
CLASSIC MINERALS LIMITED
ABN: 77 119 484 016

HALF YEAR REPORT
31 DECEMBER 2018

CLASSIC MINERALS LTD

ABN 77 119 484 016

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CLASSIC MINERALS LTD

ABN 77 119 484 016

COMPANY INFORMATION

Directors

Mr. John Lester

(Non Executive Director)

Mr. Frederick Salkanovic

(Non Executive Director)

Mr. Lu Ning Yi

(Non Executive Director)

Company Secretary

Mr. Madhukar Bhalla

Registered Office

71 Furniss Road

Landsdale WA, 6065

Telephone: (08) 6305 0221

Facsimile: (08) 9242 9295

Email: admin@classicminerals.com.au

Auditors

Bentleys Audit & Corporate (WA) Pty Ltd
Level 3,
London House,
216 St George's Terrace,
Perth WA 6000.

Telephone: (08) 9226 4500

Facsimile: (08) 9226 4300

Bankers

National Australia Bank

226 Main Street,

Osborne Park WA 6107

Share Registry

Advanced Share Registry Limited

110 Stirling Highway,

Nedlands WA 6009

Telephone: (08) 9389 8033

Facsimile: (08) 9262 3723

Stock Exchange Listing

The Company is listed on the Australian Securities
Exchange Ltd (ASX)

Home Exchange: Perth, Western Australia

Website

www.classicminerals.com.au

Australian Securities Exchange Code:

CLZ

CLASSIC MINERALS LTD

ABN 77 119 484 016

DIRECTORS' REPORT

The directors of Classic Minerals Ltd submit herewith the financial report 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 of the company during or since the end of the half year are:

Mr. John Lester (appointed 6 November 2017)
Mr. Frederick Salkanovic (appointed 31 August 2017)
Mr. Yi Lu Ning

Unless otherwise stated, all directors were in office for the period under review, and up to the date of this report.

Review of Operations

The loss for the six-month period ended 31 December 2018 was \$3,274,662 (31 December 2017 loss \$2,245,596). As at 31 December 2018, Classic Minerals Ltd ("Classic" or "the Company") had 2,714,992,002 shares on issue.

Exploration Activities

During the half year ended 31 December 2018, below are the activities conducted by the Company.

Forrestania Gold Project, Western Australia.

The Forrestania Gold Project (FGP) contains an existing Minerals Resource of 5.9mt at 1.25g/t for 240,000 ounces of Gold, classified and reported in accordance with the JORC code (2012), with the recent scoping study indicating both the technical and viability of the project.

Operations

Phase 4 Drilling Program:

The Company's Phase 4 drilling program commenced at the Forrestania Gold Project on August 8th, 2018 and was completed on 6th September 2018. It was designed to follow-up high-grade extensions at Lady Magdalene, Lady Lila and the Kat Gap deposits identified during the Phase 1-3 drilling programs.

Phase 4 drilling at FGP

- 5 RC holes totaling 454 m at Lady Magdalene;
- 5 RC holes totaling 366 m at Lady Lila, and
- 18 RC holes totaling 1,588 m at Kat Gap.

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DIRECTORS' REPORT

Review of Operations (continued)

In addition to the RC drilling at Lady Magdalene, Lady Lila and Kat Gap deposits, on-going geological work including detailed prospect scale mapping, rock chip sampling and prospecting activities were also carried out.

Samples from the Phase 4 drilling program were submitted to local laboratory's for chemical analysis. The results obtained are detailed in the Company's 29th October 2018 announcement.

Phase 5 Drilling Program:

The Company's Phase 5 drilling program commenced at the Forrestania Gold Project on 3rd November 2018 and was completed on 8th November 2018. This program was designed to extend high-grade mineralized gold zones at Kat Gap. These drill holes were designed around the exceptional intersections returned from the Phase 4 drilling Program.

Phase 5 drilling at FGP

- 23 RC holes totaling 1,155 m at Kat Gap.

Samples from the Phase 5 drilling program were submitted to local laboratory's for chemical analysis. The results obtained are detailed in the Company's 12th December 2018 announcement.

Ongoing work at Forrestania Gold Project:

Following the completion of the 2018 operational programs, Classic will be focused on building its resources inventory and improving the JORC classification for minerals contained within its tenements.

