

**SABRE RESOURCES LTD  
AND CONTROLLED ENTITIES**

(ACN 003 043 570)

**Interim Financial Report  
for the Half Year Ended  
31 December 2018**

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## DIRECTORS' REPORT

Your Directors present their report on the consolidated group of Sabre Resources Ltd ("Sabre") and its controlled entities (the "Group") for the half year ended 31 December 2018.

### 1. DIRECTORS

The names of Directors in office during the half year and up to the date of this report:

Michael Scivolo  
Robert Collins  
Basil Conti

### 2. REVIEW OF OPERATIONS

The Group holds advanced exploration projects in Namibia and Western Australia. In Namibia, the Group holds copper and base metal projects in the Otavi Mountain Land ("OML") in northern Namibia close to the Tsumeb and Kombat Mines. The Company holds a 70% interest in the Sherlock Bay Nickel Project in the western Pilbara region of Western Australia. This project contains the Sherlock Bay Nickel Deposit. The Group also has an application in process for a vanadium prospective license in Western Australia, known as Speewah.

#### 2.1 Sherlock Bay Project, Western Australia

The Sherlock Bay Project is well-located, 12 km off Highway 1 with access to critical mining infrastructure. The project tenements comprise two valid exploration licenses E47/1769 and E47/1770 and a mining lease M47/567 (Figure 1 and Appendix I).

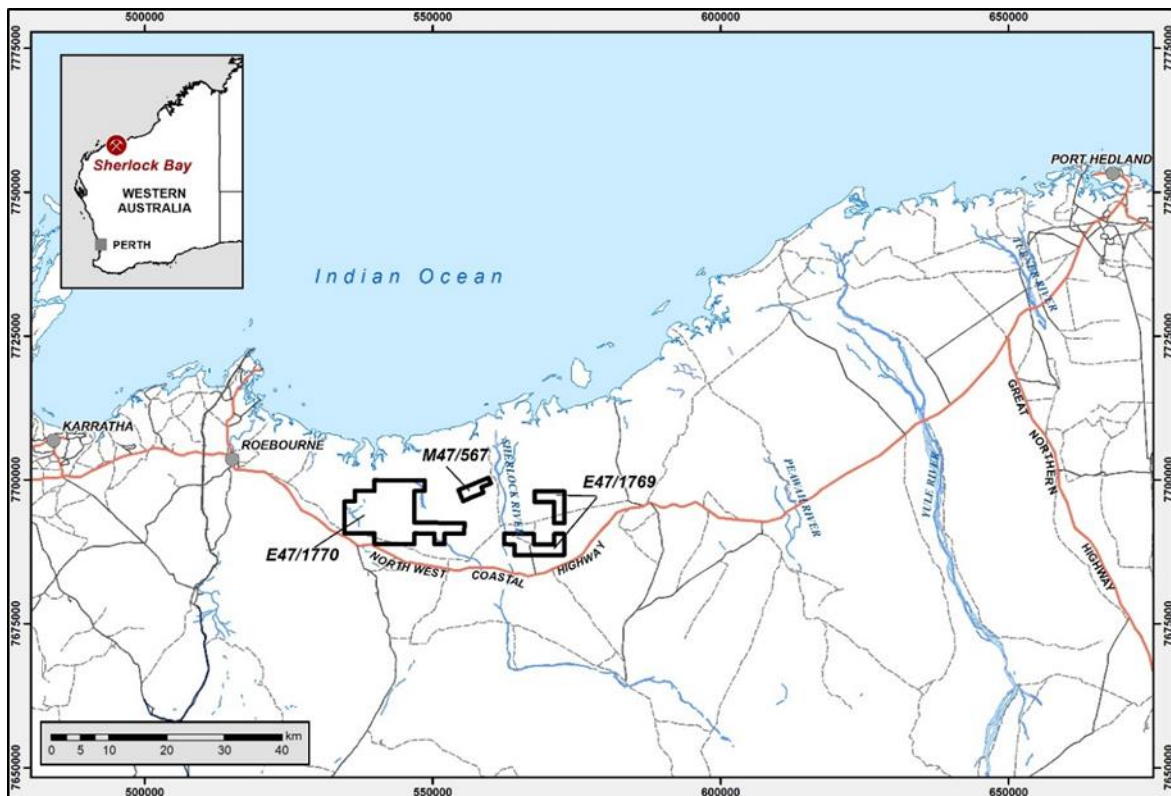


Figure 1: Location map of the Sherlock Bay Project in Western Australia

## DIRECTORS' REPORT (continued)

## 2. REVIEW OF OPERATIONS (continued)

**Sherlock Bay Nickel Deposit**

Mining lease M47/567 contains the Sherlock Bay nickel-copper-cobalt deposit, which has an existing nickel resource (for full details, refer to the ASX announcement dated 29 January 2018). The deposit also contains a potentially significant amount of copper and cobalt.

Extensive previous exploration and development work has been completed on the Sherlock Bay Project and Sabre has obtained access to all these data for the deposit. Feasibility-level studies that have been completed by previous owners indicate that potential exists to develop a mining and heap leach processing operation and that nickel recoveries exceeding 90% are achievable.

**Conglomerate-hosted Gold**

The Sherlock Bay Project also covers highly sought after ground that has potential for conglomerate-hosted gold mineralisation. The project area is almost totally surrounded by tenements held by Novo Resources Inc. (Figure 2). It sits strategically within the conglomerate-gold search area adjacent to, and to the east, of ground held by Artemis Resources Ltd, and to the west of ground held by De Grey Mining Ltd. No prior exploration for gold has been undertaken in the project area.

