



2018 HALF-YEAR REPORT



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& Board of Directors

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AUSTRALIAN REGISTER

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STOCK EXCHANGE

AUSTRALIA

Australian Securities Exchange Limited
Exchange Code:
RTG - CHESS Depository Interests (CDI's)

TORONTO

Australian Securities Exchange
Exchange Code:
RTG - Fully paid shares

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WEBSITE

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MANAGEMENT DISCUSSION & ANALYSIS





MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018

**RTG MINING INC.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED JUNE 30, 2018**

This Management Discussion and Analysis ("MD&A") of RTG Mining Inc. ("RTG", "Company" or the "Group") provides a review of the operations and performance of the Company and compares its performance with those of the preceding year and quarters. This MD&A also provides an indication of future developments along with issues and risks that can be expected to impact future operations. This report has been prepared on the basis of available information up to June 30, 2018 and should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2017, and the related notes thereto, which have been prepared in accordance with International Financial Reporting Standards and the Annual Information Form ("AIF") dated March 29, 2018 for the year ended December 31, 2017.

All figures are in US dollars unless otherwise indicated, and the effective date of this MD&A is August 14, 2018.

Additional information relating to the Company, including the Company's financial statements and AIF can be found on SEDAR at www.sedar.com.

DESCRIPTION AND OVERVIEW OF BUSINESS

RTG was incorporated on December 27, 2012 in the British Virgin Islands. The Company's registered office is AMS Trustees Ltd of Sea Meadow House, Blackburne Highway, (PO Box 116) Road Town, Tortola VG1110, British Virgin Islands. On June 4, 2014, RTG completed the implementation of the schemes of arrangement (the "Schemes") pursuant to the terms of the previously announced scheme implementation deed dated February 24, 2014 (the "Deed") between RTG and Sierra Mining Limited ("Sierra") to acquire all of the outstanding securities of Sierra.

Pursuant to the Schemes, RTG has acquired a 40% interest in each of Mt. Labo Exploration and Development Corporation ("Mt. Labo"), St Ignatius Exploration and Mineral Resources Corporation, Bunawan Mining Corporation ("Bunawan Mining Corp") and Oz Metals Exploration and Development Corporation, collectively known as the "Philippines Associates".

Overview of the three and six months ended June 30, 2018

Highlights for the three months ended June 30, 2018 included:

RTG's Bougainville Interests

- RTG is the nominated development partner with the joint venture company established by the Special Mining Lease Osikaiyang Landowners Association ("SMLOLA") and Central Exploration Pty Ltd ("Central") in their proposal with respect to the redevelopment of the Copper-Gold Panguna Project located in the Central Region of the island of Bougainville, within the Autonomous Region of Bougainville, Papua New Guinea ("PNG"). The proposal is an initiative of the old Panguna mine's customary landowners (who are represented by SMLOLA) and is conditional upon the support of the Autonomous Bougainville Government ("ABG") and others.
- During the period, the SMLOLA members made significant progress delivering unity amongst members requested by the ABG President Honourable Chief Dr John Momis, with the most recent petition demonstrating around 90% of the available titleholders (as prepared by Bougainville Copper Limited ("BCL"), which will be reviewed under an extensive social mapping program if the landowner consortium is successful in securing an exploration licence) supporting both the leadership of the SMLOLA and the Landowner led redevelopment proposal with RTG.

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FOR THE THREE MONTHS ENDED JUNE 30, 2018**

- During the period, RTG announced together with the SMLOLA that the Company donated much needed medical supplies to the new Arawa District Hospital. RTG was also the major sponsor of the Autonomous Region of Bougainville Day, a sponsor of the Womens' Federation Conference of women leaders from throughout both PNG and Bougainville and providing assistance for school fees for local communities.
- Subsequent to the period the Company increased its interest in and secured control of Central. Through further direct and indirect investment and conversion of loans, the Company increased its interest to just under 70% of Central.

RTG's Philippines Interests

- Mt. Labo is continuing with the arbitration proceedings against Galeo Equipment Corporation ("Galeo") in the Singapore International Arbitration Centre seeking a number of reliefs, including a declaration that the Joint Venture Agreement ("JVA") was validly terminated and the compromise agreement was validly rescinded.
- It was an active time during the period on the legal matters with Mt. Labo now having lodged the Memorial, setting out the legal arguments in support of its position in the arbitration proceedings, together with a number of affidavits providing supporting evidence for the legal arguments.
- Mt. Labo continues to work with the Department of Environment and Natural Resources ("DENR") and Mines and Geosciences Bureau ("MGB") to progress and perfect the permitting process for the Mabilo Project.
- Mt. Labo completed an IP survey, designed to identify extensions of the known skarn mineralisation and to better target potential porphyry sources. Analysis of the survey results will be completed in the next period.
- Subsequent to the end of the period, the DENR lifted the moratorium on the acceptance, processing and/or approval of applications for exploration permits for metallic and non-metallic minerals.

Other Interests

- The Company continues to investigate a number of new business development opportunities diversifying its Philippine interests including the abovementioned opportunity in Bougainville, should the landowners be successful in their current efforts.

Corporate

- On February 27, 2018, the Company announced it had received commitments of approximately US\$34 million in a private placement to Australian and international institutional and sophisticated investors ("Private Placement") for approximately 311 million new Chess Depository Instruments ("Securities") to be issued through two tranches.
- The Private Placement was completed on May 3, 2018 and raised just over US\$30 million after costs. Additionally, 12,715,201 unlisted advisor options were issued to the US Placement Agent.

Overview of Operations

RTG's Bougainville Interests

RTG is the nominated development partner with the joint venture company established by the SMLOLA and Central in their proposal with respect to the redevelopment of the Copper-Gold Panguna Project located in the Central Region of the island of Bougainville, within the Autonomous Region of Bougainville, PNG. RTG now owns just under 70% of Central. The proposal, being led by the SMLOLA, is a landowner initiative and will be subject to the success or otherwise of the SMLOLA in securing a role in the redevelopment of the mine and the minerals which are owned by the landowners represented by SMLOLA. The SMLOLA proposal is dependent upon them gaining the support of the ABG and others.

The members of the SMLOLA are the owners of the customary land which is the subject of the old BCL operated Panguna open pit mine. BCL has been unable to secure their consent to the extension of the term of EL1, a 2 year exploration licence granted in substitution for BCL's former special mining lease.

The ABG announced in December 2017, that the Bougainville Executive Council confirmed that BCL did not receive the necessary consent of the members of the SMLOLA, which the ABG President said is a basic requirement under the Bougainville Mining Act. Additionally, the ABG has sought to impose a moratorium over the grant of new licenses over Panguna, whilst it consults with the Panguna Landowners on an appropriate arrangement or the best alternative model for the development of the Panguna Mine. The ABG Parliament approved the imposition of the moratorium in March 2018. President Momis, in an interview with the ABC reported on January 8, 2018 (<http://www.abc.net.au/news/programs/pacific-beat/2018-01-08/mining-at-panguna-put-on-hold-indefinitely/9311220>), said that the majority of people were opposed to BCL because of what they have done in the past, BCL's failure to assist with restoration of Bougainville since the crisis, and that BCL has not seemed to have changed its attitude towards the mine and Landowner issues. The ABG is a 36% shareholder in BCL. BCL has issued legal proceedings against the ABG in respect of their decision to refuse BCL's application to extend the term of its exploration license. BCL is also seeking access to information from RTG through the Courts to assist in their consideration of their response to the recent denial of their exploration license renewal application in Bougainville by the ABG and the position of landowners. RTG is not aware of any legal basis for the request and is now awaiting the findings of the Court.

During the period, the SMLOLA members made significant progress delivering unity amongst members requested by the ABG President Honourable Chief Dr John Momis, with the most recent petition demonstrating around 90% of the available titleholders (as prepared by BCL, which will be reviewed under an extensive social mapping program if the landowner consortium is successful in securing an exploration licence) supporting both the leadership of the SMLOLA and the Landowner led redevelopment proposal with RTG.

The SMLOLA continue to work closely with the ABG to develop a proposal for the redevelopment of Panguna, free of all legacy-issues, that will have broad support of not only its members but importantly all Bougainvilleans, and which will deliver a strong and successful future for Bougainville.

In December 2017, Mr Philip Miriori was confirmed as the chairman of the SMLOLA, resulting in the motion to withdraw all court actions relating to SMLOLA leadership. Mr Miriori entered into and signed a formal written reconciliation agreement with Mr Lawrence Daveona following a customary reconciliation process, with the full reconciliation between the parties working well to unify the landowners at Panguna.

Subsequent to the period, the Company increased its interest in and secured control of Central. Through further direct and indirect investment and conversion of loans, the Company increased its interest to just under 70% of Central.

RTG's Philippines Interests

At the Mabilo Project, during the period, an IP survey was completed. The survey was designed to identify extensions to the known skarn mineralisation and to better target potential porphyry sources. Analysis of the survey results will be completed next period. Mt. Labo is focussed on continuing to progress the permitting and local issues given the uncertainty that was created for mining during the term of the previous Secretary of the DENR and the dispute with the joint venture partner of Mt. Labo.

Work also continued on maintaining the social license with agreed community development programs in and around the project area gaining further momentum. Environmental monitoring was conducted in line with licence conditions and Mt. Labo continues to work with the DENR and MGB to progress and perfect the permitting process for the Mabilo Project.

General Cimatú was confirmed in the Philippines as the new Secretary of the DENR, replacing the previous Secretary Ms Gina Lopez. The mining industry has overwhelmingly supported the appointment of Secretary Cimatú, who has been quoted as supporting "responsible mining" in the Philippines. We believe the appointment of the new Secretary of the DENR has been positive for the industry and will continue to be constructive as he works through his stated initiatives.

On October 25, 2017, Secretary Cimatú announced, as co-chair of the Mining Industry Coordinating Council, that a majority of MICC members voted to recommend a change in the policy of the DENR with regard to the ban on open-pit mining.

On August 1, 2018, the Company announced the completion of the audit of all mining operations pursuant to DENR Memorandum Order No. 2016-01, re: *Audit of All Operating Mines and Moratorium on New Mining Projects*. In line with the President's Economic Agenda, particularly on increasing competitiveness and the ease of doing business to attract local and foreign direct investment to the country, the moratorium on the acceptance, processing and/or approval of applications for Exploration Permit for metallic and non-metallic minerals has been lifted.

Mt. Labo has commenced arbitration proceedings against Galeo in the Singapore International Arbitration Centre in accordance with the provisions of the JVA and the compromise agreement. In those arbitration proceedings, Mt. Labo seeks a number of reliefs, including a declaration that the JVA was validly terminated in January 2017 and the compromise agreement was validly rescinded. Under the JVA, on termination the innocent party is then given the right to buy out the guilty party at a 10% discount to book value, which for the joint venture is nominal given it was still in the exploration phase of the project. Galeo had commenced a number of actions against Mt. Labo and others in the Philippine Courts which has now been referred for arbitration in Singapore, consolidating all current actions in the Singapore Arbitration process.

It was an active time during the period on the legal matters with Mt. Labo now having lodged the Memorial, setting out the legal arguments in support of its position in the arbitration proceedings, together with a number of affidavits providing supporting evidence for the legal arguments.

As we have stated previously, Mt. Labo had hoped to avoid commencing proceedings, but the actions of Galeo to date have left the company with no other option to protect its interests.

MABILO PROJECT (“Mabilo” or the “Project”)

Project Background

The Mabilo Project is located in Camarines Norte Province, Eastern Luzon, Philippines. It is comprised of one granted Exploration Permit (EP-014-2013-V) of approximately 498 ha; and two Exploration Permit Applications (EXPA-000209-V) covering 498 ha and (EXPA-000188-V) covering 1,991 ha. The Mabilo Project area is relatively flat and is easily accessed by 15 km of all-weather road from the highway at the nearby town of Labo.

Massive magnetite mineralisation containing significant copper and gold grades occurs as replacement bodies together with mineralised garnet skarn and calc-silicate altered rocks within a sequence of hornfels sediments of the Eocene aged Tumbaga Formation. The garnet and magnetite skarn rocks were extensively altered by argillic retrograde alteration and weathering prior to being covered by 25-60 metres of post mineralisation Quaternary volcanoclastics (tuff and lahar deposits) of the Mt. Labo Volcanic Complex. The deposits are localised along the margins of a diorite stock which does not outcrop within the Exploration Permit.

The primary copper mineralisation (predominantly chalcopyrite with lesser bornite) occurs as disseminated blebs and aggregates interstitial to magnetite grains and in voids within the magnetite. A strong correlation between gold and copper values in the un-weathered magnetite skarn indicates the gold is hosted by the chalcopyrite. A late stage phase of sulphide mineralisation (predominantly pyrite) veins locally brecciates the magnetite mineralisation.

In places the more shallow upper parts of the magnetite skarn bodies were weathered to form hematite skarn. Copper in the weathered zone was remobilised forming high-grade supergene copper zones (chalcocite and native copper) at the base of the weathering profile. The gold is more variable, remobilised throughout the hematite skarn and is domained within garnet skarn and calc-silicate altered country rocks in places. The average iron grade of the hematite skarn is consistent with the magnetite skarn.

