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# Enterprise Metals Limited

## ABN 43 123 567 073

## CONDENSED INTERIM FINANCIAL REPORT

**FOR THE HALF-YEAR ENDED**

**31 DECEMBER 2019**

This condensed 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 Enterprise Metals Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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# CORPORATE DIRECTORY

**Directors**

Dr Allan Trench - Non-Executive Chairman

Mr Dermot Ryan - Non-Executive Director

Dr Zhijun He - Non-Executive Director

**Company Secretary**

Mr Graeme Smith

**Principal registered office**

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West Perth WA 6005

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**Auditor**

Pitcher Partners BA&A Pty Ltd

Level 11, 12-14 The Esplanade

Perth WA 6000

Telephone 08 9322 2022

**Share Registry**

Automic Registry Services

Level 5 126 Philip Street

Sydney NSW 2000

**Australian Securities Exchange**

ASX Code – ENT

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## DIRECTORS' REPORT

Your Directors submit their report together with the condensed interim financial report of Enterprise Metals Limited ("Enterprise" or the "Company") and the entities it controlled (together "the Group") for the half-year ended 31 December 2019 and the auditor's review report thereon.

## DIRECTORS

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

Dr Allan Trench

Mr Dermot Ryan

Dr Zhijun He

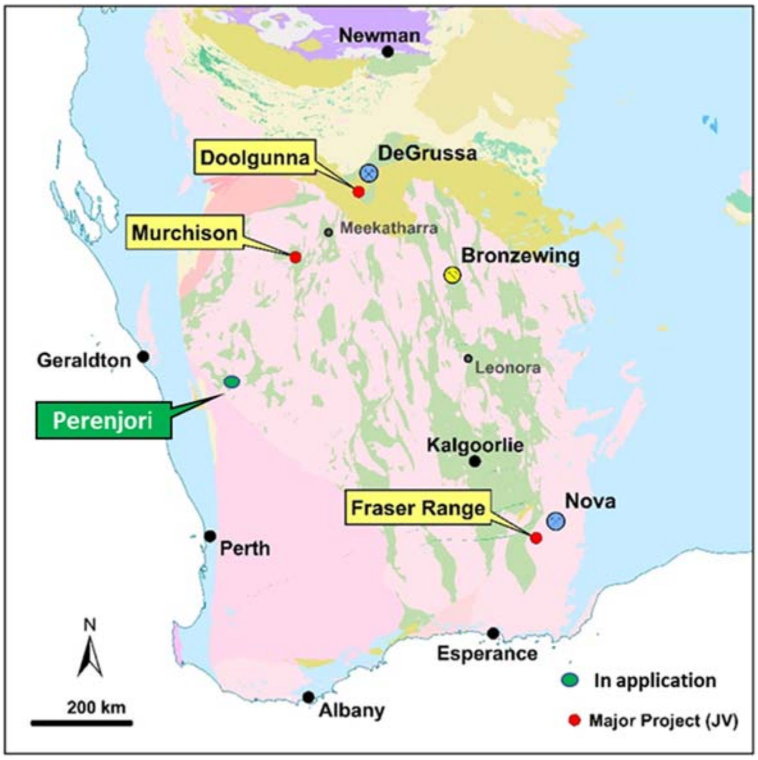
Directors were in office for this entire half-year unless otherwise stated.

## REVIEW AND RESULTS OF OPERATIONS

The Group recorded an operating loss after income tax for the half-year ended 31 December 2019 of $219,306 compared to the 31 December 2018 operating loss after income tax of $307,099. The result for the half-year ended 31 December 2019 included exploration impairment totalling $32,276 (31 December 2018: $145,795). The Group's cash position at the end of the half-year was $208,598 (30 June 2019: $330,305).

Enterprise's three main projects – Murchison gold/copper/zinc project, Doolgunna copper/zinc/gold project and Fraser Range nickel/copper project were wholly funded by joint venture partners during the half year ended 31 December 2019. The tenements of the Company's 100% owned Perenjori potash project remained in application during the half year, and therefore incurred minimal expenditure. The location of the Company's projects are shown in Figure 1 below.

**Figure 1. Location of Enterprise's Projects in Western Australia**



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**MURCHISON PROJECT**: **Au (Cu-Zn) EVN Earn-In, ENT 100%** *(EVN have right to earn up to 80%)*

Enterprise's Murchison landholdings are centred 30km north of Cue and 35km north-east of the Big Bell Gold Mine and form a semi-contiguous landholding of approximately 835km$^2$ over a buried greenstone belt.

On 1 April 2019, Enterprise entered into an earn-in Joint Venture Agreement with Evolution Mining Limited (ASX: EVN) over the Murchison Project, with EVN managing and sole funding $6M over 4 years to earn an 80% interest in the Project. ENT was paid $150,000 by EVN who will make a 2nd $150,000 payment if the agreement remains in place after 2 years.