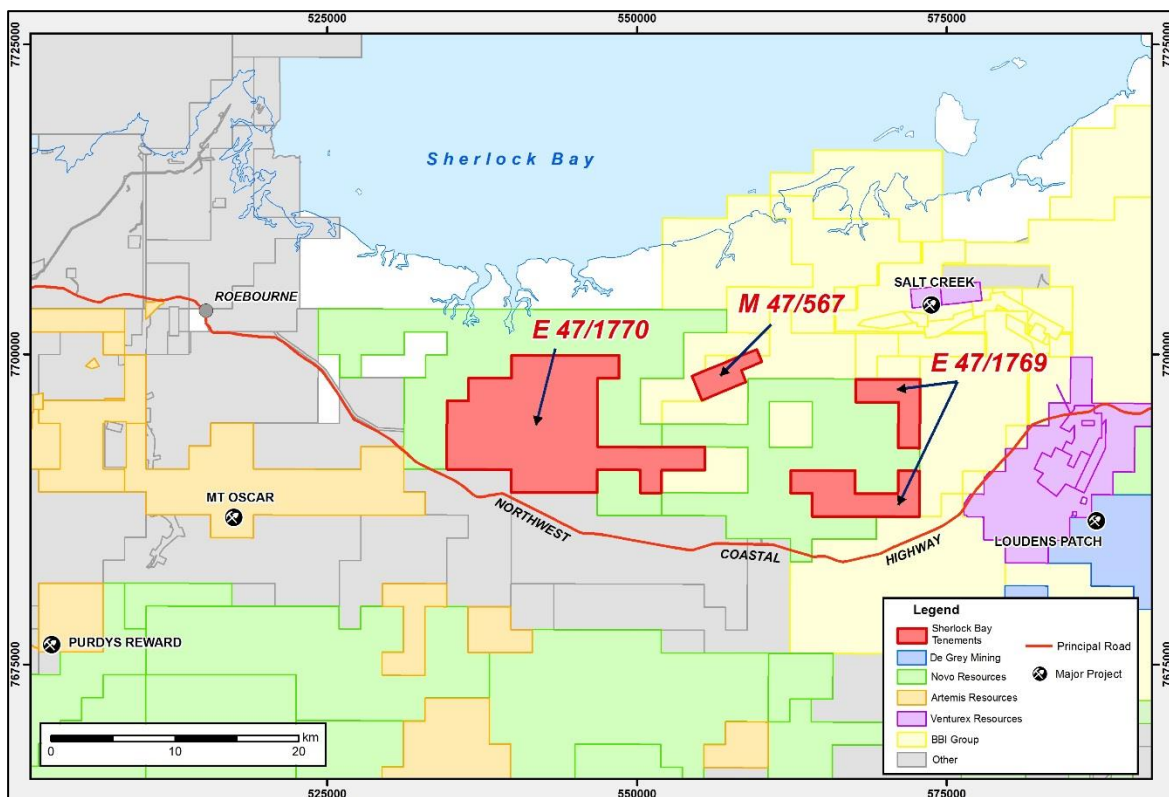


Figure 2: Current tenement status map for the Sherlock Bay Project and surrounding area, source: WA Department of Mines, Industry Regulation and Safety

**Mineral Processing Review**

Following acquisition of the Sherlock Bay Project in January 2018 Sabre has conducted several studies to investigate development options including a mining study update by AMC Consultants Pty Ltd ("AMC"). This work continued during the reporting period. Mineralogical consultancy group Vintage94 Pty Ltd ("Vintage 94") was engaged to review previous studies on metallurgical and mineral processing and to recommend alternative processing flowsheet options and ascertain the effect on CAPEX and OPEX costs.

DIRECTORS' REPORT (continued)

2. REVIEW OF OPERATIONS (continued)

Vintage94 has recommended producing nickel sulphide as the end product rather than the more common nickel sulphate product because it results in lower cost processing and is more marketable than nickel sulphate. Based on this revised mineral processing flowsheet, Vintage94 generated a life of mine financial model incorporating the updated mining cost estimates from AMC and nickel price forecasts. The financial model allows input costs and assumptions to be modified highlighting sensitivities and critical factors that will impact project development.

The Vintage94 study is part of Sabre's review and update of the substantial feasibility study work that has previously been completed on the development of the Sherlock Bay deposit. The extensive information already available and the mining and processing studies that have been carried out by Sabre will allow the Company to rapidly advance the evaluation of the project to feasibility stage.

2.2 Otavi Mountain Land copper and base metal project, Namibia

The Project is located in the OML metallogenic province, historically a globally important source of copper, zinc, lead, and vanadium. The OML has a long mining history dating back to the late 1800s and consequently has excellent infrastructure, including roads, power, water, rail to port and the Tsumeb base metal smelter complex, one of only five operating copper smelters in Africa.