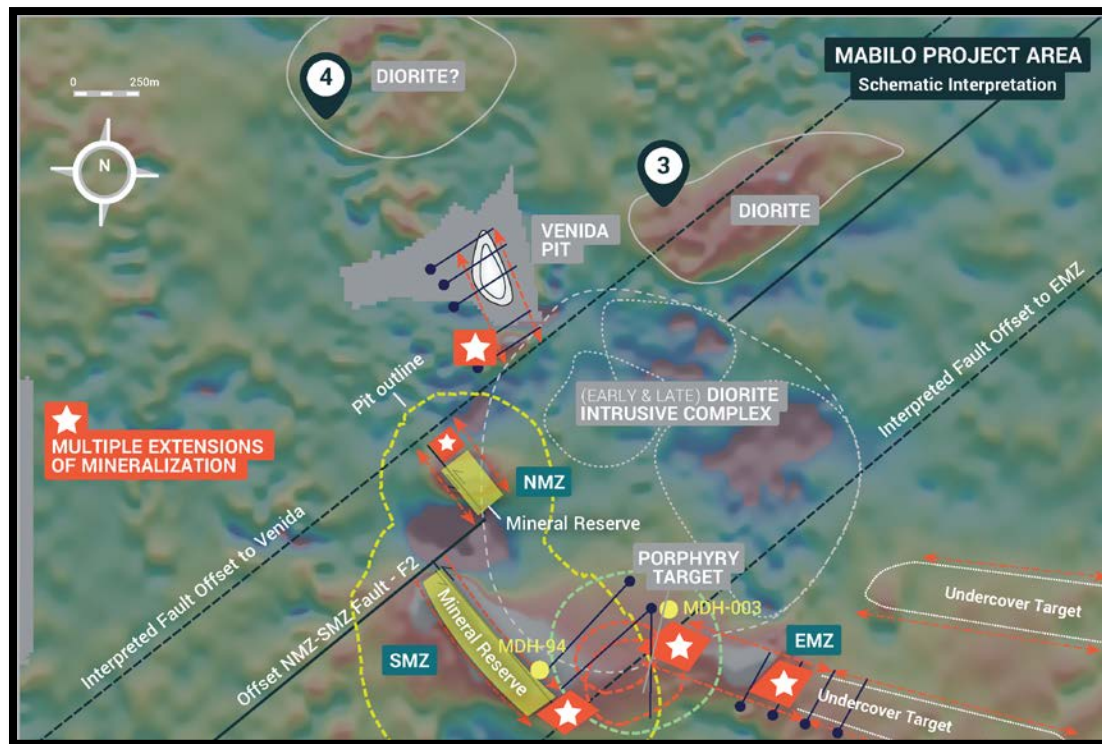


Figure 1- RTP ground magnetic image with modelled South, North and East magnetic bodies, showing exploration upside targets.

Mt. Labo discovered the mineralisation in 2012 during a reconnaissance drilling program targeted on magnetic anomalies from a ground magnetic survey conducted by a former explorer. Mt. Labo subsequently conducted a new ground magnetic survey in early 2013, remodelled the data and commenced a second phase of drilling in mid-2013.

Extensive drilling has been undertaken during 2014 and 2015 with significant extensions in known strike beyond the magnetic model in the north and south directions. A total of 69 drill holes totalling 11,231m were used for the maiden Resource estimate (ASX released on November 24, 2014). An updated Resource estimate (ASX released on November 5, 2015) was completed using 98 drill holes totalling 18,200.9m. By the end of December 2015, 111 drill holes had been completed at the project. **The current Resource is open down plunge and along strike.**

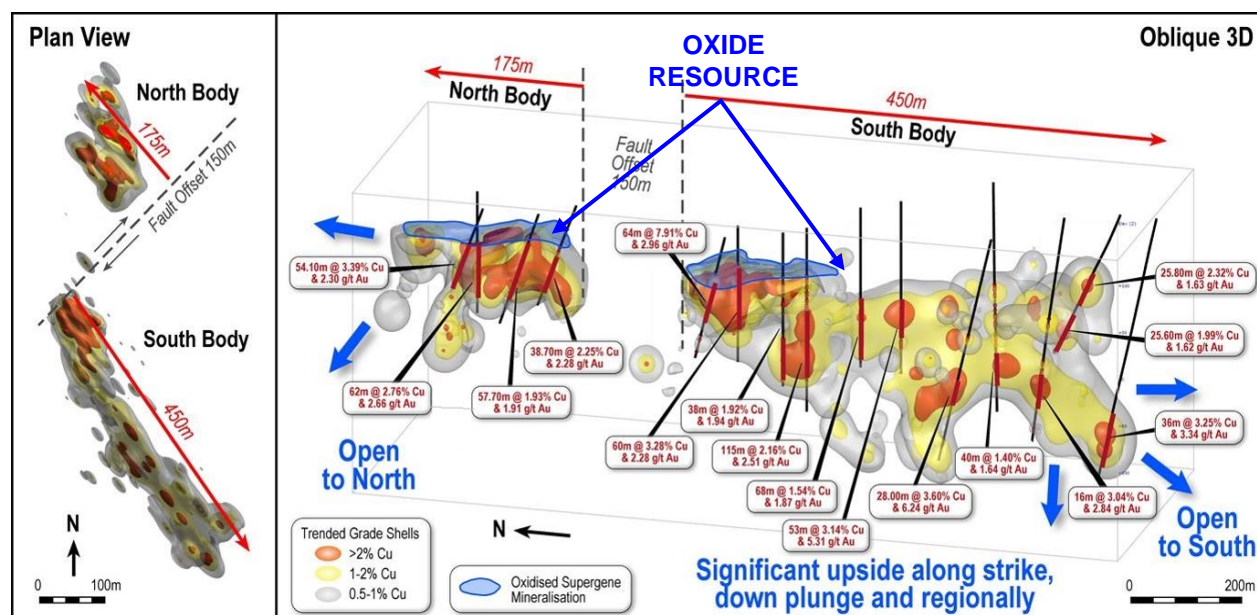


Figure 2 - North and Southern Mineralised Zones with intercept highlights - Schematic Oblique view 3D.

Mabilo Mineral Resource

The current November 2015 Mineral Resource was prepared by independent resource consultancy CSA Global Pty Ltd ("CSA") and was reported in accordance with the JORC Code (2012) and National Instrument 43-101 – Standards of Disclosure for Mineral Projects. There has been no additional drilling on the deposit since the release of the last Resource.

Table 1 - Mineral Resource Estimate as at November 2015 for the Mabilo Project

| Weathering State | Classification | Million Tonnes | Cu % | Au g/t | Ag g/t | Fe % | Cu Metal (Kt) | Au Oz ('000s) | Fe Metal (Kt) |
|-------------------|-------------------|----------------|------|--------|--------|------|---------------|---------------|---------------|
| Oxide + Supergene | Indicated | 0.78 | 4.1 | 2.7 | 9.7 | 41.2 | 32.1 | 67.1 | 320.8 |
| | Inferred | 0.05 | 7.8 | 2.3 | 9.6 | 26 | 3.7 | 3.5 | 12.3 |
| Fresh | Indicated | 8.08 | 1.7 | 2 | 9.8 | 46 | 137.7 | 510.5 | 3,713.70 |
| | Inferred | 3.86 | 1.4 | 1.5 | 9.1 | 29.1 | 53.3 | 181.5 | 1,121.80 |
| Combined | Indicated (Total) | 8.86 | 1.9 | 2 | 9.8 | 45.6 | 169.8 | 577.6 | 4,034.50 |
| Combined | Inferred (Total) | 3.91 | 1.5 | 1.5 | 9.1 | 29 | 57 | 184.9 | 1,134.10 |

Note: Differences may occur due to rounding. All elements reported as total estimated in-situ for blocks above 0.3 g/t Au lower cut-off, no recovery factors have been considered. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Feasibility Study (“FS”)¹

The Company announced on March 18, 2016 the results from an independent NI 43-101 compliant FS for 100% of the high grade Mabilo Project in Southeast Luzon, Philippines². The Mabilo Project is both high grade and low cost, underpinning the robust economics presented in the FS including a 33% IRR after tax at US\$5,000/t Cu US\$1,200/oz Au prices (43.6% with only a 10% lift in commodity prices). Since the preparation of the FS, commodity prices for both copper and gold have improved materially, increasing the value of the project.

Mabilo Mineral Reserves

Mineral Reserves are quoted within specific pit designs based on Indicated Resources only and take into consideration the mining, processing, metallurgical, economic and infrastructure modifying factors.

Table 2 - Probable Mineral Reserve Estimate

| Ore | | | | | | | Waste | Strip Ratio |
|---------------------------|-------------|--------------|-------------|-------------|-------------|-------------|--------|-------------|
| Class | Type | Mt | Fe % | Au g/t | Cu % | Ag g/t | Mt | |
| Probable | Gold Cap | 0.351 | 40.1 | 3.11 | 0.38 | 3.26 | 77.713 | 10.0 |
| | Supergene | 0.104 | 36.5 | 2.20 | 20.7 | 11.9 | | |
| | Oxide Skarn | 0.182 | 43.6 | 2.52 | 4.17 | 19.9 | | |
| | Fresh | 7.155 | 45.9 | 1.97 | 1.70 | 8.73 | | |
| Total Probable Ore | | 7.792 | 45.5 | 2.04 | 1.95 | 8.79 | | |

The November 2015 Resource estimation provided by CSA classified the Resource for the Mabilo Project as Indicated and Inferred. Only Indicated Mineral Resources as defined in NI 43-101 were used to establish the Probable Mineral Reserves. No Reserves were categorized as Proven.

¹ The Company confirms that all the material assumptions underpinning the Feasibility Study as announced to the ASX on March 18, 2016 continue to apply and have not materially changed. A copy of the announcement can be found on the Company's website at www.rtgmining.com.

² The FS is based on a treatment rate of 1Mtpa. A treatment rate of 1.35Mtpa was also considered in an upside case. Factored indicative capital and operating cost estimates were developed for a planned throughput of 1.35 Mtpa. The capital cost estimates were derived from first principles for the 1 Mtpa process plant to an accuracy of +/- 15% and then the capital cost estimates were factored with an accuracy of +/- 25% for the 1.35 Mtpa process plant. The operating cost estimates were derived from first principles for the 1Mtpa process plant and then plant costs were factored with an accuracy of +/- 25% for the 1.35Mtpa operating scenario. All costs are in 2015 US dollars.

BUNAWAN PROJECT

The Bunawan Property is located in the east of Mindanao Island in Agusan del Sur province, approximately 190 km north-northeast of Davao and adjacent to the Davao – Surigao highway.

The Bunawan Project (Figure 3) is centred on a diatreme intrusive complex (Mahunoc diatreme) approximately five km NE of Medusa Mining's Co-O mine in eastern Mindanao. Historical production at the Co-O Mine has demonstrated a significant high grade gold system and there is active artisanal mining throughout the region which further reinforces the gold potential of the area. A number of the artisanal mining operations occur within and adjacent to the Mahunoc diatreme and the area is highly prospective for the discovery of economic epithermal Au-Ag mineralisation of intermediate sulphidation / carbonate-base metal type.

The ground magnetics and mapping suggest that the southern margin of the diatreme is a relatively flat-lying apron shallowly overlying andesite wall rock and that Au mineralisation in the diatreme within the “mineralised corridor” is derived from veins in the structural zone in the underlying andesite.

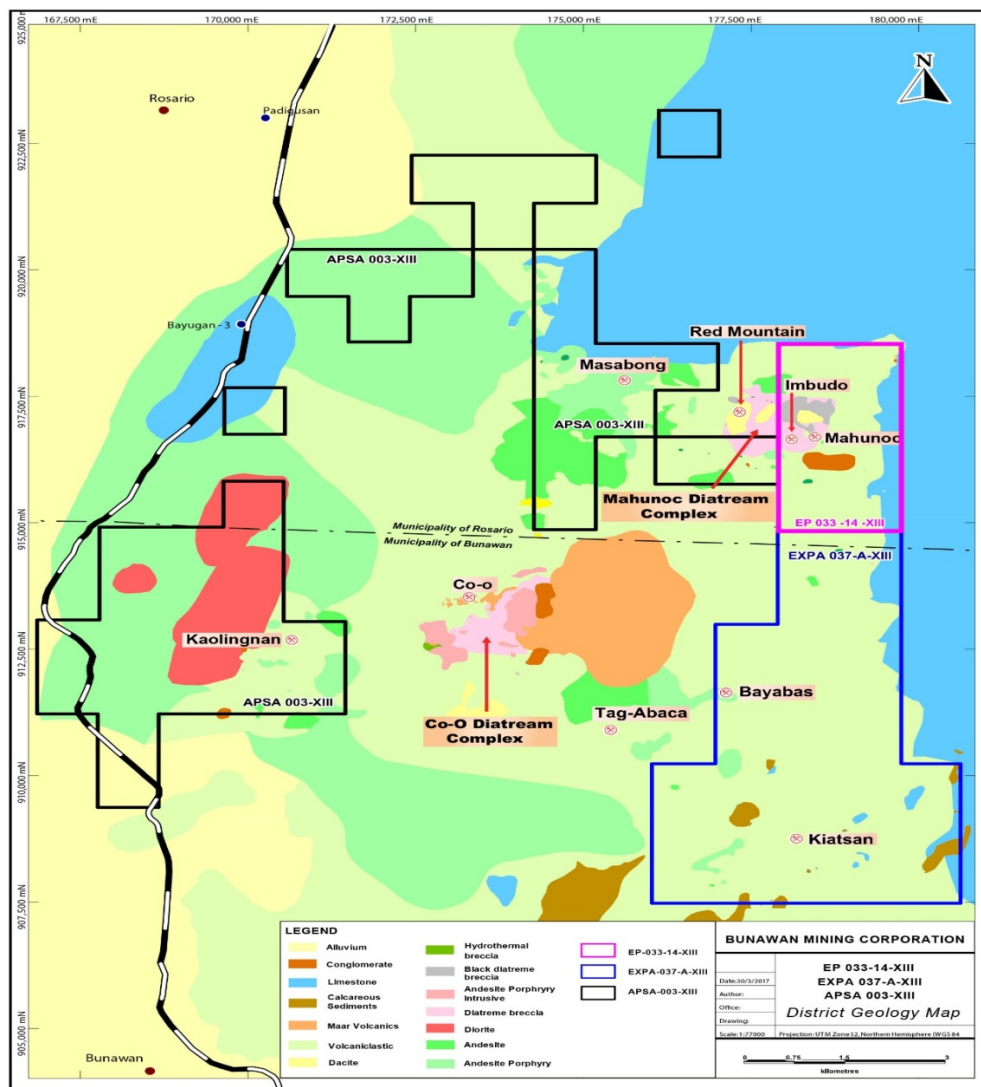


Figure 3 - Bunawan Location Plan with Regional Geology

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Two drilling campaigns to date have intercepted broad widths of mineralisation including:

Table 3 – Bunawan Project Significant Down-hole Intersections

| Hole | From | To | Metres | Au g/t |
|---|------|-----|--------|--------|
| BDH-01 | 163 | 186 | 23 | 1.23 |
| BDH-06 | 111 | 147 | 36 | 1.49 |
| BDH-08 | 229 | 239 | 10 | 5.09 |
| BDH-10 | 163 | 167 | 3.6 | 4.58 |
| BDH-15 | 39 | 48 | 9 | 2.02 |
| <i>Previously reported and released on ASX on February 5, 2015 and April 18, 2017</i> | | | | |

This drilling has also confirmed the presence of breccia/epithermal vein systems within and below the diatreme and veining within an Andesite unit that is similar geologically to the nearby Co-O vein system. The discovery of a favourable mineralised dacite host also adds to the increased mineral potential of the property. Hydrothermal alteration assemblage in the dacite suggests that it may be a component of a high-sulphidation system in the general area. With the various geological conditions identified, the region has the potential to see another major gold discovery.

