ACN 617 789 732

# Interim Consolidated Financial Statements

for the half-year ended 31 December 2019

## Contents



This Interim Report covers Resolution Minerals Ltd ("RML" or the "Company") as a Group consisting of Resolution Minerals Ltd and its subsidiaries, collectively referred to as the "Group". The financial report is presented in the Australian currency.

RML is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Resolution Minerals Ltd
Ground Floor, 28 Greenhill Road
Wayville SA 5034

Website www.resolutionminerals.com

# Directors' Report

The Directors of Resolution Minerals Ltd present their Report together with the financial statements of the consolidated entity, being Resolution Minerals ("RML" or "the Company") and its controlled entities ("the Group") for the half year ended 31 December 2019 and the Independent Review Report thereon.

## DIRECTORS

The following persons were directors of RML throughout the period.

- Leonard Dean
- Duncan Chessell
- Andrew Shearer
- Michael Schwarz (resigned 26 August 2019)

## REVIEW OF OPERATIONS AND FINANCIAL RESULTS

Resolution Minerals Ltd holds exploration projects comprising tenements in highly prospective geology for copper and cobalt in the Northern Territory and gold, vanadium and magnetite prospective tenements in Alaska, USA.

In the half year to 31 December 2019, the Company acquired the right to earn into 64North Project in Alaska, USA following a successful due diligence program and completed preparations for drilling in Q1, 2020.

The net loss of the Company, from the six months to 31 December 2019 was $861,684 (2018: $901,328). The main factors contributing to the reduced loss are a reduction in impairment expenses of $77,177 resulting from reduced value of relinquished tenements in the Arunta and Wollogorang projects and a reduction in exploration expense of $69,311 due to reduced expenditure on exploration licence applications. The reduced loss was partly offset by an increase in employee benefit expense of $99,405 mainly due to payment of termination entitlements to the former Managing Director.

Resolution Minerals Ltd changed its name from Northern Cobalt Limited during the reporting period as approved by shareholders at the 2019 AGM.

A copy of the auditor's independence declaration as required under s307C of the *Corporations Act 2001* (Cth) is included on page 3 of this financial report and forms part of this Directors' Report.

Signed in accordance with a resolution of the directors.

Duncan Chessell
**Managing Director**

5 March 2020

# Auditor's Independence Declaration

# Statement of Profit or Loss and Other Comprehensive Income
## For the half year ended 31 December 2019

| | Notes | 31 December 2019 $ | 31 December 2018 $ |
|---|---|---|---|
| Interest income | | 410 | 19,216 |
| Broker and investor relations | | (84,400) | (101,000) |
| Employee benefits expense | | (217,122) | (117,717) |
| Exploration expense | | (30,266) | (99,577) |
| Impairment expense | | (332,424) | (409,601) |
| Depreciation | | (6,821) | (20,743) |
| Other expenses | | (191,061) | (171,906) |
| Loss before tax | | (861,684) | (901,328) |
| Income tax benefit | | - | - |
| Loss for the period from continuing operations attributable to owners of the parent | | (861,684) | (901,328) |
| Other Comprehensive income attributable to owners of the parent | | - | - |
| **Total Comprehensive loss for the period attributable to owners of the parent** | | (861,684) | (901,328) |
| Earnings Per Share from Continuing Operations | | | |
| Basic and diluted Loss – cents per share | 2 | (1.14) | (1.77) |

This statement should be read in conjunction with the notes to the financial statements.

## Statement of Financial Position
### As at 31 December 2019

| | Notes | 31 December 2019 $ | 30 June 2019 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | 635,196 | 741,889 |
| Other current assets | | 36,232 | 23,163 |
| **Total current assets** | | 671,428 | 765,052 |
| **Non-current assets** | | | |
| Exploration and evaluation expenditure | 3 | 7,822,329 | 6,809,980 |
| Plant and equipment | | 96,014 | 137,573 |
| **Total non-current assets** | | 7,918,343 | 6,947,553 |
| **TOTAL ASSETS** | | 8,589,771 | 7,712,605 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | | 282,505 | 138,784 |
| Employee provisions | | 4,797 | 10,930 |
| **Total current liabilities** | | 287,302 | 149,714 |
| **TOTAL LIABILITIES** | | 287,302 | 149,714 |
| **NET ASSETS** | | 8,302,469 | 7,562,891 |
| **EQUITY** | | | |
| Issued capital | 4 | 10,550,639 | 9,520,723 |
| Reserves | 5 | 1,402,489 | 831,143 |
| Accumulated losses | | (3,650,659) | (2,788,975) |
| **TOTAL EQUITY** | | 8,302,469 | 7,562,891 |

This statement should be read in conjunction with the notes to the financial statements.