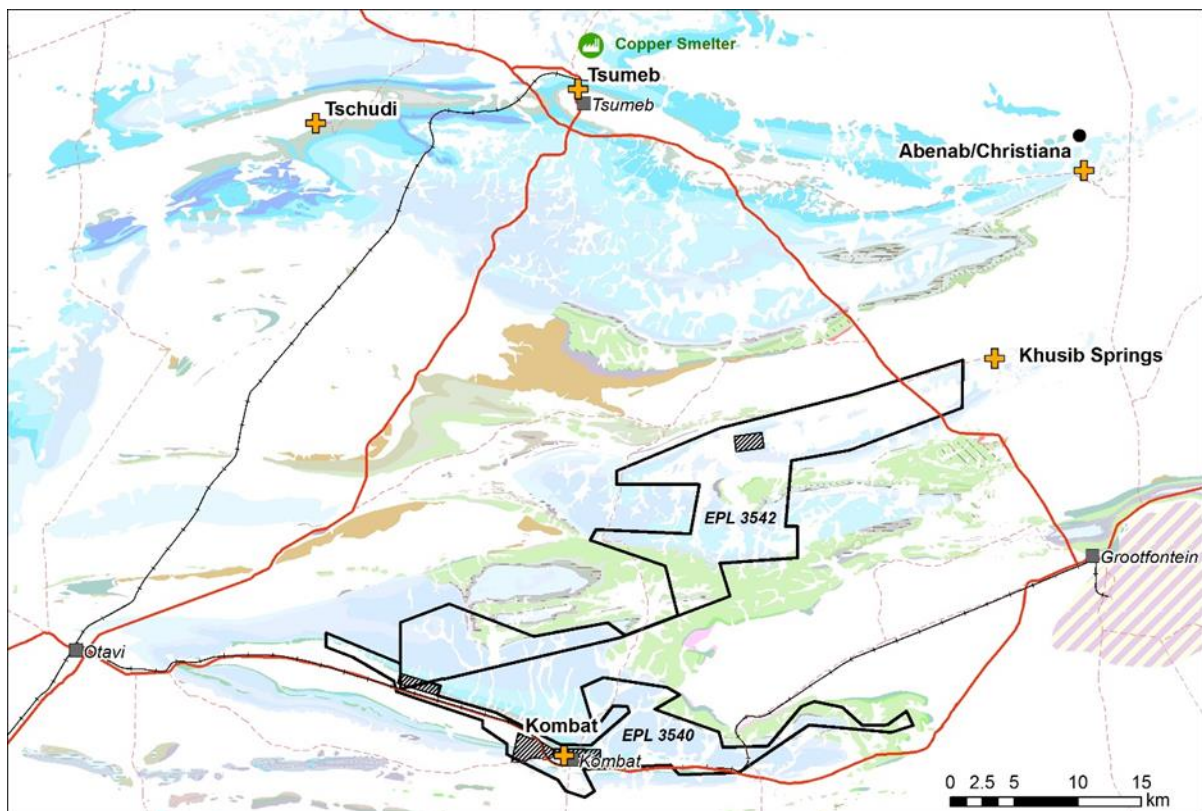


Figure 1: Location map of Sabre Resources Limited's Exclusive Prospecting Licences (EPLs) in the Otavi Mountain Land, northern Namibia



## DIRECTORS' REPORT (continued)

## 2. REVIEW OF OPERATIONS (continued)

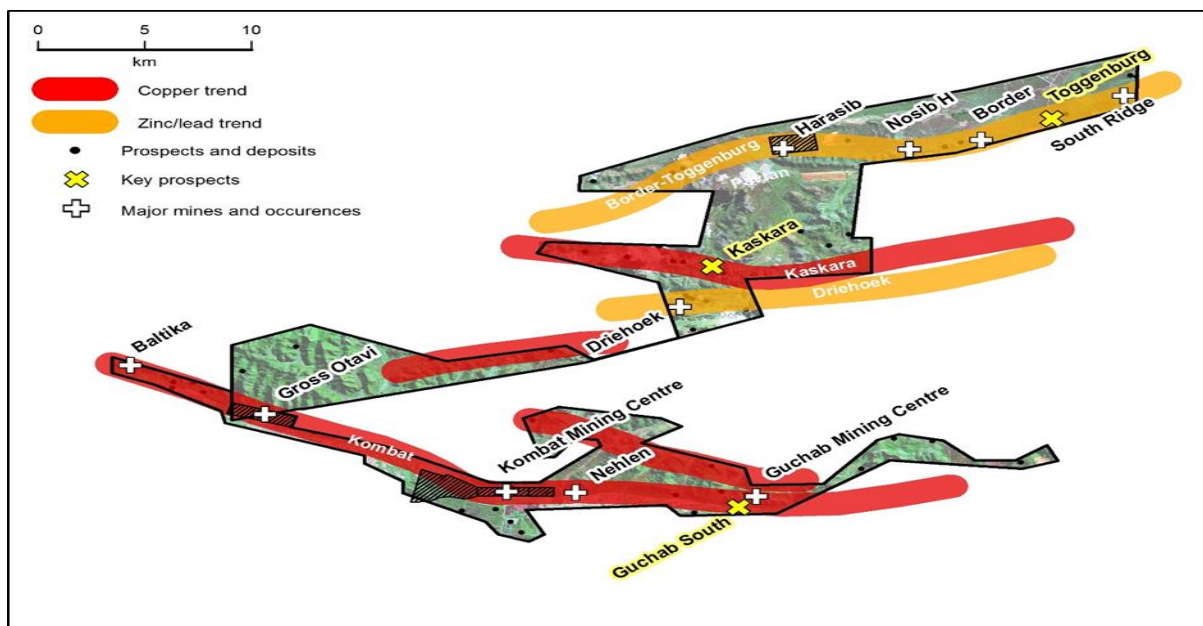


Figure 2: Schematic diagram of copper and zinc-lead mineralised trends within the Sabre tenements, showing key prospect areas and major mines and mineral occurrences

### Prospect Assessment and Prioritisation

During the period the main basemetal and vanadium prospects on the licences in Namibia were visited to assist with an assessment of the prospectivity and potential for project development. Meetings were also held with the Minister at the Namibian Ministry of Mines and Energy to present the status of exploration work and progress licence renewal applications.

Priority exploration targets are the Kaskara, Guchab, Border-Toggenburg and Driehoek prospects. All four prospects are at an advanced exploration stage following extensive previous exploration and drilling by the Company that resulted in resource estimates at Border and Driehoek.

**Border-Toggenburg** is a carbonate-hosted lead-zinc deposit (MVT) within a mineralised trend that extends for 16km on EPL 3542. A resource of 16Mt @ 1.53% Zn, 0.59% Pb, 4.8g/t Ag has been reported at Border and the mineralisation is open along strike and at depth. Shallow reconnaissance drilling at the Toggenburg prospect along strike has returned anomalous results that were not followed up with deeper RC drilling. Sabre considers there is potential for a large resource of in excess of 50Mt along the entire Border-Toggenburg trend. In addition, Sabre considers that despite the relative low lead-zinc grade, the simple mineralogy and coarse grain size of the mineralisation will make beneficiation an effective option to produce a sulphide concentrate at low cost.

