Enterprise Metals Limited

ABN 43 123 567 073



# Annual Report 2018

# Contents



# Corporate Directory

### Directors
Dr Allan Trench (Non-executive Chairman)
Mr Dermot Ryan (Managing Director)
Dr Zhijun He (Non-executive Director)

### Company Secretary
Mr Patrick Holywell

### Principal Registered Office
Suite 9,
12-14 Thelma Street,
WEST PERTH, WA 6005
Telephone 08 9381 2808
Facsimile 08 9321 6084
Website: www.enterprisemetals.com.au
Email: admin@enterprisemetals.com.au

### Auditor
Grant Thornton Audit Pty Ltd
Central Park
Level 43, 152-158 St Georges Terrace
PERTH WA 6000
Telephone 08 9480 2000
Facsimile 08 9322 7787
Website: www.grantthornton.com.au
Email: admin@grantthornton.com.au

### Share Registry
Automic
Level 2
267 St Georges Terrace
Perth WA 6000

### Australian Securities Exchange
ASX code: ENT

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This document may contain certain forward-looking statements. Such statements are only predictions, based on certain assumptions and involve known and unknown risks, uncertainties and other factors, many of which are beyond the Company's control. Actual events or results may differ materially from the events or results expected or implied in any forward-looking statement. The inclusion of such statements should not be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions or that any forward looking statements will be or are likely to be fulfilled. The Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this document (subject to securities exchange disclosure requirements). The information in this document does not take into account the objectives, financial situation or particular needs of any person. Nothing contained in this document constitutes investment, legal, tax or other advice.

Dear Fellow Enterprise Metals Shareholder

**It has been an exciting year for your company, with exploration efforts progressing apace at both the Doolgunna and Fraser Range projects courtesy of our Joint Venture partners Sandfire Resources NL (ASX: SFR) and Constellation Resources Ltd (ASX: CR1) respectively.**

In both cases, your company has a free-carried position, insulating Enterprise shareholders from the need to raise excessive capital that could overly dilute the ownership of your company. Similarly, in both cases, our partners have a very strong technical exploration capability and the cash reserves to aggressively explore each project.

Indications from Sandfire Resources' exploration to date suggests that Enterprise's Doolgunna ground remains highly prospective for high-grade copper-gold volcanic massive sulphide mineralisation.

The Fraser Range Project is covers part of the core of the Fraser Range gravity feature, which defines the prospective nickel-copper belt containing Independence Group NL's (ASX: IGO) Nova deposit. A renewed focus on nickel sulphide targets using deep electromagnetic techniques and gravity have identified some high quality exploration targets that may host nickel-copper sulphides.

Your company moved to acquire a sizeable 100%-owned gold project in the Murchison Region of the Yilgarn Craton in Western Australia during the year, raising $500,000 to progress early exploration over the area. The project sits in a highly prospective area and is surrounded by a number of significant gold deposits. Historical exploration data also suggest prospectivity for copper-zinc-cobalt-gold mineralisation in a volcanic massive sulphide setting.

For the year ahead we see continued exploration being undertaken by our joint venture partners Sandfire and Constellation, and advancement of the Murchison project by Enterprise Metals on a 100% basis. During the year, your board will consider whether to continue to progress exploration on Murchison or seek a joint venture partner with the resources to progress exploration more rapidly.

Enterprise has also maintained it 6% shareholding (12 million shares) in Alto Metals Ltd (ASX: AME) which controls the majority of the Sandstone greenstone belt in the East Murchison of WA. Alto is undertaking a systematic exploration program at Sandstone with the goal of discovering a minimum of 1 million ounces of gold.

While our existing projects provide excitement, as a board we continue to scan the business environment for new exploration opportunities, and look to apply new exploration concepts to existing leases. Similarly, we evaluate potential corporate-level developments that could potentially add value to your investment should compelling opportunities for a merger with or acquisition of another company present.

Our corporate overheads are among the lowest of exploration companies listed on the Australian Stock Exchange, a fact of which we remain proud. I can think of very few companies who marry the combination of material upside exposure to meaningful exploration activity whilst at the same time maintaining a tight capital structure and minimising dilution. As a shareholder in Enterprise, I am very happy with the potential for the company to be re-rated significantly should exploration provide further encouragement in the course of the coming year.

Thank you for your support of the company through 2017-2018. Finally, I would like to thank fellow board members Dermot Ryan and Dr He, the professionals who have conducted exploration on behalf of your company through the year and not least company secretary Patrick Holywell, past company secretary Sam Middlemas and those staff that carry out the administrative requirements maintaining a public company.

Yours sincerely,

Dr Allan Trench – Chairman
27 September 2018

**The Company's objective continues to be the "*discovery and/or acquisition of large high-grade gold and/or base metals deposits that can form the basis for one or more major highly profitable mines that can provide superior returns to its Shareholders.*"**

The key elements of the Company's strategy to achieve this objective are:

- the identification or acquisition of a number of highly prospective gold and/or base metals projects with potential to become "Tier 1" resources,
- the application of best practice mineral exploration technology (with strong drilling and geophysics components) and
- the support of an experienced team of people with strong technical, management and leadership skills and a proven track record of discovery.

The Company's main projects at Doolgunna and Fraser Range are within a Proterozoic basin and an orogenic zone respectively, marginal to the Archaean Yilgarn Craton, in non-remote parts of Australia.

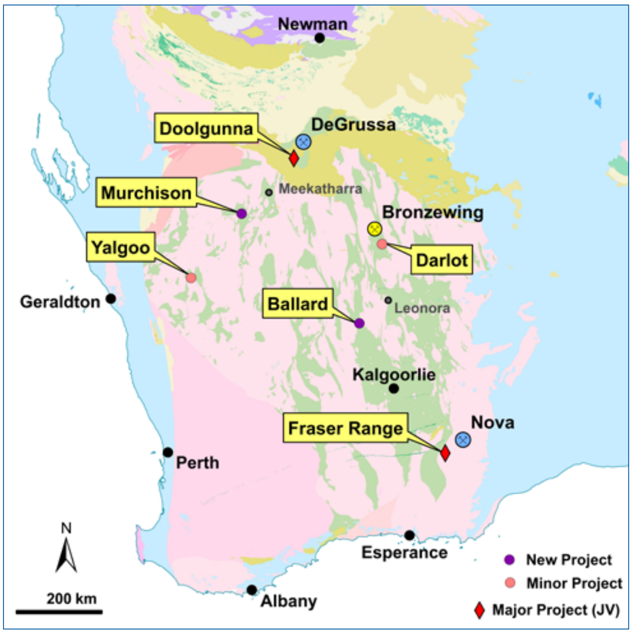


*Figure 1. Project Locations on Western Australian Geology Plan*

During 2018, the Company's Doolgunna Project was managed and wholly funded by Sandfire Resources NL (ASX: SFR) and the Fraser Range Project was managed and wholly funded by Enterprise's Orpheus joint venture partner Apollo Minerals Ltd. (ASX: AON).

Post the 30 June 2018, Constellation Resources Ltd (ASX: CR1) assumed Apollo Minerals Ltd's responsibilities following its raising of $7 million and listing on the ASX on 30 July 2018. Exploration on the Company's secondary projects at Ballard, Darlot and Yalgoo were managed and funded wholly by Enterprise Metals Ltd.

Enterprise also undertook project generation activities, and assessed a number of potential copper/zinc, copper-nickel-cobalt and gold acquisition opportunities.

On 25 October 2017 the Company completed the purchase of 100% of the issued capital of Calypso Minerals Pty Ltd, the holder of seven "1st in time" Exploration Licence applications covering 733km² of greenstone belt in the Murchison Goldfields of Western Australia. Enterprise issued the vendor 6 million fully paid ordinary shares in Enterprise, valued at $120,000 based on the 5 day VWAP prior to execution of the agreement. There is no royalty attached to the acquisition.

The Murchison Project covers the northern and north-eastern extensions of the same greenstone belts and shear zones that host the Big Bell and Cuddingwarra gold deposits and extensions of the Chieftain (or "Mt Magnet") and Emily Well shear zones, which also host gold mineralisation

The Cue district contains several major gold mines, including Westgold's Big Bell (2.8 Moz historical production, and 2.5 Moz resource), Day Dawn (Great Fingall and Golden Crown mines, 1.7 Moz historical production and 0.89 Moz resource) and Cuddingwarra camp gold mines (Cuddingwarra produced 0.8 Moz with current resources of 0.55 Moz). [*Source: Westgold Resources Ltd, Diggers & Dealers presentation August 2017*]

On 25 October 2017 Enterprise acquired a 90% interest in the Ballard Project, comprising granted Exploration Licences 30/472 and 29/991, located 150km north-northwest of Kalgoorlie, and 60km north of Eastern Goldfields Limited's ("EGF") Davyhurst operation, in the Eastern Goldfields of Western Australia. Enterprise issued the vendor 3 million fully paid ordinary shares in Enterprise (with a deemed value of $60,000) for a 90% interest in the tenements. Enterprise will sole fund all activities on the tenements until the date when Enterprise delivers a Bankable Feasibility Study. There is no royalty attached to the acquisition.

The Ballard Project covers 190km² of Archaean greenstones prospective for orogenic gold and nickel-copper-cobalt, and includes approximately 38km strike of mafic and ultramafic (komatiitic) rocks sandwiched between the Ida Fault and Ballard Shear Zone, both first order structures with potential to focus gold mineralisation into proximal subsidiary structures.

The search for advanced copper/zinc, copper-nickel-cobalt and gold exploration opportunities projects is continuing.

## DOOLGUNNA PROJECT

**(Enterprise 100%, Sandfire Resources NL has right to earn 75%)**

In October 2016 Enterprise entered into a farm-in and joint venture agreement with ASX listed Sandfire Resources NL over all of Enterprise's Doolgunna Project tenements, which lie immediately to the south of Sandfire's extensive landholdings.

The Doolgunna Project covers an area of ~917km² and contains over 60km strike of the southern boundary of the Bryah Basin and the northern part of the Yerrida Basin. The southern Bryah Basin contains the Narracoota-Karalundi Formations which host Sandfire's DeGrussa and Monty copper-gold deposits. Sandfire issued $300,000 worth of SFR shares to Enterprise, and Sandfire can earn up to a 75% interest in the project by sole funding and managing the project and discovering a minimum JORC (2012) compliant resource of at least 50,000 tonnes contained copper (or equivalent).

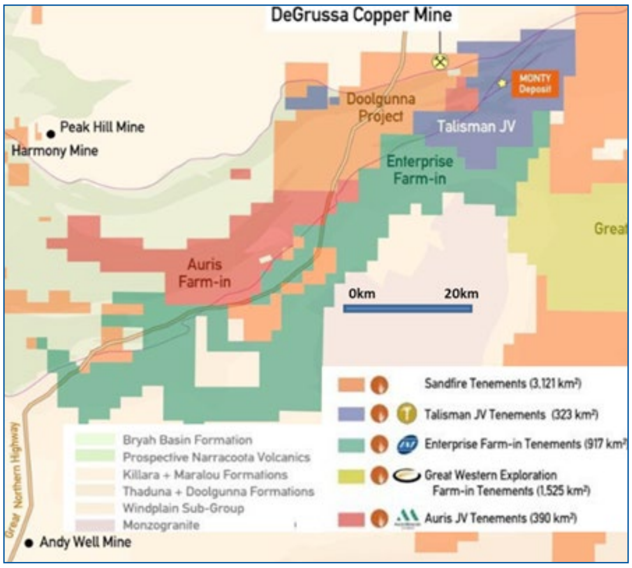


*Figure 2. Sandfire's Doolgunna Project Area with the Enterprise Farm-In Area Incorporated.*

Throughout the year, Sandfire have continued an agressive program of regional aircore drilling along the southern margin of the Bryah Basin, intensive ground and geophysical surveys focused along the highly prospective VMS corridor southwest of the Monty deposit, and significant RC and diamond drilling programs to test the Vulcan Gold Anomaly, Vulcan West EM Anomaly, the Homestead EM Anomaly and other targets along the VMS corridor.