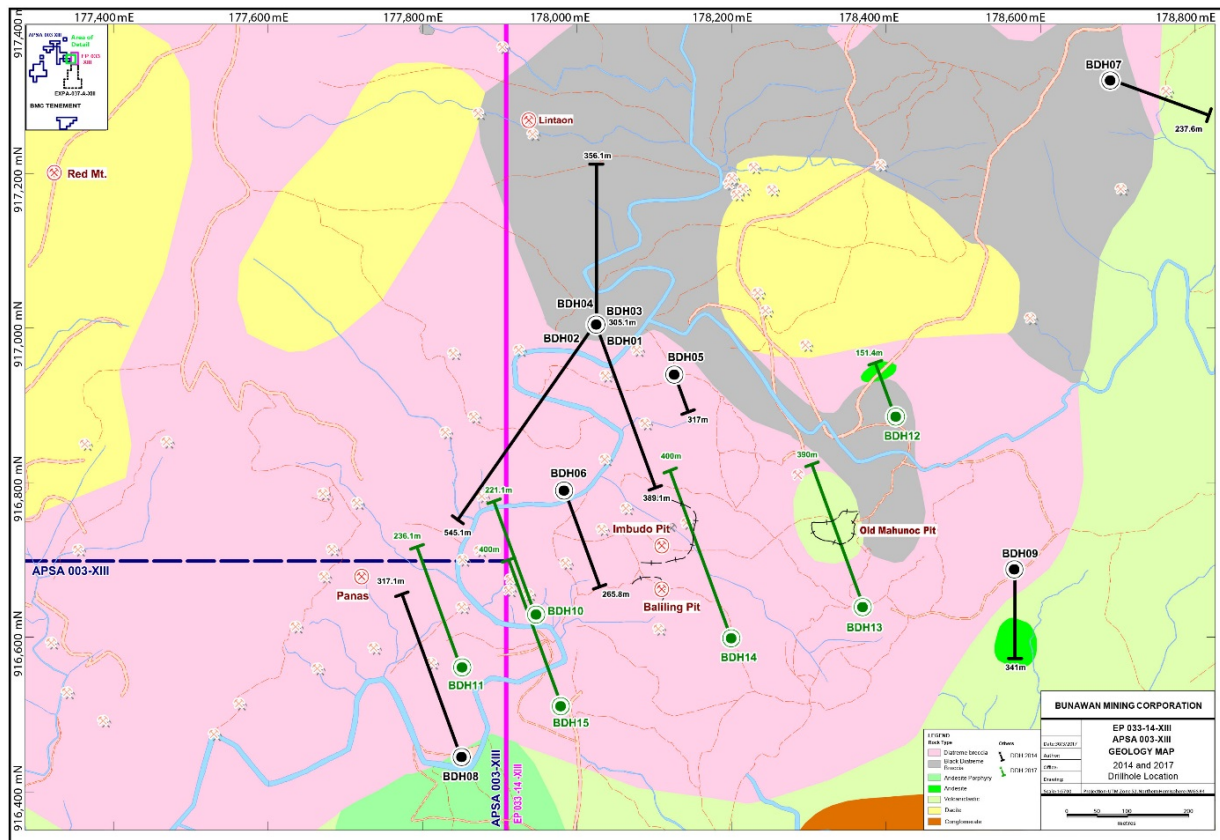


Figure 4 - Geological Map showing locations of completed drill holes and artisanal gold workings.

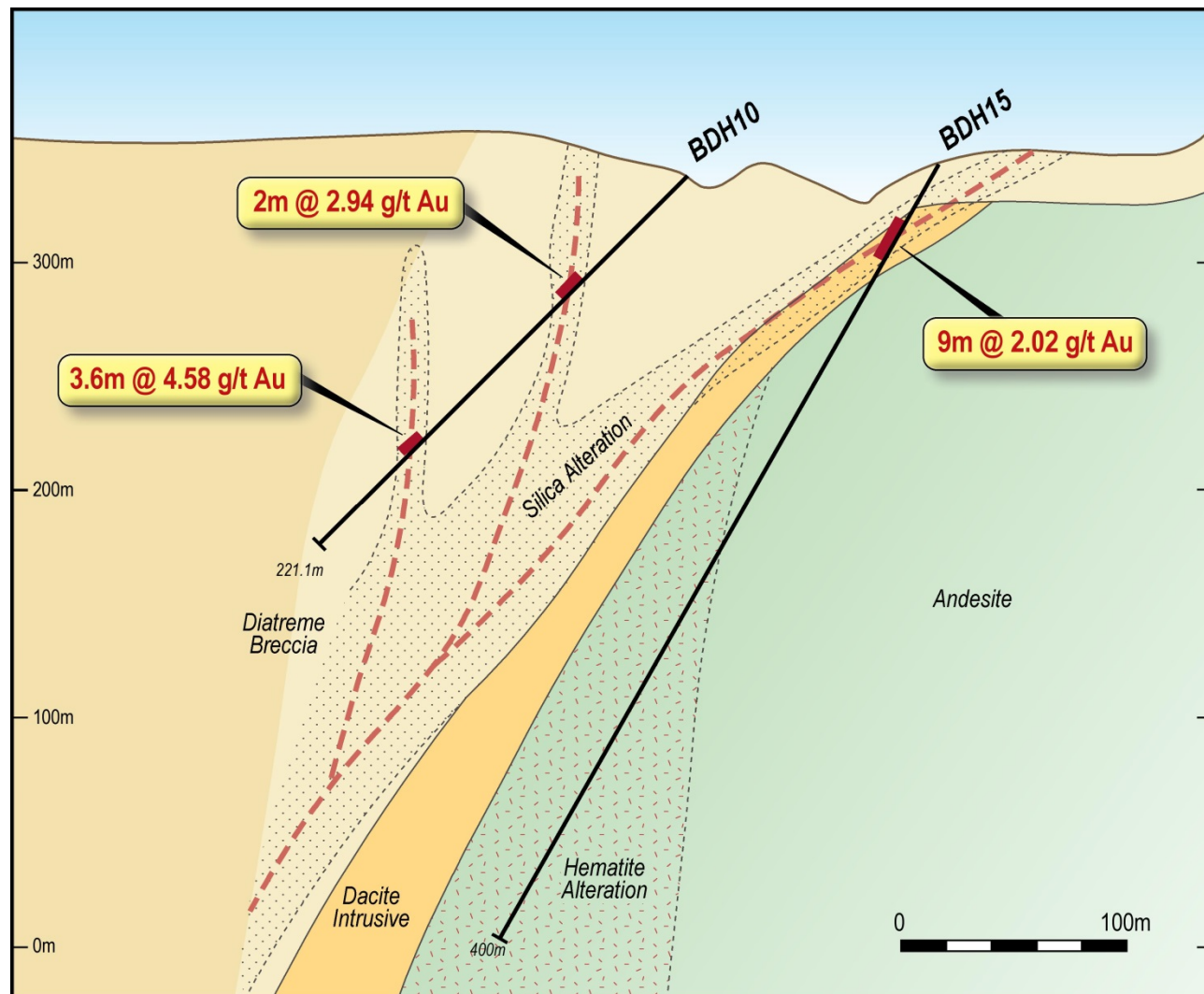


Figure 5 - BDH15 & BDH10 interpretive geological cross-section showing mineralization on the edge of the diatreme and the newly found mineralized Dacite.

NALESBITAN PROJECT

The Nalesbitan Project comprises Mining Lease Contract MRD-459 of 500 Ha which was renewed as an MPSA in June 2016. The Nalesbitan Project covers a large zone of alteration in which widespread zones of epithermal gold, silver and copper mineralisation have been outlined.

The mineralisation identified to date includes both low sulphidation and high sulphidation epithermal gold veins, potentially proximal to porphyry copper at depth. Induced Polarisation chargeability anomalies, interpreted to be due to sulphides associated with porphyry copper mineralisation, have been outlined in the southern part of the alteration zone. The Nalesbitan Project system has similarities to the giant Lepanto / Far South-East copper and gold porphyry system in northern Luzon.

The continuing focus at the Nalesbitan Project is the advancement of community relations activities.

JOINT VENTURE

During 2016, Mt. Labo rescinded the previous settlement agreement with its joint venture partner, Galeo, due to non-performance and had served a notice of termination of the JVA and referred the matter to arbitration. During the March quarter of 2017, following a 60 day notice period pursuant to the JVA, the joint venture was automatically terminated on January 31, 2017, due to Galeo not remedying the notified breaches of the JVA.

Mt. Labo has now also commenced arbitration proceedings against Galeo in the Singapore International Arbitration Centre in accordance with the provisions of the JVA and the compromise agreement. In those arbitration proceedings, Mt. Labo seeks a number of reliefs, including a declaration that the JVA was validly terminated and the compromise agreement was validly rescinded. Under the JVA, on termination the innocent party is then given the right to buy out the guilty party at a 10% discount to book value, which for the joint venture is nominal given it was still in the exploration phase of the project. Galeo had commenced a number of actions against Mt. Labo and others in the Philippine Courts which has now been referred for arbitration in Singapore, consolidating all current actions in the Singapore Arbitration process.

During the quarter, Mt. Labo lodged the Memorial, setting out the legal arguments in support of its position in the arbitration proceedings, together with a number of affidavits providing supporting evidence for the legal arguments.

OTHER PHILIPPINES PROJECTS

Bahayan Project

The Bahayan Project in the Philippines comprises Exploration Permit application 123 ("EXPA-123-XI") covering 69.2km² of ground near the Diwalwal mining camp. High-grade gold veins were discovered at Diwalwal in the early 1980's, although there has been little modern exploration at Diwalwal and surrounding areas. Based on the MGB XI MTSR as of December 2016, EXPA-123-XI has been endorsed to the MGB Central Office and is awaiting the clearance of the MGB Director.

Production from the low sulphidation epithermal quartz veins at Diwalwal is estimated to have exceeded 8 million ounces of gold. Geologically the steep dipping veins strike west-northwest and occur in highly fractured zones which are deeply oxidized, silicified and chloritised.

Historic work at the Bahayan Project has included the completion of 60.2 line kms of ground magnetic survey, further geological mapping, rock chip sampling and petrographic work. The Bahayan Project continues to show potential and the ground magnetic work has highlighted a number of areas that warrant further interpretation and follow up resistivity work. No work was conducted on this project during the period.

Mawab Project

The Mawab Project in the Philippines comprises two contiguous applications which have a combined area of 65.66 km². They are located in the Masara Mineral Field, one of most highly mineralised sections of the Pacific Cordillera where there are a number of past mines and deposits currently at an advanced stage of development. No work was conducted on this project during the period.

Taguibo Project

The Taguibo Project in the Philippines comprises one granted Exploration Permit and two applications for Exploration Permits covering a combined area of 128.7 km². Exploration Permit (000001-06-XI) was granted on October 18, 2006. No work was conducted on this project during the period.

OTHER INVESTMENTS

On August 22, 2016 the Company announced the completion of the sale of its Segilola Gold Project in Nigeria to Thor Explorations Ltd ("Thor"), a TSX-V listed company, for total consideration of \$8.5M, including \$3.0M consideration upfront, \$1.5M in cash and \$1.5M in Thor listed shares. As at June 30, 2018 the listed shares were held as a financial asset at fair value through other comprehensive income at \$2.4M. An additional \$2.0M cash payment and a capped royalty on the Segilola Gold Project of \$3.5M was included as part of the consideration for the sale; however, has not yet been received as it is not due yet. As at June 30, 2018, the receivable was held as a financial asset at amortised cost at \$1.6M

RESULTS OF OPERATIONS

The Company recorded a net loss for the three and six month periods ended June 30, 2018 of \$4.020M and \$7.795M respectively, as compared to net losses of \$4.342M and \$5.964M for the three and six month periods ended June 30, 2017. The impairment expenses recognised over the Company's investment in Philippines Associates increased in the three and six month period compared to the prior year. The Company also recognised fair value loss on its financial assets at fair value through profit and loss. The business development expenses increased for both periods.

Adjusting for impairment and fair value loss, the loss for the six month period ended June 30, 2018 was \$0.887M higher than the prior period, which is mainly due to increased business development expenses, an increase in foreign exchange losses, offset by a reduction in the share of Philippines Associates losses.

Adjusting for impairment and fair value loss, the loss for the three month period ended June 30, 2018 was \$0.462M higher than the prior period. The increased loss for the three month period compared to the prior year was mainly due to increased business development expenses and foreign exchange losses.