**Kaskara** is located on EPL 3542 and was discovered by the Group in September 2009. The prospect is located on a circular hill with a vanadium mineralised breccia pipe at the centre (Figure 4). Surrounding the breccia pipe on the hills flanks are ferruginous veins containing lead-zinc-vanadium. Drilling by the Group intersected best results that included KKDD029 21.9m @ 0.45% Cu, 5.79% Pb, 1.81% Zn and 1.41% V<sub>2</sub>O<sub>5</sub>. It was suggested at the time that Kaskara is structurally and lithologically similar to the breccia pipe at the Tsumeb Mine that has produced 24.9Mt at 5.5% Cu, 11.5% Pb, 4.0% Zn and 172g/t Ag. A geophysical survey identified several chargeability anomalies at a depth of several hundred metres below the hill that may be sulphide bodies similar to those at Tsumeb. The anomalies were not drill tested by the Group at the time.

## DIRECTORS' REPORT (continued)

### 2. REVIEW OF OPERATIONS (continued)



Figure 4: Aerial view of the Kaskara prospect

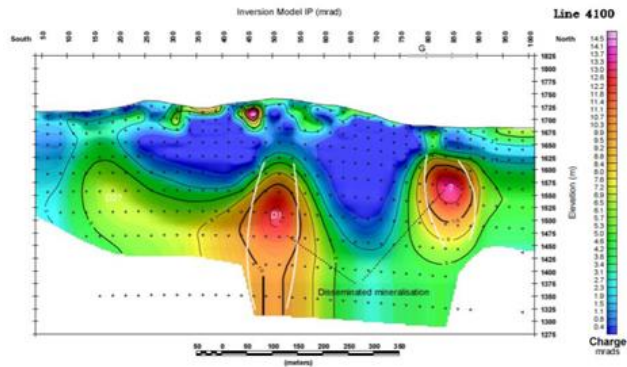


Figure 5: IP chargeability anomalies at Kaskara prospect

The **Guchab** prospect is located in the Otavi Valley to the east of the Kombat Mine that has produced 8.7Mt @ 3.1% Cu, 1.1% Pb and 26g/t Ag. Vein and breccia hosted copper mineralisation within silicified dolomite has been mined via several shallow pits, shafts and adits. Drilling intersected significant copper mineralisation including GCDD005 22.2m at 3.45% Cu, 29.7g/t Ag. Mineralisation appears to be hosted by a splay off the structure that hosts the mineralisation at Kombat. The strike and down plunge extensions of the mineralisation have not been tested.

The Namibian projects are prospective for lead-zinc, copper and vanadium mineralisation. Pending renewal of the licences by the Ministry additional exploration is planned to increase the existing resources or to locate new high-grade sulphide resources. The resistive dolomite host rocks make electromagnetic surveys (VTEM) an effective method to locate large high-grade sulphide deposits at depths of up to 400m. This technique could be applied at Kaskara and Guchab to locate new targets for drilling.

During the reporting period, the Group incurred an expense of \$13,743,371 in relation to its Namibian mineral assets. This relates to expenditure incurred on EPL 3540 Otavi and on EPL 3544 Ongava. Application for renewal of these EPLs was made, and under Namibian law, a compulsory reduction in the size of the EPL is required should the renewal be granted. In line with this, the Company tested for impairment the carrying value of its exploration and evaluation in relation to both of these EPLs and was of the opinion that, as at the reporting date, an amount of \$13,743,371 is not expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale. The directors have assessed the carrying value of exploration and evaluation expenditure under AASB 6 and have concluded that the total carried forward amount of \$12,951,099 is capitalised in accordance with this accounting standard. The Company has obtained an independent valuation report for the Namibian mineral assets and has used the preferred valuations contained within the independent valuation report as the fair value for the remaining unimpaired exploration and evaluation expenditure carried forward on EPL 3540 and EPL 3544.

#### Tenement Management

EPL 3540 and EPL 3542 were renewed in 2013 for the period 30 October 2013 to 29 October 2015. Renewal applications were lodged in September 2015 but weren't granted until 14<sup>th</sup> March 2017 for the period 30<sup>th</sup> October 2016 to 29<sup>th</sup> October 2018. The licences have now expired and the renewal applications have been lodged and are being processed by the Ministry of Mines and Energy. Delays obtaining renewals for the tenements has impacted on the ability of the Company to progress its exploration and access the capital markets.

DIRECTORS' REPORT (continued)

2. REVIEW OF OPERATIONS (continued)



Figure 6: Guchab prospect – Historic workings at Guchab.

Figure 7-8: Vein and breccia style copper mineralisation at Guchab.

**WA Vanadium Projects**

In August 2018, the Group settled the acquisition of 100% interest in Kinetic Metals Pty Ltd (refer to ASX announcement dated 15 August 2018) the holder of a 100% interest in three projects located in Western Australia (Figure 9) with potential for vanadium mineralisation.

A detailed review of the geological setting and previous exploration data for the three projects has been completed, and as a result, the prospectivity of E47/3985 (Balla Balla) and E57/1092 (Unaly) has been downgraded. Objections have also been received from Native Title parties that hold claims over the areas containing E47/3985 (Balla Balla) and E57/1092 (Unaly). As a consequence, the applications for E47/3985 and E57/1092 have been withdrawn allowing exploration to be focussed on the more prospective E80/5219 (Speewah) project. E80/5219 is located in the Kimberley region near King River Copper Limited's Speewah Dome vanadium project which hosts a JORC resource of 4.7Bt at 0.3% V<sub>2</sub>O<sub>5</sub>, 2% TiO<sub>2</sub> and 14.7% Fe.

