



INTERIM FINANCIAL REPORT

6 MONTHS ENDED

31 DECEMBER 2018

SPECTRUM METALS LIMITED

DIRECTORS' REPORT

The directors present their report together with the condensed consolidated financial report for the six months ended 31 December 2018 and the review report thereon.

DIRECTORS

The directors of the Company at any time during or since the end of the half year are:

Mr Alexander Hewlett Non-Executive Chairman	Director since 7 March 2017
Mr Paul Adams Managing Director	Director since 25 May 2018
Mr James Croser Executive Director	Director since 15 November 2018
Mr Nader El Sayed Non-Executive Director	Director since 25 October 2017
Mr Davide Bosio Non-Executive Director	Resigned 15 November 2018

REVIEW OF OPERATIONS

General

The Group incurred an after-tax loss attributable to equity holders of the parent entity for the half year ended 31 December 2018 of \$469,448 (31 December 2017: loss \$159,031).

The Group operated during the period as a mineral explorer in Western Australia.

The Company raised \$600,000 (before costs) during the period by private placement of 150,000,000 shares.

The Company issued 10,000,000 unlisted options under a corporate advisory mandate during the period, which are exercisable at 1.5 cents per share on or before 30 June 2021.

Activities

Penny West

On the 16th of October 2018, Spectrum announced the acquisition (100%) of the Penny West Gold Project, located 25km south of the Youanmi Gold mine. Completion and settlement of the acquisition was announced on 11 December 2018. Terms for the acquisition totaled \$1.0m comprising \$50,000 in cash and \$950,000 in Spectrum shares at \$0.0055 per share.

Penny West was a historic (1991-1992 and 2014) high-grade open pit producer and one of the highest-grade open pit gold mines in Western Australia mined during the modern era, with reported high-grade production between 1991 and 1992 of 121,000 tonnes at 21.8g/t for 85,000 ounces to 82m depth (Holden & Hyland, 2004).

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In 1989-1990, Metana/Eastmet discovered gold at Penny West through a geochemical sampling program. The deposit did not outcrop and there were no old workings at surface. Eastmet/Metana mined the deposit over an 18-month period between 1991 and June 1992. Penny West is located in the southern extents of the Youanmi greenstone belt with the Youanmi Fault Zone, a cratonic scale deep crustal fault system, linking Penny West to the Youanmi Gold Mine 30km to the north.

Gold mineralisation is located within a persistent, steeply east-dipping (65° to 80°) quartz-sulphide lode with a strike of 250m with nuggety gold values ranging up to hundreds of grams per tonne within a dominantly felsic core. Multiple high-grade shoots, striking 335°, appear to plunge moderately to the south within the plane of the lode. Gold is associated with pyrite-galena-sphalerite-chalcopyrite-pyrrhotite sulphide mineralisation in quartz veins. Previous drilling beneath the existing Penny West open pit has intersected the down dip and down plunge extents of the gold mineralisation mined in the open pit.

Spectrum believes there is opportunity to extend this mineralisation still further and 'plug' holes in the high-grade areas where low grade has been interpolated due to insufficient drill density. Opportunities to discover additional material also exists along strike in a potential faulted off-set position, and the magenta-Columbia prospect a further 2km to the north.

SPX acquired Exploration License E57/1087 lying immediately east of the Penny West tenements. The tenement is considered prospective as sections of the Youanmi Shear lie within the lease at its western boundary. A number of alluvial gold targets have been identified by local prospectors indicating that gold could be shedding from the shear zone.

First Hit

On the 4th of October 2018, Spectrum Metals Ltd announced the acquisition of the First Hit Gold Mine, located 50km due west of the town of Menzies in Western Australia. The acquisition marked the commencement of SPX's Australian high-grade gold strategy after the withdrawal from the acquisition of the Washington Gold Mine in California, USA during the period.

