

ENTERPRISE METALS LIMITED

ABN 43 123 567 073

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED

31 DECEMBER 2016

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2016 and any public announcements made by Enterprise Metals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

ENTERPRISE METALS LIMITED

31 DECEMBER 2016

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ENTERPRISE METALS LIMITED

31 DECEMBER 2016

CORPORATE DIRECTORY

Directors

Dr Allan Trench
Mr Dermot Ryan
Dr Zhijun He

Non-Executive Chairman
Managing Director
Non-Executive Director

Company Secretary

Mr Sam Middlemas

Principal registered office

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Share Registry

Computershare Registry Services
Level 2, 45 St Georges Terrace
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Australian Securities Exchange

ASX Code – ENT

ENTERPRISE METALS LIMITED

31 DECEMBER 2016

DIRECTORS' REPORT

Your Directors submit their report on the consolidated entity consisting of Enterprise Metals Limited ('Enterprise' or the 'Company') and the entities it controlled at the end of, or during, the half-year ended 31 December 2016.

DIRECTORS

The names of the Directors who held office during or since the end of the half-year are:

Dr Allan Trench

Dermot Ryan

Dr Zhijun He (appointed 12 October 2016)

Dr Jingbin Wang (resigned 12 October 2016)

REVIEW AND RESULTS OF OPERATIONS

A summary of consolidated revenues and results for the half-year is set out below:

	2016		2015	
	Other Income	Loss for the half-year	Other Income	Loss for the half-year
	\$	\$	\$	\$
Consolidated entity other income and profit/(loss)	209,971	(280,790)	27,141	(1,982,933)

REVIEW OF OPERATIONS

The consolidated entity ('Enterprise' or 'the Company') recorded an operating loss after income tax for the half year ended 31 December 2016 of \$280,790 compared to the 31 December 2015 operating loss after income tax of \$1,982,933. The result for the half year ended 31 December 2016 included exploration write-offs totalling \$294,979 (31 December 2015: \$1,758,345) primarily related to the consolidated entities exploration on the Darlot exploration projects (2015: Doolgunna and Fraser Range).

During the half-year the consolidated entity incurred a total of \$239,965 on exploration expenditure. A significant proportion of this exploration expenditure was directed to the Darlot copper/zinc/gold project and the Doolgunna copper/zinc/gold project.

In October 2016 the Company entered into a Farm-in Agreement with the ASX Listed copper producer Sandfire Resources NL ('Sandfire') on the Doolgunna project. As part of the transaction, Enterprise received \$300,000 worth of shares in Sandfire, and Sandfire are required to spend a minimum of \$1.5m over 2 years on exploration. After the minimum spend, Sandfire have the option to sole fund exploration to define minimum resources containing 50,000 tonnes Cu metal or equivalent to earn a 75% interest, after which Enterprise and Sandfire would form a Joint Venture and fund their respective interests. Sandfire can withdraw from the Earn-in any time after the minimum \$1.5m spend with no interest in the project.

The Company's cash position at the end of the half-year was \$293,571. Activities for the consolidated entity were funded through the sale of part of the shareholdings in Sandfire and Alto Metals Limited, and these shareholdings will continue to be sold to fund future activities as required.

All of Enterprise's main projects – Doolgunna copper/zinc/gold project and Fraser Range nickel/copper project are being fully funded by joint venture partners and so Enterprise's operating costs are now at minimal levels as new project opportunities are identified.

ENTERPRISE METALS LIMITED

31 DECEMBER 2016

DIRECTORS' REPORT

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 next page.