In mid-late 2017, Sandfire flew an **airborne electromagnetic survey** over the Enterprise tenement package and followed up with moving loop electromagnetic (MLEM) surveys over the prospective Karalundi Formation, which comprises sedimentary breccias and conglomerates, siltstone, sandstone, basalts and dolerites.

A second airborne Versatile Time Domain Electromagnetic (VTEM) survey was also completed over the Enterprise tenements in 2018. This survey used a helicopter-borne VTEM-MAX system provided by UTS Geophysics. The VTEM survey area is displayed below

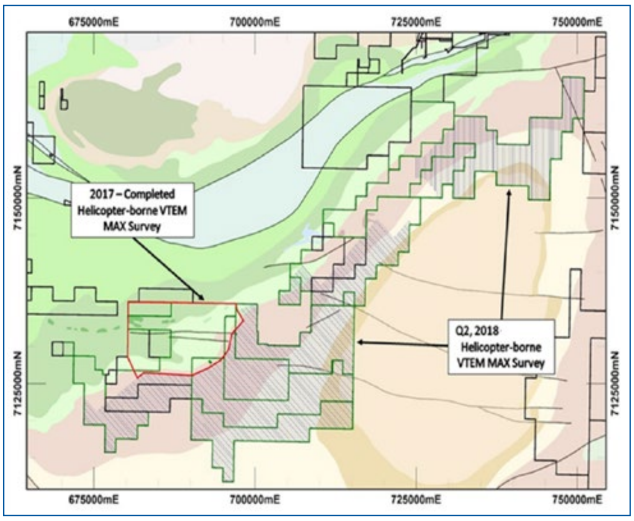


*Figure 3. Airborne VTEM Survey Completed Over ENT Farm-in Area - June Quarter2018*

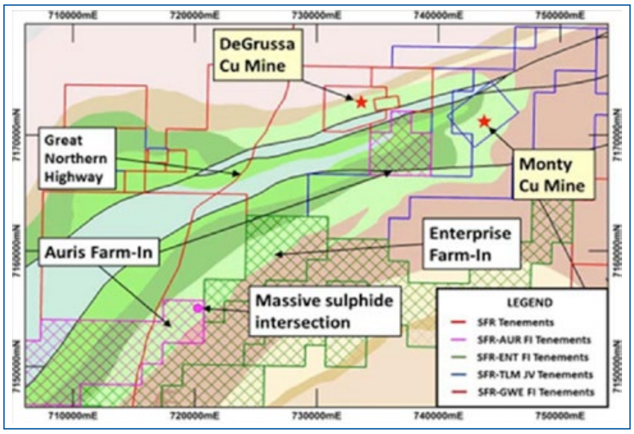


*Figure 4. Location of Morck Well Massive Sulphide Intersection and ENT Farm-in Area*

Following the announcement by Sandfire on 6 June 2018 that it had intersected supergene copper and fresh massive sulphide mineralisation (Eg. **MWAC0109**: 11m at 3.5% Cu from 73m, incl. 3m at 9.5% Cu from 81m) in the Auris Minerals Limited (ASX: AUR) Morck Well East JV Project area, Sandfire undertook RC and DC drilling in the Enterprise Project area, adjacent to the Morck Well project area, to test the stratigraphy for additional copper sulphide mineralisation.

Although the follow up drilling failed to discover significant copper mineralisation, Sandfire have continued to drill and track and defining the prospective Karalundi sediments from Homestead through to Vulcan West, with the drilling providing downhole DHEM platforms within the most prospective areas. This trend has shown abundant evidence of a fertile VMS system, with prospectivity generally increasing to the south-west.

## FRASER RANGE PROJECT

**(Enterprise 30%, Constellation Resources Ltd 70%)**

Enterprise's Fraser Range Project is located within the Albany-Fraser Orogen approximately 100km east of Norseman. The Project is considered prospective for copper/nickel and gold mineralisation and covers the core of the Fraser Range gravity feature, which defines the prospective nickel-copper belt containing Independence Group NL's (ASX: IGO) Nova deposit.

In February 2015 the Company entered into a sale and joint venture agreement with ASX listed Apollo Minerals Ltd whereby Apollo purchased a 70% interest in several of Enterprise's Fraser Range tenements for a consideration of $200,000 cash, and $200,000 worth of Apollo shares. Apollo was to free carry Enterprise's 30% interest to completion of bankable feasibility stage on any discovery. If a bankable feasibility was not completed and Apolllo withdrew, it Enterprise would retain a 1005 interest in the project.

On 30 July 2018, Constellation Resources Ltd (ASX: CR1) assumed Apollo Minerals Ltd's responsibilities following its raising of $7 million and listing on the ASX. Enterprise expects the majority of Constellations exploration budget to be expended on the Orpheus JV tenements.

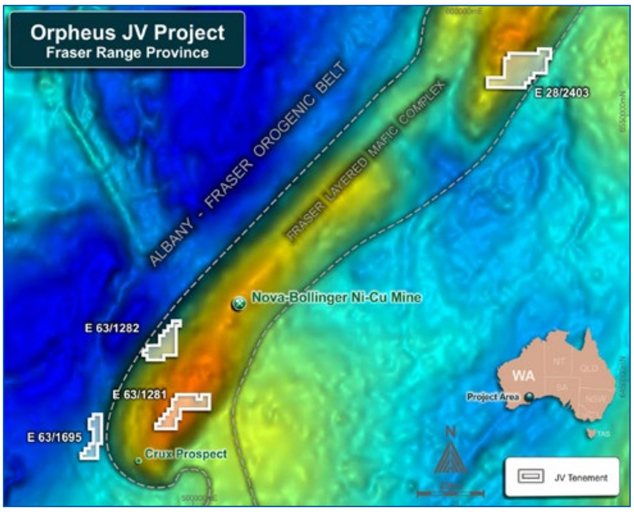


*Figure 5. Fraser Range Gravity Image Showing Orpheus JV Tenements*

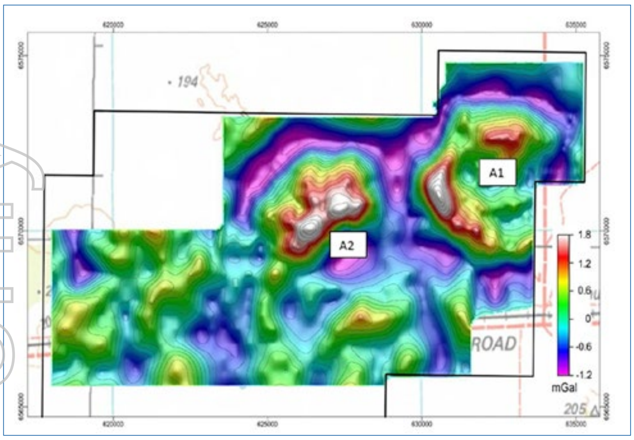


*Figure 6. Tenement E28/2403, Residual Bouguer Anomaly map. Contour interval is 0.2 mGal.*

The Fraser Range Project consists of three granted tenements and one tenement application covering over 600km² in a highly prospective portion of the world class Fraser Range exploration district, The Project is considered highly prospective for copper/nickel and gold mineralisation and covers the core of the Fraser Range gravity feature, which defines the prospective nickel-copper belt containing Independence Group NL's (ASX: IGO) Nova deposit.

The majority of the Project is strategically located along strike and mid-way between the Nova deposit to the northeast and Independence Group's Crux nickel prospect to the southwest. In mid-2014, the Company's maiden drilling program at Plato intersected disseminated and "blebby" nickel-copper sulphide mineralisation over significant widths within rocks which were originally cumulate mafic rocks. The presence of magmatic nickel-copper sulphides demonstrate the fertility of the mafic intrusives within the Company's tenement package.

Apollo's comprehensive review of all available data has identified a number of priority targets, both empirical and conceptual, that require ground follow-up. These include two airborne electromagnetic ("HeliTEM") anomalies that had not been previously identified and a conceptual drill target at the Plato Prospect. The HeliTEM anomaly is located approximately10km to the northeast of the known magmatic nickel-copper sulphide mineralisation at the Plato Prospect. A ground based electromagnetic ("EM") survey is planned to follow-up this target after field verification.

A further HeliTEM anomaly was identified, coincident with the intersection of the Fraser Range metamorphic complex and the Snowy Dam formation. This HeliTEM anomaly will also be field checked and followed-up with ground based EM.

At the Plato Prospect, Apollo's review resulted in the identification of a conceptual drill target, hosted in the interpreted strike extensions of the host mafic intrusion, and located adjacent to the intersection with an east-northeast trending structure. There is a coincident broad mid-time ground EM response. The EM response is interpreted as potentially related to deeper weathering due to lithological contrast and/or the presence of disseminated sulphides enhancing the weathering profile. A traverse of RC drilling with diamond tails has been planned to test this target.

A number of other conceptual targets showing strong features analogous to significant known magmatic nickel-copper sulphide deposits were identified and require further work. Of these, a large magnetic feature on E28/2403 is considered a high priority target. The target is a large zone of magnetic complexity that is running at a high angle to the regional geological fabric suggesting a cross cutting or intruding lithology which lies adjacent to a major northeast trending structural boundary.

On 26 October 2017, Enterprise announced that Apollo's recent field exploration programs had defined two priority ground gravity targets, and anomalous rock chip samples over a recently identified HeliTEM target. Apollo completed a 400m by 400m ground gravity survey over conceptual magnetic targets within E28/2403, with an infill 200m by 200m gravity survey completed over two areas. The surveys defined two targets, designated A1 and A2, with gravity responses consistent with that expected for potentially nickel-copper sulphide mineralised ultramafic/mafic intrusives, similar to that hosting the Nova deposit.

The gravity targets are considered to represent deeper features, located below Tertiary and Cretaceous sedimentary cover potentially 50-100m thick. Apollo has indicated that ground-based electromagnetic ("EM") surveys are planned over targets A1 and A2.

Apollo also completed a field assessment of two airborne electromagnetic ("HeliTEM") anomalies that were identified from Apollo's comprehensive review of past exploration data. Field geological mapping over target '**1281-HeliTEM**', identified outcrops of meta-gabbro, quartzite, intermediate to felsic gneiss, ironstone and very leached sub-crop. Rock chip samples were collected with two rock chip samples reporting >1,000 ppm Ni.

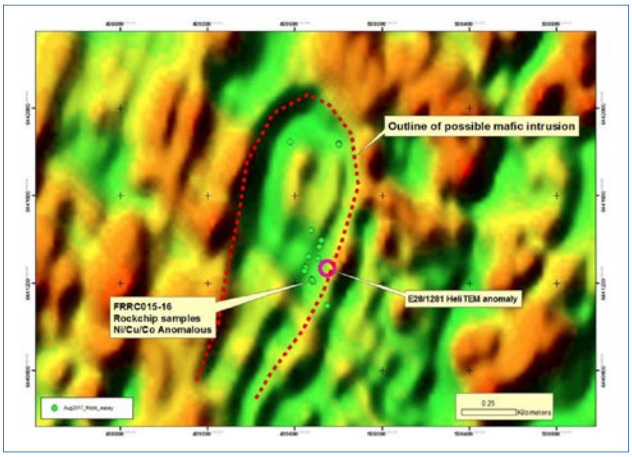


*Figure 7. Tenement E63/1281, HeliTEM anomaly 'Target 1281_HeliTEM' and rock chip sample locations on TMI_RTP magnetic image.*

## MURCHISON PROJECT
**(Enterprise 100%)**

On 25 October 2017 Enterprise completed the purchase of 100% of the issued capital of Calypso Minerals Pty Ltd, the holder of seven "1st in time" Exploration Licence applications covering 733km$^2$ of greenstone belt in the Murchison Goldfields of Western Australia. Enterprise's Murchison landholdings are centered 30km north of Cue and 35km north-east of the Big Bell Gold Mine, and form a contiguous block with the tenure Enterprise acquired from Zelda Therapeutics Ltd. Enterprise' landholdings near Cue now total approximately 820 km$^2$.

The project covers the northern and north-eastern extensions of the same greenstone belts and shear zones that host the Big Bell and Cuddingwarra gold deposits and extensions of the Chieftain (or "Mt Magnet") and Emily Well shear zones, which also host gold mineralisation (Figure 8).

