

# **Enterprise Metals Limited**

**ABN 43 123 567 073**

## **INTERIM FINANCIAL REPORT**

**FOR THE HALF YEAR ENDED  
31 DECEMBER 2018**

**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 2018 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 2018**

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## ENTERPRISE METALS LIMITED

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### CORPORATE DIRECTORY

#### Directors

Dr Allan Trench	Non-Executive Chairman
Mr Dermot Ryan	Non-Executive Director
Dr Zhijun He	Non-Executive Director

#### Company Secretary

Mr Patrick Holywell

#### Principal registered office

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Email: [info@enterprisemetals.com.au](mailto:info@enterprisemetals.com.au)

#### Auditor

Grant Thornton Audit Pty Ltd

Central Park

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Perth WA 6000

Telephone 08 9480 2000

Facsimile 08 9322 7787

Website: [www.grantthornton.com.au](http://www.grantthornton.com.au)

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#### Share Registry

Automatic Registry Services

Level 5

126 Philip Street

Sydney NSW 2000

#### Australian Securities Exchange

ASX Code – ENT

# ENTERPRISE METALS LIMITED

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## 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 2018.

### DIRECTORS

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

Dr Allan Trench  
Mr Dermot Ryan  
Dr Zhijun He

### REVIEW AND RESULTS OF OPERATIONS

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

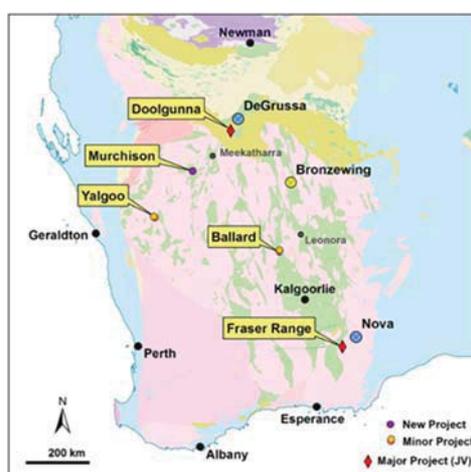
	2018		2017	
	Other Income	Loss for the half-year	Other Income	Loss for the half-year
	\$	\$	\$	\$
Consolidated entity other income and profit/(loss)	3,250	(307,099)	7,250	(781,490)

### REVIEW OF OPERATIONS

The consolidated entity (“Enterprise” or “the Company”) recorded an operating loss after income tax for the half year ended 31 December 2018 of \$307,099 compared to the 31 December 2017 operating loss after income tax of \$781,490. The result for the half year ended 31 December 2018 included exploration write-offs totalling \$145,795 (31 December 2017: \$371,760). The Company’s cash position at the end of the half-year was \$277,500 (30 June 2018: \$216,210).

Enterprise’s main projects – Doolgunna copper/zinc/gold project and Fraser Range nickel/copper project were being fully funded by joint venture partners during the half year ended 31 December 2018. Enterprise’s newest and second largest project at Murchison, incurred modest expenditure during the half year ended 31 December 2018. The Company’s other small tenements at Ballard, Yalgoo and Darlot incurred minimal expenditure. The location of the Company’s projects are shown in Figure 1 below.

Figure 1. Location of Enterprise’s Projects in Western Australia



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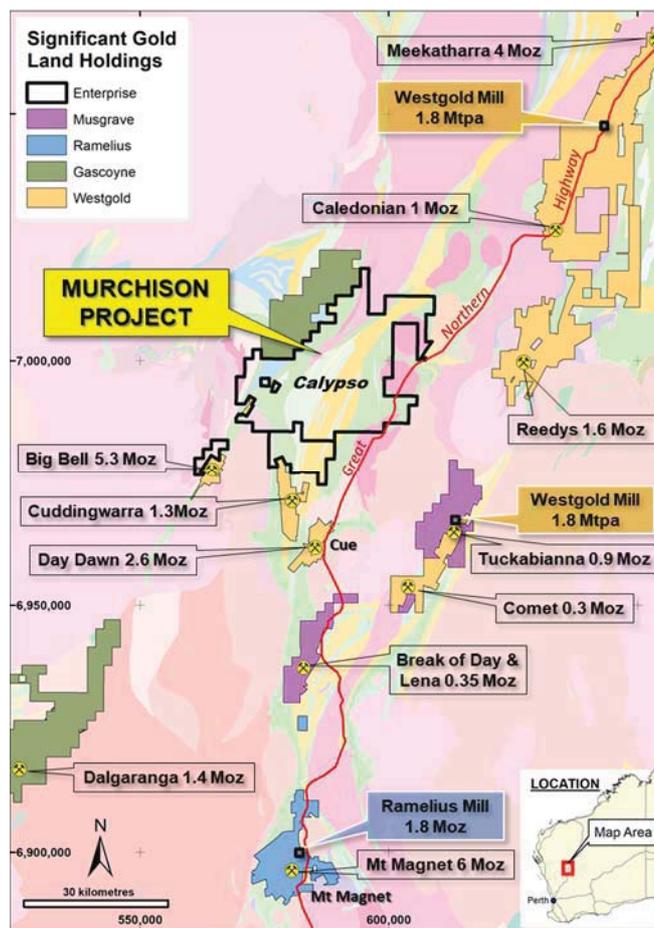
## MURCHISON PROJECT: Au (Cu-Zn) ENT 100%

Enterprise's Murchison landholdings are centred 30km north of Cue and 35km north-east of the Big Bell Gold Mine and form a semi-contiguous landholding of approximately 820km<sup>2</sup> over a buried greenstone belt. Enterprise acquired the Exploration Licence applications through the purchase of all of the issued capital of Calypso Minerals Pty Ltd. The tenements were granted in May 2018. In December 2018, Enterprise purchased the mineral rights to an additional contiguous area, Exploration Licence application 20/944 just north of the Cuddingwarra gold mine.