Upcoming activities will include:

- RC drilling programs within the Lady Magdalene resource area to locate potential high-grade Lady Ada style cross-cutting mineralization;
- Drill programs at Kat Gap to extend known gold mineralized zones further along strike to increase resource size together with testing new zones hosted within granite;
- Drill programs at Lady Lila to increase resource size;
- Shallow aircore/RAB drilling programs testing 6 regional high priority exploration targets;
- Further research and data review.

Fraser Range Project.

Classic's Fraser Range Project (E28/1904) is 40km to the north east of Sirius' Nova deposit on the Fraser-Albany Mobile Belt, 160 km east southeast of Kambalda. Classic holds a 28 km strike across 84 km². To date it has identified 19 conductors across the tenement and made two key discoveries.

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DIRECTORS' REPORT

Review of Operations (continued)

Operations

During the half yearly reporting period activities at the Fraser Range project included a mapping program targeting potential graphite Ni, Cu, and gold indicators.

Desktop studies included computer applications, modelling, a review of data bases. Additional work included exploration target generation, geological interpretation, literature review and review of historic exploration results.

Competent Person Statement

Exploration Projects

The information in this announcement that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dean Goodwin a competent person who is a Member of the Australian Institute of Geoscientists (AIG). Mr Goodwin has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Goodwin consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Subsequent Events

On 3 January 2019, the company completed the acquisition of the Kat Gap Project for \$275,000 (GST Inclusive).

Equity Funding

1. On 28 February 2019 the company issued 206,727,904 shares (at a deemed price of \$0.00125 each) in satisfaction of \$258,409.88 owing to various creditors. The company will also issue 103,363,952 options at a price of \$0.0001 each to these creditors (subject to shareholder approval) on a 1 for 2 basis with the options exercisable at \$0.002 on or before 1 March 2022.
2. On 28 February 2018 the company has also placed 80,000,000 shares at \$0.00125 to raise \$100,000. Along with the share issue 40,000,000 Options were issued on a 1 for 2 basis at a cost of \$0.0001 each to raise a further \$4,000. The options are exercisable at \$0.002 on or before 1 March 2022. A broker fee of 6% of the debt raised is payable.
3. On 28 February 2018 the company has also placed 4,000,000 shares at \$0.0025 to raise \$10,000.

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DIRECTORS' REPORT

Debt Funding

The company has entered into a bridging finance facility of up to \$500,000. The interest rate on the facility is 15% pa. In addition to the interest charged the company will issue 230,000,000 options (subject to shareholder approval) with each option exercisable at \$0.002 on or before 1 March 2022. This new facility has been secured by a General Security Deed over the company's assets.

The new bridging facility was used in part to repay an existing \$ 300,000 short term loan and accrued interest. That short term loan was secured by a General Security Deed over the company's assets. That loan was repaid in full on 28 February 2019 and the security was removed.


The company is in discussions with its broker to source further funding for the company's exploration programs and working capital requirements.

There are no other matters or circumstances that have arisen since the end of the half year which will significantly affect, or may significantly affect, the state of affairs of the reporting entity in future periods.

Auditor's Declaration

The auditor's independence declaration under s.307C of the Corporations Act 2001 is included on page 6 of the half-year financial report.

This report is signed in accordance with a resolution of the board of directors.



John Lester
Director
14 March 2019

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(WA) Pty Ltd**

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To the Board of Directors

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

As lead audit partner for the review of the financial statements of Classic Minerals Limited for the period ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



BENTLEYS
Chartered Accountants



CHRIS NICOLOFF CA
Partner

Dated at Perth this 14th day of March 2019

Independent Auditor's Review Report

To the Members of Classic Minerals Limited

We have reviewed the accompanying financial report of Classic Minerals Limited ("the Company") which comprises the condensed statement of financial position as at 31 December 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, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Company.

Directors Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the 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 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 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 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 Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a 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.

