

Moho Resources Limited

ABN 81 156 217 971

Half Year Report – 31 December 2018

Moho Resources Limited
Directors' report
31 December 2018

The directors present their report, together with the financial statements, of Moho Resources Limited (referred to hereafter as 'Moho' or 'the Company'), for the half year ended 31 December 2018.

Directors

The following persons were directors of Moho Resources Limited during the half year, unless otherwise stated:

Terry Streeter (appointed 6 July 2018)
Adrian Larking
Shane Sadleir
Ralph Winter

Principal activities

During the half year the principal activity of the company was seeking admission to the Australian Securities Exchange ("ASX") and mineral exploration.

Dividends

No dividends were paid or declared during the half year. The directors do not recommend the payment of a dividend.

Results

The loss for the company after providing for income tax amounted to \$675,534 for the half year to 31 December 2018 (31 December 2017: \$272,845).

Review of operations

CORPORATE

During the period the Company successfully completed an Initial Public Offer (IPO) for the issue of 26,507,500 shares to raise \$5,301,500 (before costs). On 5 November 2018, the Company was admitted to the official list of the ASX and its securities commenced trading on 7 November 2018.

SILVER SWAN NORTH GOLD EXPLORATION

The Company's first drill program of 1 aircore and 21 reverse circulation drill holes totalling 2,079m of drilling yielded high grade 1 metre gold assay results from the East Samson Dam prospect on M27/263 at the Silver Swan North Project in Western Australia (Figure 1). The 1 metre sampling program was carried out to follow up the anomalous 4 metre composite assay results which were released to the ASX on 16 November 2018. The latest assay results at the East Sampson Dam prospect demonstrate the high-grade nature of the gold mineralisation and extend the mineralised zone along strike for at least 220m.

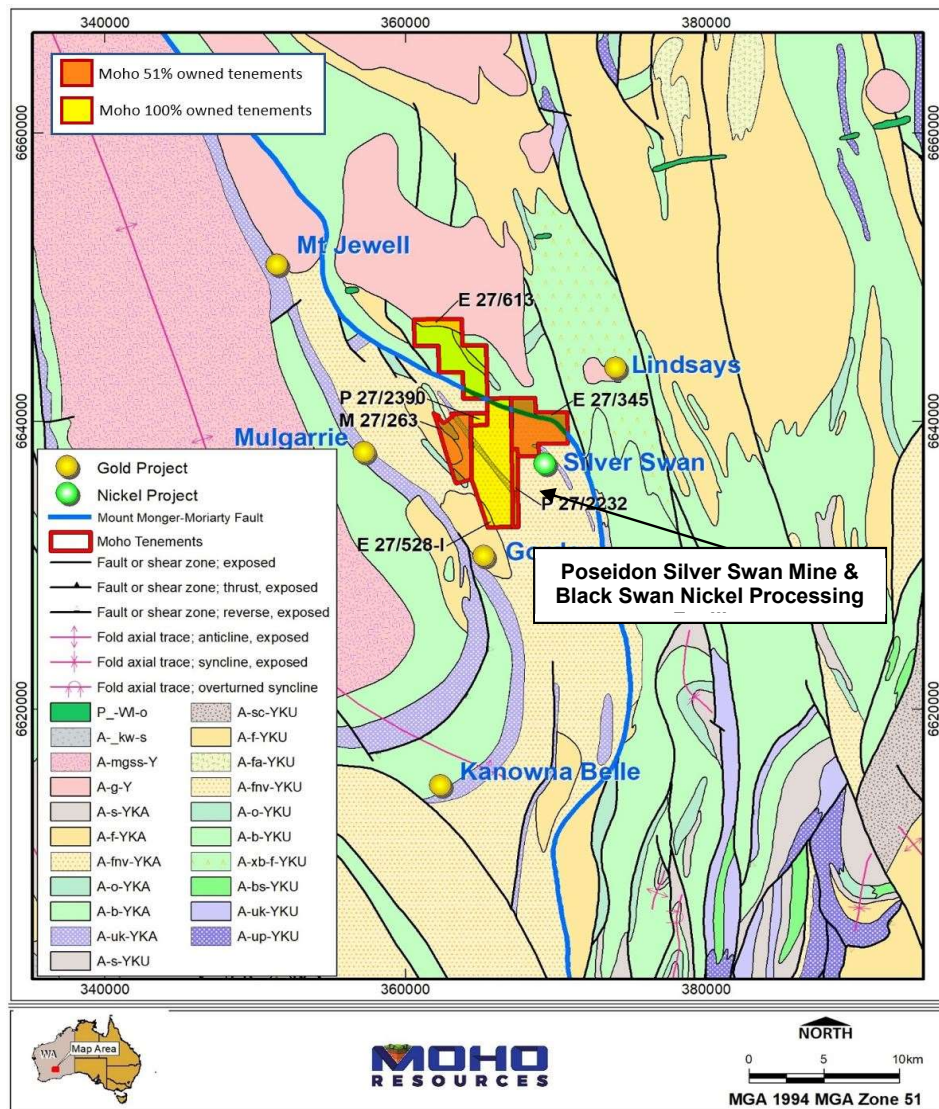


Figure 1: Moho's Silver Swan North Project in relation to Poseidon Nickel Ltd's Black Swan Nickel Processing Facility and Concentrator and the Silver Swan and Black Swan mines

The recent results also indicate the existence of various gold zones observed down-hole, including near-surface supergene enrichment and multiple zones of primary gold mineralisation at depth (refer to cross-sections in Figures 2 to 5).