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Consolidated year to date results

(US\$000's, except per share information)

| Profit and loss results for the period | June 30, 2018 (6 months) | June 30, 2017 (6 months) |
|---|-------------------------------------|-------------------------------------|
| Other income | 68 | 34 |
| Business development expenses | (1,806) | (810) |
| Share of Philippines Associates loss | (375) | (918) |
| Fair value loss on financial asset at fair value through profit or loss | (3,839) | - |
| Impairment expense | (9,736) | (3,095) |
| Foreign exchange (loss) / gain | (408) | 173 |
| Administrative expenses | (1,235) | (1,348) |
| Loss from continuing operations | (17,331) | (5,964) |
| Gain from discontinued operations | - | - |
| Net loss for the year | (17,331) | (5,964) |
| Loss per share from continuing operations | | |
| Basic loss per share (US\$ cents) | (6.30) | (3.56) |
| Diluted loss per share (US\$ cents) | (6.30) | (3.56) |
| Loss per share attributable to ordinary shareholders | | |
| Basic loss per share (US\$ cents) | (6.30) | (2.67) |
| Diluted loss per share (US\$ cents) | (6.30) | (2.67) |
| Total assets | 30,327 | 22,518 |
| Total liabilities | 641 | 455 |
| Working capital | 27,092 | 6,885 |
| Net assets | 29,685 | 22,063 |

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Consolidated quarterly results

(US\$000's, except per share information)

| Profit and loss results for the quarter | Three month period ended | | | | | | | | |
|---|--------------------------|----------------|----------------|----------------|----------------|----------------|-----------------|----------------|----------------|
| | Jun 30, 2018 | Mar 31, 2018 | Dec 31, 2017 | Sep 30, 2017 | Jun 30, 2017 | Mar 31, 2017 | Dec 31, 2016 | Sep 30, 2016 | Jun 30, 2016 |
| Other income | 67 | 1 | 1 | 67 | 9 | 25 | 18 | 210 | 2 |
| Business development expenses | (644) | (1,162) | (735) | (237) | (312) | (498) | (388) | (299) | (317) |
| Fair value loss on financial asset at fair value through profit or loss | (2,113) | - | - | - | - | - | - | - | - |
| Administrative expenses | (471) | (764) | (524) | (656) | (590) | (759) | (491) | (871) | (962) |
| Impairment expense | (9,736) | (1,726) | (905) | (1,859) | (3,096) | - | (80,747) | - | - |
| Exploration and evaluation expenditure | - | - | - | - | - | - | (126) | (84) | (204) |
| Share of Philippines Associates loss | (260) | (115) | (298) | (278) | (344) | (574) | 446 | (298) | (205) |
| Foreign exchange gain / (loss) | (399) | (9) | (4) | 31 | (9) | 182 | (207) | 156 | 2 |
| Loss from continuing operations | (13,556) | (3,775) | (2,466) | (2,932) | (4,342) | (1,623) | (81,495) | (1,186) | (1,685) |
| Gain from discontinued operations | - | - | - | - | - | - | - | 700 | - |
| Net loss for the period | (13,556) | (3,775) | (2,466) | (2,932) | (4,342) | (1,623) | (81,495) | (486) | (1,685) |
| Loss per share from continuing operations | | | | | | | | | |
| Basic loss per share (US\$ cents) | (3.61) | (2.17) | (1.47) | (1.75) | (2.59) | (0.97) | (54.70) | (0.31) | (1.25) |
| Diluted loss per share (US\$ cents) | (3.61) | (2.17) | (1.47) | (1.75) | (2.59) | (0.97) | (54.70) | (0.31) | (1.25) |
| Loss per share attributable to ordinary shareholders | | | | | | | | | |
| Basic loss per share (US\$ cents) | (3.61) | (2.17) | (1.47) | (1.75) | (2.59) | (0.97) | (54.70) | (0.09) | (1.25) |
| Diluted loss per share (US\$ cents) | (3.61) | (2.17) | (1.47) | (1.75) | (2.59) | (0.97) | (54.70) | (0.09) | (1.25) |

Specific items discussed below:

Other income

The Company earned interest income from cash held in short-term deposits for the three and six month periods ended June 30, 2018 of \$0.067M and \$0.068M respectively compared to the three and six month periods ended June 30, 2017 of \$0.009M and \$0.034M respectively.

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Business development expenses

The Company incurred business development expenses for the three and six month periods ended June 30, 2018 of \$0.644M and \$1.806M respectively compared to the three and six month periods ended June 30, 2017 of \$0.312M and \$0.810M respectively. Business development expenses were higher in the current period due to new business development opportunities diversifying its Philippine interests, including the abovementioned opportunity in Bougainville and the investment in Central.

Administrative expenses

The Company incurred administration expenses for the three and six month periods ended June 30, 2018 of \$0.471M and \$1.235M respectively compared to the three and six month periods ending June 30, 2017 of \$0.590M and \$1.348M respectively. Costs between the periods were comparable.

Share of Philippines Associates loss

The Company incurred a share of losses of its Philippines Associates of \$0.260M and \$0.375M for the three and six month periods ended June 30, 2018 respectively, compared to \$0.344M and \$0.918M for the three and six month periods ended June 30, 2017.

The share of Philippines Associates losses are generated from the investment in Philippine entities acquired in the merger with Sierra. Costs for the three month period ended June 30, 2018 were comparable to the prior three month period ended June 30, 2017. Higher costs incurred in the prior six month period ended June 30, 2017, primarily relate to project and legal related costs in the Philippines.

Foreign exchange gain / (loss)

The Company holds its cash in different currencies including Australian dollars, Canadian dollars and United States dollars which exposes the Company to foreign exchange gains and losses. For the three and six month periods ended June 30, 2018 the Company incurred foreign exchange losses \$0.399M and \$0.408M respectively, compared to a foreign exchange loss of \$0.009M and a gain of \$0.173M in the three and six month periods ended June 30, 2017 respectively. The Company's foreign exchange movements are driven by fluctuations in AUD and CAD exchange rates with the US dollar in relation to its cash reserves.

Commitments, events, risks or uncertainties

As detailed above, the joint venture between Mt. Labo and Galeo was terminated on January 31, 2017 and is subject to actions in both the Philippine Courts and Singapore Arbitration. The previous Secretary of the DENR announced a moratorium on new mining developments in the country and a ban on open pit mining, resulting in increased uncertainty with regard to the Mabilo Project. The Company believes the appointment of the new Secretary of the DENR will be constructive and positive for the industry. The Company intends to continue to work with Mt. Labo to help progress the Mabilo project.

The Company's risks are further detailed in the AIF dated March 29, 2018 in the "Risk Factors" section; this Risk Factors section is incorporated into the MD&A by reference.

LIQUIDITY AND CAPITAL RESOURCES

The Company does not have any operations that generate cash inflow at this stage. RTG's financial success relies on management's ability to find economically viable mineral deposits. This process can take many years and is largely based on factors beyond the control of RTG.

In order to finance its project exploration and development activities, and corporate overhead, the Company is dependent on investor sentiment being positive towards the exploration business, so that funds can be raised through the sale of the Company's securities.

Cash and financial conditions

As at June 30, 2018, the Company had cash and cash equivalents of \$10.820M compared to \$4.124M at December 31, 2017. As at June 30, 2018, the Company also held \$14.822M in deposits classified as receivables.

The Company had working capital of \$27.092M at June 30, 2018 compared to working capital of \$4.094M at December 31, 2017. The increase in working capital during the period can be attributed to the Private Placement offset by costs associated with new business development opportunities, costs associated with the Company's Philippines assets and general office expenses.

The Company manages liquidity risk through maintaining sufficient cash, loan facilities or credit terms with its suppliers to meet the operating requirements of the business and investing excess funds in highly liquid short term cash deposits. The Company's liquidity needs can likely be met through existing cash on hand, and planned debt and recent equity raisings to progress development of the Mabilo project, subject to current operating parameters and budgets being met.

The Company currently has in place an active program of financial forecasting and budgeting both at a corporate and project level to manage both the application of funds and planning for future financial needs to ensure that any shortfall in revenue funds is adequately covered by cash reserves or planned new sources being either debt or equity based on the then most cost effective weighted average cost of capital. Expenditure to date for the Company has been largely in line with the overall initial budget forecasts, save for any costs related to legal disputes and investment in new business opportunities.

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Group's maximum exposures to credit risk at the reporting date in relation to each class of financial asset is the carrying amounts of those assets as indicated in the Company's balance sheet.

Investing activities

The Company recognised net investing cash outflows of \$16.935M and \$18.661M for the three and six months ended June 30, 2018, compared to \$0.772M and \$2.258M for the three and six months ended June 30, 2017. During the quarter, loans were extended to the Company's Associates for a share of project and legal related costs in the Philippines as well as advances made to Central. As at June 30, 2018 the Company also held \$14.822M in deposits.

Financing activities

For the three and six month periods ended June 30, 2018, the Company recognised net financing cash inflows of \$26.498M and \$29.078M respectively, both relating to the Private Placement. For the three and six month periods ended June 30, 2017, the Company recognised no cash inflows from financing activities.

SECURITIES OUTSTANDING

The total outstanding capital of the Company as at the date of this report was 478,940,889 fully paid common shares and 12,715,201 unlisted advisor options exercisable at A\$0.14 per share, expiring on May 3, 2023.

FUTURE OUTLOOK

At the Mabilo Project, work going forward will be focused on finalising all necessary permits and further reducing operating costs while the disputes between Mt. Labo and Galeo are outstanding and the position on new developments in the Philippines is clarified. Environmental and Community Development continues at Mabilo in line with agreed programs with the local community and in line with lease requirements.

The focus will be on seeking a resolution of Mt. Labo's issues with Galeo, including the litigation and arbitration matters, and in parallel identifying and delivering on new business opportunities to diversify the Company's exposure to the Philippines, including the opportunity in Bougainville.

OFF-BALANCE SHEET ARRANGEMENTS

At the date of this report, the Company had no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties consist of companies with directors and officers in common and companies owned in whole or in part by executive officers and directors as follows for the six months ended June 30, 2018:

| Name | Nature of transactions |
|--------------------------------------|-------------------------------|
| Coverley Management Services Pty Ltd | Consulting as Director |

The Company paid the following fees in the normal course of operation in connection with companies owned by directors.

| | Three months ended | | Six months ended | |
|----------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | June 30, 2018 US\$ | June 30, 2017 US\$ | June 30, 2018 US\$ | June 30, 2017 US\$ |
| Directors fees | 10,111 | 12,519 | 20,631 | 22,128 |
| Total | 10,111 | 12,519 | 20,631 | 22,128 |

During the six month period ended June 30, 2018 the Group entered into transactions with related parties:

- Loans of \$91,639 were advanced on short term inter-company accounts, and
- Loans of \$3,839,205 were advanced on to Associates of the Company.

These transactions were undertaken on the following terms and conditions:

- Loans are repayable at call, and
- No interest is payable on the loans at present.

CONTRACTUAL OBLIGATIONS

| June 30, 2018 | | Payments due by period | | |
|--------------------------------------|----------------|------------------------|--|-------------------|
| Contractual obligations | Total | Within one year | One year and not later than five years | More than 5 years |
| Lease obligations ¹ | 153,553 | 153,553 | - | - |
| Total contractual obligations | 153,553 | 153,553 | - | - |

¹ Corporate office lease payments due.

Contingent Liabilities

At the date of this report the Company had no contingent liabilities.

CRITICAL ACCOUNTING ESTIMATES

The significant accounting policies used by RTG are disclosed in note 1 to the audited financial statements for the year ended December 31, 2017. Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on a regular basis. The emergence of new information and changed circumstances may result in actual results or changes to estimated amounts that differ materially from current estimates.

ACCOUNTING POLICIES

The Group's consolidated financial statements as at December 31, 2017 complies with IFRS as issued by the International Accounting Standards Board. The accounting policies of the Group are set out in note 1 to the December 31, 2017 audited financial statements, available on www.sedar.com.

This section explains the impact of the adoption of IFRS 9 Financial Instruments on the Company's financial statements and discloses the new accounting policies that have been applied from January 1, 2018, where they are different to those applied in prior periods.

Impact on the financial statements

As a result of the changes in the Company's accounting policies, IFRS 9 was adopted without restating comparative information. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the balance sheet as at 31 December 2017, but are recognised in the opening balance sheet on January 1, 2018, in the Company's consolidated interim financial statements for the three and six month periods ended June 30, 2018.

IFRS 9 Financial Instruments – Impact of adoption

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

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The adoption of IFRS 9 Financial Instruments from January 1, 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out below. Comparative figures have not been restated in accordance with transitional provisions.

On January 1, 2018, the Company assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories.

Reclassification from available-for-sale to fair value through other comprehensive income ("FVOCI")

The investment in an equity instrument held was reclassified from available-for-sale to FVOCI as the Company elected to present subsequent changes in fair value in other comprehensive income, in accordance with IFRS 9.

Impairment of other financial asset at amortised cost

The loan receivable from Thor was reclassified to other financial asset at amortised cost. The Company intends to hold the financial asset to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest of the principal amount outstanding. An increase of \$200,000 in the provision for impairment of the asset was recognised in opening accumulated losses at January 1, 2018:

| | Effect on accumulated losses US\$ |
|--|--|
| Opening balance – IAS 39 | 2,000,000 |
| Provision for impairment recognised as January 1, 2018 | (200,000) |
| Opening balance – IFRS 9 | 1,800,000 |

The Company notes the following financial asset was subject to the new expected credit loss model under IFRS 9: During the period ended June 30, 2018, an increase of \$200,000 in the allowance for expected loss was recognised based on a probability of default rate of 10% at transition date.

Reclassification of loans receivable from associates at amortised cost to financial assets at fair value through profit and loss ("FVPL")

The Company funds its share of costs associated with its Philippines Associates and other Associates (Central) through loan arrangements which are interest free and repayable on demand. At transition date January 1, 2018, as the associates are still in pre-development stage, the repayment of the loans is not solely interest and principle and is linked to the relevant projects achieving commercial production. The loans do not meet the IFRS 9 criteria for classification at amortised cost as it fails the contractual cashflow characteristics of sole payments of principle and interest. As a result, the loans will be carried at fair value through profit or loss from January 1, 2018.

The Group determines the fair value of the advances in consideration of the investments in associates (refer to note 11 in the June 30, 2018 interim financial statements). Considering the investments were held at nil valuation as at June 30, 2018, and the status of the relevant opportunities and credit risk, there was no recognised fair value of the advances to associates.

IFRS 9 Financial Instruments – Accounting policies applied from January 1, 2018

Investments and other financial assets

Classification

From January 1, 2018, the Group classifies its financial assets in the following measurement categories:

- those measured subsequently at fair value (either through OCI, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments: Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line items in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments: The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Income taxes

The determination of income and other tax liabilities requires interpretation of complex laws and regulations. All tax filings are subject to audit and potential reassessment after the lapse of considerable

time. Accordingly, the actual income tax liability may differ from that estimated and recorded by management.

Financial instruments and related risks

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: Financial assets at fair value through profit or loss ("FVPL"); Financial assets at fair value from other comprehensive income ("FVOCI"); and Financial Assets at amortised cost. The carrying values of the Company's financial instruments are classified into the following categories:

| Financial Instrument | Category | June 30, 2018 |
|---|---------------------------------|----------------------|
| Cash | Level 1 (FVPL) | \$10,820,084 |
| Other receivables and other current assets | Level 1 (loans and receivables) | \$15,313,500 |
| Financial asset at amortised cost | Level 1 (amortised cost) | \$1,600,000 |
| Financial assets at fair value through other comprehensive income | Level 1 (FVOCI) | \$2,442,319* |
| Trade and other payables | Level 1 (other liabilities) | \$413,860 |

* During the quarter, the Group recognised a gain on fair value measurement of \$692,835

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The recorded amounts for cash, other receivables and prepayments, and trade and other payables approximate their fair value due to their short-term nature. The Segilola receivable is recorded at amortised cost and recognises an expected credit loss.