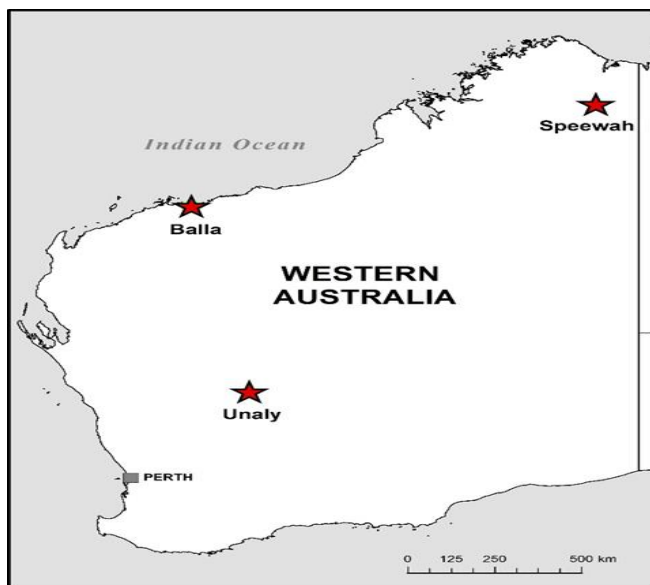


Figure 9: Location diagram of the Company's WA vanadium projects



## SABRE RESOURCES LTD AND CONTROLLED ENTITIES

### DIRECTORS' REPORT (continued)

#### 2. REVIEW OF OPERATIONS (continued)

##### Appendix I – Tenement Schedule

Country	State/Region	Project	Tenement ID	Area (km <sup>2</sup> )	Date Granted	Date Expires	Interest
Namibia	Otjozondjupa	Otavi Mountain Land	EPL3540	110.98	30/10/2006	29/10/2018	80%
			EPL3542	236.90	30/10/2006	29/10/2018	70%
Australia	WA	Sherlock Bay	M47/567	10.0	07/09/2004	22/09/2025	70%
			E47/1769	44.7	07/09/2009	06/09/2019	70%
			E47/1770	134.3	07/09/2009	06/09/2019	70%
		Speewah	E80/5219*	170.66	-	-	-

\* Exploration License Application

##### Competent Person Declaration

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Martin Bennett, who is a member of The Australasian Institute Geoscientists. Mr Bennett is a consultant to Sabre Resources Limited and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that 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 Resource and Ore Reserves". Mr Bennett consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

##### Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Sabre Resources Limited's planned exploration programme and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may", "potential," "should," and similar expressions are forward-looking statements. Although Sabre Resources Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

#### 3. FINANCIAL RESULT

The Group incurred a loss after income tax of \$14,032,435 for the half year period (2017: loss of \$262,251). As at 31 December 2018 the Group had cash funds of \$856,858 (30 June 2018: \$1,207,263).

#### 4. 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 the following page.

This report is made in accordance with a resolution of the Board of Directors.



**Michael Scivolo**  
Director

**Perth, dated this 19th day of March 2019**

## Auditor's Independence Declaration

### To the Directors of Sabre Resources Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Sabre Resources Limited for the period ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review;  
and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



M J Hillgrove  
Partner – Audit & Assurance

Perth, 19 March 2019

**SABRE RESOURCES LTD AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

	Notes	<b>Consolidated Half year 2018 \$</b>	<b>Consolidated Half year 2017 \$</b>
<b>Other Revenue</b>			
Interest earned		5,910	702
Cost recovery		34,553	72,964
Change in fair value of investments		-	25,106
		<b>40,463</b>	<b>98,772</b>
<b>Expenditure</b>			
Depreciation		(5,635)	(11,038)
Directors' fees and services		(18,000)	(18,570)
Professional fees		(87,473)	(53,048)
ASX listing fees		(21,886)	(15,306)
Provision for value added tax		(42,802)	-
Provision for doubtful debts		-	(4,840)
Exploration and evaluation expenditure written off	5	(13,743,371)	-
Office facility fees for services under a Management Agreement		(94,000)	(94,000)
Other operating costs		(59,731)	(164,221)
		<b>(14,072,898)</b>	<b>(361,023)</b>
<b>(Loss) before income tax</b>		<b>(14,032,435)</b>	<b>(262,251)</b>
Income tax benefit		-	-
<b>(Loss) for the half year</b>		<b>(14,032,435)</b>	<b>(262,251)</b>
<b>Other Comprehensive Income, net of tax</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign controlled entities		(109,165)	366,738
<b>Total Comprehensive Profit/(Loss) for the half year</b>		<b>(14,141,600)</b>	<b>104,487</b>
<b>Profit/(loss) for the period attributable to:</b>			
Owners of the parent		(13,177,013)	(248,810)
Non-controlling interest		(855,422)	(13,441)
<b>Total Profit/(Loss) for the half year, net after tax</b>		<b>(14,032,435)</b>	<b>(262,251)</b>
<b>Total comprehensive income/(loss) for the period attributable to:</b>			
Owners of the parent		(13,258,886)	26,243
Non-controlling interest		(882,714)	78,244
<b>Total comprehensive income/(loss) for the half year</b>		<b>(14,141,600)</b>	<b>104,487</b>
Basic and diluted profit/(loss) per share (cents)		(3.59)	(0.10)

