CHASE MINING CORPORATION LIMITED

HALF-YEAR REPORT
31 DECEMBER 2019

ABN 12 118 788 846

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by Chase Mining Corporation Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Corporate directory

Directors

Leon Pretorius	Executive Chairman
Martin Kavanagh	Non-Executive Director
Charles Thomas	Non-Executive Director

Company Secretary
Suzanne Yeates

Principal Registered Office
Level 8, 46 Edward Street
Brisbane QLD 4000

Share Registry
Link Market Services Limited
Level 21, 10 Eagle Street
Brisbane QLD 4000
www.linkmarketservices.com.au

Auditor
BDO Audit Pty Ltd
Level 10, 12 Creek Street
Brisbane QLD 4000
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Banker
National Australia Bank

Stock Exchange Listing
Australian Securities Exchange Ltd ("ASX")
ASX code: CML

Website
www.chasemining.com.au

Directors' report

Your directors present their report on Chase Mining Corporation Limited (referred to hereafter as the 'consolidated entity') for the half-year ended 31 December 2019.

Directors

The following persons were directors of Chase Mining Corporation Limited during the whole of the half-year and up to the date of this report, unless otherwise stated:

Leon Pretorius
Martin Kavanagh
Charles Thomas

Principal Activities

The principal activities of the Group during the half-year were:

(a) the carrying out of mineral exploration activities on its mineral exploration tenements; and
(b) assessing other business development and research opportunities associated with the minerals industry.

There were no significant changes in the principal activities during the half-year.

Review of Operations

The Company has maintained its focus on progressing its two-pronged asset base approach, namely the Zeus Ni-Cu-PGE projects in Quebec Canada and the Torrington Topaz and Tungsten projects in NSW Australia. The latter includes the Topfibre – UNSW research into the production of mullite fibre from the topaz concentrate.

At Zeus the Company undertook further diamond core drilling on the advanced Alotta project and in evaluating the greenfields priority one VTEM geophysical anomalies. The former successfully delineated extensions to the known mineralisation, but more importantly and of potential future value was the recognition of a new style of mineralisation and mineral assemblage previously not known to occur in the late-stage porphyry intrusive bodies at Alotta. Hole ZA-19-05 included a spectacular 'bonanza grade' intersection of chalcopyrite - pyrrhotite massive sulphide hosted in feldspar porphyry assaying 22% Cu, 34g/t Pd, 3.5g/t Pt and 0.78% Ni, 1.4% Zn, 65g/t Ag over 0.5m from 55.3m. The reader is referred to the ASX Announcement dated 3 December 2019 for additional information on this and other information included in this review summary.

At Torrington the Background Paper for the Torrington Topaz and Tungsten Project was lodged with the NSW Department of Planning and Environment on 25 September 2019 towards finalising the MLA and EIS process. The Topfibre – UNSW ARC collaborative Research Project has recently become more focused on perfecting topaz mullite fibre preforms suitable for metal infiltration and this is ongoing with the aim to prepare the findings for possible lodgment of a patent application or applications pending successful experimentation results.

The Company will continue to keep its shareholders and the market informed of progress on its activities and results.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Subsequent events occurring after balance sheet date

No matters or circumstances have arisen since 31 December 2019 that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

Auditor's Independence Declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

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

Leon Pretorius

Executive Chairman

Brisbane

21 February 2020

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DECLARATION OF INDEPENDENCE BY ANTHONY WHYTE TO THE DIRECTORS OF CHASE MINING CORPORATION LIMITED

As lead auditor for the review of Chase Mining Corporation Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Chase Mining Corporation Limited and the entities it controlled during the period.