# Statement of Changes in Equity
## For the half year ended 31 December 2019

| | Issued capital $ | Option / rights reserve $ | Accumulated losses $ | Total equity $ |
|---|---|---|---|---|
| Balance at 1 July 2018 | **8,958,098** | **720,858** | **(1,418,618)** | **8,260,338** |
| Fair value of shares issued for the acquisition of projects | 50,000 | - | - | 50,000 |
| Issue costs | (2,073) | - | - | (2,073) |
| Fair value of rights issued to officers | - | 11,030 | - | 11,030 |
| Transactions with owners | 47,927 | 11,030 | - | 58,957 |
| ***Comprehensive income:*** | | | | |
| Total profit or loss for the reporting period | - | - | (901,328) | (901,328) |
| Total other comprehensive income for the reporting period | - | - | - | - |
| **Balance 31 December 2018** | **9,006,025** | **731,888** | **(2,319,946)** | **7,417,967** |

| | Issued capital $ | Option / rights reserve $ | Accumulated losses $ | Total equity $ |
|---|---|---|---|---|
| Balance at 1 July 2019 | **9,520,723** | **831,143** | **(2,788,975)** | **7,562,891** |
| Share placements | 1,500,000 | - | - | 1,500,000 |
| Fair value of shares issued for the acquisition of projects | 245,000 | - | - | 245,000 |
| Issue costs | (715,084) | 593,403 | - | (121,681) |
| Fair value of rights forfeited | - | (22,057) | - | (22,057) |
| Transactions with owners | 1,029,916 | 571,346 | - | 1,601,262 |
| ***Comprehensive income:*** | | | | |
| Total profit or loss for the reporting period | - | - | (861,684) | (861,684) |
| Total other comprehensive income for the reporting period | - | - | - | - |
| **Balance 31 December 2019** | **10,550,639** | **1,402,489** | **(3,650,659)** | **8,302,469** |

This statement should be read in conjunction with the notes to the financial statements.

# Statement of Cash Flows
## For the half year ended 31 December 2019

| | 31 December 2019 $ | 31 December 2018 $ |
|---|---|---|
| **Operating activities** | | |
| Interest received | 410 | 22,972 |
| Payments to suppliers and employees | (488,168) | (459,367) |
| Net cash used in operating activities | (487,758) | (436,395) |
| **Investing activities** | | |
| Proceeds on sale of plant and equipment | 5,191 | - |
| Payments for plant and equipment | (317) | (49,270) |
| Payments for capitalised exploration expenditure | (1,002,272) | (2,380,564) |
| Net cash used in investing activities | (997,398) | (2,429,834) |
| **Financing activities** | | |
| Proceeds from issue of share capital | 1,500,000 | - |
| Payments for capital raising costs | (121,537) | - |
| Net cash from financing activities | 1,378,463 | - |
| **Net change in cash and cash equivalents** | (106,693) | (2,866,229) |
| Cash and cash equivalents, beginning of reporting period | 741,889 | 3,991,941 |
| **Cash and cash equivalents, end of period** | 635,196 | 1,125,712 |

This statement should be read in conjunction with the notes to the financial statements.

# Notes to the consolidated financial statements
For the period ended 31 December 2019

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### a) Nature of operations

The Group's principal activities are the exploration for copper and cobalt deposits in the Northern Territory and gold and vanadium in Alaska, USA.