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

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

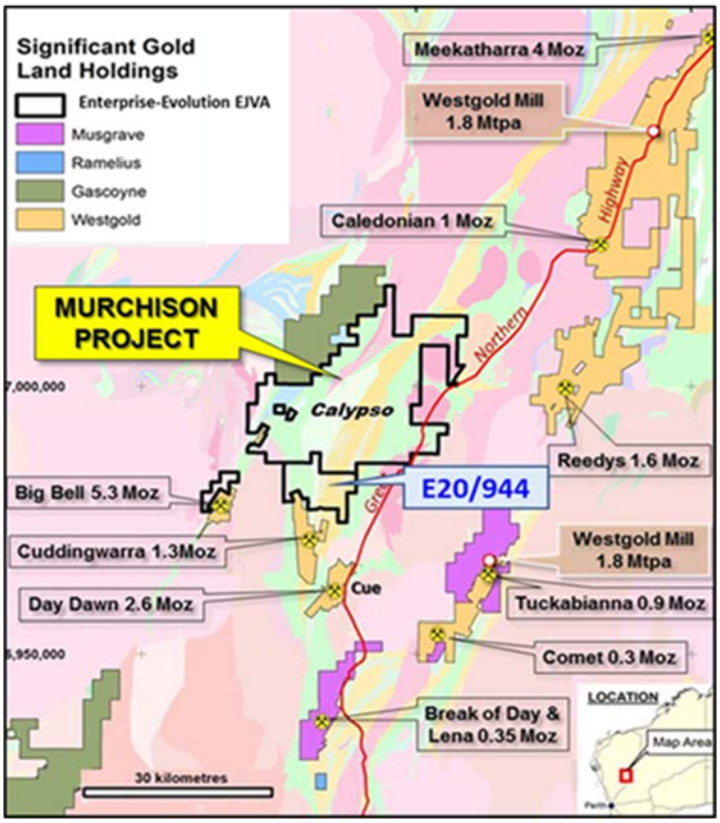
In October 2019, contractors for Evolution completed a detailed 250m x 250m ground gravity survey over the southwest corner of the project area, and a regional 500m x 500m ground gravity survey over the remainder of the project area (total 5,641 stations).

Interpretation by Evolution of the combined magnetic/gravity data sets identified a suite of litho-structurally controlled gold targets for eventual drill testing.

In late 2019, Evolution commenced an aircore drilling program along the Big Bell Shear Zone and the Cuddingwarra Shear Zone to test for repeats of the major gold deposits.

The program was paused before Christmas with only 24 vertical holes drilled for a total of 889m but is planned to recommence before the end of the March Quarter 2020. The total planned metreage for the drilling programs along the Cuddingwarra Shear Zone and the Big Bell Shear is estimated to be approximately 26,000 metres.

**Figure 2. Enterprise's Murchison Project, Geology, Competitor Landholdings and Gold Endowment**

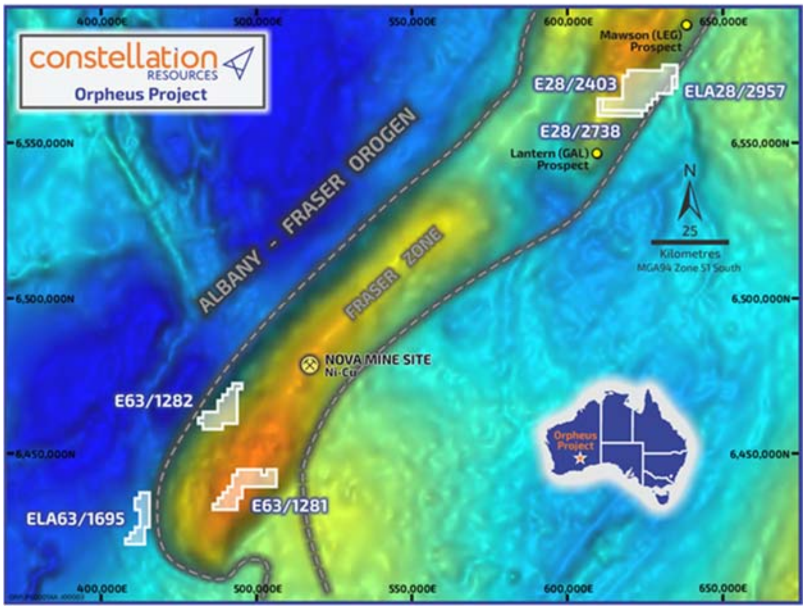



**FRASER RANGE PROJECT**: **Ni-Cu (Au) ENT 30% free carried to BFS** *(CR1: 70% managing/ funding)*

The Fraser Range Project is located within the Albany-Fraser Orogen approximately 100km east of Norseman (see Figure 3). Enterprise entered into a Sale and Joint Venture Agreement in February 2015 with Apollo Minerals Ltd (ASX: AON) over the Fraser Range tenements, whereby Apollo purchased a 70% interest in the tenements and would free carry Enterprise's 30% interest to completion of a bankable feasibility stage (BFS) on any discovery.

Apollo's interest in the Orpheus Joint Venture was subsequently transferred into Constellation Resources Ltd which raised $7.0 million and listed the ASX on 30 July 2018. Constellation now manages and 100% funds exploration on the 4 joint venture tenements which cover in excess of 500km² in a prospective portion of the Fraser Range province of Western Australia.