The Project area sits within a well endowed region, with major gold deposits such as Big Bell (5.3Moz) and historic Day Dawn (2.6Moz) nearby. The "Calypso" portion of the greenstone belt has been under-explored due to the presence of regolith cover and lack of outcrop, and presents as an exciting exploration target.

The area also contains two stratigraphic horizons with known VMS mineralisation, the Wattagee horizon, containing the AM14 prospect, where Esso discovered Zn/Pb/Cu mineralisation with a best intercept of **3m at 7.5% Zn, 0.53% Pb and 0.42% Cu from 228m in hole WP138**, and the Emily Well horizon, with VMS mineralisation and gossans located at or near Emily Well. Geochemical work by the GSWA indicates that the felsic volcanics in both the Wattagee horizon and the Emily Well horizon have geochemical characteristics consistent with VMS fertile packages across the Yilgarn and Canadian Abitibi Provinces.

Figure 2. Enterprise's Murchison Project, Geology, Competitor Landholdings and Gold Endowment (Moz produced + Moz current resource)



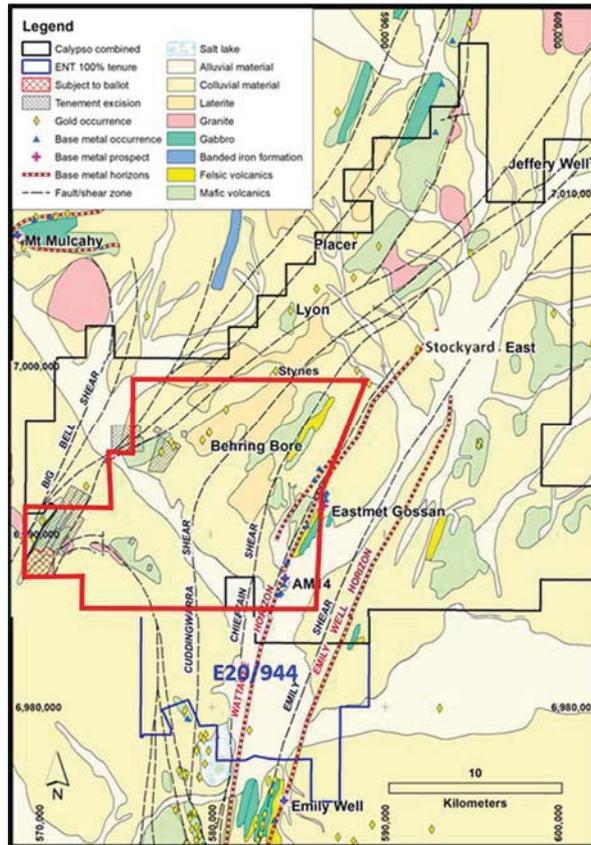
During the 6 months ended 31 December 2018, Enterprise compiled a detailed digital database containing previous explorers' soil samples, drill holes and assays and geophysical data. Several priority gold targets have been identified for follow up work, based on compilation of this historical data. The compilation work is ongoing, with further gold targets to be defined. In addition, the Company controls approximately 50km of stratigraphy prospective for VMS style copper-zinc mineralisation.

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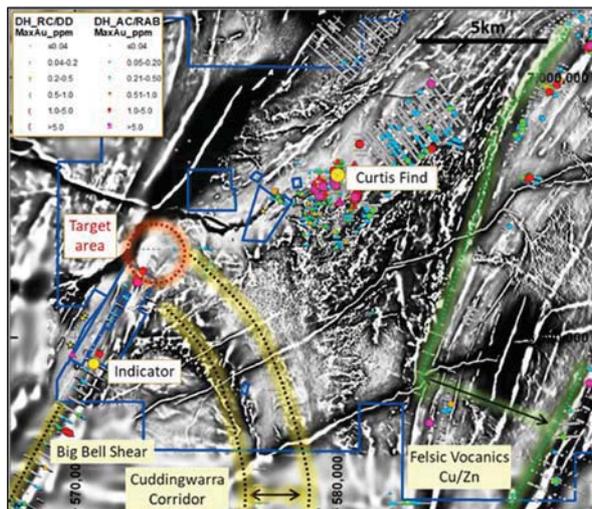
The Company also completed a detailed 4,350 line km airborne magnetic and radiometric survey, with a line spacing of 50m and flying height of 30m. The survey covered the southwest quadrant of the project area, including plays off the Big Bell Shear and Behring Shear Zones, where alluvial cover has traditionally impeded effective exploration. The Company is currently interpreting the data to identify “buried” litho-structural targets for drill testing for gold. The location of the airborne survey is shown in Figure 3 below.

**Figure 3. Enterprise’s Murchison Project Tenements over GSWA Surface Geology Map Location of 2018 Airborne Survey in Red**



A preliminary 1<sup>st</sup> Vertical Derivative (1VD) image of the new detailed magnetic data integrated into adjacent magnetic data and WAMEX Max-Au drill hole data is shown in Figure 4.