### b) General information and basis of preparation

The interim consolidated financial statements (the interim financial statements) of the Group are for the six months ended 31 December 2019 and are presented in Australian dollars ($), which is the functional currency of the parent company. These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* (Cth) and AASB 134 *Interim Financial Reporting.* They do not include all of the information required in annual financial statements in accordance with AIFRS, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2019 and any public announcements made by the Group during the half-year in accordance with the continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001* (Cth). The Company is a for profit entity for the purposes of preparing its financial statements.

The interim financial statements have been approved and authorised for issue by the board of directors on 5 March 2020.

### c) Significant accounting Policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2019 with the exception of the following:

AASB 16 supersedes AASB 117 Leases and Interpretation 4 Determining whether an Arrangement contains a Lease and became effective for reporting periods beginning on or after 1 January 2019. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Accordingly the Group applied AASB 16 for the first time for the period ended 31 December 2019.

The Group elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). The leases held by the Group satisfied the relevant criteria of a short term lease under AASB 16. As a result of this the standard has had no impact on the Group.

**AASB Interpretation 23 Uncertainty over Income Tax Treatment**
The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112 Income Taxes. It does not apply to taxes or levies outside the scope of AASB 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed. The Group applies significant judgement in identifying uncertainties over income tax treatments. The Group determined, based on its tax compliance that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The interpretation did not have an impact on the consolidated financial statements of the Group.

### d) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements 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 of economic data, obtained both externally and within the Group.

**i) Key estimates - impairment**
The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

**ii) Key judgements - exploration and evaluation expenditure**
The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.
In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

## 2. EARNINGS PER SHARE

The weighted average number of shares for the purpose of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

| | 6 months to December 2019 # | 6 months to December 2018 # |
|---|---|---|
| Weighted average number of shares used in basic earnings per share | 75,351,741 | 50,846,015 |
| Weighted average number of shares used in diluted earnings per share | 75,351,741 | 50,846,015 |
| | | |
| Loss per share – basic and diluted (cents) | 1.14 | 1.77 |

There were 52,523,225 options, rights and performance shares outstanding at the end of the year (2018: 34,248,337) that have not been taken into account in calculating diluted EPS due to their effect being anti-dilutive.

## 3. EXPLORATION AND EVALUATION EXPENDITURE

| | 31 December 2019 $ | 30 June 2019 $ |
|---|---|---|
| Opening balance | 6,809,980 | 4,467,108 |
| Expenditure on exploration during the period | 350,599 | 2,659,228 |
| Acquisition of projects | 994,174 | 93,245 |
| Impairment expense | (332,424) | (409,601) |
| Closing balance | 7,822,329 | 6,809,980 |

During the period, the Group recognised an impairment expense of $332,424 related to the relinquishment of the remaining Arunta Project tenements $299,234 and one Wollogorang Project tenement of $33,190.

In the half-year to 31 December 2019, acquisition of projects includes the fair value of share based payments of $245,000 being the value of 5,000,000 milestone shares as the first payment to commence earn-in to the 64 North Project in Alaska, USA. The full earn-in table is detailed below.

| Stage | RML% interest | Trigger | Expenditure requirement US$ | RML Share milestone | Millrock payment US$ |
|---|---|---|---|---|---|
| Commence earn-in – commenced in December 2019 | 0% | Complete due diligence | $500,000 | 5,000,000 | nil |
| Stage 1 by 31 Jan 2021 | 30% | Undertake exploration | $4,500,000 | 10,000,000 | $50,000 |
| Stage 2 within a further 12 months of electing to earn such further interest | 42% | Undertake exploration | $5,000,000 | 10,000,000 | $50,000 |
| Stage 3 within a further 12 months of electing to earn such further interest | 51% | Undertake exploration | $5,000,000 | 4,000,000 | $50,000 |
| Stage 4 within a further 12 months of electing to electing to earn such further interest | 60% | Undertake exploration | $5,000,000 | 4,000,000 | $50,000 |
| Drilling KPI | n/a | 7,500m diamond drilling | n/a | 5,000,000 | n/a |
| Bankable feasibility study (BFS) | 70% | Complete BFS | BFS expenditure | n/a | $3,000,000 |
| Production | 80% | Commence production | Loan carry | n/a | n/a |
| **TOTAL** | **80%** | | **$20,000,000** | **38,000,000** | |

