



AND ITS CONTROLLED ENTITIES

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2019

ABN 48 083 274 024



AND ITS CONTROLLED ENTITIES

CONTENTS HALF-YEAR FINANCIAL REPORT

	Page No.
Directors' Report	3
Auditor's Independence Declaration	7
Consolidated Statement of Financial Performance	8
Consolidated Statement of Financial Position	9
Consolidated Statement of Changes in Equity	10
Consolidated Statement of Cash Flows	11
Notes to and forming part of the Financial Statements	12
Directors' Declaration	15
Independent Auditor's Review Report	16

DIRECTORS' REPORT



Your directors submit the financial report of Surefire Resources NL (the “Company” or “Surefire”) and its subsidiaries (the “Group”) for the half-year ended 31 December 2019.

DIRECTORS

The following persons were directors of the Company during the half-year and up to the date of this report:

Mr Vladimir Nikolaenko
Mr Michael Povey
Mr Roger Smith

REVIEW OF OPERATIONS

The total loss from continuing operations for the half-year ended 31 December 2019 was \$706,001 (2018: \$773,401).

The Group's activities during the six-month period are summarised in this report which unless otherwise stated, should be read as if dated 31 December 2019.

PROJECT REPORT

VICTORY BORE – Gold/Vanadium

During the period the Company received the results from the reverse circulation (RC) drill program carried out in September-October 2019 at the company's Victory Bore gold-vanadium-iron-titanium project, 40km southwest of Sandstone. The Company's tenement licences comprise an area of ~ 210 sq km that cover a contiguous 25km strike length of extensive greenstones and the vanadium bearing Atley Igneous Complex between the Younami and Sandstone Gold centres

A total of 29 RC holes for a total of 2,256m were drilled with the objective being to test historic drill intersections obtained by Battle Mountain within a previously defined gold anomaly (Figure 1). The relatively shallow (max 96m depth) and wide-spaced drilling returned a number of significant and highly anomalous gold and vanadium mineralisation (Tables 1 and 2). The historic high-grade results were not able to be repeated but gold mineralisation was encountered over 3 km of strike tested. The potential remains for further gold mineralisation and drill targets along the additional 13km strike length of gold occurrences and anomalies within the Victory Bore and the Company's adjacent Unaly Hill licence areas.

These anomalies include a significant drill intersection of 1m @ 2.87g/t Au from 51m on an MMI anomaly within the Unaly Hill licence.

The best gold assays of the 29 drill holes are tabulated below:

Table1: Gold Intercepts

Hole ID	From (m)	To (m)	Interval (m)	Au (ppm)
VBC002	45	47	2	0.78
including	46	47	1	1.00
VBC013	45	52	7	0.44
including	48	52	4	0.77
VBC014	36	44	8	0.53
including	40	44	4	1.02
VBC029	36	40	4	0.27
VBC021	6	10	4	0.1

Note 1: A 0.1 g/t Au cut-off was used

Note 2: intervals are for down-hole whole width. True width is unknown due to a lack of structural data from drill chips.

The lithologies intersected by the drilling were predominantly the magnetite bearing gabbro-norites of the Atley Intrusion, a layered mafic intrusive complex that is host to very large tonnage vanadium-titanium-iron resource. Nearly every drill hole intersecting magnetite units were intersected. Figure 1 shows a geological cross-section of the interpreted geology and some of the significant V2O5 intersections.