The Cue district contains several major gold mines, including Westgold's Big Bell (2.8 Moz historical production, and 2.5 Moz resource), Day Dawn (Great Fingall and Golden Crown mines, 1.7 Moz historical production and 0.89 Moz resource) and Cuddingwarra camp gold mines (Cuddingwarra produced 0.8 Moz with current resources of 0.55 Moz). [*Source: Westgold Resources Ltd, Diggers & Dealers presentation August 2017*]

In addition to the gold potential, the new tenement package contains two stratigraphic horizons with VMS style mineralisation identified by previous explorers.

The tenements contain 21km of strike of the Wattagee horizon, containing the AM14, Wattagee Hill and Metals Ex gossans or prospects, and 16km of strike of the Emily Well horizon, with VMS mineralisation and gossans located at or near Emily Well.

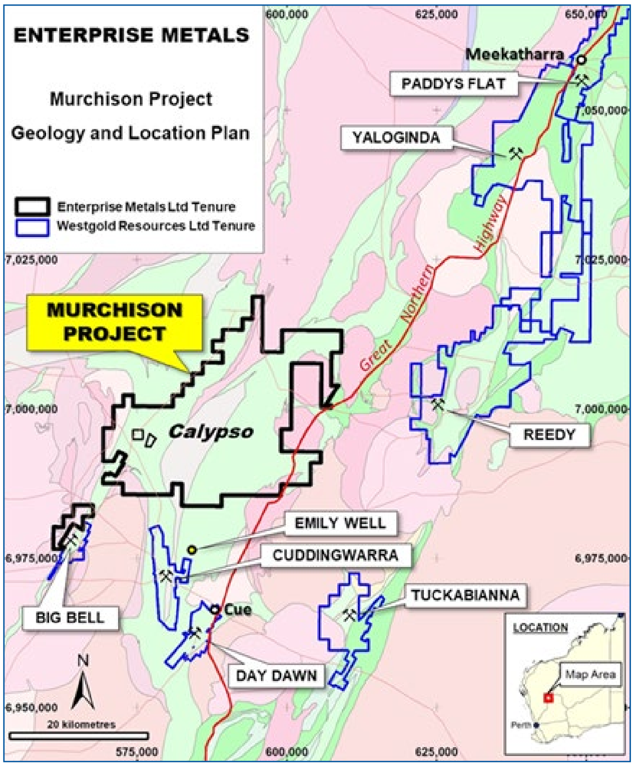


*Figure 8. Murchison Project over Interpreted Bedrock Geology*

Recent geochemical work by the GSWA indicates felsic volcanics in both the Wattagee horizon and the Emily Well horizon have geochemical characters consistent with VMS fertile packages across the Yilgarn and Canadian Abitibi Provinces.

Competitor Landholdings Showing Gold Endowment (Moz produced + Moz current resource)

Several priority gold systems have been identified for follow up work, based on compilation of historical drilling and other exploration results reported by previous explorers. The compilation work is ongoing, with further prospective gold prospects to be defined. In addition, the Company controls approximately 30km of VMS Cu-Zn prospective stratigraphy within the tenement package.

The Company has planned a detailed 4,352 line km airborne magnetic and radiometric survey, which is now scheduled to be flown in early October 2018. The line spacing will be 50m and the flying height will be 30m. The survey will cover the southwest quadrant of Enterprise's Murchison project area, including the Big Bell Shear Zone, where alluvial cover has traditionally impeded effective exploration, and there is currently a lack of good quality magnetic data. Following the airborne survey, the Company will interpret the data to identify "buried" litho-structural targets for drill testing for gold.

## BALLARD PROJECT

**(Enterprise 90% managing and funding, Legendre 10%)**

On 25 October 2017 Enterprise acquired a 90% interest in the Ballard Project, comprising granted Exploration Licences 30/472 and 29/991, located 150km NNW of Kalgoorlie, and 60km north of Eastern Goldfields Limited's ("EGF") Davyhurst operation, in the Eastern Goldfields of Western Australia.

The Ballard Project covers 190km[2] of Archaean greenstones prospective for orogenic gold and nickel-copper-cobalt sulphides 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's immediate focus will be to capture the historical soil sampling and drilling in digital form (the bulk of the historical work is presented as plans and sections in historical reports, and not in digital databases) and confirm the historical work, both in location and tenor of mineralisation, before planning extension and/or infill sampling and RAB/aircore drilling.

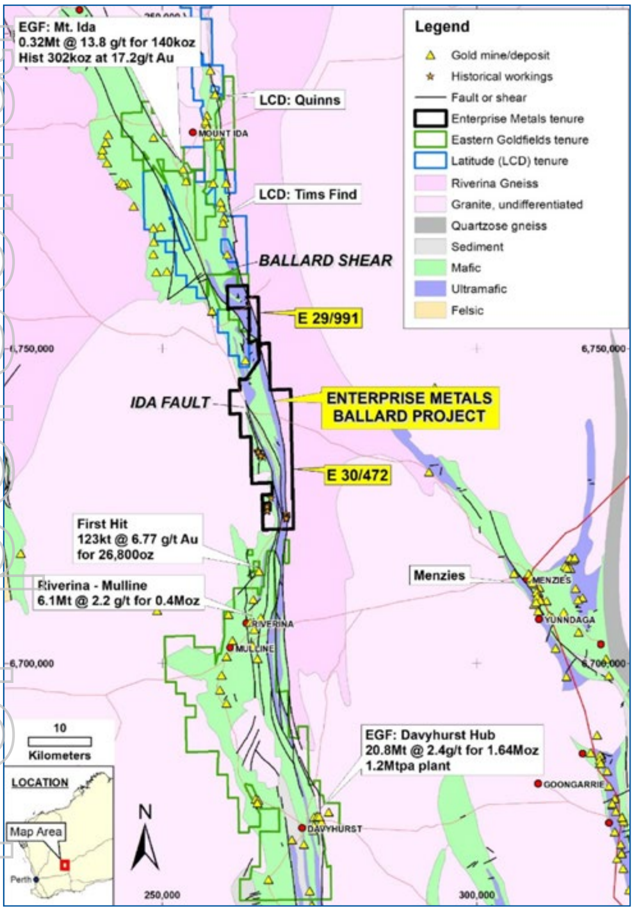


*Figure 9. Location Plan – Ballard Project and Nearby Historical and Current mines*

## DARLOT PROJECT

**(Enterprise 100%)**

Enterprise's Darlot Project is centered in the Archaean Yandal Greenstone Belt in Western Australia approximately 15km west of the Darlot gold mine. The Project is considered prospective for gold and copper-zinc mineralisation and lies at the boundary between mafic and felsic volcanic suites. Following a number of attempts to farm out the entire Darlot Project in 2016-2017, the majority of the tenements were surrendered close to their expiry date due to lack of expenditure, with the exception of E37/1031.

## YALGOO PROJECT

**(Enterprise 100%)**

The Yalgoo Project covers the north western portion of the Yalgoo Greenstone Belt and is comprised of granted Exploration Licence 59/2076, which covers the western half of the Archaean Yalgoo Greenstone Belt, immediately north of Yalgoo township. The tenement is prospective for gold and base metals, and komatiite hosted nickel sulphides and to a lesser extent pegmatite hosted lithium deposits. The greenstone belt hosts small historical gold mines at Yalgoo together with the Golden Grove base metal mine to the southeast.

The Golden Grove portion of the belt has been the subject of intense exploration for gold and base metals, however the area around the town of Yalgoo has had little modern systematic exploration. This project is at an early stage, but the tenement is prospective for Archaean orogenic gold deposits under cover, Archaean copper/zinc VHMS style deposits like Deflector and Golden Grove, and lithium deposit

## REDUCTION IN LANDHOLDINGS

During the year, the Company substantially reduced its granted landholdings by the surrender of non-core tenements and projects, which had the effect of reducing its annual exploration expenditure commitment, its shire rates and its tenement rents

### *Competent Persons Statement*

The information in this report that relates to Exploration Results and Mineral Resources 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 Fellow 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.

### *Exploration and Resource Targets*

Any discussion in relation to the potential quantity and grade of Exploration Targets is only conceptual in nature. There has been insufficient exploration to date to define any mineral resources and it is uncertain if further exploration will result in the determination of any JORC compliant Mineral Resources.

Future Developments, Prospects and Business Strategies

Over the next 12 months, it is expected that Sandfire Resources NL and Constellation Resources Ltd will continue to manage and fund exploration of the Company's Doolgunna and Fraser Range Project tenements respectively.

The Company is solely funding it projects at Ballard (90% interest) and Murchison (100% interest) at the present time, but would consider joint venture partner funding should suitable agreements be offered

The Company will also continue to seek to acquire a more advanced Cu/Zn/Au and/or Ni/Cu/Co projects in Australia or overseas in the coming year.

### *Exploration Risk*

Mineral exploration and development are high-risk undertakings, and there is no assurance that exploration of the Tenements will result in the discovery of an economic deposit. Even if an apparently viable deposit is identified there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to permitting requirements, availability of appropriate exploration equipment, exploration costs, seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents and many other factors beyond the control of the Company.

Your Directors present their report on Enterprise Metals Limited ("Enterprise", "Company" or "Group") and its controlled entities ("Group") for the financial year ended 30 June 2018.

**Directors**
The names of Directors in office at any time during or since the end of the period are:

Dr Allan Trench
Mr Dermot Ryan
Dr Zhijun He

**Information on Directors**

**Allan Trench** (Non-Executive Chairman, appointed 3 April 2012)
Dr Trench is a mineral economist, geophysicist and business management consultant with a BSc (Hons) Geology from the Royal School of Mines, London, a Ph.D (Geophysics) from Glasgow University, an MBA (Distinction) from Oxford University and an MSc (Distinction) in Mineral Economics from the WA School of Mines (WASM). His former roles include management of nickel and gold/base metal exploration teams in the Yilgarn region of WA, initially for WMC and subsequently for a group of junior ASX listed companies

Dr Trench worked as a business consultant for McKinsey and Company, then as a manager at KCGM Pty Ltd and Woodside Petroleum, and more lately as a consultant with CRU Group, providing business analysis and intelligence on the global mining and metals and markets. He is currently Research Professor, Progressive Risk & Value, Centre for Exploration Targeting, University of Western Australia and Professor, UWA Business School. He is also non-executive independent director of a number of emerging overseas and Australian-listed resources companies.

Directorships held in other listed entities: Pioneer Resources Limited (September 2003 – present)
Hot Chili Limited (July 2010 – present)
Emmerson Resources Limited (March 2015 – present)
There have been no other listed entity directorships in the last 3 years.

**Dermot Ryan** (Managing Director, appointed 13 October 2008)
Mr Ryan spent 20 years with CRA Ltd from 1977-1996, including 10 years as Chief Geologist for CRA Exploration in various states of Australia. He was GM Exploration for Great Central Mines Ltd (later Normandy Yandal Operations Ltd) from late 1996-2001, and for the past 10 years has run a private mineral exploration consulting Company (XServ Pty Ltd). He is a Fellow of the AusIMM, (CP), a Fellow of the AIG, and holds a BApSc (Geol).

Directorships held in other listed entities: Alto Metals Limited (December 2012 – present)
There have been no other listed entity directorships in the last 3 years.

**Dr Zhijun He** (Non-Executive Director, appointed 12 October 2016)
Dr He holds a PhD degree in Petrology and Economic Geology from China University of Geosciences (Beijing) and is a member of AusIMM. He has over 20 years of experience in geological research, mineral exploration and geological services.

Dr He is a Winner of the 11th Silver Hammer Prize in Geological Science awarded by the Geological Society of China and has won several provincial and ministerial Technology Awards for mineral exploration and scientific research, including two First Prizes of the Prospecting Achievement Award from China Nonferrous Metals Industry Association. He currently holds the position as director of East Africa Metals Inc. (TSX-V:EAM) and Nickel North Exploration Corp.(TSXV:NNX).

Directorships held in other listed entities: There have been no other listed entity directorships in the last 3 years.