*The accompanying notes form part of these financial statements.*

**SABRE RESOURCES LTD AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2018**

	Notes	<b>Consolidated 31 December 2018 \$</b>	<b>30 June 2018 \$</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		856,858	1,207,263
Trade and other receivables		100,703	66,628
<b>TOTAL CURRENT ASSETS</b>		<b>957,561</b>	<b>1,273,891</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment		9,376	12,481
Exploration and evaluation expenditure	5	12,951,099	26,596,664
<b>TOTAL NON-CURRENT ASSETS</b>		<b>12,960,475</b>	<b>26,609,145</b>
<b>TOTAL ASSETS</b>		<b>13,918,036</b>	<b>27,883,036</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		250,791	271,853
Borrowings		-	300,000
Employee benefits		26,584	18,554
<b>TOTAL CURRENT LIABILITIES</b>		<b>277,375</b>	<b>590,407</b>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables		508,647	508,647
Loans and borrowings		444,791	475,000
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>953,438</b>	<b>983,647</b>
<b>TOTAL LIABILITIES</b>		<b>1,230,813</b>	<b>1,574,054</b>
<b>NET ASSETS</b>		<b>12,687,223</b>	<b>26,308,982</b>
<b>EQUITY</b>			
Issued capital	6	54,497,746	53,970,149
Foreign currency translation reserve		(1,852,327)	(1,770,454)
Option reserve	7	53,073	60,829
Accumulated losses		(38,231,500)	(25,054,487)
Parent interests		14,466,992	27,206,037
Non-controlling interest		(1,779,769)	(897,055)
<b>TOTAL EQUITY</b>		<b>12,687,223</b>	<b>26,308,982</b>

*The accompanying notes form part of these financial statements.*

**SABRE RESOURCES LTD AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

	Ordinary Issued Capital	Foreign Currency Translation Reserve	Share Options Reserve	(Accumulated Losses)	Total attributable to owners of parent	Non- controlling Interest	Total
	\$	\$	\$	\$			\$
<b>BALANCE AT 1 JULY 2017– as previously stated</b>	<b>52,325,045</b>	<b>(2,259,956)</b>	<b>10,000</b>	<b>(24,807,358)</b>	<b>25,267,731</b>	<b>-</b>	<b>25,267,731</b>
Prior period adjustment (Refer to Note 8)	-	564,989	-	337,706	902,695	(902,695)	-
<b>BALANCE AT 1 JULY 2017- restated</b>	<b>52,325,045</b>	<b>(1,694,967)</b>	<b>10,000</b>	<b>(24,469,652)</b>	<b>26,170,426</b>	<b>(902,695)</b>	<b>25,267,731</b>
Loss attributable for the period	-	-	-	(248,810)	(248,810)	(13,441)	(262,251)
Total other comprehensive income/(loss) for the period	-	275,053	-	-	275,053	91,685	366,738
<b>BALANCE AT 31 DECEMBER 2017</b>	<b>52,325,045</b>	<b>(1,419,914)</b>	<b>10,000</b>	<b>(24,718,462)</b>	<b>26,196,669</b>	<b>(824,451)</b>	<b>25,372,218</b>
	Ordinary Issued Capital	Foreign Currency Translation Reserve	Share Option Reserve	(Accumulated Losses)	Total attributable to owners of parent	Non- controlling Interest	Total
	\$	\$	\$	\$			\$
<b>BALANCE AT 1 JULY 2018– as previously stated</b>	<b>53,970,149</b>	<b>(2,360,605)</b>	<b>60,829</b>	<b>(25,361,421)</b>	<b>26,308,952</b>	<b>30</b>	<b>26,308,982</b>
Prior period adjustment (Refer to Note 8)	-	590,151	-	306,934	897,085	(897,085)	-
<b>BALANCE AT 1 JULY 2018 - restated</b>	<b>53,970,149</b>	<b>(1,770,454)</b>	<b>60,829</b>	<b>(25,054,487)</b>	<b>27,206,037</b>	<b>(897,055)</b>	<b>26,308,982</b>
Loss attributable for the period	-	-	-	(13,177,013)	(13,177,013)	(855,422)	(14,032,435)
Total other comprehensive income/(loss) for the period	-	(81,873)	-	-	(81,873)	(27,292)	(109,165)
Issued of capital	564,500	-	-	-	564,500	-	564,500
Capital raising costs	(50,603)	-	-	-	(50,603)	-	(50,603)
Issue of options	-	-	5,944	-	5,944	-	5,944
Expiration of options	13,700	-	(13,700)	-	-	-	-
<b>BALANCE AT 31 DECEMBER 2018</b>	<b>54,497,746</b>	<b>(1,852,327)</b>	<b>53,073</b>	<b>(38,231,500)</b>	<b>14,466,992</b>	<b>(1,779,769)</b>	<b>12,687,223</b>

*The accompanying notes form part of these financial statements.*



**SABRE RESOURCES LTD AND CONTROLLED ENTITIES**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

	<b>Consolidated</b>	
	<b>Half year</b>	<b>Half year</b>
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Cash Flows from Operating Activities</b>		
Payments to suppliers and employees	(465,038)	(141,341)
Interest received	8,224	702
Other income	53,728	79,679
<i>Net cash (used in) operating activities</i>	<u>(403,086)</u>	<u>(60,960)</u>
<b>Cash Flows from Investing Activities</b>		
Payments for exploration and evaluation expenditure	(131,207)	(141,612)
<i>Net cash (used in) investing activities</i>	<u>(131,207)</u>	<u>(141,612)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from issue of shares, net of capital raising costs	483,888	-
Repayment of loans	(320,000)	-
Proceeds from loans	20,000	210,000
<i>Net cash provided by/(used in) financing activities</i>	<u>183,888</u>	<u>210,000</u>
<b>Net increase/(decrease) in Cash and Cash Equivalents</b>	<b>(350,405)</b>	<b>7,314</b>
<b>Cash and Cash Equivalents at the Beginning of the Half Year</b>	<b>1,207,263</b>	<b>66,579</b>
Effect of exchange rates on cash holdings in foreign currencies	-	2,172
<b>Cash and Cash Equivalents at the End of Half Year</b>	<u><b>856,858</b></u>	<u><b>76,065</b></u>

*The accompanying notes form part of these financial statements.*

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

**1. BASIS OF PREPARATION OF HALF YEAR REPORT**

Sabre Resources Ltd is a company domiciled in Australia.