The First Hit Mine was mined between September 2001 and December 2002 by underground mining contractor Barmenco Ltd, under a Strategic Alliance Agreement with Barra Resources Ltd, proceeding from surface to approximately 225m vertically. Ore was hauled to the Burbanks Plant at Coolgardie for processing and, in the latter stages of the operation, processed at the Davyhurst processing plant located 40km to the south. Mineralisation within the First Hit ore shoots occurs as a silica lode varying in thickness from 1m to 4m within a north-northeast trending shear zone. The higher-grade mineralisation is associated with a greenish quartz-sulphide lode, with visible gold, within an altered and carbonated biotite schist. Existing surface and underground drilling at the base of the existing workings indicates that gold mineralisation is open to the north, south and down plunge within the plane of the mineralised structure. Indications are that a parallel, footwall lode (Evans FW Lode) exists on the southern end of the main lode structure, which remains to be properly defined and exploited. Selected historical drilling down-dip/plunge of the bottom underground level has been previously reported including:

- 1.92m at 162.88g/t gold
- 3.00m at 77.58g/t gold
- 4.54m at 10.00g/t gold, and
- 4.00m at 26.70g/t gold

Spectrum believes that additional drilling down plunge of the known mineralization will yield additional mineralization and enhance the potential to restart underground mining from the existing decline. In addition, Spectrum has identified numerous opportunities within the tenement package for the discovery of additional gold mineralization, specifically north along strike and potentially to the south in unmined zones closer to the surface and at the Two Chinamen's Prospect.

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Zones with similar structural orientations to the First Hit Mine, at First Hit North, indicate the potential for dilational sites, that may host similar high-grade mineralization to that seen at First Hit. Spectrum applied for an additional tenement (P30/1137) located 7.3km north of the First Hit Project to consolidate its tenure over the prospective First Hit structure along strike.

Whaleshark

The Whaleshark Project is being explored for Gold and Copper mineralisation. Located at the north eastern end of the Carnarvon Basin, which unconformably overlies Archaean and Paleoproterozoic rocks of the Ashburton fold Belt and possibly the Mesoproterozoic Bangemall Basin.

A revised geological interpretation and regional depth to basement study was completed to assist with drill target ranking and geophysical survey design. Numerous prospective areas have been identified where depth to prospective rocks may be less than 50m. This is seen on the newly granted lease to the north-east.

Results of a regional geological interpretation are directing the Company to revisit structural settings, magnetic and gravity anomalies toward various mineralisation styles and targets within the project area including Volcanogenic Massive Sulphide ("VMS") genetic models and shear hosted gold lodes.

The location, scale and exploration fit (Depth of study and drill target definition) has led to a seismic survey design for following stages of exploration where deeper targets warrant further investigation.

Approvals for drilling based on historic gold-copper intercepts, recently identified electromagnetic anomalies, and newly identified high priority target areas have been lodged and are pending approval.

Spectrum has continued to identify further opportunities at Whaleshark. During the period four (4) new Exploration License Applications (ELA's E08/3046, E08/3047, E08/3048 and E08/3049) were made on ground that cover subtle bulls-eye magnetic anomalies in areas close to the two major Whaleshark tenements (E08/2924 and E08/2972).

The rationale for the applications lies in the similarities that these anomalies have with features in the Patterson Province on the eastern side of the Pilbara Craton, where significant exploration success has recently been announced by several companies. These significant discoveries are all located under considerable cover. There is a generally accepted belief that further major discoveries in WA are likely to be made under areas of cover and that Spectrum believes that the subtle anomalies identified close to the Whaleshark Project warrant further investigation.

Spectrum continued to review the data at Whaleshark in order to advance the exploration of the project. Focus was applied to the eastern end of E08/2924. A review of the available geophysical methods yet to be applied to Whaleshark was undertaken in order to ascertain whether other methods could be used to refine drill targets. As at the end of the period, approval for the new Program of Works (PoW) for the Whaleshark Project was still pending.

Competent Person Statement

The information in this announcement as it relates to exploration results and/or geology was compiled by Mr. Alex Hewlett, who is a Member of the Australasian Institute of Mining and Metallurgy ('AusIMM') and a consultant to the Company. Mr. Hewlett has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ('JORC Code 2012'). Mr. Hewlett consents to the inclusion in the announcement of the matters based on the information in the form and context in which it appears.

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EVENTS AFTER BALANCE DATE

There has not been any matter or circumstance that has arisen after balance date that has 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 periods.

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set on page 3 and forms part of the directors' report for the half year ended 31 December 2018.