**Company Secretary**

**Patrick Holywell** FGIA, Grad Dip CA, GAICD, BCom
Mr Patrick Holywell was appointed Company Secretary and Chief Financial Officer on 28 February 2018. He is a Chartered Accountant with over fifteen years of experience in corporate governance, finance and accounting including employment with Deloitte Touche Tohmatsu Ltd and Patersons Securities Ltd. Mr Holywell has been employed by and acted as company secretary, CFO and/or director of a number of companies in the resources sector.

Mr Sam Middlemas resigned as Company Secretary and Chief Financial Officer on 28 February 2018.

**Principal Activities**

The principal activities of the Group during the financial year were the exploration of a number of gold, copper/gold, and copper/nickel tenements in Western Australia.

**Operating Results**

The consolidated loss of the Group after providing for income tax amounted to $862,616 (2017: $521,020).

**Financial Position**

The net assets of the Group at 30 June 2018 are $7,266,729 (2017: $7,535,121).

**Risk Management**

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the Board. The Board believes that it is crucial for all Board members to be a part of this process, and as such the Board has not established a separate risk management committee. The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders' needs and manage business risk.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets.

**Significant Changes in State of Affairs**

There have been no significant changes in the affairs of the Group during the year.

**Significant Events After the Balance Date**

On 13 July 2018, the Company announced the completion of a capital raising via a placement to raise approximately $0.5 million (before costs) through the issue of approximately 28 million new fully paid ordinary shares at an issue price of 1.8 cents per share.

No other matters or circumstances have arisen since the end of the financial year which 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.

**Likely Developments and Expected Results**

The Group expects to maintain the present status and level of operations and hence there are no likely developments in the Group's operations.

**Exploration Risk**

Mineral exploration and development are business undertakings that carry an associated high degree of uncertainty, and as a consequence there is no assurance that exploration of the tenements will result in the discovery of an economic deposit. Even if an apparently viable deposit is identified there is no guarantee that it can be economically exploited.

In order to manage the company's exploration risk exposure therefore, all exploration properties are constantly reviewed as to whether the best exposure for shareholders is to maintain 100%-ownership by the Company of each project or whether appropriate risk-sharing can be put in place via joint venture agreements with other minerals companies.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to permitting requirements, availability of appropriate exploration equipment, exploration costs, seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents and many other factors beyond the control of the Company.

**Environmental Regulation and Performance**

The Group is subject to significant environmental regulation in respect to its exploration activities. The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The Directors of the Company are not aware of any breach of environmental legislation for the year under review.

**Dividends Paid or Recommended**

No dividend has been paid or recommended.

**Meetings of Directors**

During the financial period, the following meetings of Directors were held. Attendances by each Director during the period were as follows:

| | **DIRECTORS' MEETINGS** | |
|---|---|---|
| | Number eligible to attend | Number Attended |
| Dr Allan Trench | 5 | 5 |
| Dermot Ryan | 5 | 5 |
| Dr Zhijun He | 5 | 5 |

**Indemnifying Officers or Auditor**

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

- The Company has entered into agreements to indemnify all Directors and provide access to documents, against any liability arising from a claim brought by a third party against the Company. The agreement provides for the Company to pay all damages and costs which may be awarded against the Directors.
- The Company has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was $9,000 (2017: $7,500).
- No indemnity has been given to the auditors.

**Options/Performance Shares**

During the year 2,000,000 options exercisable at 5 cents prior to 10 August 2017 expired unexercised. There were no other options issued during the year.

**Non-audit Services**

The following non-audit services were provided by the entity's auditor, Grant Thornton Audit Pty Ltd, or associated entities. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the board to ensure they do not impact the impartiality and objectivity of the auditor;
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.
- Grant Thornton Audit Pty Ltd, or associated entities, received or are due to receive the following amounts for the provision of non-audit services:

| | 2018<br>$ | 2017<br>$ |
|---|---|---|
| Tax compliance services | 5,000 | 5,350 |

**Proceedings on Behalf of Company**

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the period.

**REMUNERATION REPORT (AUDITED)**

This report details the nature and amount of remuneration for each Director of Enterprise Metals Limited and other key management personnel ("KMP").

**A. Remuneration Policy**

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Company is as follows:

All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation if applicable. The Board reviews executive packages periodically by reference to the Company's performance, executive performance, and comparable information from industry sectors and other listed companies in similar industries.

Executives are also entitled to participate in the employee share and option arrangements.

All remuneration paid to Directors and executives is valued at the cost to the Company and expensed. Options given to Directors and employees are valued using the Black-Scholes methodology.

The Board policy is to remunerate Non-Executive Directors at the lower end of market rates for comparable companies for time, commitment, and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration periodically based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-Executive Directors are not linked to the performance of the Company. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company.

There is no relationship between KMP remuneration and the performance of the Company.

No options have been issued to Directors in the period under review to the date of this report.

**Use of remuneration consultants**

The Company did not employ the services of any remuneration consultants during the financial period ended 30 June 2018.

**Voting and comments made at the Company's 2017 Annual General Meeting**

The Company received approximately 100% of "yes" votes based on the number of proxy votes received on its remuneration report for the 2017 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

**B. Details of Remuneration for Period Ended 30 June 2018**

There were no cash bonuses paid during the period and there are no set performance criteria for achieving cash bonuses. The following table outlines benefits and payment details, in respect to the financial period, as well as the components of remuneration for each member of the key management personnel of the Company.

**Table of Benefits and Payments for the Period Ended 30 June 2018**

| Key Management Personnel | Short-term benefits | | Post-employment benefits | Equity-settled share-based payments | | |
|---|---|---|---|---|---|---|
| | Salary, fees and leave | Cash from other activities | Superannuation | Equity | Total | Remuneration performance based |
| **2018** | **$** | **$** | **$** | **$** | **$** | **%** |
| Dr Allan Trench – Chairman (1) | 15,000 | - | - | 15,000 | 30,000 | - |
| Dermot Ryan – Managing Director (2) | 60,000 | - | - | - | 60,000 | - |
| Dr Zhijun He – Non-executive director | 12,500 | - | - | 12,500 | 25,000 | - |
| Patrick Holywell - Company Secretary (8) | 13,650 | - | - | - | 13,650 | - |
| Sam Middlemas – former Company Secretary (5) | 24,470 | - | - | - | 24,470 | - |
| | **125,620** | **-** | **-** | **27,500** | **153,120** | **-** |
| **2017** | | | | | | |
| Dr Allan Trench – Chairman (1) | 25,782 | - | - | 25,781(7) | 51,563 | - |
| Dermot Ryan – Managing Director (2) | 54,350 | - | - | - | 54,350 | - |
| Dr Zhijun He – Non-executive director (3) | 28,748 | - | - | - | 28,748 | - |
| Dr Jingbin Wang – Former Chairman (4) | 7,920 | - | - | 7,920(7) | 15,840 | - |
| Sam Middlemas – Company Secretary (5) | 36,830 | - | - | - | 36,830 | - |
| Susan Hunter – former Company Secretary (6) | 1,510 | - | - | - | 1,510 | - |
| | **155,140** | **-** | **-** | **33,701** | **188,841** | **-** |

*(1) All fees paid to Dr Allan Trench are paid to his private company Judicial Holdings Pty Ltd of which he is a shareholder.*
*(2) All fees paid to Dermot Ryan are paid to his private company XServ Pty Ltd of which he is a director and shareholder.*
*(3) Dr Zhijun He was appointed on 12 October 2017.*
*(4) Dr Jingbin Wang resigned on 12 October 2017.*
*(5) Sam Middlemas was appointed as Company Secretary on 15 July 2016. All fees paid to Sam Middlemas are paid through his private company Sparkling Investments Pty Ltd of which he is a director and shareholder Sam Middlemas resigned 28 February 2018.*
*(6) Susan Hunter resigned as Company Secretary on 15 July 2016. All fees paid to Susan Hunter are paid to her private company Hunter Corporate Pty Ltd of which she is a director and shareholder.*
*(7) Represents the issuance of shares in lieu of cash for directors' services provided.*
*(8) Patrick Holywell was appointed 28 February 2018. All fees are paid to his private company PWT Corporate Pty Ltd.*

**Equity instrument disclosures relating to KMP**

*(i) Option holdings*
The were no options over ordinary shares held by any KMP of the Group during the financial period.

*(ii) Shareholdings*
The number of ordinary shares in Enterprise Metals Limited held by each KMP of the Group during the financial year is as follows:

| **2018** | **Balance at the start of the period** | **Received during the period as compensation** | **Other changes during the period** | **Balance at the end of the period** |
|---|---|---|---|---|
| ***KMP*** | | | | |
| **Ordinary Shares** | | | | |
| Allan Trench | 3,275,471 | 988,364 | 898,204 | 5,162,039 |
| Dermot Ryan | 13,830,555 | - | 898,204 | 14,728,759 |
| Zhijun He | - | 1,896,188 | - | 1,896,188 |
| Patrick Holywell (1) | - | - | 150,000 | 150,000 |
| Sam Middlemas (2) | - | - | - | - |
| **Total** | **17,106,026** | **2,884,552** | **1,946,408** | **21,936,986** |

| **2017** | | | | |
|---|---|---|---|---|
| ***KMP*** | | | | |
| **Ordinary Shares** | | | | |
| Allan Trench | 1,463,055 | 1,812,416 | - | 3,275,471 |
| Dermot Ryan | 13,830,555 | - | - | 13,830,555 |
| Zhijun He (3) | - | - | - | - |
| Sam Middlemas (2) | - | - | - | - |
| Susan Hunter (5) | - | - | - | - |
| Jingbin Wang (4) | - | 1,823,333 | - | 1,823,333 |
| **Total** | **15,293,610** | **3,635,749** | **-** | **18,929,359** |

*(1) Appointed 28 February 2018.*
*(2) Appointed 15 July 2016 and resigned 28 February 2018.*
*(3) Appointed 12 October 2017.*
*(4) Resigned 12 October 2017.*
*(5) Resigned 15 July 2016.*

**Loans to KMP**

There were no loans made to KMP as at 30 June 2018, nor were any made during the reporting period.

**C. Service Agreements**

Mr Ryan commenced as Managing Director on 14th October 2008. Mr Ryan is remunerated at normal commercial rates pursuant to the terms of an ongoing Consultancy Agreement to fulfil the duties of the Managing Director. Fees attributable to Mr Ryan's services for the year ended 30 June 2018 were $60,000 (2017: $ $54,350). The agreement may be terminated (other than for gross misconduct) by either party on three months' written notice.

**D. Share-based compensation**

**Incentive Option Scheme**

Options, where appropriate, may be granted under the Enterprise Metals Limited Employee Share Option Plan ("ESOP"). Options are granted under the plan for no consideration on terms and conditions considered appropriate by the Board at the time of issue. Options are granted for up to a five year period. Options granted under the plan carry no dividend or voting rights.

The ability for the employee to exercise the options is restricted in accordance with the terms and conditions detailed in the ESOP. Each option will automatically lapse if not exercised within five years of the date of issue. The exercise period may also be affected by other events as detailed in the terms and conditions in the ESOP. The options vest as specified when the options are issued. No options have been issued under the ESOP in the current period.

**Director and Key Management Personnel Options**

There were no options issued to Directors and Key Management Personnel during the 2018 financial period (2017: nil).

**----- End of Audited Remuneration Report -----**

**Auditor's Independence Declaration**

The lead auditor's independence declaration for the year ended 30 June 2018 has been received and can be found on the following page.