**Figure 4. 1<sup>st</sup> Vertical Derivative (VD) Magnetic Image of 2018 Airborne Survey, Max 1 metre Au Results in Historical Drill Holes. Enterprise Tenement Outline in Blue**



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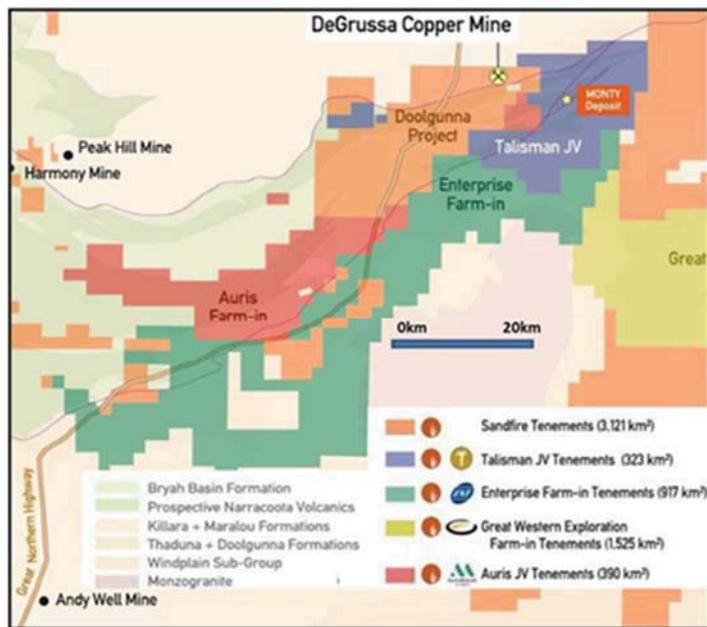
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## DOOLGUNNA PROJECT: Cu-Zn (Au) SFR Farm-In, ENT 100% (SFR have right to earn up to 75%)

Sandfire Resources NL (ASX: SFR) entered into a Farm-in Agreement with Enterprise Metals Limited in October 2016 to earn up to a 75% interest in Enterprise's Doolgunna Project by sole funding exploration on the tenements to define a JORC (2012) compliant mineral resource of 50,000 tonnes of contained copper or copper equivalent.

The Enterprise tenements cover over 60km of strike of the southern boundary of the Bryah Basin and the northern part of the Yerrida Basin. The southern Bryah Basin contains the Karalundi Formation which hosts the DeGrussa and Monty copper-gold deposits. Sandfire considers that the Enterprise tenements offer the potential for new copper-gold discoveries. Refer Figure 5 below.

Figure 5. Location of the Enterprise - Sandfire Farm-In Area



During the 6 months ended 31 December 2018, Sandfire conducted diamond core (DC), reverse circulation (RC) and aircore (AC) drilling, plus a high resolution gravity survey and a large Moving Loop Electromagnetic (MLEM) survey on the Enterprise Farm-in tenements.

One RC hole (EFRC0027) targeted a subtle downhole electromagnetic (DHEM) anomaly at Vulcan, and 3 holes (EFRC0023, 28 & 29) continued the systematic targeting of the prospective Morck Well – Homestead – Vulcan West trend. Sandfire reported that this particular trend has shown abundant evidence of a fertile VMS system with volcanogenic exhalative horizons within targeted sediments that contain jasper clasts, magnetite, strong chlorite alteration and associated minor chalcopyrite and pyrite.

One diamond tail was completed on hole EFRC0025, which was designed to test prospective sediment horizons within the Karalundi Formation in the **Vulcan West prospect on E52/2049**. The hole was located approximately 1.8km along-strike to the north-east of visible copper mineralisation intersected in aircore (AC) drilling at **Morck Well**. Diamond drilling was required to extend the hole through the host sediment package into the interpreted footwall dolerite and provide a platform for down-hole electromagnetic surveying (DHEM). No significant conductors were observed in the hole.

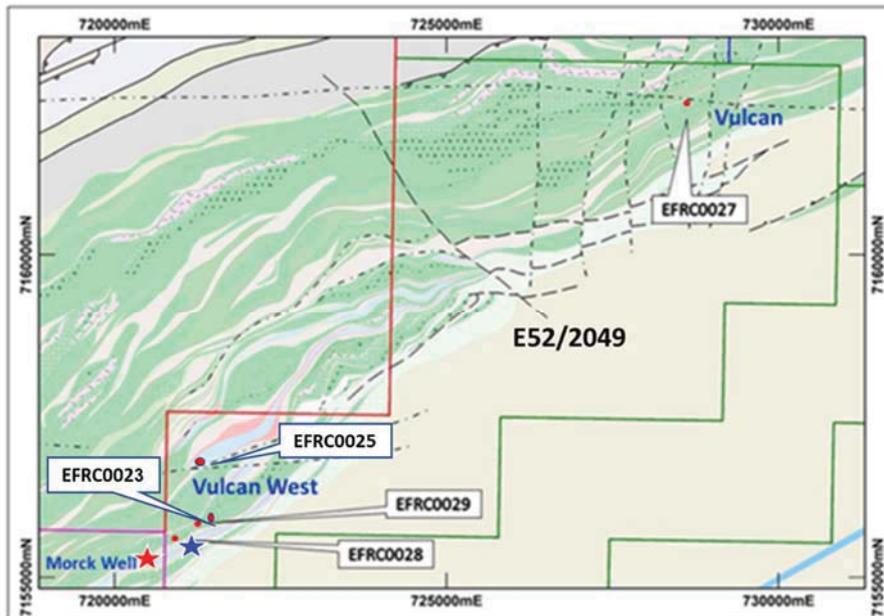
A regional, high resolution (50 x 100m stations) **ground gravity survey** was completed along the Karalundi Trend, beginning at Vulcan and traversing to the south west. The survey was designed to see through paleochannel material where magnetic signatures have been muted with deep drainage and identify detailed bedrock lithologies and structures. The data is successfully achieving its goal of mapping the stratigraphy beneath variable cover. Final merged grids, 3D inversions and 2D signal processing are pending.

The MLEM survey was undertaken to extend the existing MLEM survey from the Vulcan prospect south west along the Karalundi trend.