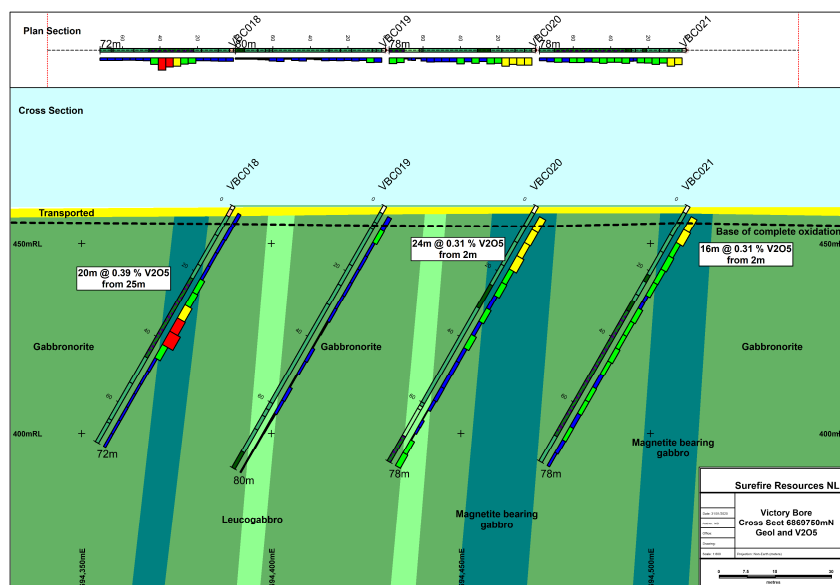


Figure 1: Interpreted Geology X-Section and V2O5 Grades

UNALY HILL - VICTORY BORE – Vanadium Resources

The Victory Bore (E57/1036) and Unaly Projects (E57/1068) are located in the mid-west Region of Western Australia, 560km northeast of Perth and 55km south of Sandstone (Figure 2). The Company has previously established a substantial vanadium resource from drilling 3 kilometres of the anomalous magnetic anomaly

Geological Setting

The Unaly Hill and Victory Bore Vanadium project licence areas lie within the Atley Igneous Complex in the East Murchison Mineral field of Western Australia. The Atley Intrusion is a layered gabbroic body that is elongate in an NNE/SSW orientation and runs along the axis of the regional scale Youanmi Fault, a regionally dominant geological feature. It has a maximum thickness of 4.5 km and there are exposures over a strike length of 17 km. The iron-vanadium-titanium mineralisation is situated within cyclical cumulous layers within the intrusive complex.

The current vanadium resources in the project areas are shown in Table 3 below:

Table 3: Inferred Mineral Resource, Unaly Hill

Project	Tonnes (Mt)	V ₂ O ₅ (%)	Content (t) V ₂ O ₅	Fe (%)	TiO ₂ (%)	SiO ₂ (%)
Unaly Hill	86.2	0.42	365,330	24.8	4.5	28.6
Victory Bore	151	0.44	664,400	25.0	6.73	28.6

Notes:

Unaly Hill The Inferred Mineral Resource (Table 1) was prepared (October 2011) by Mr. Vladislav Trashliev of Gemcom, (an independent geological consultancy company) and Mr. Andrew Bewsher from BM Geological Services PL was the Competent Person responsible for the Independent Audit of the Mineral Resource. A Maiden Inferred Mineral Resource of 86.2 Mt @ 0.42% V₂O₅ (based on a +0.30% V₂O₅ cut-off.) was compiled from the drill data in accordance with the JORC Code (2004). and was subsequently announced by the Company (ASX: 21/11/2011)

Victory Bore: The Mineral Resource was established within constraining wireframe solids based on a nominal lower cut-off grade of 20% Fe. The Resource is quoted from blocks above a specified Fe % cut-off grade of 20% Fe. The information relates to in-situ Mineral Resources was compiled by David Williams of CSA Global Pty Ltd. David Williams is a Member of the Australian Institute of Geoscientists and the Australasian Institute of Mining and Metallurgy and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition).