Independent Auditor's Review Report

To the Members of Classic Minerals Limited (Continued)



Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Classic Minerals 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 31 December 2018 and of its performance for the period ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(c) in the financial report, which indicates that the Company incurred a net loss of \$3,274,662 during the half year ended 31 December 2018. As stated in Note 1(c), these events or conditions, along with other matters as set forth in Note 1(c), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

BENTLEYS
Chartered Accountants

CHRIS NICOLOFF CA
Partner

Dated at Perth this 14th day of March 2019

CLASSIC MINERALS LTD

ABN 77 119 484 016

DIRECTORS' DECLARATION FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 10 to 20 are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b) giving a true and fair view of the Company's financial position as at 31 December 2018 and of its performance for the half-year ended on that date.
2. 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.

This declaration is made in accordance with a resolution of the board of directors.



John Lester
Chairman

14 March 2019

CLASSIC MINERALS LTD

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CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 20188

	31 December 2018	31 December 2017
	\$	\$
Research & Development Rebate	442,913	554,408
Interest Income	949	254
Advertising and marketing expenses	(46,347)	(84,273)
Auditor's remuneration	(27,643)	(17,885)
ASX Listing Fees and filing fees	(68,181)	(38,550)
Bad debts	(59,035)	-
Depreciation	(8,493)	(19,062)
Directors' fees	(45,000)	(102,656)
Doubtful debts	(88,250)	-
Employee benefits expenses	(146,301)	(437,923)
Exploration expenditure written off	(1,549,181)	(1,483,740)
Finance costs	(817,328)	(171,877)
Legal and professional fees	(52,312)	(293,079)
Occupancy costs	(48,163)	(49,314)
Introduction Fees	(394,200)	-
Share based payment expense	(7,311)	-
Share option expense	(36,147)	-
Other administrative expenses	(324,632)	(101,899)
Profit/(Loss) before income tax expense	(3,274,662)	(2,245,596)
Income tax expense	-	-
Profit/(Loss) for the period	(3,274,662)	(2,245,596)
Other comprehensive income	-	-
Total comprehensive income for the period	(3,274,662)	(2,245,596)
Loss per share		
Basic and diluted (cents per share)	(0.14)	(0.37)

The above condensed statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CLASSIC MINERALS LTD

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CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Note	31 December 2018 \$	30 June 2018 \$
Current assets			
Cash and cash equivalents		301,146	726,100
Trade and other receivables	4	688,394	1,433,572
Other assets	5	189,624	67,677
Total current assets		1,179,164	2,227,349
Non-current assets			
Property, plant and equipment	6	335,428	304,429
Other assets	5	3,642	53,642
Exploration and evaluation costs	7	1,550,000	1,250,000
Total non-current assets		1,889,070	1,608,071
Total assets		3,068,234	3,835,420
Current liabilities			
Trade and other payables		1,639,233	1,559,319
Employee Provisions		76,363	114,156
Borrowings	8	379,583	1,473,069
Total current liabilities		2,095,179	3,146,544
Non-current liabilities			
Borrowings	8	-	-
Total non-current liabilities		-	-
Total liabilities		2,095,179	3,146,544
Net assets/(Liabilities)		973,055	688,876
Equity			
Issued capital	9	23,783,388	20,262,695
Option Reserve		38,148	-
Accumulated losses		(22,848,481)	(19,573,819)
Total equity		973,055	688,876

The above condensed statement of financial position should be read in conjunction with the accompanying notes.

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CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Issued Capital \$	Option Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2017 – restated*	13,679,888	-	(15,817,702)	(2,137,814)
Loss for the period	-	-	(2,245,596)	(2,245,596)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(2,245,596)	(2,245,596)
<i>Transactions with owner, directly recognised in equity</i>				
Issue of shares	2,636,024	-	-	2,636,024
Balance at 31 December 2017	16,315,912	-	(18,063,298)	(1,747,386)
Balance at 1 July 2018	20,262,695	-	(19,573,819)	688,876
Loss for the period	-	-	(3,274,662)	(3,274,662)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(3,274,662)	(3,274,662)
<i>Transactions with owner, directly recognised in equity</i>				
Issues of shares and options (net of costs)	3,520,693	38,148	-	3,558,841
Balance at 31 December 2018	23,783,388	38,148	(22,848,481)	973,055

The above condensed statement of changes in equity should be read in conjunction with the accompanying notes.