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Figure 6. Geology Plan Showing RC/DC drilling at Vulcan West and Vulcan Prospects.

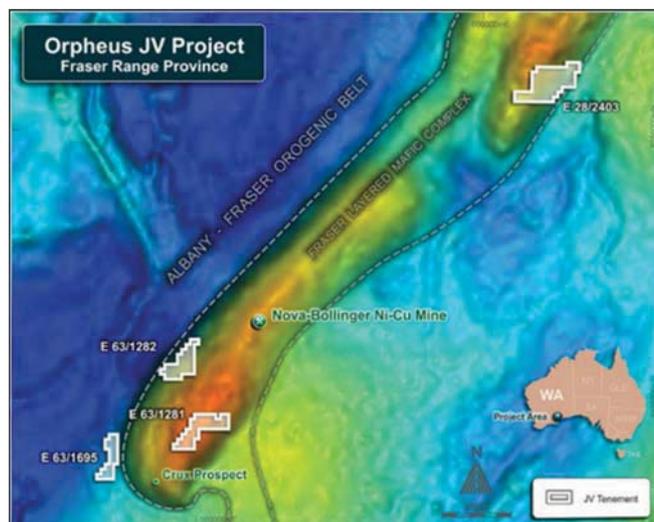


At Mt Leake, twenty five AC drill holes (EFAC3120 to EFAC3144) were completed for a total advance of 1,795m. Drilling was completed on a 400 x 100m line and hole spaced pattern and infilled gaps in existing coverage and extended drill lines that did not intersect the stratigraphic contact above and below the Karalundi Formation. Drilling intersected mostly quartz arenite, wacke and siltstone of the Doolgunna Formation, with lesser sediments and minor dolerite of the Karalundi Formation also intersected. No significant assays were received from AC drilling during the reporting period.

## **FRASER RANGE PROJECT: Ni-Cu (Au) ENT 30% free carried to BFS (CR1: 70% managing/ funding)**

Apollo Minerals Ltd (ASX: AON) entered into a Sale and Joint Venture Agreement with Enterprise in February 2015. Apollo purchased a 70% interest in three Enterprise mineral exploration licences and one mineral exploration licence application, and agreed to free carry Enterprise's 30% interest to completion of a bankable feasibility stage (BFS) on any discovery. Apollo's interest in the Orpheus Joint Venture was subsequently transferred to Constellation Resources Ltd (ASX: CR1) which raised \$7 million via an IPO and listed on the ASX on 30 July 2018.

Figure 7. Gravity Image Showing Location of Orpheus JV tenements in relation to Nova Nickel Mine



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During the 6 months ended 31 December 2018, Constellation completed high powered ground electromagnetic (“EM”) surveys over several nickel targets on tenements E28/2403 and E63/1281 & E63/1282. Several targets on E28/1281 remain to be surveyed.

Constellation has reported that it intends in the March Quarter 2019 to complete further high powered ground EM surveys over targets in E63/1281 and a heritage survey over a coherent gold in soil anomaly on E63/1282 prior to aircore drill testing. These work programs were delayed in the December 2018 Quarter due to the unavailability of equipment and contractors in the Fraser Range.

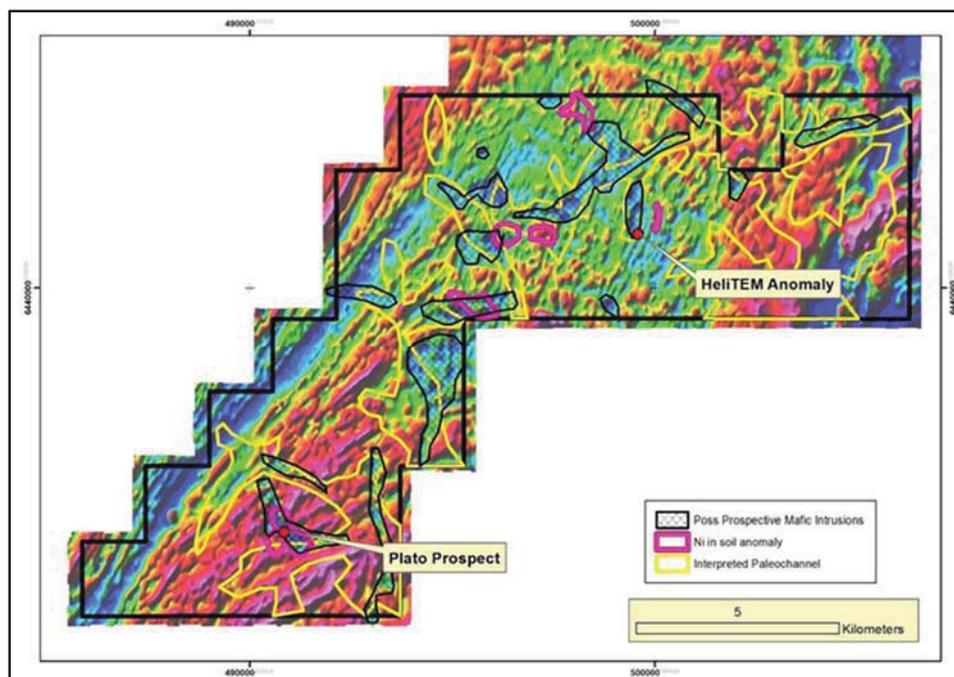
## E63/1281- Nickel

A review of the airborne HeliTEM survey identified a conductive anomaly that has the potential to be related to a bedrock mineralised source below conductive cover. A ground EM survey completed over the HeliTEM anomaly has returned subtle anomalism that is under review for further work.