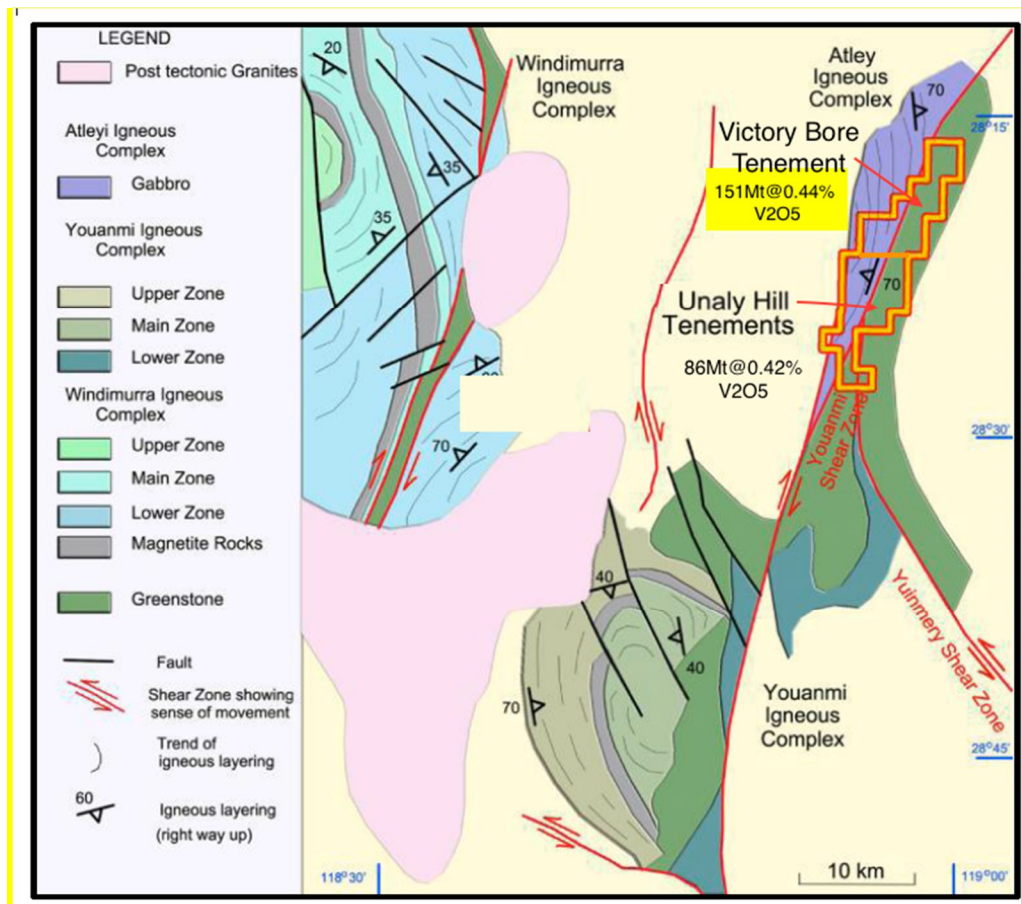


Figure 2: Regional Geology and Unaly Hill and Victory Bore Licence areas

Kooline Project Lead-Silver-Copper-Gold

During the period the Company's geological consultants Target Geoscience Pty Ltd progressed to prospect evaluations and detailed target generation on six (6) of the main mine/prospect areas.

A geophysical interpretation was undertaken that assessed the key structural elements and two dominant trends were identified:

1. The WNW trending stratigraphic /structural trend where at least five (5) significant horizons are mineralised.
2. The NE to NNE trending fault zones where at least four (4) significant broad zones appear to be mineralised

Each of the prospects was individually assessed and prioritised with a recommended work programme. As an example Figure 3 shows the Detailed Target Generation for the Rainbow Prospect.