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



Dermot Ryan
Managing Director

Perth, 13 March 2017

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**Auditor's Independence Declaration
To The Directors of Enterprise Metals Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Enterprise Metals Limited for the half-year ended 31 December 2016, 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 A Petricevic
Partner - Audit & Assurance

Perth, 13 March 2017

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ENTERPRISE METALS LIMITED

31 DECEMBER 2016

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Note	Half-year	
		2016 \$	2015 \$
REVENUE			
Revenue from ordinary activities		-	-
		-	-
OTHER INCOME			
Interest received		1,617	5,387
Gain on sale of available-for-sale financial assets		207,971	21,754
		209,588	27,141
EXPENDITURE			
Accounting and audit fees		(12,627)	(9,599)
Share registry and listing fees		(24,737)	(33,571)
Employee benefits expense		3,581	(43,332)
Corporate and consulting fees		(101,238)	(62,838)
Computers and software		(13,265)	(8,234)
Depreciation		(7,260)	(19,888)
Insurance		(8,012)	(12,069)
Investor relations		(7,581)	(7,935)
Legal fees		(240)	(1,000)
Office rental expense		(15,709)	(10,498)
Travel and accommodation		(55)	(5,415)
Impairment of available for sale financial assets		-	-
Impairment of capitalised exploration expenses	3	(294,979)	(1,758,345)
Other expenses		(8,256)	(37,350)
		(280,790)	(1,982,933)
(LOSS) BEFORE INCOME TAX EXPENSE		(280,790)	(1,982,933)
Income tax expense		-	-
		(280,790)	(1,982,933)
OTHER COMPREHENSIVE INCOME			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Changes in the fair value of available-for-sale financial assets		634,371	11,500
Reclassification of (gains) / losses of available-for-sale financial assets to profit or loss		(207,971)	-
		426,400	11,500
OTHER COMPREHENSIVE INCOME, NET OF TAX		426,400	11,500
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF ENTERPRISE METALS LIMITED			
		145,610	(1,971,433)
Basic and diluted (loss) per share (cents per share)		(0.1)	(0.7)

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

ENTERPRISE METALS LIMITED

31 DECEMBER 2016

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	31 December 2016 \$	30 June 2016 \$
CURRENT ASSETS		
Cash and cash equivalents	293,571	281,121
Trade and other receivables	70,141	31,265
TOTAL CURRENT ASSETS	363,712	312,386
NON-CURRENT ASSETS		
Available-for-sale financial assets	1,552,531	975,000
Plant and equipment	1,000	4,430
Intangible assets	2,621	6,451
Exploration and evaluation	6,538,856	6,893,870
TOTAL NON-CURRENT ASSETS	8,095,008	7,879,751
TOTAL ASSETS	8,458,720	8,192,137
CURRENT LIABILITIES		
Trade and other payables	207,469	130,125
TOTAL CURRENT LIABILITIES	207,469	130,125
TOTAL LIABILITIES	207,469	130,125
NET ASSETS	8,251,251	8,062,012
EQUITY		
Issued capital	30,106,736	30,063,107
Reserves	7,183,065	6,756,655
Accumulated losses	(29,038,540)	(28,757,750)
TOTAL EQUITY	8,251,251	8,062,012

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

ENTERPRISE METALS LIMITED

31 DECEMBER 2016

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Note	Issued Capital \$	Options Reserve \$	Available-for- Sale Financial Assets Reserve \$	Accumulated Losses \$	Total \$
BALANCE AT 1 JULY 2015		29,110,501	6,019,447	-	(25,886,913)	9,243,035
Loss for the half-year		-	-	-	(1,982,933)	(1,982,933)
OTHER COMPREHENSIVE INCOME						
Other comprehensive income		-	-	11,500	-	11,500
TOTAL COMPREHENSIVE INCOME		-	-	11,500	(1,982,933)	(1,971,433)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:						
Shares issued during the period		731,183	-	-	-	731,183
Options issued during the period		(75,708)	75,708	-	-	-
Costs of share issue		(23,578)	-	-	-	(23,578)
BALANCE AT 31 DECEMBER 2015		29,742,398	6,095,155	11,500	(27,869,846)	7,979,207
BALANCE AT 1 JULY 2016		30,063,107	6,095,155	661,500	(28,757,750)	8,062,012
Loss for the half-year		-	-	-	(280,790)	(280,790)
OTHER COMPREHENSIVE INCOME						
Other comprehensive income		-	-	426,400	-	426,400
TOTAL COMPREHENSIVE INCOME		-	-	426,400	(280,790)	145,610
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:						
Shares issued during the period		43,629	-	-	-	43,629
BALANCE AT 31 DECEMBER 2016		30,106,736	6,095,155	1,087,900	(29,038,540)	8,251,251