Signed in accordance with a resolution of the directors:



A Hewlett
Non-Executive Chairman
Perth
Dated 14th March 2019

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Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Spectrum Metals Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Spectrum Metals Limited for the half-year ended 31 December 2018 there have been:

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



KPMG



R Gambitta
Partner

Perth

14 March 2019

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SPECTRUM METALS LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	31 December 2018 \$	30 June 2018 \$
ASSETS			
Current Assets			
Cash and cash equivalents		1,310,190	1,544,566
Trade and other receivables		-	20,747
Other assets		45,217	3,492
Total Current Assets		1,355,407	1,568,805
Non-Current Assets			
Security Bonds		11,310	-
Exploration and Evaluation Expenditure	7	1,507,435	72,764
Total Non-Current Assets		1,518,745	72,764
TOTAL ASSETS		2,874,152	1,641,569
LIABILITIES			
Current Liabilities			
Trade and other payables		75,164	44,857
Total Current Liabilities		75,164	44,857
TOTAL LIABILITIES		75,164	44,857
NET ASSETS		2,798,988	1,596,712
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	8	22,526,154	20,918,029
Reserves		489,925	426,326
Accumulated losses		(20,217,091)	(19,747,643)
TOTAL EQUITY		2,798,988	1,596,712

This condensed consolidated statement of financial position is to be read in conjunction with the accompanying notes.

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SPECTRUM METALS LIMITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

	31 December 2018 \$	31 December 2017 \$
Income		
Interest received	6,750	1,467
Profit on disposal of fixed assets	-	29,324
Other revenue	477	-
Total Income	7,227	30,791
Expenses		
Directors' remuneration	(143,733)	(67,251)
Professional services expense	(181,074)	(103,975)
Share based payments	(63,599)	-
Exploration and evaluation expenditure incurred	(43,692)	-
Other expenses	(44,577)	(18,596)
Total Expenses	(476,675)	(189,822)
Loss before income tax	(469,448)	(159,031)
Income tax benefit/(expense)	-	-
Loss for the Year Attributable to the Owners of the Company	(469,448)	(159,031)
Other Comprehensive Income	-	-
Total Comprehensive Loss for the Year Attributable to the Owners of the Company	(469,448)	(159,031)
Loss per share		
Loss per share	Cents	Cents
- Basic for loss for the year	(0.06)	(0.03)
- Diluted for loss for the year	(0.06)	(0.03)

This condensed consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

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SPECTRUM METALS LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
At 1 July 2017	19,417,168	-	(18,794,986)	622,182
Loss for the year	-	-	(159,031)	(159,031)
Other Comprehensive loss	-	-	-	-
Total Comprehensive loss	-	-	(159,031)	(159,031)
Issue of share capital for cash	888,889	-	-	888,889
Share Issue Costs	(53,333)	-	-	(53,333)
Issue of share capital in lieu of costs	40,000	-	-	40,000
At 31 December 2017	20,292,724	-	(18,954,017)	1,338,707
At 1 July 2018	20,918,029	426,326	(19,747,643)	1,596,712
Loss for the year	-	-	(469,448)	(469,448)
Other Comprehensive loss	-	-	-	-
Total Comprehensive loss	-	-	(469,448)	(469,448)
Issue of share capital for cash	600,000	-	-	600,000
Issue of shares to acquire assets	1,054,852	-	-	1,054,852
Share Issue Costs	(46,727)	-	-	(46,727)
Share based payments	-	63,599	-	63,599
At 31 December 2018	22,526,154	489,925	(20,217,091)	2,798,988

This condensed consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

SPECTRUM METALS LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

	Note	31 December 2018 \$	31 December 2017 \$
Cash flows from operating activities			
Payments to suppliers and employees		(359,578)	(185,512)
Net cash flows used in operating activities		<u>(359,578)</u>	<u>(185,512)</u>
Cash flows from investing activities			
Interest received		6,750	1,467
Proceeds from sale of plant and equipment		-	55,455
Security bonds provided		(11,310)	-
Exploration & Evaluation Expenditure		(423,511)	(70,488)
Net cash flows (used in) / from investing activities		<u>(428,071)</u>	<u>(13,566)</u>
Cash flows from financing activities			
Proceeds from issue of shares/exercise of options		600,000	888,889
Cost of shares issued		(46,727)	(13,333)
Net cash flows used in financing activities		<u>553,273</u>	<u>875,556</u>
Net increase/(decrease) in cash and cash equivalents		(234,376)	676,478
Cash and cash equivalents at beginning of year		1,544,566	611,329
Cash and cash equivalents at end of the year		<u>1,310,190</u>	<u>1,287,807</u>

This condensed consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

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SPECTRUM METALS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

1. Reporting entity

Spectrum Metals Limited (the "Company") is a company domiciled in Australia. These condensed consolidated interim financial statements ('interim financial statements') as at and for the six months ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in mineral exploration in Western Australia.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2018 is available upon request from the Company's registered office at Suite 1, 827 Beaufort Street Mt Lawley, WA, 6050 or at www.spectrummetals.com.au.