A review of the airborne magnetics over E63/1281 outlined a number of possible prospective mafic intrusions which are displayed as discrete magnetic lows that cross cut the general NE magnetic orientation (see Figure 8).

The interpreted paleochannels (yellow outlines) may mask some of the potential mafic intrusions to historic airborne EM and geochemical sampling and therefore they remain an exploration target for nickel/copper mineralisation. Ground EM surveys for some of these targets are planned for March Quarter 2019.

**Figure 8. TMI Image over E63/1281 showing Possible Prospective intrusive Targets**



## E63/1282-Gold

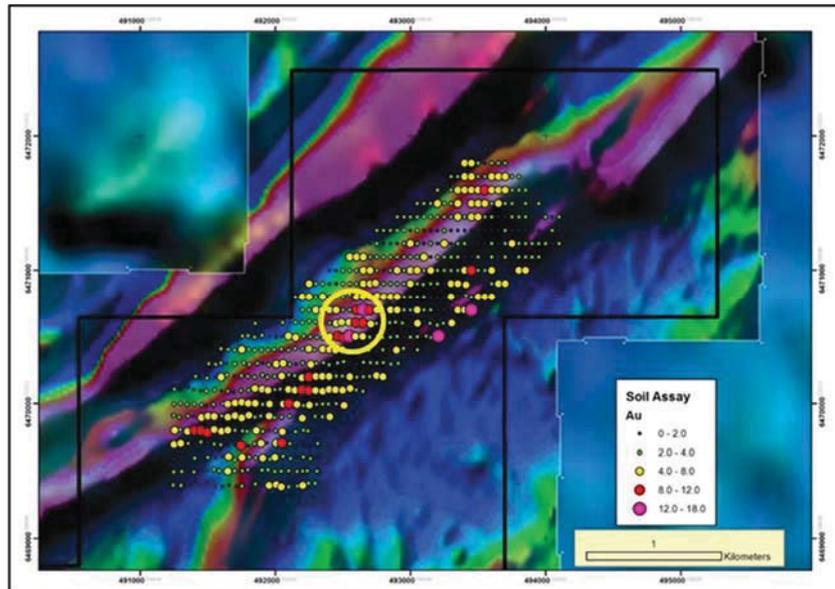
A ~3km long gold in soil anomaly (up to 13ppb gold) has been identified from historic sampling, which is associated with a well defined NE-SW trending magnetic anomaly. Follow-up work by Apollo Minerals in August 2017 returned results up to 27ppb gold in soil samples.

Constellation has inspected the gold target and preparations have been made to conduct a heritage survey prior to drilling. Shallow air core drilling traverses over the 500m x 150m anomaly are planned for early 2019.

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Figure 9. Gold in soil Results over Magnetic Image - E28/1282 500m x 150m Gold Target in Yellow



### **BALLARD PROJECT Enterprise 90% managing and funding , Legendre 10%**

In October 2017 Enterprise acquired a 90% interest in the Ballard Project, comprising granted Exploration Licences 30/472 and 29/991, located ~60km north of the Davyhurst gold operation. The Ballard Project covers 190km<sup>2</sup> of Archaean mafic and ultramafic rocks and includes approximately 38km strike of greenstone sandwiched between the Ida Fault and Ballard Shear Zone, both first order structures with potential to focus gold mineralisation into proximal subsidiary structures.

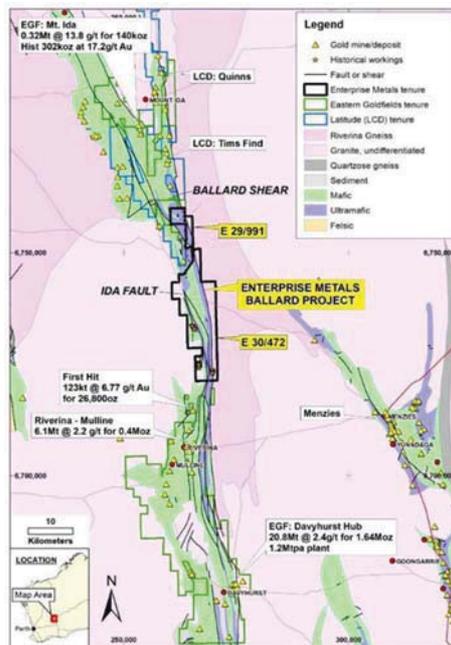
The Company has captured historical gold and nickel exploration data into a digital format and believes that the Ballard project tenements have potential for both gold and nickel deposits. Historical exploration has focused on nickel and then more lately gold. While extensive gossan prospecting outlined numerous gossans with high Ni and Cu values, and some PGE's locally, only one bedrock Ni sulphide body has been located, the Cullen's prospect located north of E29/991.

On 21 February 2019, the Group advised the market that it had withdrawn from the Emerald (Ballard JV).

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Figure 10. Ballard Project Location Plan, and Nearby Historical and Current Gold Mines



At 31 December 2018, Enterprise had one small tenement remaining in the Yandal Greenstone Belt and one exploration licence immediately north and west of Yalgoo township.

## Project Generation

The acquisition of the Murchison Project in 2018 has delivered Enterprise a core asset in an underexplored portion of a well endowed greenstone belt in Western Australia, which it can explore in its own right or farm out to a strategic partner on favourable terms.

The Company has a track record of assembling and/or acquiring gold and base metal projects in favourable geological domains, and it intends to continue to do this style of project generation to grow shareholder value.