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

**Dermot Ryan**
Managing Director

Dated this 27th day of September 2018

Grant Thornton

Central Park, Level 43
152-158 St Georges Terrace
Perth WA 6000

Correspondence to:
PO Box 7757
Cloisters Square
Perth WA 6850

**T** +61 8 9480 2000
**F** +61 8 9480 2050
**E** info.wa@au.gt.com
**W** www.grantthornton.com.au



# 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 audit of Enterprise Metals Limited for the year ended 30 June 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 audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M P Hingeley
Partner – Audit & Assurance

Perth, 27 September 2018

# Consolidated Statement Of Profit Or Loss And Other Comprehensive Income

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | $ | $ |
| Other revenue | | 2,994 | 3,825 |
| Other income | 2 | 30,803 | 316,321 |
| | | | |
| Accounting and audit fees | | (31,028) | (27,248) |
| Share registry and listing fees | | (50,564) | (30,271) |
| Employee benefits expense | | 17,868 | (7,970) |
| Corporate and consulting fees | | (155,739) | (190,258) |
| Computers and software | | (13,144) | (22,077) |
| Depreciation and Amortisation | 3 | (1,328) | (8,552) |
| Insurance | | (15,176) | (14,989) |
| Investor relations | | (9,935) | (9,561) |
| Legal fees | | (3,561) | (240) |
| Office rental expense | 3 | (35,797) | (31,265) |
| Travel and accommodation | | 604 | (4,948) |
| Impairment of available for sale financial assets | 3 | - | - |
| Impairment of capitalised exploration expenses | 3 | (514,006) | (472,547) |
| Share based payments | | - | - |
| Other expenses | | (84,607) | (21,240) |
| **Loss before income tax** | | **(862,616)** | **(521,020)** |
| Income tax expense | 4 | - | - |
| **Loss for the year** | | **(862,616)** | **(521,020)** |
| | | | |
| **Other comprehensive income, net of tax** | | | |
| **Items that may be subsequently reclassified to profit or loss** | | | |
| Unrealised gain / (loss) on revaluation of AFS asset | 10 | (84,000) | 24,000 |
| Gain on AFS asset recycled through P&L on sale | | - | (73,500) |
| **Total comprehensive income / (loss) for the period** | | **(84,000)** | **(49,500)** |
| **Total comprehensive loss attributable to members of the parent entity** | | **(946,616)** | **(570,520)** |
| | | | |
| Basic loss per share (cents per share) | 7 | (0.25) | (0.16) |
| Diluted loss per share (cents per share) | 7 | (0.25) | (0.16) |

# Consolidated Statement Of Financial Position



| | Note | 2018 | 2017 |
|---|---|---|---|
| | | $ | $ |
| **Current Assets** | | | |
| Cash and cash equivalents | 8 | 216,210 | 389,738 |
| Trade and other receivables | 9 | 15,475 | 24,021 |
| **Total Current Assets** | | **231,685** | **413,760** |
| | | | |
| **Non-Current Assets** | | | |
| Available-for-sale financial assets | 10 | 780,000 | 864,000 |
| Plant and equipment | 11 | 1,000 | 1,000 |
| Intangible assets | 12 | - | 1,327 |
| Exploration and evaluation assets | 13 | 6,464,661 | 6,454,337 |
| **Total Non-Current Assets** | | **7,245,661** | **7,320,664** |
| **TOTAL ASSETS** | | **7,477,346** | **7,734,424** |
| | | | |
| **Current Liabilities** | | | |
| Trade and other payables | 14 | 210,617 | 199,303 |
| **Total Current Liabilities** | | **210,617** | **199,303** |
| **TOTAL LIABILITIES** | | **210,617** | **199,303** |
| | | | |
| **NET ASSETS** | | **7,266,729** | **7,535,121** |
| | | | |
| **Equity** | | | |
| Issued capital | 15 | 30,784,960 | 30,106,736 |
| Reserves | 16 | 6,623,155 | 6,707,155 |
| Accumulated losses | | (30,141,386) | (29,278,770) |
| **TOTAL EQUITY** | | **7,266,729** | **7,535,121** |

| | Issued Capital $ | Options Reserve $ | AFS Asset Reserve $ | Accumulated Losses $ | Total $ |
|---|---|---|---|---|---|
| **Balance at 1 July 2016** | **30,063,107** | **6,095,155** | **661,500** | **(28,757,750)** | **8,062,012** |
| Loss attributable to members of the parent entity for the year | - | - | - | (521,020) | (521,020) |
| **Other comprehensive income, net of tax** | - | - | (49,500) | - | (49,500) |
| **Total comprehensive loss for the year** | **-** | **-** | **(49,500)** | **(521,020)** | **(570,520)** |
| **Transaction with owners, directly in equity** | | | | | |
| Shares issued during the year | 43,629 | - | - | - | 43,629 |
| **Balance at 30 June 2017** | **30,106,736** | **6,095,155** | **612,000** | **(29,278,770)** | **7,535,121** |

| | Issued Capital $ | Options Reserve $ | AFS Asset Reserve $ | Accumulated Losses $ | Total $ |
|---|---|---|---|---|---|
| **Balance at 1 July 2017** | **30,106,736** | **6,095,155** | **612,000** | **(29,278,770)** | **7,535,121** |
| Loss attributable to members of the parent entity for the year | - | - | - | (862,616) | (862,616) |
| **Other comprehensive income, net of tax** | - | - | (84,000) | - | (84,000) |
| **Total comprehensive loss for the year** | **-** | **-** | **(84,000)** | **(862,616)** | **(946,616)** |
| **Transaction with owners, directly in equity** | | | | | |
| Shares issued during the year | 678,224 | - | - | - | 678,224 |
| **Balance at 30 June 2018** | **30,784,960** | **6,095,155** | **528,000** | **(30,141,386)** | **7,266,729** |

# Consolidated Statement Of Cash Flows

| | Note | 2018<br>$ | 2017<br>$ |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Interest received | | 3,191 | 3,825 |
| Rent and other receipts | | 30,803 | 12,909 |
| Payments to suppliers and employees | | (287,920) | (283,645) |
| **Net cash used in operating activities** | 17a | **(253,926)** | **(266,911)** |
| | | | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Proceeds on the sale of investments | | - | 664,912 |
| Payments for exploration and evaluation expenditure | | (233,016) | (467,198) |
| Grant funding received | | - | 134,185 |
| **Net cash used in investing activities** | | **(233,016)** | **331,899** |
| | | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issue of shares | | 328,000 | 43,629 |
| Share raising costs | | (14,586) | - |
| **Net cash provided by financing activities** | | **313,414** | **43,629** |
| | | | |
| Net increase/(decrease) in cash and cash equivalents held | | (173,528) | 108,617 |
| Cash and cash equivalents at 1 July | | 389,738 | 281,121 |
| **Cash and cash equivalents at 30 June** | 8 | **216,210** | **389,738** |

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report includes the consolidated financial statements and notes of Enterprise Metals Limited ("the Company") and controlled entities ("the Consolidated Group" or "the Group"). Enterprise Metals Limited is a listed public company, incorporated and domiciled in Australia. The financial information is presented in Australian dollars.

### Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Enterprise Metals Limited is a for-profit entity for the purpose of preparing the financial statements.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

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. The functional currency of the Group is Australian dollars.

The financial statements were authorised for issue by the Directors. The Directors have the power to amend and reissue the financial statements.

### 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 30 June 2018, the Group incurred a loss before tax of $862,616 (2017: $521,020) including a non-cash impairment charge for exploration of $514,006 (2017: $472,547). For the year ended 30 June 2018, the Group incurred net operating cash outflows of $253,926 (2017: $266,911) and at reporting date, had a net current asset balance of $21,068 (2017: $214,457).

On 13 July 2018, the Company announced the completion of a capital raising via a placement to raise approximately $0.5 million (before costs) through the issue of approximately 28 million new fully paid ordinary shares at an issue price of 1.8 cents per share.

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 are 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;
- The value of the Group's available for sale investment portfolio;
- The underlying prospects for the Group to raise funds from the capital markets; and
- The fact that future exploration and evaluation expenditure are generally discretionary in nature (i.e. at the discretion of the Directors having regard to an assessment of the progress of works

undertaken to date and the prospects for the same). Subject to meeting certain expenditure commitments, further exploration activities may be slowed or suspended as part of the management of the Group's working capital. The Group also expects to be able to claim exemptions from expenditure for a number of the Group's areas of interest due to past expenditure.

The Directors are confident that the Group can continue as a going concern and as such are of the opinion that the financial report has been appropriately prepared on a going concern basis.

Should the Group be unable to undertake the initiatives disclosed above, there is significant uncertainty which may cast 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.

**(A) PRINCIPLES OF CONSOLIDATION**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent Enterprise Metals Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 19.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

**(B) INCOME TAX**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

### (C) PROPERTY, PLANT, AND EQUIPMENT

Each class of property, plant, and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

**Plant and equipment**

Plant and equipment are measured on the historical cost basis.

**Depreciation**

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

| Class of Fixed Asset | Depreciation Rate |
|---|---|
| Plant and equipment | 25% |
| Computer equipment | 33% |
| Furniture and fittings | 25% |
| Motor vehicle | 25% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss.

### (D) INTANGIBLE ASSETS

**Recognition of intangible assets**

*Acquired intangible assets*
Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software.

*Subsequent measurement*

All intangible assets, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing.

The following useful lives are applied:

Software: 4 years

Amortisation has been included within depreciation, amortisation and impairment of non-financial assets. Subsequent expenditures on the maintenance of computer software are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

### (E) EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

The Company receives R&D grants from the Australian Taxation Office. Where an R&D rebate can be directly attributable to an area of interest the R&D rebate is applied against the area of interest upon receipt. For any amounts that cannot be directly attributable to an existing area of interest the amount will be recognised as grant income in the profit or loss.

### (F) LEASES

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Group will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

### (G) FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

**Available for sale ("AFS") financial assets**

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's AFS financial assets include listed securities.

All AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognised in profit or loss within 'finance income'.

Reversals of impairment losses are recognised in other comprehensive income, except for financial assets that are debt securities which are recognised in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

**Financial liabilities**

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

**Derivative instruments**

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the profit or loss unless they are designated as hedges.

**Fair value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

**Impairment**

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

**Derecognition**

Financial assets are derecognised where the contractual rights to cash flow expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or they expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**(H) IMPAIRMENT OF NON-FINANCIAL ASSETS**

At each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

**(I) EMPLOYEE BENEFITS**

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled wholly within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

**Equity-settled compensation**

The Group operates an Incentive Option Scheme share-based compensation plan. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in the profit or loss. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares of the options granted.

**(J) PROVISIONS**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

**(K) CASH AND CASH EQUIVALENTS**

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

### (L) REVENUE AND OTHER INCOME

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.
Rental income is recognised on an accrual basis.

Management fees are recognised on portion of completion basis.

All revenue is stated net of the amount of goods and services tax (GST).

### (M) TRADE AND OTHER PAYABLES

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

### (N) BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

### (O) GOODS AND SERVICES TAX (GST)

Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of financing activities, which are disclosed as operating cash flow.

### (P) EQUITY AND RESERVES

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Other components of equity include the following:

- AFS financial assets and cash-flow hedge reserves – comprises gains and losses relating to these types of financial instruments.
- Retained earnings include all current and prior period retained profits.

### (Q) EARNINGS PER SHARE

**Basic earnings per share**

Basic earnings per share is determined by dividing the profit attributable to equity holders of the company, excluding any costs of service equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

**Diluted earnings per share**

Diluted earnings per share adjusts the figure used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financial costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### (R) COMPARATIVE FIGURES

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

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

### (S) CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

**Key Estimates — Impairment**

The Group assesses impairment at each reporting date by evaluating conditions specific to the consolidated entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

The Directors considered the impairment of the parent entity's investment in subsidiaries and loans receivable from subsidiaries based on the fair value less costs to sell of the underlying mineral tenements. The inter-company loans have no interest or repayment terms and are effectively investments in controlled entities and are reflected at cost.

An impairment value of $84,000 (2017: $24,000 gain) has been recorded as a decrease increase in available for sale financial assets during the year.

**Key Estimates – Share based payment transactions**

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes formula. Details of the estimates used to determine the fair value are detailed in Note 18.

**Key Judgments – Exploration and Evaluation Expenditure**

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the Directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at $6,464,661 (2017: $6,454,337). An impairment of $514,006 (2017: $472,547) was recognised during the year ended 30 June 2018.

### (T) NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP IN THIS FINANCIAL REPORT

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australia Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has had no effect on the amounts reported for the current or prior periods.

### (U) IMPACT OF STANDARDS ISSUED BUT NOT YET APPLIED BY THE GROUP

There are a number of new standards, amendments to standards and interpretations issued by the AASB which are applicable to future reporting periods. The Group has not early adopted any of these standards or interpretations.