This general-purpose financial report for the interim half year reporting period ended 31 December 2018 has been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134 Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Sabre Resources Ltd and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2018 together with any public announcements made during the half year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

The interim financial statements have been approved and authorised for issue by the Board of Directors.

**New standards adopted as at 1 July 2018**

As at the half year ended 31 December 2018, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2018.

***AASB 15 Revenue from Contracts with Customers***

AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and several revenue-related Interpretations. The new Standard has been applied as at 1 July 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 January 2018 and comparatives are not restated. In accordance with the transition guidance, AASB 15 has only been applied to contracts that are incomplete as at 1 July 2018.

The adoption of this standard has had no impact on the current or previous reporting period and as such there have been no adjustments to the opening balance of retained earnings and disclosures.

***AASB 9 Financial Instruments***

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement requirements. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

The adoption of this standard has had no impact on the current or previous reporting period and as such there have been no adjustments to the opening balance of retained earnings and disclosures.

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

**1. BASIS OF PREPARATION OF HALF YEAR REPORT (continued)**

*(i) Changes in accounting policy and disclosures*

Other than those identified above, there have been no other standards coming into effect for the first time during the half-year ended 31 December 2018.

*(ii) Accounting standards and Interpretations issued but not yet effective*

There have been no material changes to Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective. These have not been adopted by the Group for the half year reporting period ended 31 December 2018.

**Going concern**

The financial report has been prepared on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. During the period, the Group has reported a net loss of \$14,032,435 (2017: \$262,251) and a net cash outflow from operating activities of \$403,086 (2017: \$60,960). It is further noted that a shareholder has loaned the Company \$20,000 during the period and \$320,000 was repaid to that shareholder during the period in relation to previous loans received by the Company.

The Directors will continue to monitor the capital requirements of the Group, and this includes additional capital raisings in future periods as required. The Group has the ability to vary discretionary exploration expenditure if required.

In addition to planned capital raisings, a shareholder of the Company has agreed to provide cash advances to the Company to sustain operations until a capital raising has been completed.

At 31 December 2018, a non-interest-bearing loan of \$444,791 had been received by the Company and remains payable. The lender has agreed that repayments are not required for at least twelve months from the date of the issue of the auditor reviewed financial statements.

In addition, service fees and reimbursable expenses included in Non-Current Trade and Other Payables, amounting to \$508,647, have been deferred by the creditor for at least 12 months from the date of the issue of the auditor reviewed financial statements.

Should the Group be unable to obtain the funding as described above, there is a material uncertainty as to whether the Group will be able to continue as a going concern, and therefore, whether it will be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

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

**2. DIVIDENDS**

No dividends have been paid or proposed during the half year ended 31 December 2018.

**3. CAPITAL AND LEASING COMMITMENTS AND CONTINGENCIES**

There has been no material change in contingent liabilities and commitments since the end of the last annual reporting period.

**4. OPERATING SEGMENTS**

**Segment Information**

**Identification of reportable segments**

The Group has identified its operating segments based on the internal management reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and determining the allocation of resources. As the Group is focused on mineral exploration, the Board monitors the Group based on actual exploration expenditure incurred by area of interest. The internal reporting framework is the most relevant to assist the executive management team with making decisions regarding the Group and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

The executive management team has aggregated the performance of all segments as they maintain similar economic characteristics including the development and exploration of the Group's mineral interests in Namibia as well as Western Australia.

**Basis of Accounting for purposes of reporting by operating segments**

*Accounting Policies Adopted*

All amounts reported to the Board of Directors with respect to operating segments are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group.

*Unallocated items*

Corporate costs are not considered core operations of any segment.

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

5. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	31 December 2018	30 June 2018
	\$	\$
Opening balance	26,596,664	26,120,999
Expenditure for period including foreign exchange movements	54,362	295,665
Value of securities issued to acquire tenements	43,444	180,000
Expenditure written off (a)	(13,743,371)	-
	<b>12,951,099</b>	<b>26,596,664</b>

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mineral areas.

Exploration and evaluation activities in the area of interests to which the Exploration and Evaluation Expenditure relates has not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

The Group has capitalised Exploration and Evaluation Expenditure in relation to Namibian Exclusive Prospecting License ("EPL") 3540 and EPL 3542. Both of these EPLs expired on 29 October 2018, however, under the Namibian mining laws, specifically the Minerals (Prospecting and Mining) Act, 1992 "an exclusive prospecting license shall not expire during a period during which an application for the renewal of such license is being considered, until such application is refused or the application is withdrawn or has lapsed, whichever occurs first or, if such application is granted, until such time as the exclusive prospecting license is renewed in consequence of such applications."

The Group has applied to the Namibian Ministry of Mines and Energy ("Ministry") to renew both EPL 3540 and EPL 3542, and as at the date of this report, the Group has not been informed by the Ministry as to whether the applications have been refused, lapsed or renewed.

Should application(s) not be renewed, the Exploration and Evaluation Expenditure capitalised at the reporting date for EPL 3540 (\$3,500,000) and EPL 3542 (\$9,100,000) would not be realised and would need to be written off.

(a) During the reporting period, the Group incurred an expense of \$13,743,371 in relation to its Namibian mineral assets. This relates to expenditure incurred on EPL 3540 Otavi and on EPL 3544 Ongava. Application for renewal of these EPLs was made, and under Namibian law, a compulsory reduction in the size of the EPL is required should the renewal be granted. In line with this, the Company tested for impairment the carrying value of its exploration and evaluation in relation to both of these EPLs and was of the opinion that, as at the reporting date, an amount of \$13,743,371 is not expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale. The directors have assessed the carrying value of exploration and evaluation expenditure under AASB 6 and have concluded that the total carried forward amount of \$12,951,099 is capitalised in accordance with this accounting standard. The Company has obtained an independent valuation report for the Namibian mineral assets and has used the preferred valuations contained with the independent valuation report as the fair value for the remaining unimpaired exploration and evaluation expenditure carried forward on EPL 3540 and EPL 3544.