## Competent Person Statement

*The information in this report that relates to Exploration Results is based on information compiled by Mr Dermot Ryan, who is an employee of Xserv Pty Ltd and a Director and security holder of the Company. Mr Ryan is a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Ryan consents to the inclusion in this report of the matters based on information in the form and context in which it appears.*

*Historic exploration results referred to in this Report were previously reported by numerous ASX listed companies. Enterprise Metals Limited understands that this information has not been updated since to comply with the JORC Code (2012) but believes the information has not materially changed since it was last reported.*

## Forward Looking Statements:

*Certain statements in this document are or maybe “forward-looking statements” and represent Enterprise’s intentions, projections, expectations or beliefs concerning among other things, future exploration activities. The projections, estimates and beliefs contained in such forward-looking statements don’t necessarily involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Enterprise, and which may cause Enterprise’s actual performance in future periods to differ materially from any express or implied estimates or projections. Nothing in this document is a promise or representation as to the future. Statements or assumptions in this document as to future matters may prove to be incorrect and differences*

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*may be material. Enterprise does not make any representation or warranty as to the accuracy of such statements or assumptions.*

### CORPORATE

On 27 December 2018, the following fully paid ordinary shares in Enterprise were issued:

- ÷ In consideration of purchase of Mineral Rights for E20/944: 3,571,428 shares at 1.1 cents/share
- ÷ In lieu of Director's fees: 833,334 shares at 1.8 cents/share

Total fully paid ordinary shares on issue at 31 December 2018: **388,062,753**

At 31 December 2018, Enterprise held 12 million shares in **Alto Metals Limited** (ASX: AME, or "Alto") which had a fair market value of \$0.564 million based on a share price of 4.7 cents/share. Alto's main asset is the Sandstone Gold Project, which covers ~ 85% of the Sandstone Greenstone Belt in Western Australia. This greenstone belt has produced over 1.3 million ounces of gold.

### SUBSEQUENT EVENTS

Other than noted elsewhere in this report, no matters or circumstances have arisen since the end of the half year, that have significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

### 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 13.

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



**Dermot Ryan**

Director

Perth, 14 March 2019

## 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 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



C A Becker  
Partner – Audit & Assurance

Perth, 14 March 2019

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

	Note	31 December 2018 \$	31 December 2017 \$
<b>REVENUE</b>			
Revenue from ordinary activities		-	-
		-	-
<b>OTHER INCOME</b>			
Interest received		3,250	1,447
Gain on sale of available-for-sale financial assets		-	5,803
		3,250	7,250
<b>EXPENDITURE</b>			
Accounting and audit fees		(10,082)	(13,000)
Share registry and listing fees		(33,035)	(40,995)
Employee benefits expense		(55,774)	(50,163)
Corporate and consulting fees		(28,467)	(20,549)
Computers and software		(3,442)	(7,914)
Depreciation		-	(1,314)
Insurance		(7,951)	(7,508)
Investor relations		(6,884)	(8,314)
Legal fees		-	-
Office rental expense		(10,373)	(16,465)
Travel and accommodation		-	1,053
Exploration costs		-	(206,307)
Impairment of capitalised exploration expenses	4	(145,795)	(371,760)
Other expenses		(8,546)	(45,504)
<b>(LOSS) BEFORE INCOME TAX EXPENSE</b>		<b>(307,099)</b>	<b>(781,490)</b>
Income tax expense		-	-
<b>(LOSS) FOR THE HALF-YEAR</b>		<b>(307,099)</b>	<b>(781,490)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that may be subsequently reclassified to profit and loss</i>			
Unrealised gain on revaluation of AFS asset		-	36,000
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>			
Changes in the fair value of equity instruments carried at fair value through other comprehensive income		(216,000)	-
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>		<b>(216,000)</b>	<b>36,000</b>
<b>TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF ENTERPRISE METALS LIMITED</b>		<b>(523,099)</b>	<b>(745,490)</b>
Basic and diluted (loss) per share (cents per share)		(0.14)	(0.23)

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

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

	Note	31 December 2018 \$	30 June 2018 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		277,500	216,210
Trade and other receivables		25,023	15,475
<b>TOTAL CURRENT ASSETS</b>		<b>302,523</b>	<b>231,685</b>
<b>NON-CURRENT ASSETS</b>			
Available for sale assets		-	780,000
Equity instruments at fair value through other comprehensive income		564,000	-
Plant and equipment		1,000	1,000
Exploration and evaluation	4	6,482,702	6,464,661
<b>TOTAL NON-CURRENT ASSETS</b>		<b>7,047,702</b>	<b>7,245,661</b>
<b>TOTAL ASSETS</b>		<b>7,350,225</b>	<b>7,477,346</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		66,128	210,617
<b>TOTAL CURRENT LIABILITIES</b>		<b>66,128</b>	<b>210,617</b>
<b>TOTAL LIABILITIES</b>		<b>66,128</b>	<b>210,617</b>
<b>NET ASSETS</b>		<b>7,284,097</b>	<b>7,266,729</b>
<b>EQUITY</b>			
Issued capital	5	31,325,428	30,784,960
Reserves		312,000	6,623,155
Accumulated losses		(24,353,331)	(30,141,386)
<b>TOTAL EQUITY</b>		<b>7,284,097</b>	<b>7,266,729</b>