Anthony Whyte
Director

BDO Audit Pty Ltd

Brisbane, 21 February 2020

Consolidated statement of profit or loss and other Comprehensive income for the half-year ended 31 December 2019

	Notes	Half-year December 2019 $	Half-year December 2018 $
Income		15,483	30,486
Expenses			
Depreciation and amortisation expense		(4,510)	(5,513)
Employee benefits expense		(89,897)	(109,625)
Research and development expensed		(114,396)	(117,900)
Project generation		-	(80,811)
Corporate advisory fees		(35,000)	(60,000)
Administration expenses		(204,167)	(140,340)
Loss before income tax expense		(432,487)	(483,703)
Income tax benefit		-	-
Loss from continuing operations		(432,487)	(483,703)
Other comprehensive income for the half-year, net of tax		242	422
Total comprehensive income for the half-year		(432,245)	(483,281)
		Cents	Cents
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share		(0.21)	(0.27)
Diluted earnings per share		(0.21)	(0.27)

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

Consolidated balance sheet
As at 31 December 2019

	Notes	**31 December 2019 $**	30 June 2019 $
ASSETS			
Current assets			
Cash and cash equivalents		331,055	644,268
Investments		1,184,671	2,103,367
Trade and other receivables		117,301	127,952
Total current assets		1,633,027	2,875,587
Non-current assets			
Plant and equipment		43,963	48,472
Exploration and evaluation assets	5	5,961,713	5,144,827
Trade and other receivables		36,100	36,100
Total non-current assets		6,041,776	5,229,399
Total assets		7,674,803	8,104,986
LIABILITIES			
Current liabilities			
Trade and other payables		128,032	163,674
Total current liabilities		128,032	163,674
Total liabilities		128,032	163,674
Net assets		7,546,771	7,941,312
EQUITY			
Contributed equity	6	11,524,777	11,524,777
Reserves		941,633	903,687
Accumulates losses		(4,919,639)	(4,487,152)
Total equity		7,546,771	7,941,312

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity
For the half-year ended 31 December 2019

			Reserves			
	Contributed equity $	Accumulated losses $	Share based payments reserve $	Contingent consideration reserve $	Foreign currency translation reserve $	Total $
Balance at 1 July 2018	9,203,969	(3,755,324)	733,089	101,712	-	6,283,446
Loss for the year	-	(483,703)	-	-	-	(483,703)
Other comprehensive income	-	-	-	-	422	422
Total comprehensive income	-	(483,703)	-	-	422	(483,281)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	2,320,808	-	-	-	-	2,320,808
Share based payments	-	-	31,250	-	-	31,250
Balance at 31 December 2018	11,524,777	(4,239,027)	764,339	101,712	422	8,152,223
Balance at 1 July 2019	11,524,777	(4,487,152)	801,532	101,712	443	7,941,312
Loss for the year	-	(432,487)	-	-	-	(432,487)
Other comprehensive income	-	-	-	-	242	242
Total comprehensive income	-	(432,487)	-	-	242	(432,245)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	-	-	-	-	-	-
Share based payments	-	-	37,704	-	-	37,704
Balance at 31 December 2019	11,524,777	(4,919,639)	839,236	101,712	685	7,546,771

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

Consolidated statement of cash flows
For the half-year ended 31 December 2019

	Half-year December 2019 $	Half-year December 2018 $
Cash flows from operating activities		
Receipts from customers (GST inclusive)	29,787	32,088
Payments to suppliers and employees (GST inclusive)	(388,539)	(496,873)
Interest received	22,480	33,503
Net cash outflow from operating activities	(336,272)	(431,282)
Cash flows from investing activities		
Payments for exploration and evaluation	(889,715)	(369,006)
Cash acquired on acquisition of subsidiary	-	216,083
Payment for security bonds	-	(100,000)
Net cash outflow from investing activities	(889,715)	(252,923)
Cash flows from financing activities		
Proceeds on issue of shares	-	500,000
Payment of capital raising costs and listing expenses	-	(23,477)
Net cash inflow from financing activities	-	476,523
Net increase (decrease) in cash and cash equivalents	(1,225,987)	(207,682)
Effect of foreign currency translation	(5,922)	-
Cash and cash equivalents at the beginning of the half-year	2,747,635	3,552,089
Cash and cash equivalents at the end of the half-year	1,515,726*	3,344,407*

* Includes cash and cash equivalents and short-term investments

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

Notes to the financial statements
for the half-year ended 31 December 2019

Note 1 Corporate Information

Chase Mining Corporation Limited (the **Company**) is a company limited by shares, incorporated and domiciled in Australia. The Company's shares are listed on the Australian Securities Exchange.