The Group's principal financial instruments comprise cash and cash equivalents, receivables, payables and borrowings. The Company currently has in place an active program of financial forecasting and budgeting both at a corporate and project level to manage both the application of funds and planning for future financial needs to ensure that any shortfall in funds is adequately covered by cash reserves or planned new sources being either debt or equity based on the then most cost effective weighted average cost of capital.

Risk management is carried out by management, the Audit and Risk Committee and the Board under policies approved by the Board. The Board also provides regular guidance for overall risk management, including guidance on specific areas, such as mitigating foreign exchange, interest rate and credit risk.

The Group does not enter into financial instruments, including derivative financial instruments, for trade or speculative purposes.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for trading in derivatives, credit limits and future cash flow forecast projections.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each financial asset, financial liability and equity instrument are disclosed in note 1 to the audited financial statements for the year ended December 31, 2017.

Net fair values

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their respective net fair values, determined in accordance with the accounting policies disclosed in note 1 to the audited financial statements for the year ended December 31, 2017.

Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Group's maximum exposures to credit risk at the reporting date in relation to each class of financial asset are the carrying amounts of those assets as indicated in the statement of financial position. Receivable balances are monitored on an ongoing basis and to the extent that recovery is deemed to be uncertain the Company raises a provision or impairs the asset against expected recovery. To date the Elephant Copper receivable of \$1.4M has been fully provided for. A \$0.4M expected credit loss was recognised against the \$2.0M receivable from Segilola, using a 20% probability of default rate.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. The Group monitors this credit risk through holding its cash through banks with a Standard and Poors credit rating of 'A' or greater. The credit risk associated with cash is considered negligible by the Group. The Group does not hold collateral as security.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will maintain sufficient cash or credit terms with its suppliers to meet the operating requirements of the business and invest excess funds in highly liquid short term cash deposits. Maintaining surplus working capital in highly liquid short term deposits allows the Group to meet its primary objectives by being able to fund new development and acquisition opportunities at short notice.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices. These fluctuations may be significant.

(a) Interest rate risk

The Group constantly analyses its interest rate exposure. Consideration is given to potential renewals of existing positions, alternative financing and the mix of fixed and variable interest rates.

The Group's policy is to manage its exposure to interest rate risk by holding cash in short term fixed rate deposits and variable rate deposits. The Group's exposure to interest rate risk on post-tax profit or loss arises from higher or lower interest income from cash and cash equivalents.

(b) Foreign currency risk

The Company has identified its functional currency as the US dollar. Transactions are transacted in US dollars, Canadian dollars and Australian dollars. The Company maintains Australian dollar bank accounts in Australia to support the cash needs locally, and US dollar and Canadian dollar bank accounts for its international purposes.

The Company does not intend to engage in transactions to hedge its foreign exchange risks. There can be no assurance that RTG will not be materially affected thereby.

(c) Commodity price risk

It is anticipated that any revenues derived from mining will primarily be derived from the sale of precious and base metals. Consequently, any future earnings are likely to be closely related to the price of these commodities and the terms of any off-take agreements which the Company enters into.

Metal prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for minerals and metals, forward selling by producers, and production cost levels in major mineral-producing regions.

Moreover, metal prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the metal as well as general global economic conditions. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Capital risk management

The Group's total capital is defined as equity attributable to equity holders of the parent and cash and cash equivalents amounted to \$178,764,357 at June 30, 2018 (December 31, 2017: \$142,500,658).

The Group's capital management objectives are to safeguard the business as a going concern, to maintain a capital base sufficient to maintain future exploration and development of its projects. Management may issue more shares or raise or repay debt in order to maintain the optimal capital structure.

The Group does not have a target debt/equity ratio, but maintains a flexible financing structure so as to be able to take advantage of new investment opportunities that may arise. The Group monitors its capital risk management through annual cash flow projections and monthly reporting against budget.

The business of RTG should be considered speculative given the volatility in world stock markets (particularly with respect to mining and exploration companies) and the uncertain nature of mining and exploration activities generally. Amongst other things, the following are some of the key risk factors faced by RTG, its subsidiaries and associates:

- foreign exchange movements;
- movements in commodity prices (in particular gold, copper and iron ore prices and costs of production);
- securing offtake agreements for non-gold products;
- access to new capital (both debt and equity) and meeting liquidity requirements;
- the uncertain nature of exploration and development activities;
- increases in capital expenditures necessary to advance the Company's projects;
- the ability to profitably exploit new development projects;
- political, security and sovereign risks of the Philippines and Bougainville;
- joint venture and landowner relationships and disputes;

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- permitting and local government and community support; and
- environmental obligations.

For further information on these and other risks inherent in the Company's business, we direct readers to the Company's AIF for the December 31, 2017 financial year, and the May 2, 2016 43-101 Technical Report lodged on SEDAR at www.sedar.com.

SUBSEQUENT EVENTS

Subsequent to the period end, the Company increased its interest in and secured control of Central. Through further direct and indirect investment and conversion of loans, the Company increased its interest to just under 70% of Central. The financial effects of the above transaction have not been brought to account at June 30, 2018.

Other than the above, no other significant events have occurred subsequent to the reporting period that would have a material impact on this MD&A.

INTERNAL CONTROLS AND DISCLOSURE CONTROLS

The Company's Chief Executive Officer ("CEO") and interim Chief Financial Officer ("CFO") are responsible for the design and effectiveness of internal controls over financial reporting (as such term is defined in National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109")), to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with International Financial Reporting Standards. The Company maintains an effective control environment and has used the Internal Control – Integrated Framework (COSO Framework) published by The Committee of Sponsoring Organizations of the Treadway Commission to design the Company's internal controls over financial reporting. The Company's CEO and interim CFO believe that the Company's internal controls and procedures are effective in providing reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

During the quarter ended June 30, 2018, there have been no changes in the Company's policies and procedures and other processes that comprise its internal control over financial reporting, that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

The Company's CEO and interim CFO are also responsible for the design and effectiveness of disclosure controls and procedures (as such term is defined in NI 52-109) to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers. The Company's CEO and interim CFO believe that the Company's disclosure controls and procedures are effective in providing reasonable assurance that information required to be disclosed under applicable securities legislation is recorded, processed, summarized and reported in a timely manner.

The Company's CEO and interim CFO have each evaluated the effectiveness of the Company's internal controls over financial reporting and disclosure controls and procedures as of June 30, 2018 and have concluded that these controls and procedures are effective in reasonably assuring the reliability of financial reporting and that material information relating to the Company is made known to them by others within the Company and that such controls and procedures have no material weaknesses and no limits on the scope of their design.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This MD&A includes certain “forward-looking statements” within the meaning of Canadian and applicable securities legislation. Statement regarding interpretation of exploration results, plans for further exploration and accuracy of mineral resource and mineral reserve estimates and related assumptions and inherent operating risks, are forward-looking statements. Forward-looking statements involve various risks and uncertainties and are based on certain factors and assumptions. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from RTG’s expectations include uncertainties related to fluctuations in gold and other commodity prices and currency exchange rates; uncertainties relating to interpretation of drill results and the geology, continuity and grade of mineral deposits; uncertainty of estimates of capital and operating costs, recovery rates, production estimates and estimated economic return; the need for cooperation of government agencies in the development of RTG’s mineral projects; the need to obtain additional financing to develop RTG’s mineral projects; the possibility of delay in development programs or in construction projects and uncertainty of meeting anticipated program milestones for RTG’s mineral projects and other risks and uncertainties disclosed under the heading “Risk Factors” in RTG’s Annual Information Form for the year ended 31 December 2017 filed with the Canadian securities regulatory authorities on the SEDAR website at sedar.com. The forward-looking statements made in this MD&A relate only to events as of the date on which the statements are made. RTG will not release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this MD&A except as required by law or by any appropriate regulatory authority.

QUALIFIED PERSON AND COMPETENT PERSON STATEMENT

The information in this MD&A that relates to exploration results at the Mabilo and Bunawan Projects are based upon information prepared by or under the supervision of Robert Ayres BSc (Hons), who is a Qualified Person and a Competent Person. Mr Ayres is a member of the Australian Institute of Geoscientists. Mr Ayres 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” and to qualify as a “Qualified Person” under National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”). Mr. Ayres has verified the data disclosed in this MD&A, including sampling, analytical and test data underlying the information contained in the MD&A. Mr. Ayres consents to the inclusion in the MD&A of the matters based on his information in the form and the context in which it appears.

The information in this MD&A that relates to Mineral Resources is based on information prepared by or under the supervision of Mr Aaron Green, who is a Qualified Person and Competent Person. Mr Green is a Member of the Australian Institute of Geoscientists and is employed by CSA Global Pty Ltd, an independent consulting company. Mr Green has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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” and to qualify as a “Qualified Person” under National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”). Mr. Green has verified the data disclosed in this MD&A, including sampling, analytical and test data underlying the information contained in the MD&A. Mr Green consents to the inclusion in the MD&A of the matters based on his information in the form and context in which it appears.

RTG MINING INC.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED JUNE 30, 2018

The information in this MD&A that relates to Mineral Reserves and Mining is based on information prepared by or under the supervision of Mr Carel Moormann, who is a Qualified Person and Competent Person. Mr Moormann is a Fellow of the AusIMM and is employed by Orelogy Consulting, an independent consulting company. Mr Moormann has sufficient experience that is relevant to the type of deposit under consideration and to the activity which he is undertaking 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" and to qualify as a "Qualified Person" under National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). Mr Moormann has verified the data disclosed in this MD&A, including sampling, analytical and test data underlying the information contained in the MD&A. Mr Moormann consents to the inclusion in the MD&A of the matters based on his information in the form and context in which it appears.

The information in this MD&A that relates to Metallurgy and Processing is based on information prepared by or under the supervision of Mr David Gordon, who is a Qualified Person and Competent Person. Mr Gordon is a Member of the Australasian Institute of Mining and Metallurgy and is employed by Lycopodium Minerals Pty Ltd, an independent consulting company. Mr Gordon has sufficient experience that is relevant to the type of process under consideration and to the activity which he is undertaking 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" and to qualify as a "Qualified Person" under National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). Mr Gordon has verified the data disclosed in this MD&A, including sampling, analytical and test data underlying the information contained in the MD&A. Mr Gordon consents to the inclusion in the MD&A of the matters based on his information in the form and context in which it appears.

The information in this MD&A that relates to areas outside of exploration results, Mineral Resources, Mineral Reserves and Metallurgy and Processing is based on information prepared by or under the supervision of Mr Mark Turner, who is a Qualified Person and Competent Person. Mr Turner is a Fellow of the Australasian Institute of Mining and Metallurgy and is employed by RTG Mining Inc, the Company. Mr Turner has sufficient experience that is relevant to the information under consideration and to the activity which he is undertaking 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" and to qualify as a "Qualified Person" under National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). Mark Turner has verified the data disclosed in this MD&A. Mr Turner consents to the inclusion in the MD&A of the matters based on his information in the form and context in which it appears.

The information in this MD&A based on historic and public information on the Panguna Project has been compiled and reviewed by Mark Turner, who is a Qualified Person and Competent Person. Mr Turner is a Fellow of the Australasian Institute of Mining and Metallurgy and is employed by RTG Mining Inc., the Company. Mr Turner has sufficient experience that is relevant to the information under consideration and to the activity which he is undertaking 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" and to qualify as a "Qualified Person" under National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). Mark Turner consents to the inclusion in the MD&A of the matters based on his information in the form and context in which it appears.

For the ASX Feasibility Study announcement including JORC tables Section 1 to 4 please refer to the RTG Mining website (www.rtgmining.com) and on the ASX, under announcements (www.asx.com.au).

FINANCIAL STATEMENTS





Consolidated Interim Financial Statements

For the three and six month periods ended June 30, 2018

RTG MINING INC.
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**RTG MINING INC.
CORPORATE DIRECTORY**

| | | |
|--------------------------|---|--|
| Directors | Michael J Carrick Justine A Magee Robert N Scott Phillip C Lockyer David A T Cruse | Chairman President and Chief Executive Officer Non-Executive Lead Director Non-Executive Director Non-Executive Director |
| Company secretary | Ryan R Eadie | |
| Office | <u>Registered</u> Sea Meadow House Blackburne Highway PO Box 116 Road Town Tortola VG1110 British Virgin Islands | <u>Principal</u> Level 2 338 Barker Road Subiaco, Western Australia, 6008 Australia Telephone: +61 8 6489 2900 Facsimile: +61 8 6489 2920 |
| Bankers | Westpac Banking Corporation 130 Rokeby Road Subiaco, Western Australia, 6008 Australia | |
| Auditors | BDO Audit (WA) Pty Ltd 38 Station Street Subiaco, Western Australia, 6008 Australia | |
| Share registry | <u>Australian Register</u> Computershare Investor Services Pty Limited Level 11 172 St Georges Terrace Perth, Western Australia, 6000 Australia Telephone: +61 8 9323 2000 Facsimile: +61 8 9323 2033 | <u>Canadian Register</u> Computershare Investor Services Inc. 8 th Floor 100 University Avenue Toronto, Ontario, M5J2Y1 Canada Telephone: +1 416 263 9200 Facsimile: +1 888 453 0330 |
| Stock Exchange | <u>Australia</u> Australian Securities Exchange Limited Exchange Code: RTG – Chess Depositary Interests (CDI's) | <u>Canada</u> Toronto Stock Exchange Inc. Exchange Code: RTG – Fully paid shares |
| Lawyers | Corrs Chambers Westgarth Level 15 240 St Georges Terrace Perth, Western Australia, 6000 Australia Gilbert and Tobin Level 16, Brookfield Place Tower 2 123 St Georges Terrace Perth, Western Australia, 6000 Australia | Blakes Cassels & Graydon Suite 2600, 3 Bentall Centre 59 Burrard Street Vancouver, BC, V7X 1L3 Canada K&L Gates Level 32 44 St Georges Terrace Perth, Western Australia, 6000 Australia |
| Website | www.rtgmining.com | |

RTG MINING INC. DIRECTORS' REPORT

The Directors of RTG Mining Inc. ("the Company" or "RTG") present their report on the consolidated entity consisting of RTG and the entities it controlled during the period ended June 30, 2018 (the "Consolidated Entity" or "the Group"). The Company's functional and presentation currency is USD (\$).