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

ENTERPRISE METALS LIMITED

31 DECEMBER 2016

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Half-year	
	2016	2015
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	1,617	5,667
Other income	-	26,038
Payments to suppliers and employees	(192,060)	(293,463)
Net cash used in operating activities	(190,443)	(261,758)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation expenditure	(153,946)	(413,208)
Proceeds from sale of financial assets	356,839	-
Net cash provided by / (used in) investing activities	202,893	(413,208)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares	-	650,000
Payments of share issue transaction costs	-	(23,577)
Net cash provided by financing activities	-	626,423
Net increase / (decrease) in cash and cash equivalents	12,450	(48,543)
Cash and cash equivalents at the beginning of the period	281,121	304,111
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	293,571	255,568

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

ENTERPRISE METALS LIMITED

31 DECEMBER 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This consolidated interim financial report for the half-year reporting period ended 31 December 2016 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by Enterprise Metals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Going Concern

The financial statements have been prepared on a going concern basis which the Directors believe to be appropriate. The Directors are confident that the Group will be able to maintain sufficient levels of working capital to continue as a going concern and continue to pay its debts as and when they fall due.

For the period ended 31 December 2016, the Group incurred a loss before tax of \$280,790 (31 December 2015: loss of \$1,982,933) including a non-cash impairment charge relating to exploration expenditure of \$294,979 (31 December 2015: \$1,758,345). For the half year ended at 31 December 2016, the Group incurred net operating cash outflows of \$190,443 (31 December 2015: outflow of \$261,758)

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

The going concern of the Group is dependent upon it maintaining sufficient funds for its operations and commitments. The Directors continue to be focused on meeting the Group's business objectives and is mindful of the funding requirements to meet these objectives. The Directors consider the basis of going concern to be appropriate for the following reasons:

- The current cash of the Group relative to its fixed and discretionary commitments;
- The contingent nature of certain of the Groups' project expenditure commitments, which were \$366,334 at 31 December 2016 (30 June 2016: \$928,000);
- The ability of the Group to be receive rebates from research and development and other government grants;
- The underlying prospects for the Group to raise funds from the capital markets; and
- The groups ability to sell Investments worth \$1,552,532 at 31 December 2016.

Accordingly, the Directors believe that subject to prevailing equity market conditions, the Group will obtain sufficient funding to enable it to continue as a going concern and that it is appropriate to adopt that basis of accounting in the preparation of the financial report.

Should the Group be unable to undertake the initiatives disclosed above, there is a material uncertainty which may cast significant doubt as to whether or not the Group will be able to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

ENTERPRISE METALS LIMITED

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

New and amended standards adopted by the Group

The accounting policies adopted in the preparation of the interim financial reports are consistent with those followed in the preparation of the Group's annual financial statement for the year end 30 June 2016. A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Impact of standards issued but not yet applied by the Group

There are no standards that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions. The Group has not early adopted any of the standards, interpretations or amendments that have been issued but are not yet effective.

Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2016. The only exception is the estimate of the provision for income taxes which is determined in the interim financial statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

NOTE 2: SEGMENT INFORMATION

The Directors have considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded that at this time there are no separately identifiable segments.

The Group remains focused on mineral exploration over areas of interest solely in Western Australia.

NOTE 3: EXPLORATION AND EVALUATION

	31 December 2016	30 June 2016
	\$	\$
Exploration and evaluation	6,538,856	6,893,870
Balance at end of period	6,538,856	6,893,870
Balance at beginning of period	6,893,870	8,665,764
Exploration expenditure	239,965	642,545
Proceeds from Sandfire Earn-in	(300,000)	-
Impairment of capitalised exploration expenses	(294,979)	(2,414,439)
Balance at end of period	6,538,856	6,893,870

ENTERPRISE METALS LIMITED

31 DECEMBER 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3: EXPLORATION AND EVALUATION (Continued)

The Directors' assessment of the carrying amount for the Company's exploration properties was after consideration of prevailing market conditions; previous expenditure for exploration work carried out on the tenements; and the potential for mineralisation based on the Company's and independent geological reports.