**AASB 9 Financial Instruments**

In December 2014, the AASB issued the final version of AASB 9 Financial Instruments that replaces AASB 139 Financial Instruments: Recognition and Measurement and all previous versions of AASB 9. AASB 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Group plans to adopt the new standard on the required effective date and will not restate comparative information. During 2018, the Group has performed a detailed impact assessment of all three aspects of AASB 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2019 when the Group will adopt AASB 9. Overall, the Group expects no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirements of AASB 9. In addition, the Group will implement changes in classification of certain financial instruments. The Group does not expect a significant impact on its statement of financial position or equity on applying the classification and measurement requirements of AASB 9.

## NOTE 2: REVENUE AND OTHER INCOME

| | Notes | 2018<br>$ | 2017<br>$ |
|---|---|---|---|
| **Revenue** | | | |
| Interest received | | 2,994 | 3,825 |
| **Other income** | | | |
| Rental and other income | | 30,803 | 12,909 |
| Profit on the sale of AFS Financial assets | | - | 303,412 |
| | | 30,803 | 316,321 |

## NOTE 3: LOSS FOR THE YEAR

| | Notes | 2018 | 2017 |
|---|---|---|---|
| **(a) Expenses** | | | |
| Depreciation of plant and equipment | | 1,328 | 8,552 |
| Office rental expense | | 35,797 | 31,265 |
| Defined contribution superannuation expense | | - | 6,650 |
| **(b) Significant Revenues and Expenses** | | | |
| The following significant revenue and expense items are relevant in explaining the financial performance: | | | |
| Impairment of Exploration and Evaluation | 13 | 514,006 | 472,547 |

## NOTE 4: INCOME TAX

| | Note | 2018 | 2017 |
|---|---|---|---|
| **(a) Income tax expense** | | **$** | **$** |
| Current tax | | - | - |
| Deferred tax | | - | - |
| Adjustments for current tax of prior periods | | - | - |
| | | - | - |

| | Note | 2018 | 2017 |
|---|---|---|---|
| **(b) Reconciliation of income tax expense to prima facie tax payable** | | | |
| The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows: | | | |
| Prima facie tax on operating loss at 30% (2017: 27.5%) | | (258,785) | (163,493) |
| Add / (Less) tax effect of: | | | |
| Impairment of capitalised exploration expenses | | (73,299) | - |
| Other assessable amount | | - | 87 |
| Non-assessable items | | - | - |
| Non-deductible items | | - | 99 |
| Deferred tax asset not brought to account | | 332,084 | 163,307 |
| Income tax attributable to operating loss | | - | - |
| The applicable weighted average effective tax rates are as follows: | | nil% | nil% |
| **(c) Deferred tax assets** | | | |
| Tax Losses | | 1,816,640 | 1,723,978 |
| Provisions and Accrual | | 21,865 | 8,965 |
| Other | | 7,926 | 32,842 |
| | | 1,846,431 | 1,765,786 |
| Set-off deferred tax liabilities | 4(c) | (1,846,431) | (1,765,786) |
| Net deferred tax assets | | - | - |
| **(d) Deferred tax liabilities** | | | |
| Exploration expenditure | | (1,845,255) | (1,765,644) |
| Other | | (1,176) | (141) |
| | | (1,846,430) | (1,765,786) |
| Set-off deferred tax assets | 4(b) | 1,846,430 | 1,765,786 |
| Net deferred tax liabilities | | - | - |
| **(e) Unrecognised deferred tax assets** | | | |
| Unused tax losses for which no deferred tax asset has been recognised | | 10,051,994 | 8,973,413 |
| Other | | 486,000 | 422,400 |
| | | 10,537,994 | 9,395,813 |

Potential deferred tax assets have not been recognised at 30 June 2018 because the Directors do not believe it is appropriate to regard the realisation of the potential deferred tax assets as probable at this point in time. These benefit of the tax and capital losses will only be obtained if:

- the Group derives future assessable income of a nature and amount to enable the benefit of the losses to be realised;
- the Group continues to comply with the conditions for deductibility imposed by tax law; and
- no changes in tax law adversely affect the Group from realising the benefit of the tax losses.

## NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid to each member of the Group's KMP for the year ended 30 June 2018. The totals of remuneration paid to KMP during the year are as follows:

| | 2018 | 2017 |
|---|---|---|
| | $ | $ |
| Short-term employee benefits | 125,620 | 155,140 |
| Post-employment benefits | - | - |
| Equity settled share based payments | 27,500 | 33,701 |
| | 153,120 | 188,841 |

## NOTE 6: AUDITOR'S REMUNERATION

| | | |
|---|---|---|
| Remuneration of the auditor of the parent entity for: | | |
| - Auditing or reviewing the financial report by Grant Thornton Audit Pty Ltd | 19,450 | 21,998 |
| Remuneration of the auditor, or associated entities, of the parent entity for non-audit services: | | |
| - Tax compliance services | 5,000 | 5,250 |

## NOTE 7: LOSS PER SHARE

| | | |
|---|---|---|
| **(a) Reconciliation of earnings to loss for the year** | | |
| Earnings used in the calculation of basic EPS | (862,616) | (521,020) |
| **(b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS** | 341,317,156 | 317,186,372 |
| Basic / Diluted loss per share (cents per share) | (0.25) | (0.16) |

No options were outstanding at the end of the current reporting period (2017: 2,000,000).

## NOTE 8: CASH AND CASH EQUIVALENTS

| | | |
|---|---|---|
| Cash at bank | 216,210 | 389,738 |
| **Reconciliation of cash:** | | |
| Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows: | | |
| Cash and cash equivalents | 216,210 | 389,738 |

## NOTE 9: TRADE AND OTHER RECEIVABLES

| | | |
|---|---|---|
| **CURRENT** | | |
| GST receivable | 11,556 | 18,934 |
| Trade and other receivables | - | 1,542 |
| Prepayments | 3,919 | 3,545 |
| | 15,475 | 24,021 |

There are no balances within trade and other receivables that contain assets that are impaired and are past due. The trade receivables relate to reimbursed expenditures receivable and interest receivable. It is expected these balances will be received when due. Refer to note 21 related party transactions for receivable balances with related parties.

**NOTE 10: AVAILABLE-FOR-SALE FINANCIAL ASSETS**

| | | |
|---|---|---|
| **NON-CURRENT** | | |
| Opening balance | 864,000 | 975,000 |
| Additions | - | 300,000 |
| Disposals | - | (435,000) |
| Revaluations | (84,000) | 24,000 |
| | 780,000 | 864,000 |

Available-for-sale financial asset are shares held in an ASX listed entity and were revalued in the current period based on the share sale price at balance date. Fair value has been determined by reference to quoted market prices.

## NOTE 11: PLANT AND EQUIPMENT

| | 2018 | 2017 |
|---|---|---|
| **NON-CURRENT** | **$** | **$** |
| Computer equipment – cost | 64,956 | 64,956 |
| Accumulated depreciation | (64,956) | (64,956) |
| | - | - |
| Plant and equipment – cost | 153,863 | 153,863 |
| Accumulated depreciation | (153,863) | (153,863) |
| | - | - |
| Furniture and fittings – cost | 18,320 | 18,320 |
| Accumulated depreciation | (17,320) | (17,320) |
| | 1,000 | 1,000 |
| Motor vehicles - cost | 55,000 | 55,000 |
| Accumulated depreciation | (55,000) | (55,000) |
| | - | - |
| Total plant and equipment | 1,000 | 1,000 |

| | | |
|---|---|---|
| Computer equipment | | |
| Opening balance | - | 123 |
| - Additions | - | - |
| - Depreciation expense | - | (123) |
| Carrying amount at the end of the year | - | - |
| Plant and equipment | | |
| Opening balance | - | 3,307 |
| - Disposals | - | - |
| - Depreciation expense | - | (3,307) |
| Carrying amount at the end of the year | - | - |
| Furniture and fittings | | |
| Opening balance | 1,000 | 1,000 |
| - Disposals | - | - |
| - Depreciation expense | - | - |
| Carrying amount at the end of the year | 1,000 | 1,000 |
| Motor vehicles | | |
| Opening balance | - | - |
| - Additions | - | - |
| - Depreciation expense | - | - |
| Carrying amount at the end of the year | - | - |
| Totals | | |
| Opening balance | 1,000 | 4,430 |
| - Additions | - | - |
| - Disposals | - | - |
| - Depreciation expense | - | (3,430) |
| Carrying amount at the end of year | 1,000 | 1,000 |

## NOTE 12: INTANGIBLE ASSETS

| | 2018 | 2017 |
|---|---|---|
| **NON-CURRENT** | **$** | **$** |
| Software – cost | 106,436 | 106,436 |
| Accumulated amortisation | (106,436) | (105,109) |
| | - | 1,327 |

| | | |
|---|---|---|
| Software | | |
| Opening balance | 1,327 | 6,451 |
| - Additions | - | - |
| - Amortisation expense | (1,327) | (5,124) |
| Carrying amount at the end of the year | - | 1,327 |

## NOTE 13: EXPLORATION AND EVALUATION

| | | |
|---|---|---|
| Exploration and evaluation phases – at cost | 6,464,661 | 6,454,337 |
| **Exploration and evaluation - movement** | | |
| Opening balance | 6,454,337 | 6,893,870 |
| Exploration expenditure | 524,330 | 467,199 |
| Joint Venture prepayment received (Sandfire shares) | - | (300,000) |
| R&D funds received (net of costs) | - | (134,185) |
| Impairment of capitalised exploration expenses | (514,006) | (472,547) |
| Closing balance | 6,464,661 | 6,454,337 |

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 reporting period, the Group impaired its capitalised exploration and evaluation asset by $514,006 (2017: $472,547) as the Group has either partially or fully relinquished its non-core tenements. Accordingly, in complying with the requirements of AASB 6, it has impaired the costs that had been previously capitalised to those tenements which have now been partially or fully relinquished.

## NOTE 14: TRADE AND OTHER PAYABLES

| | | |
|---|---|---|
| **CURRENT – UNSECURED LIABILITIES** | | |
| Trade payables | 172,549 | 116,344 |
| Accrued expenses | 38,068 | 82,959 |
| | 210,617 | 199,303 |

All amounts are short-term. The carrying value is considered to be a reasonable approximation of the fair value. Refer to note 21 related party transactions for trade payable balances with related parties.

## NOTE 15: ISSUED CAPITAL

| | | 2018 | 2017 |
|---|---|---|---|
| | | $ | $ |
| 355,652,435 (2017: 318,769,728) Fully paid ordinary shares | 15a | 30,784,960 | 30,106,736 |
| The Company has no authorised share capital. Shares have no par value. | | | |

### (a) Ordinary shares

| | $ | $ |
|---|---|---|
| At the beginning of the reporting period | 30,106,736 | 30,063,107 |
| Shares issued during the year | | |
| 19,640,712 on 19 December 2017 at $0.0167 per share | 328,000 | - |
| 3,890,385 on 7 December 2017 at $0.0218 per share | 84,810 | - |
| 9,000,000 on 26 October 2017 at $0.02 per share | 180,000 | - |
| 4,351,610 on 8 August 2017 at $0.02298 per share | 100,000 | - |
| Prior year | | |
| 3,634,749 on 7 December 2016 at $0.012 per share | - | 43,629 |
| Options issued during the year | - | - |
| Transaction costs relating to share issues | (14,586) | - |
| At reporting date | 30,784,960 | 30,106,736 |

| | No. | No. |
|---|---|---|
| At the beginning of the reporting period | 318,769,728 | 315,134,979 |
| Shares issued during the year | | |
| 19,640,712 on 19 December 2017 at $0.0167 per share | 19,640,712 | - |
| 3,890,385 on 7 December 2017 at $0.0218 per share | 3,890,385 | - |
| 9,000,000 on 26 October 2017 at $0.02 per share | 9,000,000 | - |
| 4,351,610 on 8 August 2017 at $0.02298 per share | 4,351,610 | - |
| Prior year | | |
| 3,634,749 on 7 December 2016 at $0.012 per share | - | 3,634,749 |
| At reporting date | 355,652,435 | 318,769,728 |

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has a vote on a show of hands.