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

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

	Issued Capital	Options Reserve	Equity Instruments at FVOCI Reserve	Available for Sale Financial Asset Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$	\$
<b>BALANCE AT 1 JULY 2017</b>	<b>30,106,736</b>	<b>6,095,155</b>	-	<b>612,000</b>	<b>(29,278,770)</b>	<b>7,535,121</b>
Loss for the half-year	-	-	-	-	(781,490)	(781,490)
<b>OTHER COMPREHENSIVE INCOME</b>						
Other comprehensive income	-	-	-	36,000	-	36,000
<b>TOTAL COMPREHENSIVE INCOME</b>	-	-	-	<b>36,000</b>	<b>(781,490)</b>	<b>745,490</b>
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:</b>						
Shares issued during the period	518,344	-	-	-	-	518,344
<b>BALANCE AT 31 DECEMBER 2017</b>	<b>30,625,080</b>	<b>6,095,155</b>	-	<b>648,000</b>	<b>(30,060,260)</b>	<b>7,307,975</b>
<b>BALANCE AT 1 JULY 2018</b>	<b>30,784,960</b>	<b>6,095,155</b>	-	<b>528,000</b>	<b>(30,141,387)</b>	<b>7,266,728</b>
Loss for the half-year	-	-	-	-	(307,099)	(307,099)
Change in accounting policy arising from AASB 9	-	-	528,000	(528,000)	-	-
<b>OTHER COMPREHENSIVE INCOME</b>						
Other comprehensive income (loss)	-	-	(216,000)	-	-	(216,000)
<b>TOTAL COMPREHENSIVE INCOME</b>	-	-	<b>312,000</b>	-	<b>(307,099)</b>	<b>4,901</b>
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:</b>						
Shares issued during the period	540,468	-	-	-	-	540,468
Transfer of share based payment reserve upon the expiry of share options	-	(6,095,155)	-	-	6,095,155	-
<b>BALANCE AT 31 DECEMBER 2018</b>	<b>31,325,428</b>	-	<b>312,000</b>	-	<b>(24,353,331)</b>	<b>7,284,097</b>

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

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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	<b>31 December 2018</b>	<b>31 December 2017</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received	3,250	1,447
Payments to suppliers and employees	(289,098)	(177,659)
<b>Net cash used in operating activities</b>	<u><b>(285,848)</b></u>	<u><b>(176,212)</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for exploration and evaluation expenditure	(139,044)	(207,000)
<b>Net cash used in investing activities</b>	<u><b>(139,044)</b></u>	<u><b>(207,000)</b></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of ordinary shares	504,100	328,000
Payments of share issue transaction costs	(17,918)	-
<b>Net cash provided by financing activities</b>	<u><b>486,182</b></u>	<u><b>328,000</b></u>
Net increase / (decrease) in cash and cash equivalents	61,290	(55,212)
Cash and cash equivalents at the beginning of the period	216,210	389,738
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u><b>277,500</b></u>	<u><b>334,526</b></u>

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

**ENTERPRISE METALS LIMITED**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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

**Basis of preparation**

This consolidated interim financial report for the half-year reporting period ended 31 December 2018 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 2018 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.

Alto Metals Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments (2014) became mandatorily effective on 1 January 2018. Accordingly, these standards apply for the first time to this set of interim financial statements. The Group has considered the requirements of AASB 15 Revenue from Contracts with Customers and concluded that adoption of this standard from 1 July 2018 has no impact due to the Group not having any revenue contracts with customers. The nature and effect of changes arising from AASB 9 Financial Instruments are summarised in Note 2.

**Going Concern**

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the Group's assets and the discharge of their liabilities in the normal course of business.

As disclosed in the financial report, the Group recorded an operating loss of \$307,099 (2017: \$781,490) and a cash outflow from operating activities of \$285,848 (2017: \$176,212) for the half year ended 31 December 2018 and at reporting date, had a net current asset balance of \$236,395 (30 June 2018: \$21,068).

On 13 July 2018, the Group announced a capital raising via a placement for approximately \$504,000 (before costs) through the issue of 28,005,556 new fully paid ordinary shares at an issue price of 1.8 cents per share.

The Board considers that the Group is a going concern and recognises that farming out some of its tenements, additional funding or selling some of the investments will be required to ensure that the Group can continue to fund its operations for the 12 month period from the date of this financial report.

On 21 February 2019, the Group advised the market that it had withdrawn from the Emerald (Ballard JV) and was in preliminary discussions with respect to a potential joint venture for one of the Group's projects.

On 22 February 2019, the Group announced a Share Holder Purchase Plan (SPP) to raise up to \$500,000 through the issue of 50 million new fully paid ordinary shares at an issue price of 1.0 cents per share.

The Directors believe it is appropriate to prepare the financial report on a going concern basis because:

The Group will have the ability to issue additional equity under the Corporations Act 2001 and ASX Listing Rule 7.1 or otherwise; and

The Group's commitment to exploration expenditure is discretionary and its expenditure requirements for 2019 are minimal.

Accordingly, the Directors believe that the Group will have 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.

**ENTERPRISE METALS LIMITED**  
**31 DECEMBER 2018**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**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 2018.

**Comparatives**

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

**Accounting Policies**

Except for the impact of adopting AASB 9 Financial Instruments (AASB 9) from 1 July 2018, the accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Group's annual financial report for the financial year ended 30 June 2018. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards. The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half year. The Group has considered the implications of new amended Accounting Standards but determined that their application to the financial statements is either not relevant or not material.

**Adoption of AASB 9 Financial Instruments**

Equity investments were previously classified as available for sale assets. Under AASB 9, these were assessed as being equity instruments at fair value through other comprehensive income (FVOCI), as the group intends to hold these for the foreseeable future and which the Group has irrevocably elected to classify upon initial recognition or transition.

There are no changes in classification and measurement for the Group's financial liabilities.

There was no impact on hedging as the Group does not currently apply hedge accounting.

**NOTE 2: CHANGES IN SIGNIFICANT ACCOUNTING POLICIES**

**Adoption of AASB 9 Financial Instruments**

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement (AASB 139) for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

When adopting AASB 9 the Group has applied transitional relief and elected not to restate prior periods. Rather differences arising from the adoption of AASB 9 in relation to classification, measurement and impairment are recognised in opening retained earnings at 1 July 2018.