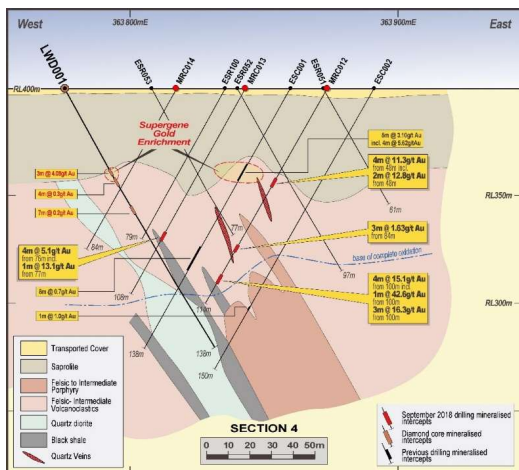


Figure 2: Section 4 with 1m gold assay results

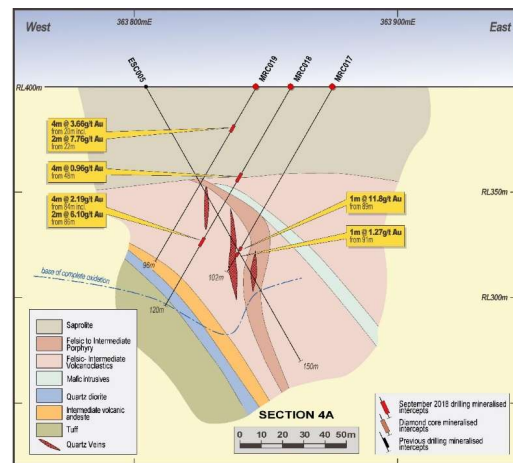


Figure 3: Section 4A new section with 1m results

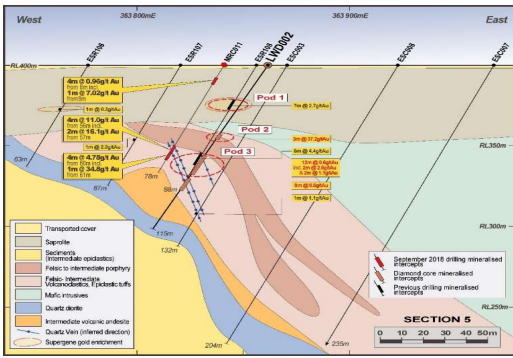


Figure 4: Section 5 with New Assay Results

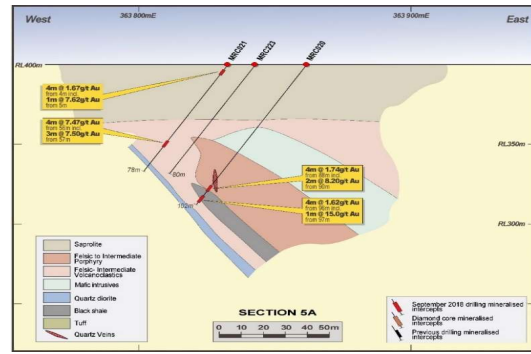


Figure 5: Section 5A new section with 1m results

SILVER SWAN NORTH NICKEL EXPLORATION

The Silver Swan North Project (Figures 1 & 6) is strategically located adjacent to Poseidon Nickel Ltd's 2.2 Mt/year Black Swan Nickel Processing and Concentrator Facility and a number of nickel sulphide mines, including the high-grade, underground Silver Swan Mine and the Black Swan Open Pit Mine.

The Company believes that the Silver Swan North Project area is substantially under-explored and highly prospective for the discovery of nickel sulphide mineralisation.

Based on historical and recent exploration, Moho has compiled preliminary datasets, including regolith, geology, geochemical and structural considerations, resulting in the identification of the target areas for nickel sulphides and gold. The work programs undertaken by Moho during the period to December 2018 will provide new geophysical information which is expected to assist in identifying nickel sulphide targets.

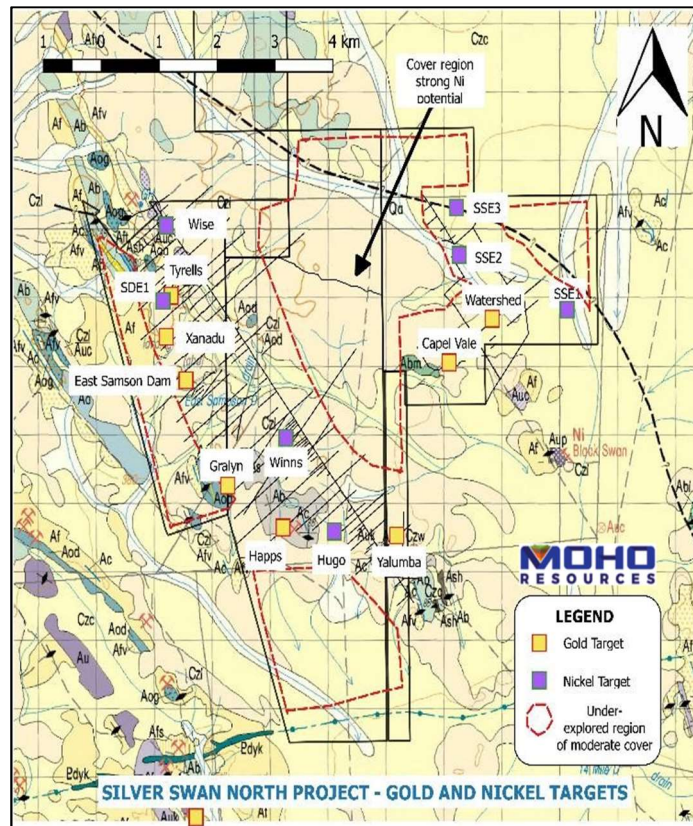


Figure 6: Location of preliminary exploration targets for nickel sulphides and gold at the Silver Swan North Project, including large untested area in central north zone.

The Company believes there may be significant untested ultramafic stratigraphy within the Silver Swan North Project area. In particular a large undrilled area in the central northern zone (Figure 7) is overlain by deep soil and alluvial cover, including magnetic gravels, which mask the magnetic signature of the underlying geology. Given its proximity to the nearby Silver Swan and Black Swan deposits, the Company therefore considers this area is a prime target area for nickel sulphide exploration.

Aboriginal Heritage Survey

An Aboriginal Heritage Survey was undertaken by a heritage consultant and involving traditional owners of the Maduwongga people in November 2018. The final heritage report was received from the consultant giving full clearance for the area highlighted above.

Detailed ground-based gravity survey

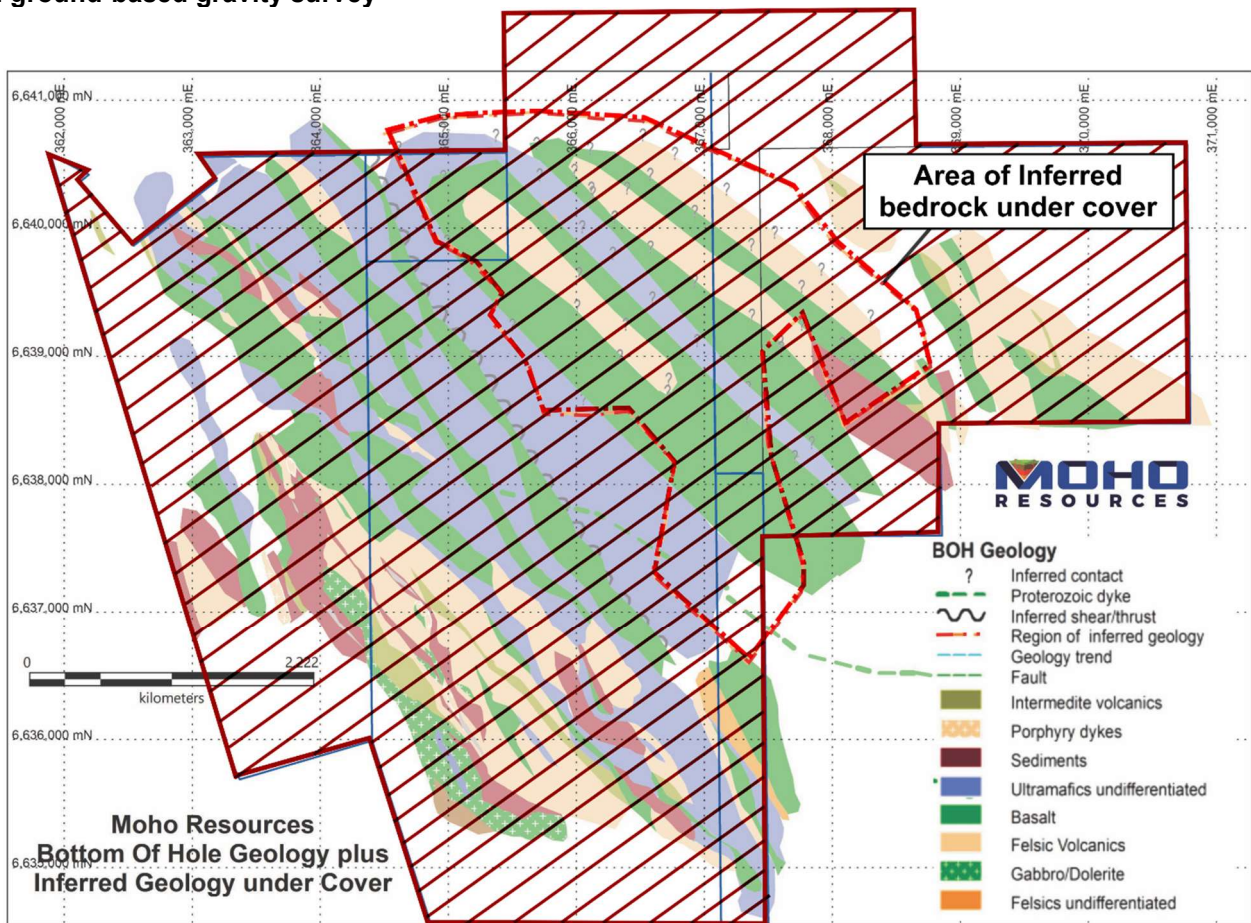


Figure 7: Area covered by gravity survey

During the period Moho completed a detailed, ground-based gravity survey of the Silver Swan North Project area (Figure 7). A total of 4,600 readings were recorded approximately every 50m along traverses 200m apart.