### (b) Movement in options on issue

| | No. | No. |
|---|---|---|
| At the beginning of the reporting period | 2,000,000 | 18,662,500 |
| Issued during the year: | | |
| Exercisable at 5 cents, on or before 10 August 2017 | - | - |
| Expired during the year | | |
| Exercisable at 5 cents on or before 10 August 2017 | (2,000,000) | - |
| Exercisable at 8 cents on or before 30 November 2016 | - | (16,662,500) |
| Exercisable at 14.9 cents, on or before 11 September 2015 | - | - |
| Exercisable at 8 cents, on or before 30 November 2015[(1)] | - | - |
| At reporting date | - | 2,000,000 |

Subsequent to year end on 10 August 2017 the 2,000,000 options on issue at 30 June 2017 expired unexercised.

### (c) Capital Management

The Directors’ objectives when managing capital are to ensure that the Group can fund its operations and continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders. The Group has no debt therefore has no externally imposed capital restrictions.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group at 30 June 2018 and 30 June 2017 are as follows:

| | **2018** | **2017** |
|---|---|---|
| | **$** | **$** |
| Cash and cash equivalents | 216,210 | 389,738 |
| Trade and other receivables | 15,475 | 24,021 |
| Trade and other payables | (210,617) | (199,303) |
| Working capital position | 21,068 | 214,456 |

**NOTE 16: RESERVES**

| | | | |
|---|---|---|---|
| Options Reserve | | 6,095,155 | 6,095,155 |
| AFS Asset Reserve | | 528,000 | 612,000 |
| | | 6,623,155 | 6,707,155 |
| **Options Reserve** | | | |
| Movements during the year: | | | |
| At the beginning of the reporting period | | 6,095,155 | 6,095,155 |
| Share-based payments | | - | - |
| ***At reporting date*** | | 6,095,155 | 6,095,155 |

The Options Reserve records the value of share based payments (refer note 18).

| | | | |
|---|---|---|---|
| **AFS Asset Reserve** | | | |
| Movements during the year: | | | |
| At the beginning of the reporting period | | 612,000 | 661,500 |
| Fair value gains/(loss) on available-for-sale financial assets | 10 | (84,000) | 24,000 |
| Gain on AFS recycled through P&L upon sale | | - | (73,500) |
| ***At reporting date*** | | 528,000 | 612,000 |

The AFS Asset Reserve records revaluation of financial assets.

## NOTE 17: CASH FLOW INFORMATION

### (a) Reconciliation of Cash Flow from Operations with loss after Income Tax

| | | |
|---|---|---|
| Loss after income tax | (862,616) | (594,520) |
| Cash flows excluded from loss attributable to operating activities | | |
| Non-cash flows in loss from ordinary activities: | | |
| Depreciation and amortisation | 1,328 | 8,552 |
| Impairment of exploration and evaluation | 514,006 | 472,547 |
| Director/former director fees paid in shares | 51,109 | - |
| Profit on sale of AFS Investments | - | (229,913) |
| Changes in assets and liabilities: | | |
| (Increase)/decrease in receivables | 8,920 | 4,507 |
| (Increase)/decrease in prepayments and other assets | (374) | - |
| Increase/(decrease) in payables | 33,701 | 71,916 |
| Cash flow used in operations | (253,926) | (266,911) |

### (b) Credit Standby Facilities

The Company had no credit standby facilities as at 30 June 2018 (2017: nil).

## NOTE 18: SHARE-BASED PAYMENTS

### Option issues

There were no options issued during the year ended 30 June 2018 and there were no options outstanding. On 10 August 2017, 2,000,000 share options exercisable at $0.05 expired.

## NOTE 19: CONTROLLED ENTITIES

| Details of Controlled Entities | Country of Incorporation | Class of Shares | Percentage Owned % 2018 | Percentage Owned % 2017 |
|---|---|---|---|---|
| Murchison Exploration Pty Limited | Australia | Ordinary | 100 | 100 |
| ACN 125 615 232 (previously Enterprise Uranium Pty Ltd) | Australia | Ordinary | 100 | 100 |
| Enterprise Exploration Pty Ltd | Australia | Ordinary | 100 | 100 |
| Enterprise Gold Pty Ltd -(previously Australasian Mining and Exploration Pty Ltd) | Australia | Ordinary | 100 | 100 |
| Amiable Holdings Pty Ltd | Australia | Ordinary | 100 | 100 |
| Calypso Minerals Pty Ltd[1] | Australia | Ordinary | 100 | - |

[1] During October 2017, the Company completed the acquisition of 100% of the issued share capital of Calypso Minerals Pty Ltd. See note 27 for further details.

## NOTE 20: EVENTS SUBSEQUENT TO REPORTING DATE

On 13 July 2018, the Company announced the completion of a capital raising via a placement to raise approximately $0.5 million (before costs) through the issue of approximately 28 million new fully paid ordinary shares at an issue price of 1.8 cents per share.

## NOTE 21: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Transactions with related parties, inclusive of Directors' Remuneration are as follows:

| | 2018 | 2017 |
|---|---|---|
| **XServ Pty Ltd** | **$** | **$** |
| Mr Ryan is a Director and Shareholder of XServ Pty Ltd. Mr Ryan's Company provides geological consulting services to Enterprise Metals Limited in addition to his Directors fees. The services include the provision of geological and technical staff, field equipment and vehicles as well as computer, database and administrative support services. | | |
| Mineral Exploration Services | 60,000 | 54,350 |
| **Alto Metals Limited** | | |
| Mr Ryan is a Director of Alto Metals Limited. Enterprise Metals Limited provides shared office services to Alto Metals Limited. | | |
| Reimbursement of shared costs charged to Alto Metals Ltd including staff, rental of office space and office administration | 86,776 | 61,289 |
| **Mega Capital Resources Ltd** | | |
| Dr Wang was a director of Mega Capital Resources Ltd. Mega Capital Resources Ltd provides consulting services to Enterprise Metals Limited and Chairman services. | | |
| Consulting/Chairman Services | - | - |
| **Judicial Holdings Pty Ltd** | | |
| Dr Allen Trench is director of Judicial Holdings Pty Ltd. The Company provides director and consulting services to Enterprise Metals Limited. | | |
| Consulting/Chairman Services | 30,000 | 51,563 |

## NOTE 22: CAPITAL AND LEASING COMMITMENTS

### Expenditure commitments

The Group is planning exploration work on its exploration tenements in order to retain the rights of tenure. These obligations will be met, subject to availability of funds and can be reduced by entering into joint venture arrangements, selective relinquishment of exploration tenure or application for expenditure exemptions. Due to the nature of the Group's operations in exploring and evaluating areas of interest, it is very difficult to forecast the nature and amount of future expenditure. The Group's planned exploration and expected commitments, subject to available funds – refer note 1(a), for the next year is $479,000 (2017: $432,400).

## NOTE 23: FINANCIAL INSTRUMENTS

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, and accounts receivable and payable. The main purpose of non-derivative financial instruments is to raise finance for Group operations. The Group does not speculate in the trading of derivative instruments.

A summary of the Group's financial assets and liabilities is shown below.

| **2018** | **Floating Interest Rate** | **Fixed Interest maturing in 1 year or less** | **Fixed Interest maturing over 1 to 5 years** | **Non-interest bearing** | **Total** |
|---|---|---|---|---|---|
| | **$** | **$** | **$** | **$** | **$** |
| **Financial Assets** | | | | | |
| Cash and cash equivalents | 216,210 | - | - | - | 216,210 |
| Loans and receivables | - | - | - | 15,475 | 15,475 |
| Other financial assets | - | - | - | - | - |
| **Total Financial Assets** | 216,210 | - | - | 15,475 | 231,685 |
| Weighted average interest rate – cash assets | 1.65% | - | - | | |
| **Financial Liabilities at amortised cost** | | | | | |
| Trade and other payables | - | - | - | (210,617) | (210,617) |
| **Total Financial Liabilities** | - | - | - | (210,617) | (210,617) |
| Net financial assets | 216,210 | - | - | (195,142) | 21,068 |

| **2017** | **Floating Interest Rate** | **Fixed Interest maturing in 1 year or less** | **Fixed Interest maturing over 1 to 5 years** | **Non-interest bearing** | **Total** |
|---|---|---|---|---|---|
| | **$** | **$** | **$** | **$** | **$** |
| **Financial Assets** | | | | | |
| Cash and cash equivalents | 389,738 | - | - | - | 389,738 |
| Loans and receivables | - | - | - | 24,022 | 24,022 |
| Other financial assets | - | - | - | - | - |
| **Total Financial Assets** | 389,738 | - | - | 24,022 | 413,760 |
| Weighted average interest rate – cash assets | 1.65% | - | - | | |
| **Financial Liabilities at amortised cost** | | | | | |
| Trade and other payables | - | - | - | (199,303) | (199,303) |
| **Total Financial Liabilities** | - | - | - | (199,303) | (199,303) |
| Net financial assets | 389,738 | - | - | (175,281) | 214,457 |

*(i) Fair value measurement hierarchy*

AASB 13 Financial Instruments: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) Level 1 – the instrument has quoted prices (unadjusted) in active markets for identical assets and liabilities;
(b) Level 2 – a valuation technique is used using inputs other than quoted priced within Level 1 that are observable for the financial instrument, either directly (i.e. as prices), or indirectly (i.e. derived from prices); or
(c) Level 3 – a valuation technique is sued using inputs that are not based on observable market data (unobservable inputs).

The table below classifies financial instruments recognised in the consolidated Statement of Financial Position according to the fair value measurement hierarchy stipulated in AASB 13 Financial Instruments: Disclosures.

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Year ended 30 June 2018** | **$** | **$** | **$** | **$** |
| **Financial Assets** | | | | |
| Available for sale financial assets | 780,000 | - | - | 780,000 |

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Year ended 30 June 2017** | **$** | **$** | **$** | **$** |
| **Financial Assets** | | | | |
| Available for sale financial assets | 864,000 | - | - | 864,000 |

**Valuation techniques used to derive level 2 and level 3 fair values**

The fair value of financial instruments traded in active markets is based upon quoted market prices at the end of the reporting period. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group makes a number of assumptions based upon observable market data existing at each reporting period. The Group does not have any level 3 assets or liabilities.

**Specific Financial Risk Exposures and Management**

The main risk the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate, foreign currency risk and equity price risk.

**(a) Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

*Credit risk exposures*

There are no other material amounts of collateral held as security at 30 June 2018. Trade and other receivables are expected to be settled within 30 days.

Credit risk related to balances with banks and other financial institutions is managed by the Group in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

| | Note | 2018 $ | 2017 $ |
|---|---|---|---|
| Cash and cash equivalents - AA Rated | 8 | 216,210 | 389,738 |

**(b) Liquidity risk**

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required. Any surplus funds are invested with major financial institutions.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

**(c) Market risk**

The Board meets on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

*(i) Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

Interest rate risk is managed by closely monitoring the interest rates at various financial institutions. The Company has no debt and as such the interest rate risk is limited to the Company's investments in term deposits and other interest bearing investments.

*(ii) Sensitivity Analysis*

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

| | Profit | Equity |
|---|---|---|
| **Period ended 30 June 2018** | **$** | **$** |
| +/-1% in interest rates | +/- 2,162 | +/- 2,162 |
| **Period ended 30 June 2017** | **$** | **$** |
| +/-1% in interest rates | +/- 3,897 | +/- 3,897 |

**(d) Price risk on AFS assets**

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet as available for sale.

Listed investments have been valued at the quoted market bid price at the end of reporting period, adjusted for transaction costs expected to be incurred. At 30 June 2018, the effect on profit and equity as a result of changes in listed equity prices, with all other variables remaining constant would be as follows:

| | Carrying Amount | Listed equity price -10% | | Listed equity price +10% | |
|---|---|---|---|---|---|
| | | Net Loss | Equity | Net Loss | Equity |
| | $ | $ | $ | $ | $ |
| 30 June 2018 | 780,000 | (78,000) | (78,000) | 78,000 | 78,000 |
| 30 June 2017 | 864,000 | (86,400) | (86,400) | 86,400 | 86,400 |

### (e) Net Fair Values

Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term investments in nature whose carrying value is equivalent to fair value.