## 4. SHARE CAPITAL

| 31 December 2019 | Number of shares | 31 December 2019 $ |
|---|---|---|
| **(a) Issued and paid up capital** | | |
| Fully paid ordinary shares | 113,866,951 | 10,550,639 |
| | 113,866,951 | 10,550,639 |
| **(b) Movements in fully paid shares** | | |
| Balance as at 1 July 2019 | 66,009,806 | 9,520,723 |
| Fair value of shares issued for the acquisition of projects | 5,000,000 | 245,000 |
| Share placements | 42,857,145 | 1,500,000 |
| Capital raising costs (including fair value of options issued to brokers) | - | (715,084) |
| Balance as at 31 December 2019 | 113,866,951 | 10,550,639 |

**30 June 2019**

| (a) Issued and paid up capital | Number of shares | 30 June 2019 $ |
|---|---|---|
| Fully paid ordinary shares | 66,009,806 | 9,520,723 |
| | 66,009,806 | 9,520,723 |

| (b) Movements in fully paid shares | Number | $ |
|---|---|---|
| Balance as at 1 July 2018 | 50,813,406 | 8,958,098 |
| Fair value of shares issued for the acquisition of projects | 500,000 | 50,000 |
| Controlled Placement Agreement collateral shares | 2,500,000 | - |
| Share placement | 9,000,000 | 450,000 |
| Rights issue and shortfall | 3,196,400 | 159,820 |
| Capital raising costs | - | (97,195) |
| Balance as 30 June 2019 | 66,009,806 | 9,520,723 |

## 5. RESERVES

Share based payments are in line with the Resolution Minerals Ltd remuneration policy. Listed below are summaries of options granted:

| **Reconciliation of options / rights reserve** | **31 December 2019 $** | **30 June 2019 $** |
|---|---|---|
| Opening balance | 831,143 | 720,858 |
| Fair value of options issued during the period | 593,403 | - |
| Fair value of rights issued during the period | - | 110,285 |
| Fair value of rights forfeited during the period | (22,057) | - |
| Closing balance | 1,402,489 | 831,143 |
| | | |
| Options reserve | 1,314,261 | 720,858 |
| Performance rights reserve | 88,228 | 110,285 |
| Total options / rights reserve | 1,402,489 | 831,143 |

During the six months to 31 December 2019, 15,000,000 unlisted options were issued to brokers supporting the Group's capital raising activities. The options have an exercise price of 6.0 cents if options are exercised on or before 30 November 2020, 8.0 cents if options are exercised between (and including) 1 December 2020 and 30 November 2021 and 10.0 cents if options are exercised between (and including) 1 December 2021 and 30 November 2022.

| **Assumption** | **Broker options** |
|---|---|
| Valuation methodology | Black-Scholes option pricing model |
| Share price at grant date | $0.055 |
| Historic volatility | 126.83% |
| Risk free interest rate | 0.79% |
| Expected life of securities (years) | 3.0 |

Nature and purpose of reserves
The share option reserve and performance rights reserves are used to recognise the fair value of all options and performance rights.

## 6. 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 have concluded that at this time there are no separately identifiable segments. It is anticipated that there will be separately identifiable segments at 30 June 2020 upon further expenditure on assets in Alaska.

## 7. COMMITMENTS AND CONTINGENT LIABILITIES

In order to maintain rights of tenure to exploration permits, the Group has certain obligations to perform minimum exploration work and expend minimum amounts of money.

Due to the nature of the Group's operations in exploring and evaluating areas of interest, it is difficult to accurately forecast the nature or amount of future expenditure. It will be necessary for the Group to incur expenditure in order to retain present interests in exploration licences. The Group has no contingent liabilities at reporting date.

## 8. PERFORMANCE SHARES

The following disclosure is a condition of the Company's admission to ASX. On 4 September 2017 the Company issued 13,175,000 class A and class B performance shares as detailed in the table below:

| Class of performance shares | Grant date | Expiry date | Exercise price of shares | Number on issue |
|---|---|---|---|---|
| Class A | 4 September 2017 | 4 September 2022 | $Nil | 9,600,000 |
| Class B | 4 September 2017 | 4 September 2022 | $Nil | 3,575,000 |
| **Total performance shares** | | | | **13,175,000** |

There were no performance shares converted or cancelled during the reporting period and no vesting conditions were met during the reporting period.