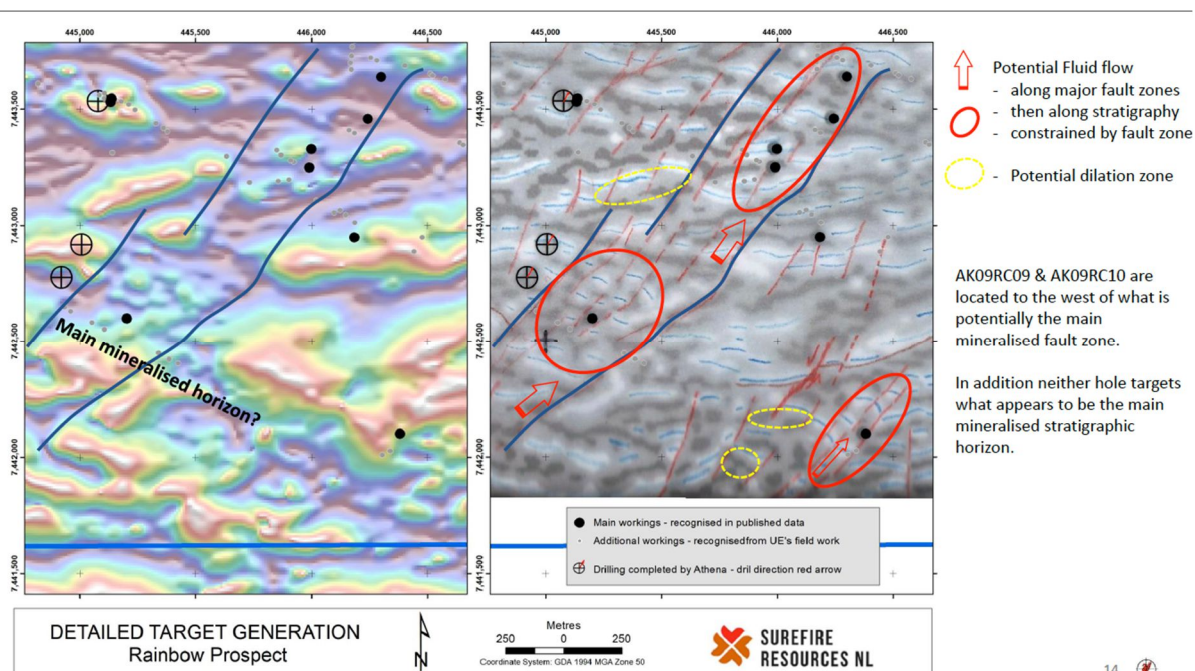


Figure 3: Rainbow Prospect Detailed Target Generation

The Company is evaluating these recommendations and targets and is planning a co-ordinated work programme for the preferred priority areas.

Geological Setting

The Kooline Project is centred 55 kilometres south of the Paulsen's goldmine and 190 kilometres WNW of Paraburdoo within the Ashburton province of Western Australia. The project area tenements consists of granted Exploration Licence, E08/2373 and E08/2956 which form 48 km of contiguously striking licenses that link numerous clusters of high-grade historic artisanal Lead-Silver workings with anomalous gold and copper values present in surface sampling.

INDEPENDENCE DECLARATION BY AUDITOR

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 7 for the half-year ended 31 December 2019.

This report has been signed in accordance with a resolution of directors.

For and on behalf of the Directors

Signature affixed to original document and held on file

Mr Vladimir Nikolaenko

Managing Director

13 March 2020

AUDITOR'S INDEPENDENCE DECLARATION

To those charged with governance of Surefire Resources NL

As auditor for the review of Surefire Resources NL for the period ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the review; and
- ii) no contraventions of any applicable code of professional conduct in relation to the review.

Signature of Elderton Audit Pty Ltd affixed to original document and held on file

Elderton Audit Pty Ltd

Signature of Rafay Nabeel affixed to original document and held on file

Rafay Nabeel

Audit Director

13 March 2020

Perth

**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**



	Notes	Half-Year Ended 31 Dec 2019 (\$)	Half-Year Ended 31 Dec 2018 (\$)
Revenue:			
Interest income		-	-
Expenses:			
Director fees and consulting charges		(245,550)	(235,350)
Exploration expenses		(313,357)	(395,294)
Administration expenses		(131,761)	(93,575)
Legal fees		<u>(15,333)</u>	<u>(49,182)</u>
(Loss) before income tax expense		(706,001)	(773,401)
Income tax expense		<u>-</u>	<u>-</u>
(Loss) from continuing operations		<u>(706,001)</u>	<u>(773,401)</u>
Other comprehensive income for the period		<u>-</u>	<u>-</u>
Total Comprehensive income for the period attributable to members of the Company		<u><u>(706,001)</u></u>	<u><u>(773,401)</u></u>
Basic (loss) per share (cents per share)		(0.125)	(0.184)
Diluted (loss) per share (cents per share)		<u>(0.125)</u>	<u>(0.184)</u>

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**



	Notes	31 Dec 2019 (\$)	30 June 2019 (\$)
Current Assets			
Cash and cash equivalents		559,425	135,800
Other receivables		51,544	25,501
Total Current Assets		610,969	161,301
TOTAL ASSETS		610,969	161,301
Current Liabilities			
Trade and other payables		771,433	560,039
Interest-bearing liabilities			135,000
Total Current Liabilities		771,433	695,039
TOTAL LIABILITIES		771,433	695,039
NET ASSETS		(160,464)	(533,738)
Equity			
Contributed equity	3	28,336,434	27,262,659
Reserves	3	5,500	375,200
Accumulated losses		(28,502,398)	(28,171,597)
TOTAL EQUITY		(160,464)	(533,738)