SQUID EM Survey

Gem Geophysics commenced an EM survey on the eastern margin of the Silver Swan North Project within E27/345. The program is designed to extend the EM coverage to the northern tenement boundary and provide more detail on existing high conductivity EM targets located on E27/345 in close proximity to the high grade Silver Swan nickel deposit.

The EM survey used fluxgate and coil sensors at 50m stations along lines 200m apart and orientated E-W. The infill surveys over SSE1 and SSE2 used a high temperature JESSY SQUID with readings at 50m along lines 100m apart and orientated E-W.

Western Australian Government Co-Funded Drilling Grant

The Company has designed an aircore drilling program for the central north area of the Silver Swan North Project and within E27/528. The program proposes 150 aircore drill holes with an estimated meterage of 12,000m with a drilling cost of \$300,000 and an overall cost of about \$400,000.

The program is designed to test the large undrilled area in the central northern zone (Figure 7). This area is overlain by deep soil and alluvial cover, including magnetic gravels which mask the magnetic signature of the underlying geology. Anomalous geochemical information generated from samples submitted for analysis will be used to identify targets for follow-up drill programs. The drill samples from this program will also be used in conjunction and in collaboration with the CSIRO Geochemical Fingerprinting R&D technology to locate and distinguish nickel sulphide prospective geology.

In October 2018 the Company submitted an application to the WA Government for a 2019 Co-Funded Drilling Grant up to the value of \$150,000 and in December 2018 Moho was informed that it was successful in its application for this phase of co-funding.

CSIRO Kick-Start Geochemical Research and Development Program

The Company consider that obtaining an understanding of the location and extent of the Black Swan Komatiite Complex (BSKC) is vital to understanding further potential of magmatic nickel mineralisation in the area, especially on E27/345 (refer to Section 3.4 of the Independent Technical Assessment Report).

Moho has entered into a "Kick-Start" R&D research program with CSIRO to use geochemical "fingerprinting" of ultramafic units in drill-holes to distinguish and map stratigraphy considered to be prospective for nickel sulphide mineralisation. The program will build on CSIRO's specific knowledge of the BSKC and will use methodologies generated by CSIRO to compare the geochemical character of drill samples obtained by Moho with host rocks at the Black Swan and Silver Swan mine to the southeast.

Moho's Interest in Silver Swan North Tenements

In July 2015 the Company entered into a farm-in and joint venture agreement with Odin Metals Ltd (ASX:ODM, then Lawson Gold Ltd) (**Odin**) to earn up to 70% interest in M27/263 and E27/345 at the Silver Swan North Project.

On 12th November 2018 Moho announced to the ASX that, as per the terms of the farm-in agreement, it has provided Odin with what it believed was sufficient evidence to earn a 51% legal and beneficial interest in M27/263 and E27/345. The formal transfer of Moho's 51% interest in M27/263 and E27/345 has now been finalised by Odin and lodged with the relevant authorities.

Moho is the 100% registered owner of granted tenements E27/528 and P27/2232, and applications for P27/2390 and E27/613.

EMPRESS SPRINGS GOLD EXPLORATION

The Empress Springs Project comprises three adjacent exploration permits (EPM25208, EPM25209 and EPM25210) covering an area of 773 km² (Figure 8). The Croydon Goldfield, which extends from north of the town, contains over 300 gold occurrences with historical production estimated at 1.2 Moz of Au.

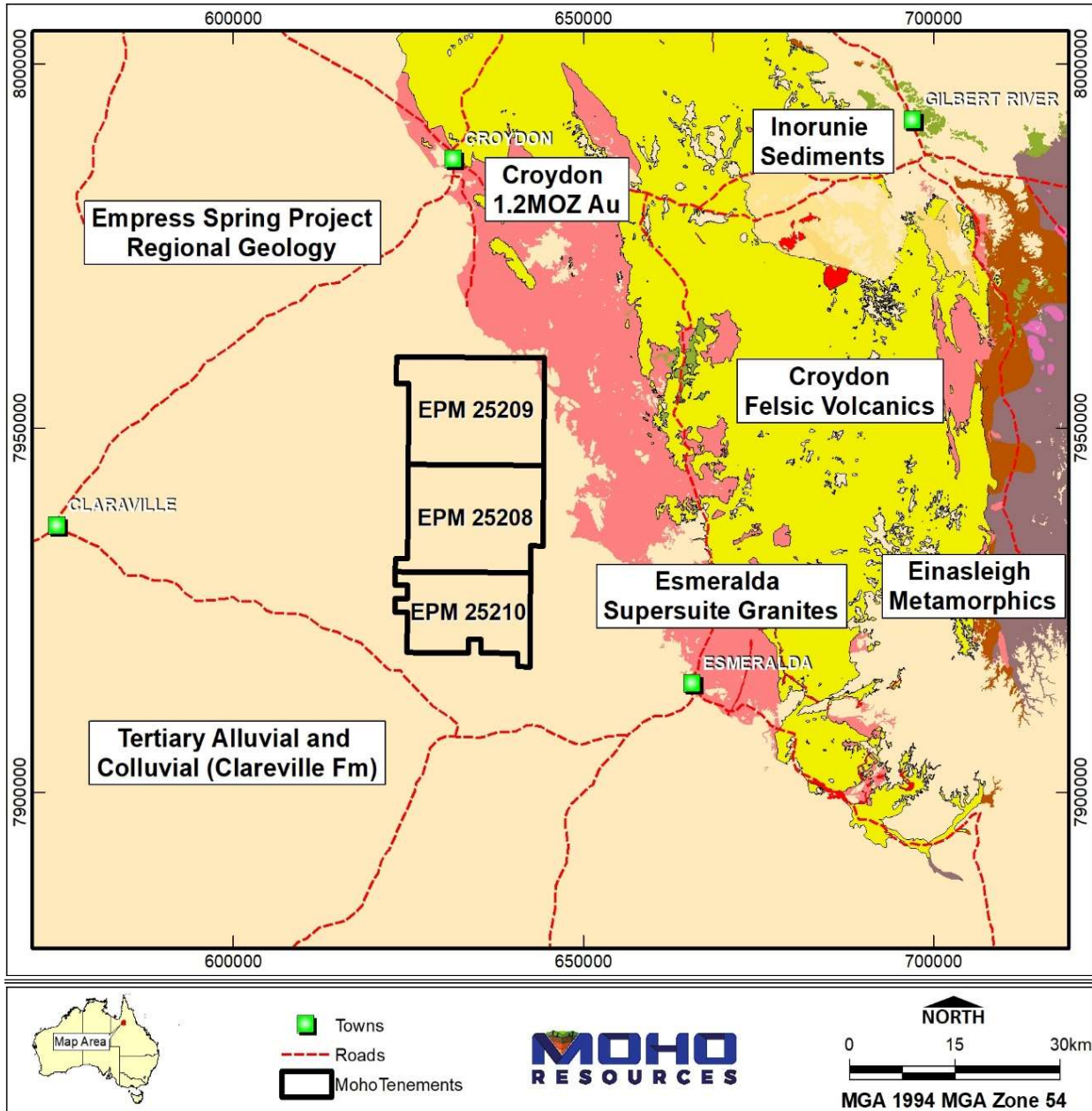


Figure 8: District geology of the Empress Springs Gold Project area

Reconnaissance Drilling Program

The completed drill program was designed to target potential gold mineralisation over at Empress Springs on the basis of Moho's detailed airborne magnetic survey flown in April 2018, and previous geochemical surveys conducted by Avalon Resources in 2008. Broad-spaced first pass drilling along existing tracks has been conducted to penetrate the 35 – 60 m of surface sediments and sample the bedrock interface and into the bedrock itself. (Figure 9).