Terms associated with performance shares:

**1. Conversion and expiry of Class A Performance Shares and Class B Performance Shares**

(a) **(Conversion on achievement of Class A Milestone)**

Each Class A Performance Share will convert into a Share on a one for one basis upon the earlier of:

(i) the Company announcing to ASX the delineation of an Inferred (or higher category) Mineral Resource in accordance with the JORC Code containing at least 6,000 tonnes Cobalt equivalent, at a grade of 0.12% Cobalt equivalent or greater (reported in accordance with clause 50 of the JORC Code), on the Tenements (**Class A Resource Estimate Milestone**); or

(ii) the Company selling or transferring (directly or indirectly) for value of at least $5 million to a third party (being any person or entity other than a wholly-owned subsidiary of the Company) 100% of the shares of Mangrove, or 100% of the Company's legal or beneficial interest in the Tenements (**Class A Disposal Milestone**),

within 5 years after Completion (each a **Class A Milestone**).

(b) (**A Expiry**) A Class A Milestone must be determined to have been achieved or not achieved by no later than 5:00 pm on the date that is one month after the conclusion of the time period for satisfaction set out in paragraph 1(a) (**A Expiry Date**).

(c) **(Conversion on achievement of Class B Milestone)**

Each Class B Performance Share will convert into a Share on a one for one basis upon the earlier of:

(i) the Company announcing to ASX the delineation of an Inferred (or higher category) Mineral Resource in accordance with the JORC Code containing at least 15,000 tonnes Cobalt equivalent, at a grade of 0.12% Cobalt equivalent or higher (reported in accordance with clause 50 of the JORC Code), on the Tenements (**Class B Resource Milestone**); or

(ii) the Company selling or transferring (directly or indirectly) for value of at least $20 million to a third party (being any person or entity other than a wholly-owned subsidiary of the Company) 100% of the shares of Mangrove, or 100% of the Company's legal or beneficial interest in the Tenements, (**Class B Disposal Milestone**),

within 5 years after Completion (each a **Class B Milestone**).

(d) (**B Expiry**) A Class B Milestone must be determined to have been achieved or not achieved by no later than 5:00 pm on the date that is one month after the conclusion of the time period for satisfaction set out in paragraph 1(c) (**B Expiry Date**).

(e) (**No conversion**) To the extent that Performance Shares in a Class have not converted into Shares on or before the Expiry Date applicable to that Class, then all such unconverted Performance Shares in that Class held by each Holder will automatically consolidate into one Performance Share and will then convert into one Share.

(f) (**Conversion procedure**) The Company will issue a Holder with a new holding statement for the Share or Shares as soon as practicable following the conversion of each Performance Share.

(g) (**Ranking of shares**) Each Share into which a Performance Share will convert will upon issue:

(i) rank equally in all respects (including, without limitation, rights relating to dividends) with other issued Shares;

(ii) be issued credited as fully paid;

(iii) be duly authorised and issued by all necessary corporate action; and

(iv) be issued free from all liens, charges, and encumbrances, whether known about or not, including statutory and other pre-emptive rights and any transfer restrictions.

(h) (**Disposal exclusions**) Entering into a joint venture, farm-in or other similar transaction relating to the Tenements, or any disposal or relinquishment of the Tenements due to failure to renew, failure to comply with conditions of grant, or any government action, will not be capable of constituting a Class A Disposal Milestone or a Class B Disposal Milestone.

**2. Conversion on change of control**

If there is a Change of Control Event in relation to the Company prior to the conversion of the Performance Shares, then:

(a) the Milestone will be deemed to have been achieved; and

(b) each Performance Share will automatically and immediately convert into Shares,

however, if the number of Shares to be issued as a result of the conversion of all Performance Shares due to a Change in Control Event in relation to the Company is in excess of 10% of the total fully diluted share capital of the Company at the time of the conversion, then the number of Performance Shares to be converted will be pro-rated so that the aggregate number of Shares issued upon conversion of all Performance Shares is equal to 10% of the entire fully diluted share capital of the Company.