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**



	Contributed Equity (Net of costs) (\$)	Reserves (\$)	Accumulated Losses (\$)	Total (\$)
--	---	--------------------------	--	-----------------------

Balance at 1.7.2018	26,507,259	375,200	(25,696,389)	1,186,070
Comprehensive Income				
Operating (loss) for the period	-	-	(773,401)	(773,401)
Total comprehensive income for the period	-	-	(773,401)	(773,401)
Transactions with owners, in their capacity as owner, and other transfers				
Options exercised	5,400	-	-	5,400
Balance at 31.12.2018	26,512,659	375,200	(26,469,790)	418,069

Balance at 1.7.2019	27,262,659	375,200	(28,171,597)	(533,738)
Comprehensive Income				
Operating (loss) for the period	-	-	(706,001)	(706,001)
Total comprehensive income for the period	-	-	(706,001)	(706,001)
Transactions with owners, in their capacity as owner, and other transfers				
Shares issued during the period	1,150,000	-	-	1,150,000
Cost of capital raising (includes share-based payments)	(76,225)	5,500	-	(70,725)
Reversal of share based payment reserve in respect of expiry of options on 30.11.2019	-	(375,200)	375,200	-
Balance at 31.12.2019	28,336,434	5,500	(28,502,398)	(160,464)

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**



	Half-Year Ended 31 Dec 2019 (\$)	Half-Year Ended 31 Dec 2018 (\$)
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	-	-
Payments to suppliers and employees	(334,282)	(591,204)
Net cash (used in) operating activities	(334,282)	(591,204)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditure incurred	(244,442)	(444,763)
Payments for new prospects	(1,926)	(58,507)
Net cash from (used in) investing activities	(246,368)	(503,270)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	1,150,000	-
Proceeds from exercise of options	-	5,400
Share issue costs	(70,725)	-
Loan repayments	(75,000)	-
Net cash from financing activities	1,004,275	5,400
 Net (decrease) increase in cash held	 423,625	 (1,089,074)
 Cash and cash equivalents at the beginning of the financial period	 135,800	 20,554
 Cash and cash equivalents at the end of the financial period	 559,425	 771,623

The accompanying notes form part of these financial statements.

NOTE 1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard 134: *Interim Financial Reporting*.

These financial statements were approved by the Board of Directors on the date of the Directors Declaration.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Surefire Resources NL (the “**Company**”) and its subsidiary (together, the “**Group**”). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year. It is therefore recommended that this financial report be read in conjunction with the annual financial statements for the year ended 30 June 2019, together with any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

These financial statements have been prepared on an accruals and historical cost basis, except where indicated.

Going Concern

For the half-year ended 31 December 2019, the Group incurred an operating loss of \$706,001 (31 December 2018: \$773,401) and had a net deficiency in working capital of \$160,464 at reporting date.

The Group will require further funding during the next 12 months in order to meet day to day obligations as they fall due and to progress its exploration projects. Based on the Group’s cash flow forecast the Board of Directors is aware of the Group’s need to access additional funding in the next 12 months to enable the Group to continue its normal business activities and to ensure the realisation of assets and extinguishment of liabilities as and when they fall due, including progression of its exploration interests.

The directors are satisfied that at the date of signing of the financial report, there are reasonable grounds to believe that the Group will be able to continue to meet its debts as and when they fall due and that it is appropriate for the financial statements to be prepared on a going concern basis.

In forming this view the directors have taken into consideration the following.

- The ability of the Group to obtain funding through various sources, including debt and equity issues which are currently being investigated by management.
- The Group has the capacity, if necessary, to reduce its operating cost structure in order to minimise its working capital requirements.
- The ability to further vary cash flow depending upon the achievement of certain milestones.