**Figure 3. Location of Orpheus JV tenements in the Fraser Range over Gravity Image**




***Note: E28/2738 & ELA28/2957 are 100% CR1***

On 9 December 2019 Legend Mining Ltd (ASX: LEG) reported the discovery of disseminated and massive nickel sulphides at its Mawson Prospect on the north-eastern flank of Albany-Fraser Orogen, and subsequently announced several promising nickel-copper sulphide intersections in Mawson diamond drill hole RKDD007:

The Mawson drill results indicate that gabbronorite intrusives on the eastern flank of the Albany-Fraser Orogen are potentially fertile for massive nickel sulphide deposits. The Orpheus Joint Venture's northern most **Exploration Licence 28/2403** lies approximately 25km SSW of Mawson**.** (refer Figure xx below).

Subsequently, on 20 January 2020, Constellation announced that it had completed a detailed high-resolution airborne magnetic survey (Figure 4) and a semi-regional gravity survey over E28/2403.

Geophysical datasets from both surveys over E28/2403 were processed and interpreted Southern Geoscience Consultants. The processing and interpretation of the datasets has led to the identification of seven high priority drill targets within E28/2403. (Refer Figure 5 overleaf)

Each target has been identified as a potential mafic intrusion that is concealed under cover and exhibits a circular or ellipsoidal morphology that appears to warp the older stratigraphy around it. In addition, there are correlating gravity highs that could indicate more mafic-ultramafic (denser) compositions.

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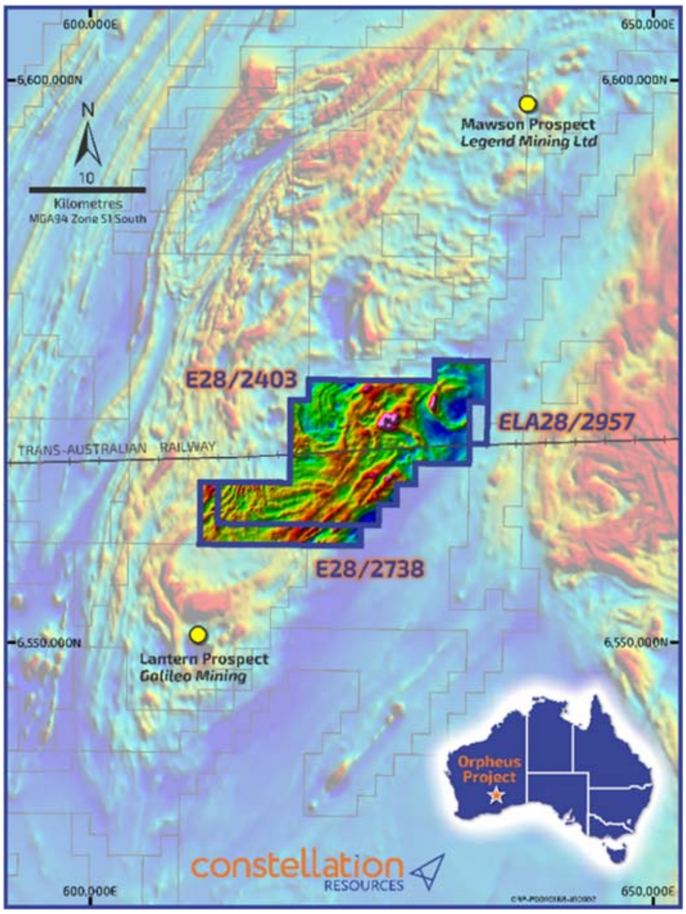
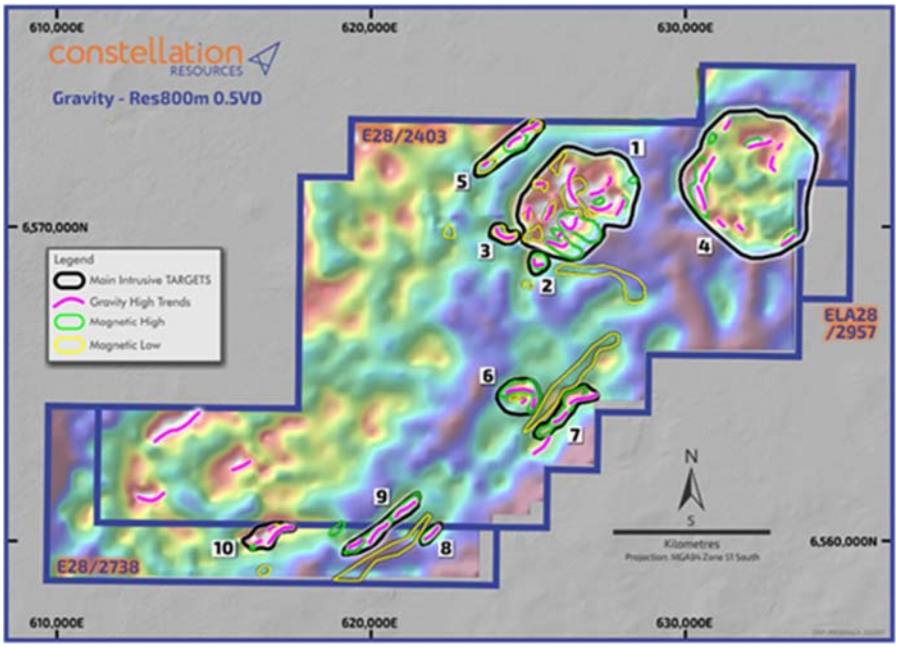
**Figure 4. Magnetic Image, Location of Orpheus JV tenement E28/2403**