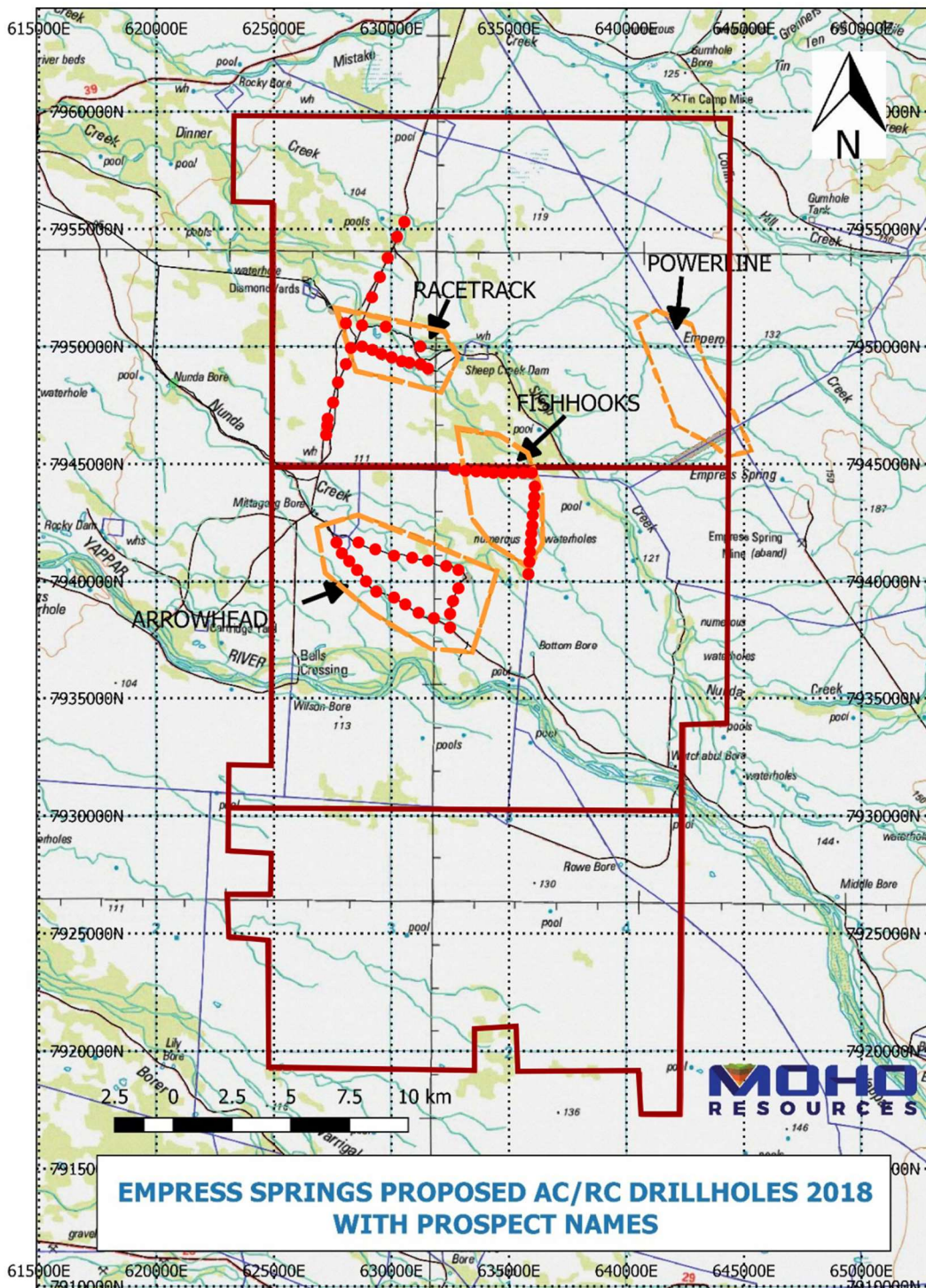


Figure 9: Proposed reconnaissance drill program over selected targets at Empress Springs Project for 2018

A multi-purpose aircore and reverse drill rig was mobilised to Empress Springs on 27 October 2018. Three holes were drilled initially using the aircore system before switching to reverse circulation for faster drilling for the remainder of the program. In late November the Company brought in a second aircore rig that was able to cope better with the ground and water conditions encountered in the overlying sediments and it was used to complete the drilling program with a total of 87 holes and 5,720m drilled. Drilling along the north-south traverse over the Fishhooks prospect and Powerline prospect were not completed prior to demobilisation at the end of November 2018.

Individual 1.0m samples were composited into 4.0m intervals as drilling proceeded through the overlying sediments, with separate 1.0m samples retained near the interface with the weathered bedrock until the end of the holes.

Samples were submitted to ALS in Townsville for partial acid digest and analysed for low level gold and a broad multi-element suite to detect any dispersion haloes from mineralisation in the bedrock units.

Detailed gravity survey

Geophysical crews from Atlas Geophysics Pty Ltd were mobilised to Empress Springs in late September to undertake a detailed, ground-based gravity survey.

The survey covered the exploration targets identified from the aeromagnetic airborne survey flown in April 2018 at a grid spacing of 250m x 250m; and provided a complete coverage over the Empress Springs project area at a spacing of 500m x 500m.

The survey was completed at the end of November 2018 with a total of 4,780 gravity readings taken.

The gravity data will assist Moho in mapping the underlying bedrock on the basis of their relative density, particularly when integrated with the airborne magnetics. Low density areas may indicate alteration of the underlying rocks due to the intrusion of ore-forming fluids during a phase of mineralisation.

Detailed soil geochemical survey

Moho undertook a soil geochemical survey to test the airborne magnetic and geochemical targets identified by past work at Empress Springs. Initial work involved the collection and assay of geochemical samples from termite mounds to validate and extend historical geochemical grids. Recent studies in other deeply covered terrains have shown termite mounds to be a cost-effective way of subsurface geochemical sampling, as termites scavenge soil from deep beneath the ground surface.

Terra Search Pty Ltd was engaged in late September 2018 to carry out the termite geochemical sampling program. The objective of Phase 1 was to collect samples over a 1km x 1km grid over the entire Empress Springs Project area, totalling 1000 samples. Phase 2 infill sampling over selected historical targets was carried out on 500m x 500m centres. Material was sampled from the base of each termite mound and sieved to -80 micron in the field prior to packaging and submission to ALS for partial acid digest.

An orientation study involving 72 samples was undertaken to enable a comparison to be made between the effectiveness of Moho's geochemical program and that carried out by carried out by Avalon Resources in 2008.

A total of 1,493 samples were collected during the soil geochemical program.

