTPL	792,000	1,140,000	Level 1	Quoted market prices in an active market

The directors consider that the carrying amounts of current receivables, current payables and current borrowings are considered to be a reasonable approximation their fair values.

Movement in equity investments designated at FVTPL:

	31 December 2018 \$	30 June 2018 \$
Opening balance	1,140,000	300,000
Additions	752,381	944,231
Fair value movement on FVTPL assets	87,807	189,759
Disposals	(1,188,188)	(293,990)
	<u>792,000</u>	<u>1,140,000</u>

Changes in fair value recognised in equity in earlier periods have been adjusted on initial application by transferring from the fair value reserve to accumulated losses as follows:

	Accumulated losses \$	Fair value reserve \$
Prior recognition of changes in fair value	196,078	(196,078)

If AASB 9 was adopted retrospectively, the prior period fair value reserve would have been recognized in profit or loss.

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NOTE 7: SHARE-BASED PAYMENT

The following options were issued as part consideration for the acquisition of the Group's tenements in prior periods and these were in place during the half year and as at 31 December 2018.

	Number	Grant date	Expiry date	Exercise price	Fair value at grant date	Vesting date
SERIES 1	1,250,000	22/11/2017	30/09/2020	\$0.20	\$45,941	22/11/2019
SERIES 2	500,000	01/03/2018	30/09/2020	\$0.20	\$30,126	15/09/2018

The fair value of the equity-settled share options is estimated as at the date of grant using the Black-Scholes model taking into account the terms and conditions upon which the options were granted.

	SERIES 1	SERIES 2
Dividend yield (%)	-	-
Expected volatility (%)	80	80
Risk-free interest rate (%)	2.02	2.02
Expected life of option (years)	1.83	2.58
Exercise price (cents)	20	20
Grant date share price (cents)	10	15

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

NOTE 8: CONTINGENT ASSETS AND LIABILITIES

There has been no change in contingent liabilities since the last reporting date.

NOTE 9: EVENTS SUBSEQUENT TO BALANCE DATE

No matters or events have arisen since the end of the half-year which have 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 subsequent financial periods.

Santa Fe Minerals Limited
Interim Financial Report – 31 December 2018
Directors' Declaration

In the opinion of the Directors of Santa Fe Minerals Limited ("the Group"):

1. The attached interim financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - (a) complying with Accounting Standards, the Corporations Regulations 2011, professional reporting requirements and other mandatory requirements; and
 - (b) 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 then ended; and
2. There are reasonable grounds to believe that the Group 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 section 303 (5) of the Corporations Act 2001.



Mark Jones
Non-Executive Chairman

11 March 2019
Perth, Western Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Santa Fe Minerals Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Santa Fe Minerals Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2018, the condensed consolidated statement of 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 consolidated entity 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 Santa Fe Minerals Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 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 consolidated entity's financial position as at 31 December 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 the entity, 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.

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Independence

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



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
11 March 2019



D I Buckley
Partner