Equity investments were previously classified as available for sale assets. Under AASB 9, these were assessed as being equity instruments at fair value through other comprehensive income (FVOCI), as the Group intends to hold these for the foreseeable future and which the Group has irrevocably elected to classify upon initial recognition or transition. This change in classification has had no impact on the measurement of these assets or comparative financial information. There was a transfer of balance of \$528,000 from the available for sale reserve to the equity instruments at FVOCI reserve on 1 July 2018.

**ENTERPRISE METALS LIMITED**  
**31 DECEMBER 2018**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**Recognition and derecognition**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

**Classification and initial measurement of financial assets**

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

**Subsequent measurement of financial assets**

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- equity instruments at fair value through other comprehensive income (FVOCI)

Classifications are determined by both:

- The entity's business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

**Equity instruments at fair value through other comprehensive income (Equity FVOCI)**

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under this category, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss.

**Reconciliation of financial instruments on the adoption of AASB 9**

The table below shows the classification of each class of financial asset and financial liability under AASB 139 and AASB 9 as at 1 July 2018:

	AASB 139 classification	AASB 9 classification	AASB139 carrying amount (\$)	AASB 9 carrying amount (\$)
Financial Assets				
Listed shares	Available for Sale	Equity FVOCI	780,000	780,000

**ENTERPRISE METALS LIMITED**  
**31 DECEMBER 2018**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

The effect on classification changes on the Groups equity are summarised below:

	AFS Reserve (\$)	FVOCI Reserve (\$)	Total (\$)
Opening Balance at 1 July 2018	528,000	-	528,000
Change in Accounting Policy arising from AASB 9	(528,000)	528,000	-
Changes in the fair value of equity instruments carried at fair value through other comprehensive income	-	(216,000)	(216,000)
Closing Balance at 31 December 2018	-	312,000	312,000

**NOTE 3: 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 4: EXPLORATION AND EVALUATION**

	<b>31 December 2018</b>	<b>30 June 2018</b>
	<b>\$</b>	<b>\$</b>
<b>Opening balance</b>	<b>6,464,661</b>	<b>6,454,337</b>
Exploration expenditure capitalised	163,836	524,330
Impairment expense	(145,795)	(514,006)
<b>Balance at end of year</b>	<b>6,482,702</b>	<b>6,464,661</b>

The Directors' assessment of the carrying amount for the Group'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 Group'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 Group's interests in these exploration properties for an amount at least equal to the carrying value.

There may exist on the Group'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 Group's exploration properties or areas within the tenements may be subject to exploration and mining restrictions. During the current period an impairment of \$145,795 (31 December 2017: \$371,760) was recognised due to the surrender of tenements (refer to Note 8).

**ENTERPRISE METALS LIMITED**  
**31 DECEMBER 2018**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 5: ISSUED CAPITAL**

	<b>31 December 2018 No. shares</b>	<b>30 June 2018 No. shares</b>	<b>31 December 2018 \$</b>	<b>30 June 2018 \$</b>
<b>Balance at beginning of period</b>	<b>355,652,435</b>	<b>318,769,728</b>	<b>30,784,960</b>	<b>30,106,736</b>
Shares issued for Murchison acquisition	-	4,351,610	-	100,000
Shares issued for Mt Ida acquisition	-	3,000,000	-	60,000
Shares issued for Murchison acquisition	-	6,000,000	-	120,000
Shares issued in lieu of director fees	-	3,890,385	-	84,810
Share purchase plan	-	19,640,712	-	328,000
Share placement	28,005,556	-	504,100	-
Shares issued in lieu of director fees	833,334	-	15,000	-
Shares issued for tenement acquisition	3,571,428	-	39,286	-
Transaction costs arising on share issues	-	-	(17,918)	(14,586)
<b>Balance at end of period</b>	<b>388,062,753</b>	<b>355,652,435</b>	<b>31,325,428</b>	<b>30,784,960</b>

**NOTE 6: CONTINGENCIES**

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

**NOTE 7: RELATED PARTY TRANSACTIONS**

On 27 December 2018 Enterprise Metals Limited issued 833,334 fully paid ordinary shares to Director Dr Trench in lieu of outstanding Directors' fees, as approved by shareholders at the 2018 Annual General Meeting.

**NOTE 8: SUBSEQUENT EVENTS**

On 21 February 2019, the Group advised the market that it had withdrawn from the Emerald (Ballard JV) and was in preliminary discussions with respect to a potential joint venture for one of the Group's projects.

On 22 February 2019, the Group announced a Share Holder Purchase Plan (SPP) to raise up to \$500,000 through the issue of 50 million new fully paid ordinary shares at an issue price of 1.0 cents per share.

**ENTERPRISE METALS LIMITED**  
**31 DECEMBER 2018**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 9: 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 2018. There has been no change to this methodology (apart from changes in quote prices at balance dates) from 30 June 2018.

**ENTERPRISE METALS LIMITED**  
**31 DECEMBER 2018**

**DIRECTORS' DECLARATION**

In the Directors' opinion:

1. the financial statements and notes set out on pages 13 to 23 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 2018 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**  
Director

Perth, 14 March 2019

# Independent Auditor's Review Report

To the Members of Enterprise Metals Limited

Report on the review of the half year financial report

## Conclusion

We have reviewed the accompanying half year financial report of Enterprise Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, 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, 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 Enterprise Metals 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 \$307,099 during the half year ended 31 December 2018 and had cash outflows from operating activities of \$285,848. 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 Enterprise Metals 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



C A Becker  
Partner – Audit & Assurance

Perth, 14 March 2019