Land Access and Compensation Agreements

Prior to the commencement of the airborne magnetic survey conducted in April 2018, Moho engaged in consultation with the station owners and operators at the Mittagong and Esmeralda Stations.

Subsequent negotiations with the Station Owners resulted in Land access and Compensation Agreements being signed by all parties in September and October 2018. This was followed by the commencement of phased exploration activities, including the refurbishment of tracks and fence lines, soil and gravity surveys and drilling activities.

Establishment of Exploration Base Camp

A base camp for exploration was established at Mittagong Bore, south of Mittagong Station Homestead, on EPM 25209. The camp included a mobile kitchen, an airconditioned "donga" for office and sleeping quarters, tents and ablution facilities.

Aboriginal Heritage

Negotiations with the North Queensland Lands Council and the Tagalaka community have been ongoing throughout the year and community members were engaged as monitors during Moho's drilling program. Moho staff are actively involved in training the community members in exploration techniques which could be used to secure employment in the future.

Moho's interest in Empress Springs tenements

On 27 July 2016 the Company entered into a farm-in joint venture agreement with Independence Newsearch Pty Ltd (as amended on 6 April 2018) (INPL) (a wholly owned subsidiary of Independence Group NL) pursuant to which the Company may earn up to a 70% interest in EP25208, EPM25209 and EPM25210, within the Empress Springs Project, in two stages:

- (a) (Earn-in Right): the Company may:
 - (i) earn a 51% interest in the tenements by expending \$1,000,000 on exploration activities by 27 July 2019; and
 - (ii) in the event that the 51% interest is earned, the Company has an additional right to earn a further 19% interest in the tenements by expending a further \$1,400,000 within 4 years of acquiring its 51% joint venture interest.
- (b) (Formation of Joint Venture): on and from the date on which the Company earns a 51% interest in the tenements, the parties shall form an unincorporated joint venture for the purpose of exploring, and if warranted, developing and mining the tenements. Following formation of the joint venture, the Company is proposed to be manager of the joint venture.
- (c) (Free-carried Interest or Buy-back): In the event that the Company elects to earn the additional 19% interest, INPL's joint venture interest is free carried until completion of a pre-feasibility study.
- (d) (Buy Back on Potential Mining Area (PMA)): Upon completion of a pre-feasibility study on a PMA, INPL may elect to contribute to the joint venture to the extent of its interest, convert its interest to a 10% free-carried interest or buy-back a 21% interest in the joint venture in that PMA. The consideration payable for the buyback will be based on the market value of the tenements or otherwise the value of 3.5 times the expenditure incurred by the Company on the tenements.

In the event that the buy-back is completed, INPL will be manager of the joint venture on the PMA. Following the buy-back, the Company will be entitled to contribute to the work programme to the extent of its interest or convert to a 30% free-carried interest in respect of the PMA. The Company will remain manager of the remaining tenements outside the PMA and it will be required to contribute to the work programmes in proportion to its interest at the time.

BURRACOPPIN GOLD EXPLORATION

Moho reported in its prospectus a number of exploration targets at its Burracoppin Project (Figure 10). Targets 2 to 4, located within the Tampia Structural Corridor of the Southwestern Terrane, were derived from ground-based gravity measurements. Target 5 was also derived from ground-based gravity measurements but occurs within the Westonia Structural Corridor of the Southern Cross Domain of the Youanmi Terrane which also hosts Ramelius's Edna May mine.

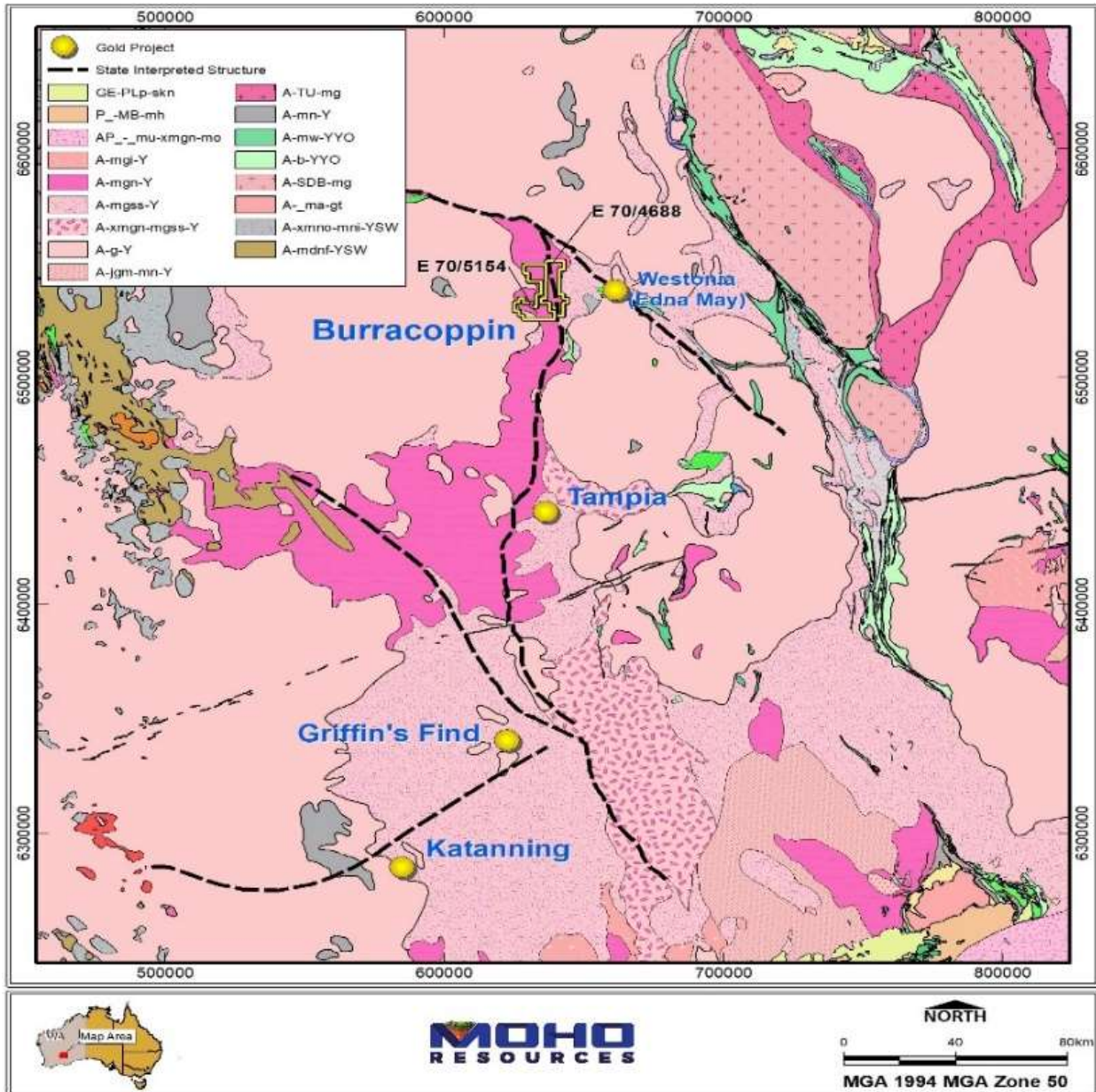


Figure 10: Location of Burracoppin Gold Project in reference to known Southwest Terrane gold deposits and the Edna May Gold Mine at Westonia