The ultimate value of these assets is dependent upon recoupment by commercial development or the sale of the whole or part of the Company's interests in these exploration properties for an amount at least equal to the carrying value.

There may exist on the Company's exploration properties, areas subject to claim under Native Title or containing sacred sites or sites of significance to Aboriginal people. As a result, the Company's exploration properties or areas within the tenements may be subject to exploration and mining restrictions. During the current period an impairment of \$294,979 (31 December 2015: \$1,758,345) was recognised due to the surrender of tenements and revaluation of carrying values.

NOTE 4: ISSUED CAPITAL

	31 December 2016	30 June 2016		
	\$	\$		
318,769,728 (30 June 2016: 315,133,979) Fully paid ordinary shares	30,106,736	30,063,107		
	31 December 2016	31 December 2016	30 June 2016	30 June 2016
	Shares	\$	Shares	\$
Balance at beginning of period	315,133,979	30,063,107	296,745,104	29,742,398
Issues of ordinary shares during the period				
3,635,749 shares at \$0.012 on 7 December 2016	3,635,749	43,629	-	-
6,389,889 shares at \$0.018 on 21 April 2016	-	-	6,388,889	115,018
11,999,986 shares at \$0.018 on 17 February 2016	-	-	11,999,986	216,000
Share issue costs	-	-	-	(10,309)
	318,769,728	30,106,736	315,133,979	30,063,107

Refer to note 6 for share issues to Directors and related parties.

	31 December 2016	30 June 2016		
	Number	Number		
Movement in options on issue				
At the beginning of the reporting period	18,662,500	30,662,500		
Expired during the half year				
Exercisable at 10 cents, on or before 15 June 2016	-	(12,000,000)		
Exercisable at 8 cents, on or before 30 November 2016	(16,662,500)	-		
At reporting date	2,000,000	18,662,500		

ENTERPRISE METALS LIMITED

31 DECEMBER 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5: CONTINGENCIES

The Company has no contingencies in place at the reporting date.

NOTE 6: RELATED PARTY TRANSACTIONS

On 7 December 2016 Enterprise Metals Limited issued 3,635,749 fully paid ordinary shares to Director Dr Trench and Dr Wang in lieu of 50% of outstanding Directors' fees for the period 1 January 2016 to 31 December 2016.

NOTE 7: SUBSEQUENT EVENTS

Subsequent to reporting date the Group elected to dispose of a number of listed securities generating approximately \$0.1m in available funds for the Group.

No other matter or circumstance has arisen since 31 December 2016, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

NOTE 8: FAIR VALUE

Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices); and
- Level 3: inputs for the asset or liability that is not based on observable market data (unobservable inputs).

The Group's financial assets are measured using level 1 inputs and are recognised at fair value based on listed market prices for the shares held at 31 December 2016. There has been no change to this methodology (apart from changes in quote prices at balance dates) from 30 June 2016.

ENTERPRISE METALS LIMITED

31 DECEMBER 2016

DIRECTORS' DECLARATION

In the Directors' opinion:

1. the financial statements and notes set out on pages 7 to 15 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with AASB 134: Interim Financial Reporting, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that Enterprise Metals Limited will be able to pay its debts as and when they become due and payable.

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



Dermot Ryan
Managing Director

Perth, 13 March 2017

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Independent Auditor's Review Report To the Members of Enterprise Metals Limited

We have reviewed the accompanying half-year financial report of Enterprise Metals Limited (“the Company”), which comprises the consolidated financial statements being the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors’ declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year’s end or from time to time during the half-year.

Directors’ responsibility for the half-year financial report

The directors of Enterprise Metals Limited 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 controls 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 consolidated half-year financial report based on our review. We conducted our review in accordance with the 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 consolidated entity’s financial position as at 31 December 2016 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 Enterprise Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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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 complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material uncertainty related to Going Concern

We draw attention to Note 1 in the financial report which indicates that the entity incurred a net loss of \$280,790 and cash outflows from operating activities of \$190,443 for the period ended 31 December 2016. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our report is not modified in relation to this matter.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M A Petricevic
Partner - Audit & Assurance

Perth, 13 March 2017