Should the Group not achieve the matters set out above, there is significant uncertainty whether it will be able to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

These financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts, or to the amounts or classification of liabilities that may be necessary should the Group not be able to continue as a going concern.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The Group has adopted all the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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

The following Accounting Standard is most relevant to the consolidated entity:

AASB 16: Leases

This Standard supersedes AASB 117 Leases, Interpretation 4 Determining whether an arrangement contains a Lease, AASB interpretation 115 Operating Leases-Incentives and AASB interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of lease. AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117.

The key features of AASB 16 are as follows:

- Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
- A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.
- Assets and Liabilities arising from the lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend to lease, or not to exercise an option to terminate the lease.
- AASB 16 contains disclosure requirements for leases.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**



Based on the Group's detailed assessment for the impact of AASB 16, the standard does not have a material impact on the transactions and balances recognised in the financial statements.

NOTE 2 OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Group has identified that it operates in only one segment based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group's principal activity is mineral exploration.

Revenue and assets by geographical region

The Group's revenue is received from sources and assets located wholly within Australia.

Major customers

Due to the nature of its current operations, the Group does not provide products and services.

NOTE 3 EQUITY

Contributed Equity - Ordinary Shares

	31 Dec 2019	
	Number	\$
Balance at the beginning of the period	503,153,640	27,262,659
Issue of shares	125,000,000	1,150,000
Cost of capital raising (including share-based payments)	-	(76,225)
Balance at the end of the period	628,153,640	28,336,434

Contributed Equity – Partly paid Contributing Shares

Balance at the beginning of the period	300,252,600	-
Balance at the end of the period	300,252,600	-

Contributed Equity - Options

Balance at the beginning of the period	419,952,600	-
Expiry of options – 30.11.2019	(419,952,600)	-
Issue of options – 25.11.2019	55,000,000	-
Balance at the end of the period	55,000,000	-

Total Contributed Equity		28,336,434
---------------------------------	--	-------------------

Share Based Reserve

Balance at the beginning of the period	375,200
Expiry of options – 30.11.2019	(375,200)
Issue of options – 25.11.2019	5,500
Balance at the end of the period	5,500

NOTE 4 CONTROLLED ENTITIES

Subsidiaries of Surefire Resources NL	Country of Incorporation	Percentage Owned (%)
Unaly Hill Pty Ltd	Australia	100%
Associate of Surefire Resources NL		
Oil & Gas SE Pty Ltd – this company is dormant	Australia	49%

NOTE 5 EVENTS SUBSEQUENT TO REPORTING DATE

There have been no matters or circumstances that have arisen since 31 December 2019 which have significantly affected or may significantly affect:

- (a) the Group's operations in future years; or
- (b) the results of those operations in future years; or
- (c) the Group's state of affairs in future years.

NOTE 6 CONTINGENT LIABILITIES AND ASSETS

The directors intend to clarify and possibly dispute various invoices included in the Company's financial records which were raised by outgoing directors in relation to the Company's operations. The total amount of those charges equates to \$265,093 and have been included in expenses incurred to date.

DIRECTORS' DECLARATION



The directors of the Company declare that:

1. the accompanying financial statements and notes:
 - (a) comply with Accounting Standard AASB 134 : *Interim Financial Reporting* and the *Corporations Act 2001*; and
 - (b) give a true and fair view of the financial position of the Company as at 31 December 2019 and 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:

Signed at Perth:

Signature affixed to original document and held on file

Mr Vladimir Nikolaenko

Managing Director

Dated this 13th day of March 2020

Independent Auditor's Review Report

To the members of Surefire Resources NL

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Surefire Resources NL and its controlled entities ("the Group"), which comprises the consolidated condensed statement of financial position as at 31 December 2019, the consolidated condensed statement of financial performance, consolidated condensed statement of changes in equity and the consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of 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 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 2019 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 Surefire Resources NL, 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.

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 half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2019 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*.

Emphasis of matter - Inherent uncertainty regarding continuation as a going concern

Without modifying our opinion, we draw attention to Note 1 to the financial statements which outlines that the ability of the Group to continue as a going concern is dependent on the Group securing additional funding through either the issue of further shares and/or options.

As a result there is material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Signature of Elderton Audit Pty Ltd affixed to original document and held on file

Elderton Audit Pty Ltd

Signature of Rafay Nabeel affixed to original document and held on file

Rafay Nabeel
Audit Director
13 March 2020
Perth