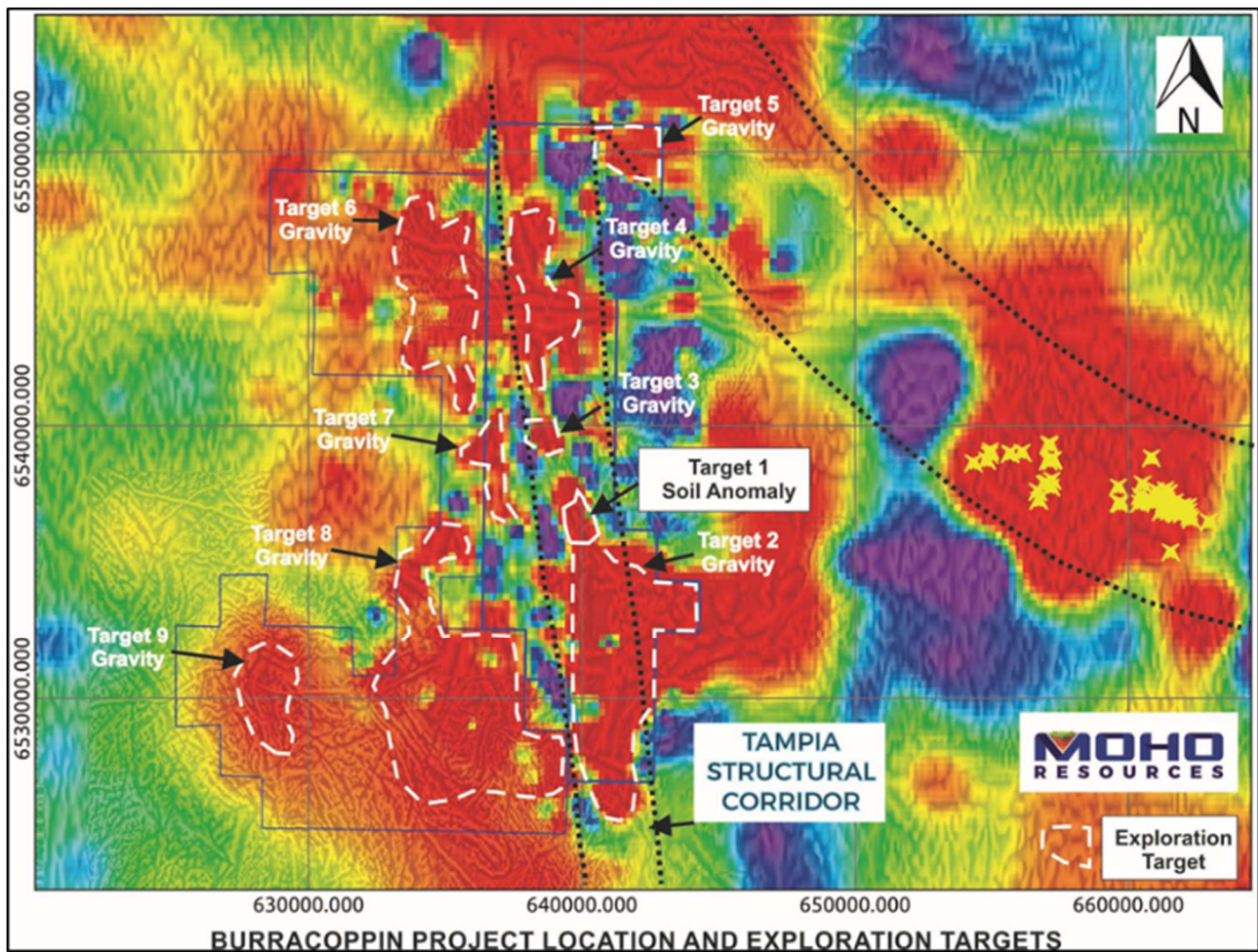


Figure 11: Location of the Burracoppin Gold Project exploration targets

Airborne EM Survey

During October 2018 Moho’s consultant geophysicist ExploreGeo Pty Ltd prepared an AEM survey to cover exploration gravity targets 1 – 4 over E70/4688.

On 1 November 2018 Moho contracted New Resolution Geophysics Australia Pty Ltd to undertake an Xcite™ AEM survey involving 121 E-W flight lines spaced 200m apart for a total length of 478km. The helicopter flew approximately 70 metres above the survey area with a sensor coil slung 35 metres beneath. The survey concluded on 24 November 2018.

Community Consultation and Land Access Agreements

The Company’s Burracoppin Project is mostly covered by private land. The Company consulted with landowners and occupiers about the potential impact of its proposed exploration programs and is still in the process of negotiating land access and compensation agreements consistent with the Mining Act 1978 (WA).

About three weeks before the AEM survey land occupiers and residences potentially affected were contacted and a brief flyer describing the survey was hand-delivered to them at the time.

Grant of Adjoining E70/5154 Increases Gravity Targets

Moho was notified by the WA Department of Mines, Industry Regulation and Safety confirming the grant of tenement application E70/5154 on the 23rd November 2018. The granted tenement covers a number of gravity anomalies which Moho intends to follow up with close-spaced ground gravity and aeromagnetic surveys in Q2, 2019 prior to testing with shallow auger drilling.

Moho's interest in the Burracoppin tenements

Moho owns 100% interest in the recently granted tenement E70/5154.

On 26 November 2015 the Company entered into a farm-in joint venture agreement with IGO pursuant to which the Company may earn up to a 70% interest in E70/4688, within the Burracoppin Project.

(a) **Earn-in Right:**

The Company may earn a 70% interest in E70/4688 via expending \$450,000 on exploration activities on the tenement by 6 November 2019.

In the event that access to carry out field work, field surveys or drilling is prevented or severely restricted during the Earning Period due to interference with any farming activities, the time-frame may be extended up to one year under certain circumstances.

(b) **Formation of Joint Venture:**

On and from the date on which the Company earns a 70% interest in the tenement, the parties shall form an unincorporated joint venture for the purpose of exploring, and if warranted, developing and mining the tenement.

From the date of formation of the joint venture, IGO's 30% interest will be free carried until completion of a pre-feasibility study. Upon completion of a pre-feasibility study, IGO may elect to either contribute pro-rata to ongoing work, or convert its 30% interest to a 10% free carried interest.

Following formation of the joint venture, the Company is proposed to be manager of the joint venture.

Competent Person Statement

The information in this report that relates to Exploration Results is based on information and supporting documentation compiled by Mr Robert Affleck, Mr Max Nind and Mr Kim Frankcombe, who are Competent Persons and Members of the Australasian Institute of Geoscientists (AIG). Mr Affleck and Mr Nind full-time employees of Moho Resources Ltd. Mr Frankcombe is a consultant to Moho Resources Ltd. Mr Affleck and Mr Frankcombe hold shares in the Company.

Mr Affleck, Mr Nind and Mr Frankcombe all have sufficient experience relevant to the style of mineralisation under consideration and to the activity which is being undertaken to qualify as Competent Persons as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Affleck, Mr Nind and Mr Frankcombe all consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

Note: Information on historical results, including JORC Code Table 1 information, is contained in the Independent Technical Assessment Report within Moho's Prospectus dated 10 August 2018. Moho is not aware of any new information or data that materially affects the information included in the Prospectus.

Significant changes in the state of affairs

On 10 August 2018, the Company lodged its Prospectus with the ASIC to raise funds and seek a listing on the Australian Securities Exchange (ASX). On 5 November 2018, the Company was admitted to the official list of the ASX following the issue of 26,507,500 fully paid ordinary shares to raise \$5,301,500 (before costs).

There were no other significant changes in the state of affairs of the company during the half year.