DIRECTORS

The names of the Directors in office during the period and until the date of this report are as follows:

| Name | Position | Appointment date |
|-------------------|---------------------------------------|-------------------------|
| Michael J Carrick | Chairman | March 28, 2013 |
| Justine A Magee | President and Chief Executive Officer | March 28, 2013 |
| Robert N Scott | Non-Executive Lead Director | March 28, 2013 |
| Phillip C Lockyer | Non-Executive Director | March 28, 2013 |
| David A Cruse | Non-Executive Director | March 28, 2013 |

REVIEW AND RESULTS OF OPERATIONS

Operating Results

The Consolidated Entity recorded a net loss of \$17,331,029 (2017 loss: \$5,964,414) for the period ended June 30, 2018. The Group's activities during the period to June 30, 2018 included:

RTG's Bougainville Interests

RTG is the nominated development partner with the joint venture company established by the Special Mining Lease Osikaiyang Landowners Association ("SMLOLA") and Central Exploration Pty Ltd ("Central") in their proposal with respect to the redevelopment of the Copper-Gold Panguna Project located in the Central Region of the island of Bougainville, within the Autonomous Region of Bougainville, Papua New Guinea ("PNG"). The proposal is an initiative of the old Panguna mine's customary landowners (who are represented by SMLOLA) and is conditional upon the support of the Autonomous Bougainville Government ("ABG") and others.

The SMLOLA members have made significant progress delivering unity amongst members requested by the ABG President Honourable Chief Dr John Momis, with the most recent petition demonstrating around 90% of the available titleholders (as prepared by Bougainville Copper Limited ("BCL"), which will be reviewed under an extensive social mapping program if the landowner consortium is successful in securing an exploration licence) supporting both the leadership of the SMLOLA and the Landowner led redevelopment proposal with RTG.

Subsequent to the reporting period the Company increased its interest in and secured control of Central. Through further direct and indirect investment and conversion of loans, the Company increased its interest to just under 70% of Central.

RTG's Philippines Interests

Mt. Labo Exploration and Development Corporation ("Mt. Labo") is continuing with the arbitration proceedings against Galeo Equipment Corporation ("Galeo") in the Singapore International Arbitration Centre seeking a number of reliefs, including a declaration that the Joint Venture Agreement ("JVA") was validly terminated and the compromise agreement was validly rescinded.

During the period, Mt. Labo lodged the Memorial, setting out the legal arguments in support of its position in the arbitration proceedings, together with a number of affidavits providing supporting evidence for the legal arguments.

Mt. Labo continues to work with the Department of Environment and Natural Resources ("DENR") and Mines and Geosciences Bureau to progress and perfect the permitting process for the Mabilo Project.

Mt. Labo completed an IP survey design to identify extensions of the known skarn mineralisation and to better target potential porphyry sources. Analysis of the survey results will be completed in the next quarter.

Other Interests

The Company continues to investigate a number of new business development opportunities diversifying its Philippine interests including the abovementioned opportunity in Bougainville, should the landowners be successful in their current efforts.

RTG MINING INC. DIRECTORS' REPORT

Corporate

On 27 February 2018, the Company announced that it had received commitments of approximately US\$34 million in a Private Placement to Australian and international institutional and sophisticated investors. The Private Placement resulted in the issue of approximately 311 million Chess Depository Instruments ("Securities") to be listed on the ASX at an issue price of A\$0.14 per Security.

The Private Placement was completed on May 3, 2018 and raised just over US\$30 million after costs. Additionally, 12,715,201 unlisted advisor options were issued to the US Placement Agent on 3 May 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 on page 27, which forms part of the Directors' Report.

This report is made in accordance with a resolution of the Directors on August 14, 2018.



Justine Alexandria Magee
President and Chief Executive Officer
Perth
August 14, 2018

RTG MINING INC.
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
JUNE 30, 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | | UNAUDITED | | REVIEWED | |
|--|---|----------------------|--------------------|----------------------|--------------------|
| | | 3 MONTH PERIOD ENDED | | 6 MONTH PERIOD ENDED | |
| | | June 30 | June 30 | June 30 | June 30 |
| | | 2018 | 2017 | 2018 | 2017 |
| Note | | US\$ | US\$ | US\$ | US\$ |
| Continuing operations | | | | | |
| Other income | 4 | 67,206 | 9,342 | 68,384 | 34,771 |
| Business development expenses | 5 | (644,261) | (312,141) | (1,805,957) | (809,844) |
| Share of Philippines Associates loss | 5 | (259,845) | (344,233) | (374,892) | (917,959) |
| Fair value loss on financial asset at fair value through profit or loss | 5 | (2,113,149) | - | (3,839,205) | - |
| Impairment expense | 5 | (9,735,581) | (3,095,890) | (9,735,581) | (3,095,890) |
| Foreign exchange gain / (loss) | | (398,901) | (8,752) | (408,046) | 173,153 |
| Administrative expenses | 5 | (471,649) | (589,957) | (1,235,732) | (1,348,645) |
| Loss before income tax from continuing operations | | (13,556,180) | (4,341,631) | (17,331,029) | (5,964,414) |
| Income tax benefit | | - | - | - | - |
| Loss for the period from continuing operations | | (13,556,180) | (4,341,631) | (17,331,029) | (5,964,414) |
| Other comprehensive income / (loss) | | | | | |
| <i>Items that may be reclassified to profit or loss in subsequent periods</i> | | | | | |
| Exchange differences on translation of foreign operations | | 128,793 | (4,746) | 376,441 | 138,603 |
| Net (loss) / gain on financial assets at fair value through other comprehensive income | | (45,161) | 961,980 | 692,835 | 1,354,223 |
| Total comprehensive loss for the period | | (13,472,548) | (3,384,397) | (16,261,753) | (4,471,588) |
| Loss attributable to: | | | | | |
| Equity holders of the Company | | (13,556,180) | (4,341,631) | (17,331,029) | (5,964,414) |
| Total comprehensive loss attributable to: | | | | | |
| Equity holders of the Company | | (13,472,548) | (3,384,397) | (16,261,753) | (4,471,588) |
| Loss per share from continuing operations | | | | | |
| Basic loss per share (cents) | | (3.61) | (2.59) | (6.30) | (3.56) |
| Diluted loss per share (cents) | | (3.61) | (2.59) | (6.30) | (3.56) |
| Loss per share attributable to ordinary shareholders | | | | | |
| Basic loss per share (cents) | | (3.61) | (2.02) | (6.30) | (2.67) |
| Diluted loss per share (cents) | | (3.61) | (2.02) | (6.30) | (2.67) |

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

RTG MINING INC.
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
JUNE 30, 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | <i>REVIEWED</i> | <i>AUDITED</i> |
|---|-------------|-------------------|--------------------|
| | | June 30 | December 31 |
| | | 2018 | 2017 |
| | Note | US\$ | US\$ |
| Current assets | | | |
| Cash and cash equivalents | 6 | 10,820,084 | 4,123,973 |
| Trade and other receivables | 7 | 15,277,381 | 2,251,553 |
| Financial asset at amortised cost | 8 | 1,600,000 | - |
| Other current asset | | 36,119 | 81,833 |
| Total current assets | | 27,733,584 | 6,457,359 |
| Non-current assets | | | |
| Property, plant and equipment | | 150,735 | 163,036 |
| Financial assets at fair value through other comprehensive income | 9 | 2,442,319 | - |
| Available-for-sale financial asset | 10 | - | 1,749,484 |
| Investment in associates | 11 | - | 9,477,934 |
| Total non-current assets | | 2,593,054 | 11,390,454 |
| Total assets | | 30,326,638 | 17,847,813 |
| Current liabilities | | | |
| Trade and other payables | 13 | 413,860 | 565,816 |
| Provisions | 14 | 227,466 | 206,989 |
| Loans and borrowings | | - | 1,590,387 |
| Total current liabilities | | 641,326 | 2,363,192 |
| Total liabilities | | 641,326 | 2,363,192 |
| Net assets | | 29,685,312 | 15,484,621 |
| Shareholder's equity | | | |
| Issued capital | 15 | 167,944,273 | 138,376,685 |
| Reserves | | 10,548,319 | 8,384,187 |
| Accumulated losses | | (148,807,280) | (131,276,251) |
| Total shareholder's equity | | 29,685,312 | 15,484,621 |

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

RTG MINING INC.
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
JUNE 30, 2018

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| <i>Six months to June 30, 2018</i> | <i>Issued capital</i> | <i>Asset revaluation reserve</i> | <i>Share based payment reserve</i> | <i>Foreign currency translation reserve</i> | <i>Accumulated losses</i> | <i>Total</i> |
|---|---------------------------|--|--|---|-------------------------------|---------------------|
| | <i>US\$</i> | <i>US\$</i> | <i>US\$</i> | <i>US\$</i> | <i>US\$</i> | <i>US\$</i> |
| Balance at January 1, 2018 | 138,376,685 | 249,485 | 7,601,285 | 533,417 | (131,276,251) | 15,484,621 |
| Change in accounting policy * | - | - | - | - | (200,000) | (200,000) |
| Restated total equity at January 1, 2018 | 138,376,685 | 249,485 | 7,601,285 | 533,417 | (131,476,251) | 15,284,621 |
| Loss for the period | - | - | - | - | (17,331,029) | (17,331,029) |
| Currency translation differences | - | - | - | 376,441 | - | 376,441 |
| Net gain on financial assets at FVOCI | - | 692,834 | - | - | - | 692,834 |
| Total comprehensive income / (loss) for the period | - | 692,834 | - | 376,441 | (17,331,029) | (16,261,754) |
| Shares issued during the period | 32,903,440 | - | - | - | - | 32,903,440 |
| Share issue expenses | (3,335,852) | - | 1,094,857 | - | - | (2,240,995) |
| Balance at June 30, 2018 | 167,944,273 | 942,319 | 8,696,142 | 909,858 | (148,807,280) | 29,685,312 |

| <i>Six months to June 30, 2017</i> | <i>Issued capital</i> | <i>Asset revaluation reserve</i> | <i>Share based payment reserve</i> | <i>Foreign currency translation reserve</i> | <i>Accumulated losses</i> | <i>Total</i> |
|---|---------------------------|--|--|---|-------------------------------|--------------------|
| | <i>US\$</i> | <i>US\$</i> | <i>US\$</i> | <i>US\$</i> | <i>US\$</i> | <i>US\$</i> |
| Balance at January 1, 2017 | 138,376,685 | 8,755 | 7,601,285 | 462,661 | (119,914,523) | 26,534,863 |
| Loss for the period | - | - | - | - | (5,964,414) | (5,964,414) |
| Currency translation differences | - | - | - | 138,603 | - | 138,603 |
| Net gain on available-for-sale financial assets | - | 1,354,223 | - | - | - | 1,354,223 |
| Total comprehensive income / (loss) for the period | - | 1,354,223 | - | 138,603 | (5,964,414) | (4,471,588) |
| Shares issued during the period | - | - | - | - | - | - |
| Share issue expenses | - | - | - | - | - | - |
| Balance at June 30, 2017 | 138,376,685 | 1,362,978 | 7,601,285 | 601,264 | (125,878,937) | 22,063,275 |

* See Note 3 for details regarding the restatement as a result of a change in accounting policy

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

RTG MINING INC.
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
JUNE 30, 2018

CONSOLIDATED STATEMENT OF CASH FLOWS

| | Note | UNAUDITED 3 MONTH PERIOD ENDED | | REVIEWED 6 MONTH PERIOD ENDED | |
|--|----------|-----------------------------------|------------------|----------------------------------|--------------------|
| | | June 30 2018 | June 30 2017 | June 30 2018 | June 30 2017 |
| | | US\$ | US\$ | US\$ | US\$ |
| Operating activities | | | | | |
| Payments to suppliers and employees | | (1,641,307) | (954,923) | (3,273,609) | (2,130,077) |
| Interest received | | 933 | 2,178 | 2,133 | 34,256 |
| Net cash flows used in operating activities | | (1,640,374) | (952,745) | (3,271,476) | (2,095,821) |
| Investing activities | | | | | |
| Payments for property, plant and equipment | | - | - | - | (538) |
| Payments for deposits | | (14,822,000) | - | (14,822,000) | - |
| Advances to associate entities | | (2,113,149) | (772,434) | (3,839,205) | (2,207,491) |
| Investment in non-related entities | | - | - | - | (50,000) |
| Net cash flows used in investing activities | | (16,935,149) | (772,434) | (18,661,205) | (2,258,029) |
| Financing activities | | | | | |
| Proceeds from shares issued | | 30,155,360 | - | 32,903,440 | - |
| Share issue expenses | | (2,073,241) | - | (2,240,995) | - |
| Repayment of borrowings | | (1,584,045) | - | (1,584,045) | - |
| Net cash flows from financing activities | | 26,498,074 | - | 29,078,400 | - |
| Net decrease in cash and cash equivalents | | 7,922,551 | (1,725,179) | 7,145,719 | (4,353,850) |
| Cash and cash equivalents at the beginning of the period | | 3,377,339 | 8,812,483 | 4,123,973 | 11,207,422 |
| Net foreign exchange difference | | (479,806) | (3,709) | (449,608) | 230,023 |
| Cash and cash equivalents at end of the period | 6 | 10,820,084 | 7,083,595 | 10,820,084 | 7,083,595 |

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

RTG MINING INC.
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
JUNE 30, 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The consolidated interim financial report of RTG is presented as at June 30, 2018 for the period January 1, 2018 to June 30, 2018.

RTG was incorporated on December 27, 2012, and is domiciled in the British Virgin Islands. The Company's registered address is Sea Meadow House, Blackburne Highway (PO Box 116) Road Town, Tortola, British Virgin Islands. Its shares are publicly traded on both the Australian Stock Exchange ("ASX") and the Toronto Stock Exchange ("TSX").

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated interim financial report is a general purpose condensed financial report which has been prepared in accordance with the requirements of International Accounting Standard 34 ("IAS 34") as issued by the International Accounting Standards Board. The consolidated interim financial statements have also been prepared on a historical cost basis and are presented in United States Dollars (US\$).

The disclosures for the three month periods ending June 30, 2017 and June 30, 2018 included in this consolidated interim financial statements have not been reviewed.

Significant accounting policies

The consolidated interim financial statements do not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the annual audited financial statements. It is recommended that these consolidated interim financial statements be read in conjunction with the annual financial report for the year ended December 31, 2017, and any public announcements made by the Company during the period.

Significant accounting judgments

The valuation of certain assets held by the Group is dependent upon the estimation of mineral resources and ore reserves. There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may ultimately result in the reserves being restated. Such change in reserves could impact on asset carrying values.