**3. Rights attaching to Performance Shares**

(a) (**Share capital**) Each Performance Share is a share in the capital of the Company.

(b) (**General meetings**) Each Performance Share confers on a Holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to Shareholders. A Holder has the right to attend general meetings of Shareholders of the Company.

(c) (**No Voting rights**) A Performance Share does not entitle a Holder to vote on any resolutions proposed at a general meeting of Shareholders of the Company.

(d) (**No dividend rights**) A Performance Share does not entitle a Holder to any dividends.

(e) (**Rights on winding up**) A Performance Share does not entitle a Holder to participate in the surplus profits or assets of the Company upon winding up of the Company.

(f) (**Not transferable**) A Performance Share is not transferable.

(g) (**Reorganisation of capital**) If there is a reorganisation (including, without limitation, consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of a Holder will be varied (as appropriate) in accordance with the ASX Listing Rules which apply to a reorganisation of capital at the time of the reorganisation.

(h) (**Quotation of shares on conversion**) An application will be made by the Company to ASX for official quotation of the Shares issued upon the conversion of each Performance Share within the time period required by the ASX Listing Rules.

(i) (**Participation in entitlements and bonus issues**) A Performance Share does not entitle a Holder to participate in new issues of capital offered to holders of Shares, such as bonus issues and entitlement issues.

(**No other rights**) A Performance Share does not give a Holder any other rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

## 9. GOING CONCERN BASIS OF ACCOUTING

The interim financial report has been prepared on the basis of a going concern. During the six months ended 31 December 2019 the consolidated group recorded a net cash outflow from operating and investing activities of $1,485,156 and an operating loss of $861,684. These conditions give rise to a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

The ability of the Group to continue to pay its debts as and when they fall due is dependent upon the entity successfully continuing the development of its exploration assets or raising additional funds which may be from a variety of means inclusive of, but not limited to issue of new equity, debt, asset sales or entering into joint venture arrangements on mineral properties.

The Directors believe it is appropriate to prepare these accounts on a going concern basis because Directors have an appropriate plan to meet conditions.

If additional capital is not obtained, the going concern basis may not be appropriate, with the result that the group may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the interim financial report. No allowance for such circumstances has been made in the interim financial report.

## 10. EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

No matters or circumstances, have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Company or Group, the results of those operations or the state of affairs of the Company and Group in subsequent financial years other than those listed below.

On 12 February 2020 and 13 February 2020, the Company issued 50,000,000 shares and 40,966,737 shares respectively, under a share placement to raise $4.5 million (before costs). The funds were raised primarily to progress the Group's 64North Project.

On 13 February 2020, the Company issued 1,000,000 unquoted performance rights to its exploration manager as remuneration under the Group's Performance Share Plan. The rights are subject to performance based vesting conditions measurable between 31 January 2021 and 31 March 2022.

# Directors' Declaration

In the opinion of the Directors of Resolution Minerals Ltd:

a) the consolidated financial statements and notes of Resolution Minerals Ltd are in accordance with the *Corporations Act 2001* (Cth), including:

   i. giving a true and fair view of its financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and

   ii. complying with Accounting Standard 134 Interim Financial Reporting; and

b) there are reasonable grounds to believe that the Company will be able to pay its debts when they become due and payable.

Signed in accordance with a resolution of the Directors:

Duncan Chessell
Managing Director

Adelaide
5 March 2020

# Independent Review Report

GrantThornton

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## Independent Auditor's Report

To the Members of Resolution Minerals Limited

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

#### Conclusion

We have reviewed the accompanying half year financial report of Resolution Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Resolution Minerals Limited does not give a true and fair view of the financial position of the Group as at 31 December 2019, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

#### Material uncertainty related to going concern

We draw attention to Note 9 in the financial report, which indicates that the Group incurred a net loss of $861,684 during the half year ended 31 December 2019 and a net cash outflow from operating and investing activities of $1,485,156. As stated in Note 9, these events or conditions, along with other matters as set forth in Note 9, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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

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

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### Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Resolution Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### Independence

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

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GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 05 March 2020