***Note: E28/2403: 70% CR1, 30% ENT. E28/2738 & E28/2957: 100% CR1***

**Figure 5. E28/2403 & E28/2738 Drill Targets Over New Gravity Data Image**



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*Constellation has reported that its exploration focus is now on progressively air-core drill testing selected Targets 1-5 within in JV tenement E28/2403. Drill hole positioning will be optimised by localised 3D inversion modelling of the magnetic/gravity data and joint compilation of the inversion outcomes.*

The key aim of the drilling program is to confirm the presence of mafic intrusions with favourable litho-geochemical characteristics. If the drill program is successful in confirming a prospective intrusion, more detailed geophysical and drill programs will be undertaken to determine if there are any economic concentrations of nickel sulphides hosted within the intrusion. Constellation is in the process of selecting an appropriate drilling contractor and obtaining all necessary government approvals.

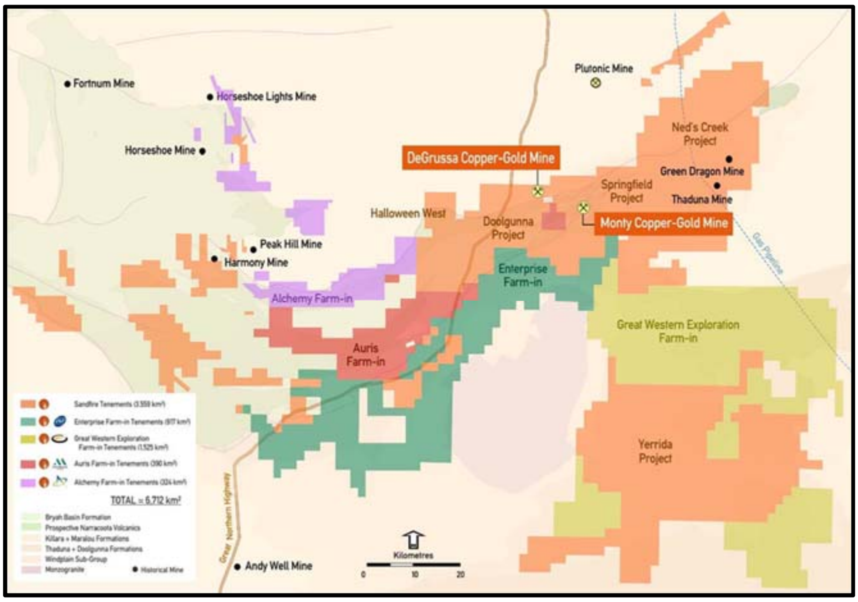
During the September Quarter 2019 Constellation undertook a review of historic and recent nickel exploration conducted on E63/1281 using geological and geophysical consultants with recent experience in the search for mafic hosted nickel systems. The purpose of the review was to examine the historic exploration data surrounding the nickel sulphide drill intercepts encountered at Plato prospect which, while small scale, demonstrate that the potential for magmatic nickel sulphide exists at Plato.

**<u>DOOLGUNNA PROJECT</u>: Cu-Zn (Au) SFR Farm-In, ENT 100%** *(SFR have right to earn up to 75%)*

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

The Enterprise tenements cover over 60km of strike of the southern boundary of the Bryah Basin and the northern part of the Yerrida Basin. The southern Bryah Basin contains the Karalundi Formation which hosts the DeGrussa and Monty copper-gold deposits. Sandfire considers that the Enterprise tenements offer the potential for new copper-gold discoveries. Refer Figure 6 below.

**Figure 6. Sandfire's Greater Doolgunna Project Area with the Enterprise Farm-In Area Incorporated**.




During the 6 months ended 31 December 2019, Sandfire continued to conduct, reverse circulation (RC) and aircore (AC) drilling, plus a high resolution gravity survey and a large Moving Loop Electromagnetic (MLEM) survey on the Enterprise Farm-in tenements.

Sandfire reported to Enterprise the completion of four reverse circulation (RC) exploration drill holes (total 1,288m). These holes were designed to test geochemical anomalism identified in first-pass AC drilling conducted in the area. No significant assays were received from this RC drilling.

Three of the RC drill holes (total 840m) were completed at the Ruby Well Prospect. Drilling was designed to test significant copper anomalies associated with Au and Sb. This was part of a 1.6km-long geochemical trend

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identified across first-pass AC and initial RC drilling. DHEM surveys of the RC holes completed this Quarter will be completed in the next reporting period.