## NOTE 24: PARENT ENTITY DISCLOSURES

### (a) Financial Position of Enterprise Metals Limited

| | 2018 | 2017 |
|---|---|---|
| **(a) Financial Position of Enterprise Metals Limited** | **$** | **$** |
| **CURRENT ASSETS** | | |
| Cash and cash equivalents | 216,210 | 389,738 |
| Trade and other receivables | 15,475 | 24,021 |
| **TOTAL CURRENT ASSETS** | 231,685 | 413,760 |
| **NON-CURRENT ASSETS** | | |
| Plant and equipment | 1,000 | 1,000 |
| Intangible assets | - | 1,328 |
| Exploration and evaluation | 3,330,691 | 3,490,888 |
| Other financial assets | 3,913,970 | 3,827,448 |
| **TOTAL NON-CURRENT ASSETS** | 7,245,661 | 7,320,664 |
| **TOTAL ASSETS** | 7,477,346 | 7,734,424 |
| **CURRENT LIABILITIES** | | |
| Trade and other payables | 210,617 | 199,303 |
| **TOTAL CURRENT LIABILITIES** | 210,617 | 199,303 |
| **TOTAL LIABILITIES** | 210,617 | 199,303 |
| **NET ASSETS** | 7,266,729 | 7,535,121 |
| **EQUITY** | | |
| Issued capital | 30,784,961 | 30,106,736 |
| Option reserve | 6,623,155 | 6,780,655 |
| AFS financial asset reserve | - | - |
| Accumulated losses | (30,141,387) | (26,554,438) |
| **TOTAL EQUITY** | 7,266,729 | 7,535,121 |

**(b) Financial Performance of Enterprise Metals Limited**

| | | |
|---|---|---|
| Loss for the year | (802,451) | (3,364,720) |
| Unrealised gain on revaluation of AFS asset | - | - |
| **Total comprehensive loss** | (802,451) | (3,364,720) |

**NOTE 25: CONTINGENT LIABILITIES**

As at 30 June 2018 the Group has bank guarantees to the value of $nil (2017: $nil) to secure tenement bonds and $nil to secure a credit card facility (2017: $nil).

**NOTE 26: OPERATING SEGMENTS**

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 27: ACQUISITION OF SUBSIDIARY**

During October 2017, the Company completed the acquisition of 100% of the issued share capital of Calypso Minerals Pty Ltd which holds the exploration licence applications for the Murchison Project. The consideration for the acquisition was $50,000 in cash and 6,000,000 shares in Enterprise. The assets and liabilities recognised as a result of the acquisition were as follows:

| | $ |
|---|---|
| Tenement costs | 44,462 |
| Payables | (50,000) |
| Net identifiable assets acquired | (5,538) |
| Add: Exploration asset | 175,538 |
| Net assets acquired | 170,000 |
| Total consideration paid | 170,000 |

The acquisition has been accounted for as an acquisition of an asset on the basis that it does not constitute a business as defined by AASB 3 Business Combinations.

**NOTE 28: COMPANY DETAILS**

The registered office and principal place of business of the Company is:

Enterprise Metals Limited
Suite 9, 12-14 Thelma Street
WEST PERTH WA 6005

# Directors' Declaration



In accordance with a resolution of the Board of Directors of Enterprise Metals Limited, I state that:

In the opinion of the Directors:

- the financial statements and notes set out on pages 19 to 45 are in accordance with the Corporations Act 2001, including:
  - complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
  - giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the financial year ended on that date;
  - the audited remuneration disclosures set out on pages 13 to 17 of the Directors' report comply with Accounting Standards AASB 124 *Related Party Disclosures* and the Corporations Regulations 2001; and
  - the financial statements and notes also comply with International Financial Reporting Standards.

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

- this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2018.

On behalf of the Board

Allan Trench
Chairman

27 September 2018

Central Park, Level 43
152-158 St Georges Terrace
Perth WA 6000

Correspondence to:
PO Box 7757
Cloisters Square
Perth WA 6850

**T** +61 8 9480 2000
**F** +61 8 9480 2050
**E** info.wa@au.gt.com
**W** www.grantthornton.com.au

# Independent Auditor's Report

## To the Members of Enterprise Metals Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Enterprise Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Grant Thornton



### Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the Group incurred a net loss of $862,616 during the year ended 30 June 2018. 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 doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Exploration and Evaluation Assets**<br>**Note 1(e) & 13** | |
| At 30 June 2018 the carrying value of exploration and evaluation assets was $6,464,661.<br><br>In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.<br><br>The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.<br><br>This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers. | Our procedures included, amongst others:<br><br>• obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger;<br>• reviewing management's area of interest considerations against AASB 6;<br>• conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including;<br>    ○ tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed;<br>    ○ enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management's budgeted expenditure;<br>    ○ understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale;<br>• assessing the accuracy of impairment recorded for the year as it pertained to exploration interests;<br>• evaluating the competence, capabilities and objectivity of management's experts in the evaluation of potential impairment triggers; and<br>• assessing the appropriateness of the related financial statement disclosures. |

## Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors' for the financial report

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

## Report on the remuneration report

### Opinion on the remuneration report

We have audited the Remuneration Report included in pages 13 to 17 of the Directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Enterprise Metals Limited, for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

**Responsibilities**

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M P Hingeley
Partner – Audit & Assurance

Perth, 27 September 2018

Additional information required by the ASX Listing Rules and not shown elsewhere in the report is as follows. The information is current as at 12 September 2018.

### (a) Twenty largest holders of quoted equity securities

| | Name | Number | % |
|---|---|---|---|
| 1 | SINOTECH (HONG KONG) CORPORATION LIMITED | 88,305,556 | 23.02 |
| 2 | WINDSONG VALLEY PTY LTD <WHEELER FAMILY A/C> | 13,330,822 | 3.47 |
| 3 | RHB SECURITIES SINGAPORE PTE LTD <CLIENTS A/C> | 10,148,807 | 2.65 |
| 4 | MR DERMOT RYAN & MRS VIVIENNE RYAN <RF SUPER FUND A/C> | 8,705,555 | 2.27 |
| 5 | MISS JIE LIU <YU FAMILY A/C> | 8,310,000 | 2.17 |
| 6 | MRS JINGHUA ZHANG | 8,300,000 | 2.16 |
| 7 | MR WILLIAM ROBERTSON & MRS JUNE ROBERTSON | 5,989,656 | 1.56 |
| 8 | MR DERMOT RYAN & MRS VIVIENNE RYAN <THE ENTERPRISE A/C> | 5,898,204 | 1.54 |
| 9 | HARDROCK CAPITAL PTY LTD | 4,555,555 | 1.19 |
| 10 | PRANCER SUPER PTY LTD <ALFIERI SUPER FUND A/C> | 4,501,567 | 1.17 |
| 11 | MR XIN JIANG | 4,500,000 | 1.17 |
| 12 | MOTTE & BAILEY PTY LTD <BAILEY SUPER FUND A/C> | 4,225,207 | 1.10 |
| 13 | DR ALLAN TRENCH & MRS SUZANNE TRENCH | 4,173,675 | 1.09 |
| 14 | OSSART HOLDINGS PTY LTD <THE OT FAMILY A/C> | 4,000,000 | 1.04 |
| 15 | MS LOIS DEBORAH BLACKWOOD | 4,000,000 | 1.04 |
| 16 | MR ZHANJUN FEI | 3,980,000 | 1.04 |
| 17 | MR BRUCE ROBERT LEGENDRE | 3,734,579 | 0.97 |
| 18 | GOLDFIRE ENTERPRISES PTY LTD | 3,611,111 | 0.94 |
| 19 | CITICORP NOMINEES PTY LIMITED | 3,575,631 | 0.93 |
| 20 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 3,259,226 | 0.85 |
| | **Total** | **197,105,151** | **51.37** |

There is a total of 383,657,991 fully paid ordinary shares on issue, all of which are listed on the Australian Securities Exchange.

### (b) Substantial Shareholders

The names of the substantial shareholders and the number of shares in which they have a relevant interest are:

| Substantial Shareholder | Number | % |
|---|---|---|
| SINOTECH (HONG KONG) CORPORATION LIMITED | 88,305,556 | 23.02 |

### (c) Distribution of equity securities

| Number of security holders by size of holding: | Holders | Total Units |
|---|---|---|
| 1-1,000 | 93 | 11,512 |
| 1,001 - 5,000 | 156 | 492,563 |
| 5,001 - 10,000 | 199 | 1,696,045 |
| 10,001 - 100,000 | 580 | 22,637,550 |
| 100,001 and over | 314 | 358,820,321 |
| **Total** | **1,342** | **383,657,991** |

The number of fully paid ordinary shareholdings held in less than marketable parcels is 731 (based on a share price of $0.017).

**(d) Voting rights**

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

**(e) Corporate governance statement**

The Directors support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. Please refer to the corporate governance statement and the Appendix 4G released to ASX and posted on the Company website. The Directors are focused on fulfilling their responsibilities individually, and as a Board, for the benefit of all the Company's stakeholders. That involves recognition of, and a need to adopt, principles of good corporate governance. The Board supports the guidelines on the "Principles of Good Corporate Governance and Recommendations – 3rd Edition" established by the ASX Corporate Governance Council. Given the size and structure of the Company, the nature of its business activities, the stage of its development and the cost of strict and detailed compliance with all of the recommendations, it has adopted a range of modified systems, procedures and practices which enables it to meet the principles of good corporate governance. The Company's practices are mainly consistent with those of the guidelines and where they do not correlate with the recommendations in the guidelines the Company considers that its adopted practices are appropriate to it.

**Enterprise Metals Ltd & its 100% Owned Subsidiaries, on a Consolidated Basis**

*ENT 100% Owned Tenements - Sandfire Resources NL Farm-In*

| Project | Lease | ENT Interest | State | Status |
|---|---|---|---|---|
| Doolgunna | E51/1168 | 100%* | WA | Granted |
| Doolgunna | E51/1301 | 100%* | WA | Granted |
| Doolgunna | E51/1303 | 100%* | WA | Granted |
| Doolgunna | E51/1304 | 100%* | WA | Granted |
| Doolgunna | E51/1539 | 100%* | WA | Granted |
| Doolgunna | E52/2049 | 100%* | WA | Granted |
| Doolgunna | E51/1683 | 100%* | WA | Granted |
| Doolgunna | E52/3347 | 100%* | WA | Granted |

** ENT registered holder of 100% interest, with Sandfire Resources NL (SFR) managing and funding to earn a 75% in the Doolgunna Project tenements subject to discovery of a resource of 50,000t contained copper or equivalent.*

*Fraser Range (Orpheus Joint Venture) Tenements*

| Project | Lease | ENT Interest*** | CR1 Interest | State | Status |
|---|---|---|---|---|---|
| Fraser Range | E63/1281 | 30% | 70% | WA | Granted |
| Fraser Range | E63/1282 | 30% | 70% | WA | Granted |
| Fraser Range | E63/1695 | 30% | 70% | WA | Application |
| Fraser Range | E28/2403 | 30% | 70% | WA | Granted |

******ENT registered holder of 30% interest, with Constellation Resources (CR1) managing and solely funding to completion of any Bankable Feasibility Study.*

*Other Joint Venture Tenements*

| Project | Lease | ENT Interest | Other Party | State | Status |
|---|---|---|---|---|---|
| Ballard | E29/991 | 90%**** | 10% | WA | Granted |
| Ballard | E30/472 | 90%**** | 10% | WA | Granted |

***** ENT registered holder of 90% interest, with Bruce Legendre jointl holding a 10% free carried interest to completion of any Bankable Feasibility Study.*

*ENT 100% Owned Tenements*

| Project | Lease | ENT Interest | State | Status |
|---|---|---|---|---|
| Darlot | E37/1031 | 100% | WA | Granted |
| Murchison | E20/911 | 100% | WA | Granted |
| Murchison | E20/912 | 100% | WA | Granted |
| Murchison | E20/913 | 100% | WA | Granted |
| Murchison | E20/914 | 100% | WA | Granted |
| Murchison | E20/915 | 100% | WA | Granted |
| Murchison | E20/916 | 100% | WA | Granted |
| Murchison | E20/918 | 100% | WA | Granted |
| Murchison | P20/2302 | 100% | WA | Granted |
| Murchison | P20/2303 | 100% | WA | Granted |

Enterprise Metals Limited

www.enterprisemetals.com.au