The address of the registered office and principal place of business is set out in the Corporate Directory at the front of this report.

The financial statements are for the Group consisting of Chase Mining Corporation Limited and its subsidiaries (the **consolidated entity** or the **Group**).

Note 2 Basis of Preparation of Half-Year Financial Statements

These general purpose interim financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard 134 *Interim Financial Reporting* and the Corporations Act 2001, as appropriate for for-profit oriented entities.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New and amended standards adopted by the group
AASB 16 *Leases* became effective for the current reporting period however there were no retrospective adjustments or current period adjustments resulting from adopting the standard as there are no material leases in place.

Note 2 Basis of Preparation of Half-Year Financial Statements (continued)

Going Concern

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

As disclosed in the financial statements, the Group achieved a net loss of $432,245 (2018: net loss $483,281) and net operating cash outflows of $336,272 (2018: outflow $431,282) for the half-year ended 31 December 2019. As at 31 December 2019 the Group had a cash balance inclusive of short term deposits of $1,515,726.

The ability of the Group to maintain continuity of normal business activities and to pay its debts as and when they fall due is dependent on its ability to successfully raise additional capital and/or successful exploration and subsequent exploitation of areas of interest through sale or development. These circumstances give rise to the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- there is sufficient cash available at balance date for the Group to continue operating; and
- the Group has a proven history of successfully raising funds

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

The half-year financial report of Chase Mining Corporation Limited for the six months ended 31 December 2019 was authorised for issue in accordance with a resolution of the directors on 21 February 2020, as required by the Corporations Act 2001.

Notes to the financial statements
for the half-year ended 31 December 2019

Note 3 Critical Accounting Estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the Group intend to commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised.

In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest or where activities have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

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 either a binomial or Monte Carlo option pricing model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions, including share price volatility, interest rates and vesting periods would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact the profit or loss and equity.

Notes to the financial statements
for the half-year ended 31 December 2019

Note 4 Segment information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (Chief Operating Decision Makers) in assessing performance and determining the allocation of resources. The Group is managed primarily on a geographic basis that is the location of the respective areas of interest (tenements) in Australia and North America. Operating segments are determined on the basis of financial information reported to the Board, which is at the Group level. The Group does not have any products/services where it derives revenue.

In the current financial year, the board has identified two geographical segments being Australia and Canada. In the prior financial year, there was only one geographical segment, being Australia.

Basis of accounting for purposes of reporting by operating segments

a. Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief operating decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group.

b. Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of the economic value from the asset. In most instances, segment assets are clearly identifiable on the basis of their nature and physical location.

c. Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables.

d. Unallocated items

The following items for revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Interest income
- Administrative and other expenses
- Share based payments
- Marketing and project development expenses

Note 4 Segment information (continued)

Segment performance

2019	Australia $	Canada $	Unallocated $	Total $
Segment revenue	-	-	-	-
Other revenue	-	-	-	-
Interest revenue	-	-	15,483	15,483
Total group revenue	-	-	15,483	15,483
Segment net profit / (loss) from continuing operations before tax	(114,396)	(10,595)	(307,496)	(432,487)

Segment assets

	Australia $	Canada $	Unallocated $	Total $
31 December 2019	2,974,264	3,128,755	1,571,784	7,674,803

Segment liabilities

	Australia $	Canada $	Unallocated $	Total $
31 December 2019	13,970	10,439	103,623	128,032

Geographical Segments

For the purposes of segment reporting, all segment activities relating to Topaz and Tungsten Exploration and Evaluation is carried out in Australia and all segment activities relating to Nickel-Copper Exploration and Evaluation is carried out in Canada.