One RC drill hole (total 448m) was completed at the Mount Leake Prospect, and was designed to test low level copper geochemical anomalism identified in a first-pass AC drill hole. EFRC0060 intersected dolerite to a depth of 379m before entering a mixed sedimentary package of siltstones, lithic wackes, conglomerates and minor breccia's. No significant mineralisation was observed. All lithologies are interpreted to be part of the DeGrussa Member of the Karalundi Formation. No further RC or diamond drilling was currently planned in the area.

Subsequently, Sandfire reported to Enterprise that downhole EM surveying was completed on four RC drillholes drilled earlier. (EFRC0028, 59, 61-62). No anomalous responses associated with bedrock conductors were observed in any of the drill holes.

Sandfire plan to review the current geophysical and geochemical datasets in order to assess where infill MLEM surveying can best be used to target VMS mineralisation in the project area.

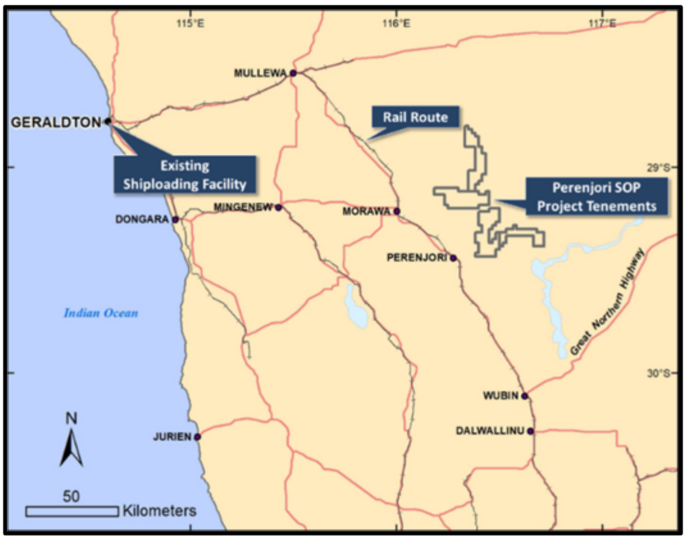
## **PERENJORI PROJECT *(Enterprise 110%)***

On 16 October 2019, the Company announced that it had lodged four large exploration licences over deep palaeovalleys centred approximately 35km north-northeast of the wheatbelt town of Perenjori in Western Australia. The tenements remained in application at 31 December 2019, but are expected to be granted in the 2nd Quarter 2020. Refer Figure 7.

The tenement applications have a total area of 697 km$^2$ and cover ~120 km of ancient (+34 million years old) drainage systems which have their headwaters in the central part of the Yilgarn Craton. Airborne geophysical surveys* conducted by Enterprise provide evidence that deeply incised (100m - 150m depth) palaeovalleys lie buried below the broad shallow valleys and lakes NNE of Perenjori.

Enterprise plans to explore the tenements for sub-surface *brine deposits* using a mineral systems approach, involving *source, transport & deposition*. The ultimate goal is to produce Sulphate of Potash ($K_2SO_4$ or SOP) via surface evaporation and processing. Unlike many other SOP projects in Western Australia, the Perenjori Project area is well serviced with a 245km railway from Perenjori to the port of Geraldton and has established infrastructure in the nearby wheatbelt towns of Morawa and Perenjori.

**Figure 7. Location Plan, Perenjori Potash Exploration Project**




## **PROJECT GENERATION**

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

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## SUBSEQUENT EVENTS

On 26 February 2020, the Company announced that it had entered into Binding Terms Sheets which gives Enterprise an exclusive 3 month period to conduct formal Due Diligence on tenements covering the northern portion of the highly-prospective Southern Cross Greenstone Belt.

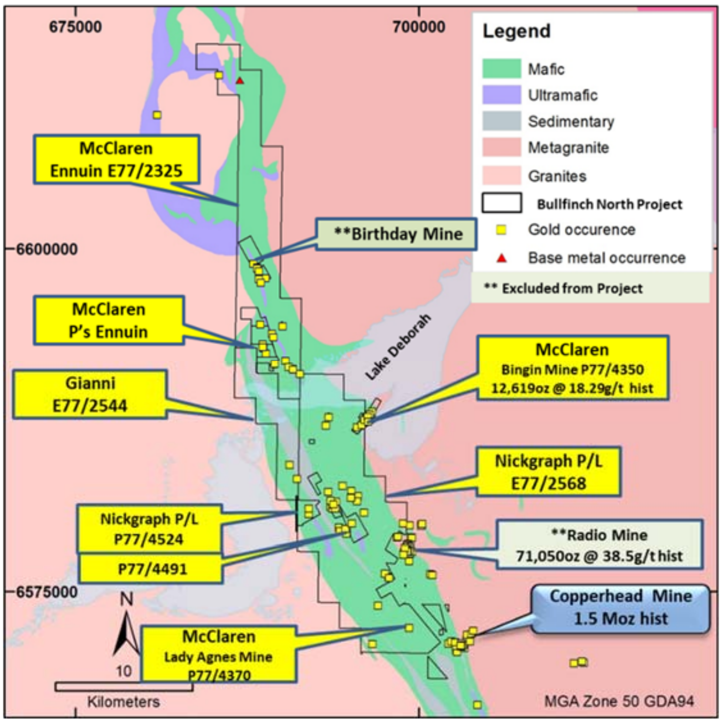
The tenement package covers approximately 50 strike kilometres of Archaean greenstone lithologies (238km$^2$ granted tenements) which are prospective for orogenic gold deposits. The greenstone belt is also prospective for high-grade massive sulphide nickel-copper deposits.