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CONDENSED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	31 December 2018 \$	31 December 2017 \$
Cash flows from operating activities		
Receipt of Research & Development rebate	1,278,784	554,408
Interest Income	949	254
Interest paid	(248,901)	
Payments to suppliers and employees	(869,908)	(721,010)
Payments for deferred exploration expenditure	(1,655,500)	(1,176,108)
Net cash used in operating activities	(1,494,576)	(1,342,456)
Cash flows from investing activities		
Proceeds from the disposal of tenement	-	50,000
Payment for property, plant and equipment	(39,438)	(14,418)
Net cash used in investing activities	(39,438)	35,582
Cash flows from financing activities		
Drawings of short-term loans	612,000	144,268
Repayment of Convertible Note	(1,000,000)	-
Repayment of short-term loans	(708,140)	-
Capital raising costs	(108,000)	-
Proceeds from Issue of shares and options	2,313,200	126,842
Net cash provided by financing activities	1,109,060	271,110
Net increase/(decrease) in cash and cash equivalents	(424,954)	(1,035,764)
Cash and cash equivalents at the beginning of the half-year	726,100	1,087,258
Cash and cash equivalents at the end of the half-year	301,146	51,494

The above condensed statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

1. SUMMARY OF ACCOUNTING POLICIES

Significant Accounting Policies

a) Statement of Compliance

The half year financial report is a general purpose financial report prepared in accordance with 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. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the 2018 annual financial report.

b) Basis of Preparation

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and 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 report are consistent with those adopted and disclosed in the company's 2018 annual financial report for the financial year ended 30 June 2018, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Accounting Standards that are mandatorily effective for the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2018.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 9 Financial Instruments and related amending Standards
- AASB 15 Revenue from Contracts with Customers and related amending Standards
- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions

AASB 9 Financial Instruments and related amending Standards

In the current year, the Group has applied AASB 9 Financial Instruments (as amended) and the related consequential amendments to other Accounting Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of AASB 9 allow an entity not to restate comparatives however there was no material impact on adoption of the standard.

Additionally, the Group adopted consequential amendments to AASB 7 Financial Instruments: Disclosures.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

1. SUMMARY OF ACCOUNTING POLICIES (continued)

In summary AASB 9 introduced new requirements for:

- The classification and measurement of financial assets and financial liabilities,
- Impairment of financial assets, and
- General hedge accounting.

AASB 15 Revenue from Contracts with Customers and related amending Standards

In the current year, the Group has applied AASB 15 Revenue from Contracts with Customers (as amended) which is effective for an annual period that begins on or after 1 January 2018. AASB 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in AASB 15 to deal with specific scenarios.

There was no material impact on adoption of the standard and no adjustment made to current or prior period amounts.

The adoption of the above standards have not had a material impact on this half year financial report.

c) *Going concern*

The half-year financial report has 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. The Company made a loss of \$3,274,662 for the half year ended 31 December 2018 (31 December 2017: \$2,245,596).

The net working capital deficit position of the Company at 31 December 2018 was \$916,015 (30 June 2018: net working capital deficit of \$919,195). Cash outflows from operations of the Company for the half year ended 31 December 2018 were \$1,494,576 (31 December 2017: \$1,342,456) and the net movement in cash held during the half year was a decrease of \$424,954 (31 December 2017: decrease of \$1,035,764).

The ability of the Company to continue to pay its debts as and when they fall due is dependent upon the Company raising capital via equity and/or debt funding.

These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern.

The Directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

The Directors believe it is appropriate to prepare these accounts on a going concern basis because:

- Subsequent to period end it placed more shares;
- Subsequent to period end it issued shares to creditors to reduce debt;
- Subsequent to period end the company secured a \$500,000 bridging finance facility as disclosed in Note 2; and
- the Directors have an appropriate plan to raise additional funds in the immediate future and have been holding discussions with a broker to raise funds as and when required.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

1. SUMMARY OF ACCOUNTING POLICIES (continued)

Should the Company not be successful in the above, it may be necessary to sell some of its assets, farm out exploration projects, or reduce exploration expenditure by various methods including surrendering less prospective tenements. Although the Directors believe that they will be successful in these measures, if they are not, the Company may be unable to continue as a going concern and therefore may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

2. SUBSEQUENT EVENTS

On 3 January 2019, the company completed the acquisition of the Kat Gap Project for \$275,000 (GST Inclusive).