Notes to the financial statements
for the half-year ended 31 December 2019

Note 5 Exploration and evaluation assets

	31 December 2019 $	30 June 2019 $
Exploration and evaluation assets – at cost	5,961,713	5,144,827
The capitalised exploration and evaluation assets carried forward above have been determined as follows:		
Balance at the beginning of the period	5,144,827	2,695,838
Exploration areas acquired during the period	-	1,677,738
Expenditure incurred during the period	816,886	771,251
Balance at the end of the period	5,961,713	5,144,827

The recoverability of the carrying amount of the exploration and development expenditure is dependent upon the successful development and commercial exploitation or, alternatively, sale of the respective areas of interest.

Note 6 Contributed Equity

	31 Dec 2019 Shares	30 June 2019 Shares	**31 Dec 2019 $**	30 June 2019 $
(a) Share capital				
Fully paid ordinary shares	206,961,921	206,961,921	11,524,777	11,524,777

Note 7 Contingent assets and liabilities

There have been no changes in contingent liabilities or contingent assets since the last annual reporting date, 30 June 2019.

Note 8 Commitments

(a) Exploration commitments

	Consolidated	
	31 December 2019 $	30 June 2019 $
Commitments for payments under exploration permits in existence at the reporting date but not recognised as liabilities payable	297,200	215,532

So as to maintain current rights to tenure of various exploration tenements, the Group will be required to outlay amounts in respect of tenement exploration expenditure commitments. These outlays, which arise in relation to granted tenements are noted above. The outlays may be varied from time to time, subject to approval of the relevant government departments, and may be relieved if a tenement is relinquished.

Exploration commitments are calculated on the assumption that each of these tenements will be held for its full term. But, in fact, commitments will decrease materially as exploration advances and ground that is shown to be un-prospective is progressively surrendered. Expenditure commitments on prospective ground will be met out of existing funds and new capital raisings.

(b) Other commitments

(i) The Group has secured funding from the Australian Research Council (ARC) to partially fund the Company's Topaz research project in collaboration with the University of New South Wales.

Under the ARC Linkage agreement the Group is committed to contribute $195,000 in cash and $290,000 in-kind towards a Topaz research project. The in-kind contribution is Dr Leon Pretorius' time and supply of raw material (topaz concentrate). To 31 December 2019, the Group has contributed $311,848 of cash and in-kind contributions.

(ii) At 30 June 2019, Chase Mining Corporation Limited was contracted to pay corporate advisory fees of $5,000 per month for a minimum period of twelve months.

Note 8 Commitments (continued)

(iii) On 6 June 2019, the Group entered into the Bambino Purchase and Option Agreement to acquire 100% of the 34 Bambino claims in Quebec. Under the agreement the Group has to pay consideration of CND$7,500 on or before 6 June 2020; CND$7,500 on or before 6 June 2021; CND$10,000 on or before 6 June 2022; and CND $10,000 on or before 6 June 2023. If the Group does not meet these payment commitments the interest in the claims will be lost. Under the option agreement in the event of commercial production, the Group will pay 2% of net smelter returns to the Optionor. On or before June 6, 2022 the group may elect to exercise the Option early and buy out the royalty interest for consideration of $250,000 payable with minimum $25,000 cash and the remainder as mixture of cash and shares or within twelve months after exercising the Option, the Group may elect to buy out the royalty interest for consideration of $500,000 payable as a mixture of cash and shares.

(iv) Zeus project - in the event of commercial production, the Group will pay royalty of 2.5% of net smelter returns to prospectors Fekete and Kiernicki on the Alotta Project claims and 2% net smelter returns to Aurora Platinum Corporation.

Note 9 Events subsequent to reporting date

No matters or circumstances have arisen since 31 December 2019 that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

Directors' Declaration

The Directors of the Company declare that:

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated balance sheet, consolidated statement of cash flows, consolidated statement of changes in equity, and accompanying notes, are in accordance with the Corporations Act 2001 and:

    (a) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

    (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date.

2. In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Leon Pretorius

Executive Chairman

Brisbane

21 February 2020

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Chase Mining Corporation Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Chase Mining Corporation Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated balance sheet as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. 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 is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its financial 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 the Group, 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*. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit Pty Ltd

BDO

Anthony Whyte
Director

Brisbane, 21 February 2020