The Southern Cross Greenstone Belt hosts more than 150 known gold deposits, which have collectively produced more than 10 million ounces of gold. The major gold deposits such as Frasers at Southern Cross, Marvel Loch, Nevoria, Great Victoria, Yilgarn Star and Copperhead (at Bullfinch) have produced the majority of these ounces.

By comparison, the northern part of the Southern Cross Greenstone Belt (ie. north of Bullfinch) although containing many high grade gold occurrences, has received very little modern exploration. Reported historical production from the Bullfinch North project area indicates the presence of a number of high grade gold systems, which have not been adequately drill tested.

Re-evaluation and careful drill testing of known shallow high grade gold systems can produce substantial high grade economic resources at depth. (Eg. Bellevue, Penny West, etc)

**Figure 8. Location Plan - Bullfinch North Project Tenements**




On 11 March 2020, the Group completed the placement of 31,050,000 shares and 15,525,000 attaching options, raising a total of $310,500.

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

**Competent Person Statement**

*The information in this report that relates to Exploration Results is based on information compiled by Mr Dermot Ryan, who is an employee of Xserv Pty Ltd and a Director and security holder of the Company. Mr Ryan is a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken,*

*to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Ryan consents to the inclusion in this report of the matters based on information in the form and context in which it appears.*
*Historic exploration results referred to in this Report were previously reported by numerous ASX listed companies. Enterprise Metals Limited understands that this information has not been updated since to comply with the JORC Code (2012) but believes the information has not materially changed since it was last reported.*

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

## CORPORATE

On 24 December 2019, the Company completed an entitlement offer, the Company raised $114,062 under the offer and issued 11,406,204 ordinary shares together with 5,703,102 options with an exercise price of $0.015 and an expiry date of 30 June 2021.

Also, on 24 December 2019, the Company issued 2,750,000 ordinary shares at $0.01 per share in lieu of cash payment for Director's fees.

As at 31 December 2019, there were 415,568,957 fully paid ordinary shares on issue.

At 31 December 2019, Enterprise held 12 million shares in Alto Metals Limited (ASX: AME, or "Alto") which had a fair market value of $432,000 based on a share price of $0.036 per share. Alto's main asset is the Sandstone Gold Project, which covers ~ 85% of the Sandstone Greenstone Belt in Western Australia. This greenstone belt has produced over 1.3 million ounces of gold.

## ROUNDING OF AMOUNTS

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' report and in the condensed interim financial report have been rounded to the nearest dollar.

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group other than as referred to elsewhere in this condensed interim financial report and in the financial statements and notes attached thereto.

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 12.

This report is presented in accordance with a resolution of the Board of Directors made pursuant to s.306 (3) of the *Corporations Act 2001* and is signed for and on behalf of the Directors by:

**Dermot Ryan**
Director
Perth, 13 March 2020



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# AUDITOR'S INDEPENDENCE DECLARATION

## TO THE DIRECTORS OF ENTERPRISE METALS LIMITED AND ITS CONTROLLED ENTITIES

In relation to the independent review for the half-year ended 31 December 2019, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards).*

This declaration is in respect of Enterprise Metals Limited and the entities it controlled during the period.

Pitcher Partners BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD

PAUL MULLIGAN
Executive Director
Perth WA, 13 March 2020



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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

| | Note | 31 December 2019 $ | 31 December 2018 $ |
|---|---|---|---|
| **REVENUE** | | | |
| Revenue from contracts with customers | | - | - |
| | | - | - |
| **OTHER INCOME** | | | |
| Interest received | | 1,147 | 3,250 |
| **EXPENDITURE** | | | |
| Accounting and audit fees | | (14,066) | (10,082) |
| Share registry and listing fees | | (27,407) | (33,035) |
| Employee benefits expense | | (67,408) | (55,774) |
| Corporate and consulting fees | | (11,983) | (28,467) |
| Computers and software expense | | (2,815) | (3,442) |
| Insurance | | (8,614) | (7,951) |
| Investor relations | | (2,240) | (6,884) |
| Office rental expense | | (7,209) | (10,373) |
| Exploration and evaluation expense | | (40,893) | - |
| Impairment of capitalised exploration expense | 4 | (32,276) | (145,795) |
| Other administration expense | | (5,542) | (8,546) |
| **(LOSS) BEFORE INCOME TAX EXPENSE** | | **(219,306)** | **(307,099)** |
| Income tax expense | | - | - |
| **(LOSS) FOR THE HALF-YEAR** | | **(219,306)** | **(307,099)** |
| **OTHER COMPREHENSIVE INCOME** | | | |
| *Items not to be reclassified to profit or loss in subsequent periods:* | | | |
| Changes in the fair value of equity instruments carried at fair value through other comprehensive income | | 36,000 | (216,000) |
| **OTHER COMPREHENSIVE INCOME/(LOSS), FOR THE HALF-YEAR END, NET OF TAX** | | **36,000** | **(216,000)** |
| **TOTAL COMPREHENSIVE (LOSS) FOR THE HALF-YEAR ATTRIBUTABLE TO MEMBERS OF THE COMPANY** | | **(183,306)** | **(523,099)** |
| Basic and diluted (loss) per share (cents per share) | | (0.05) | (0.14) |