Carrying value of the investment in Philippines Associates

The Group assesses whether there is objective evidence that the investment in Philippines Associates is impaired by reference to the underlying mining projects held by the Philippines Associates. These mining projects include the Mabilo project, held by Mt. Labo, which entered into the development phase in a prior year, therefore requiring an impairment assessment in accordance with IAS 28 Investments in Associates and Joint Ventures. This assessment requires judgement in analysing possible impacts caused by factors such as the price of gold and copper, operating and capital estimates, ownership relationships and the political risk in which the project operates.

RTG MINING INC.
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
JUNE 30, 2018

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies - continued

Expected credit losses of financial asset at amortised cost

Loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used disclosed in note 3.

3. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS 9 Financial Instruments on the Company's financial statements and discloses the new accounting policies that have been applied from January 1, 2018, where they are different to those applied in prior periods.

Impact on the financial statements

As a result of the changes in the Company's accounting policies, IFRS 9 was adopted without restating comparative information. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the balance sheet as at 31 December 2017, but are recognised in the opening balance sheet on January 1, 2018.

IFRS 9 Financial Instruments – Impact of adoption

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments from January 1, 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out below. Comparative figures have not been restated in accordance with transitional provisions.

On January 1, 2018, the Company assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories.

Reclassification from available-for-sale to fair value through other comprehensive income ("FVOCI")

The investment in an equity instrument held was reclassified from available-for-sale to FVOCI as the Company elected to present subsequent changes in fair value in other comprehensive income, in accordance with IFRS 9. Refer to note 9 for further information.

RTG MINING INC.
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
JUNE 30, 2018

3. CHANGES IN ACCOUNTING POLICIES – continued

Impairment of other financial asset at amortised cost

The loan receivable from Thor was reclassified to other financial asset at amortised cost. The Company intends to hold the financial asset to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest of the principal amount outstanding. An increase of \$200,000 in the provision for impairment of the asset was recognised in opening accumulated losses at January 1, 2018:

| | Effect on accumulated losses US\$ |
|--|--|
| Opening balance – IAS 39 | 2,000,000 |
| Provision for impairment recognised at January 1, 2018 | (200,000) |
| Opening balance – IFRS 9 | 1,800,000 |

The Company notes the following financial assets are subject to the new expected credit loss model under IFRS 9: During the period ended June 30, 2018, an increase of \$200,000 in the allowance for expected loss was recognised based on a probability of default rate of 10% at transition date. Refer to note 8 for further information.

Reclassification of loans receivable from associates at amortised cost to financial assets at fair value through profit and loss ("FVPL")

The Company funds its share of costs associates with its Philippines Associates and other Associates (Central) through loan arrangements which are interest free and repayable on demand. At transition date January 1, 2018, as the associates are still in pre-development stage, the repayment of the loans is not solely interest and principle and is linked to the relevant projects achieving commercial production. The loans do not meet the IFRS 9 criteria for classification at amortised cost as it fails the contractual cashflow characteristics of sole payments of principle and interest. As a result, the loans will be carried at fair value through profit or loss from January 1, 2018.

The Group determines the fair value of the advances in consideration of the investments in associates (refer to note 11). Considering the investments were held at nil valuation as at June 30, 2018, and the status of the relevant opportunities and credit risk, there was no recognised fair value of the advances to associates.

IFRS 9 Financial Instruments – Accounting policies applied from January 1, 2018

Investments and other financial assets

Classification

From January 1, 2018, the Group classifies its financial assets in the following measurement categories:

- those measured subsequently at fair value (either through OCI, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

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3. CHANGES IN ACCOUNTING POLICIES – continued

Debt instruments: Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments: The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

4. OTHER INCOME

| | <i>UNAUDITED</i> | | <i>REVIEWED</i> | |
|-----------------|-----------------------------|----------------|-----------------------------|----------------|
| | <i>3 MONTH PERIOD ENDED</i> | | <i>6 MONTH PERIOD ENDED</i> | |
| | June 30 | June 30 | June 30 | June 30 |
| | 2018 | 2017 | 2018 | 2017 |
| | US\$ | US\$ | US\$ | US\$ |
| Interest income | 67,206 | 9,342 | 68,384 | 34,771 |
| | 67,206 | 9,342 | 68,384 | 34,771 |

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5. EXPENSES

| | <i>UNAUDITED</i> | | <i>REVIEWED</i> | |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | <i>3 MONTH PERIOD ENDED</i> | | <i>6 MONTH PERIOD ENDED</i> | |
| | June 30 2018 US\$ | June 30 2017 US\$ | June 30 2018 US\$ | June 30 2017 US\$ |
| Business development expenses | | | | |
| Conferences | 4,991 | 4,865 | 31,314 | 22,373 |
| Employee and director fees | 104,915 | 105,671 | 217,671 | 210,392 |
| Project analysis | 11,313 | 15,725 | 32,590 | 43,426 |
| Travel expenses | 105,169 | 79,368 | 368,296 | 271,639 |
| Legal fees | 372,355 | 57,316 | 1,102,001 | 178,968 |
| Other expenses | 45,518 | 49,196 | 54,085 | 83,046 |
| | 644,261 | 312,141 | 1,805,957 | 809,844 |
| Administrative expenses | | | | |
| Accounting, tax services and audit fees | 14,855 | 28,536 | 47,020 | 54,767 |
| Computer support fees | 4,967 | 9,125 | 9,202 | 13,199 |
| Consultants fees | 61,921 | 32,221 | 138,461 | 101,236 |
| Depreciation expenses | 6,065 | 6,071 | 12,301 | 12,121 |
| Employee and directors' fees | 312,546 | 387,586 | 637,042 | 768,224 |
| Insurance | 15,563 | 17,218 | 31,127 | 30,894 |
| Legal fees | (87,331) | (57,771) | 44,663 | 16,929 |
| Listing and shareholder reporting costs | 72,815 | 32,503 | 108,926 | 78,245 |
| Occupancy expenses | 25,927 | 47,897 | 72,635 | 72,434 |
| Travel expenses | 10,588 | 64,921 | 53,344 | 151,243 |
| Other expenses | 33,733 | 21,650 | 81,011 | 49,353 |
| | 471,649 | 589,957 | 1,235,732 | 1,348,645 |
| Share of Philippines Associate loss | | | | |
| Share of net losses of Philippines Associates | 259,845 | 344,233 | 374,892 | 917,959 |
| | 259,845 | 344,233 | 374,892 | 917,959 |
| Fair value loss on financial asset at fair value through profit or loss | | | | |
| Fair value loss on advances to Philippines Associates (i) | 1,136,460 | - | 2,151,890 | - |
| Fair value loss on advances to Associates (Central) (ii) | 976,689 | - | 1,687,315 | - |
| | 2,113,149 | - | 3,839,205 | - |

- (i) Upon adoption of IFRS 9, advances to Philippines Associates have been classified as a financial asset at fair value through profit or loss. The fair value loss is calculated using the expected cashflow to be received from the underlying project of the associate, discounted using a risk adjusted discount rate relating to the loan. Refer to note 12 for further information.
- (ii) Upon adoption of IFRS 9, advances to Associates (Central) have been classified as a financial asset at fair value through profit or loss. The fair value loss was assessed in consideration of the high credit risk resulting in the loans having a nil valuation. Refer to note 12 for further information.

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5. EXPENSES – continued

| | <i>UNAUDITED</i> | | <i>REVIEWED</i> | |
|--|-----------------------------|------------------|-----------------------------|------------------|
| | <i>3 MONTH PERIOD ENDED</i> | | <i>6 MONTH PERIOD ENDED</i> | |
| | June 30 | June 30 | June 30 | June 30 |
| | 2018 | 2017 | 2018 | 2017 |
| | US\$ | US\$ | US\$ | US\$ |
| Impairment expense | | | | |
| Impairment of investment in Associates (Central) | 9,535,581 | 800,000 | 9,535,581 | 800,000 |
| Impairment of loans in Associates (Central) | - | 88,399 | - | 88,399 |
| Impairment of loans to Philippines Associates | - | 2,207,491 | - | 2,207,491 |
| Expected credit loss provision (i) | 200,000 | - | 200,000 | - |
| | 9,735,581 | 3,095,890 | 9,735,581 | 3,095,890 |

(i) Expected credit losses recognised for the Company's financial asset held at amortised cost. Refer to note 8 for further information.

6. CASH AND CASH EQUIVALENTS

| | | <i>REVIEWED</i> | <i>AUDITED</i> |
|---------------------|------|-------------------|--------------------|
| | | June 30 | December 31 |
| | | 2018 | 2017 |
| | | US\$ | US\$ |
| Cash on hand | | 86 | 64 |
| Cash at bank | (i) | 3,293,433 | 4,123,909 |
| Short-term deposits | (ii) | 7,526,565 | - |
| | | 10,820,084 | 4,123,973 |

(i) Cash at bank earns interest at floating rates based on daily bank deposit rates.

(ii) Short-term deposits are made for a period of three months, depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

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7. TRADE AND OTHER RECEIVABLES

| | <i>REVIEWED</i> June 30 2018 US\$ | <i>AUDITED</i> December 31 2017 US\$ |
|-------------------|---|--|
| GST receivable | 140,683 | 28,658 |
| Other receivables | 314,698 | 222,895 |
| Thor receivable | - | 2,000,000 |
| Deposits | (i) 14,822,000 | - |
| | 15,277,381 | 2,251,553 |

- (i) A six month term deposit was set up, as funds were not immediately required by the Company and interest was earned at the bank's standard six month interest rate.

8. FINANCIAL ASSET AT AMORTISED COST

| | <i>REVIEWED</i> June 30 2018 US\$ | <i>AUDITED</i> December 31 2017 US\$ |
|-----------------------------------|---|--|
| Financial asset at amortised cost | (i) 1,600,000 | - |
| | 1,600,000 | - |

Reconciliation of movements in financial asset at amortised cost:

| | | |
|--|------------------|---|
| Opening balance | 2,000,000 | - |
| Reclassification from held-to-maturity to amortised cost | (i) (200,000) | - |
| Opening balance – IFRS 9 | 1,800,000 | - |
| Expected credit loss provision | (200,000) | - |
| Closing balance | 1,600,000 | - |

- (i) As part of the settlement for the sale of the Company's interest in the Segilola Gold Project to Thor Explorations Ltd ("Thor") that occurred in 2016, Thor has agreed to pay the Company \$2,000,000. To date, the company has recognised expected credit losses of \$400,000 using a 20% probability of default rate.
- (ii) Reclassification as a result in change of accounting policy. Refer to note 3 for further information.

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9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | <i>REVIEWED</i> June 30 2018 US\$ | <i>AUDITED</i> December 31 2017 US\$ |
|--|---|--|
| Non-current | | |
| Financial assets at fair value through other comprehensive income | 2,442,319 | - |
| | 2,442,319 | - |
| Reconciliation of movements in financial assets at fair value through other comprehensive income: | | |
| Opening balance | 1,749,484 | - |
| Additions | - | - |
| Gain on fair value measurement | 692,835 | - |
| Closing balance | 2,442,319 | - |

During the period, the available-for-sale financial asset was reclassified to a financial asset at FVOCI as a result of a change of accounting policy. Refer to note 3 for further information.

10. AVAILABLE-FOR-SALE FINANCIAL ASSET

| | | |
|--|----------|------------------|
| Non-current | | |
| Available-for-sale financial asset | - | 1,749,484 |
| | - | 1,749,484 |
| Reconciliation of movement in available-for-sale financial asset: | | |
| Opening balance | - | 1,508,755 |
| Additions | - | - |
| Gain on fair value measurement | - | 240,729 |
| Closing balance | - | 1,749,484 |

During the period, the available-for-sale financial asset was reclassified to a financial asset at FVOCI as a result of a change of accounting policy. Refer to note 3 for further information.

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11. INVESTMENT IN ASSOCIATES

(a) The Philippines Associates

The Group has a direct 40% interest in each of Mt. Labo, St Ignatius Exploration and Mineral Resources Corporation, Bunawan Mining Corporation and Oz Metals Exploration and Development Corporation ("Philippines Associates"). All of these companies are incorporated in the Philippines. The Group's interest in the Philippines Associates is accounted for using the equity method. The following table illustrates summarised financial information relating to the Group's Philippines Associates:

| | <i>REVIEWED</i> June 30 2018 US\$ | <i>AUDITED</i> December 31 2017 US\$ |
|---|---|--|
| Investment in Philippines Associates | | |
| Opening balance | 9,477,934 | 10,988,032 |
| Share of Philippines Associates net loss | (374,892) | (1,494,102) |
| Share of foreign currency translation reserve | 432,539 | (15,996) |
| Impairment | (9,535,581) | - |
| | - | 9,477,934 |
| Advances to Philippines Associates | | |
| Opening balance | - | - |
| Accounting policy change (note 3) | - | - |
| Loans to Philippines Associates | - | 4,387,785 |
| Impairment | - | (4,387,785) |
| | - | - |
| Closing balance | - | 9,477,934 |

The Associates have a December 31 reporting date.

Investment in Philippines Associates

The Group assesses recoverability of its investment in Philippines Associates at each reporting date. During the period ended June 30, 2018, an impairment of \$9,535,581 (December 31, 2017: nil). The Company assessed future economic benefits from the investment in Philippines Associates in consideration of the material uncertainties from the current political risks associated with the granting of mining licences relating to the mining projects held by the Philippines Associates as well as the current litigation between Mt. Labo and its former Joint Venture partner. As a result, the recoverable amount of the asset assessed to be nil and the asset was fully impaired as at June 30, 2018.

The former Secretary of the DENR in the Philippines previously rescinded a number of mining licences previously awarded, not related to the projects of the Group's Associates and imposed a moratorium on all new mines and a ban on open-pit mining. This creates uncertainty as to whether the government may further rescind mining licenses in the area in the future and if the Mabilo project will be able to be developed; however, this has been mitigated by a change in the Secretary of the DENR in 2017 and, subsequent to June 30, 2018, the DENR lifted the moratorium on the acceptance, processing and/or approval of applications for exploration permits for metallic and non-metallic minerals.