2. Statement of compliance

The interim financial statements are general purpose financial statements prepared in accordance with AASB 134: *Interim Financial Reporting* and the Corporations Act 2001.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 30 June 2018. This report does not include all of the information required for full annual financial report and should be read in conjunction with the consolidated financial report of the Group as at and for the year ended 30 June 2018.

This consolidated interim financial report was approved by the Board of Directors on XX March 2019.

3. Significant accounting policies

The accounting policies applied by the Group in this condensed consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2018, other than as noted below.

Adoption of new and revised standards Standards and Interpretations applicable to 31 December 2018

In the period ended 31 December 2018, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current reporting periods beginning on or after 1 July 2018.

As a result of this review, the Group has initially applied AASB 9 and AASB 15 from 1 July 2018.

Due to the transition methods chosen by the Group in applying AASB 9 and AASB 15, comparative information throughout the interim financial statements has not been restated to reflect the requirements of the new standards.

AASB 9 Financial Instruments

AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement* and makes changes to a number of areas including classification of financial instruments, measurement, impairment of financial assets and hedge accounting model.

Financial instruments are classified as either held at amortised cost or fair value.

Financial instruments are carried at amortised cost if the business model concept can be satisfied.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

3. Significant accounting policies (continued)

All equity instruments are carried at fair value and the cost exemption under AASB 139 which was used where it was not possible to reliably measure the fair value of an unlisted entity has been removed. Equity instruments which are non-derivative and not held for trading may be designated as fair value through other comprehensive income (FVOCI). Previously classified available-for-sale investments, now carried at fair value are exempt from impairment testing and gains or loss on sale are no longer recognised in profit or loss.

The AASB 9 impairment model is based on expected loss at day 1 rather than needing evidence of an incurred loss, this is likely to cause earlier recognition of bad debt expenses. Most financial instruments held at fair value are exempt from impairment testing.

The Group has applied AASB 9 retrospectively with the effect of initially applying this standard recognised at the date of initial application, being 1 July 2018 and has elected not to restate comparative information. Accordingly, the information presented for 31 December 2017 and 30 June 2018 has not been restated.

There is no material impact to profit or loss or net assets on the adoption of this new standard in the current or comparative years.

AASB 15 Revenue from contracts with Customers

AASB 15 replaces AASB 118 *Revenue* and AASB 111 *Construction Contracts* and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised, including in respect of multiple element arrangements. The core principle of AASB 15 is that it requires identification of discrete performance obligations within a transaction and associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of goods or services is transferred, rather than on transfer of risks or rewards. Revenue received for a contract that includes a variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable component may occur when the uncertainties around its measurement are removed.

The Group is in the business of mineral exploration and currently has no such revenue streams. As a result, the impact of the adoption of AASB 15 is not material to the current period or the comparative financial periods.

Other than the above, the Directors have determined that there is no material impact of the other new and revised Standards and Interpretations on the Company and therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the half-year ended 31 December 2018. As a result of this review the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and therefore, no material change is necessary to Group accounting policies.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

4. Going concern

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

For the period ended 31 December 2018, the Group has incurred a consolidated loss of \$469,448, experienced net operating cash outflows of \$359,578 and net investing cash outflows of \$428,071. As at 31 December 2018 the Group had \$1,310,190 in cash and cash equivalents and net current assets of \$1,280,243.

Whilst not immediately required, the Group may need to raise additional funds to meet its ongoing obligations and subject to the results of its ongoing exploration activities, expand or accelerate its work programs. The Group's capacity to raise additional funds will be impacted by the success of the ongoing exploration activities and market conditions. Additional sources of funding available to the Group include a capital raising via preferential issues to existing shareholders, placements to new and existing investors or through farm in or similar arrangements.

The Directors have reviewed the Group's overall financial position and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group has sufficient funds available for at least the next 12 months and when required will be able to raise further funding via the methods set out above.

5. Use of judgements and estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2018.

6. Operating Segments

The Company has only one operation being exploration for minerals in Western Australia, consequently the Group does not report segmented operations.