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

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2019**

| | Note | 31 December 2019 $ | 30 June 2019 $ |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | | 208,598 | 330,305 |
| Trade and other receivables | | 10,436 | 16,357 |
| Prepayments | | 16,080 | 6,644 |
| **TOTAL CURRENT ASSETS** | | **235,114** | **353,306** |
| | | | |
| **NON-CURRENT ASSETS** | | | |
| Equity instruments at fair value through OCI | 9 | 432,000 | 396,000 |
| Plant and equipment | | 1,000 | 1,000 |
| Exploration and evaluation assets | 4 | 6,431,908 | 6,422,246 |
| **TOTAL NON-CURRENT ASSSETS** | | **6,864,908** | **6,819,246** |
| **TOTAL ASSETS** | | **7,100,022** | **7,172,552** |
| | | | |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | | 67,665 | 85,721 |
| Provisions | | 2,388 | 1,128 |
| **TOTAL CURRENT LIABILITIES** | | **70,053** | **86,849** |
| **TOTAL LIABILITIES** | | **70,053** | **86,849** |
| | | | |
| **NET ASSETS** | | **7,029,969** | **7,085,703** |
| | | | |
| **EQUITY** | | | |
| Issued capital | 5 | 31,583,114 | 31,455,542 |
| Reserves | | 180,000 | 144,000 |
| Accumulated losses | | (24,733,145) | (24,513,839) |
| **TOTAL EQUITY** | | **7,029,969** | **7,085,703** |

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

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## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

| | Issued capital | Options reserve | Equity instruments at FVOCI reserve | Available for sale financial asset reserve | Accumulated losses | Total |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| **BALANCE AT 1 JULY 2018** | **30,784,960** | **6,095,155** | **-** | **528,000** | **(30,141,387)** | **7,266,728** |
| Loss for the half-year | - | - | - | - | (307,099) | (307,099) |
| Change in accounting policy arising from AASB 9 | - | - | 528,000 | (528,000) | - | - |
| **OTHER COMPREHENSIVE INCOME** | | | | | | - |
| Other comprehensive income (loss), net of tax | - | - | (216,000) | - | - | (216,000) |
| **TOTAL COMPREHENSIVE INCOME** | **-** | **-** | **312,000** | **(528,000)** | **(307,099)** | **(523,099)** |
| **TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:** | | | | | | |
| Shares issued during the period | 540,468 | - | - | - | - | 540,468 |
| Transfer of share-based payment reserve upon the expiry of share options | - | (6,095,155) | - | - | 6,095,155 | - |
| **BALANCE AT 31 DECEMBER 2018** | **31,325,428** | **-** | **312,000** | **-** | **(24,353,331)** | **7,284,097** |
| | | | | | | |
| **BALANCE AT 1 JULY 2019** | **31,455,542** | **-** | **144,000** | **-** | **(24,513,839)** | **7,085,703** |
| Loss for the half-year | - | - | - | - | (219,306) | (219,306) |
| **OTHER COMPREHENSIVE INCOME** | | | | | | |
| Other comprehensive income (loss), net of tax | - | - | 36,000 | - | - | 36,000 |
| **TOTAL COMPREHENSIVE INCOME** | **-** | **-** | **36,000** | **-** | **(219,306)** | **(183,306)** |
| **TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:** | | | | | | |
| Shares issued during the period | 127,572 | - | - | - | - | 127,572 |
| **BALANCE AT 31 DECEMBER 2019** | **31,583,114** | **-** | **180,000** | **-** | **(24,733,145)** | **7,029,969** |

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

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## CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

| | 31 December 2019 $ | 31 December 2018 $ |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Interest received | 1,147 | 3,250 |
| Payments to suppliers and employees | (168,238) | (289,098) |
| **Net cash used in operating activities** | **(167,091)** | **(285,848)** |
| | | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Payments for exploration and evaluation expenditure | (68,678) | (139,044) |
| **Net cash used in investing activities** | **(68,678)** | **(139,044)** |
| | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from issue of ordinary shares | 114,062 | 504,100 |
| Payments of share issue transaction costs | - | (17,918) |
| **Net cash provided by financing activities** | **114,062** | **486,182** |
| | | |
| Net increase / (decrease) in cash and cash equivalents | (121,707) | 61,290 |
| Cash and cash equivalents at the beginning of the half-year | 330,305 | 216,210 |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR** | **208,598** | **277,500** |

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

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

### Reporting entity

Enterprise Metals Limited ("Enterprise" or the "Company") is a company limited by shares, incorporated and domiciled in Australia. The condensed interim financial report as at and for the half-year ended 31 December 2019 covers the consolidated group of Enterprise Metals Limited and the entities it controlled (together "the Group"). The Group is a for-profit entity.