Equity Funding

1. On 28 February 2018 the company issued 206,727,904 shares (at a deemed price of \$0.00125 each) in satisfaction of \$258,409.88 owing to various creditors. The company will also issue 103,363,952 options at a price of \$0.0001 each to these creditors (subject to shareholder approval) on a 1 for 2 basis with the options exercisable at \$0.002 on or before 1 March 2022.
2. On 28 February 2018 the company has also placed 80,000,000 shares at \$0.00125 to raise \$100,000. Along with the share issue 40,000,000 options were issued on a 1 for 2 basis at a cost of \$0.001 each to raise a further \$4,000. The options are exercisable at \$0.002 on or before 1 March 2022. A broker fee of 6% of the debt raised is payable.
3. On 28 February 2018 the company has also placed 4,000,000 shares at \$0.0025 to raise \$10,000.

Debt Funding

The company has entered into a bridging finance facility of up to \$500,000. The interest rate on the facility is 15% pa. In addition to the interest charged the company will issue 230,000,000 options (subject to shareholder approval) with each option exercisable at \$0.002 on or before 1 March 2022. This new facility has been secured by a General Security Deed over the company's assets.

The new bridging facility was used in part to repay an existing \$ 300,000 short term loan and accrued interest. That short term loan was secured by a General Security Deed over the company's assets. That loan was repaid in full on 28 February 2019 and the security was removed.

The company is in discussions with its broker to source further funding for the company's exploration programs and working capital requirements.

There are no other matters or circumstances that have arisen since the end of the half year which will significantly affect, or may significantly affect, the state of affairs of the reporting entity in future periods.

3. OPERATING SEGMENTS

The company has one operating segment this is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors.

The Company operates in one operating and geographic segment being mineral exploration, and evaluation in Western Australia for the half-year periods ended 31 December 2018 and 31 December 2017.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

4. TRADE AND OTHER RECEIVABLES

	31 December 2018	30 June 2018
Current	\$	\$
Prepaid interest on Convertible Note	-	54,137
Other Receivables	225,481	80,573
R and D rebate refund	442,913	1,278,783
Bonds and Security Deposits	20,000	20,079
	<u>688,394</u>	<u>1,433,572</u>

5. OTHER ASSETS

	31 December 2018	30 June 2018
Current:	\$	\$
Prepaid Drilling Expenses	-	67,677
Other prepayments	41,821	-
Option fee on mineral tenements	45,000	-
Sundry debtors	176,503	-
Other	14,550	-
	<u>277,874</u>	<u>67,677</u>
Less provision for doubtful debts	(88,250)	-
	<u>189,624</u>	<u>67,677</u>
Non-Current:		
Security deposit	3,642	3,642
Option fee on mining tenement	-	50,000
	<u>3,642</u>	<u>53,642</u>

6. PROPERTY, PLANT AND EQUIPMENT

	Plant & Equipment	Motor Vehicle under Hire Purchase	Motor Vehicles, Caravans and Quad Bikes	TOTAL
Gross Carrying Amount	\$	\$	\$	\$
Balance at 30 June 2018	93,778	139,853	469,418	703,049
Additions	19,638	-	19,800	39,438
Disposals	(49,005)	-	(83,348)	(132,353)
Balance at 31 December 2018	<u>64,411</u>	<u>139,853</u>	<u>405,870</u>	<u>610,134</u>
Accumulated Depreciation				
Balance at 30 June 2018	80,232	85,570	232,818	398,620
Depreciation expense	(5,342)	2,891	10,933	8,482
Disposals	(49,004)	-	(83,392)	(132,396)
Balance at 31 December 2018	<u>25,886</u>	<u>88,461</u>	<u>160,359</u>	<u>274,706</u>
Net Book Value				
As at 30 June 2018	<u>13,546</u>	<u>54,283</u>	<u>236,600</u>	<u>304,429</u>
As at 31 December 2018	<u>38,525</u>	<u>51,392</u>	<u>245,511</u>	<u>335,428</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

7. EXPLORATION AND EVALUATION ASSETS

	31 December 2018	30 June 2018
Non-Current:	\$	\$
Opening balance	1,250,000	1,250,000
Reclassification of option fee paid	50,000	-
Acquisition of Kat Gap tenements	250,000	-
	<u>1,550,000</u>	<u>1,250,000</u>