7. Exploration and evaluation expenditure

	31 December 2018 \$	30 June 2018 \$
Balance at the beginning of the period	72,764	-
Acquisition of tenements – cash ⁽¹⁾	157,500	-
Acquisition of tenements – shares ⁽¹⁾	1,054,852	-
Exploration and evaluation expenditure incurred	222,319	72,764
Balance at the end of the period	<u>1,507,435</u>	<u>72,764</u>

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 areas of interest at an amount greater or equal to the carrying value.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

7. Exploration and evaluation expenditure (continued)

(1) During the period ended 31 December 2018 the following acquisitions of exploration projects /tenements were completed via the payment of shares and/or cash:

	Cash consideration \$	Share consideration \$
Acquisition of First Hit	100,000	99,852
Acquisition of Penny West	50,000	950,000
Additional tenement acquisition	7,500	5,000
Total for the period	<u>157,500</u>	<u>1,054,852</u>

8. Capital and reserves

The following tables summarise the shares and options issued during the six months ended 31 December 2018.

	31 December 2018 \$	30 June 2018 \$
Issued capital		
1,051,181,834 (30 June 2018: 707,626,626) ordinary fully paid shares	<u>22,526,154</u>	<u>20,918,029</u>
	Number of shares	\$
Movements for Ordinary shares:		
At 1 July 2017	480,404,406	19,417,168
Issue of shares for cash	222,222,220	1,777,778
Issue of shares in lieu of costs	5,000,000	40,000
Share issue costs paid	-	(316,917)
At 30 June 2018	<u>707,626,626</u>	<u>20,918,029</u>
Issue of shares for cash	150,000,000	600,000
Issue of shares to acquire exploration assets	193,555,208	1,054,852
Share issue costs paid	-	(46,727)
At 31 December 2018	<u>1,051,181,834</u>	<u>22,526,154</u>
Share-based payment reserve	31 December 2018 \$	30 June 2018 \$
Balance at the beginning of the period	426,326	-
Options issued to Directors, former Director and executives	-	207,350
Options issued to broker as costs of capital raised	-	210,250
Expense for the period for options issued to Managing Director	44,599	8,726
Options issued to advisors under corporate advisory mandate	19,000	-
	<u>489,925</u>	<u>426,326</u>

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

8. Capital and reserves (continued)

The number and weighted average exercise price of share options on issue is as follows:	Number of securities	Weighted average exercise price
Outstanding at 1 July 2017	-	-
Granted during the year	57,500,000	\$0.013
Outstanding at 30 June 2018	57,500,000	\$0.013
Granted during the period	20,000,000	\$0.015
Outstanding at 31 December 2018	77,500,000	\$0.013

Dividends

No dividends were declared or paid during the six months ended 31 December 2018 (2017: NIL).

9. Exploration Expenditure Commitments

In order to maintain current rights of tenure to exploration tenements the Company is required to perform exploration work to meet the minimum expenditure requirements specified by various State Governments within Australia. These obligations may be reset when application for a mining lease is made and at other times.

The Group has a minimum expenditure commitment on tenure under its control.

The Company can apply for exemption from compliance with the minimum exploration expenditure requirements. Due to the nature and scale of the Company's exploration activities the Company is unable to estimate its likely tenement holdings and therefore minimum expenditure requirements more than 1 year ahead.

The commitment for minimum exploration expenditure payable as at 31 December 2018, payable within one year, is \$201,700.

10. Related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. There were no significant changes in the nature of related party transactions since 30 June 2018.

11. Subsequent events

There has not been any matter or circumstance that has arisen after balance date that has 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 periods.

SPECTRUM METALS LIMITED

DIRECTORS' DECLARATION

In the opinion of the directors of Spectrum Metals Limited ("the Company"):

- a) the condensed consolidated financial statements and notes set out on pages 6 to 14, are in accordance with the Corporations Act 2001, including:
- (i) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the six-month period ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; 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 directors:



A Hewlett
Non-Executive Chairman

Perth

Dated 14th March 2019



Independent Auditor's Review Report

To the shareholders of Spectrum Metals Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Spectrum Metals Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Spectrum Metals Limited 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 of its performance for the **Half-year** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Condensed consolidated statement of financial position as at 31 December 2018
- Condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Spectrum Metals Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.

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Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim 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 Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Spectrum Metals Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim Period 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.

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

KPMG.

KPMG

R Gambitta
Partner

Perth

14 March 2019

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