Subsequent Events

On 5 March 2019, the Company lodged a prospectus with ASIC and ASX for a non-renounceable entitlement issue of one (1) quoted Option for every three (3) Shares held to raise approximately \$70,808 (before costs). The price of the Options under the Offer is \$0.005 each ("Issue Price"), exercisable at \$0.25 on or before 9 July 2023. The offer closes on 25 March 2019 and the New Options are expected to be issued on or about 1 April 2019.

No other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Moho Resources Limited
Directors' report
31 December 2018

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Shane Sadleir
Managing Director

14 March 2019

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Moho Resources 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:

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



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 14 March 2019

Moho Resources Limited

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General information

The financial statements cover Moho Resources Limited for half year ended 31 December 2018. The financial statements are presented in Australian dollars, which is Moho Resources Limited's functional and presentation currency.

Moho Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 11, 216 St Georges Terrace
Perth WA 6000

Principal place of business

22 Railway Rd
Subiaco WA 6000

A description of the nature of the Company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 14 March 2019. The directors have the power to amend and reissue the financial statements.

Moho Resources Limited
Statement of profit or loss and other comprehensive income
For the half year ended 31 December 2018

	Note	31-Dec 2018 \$	31-Dec 2017 \$
Revenue			
Other income		8,172	-
Expenses			
Compliance and regulatory expense		(104,407)	-
Corporate advisory and consulting fees		(32,154)	(24,000)
Depreciation expense		(621)	-
Directors and employee benefits expense		(186,142)	-
Exploration and evaluation expenditure		-	(230,529)
Finance costs		(2,198)	-
Share-based payment expense	2	(291,681)	-
Other expenses		(66,503)	(18,316)
		(675,534)	(272,845)
(Loss) before income tax expense		(675,534)	(272,845)
Income tax expense		-	-
		(675,534)	(272,845)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Moho Resources Limited		(675,534)	(272,845)
Basic and diluted loss per share (cents)		(2.81)	(4.01)

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

Moho Resources Limited
Statement of financial position
As at 31 December 2018

	Note	31-Dec 2018 \$	
Assets			
Current assets			
Cash and cash equivalents		3,676,651	101,685
Trade and other receivables		235,482	71,068
Total current assets		3,912,133	172,753
Non-current assets			
Exploration and evaluation expenditure	3	1,531,561	-
Plant and equipment		15,376	2,333
Total non-current assets		1,546,937	2,333
Total assets		5,459,070	175,086
Liabilities			
Current liabilities			
Trade and other payables	4	809,553	177,825
Provisions		8,567	-
Total current liabilities		818,120	177,825
Total liabilities		818,120	177,825
Net assets / (liabilities)		4,640,950	(2,739)
Equity			
Issued capital	5	5,900,414	1,205,655
Share option reserve	6	658,612	34,148
Accumulated losses		(1,918,076)	(1,242,542)
Total equity		4,640,950	(2,739)

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

Moho Resources Limited
Statement of changes in equity
For the half year ended 31 December 2018

	Issued capital \$	Share option reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2017	417,449	-	(688,109)	(270,660)
Loss after income tax expense for the year	-	-	(272,845)	(272,845)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(272,845)	(272,845)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of shares	172,011	-	-	172,011
Balance at 31 December 2017	<u>589,460</u>	<u>-</u>	<u>(960,954)</u>	<u>(371,494)</u>

	Issued capital \$	Share option reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2018	1,205,655	34,148	(1,242,542)	(2,739)
Loss after income tax expense for the year	-	-	(675,534)	(675,534)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(675,534)	(675,534)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of shares	5,312,037	-	-	5,312,037
Share issue costs	(1,157,278)	-	-	(1,157,278)
Issue of convertible note instrument	440,000	-	-	440,000
Share-based payments	100,000	624,464	-	724,464
Balance at 31 December 2018	<u>5,900,414</u>	<u>658,612</u>	<u>(1,918,076)</u>	<u>4,640,950</u>

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

Moho Resources Limited
Statement of cash flows
For the half year ended 31 December 2018

	31 Dec 2018	31 Dec 2017
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(431,258)	(113)
Net cash used in operating activities	<u>(431,258)</u>	<u>(113)</u>
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(1,022,823)	-
Payments for plant and equipment	(13,665)	-
Net cash used in investing activities	<u>(1,036,488)</u>	<u>-</u>
Cash flows from financing activities		
Proceeds from issue of shares	5,301,500	-
Proceeds from convertible notes	440,000	-
Payment of capital raising fees	(698,788)	-
Net cash from financing activities	<u>5,042,712</u>	<u>-</u>
Net movement in cash and cash equivalents	3,574,966	(113)
Cash and cash equivalents at the beginning of the financial period	101,685	806
Cash and cash equivalents at the end of the financial period	<u>3,676,651</u>	<u>693</u>

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities.

These financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual financial report for the year ended 30 June 2018 and any public announcements made by Moho Resources Limited during the half year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

These interim financial statements were authorised for issue on 14 March 2019.

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The impact on the financial performance and position of the company from the adoption of the new or amended Accounting Standards and Interpretations was not material.

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

Moho Resources Limited
Notes to the financial statements
31 December 2018

Note 2. Expenses – Share-based payment expense

	31 Dec 2018	31 Dec 2017
	\$	\$
Shares issued to Corporate Advisor (see note 5)	100,000	-
Options issued to Director (see note 6)	191,681	-
	<u>291,681</u>	<u>-</u>

Note 3. Non-current assets – Exploration and evaluation expenditure

	31 Dec 2018	30 June 2018
	\$	\$
Balance at the beginning of the period	-	-
Exploration costs capitalised	1,531,561	359,663
Impairment of exploration costs	-	(359,663)
Balance at the end of the reporting period	<u>1,531,561</u>	<u>-</u>

The ultimate recoupment of balances carried forward in relation to areas of interest still in the exploration or valuation phase is dependent on successful development, and commercial exploitation, or alternatively sale of the respective areas. The Company conducts impairment testing at each reporting date when indicators of impairment are present.

Note 4. Current liabilities – Trade and other payables

	31 Dec 2018	30 June 2018
	\$	\$
Trade creditors	729,915	56,921
Accrued expenses	79,638	120,904
	<u>809,553</u>	<u>177,825</u>

Trade payables are non-interest bearing and are normally settled on 30-day terms. The above amounts do not bear interest and their carrying amount is equivalent to their fair value.

Note 5. Equity – Issued capital

	31 Dec 2018	30 June 2018	31 Dec 2018	30 June 2018
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>42,484,592</u>	<u>7,718,389</u>	<u>5,900,414</u>	<u>1,205,655</u>