## SABRE RESOURCES LTD AND CONTROLLED ENTITIES

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

#### 6. ISSUED CAPITAL

Date	Details	Number of Shares	Amount \$
1 July 2017	Balance	251,472,228	52,325,045
31 December 2017	Balance	<u>251,472,228</u>	<u>52,325,045</u>
30 June 2018	Balance	369,340,280	53,970,149
13 August 2018	Issue of shares at \$0.015 per share	2,500,000	37,500
19 September 2018	Issue of shares at \$0.015 per share	33,333,334	500,000
19 September 2018	Issue of shares at \$0.015 per share	1,799,992	27,000
	Transfer of expired options from Share Option Reserve	-	13,700
	Capital raising costs	-	(50,603)
31 December 2018	Balance	<u>406,973,606</u>	<u>54,497,746</u>

The Company's capital consists of Ordinary Shares. The Company does not have a limited amount of authorised share capital. The shares have no par value and are entitled to participate in dividends and the proceeds on any winding up of the Company in proportion to the number of shares held.

At shareholders' meetings each fully paid ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

#### 7. SHARE OPTION RESERVE

Date	Details	Number of Options	Amount \$
1 July 2017	Balance	112,500,000	10,000
31 December 2017	Balance	<u>12,500,000</u>	<u>10,000</u>
1 July 2018	Balance	282,500,000	60,829
1 August 2018	Expiration of \$0.025 options	(149,500,000)	(13,700)
20 September 2018	Issue of \$0.03 31 October 2019 options	118,168,044	5,944
12 October 2018	Issue of \$0.03 31 October 2019 options	33,333,334	-
31 December 2018	Balance	<u>284,501,378</u>	<u>53,073</u>

## SABRE RESOURCES LTD AND CONTROLLED ENTITIES

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

#### 8. PRIOR PERIOD ADJUSTMENT

The restatement of the 31 December 2017 financial statements is as a result of the non-controlling interest not being accounted for in the prior period. This has been rectified by restating each of the affected financial statement line items for prior period.

	Previous amount \$	Adjustment \$	Restated amount \$
<b>30 June 2018</b>			
Accumulated losses	(25,361,421)	306,934	(25,054,487)
Foreign currency translation reserve	(2,360,605)	590,151	(1,770,454)
Non-controlling interest	30	(897,085)	(897,055)
<b>30 June 2017</b>			
Accumulated losses	(24,807,358)	337,706	(24,469,652)
Foreign currency translation reserve	(2,259,956)	564,989	(1,694,967)
Non-controlling interest	-	(902,695)	(902,695)

#### 9. RELATED PARTY TRANSACTIONS

The Group's related parties include its subsidiaries, key management personnel and others as described below. None of the transactions incorporate special items and conditions and no guarantees were received or given.

Related Party	Relationship	Nature of Transaction	Half Year Ended 31 December 2018 \$	Half Year Ended 31 December 2017 \$
Sabre Resources Namibia (Pty) Ltd	Subsidiary	Advances	9,149	118,000
Gazania Investments Nine (Pty) Ltd	Subsidiary	Advances	22,405	28,000
Golden Deeps Limited	Common directors	Cost Recovery	47,434	6,108
Oshivela Mining Pty Ltd	Common directors	Cost Recovery	7,845	5,527
Metals Australia Limited	Common directors	Cost Recovery	20,211	45,199
Huab Energy (Pty) Ltd	Common directors	Cost Recovery	78,908	5,991
Gazania Investments Nine (Pty) Ltd	Subsidiary	Cost Recovery	7,860	5,527
Golden Deeps Limited	Common directors	Trade Receivables	52,177	5,280
Metals Australia Limited	Common directors	Trade Receivables	5,492	7,919
Oshivela Mining Pty Ltd	Common directors	Trade Receivables	1,247	1,002
Huab Energy (Pty) Ltd	Common directors	Trade Receivables	10,403	1,491
Gazania Investments Nine (Pty) Ltd	Subsidiary	Trade Receivables	1,247	1,002

The Company expensed director fees of \$6,000 from Profit & Resource Management Pty Ltd, an entity of which Robert Collins is a director and shareholder. An amount of \$6,000 (excluding GST) remains payable as at 31 December 2018.

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

**10. EVENTS SUBSEQUENT TO REPORTING DATE**

No other matters or circumstances have arisen since the end of the half year which significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group.

## **SABRE RESOURCES LTD AND CONTROLLED ENTITIES**

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### **DIRECTORS' DECLARATION**

In the opinion of the Directors of Sabre Resources Ltd:

- (a) the consolidated financial statements and notes, as set out on the accompanying pages, are in accordance with the Corporations Act 2001 including:
  - (i) complying with Australian Accounting Standard, AASB 134: Interim Financial Reporting; and
  - (ii) giving a true and fair view of its financial position as at 31 December 2018 and of its performance for the half year ended on that date; 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.

**Signed in accordance with a resolution of the Board of Directors.**



**Michael Scivolo**  
**Director**

**Perth, dated this 19th day of March 2019**

# Independent Auditor's Review Report

## To the Members of Sabre Resources Limited

### Report on the review of the half year financial report

#### Conclusion

We have reviewed the accompanying half year financial report of Sabre Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated condensed statement of financial position as at 31 December 2018, and the consolidated condensed statement of profit or loss and other comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Sabre Resources Limited does not give a true and fair view of the financial position of the Group as at 31 December 2018, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

#### Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of \$14,032,435 during the half year ended 31 December 2018 and a net cash outflow from operating activities of \$403,086. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

#### Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



### Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Sabre Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

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



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



M J Hillgrove  
Partner – Audit & Assurance

Perth, 19 March 2019