8. BORROWINGS

	31 December 2018	30 June 2018
	\$	
Current		
Loans from shareholders (i)	13,894	412,324
Other short term loans (iii)	313,194	-
Convertible Note with related party (i)	-	1,000,000
Hire Purchase contract (ii)	52,495	60,745
Balance at end of the period	<u>379,583</u>	<u>1,473,069</u>

- (i) The previous loan from shareholders and the Convertible Note from the related party were repaid in full during the half year ended 31 December 2018. A new loan of \$13,894 was received during the half year.
- (ii) The hire purchase contract is secured by a motor vehicle.
- (ii) This amount includes a \$300,000 short term loan was secured by a General Security Deed over the company's assets. That loan was repaid in full on 28 February 2019 and the security was removed.

9. ISSUED CAPITAL

Shares

The following shares were issued during the half-year reporting period ended 31 December 2018:

	Note	31 December 2018	Number of Shares
		\$	
At the beginning of the reporting period		20,262,695	1,874,239,444
Placement Shares at \$0.004 – 2/7/2018 (note a)		61,200	36,950,000
Placement Shares at \$0.004 – 4/7/2018		340,000	85,000,000
Shares issued to creditors at \$0.004 – 13/8/2018		50,455	12,613,796
Shares issued to creditors at \$0.004 – 13/8/2018		40,000	10,000,000
Placement Shares at \$0.0045 – 13/8/2018		1,800,000	400,000,000
Shares issued to creditors at \$0.0045 – 4/9/2018		45,000	10,000,000
Shares issued to creditors at \$0.0045 – 4/9/2018		58,076	12,905,886
Shares issued to creditors at \$0.0045 – 4/9/2018		27,000	6,000,000

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

9. ISSUED CAPITAL (continued)

Shares issued to creditors at \$0.004 – 6/9/2018		58,500	13,000,000
Placement Shares at \$0.0045 – 4/9/2018		50,000	11,111,111
Placement Shares at \$0.0045 – 21/9/2018		150,000	33,333,333
Placement Shares at \$0.0045 – 16/11/2018		150,000	33,333,333
Shares issued to creditors at \$0.004 – 16/11/2018		27,200	6,800,000
Shares issued to creditors at \$0.005 – 16/11/2018		15,000	3,000,000
Shares issued to creditors at \$0.005 – 16/11/2018		191,051	38,210,150
Shares issued to creditors at \$0.0045 – 16/11/2018		48,700	10,822,222
Placement Shares at \$0.0025 – 27/12/2018		100,000	40,000,000
Shares issued to creditors at \$0.0025 – 27/12/2018		15,000	6,000,000
Shares issued to creditor at \$0.0055 – 27/12/2018		394,200	71,672,727
Share based entry for the difference between market value of shares and the value of the creditors paid		7,311	-
Capital raising costs		(108,000)	
At the end of the reporting period		23,783,388	2,714,992,002

Note a) – Of the funds raised by the placement of 36,950,000 shares, \$86,600 was received prior to 30 June 2018 and recorded in issued capital as at 30 June 2018. The balance of \$61,200 was received during the half year and the shares for both amounts were issued on 4 July 2018.

Options

During the half year the following options issues occurred:

	Note	31 December 2018 \$	Number of Options
At the beginning of the reporting period		-	-
Option issued on 24 December 2018 at a price of \$0.0001 with an exercise price of \$0.007 and expiry date of 5 November 2021		38,148	20,000,000
At the end of the reporting period		38,148	20,000,000

The cash price paid for the options was \$2,000. The company performed a Black Scholes valuation to determine a fair market value for the options and determined that the fair value using this methodology was \$38,148 and the difference was recorded as a share option expense in the profit and loss statement.

The key inputs for the Black Scholes valuation were; volatility factor 134%; grant date 24/12/2018; risk free interest rate 1.94%; dividend yield 0% and exercise price \$0.007.

These were the only options on issue as at 31 December 2018.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

10. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of trade and other receivables, trade and other payables and borrowings. These financial instruments are measured at amortised cost, less any provision for non-recovery. The carrying amount of the financial assets and liabilities approximate their fair value.