Moho Resources Limited
Notes to the financial statements
31 December 2018

Note 5. Equity – Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price (\$)	\$
Balance	1 July 2017	<u>17,889,901</u>		<u>417,449</u>
Issue of Shares – Conversion of Creditors	13 July 2017	480,000	0.05	24,000
Issue of Shares – Conversion of Creditors	22 August 2017	2,473,311	0.05	123,011
Issue of Shares – Conversion of Creditors	31 August 2017	300,000	0.05	15,000
Issue of Shares – Conversion of Creditors	20 September 2017	200,000	0.05	10,000
Issue of Shares – Conversion of Creditors / Loans	12 January 2018	1,688,658	0.05	84,433
Issue of Shares – Conversion of Creditors / Loans	13 January 2018	123,248	0.05	6,162
Share consolidation on a 1 for 3 basis ¹	22 June 2018	(15,436,729)		-
Issue of Tranche 1 Convertible Notes ²		-	0.10	100,000
Issue of Tranche 2 Convertible Notes ³		-	0.12	460,000
Share issue transactions costs, net of tax				(34,400)
Balance	30 June 2018	<u>7,718,389</u>		<u>1,205,655</u>
Issue of Tranche 2 Convertible notes ²		-	0.12	40,000
Issue of Shares – Conversion of Convertible Notes (Tranche 1) ²	9 July 2018	1,000,000		-
Issue of Shares – Conversion of Convertible Notes (Tranche 2) ³	9 July 2018	4,166,667		-
Issue of Shares – In lieu of interest on Convertible Notes (Tranche 1 & 2)	9 July 2018	92,036		10,537
Issue of Shares – Conversion of Convertible Notes (Tranche 3) ⁴	26 July 2018	2,500,000	0.16	400,000
Issue of Shares – IPO Placement	31 October 2018	26,507,500	0.20	5,301,500
Issue of Shares – Corporate Advisor ⁵	31 October 2018	500,000	0.20	100,000
Share issue transactions costs, net of tax				(1,157,278)
Balance	31 December 2018	<u>42,484,592</u>		<u>5,900,414</u>

¹ The number of shares used in the 31 December 2017 earnings per share calculation reflects this share consolidation.

² 1,000,000 Tranche 1 Convertible Notes were issued over a period of time at an issue price of \$0.10 each to raise \$1,000,000 with an interest rate of 10% per annum. On 9 July 2018 the notes were converted into 1,025,350 ordinary shares including interest accrued of \$2,535.

³ 4,166,667 Tranche 2 Convertible Notes were issued over a period of time at an issue price of \$0.12 each to raise \$500,000 with an interest rate of 10% per annum. On 9 July 2018 the notes were converted into 4,233,353 ordinary shares including interest accrued of \$8,002.

⁴ 2,500,000 Tranche 3 Convertible Notes were issued over a period of time at an issue price of \$0.16 each to raise \$400,000. On 26 July 2018 the notes were converted into 2,500,000 ordinary shares.

⁵ 500,000 ordinary shares were issued upon completion of the IPO. The total fair value was determined by the share price on the measurement date, being the date of completion of the IPO. The total fair value was recognised as share-based payment expense during the period.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Moho Resources Limited
Notes to the financial statements
31 December 2018

Note 6. Equity – Share option reserve

	31 Dec 2018	30 June 2018
	\$	\$
Opening balance	34,148	-
Options issued to Directors	191,681	-
Options issued to Lead Manager	432,783	34,148
Closing balance	<u>658,612</u>	<u>34,148</u>

Set out below are the options on issue at the reporting date:

Grant date	Expiry date	Exercise Price	Balance at start of the period	Number issued during the period	Number exercised during the period	Number expired during the period	Balance at end of the period
		\$					
27 Dec 2017	9 Jul 2023	0.25	520,000	-	-	-	520,000
9 Jul 2018 ¹	9 Jul 2023	0.25	-	11,577,588	-	-	11,577,588
17 Jul 2018 ²	9 Jul 2023	0.25	-	1,411,121	-	-	1,411,121
17 Jul 2018 ³	17 Jul 2023	0.25	-	3,000,000	-	-	3,000,000
17 Jul 2018 ⁴	17 Jul 2023	0.35	-	2,100,000	-	-	2,100,000
17 Jul 2018 ⁵	17 Jul 2023	0.50	-	2,100,000	-	-	2,100,000
31 Oct 2018 ⁶	31 Oct 2023	0.25	-	1,000,000	-	-	1,000,000
31 Oct 2018 ⁷	31 Oct 2023	0.25	-	3,000,000	-	-	3,000,000
			520,000	24,188,709	-	-	24,708,709

The fair value of the following options issued during the current financial year was determined using with the following inputs:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free rate	Number of options	Value per option	Total value
		\$	\$	%	%	%	#	\$	\$
17 Jul 2018 ³	17 Jul 2023	0.25	0.25	100	-	2.178	3,000,000	0.0777	233,100
17 Jul 2018 ⁴	17 Jul 2023	0.35	0.35	100	-	2.178	2,100,000	0.0714	149,940
17 Jul 2018 ⁵	17 Jul 2023	0.50	0.50	100	-	2.200	2,100,000	0.0645	135,450
31 Oct 2018 ⁶	31 Oct 2023	0.25	0.25	100	-	2.200	1,000,000	0.1443	144,261
31 Oct 2018 ⁷	31 Oct 2023	0.25	0.25	100	-	2.200	3,000,000	0.1443	432,783
							11,200,000		1,095,534

- ¹ Options issued were free attaching to existing shareholders upon the share consolidation on the basis of 1 option for every 1.5 shares held.
- ² Options issued were free attaching to convertible note holders upon conversion.
- ³ Options issued to directors vesting on the share price reaching a 20-day volume weighted average price of \$0.25 and the Company completing 5,000 metres of drilling. A barrier option pricing model was used to determine the fair value at the grant date. The Company has recognised share-based payment expense of \$21,319 during the period for the grant of these options.
- ⁴ Options issued to directors vesting on the share price reaching a 20-day volume weighted average price of \$0.35 and the Company completing 10,000 metres of drilling. A barrier option pricing model was used to determine the fair value at the grant date. The Company has recognised share-based payment expense of \$13,713 during the period for the grant of these options.
- ⁵ Options issued to directors vesting on the share price reaching a 20-day volume weighted average price of \$0.50 and the Company completing 15,000 metres of drilling. A barrier option pricing model was used to determine the fair value at the grant date. The Company has recognised share-based payment expense of \$12,388 during the period for the grant of these options.

Moho Resources Limited
Notes to the financial statements
31 December 2018

Note 6. Equity – Share option reserve (continued)

- ⁶ Options issued to Mr Terry Streeter on successful completion of the IPO. A Black-Scholes option pricing model was used to determine the fair value at the grant date. The total fair value was recognised as share-based payment expense during the period.
- ⁷ Options issued to the Lead Manager on successful completion of the IPO. A Black-Scholes option pricing model was used to determine the fair value at the grant date. The total fair value was recognised as share issue costs within equity.

	31 Dec 2018	31 Dec 2017
	\$	\$
Recognised as share-based payment expense	191,681	-
Recognised in equity as share issue costs	432,783	-
Total value of options recognised during the period	624,464	-
Fair value yet to vest	471,070	-
Total fair value of options issued during the period	<u>1,095,534</u>	<u>-</u>

Note 7. Contingent assets and liabilities

The directors are not aware of any contingent assets or liabilities as at 31 December 2018.

Note 8. Events after the reporting period

On 5 March 2019, the Company lodged a prospectus with ASIC and ASX for a non-renounceable entitlement issue of one (1) quoted Option for every three (3) Shares held to raise approximately \$70,808 (before costs). The price of the Options under the Offer is \$0.005 each ("Issue Price"), exercisable at \$0.25 on or before 9 July 2023. The offer closes on 25 March 2019 and the New Options are expected to be issued on or about 1 April 2019.

No other matters or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Note 9. Segment reporting

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision maker) in assessing the performance and determining the allocation of resources.

The Company operates as a single segment which is mineral exploration in Australia.

Moho Resources Limited
Directors' Declaration
31 December 2018

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give 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; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section s303(5) of the Corporations Act 2001.

On behalf of the directors



Shane Sadleir
Managing Director

14 March 2019
Perth



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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Moho Resources Limited, which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of 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 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 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 Moho 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.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Moho Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

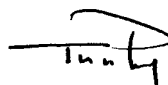
Conclusion

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

- (a) giving a true and fair view of company'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 *Corporations Regulations 2001*.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 14 March 2019