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11. INVESTMENT IN ASSOCIATES – continued

In 2016, Mt. Labo rescinded the previous settlement agreement with its Joint Venture partner, Galeo due to non-performance by Galeo and served a notice of termination of the Joint Venture Agreement and referred the matter to arbitration. The Joint Venture was terminated on January 31, 2017. As such, Galeo is no longer a shareholder of Mt. Labo nor a Joint Venture partner of Mt. Labo. In 2017, Mt. Labo commenced arbitration proceedings against Galeo in the Singapore International Arbitration Centre in accordance with the provisions of the JVA and the compromise agreement which has been rescinded. In those arbitration proceedings, Mt. Labo seeks a number of reliefs, including a declaration that the JVA was validly terminated and the compromise agreement was validly rescinded. Under the JVA, on termination the innocent party is then given the right to buy out the guilty party at a 10% discount to book value, which for the Joint Venture is nominal given it was still in the exploration phase of the project.

Mt. Labo and Galeo have estimated contingent liabilities relating to the legal proceedings for both the civil case in the Philippines and arbitration through the Singapore International Arbitration Centre. Mt. Labo's claims under the civil case are for PHP7,000,000 against Galeo and USD183,199,563 through arbitration. Galeo's claims to date under the civil case are for PHP1,500,000 and USD3,500,000 under arbitration together with legal fees. The Associates had no other contingent liabilities or capital commitments as at June 30, 2018 (nil: December 31, 2017).

(b) Central Exploration Pty Ltd

The Group also had a direct 24% interest in Central Exploration Pty Ltd ("Central") as at June 30, 2018, an unlisted Australian proprietary company. The Group's interest in Central is accounted for using the equity method.

The following table illustrates summarised financial information relating to the investment in Central:

| | <i>REVIEWED</i> June 30 2018 US\$ | <i>AUDITED</i> December 31 2017 US\$ |
|--|---|--|
| Investment in Associate (Central) | | |
| Opening balance | - | - |
| Reclassification | - | 750,000 |
| Additions | - | 722,368 |
| Impairment | - | (1,472,368) |
| | - | - |

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12. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

| | <i>REVIEWED</i> June 30 2018 US\$ | <i>AUDITED</i> December 31 2017 US\$ |
|---|---|--|
| Advances to Philippines Associates | | |
| Opening balance | - | - |
| Advances to Philippines Associates | 2,151,890 | - |
| Fair value loss | (2,151,890) | - |
| | <u>-</u> | <u>-</u> |
| Advances to Associate (Central) | | |
| Opening balance | - | - |
| Advances to Associate (Central) | 1,687,315 | |
| Fair value loss | (1,687,315) | |
| | <u>-</u> | <u>-</u> |

The Group determines the fair value of the advances in consideration of the investments in associates (refer to note 11). Considering the investments were held at nil valuation as at June 30, 2018, and the status of the relevant opportunities and credit risk, there was no recognised fair value of the advances to associates.

13. TRADE AND OTHER PAYABLES

| | <i>REVIEWED</i> June 30 2018 US\$ | <i>AUDITED</i> December 31 2017 US\$ |
|---------------------------------|---|--|
| Trade creditors – third parties | 243,836 | 393,412 |
| Accrued expenses | 170,024 | 172,404 |
| | <u>413,860</u> | <u>565,816</u> |

Trade payables are non-interest bearing and are normally settled on 30 to 60 day terms. There are no amounts that are expected to be settled greater than 12 months.

14. PROVISIONS

| | | |
|-----------------------|-----------------------|-----------------------|
| Employee entitlements | 227,466 | 206,989 |
| | <u>227,466</u> | <u>206,989</u> |

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15. ISSUED CAPITAL AND RESERVES

Issued and paid up share capital

| | June 30 2018 Number | December 31 2017 Number | June 30 2018 US\$ | December 31 2017 US\$ |
|-----------------------------------|------------------------------------|--|----------------------------------|--------------------------------------|
| Issued and paid up capital | 478,940,889 | 167,585,577 | 167,944,273 | 138,376,685 |

Fully paid shares carry one vote per share and the right to dividends. The Company is authorised to issue an unlimited number of shares of no par value of a single class.

Movements in contributed equity during the period were as follows:

| | Number | US\$ |
|---|--------------------|--------------------|
| Opening balance at January 1, 2018 | 167,585,577 | 138,376,685 |
| Shares issues | 311,355,312 | 32,903,440 |
| Shares issue costs | - | (3,335,852) |
| Total shares on issue at June 30, 2018 | 478,940,889 | 167,944,273 |
| Opening balance at 1 January 2017 | 167,585,577 | 138,376,685 |
| Shares issues | - | - |
| Shares issue costs | - | - |
| Total shares on issue at June 30, 2017 | 167,585,577 | 138,376,685 |

Reserves

| | REVIEWED June 30 2018 US\$ | AUDITED December 31 2017 US\$ |
|--------------------------------------|---|--|
| Asset revaluation reserve | 942,319 | 249,485 |
| Share based payment reserve | 8,696,142 | 7,601,285 |
| Foreign currency translation reserve | 909,858 | 533,417 |
| | 10,548,319 | 8,384,187 |

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15. ISSUED CAPITAL AND RESERVES – continued

Movements in options during the period were as follows:

| | <u>Number</u> |
|---|--------------------------|
| Opening balance at January 1, 2018 | - |
| Granted during the period | 12,715,201 |
| Total options on issue at June 30, 2018 | <u><u>12,715,201</u></u> |

During the period, 12,715,201 unlisted advisor options were issued in as part of the Private Placement. The options were valued using the Black and Scholes method with the following assumptions:

| | |
|------------------------|-------------|
| Number of options | 12,715,201 |
| Grant date share price | A\$0.14 |
| Exercise price | A\$0.14 |
| Expected volatility | 120% |
| Option life | 5 years |
| Dividend yield | 0.00% |
| Interest rate | 2.36% |
| Expiry date | May 3, 2023 |

The fair value of the unlisted advisor options were valued using the methodology above at \$1,094,857 (\$0.09 per option). As the value of services could not be determined, the valuation used for the options was used to calculate the value of the services received.

16. DIVIDENDS

No dividends have been paid or provided for during the period.

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17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their respective net fair values, determined in accordance with the Company's accounting policies. All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, is described as follows:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Recognised fair value measurements

The following table presents the Group's assets measured at fair value at June 30, 2018 and December 31, 2017:

| At June 30, 2018 | Level 1 | Level 2 | Level 3 | Total |
|--------------------------|------------------|----------------|----------------|------------------|
| | US\$ | US\$ | US\$ | US\$ |
| Financial asset at FVOCI | 2,442,319 | - | - | 2,442,319 |
| Total | 2,442,319 | - | - | 2,442,319 |

| At December 31, 2017 | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|------------------|----------------|----------------|------------------|
| | US\$ | US\$ | US\$ | US\$ |
| Available-for-sale financial asset | 1,749,484 | - | - | 1,749,484 |
| Total | 1,749,484 | - | - | 1,749,484 |

Fair value of other financial instruments not measured at fair value

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short term nature.

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18. SEGMENT REPORTING NOTE

The Company's operations are segmented on a regional basis and are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments has been defined as the Chief Executive Officer.

The Company operates in a single segment, being mineral exploration and development. With the exception of some of its minor exploration and evaluation assets which are held in Africa, all of the Company's other significant assets are held in the Philippines (see note 11).

June 30, 2018

| Operating segment | Philippines | Australia | Other | Consolidated total |
|---------------------------------|-------------|-----------|-------|--------------------|
| | 2018 | 2018 | 2018 | 2018 |
| | US\$ | US\$ | US\$ | US\$ |
| Revenue from external customers | - | - | - | - |
| Interest income | - | 68,384 | - | 68,384 |
| Other | - | - | - | - |
| Total revenue | | | | 68,384 |

Results

| | | | | |
|--|--------------|-------------|----------|---------------------|
| Segment profit / (loss) before tax | (12,062,362) | (5,200,244) | (68,423) | (17,331,029) |
| Revenue | - | 68,384 | - | 68,384 |
| Administrative expenses | - | (1,168,994) | (66,738) | (1,235,732) |
| Foreign exchange | - | (406,361) | (1,685) | (408,046) |
| Share of associate loss | (374,892) | - | - | (374,892) |
| Impairment expense | (9,535,581) | (200,000) | - | (9,735,581) |
| Fair value loss | (2,151,890) | (1,687,315) | - | (3,839,205) |
| Other expenses | - | (1,805,957) | - | (1,805,957) |
| Segment loss before income tax from continuing operations | | | | (17,331,029) |

| Operating segment | Philippines | Australia | Other | Consolidated total |
|----------------------------|-------------|------------|-------|--------------------|
| | 2018 | 2018 | 2018 | 2018 |
| | US\$ | US\$ | US\$ | US\$ |
| Segment assets | | | | |
| Corporate assets | - | 30,323,152 | 3,486 | 30,326,638 |
| Total assets | | | | 30,326,637 |
| Segment liabilities | | | | |
| Corporate liabilities | - | (641,326) | - | (641,326) |

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18. SEGMENT REPORTING NOTE – continued

June 30, 2017

| Operating segment | Philippines | Australia | Other | Consolidated total |
|---------------------------------|--------------------|------------------|--------------|---------------------------|
| | 2017 | 2017 | 2017 | 2017 |
| | US\$ | US\$ | US\$ | US\$ |
| Revenue from external customers | - | - | - | - |
| Interest income | - | 34,771 | - | 34,771 |
| Other | - | - | - | - |
| Total revenue | | | | 34,771 |

Results

| | | | | |
|--|-------------|-------------|----------|--------------------|
| Segment profit / (loss) before tax | (3,125,450) | (2,781,005) | (57,959) | (5,964,414) |
| Revenue | - | 34,771 | - | 34,771 |
| Administrative expenses | - | (1,290,847) | (57,799) | (1,348,645) |
| Foreign exchange | - | 173,314 | (161) | 173,153 |
| Share of associate loss | (917,959) | - | - | (917,959) |
| Impairment expense | (2,207,491) | (888,399) | - | (3,095,890) |
| Other expenses | - | (809,844) | - | (809,844) |
| Segment loss before income tax from continuing operations | | | | (5,964,414) |

| Operating segment | Philippines | Australia | Other | Consolidated total |
|----------------------------|--------------------|------------------|--------------|---------------------------|
| | 2017 | 2017 | 2017 | 2017 |
| | US\$ | US\$ | US\$ | US\$ |
| Segment assets | | | | |
| Corporate assets | 10,139,155 | 12,362,643 | 16,663 | 22,518,461 |
| Total assets | | | | 22,518,461 |
| Segment liabilities | | | | |
| Corporate liabilities | - | (455,186) | - | (455,186) |

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19. COMMITMENT AND CONTINGENCIES

Commitments

| June 30, 2018 | | Payments due by period | | |
|--------------------------------------|----------------|-------------------------------|---|--------------------------|
| Contractual obligations | Total | Within one year | One year and not later than five years | More than 5 years |
| Lease obligations ¹ | 153,553 | 153,553 | - | - |
| Total contractual obligations | 153,553 | 153,553 | - | - |

| December 31, 2017 | | Payments due by period | | |
|--------------------------------------|----------------|-------------------------------|---|--------------------------|
| Contractual obligations | Total | Within one year | One year and not later than five years | More than 5 years |
| Lease obligations ¹ | 239,781 | 158,816 | 80,965 | - |
| Total contractual obligations | 239,781 | 158,816 | 80,965 | - |

¹ Corporate office lease payments due.

Contingent liabilities

Contingent liabilities relating to the Group's investment in Philippines Associates are outlined in note 11.

20. RELATED PARTY DISCLOSURE

Controlling entity

The ultimate controlling entity in the wholly owned group is RTG Mining Inc.

Other transactions with related parties

Transactions with related parties consist of companies with Directors and officers in common and companies owned in whole or in part by executive officers and Directors as follows for the three and six months ended June 30, 2018 and 2017:

| Name | Nature of transactions |
|--------------------------------------|-------------------------------|
| Coverley Management Services Pty Ltd | Consulting as Director |

The company paid the following fees in the normal course of operation in connection with companies owned by Directors:

| | <i>UNAUDITED</i> 3 MONTH PERIOD ENDED | | <i>REVIEWED</i> 6 MONTH PERIOD ENDED | |
|----------------|---|-------------------------|--|-------------------------|
| | June 30 2018 US\$ | June 30 2017 US\$ | June 30 2018 US\$ | June 30 2017 US\$ |
| Directors fees | 10,111 | 12,519 | 20,631 | 22,128 |
| Total | 10,111 | 12,519 | 20,631 | 22,128 |

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20. RELATED PARTY DISCLOSURE – continued

During the period ended June 30, 2018 the Group entered into transactions with related parties:

- Loans of \$91,639 were advanced on short term inter-company accounts, and
- Loans of \$3,839,205 were advanced on to Associates of the Company.

These transactions were undertaken on the following terms and conditions:

- Loans are repayable at call, and
- No interest is payable on the loans at present.

21. EVENTS AFTER REPORTING PERIOD

Subsequent to the period end, the Company increased its interest in and secured control of Central. Through further direct and indirect investment and conversion of loans, the Company increased its interest to just under 70% of Central. The financial effects of the above transaction have not been brought to account at June 30, 2018.

Other than the above, no other significant events have occurred subsequent to the reporting period that would have a material impact on the consolidated interim financial statements.

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DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of the Company, I state that in the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity:
 - (i) give a true and fair view of the consolidated entity's financial position as at June 30, 2018 and of its performance for the six month period ended June 30, 2018; and
 - (ii) comply with International Accounting Standards and other mandatory professional reporting standards; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board.



Justine Alexandria Magee
President and Chief Executive Officer
Perth
August 14, 2018

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF RTG MINING INC.

As lead auditor for the review of RTG Mining Inc. for the half-year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

- No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of RTG Mining Inc. and the entities it controlled during the period.



Jarrad Prue

Partner

BDO Audit (WA) Pty Ltd

Perth, 14 August 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of RTG Mining Inc.

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of RTG Mining Inc. (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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 International Accounting Standard 34 ("IAS 34"), including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with International Accounting Standard 34 ("IAS 34").

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 International Accounting Standards 34 ("IAS 34") as issued by the International Accounting Standards Board 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 Group's financial position as at 30 June 2018 and its financial performance for the half-year ended on that date and complying with International Accounting Standard 34 ("IAS 34"). As the auditor of the Group, 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 Australian professional accounting bodies.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, consisting of the letters 'BDO' above the stylized signature 'J Prue'.

Jarrad Prue

Partner

Perth, 14 August 2018