### Basis of preparation

This condensed interim financial report is a consolidated general-purpose financial report which has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Standards IAS 34: *Interim Financial Reporting*. The condensed interim financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets.

This condensed interim financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the annual financial statements. Accordingly, this condensed interim financial report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by Enterprise Metals Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The same accounting policies and methods of computation have generally been applied in these half-year financial statements as compared with the most recent annual financial statements, except for the adoption of new standards and interpretations effective as of 1 July 2019. With the exception of the new accounting standards discussed in note 2 Changes in significant accounting policies below, the adoption of the new standards and interpretations effective as at 1 July 2019 had no material impact on the Group.

### Going Concern

The Group incurred a net loss of $219,306 for the half-year ended 31 December 2019 (31 December 2018: $307,099) and generated an operating cash outflow of $167,091 (31 December 2018: $285,848), and as at 31 December 2019, had net current assets of $165,061 (30 June 2019: $266,457) and net assets of $7,029,969 (30 June 2019: $7,085,703).

The condensed interim financial report has been prepared on a going concern basis. In arriving at this position the Directors have had regard to the fact that based on the matters noted below the Group has, or in the Directors opinion, will have access to, sufficient cash to fund administrative and other committed expenditure for a period of at least 12 months from the date of signing this report.

In forming this view the Directors have taken into consideration the following:

- Should the Group require additional capital to continue as a going concern, the Directors are confident that their combined experience in the capital markets and track record to raise monies will ensure funds are raised in a timely manner in order to fund the ongoing activities of the Group; and
- Reducing both administrative and exploration expenditure (on the basis exploration expenditure is discretionary and expenditure requirements are minimal) as required through careful cash management.

The Group's ability to continue as a going concern and meet its debts and future commitments as and when they fall due is dependent on a number of factors, including:

- Obtaining additional funding as outlined above; and
- Receiving the continued support of its shareholders and creditors.

Should the Group not achieve the matters set out above there is significant uncertainty whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the condensed interim financial report. The condensed interim financial report does not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern and meet its debts as and when they fall due.

**Estimates**

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2019.

## NOTE 2: CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The following significant Australian Accounting Standard has been issued and is applicable to the half-year financial statements of the Group:

| AASB No. | Standard / Interpretation | Effective date for the group |
|---|---|---|
| AASB 16 | Leases | 1 July 2019 |

AASB 16: *Leases* ("AASB 16") replaced AASB 117: *Leases* and introduces a single lessee accounting model that will require a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

(a) right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:
   1. investment property, the lessee applies the fair value model in AASB 140: *Investment Property* to the right-of-use asset; or
   2. property, plant or equipment, the lessee can elect to apply the revaluation model in AASB 116: *Property, Plant and Equipment* to all of the right-of-use assets that relate to that class of property, plant and equipment; and

(b) lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117.

In accordance with the transition requirements of AASB 16, the Group has elected to apply AASB 16 retrospectively to those contracts that were previously identified as leases under the predecessor standard, with the cumulative effect of initially applying the new standard recognised at the beginning of the current reporting period (i.e. at 1 July 2019). Accordingly, comparative information has not been restated.

The Group has assessed its office rental arrangements in existence as at 1 July 2019 to determine whether they fall within the scope of AASB 16. It was determined that these arrangements are not a 'lease' as defined in AASB 16 because the Group does not have the right to control any of the underlying assets to which the leases relate. Rental payments made in relation to these arrangements have therefore continued to be recognised as an expense on a straight-line basis over the term.

In addition, leases relating to exploration assets are outside the scope of AASB 16 and hence have also not been recognised in the financial statements.

At 31 December 2019, the Group has no leases.

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**NOTE 3: SEGMENT INFORMATION**

The Directors have considered the requirements of AASB 8 *Operating Segments* and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded that at this time there are no separately identifiable segments.

The Group remains focused on mineral exploration over areas of interest solely in Western Australia.

**NOTE 4: EXPLORATION AND EVALUATION**

| | 31 December 2019 $ | 30 June 2019 $ |
|---|---|---|
| **Balance at 1 July 2019** | **6,422,246** | **6,464,661** |
| Exploration expenditure capitalised | 41,938 | 278,437 |
| Proceeds from earn in and exploration joint venture agreement | - | (150,000) |
| Impairment expense | (32,276) | (170,852) |
| **Balance at 31 December 2019** | **6,431,908** | **6,422,246** |

The Directors' assessment of whether any triggers of impairment for the Group's exploration and evaluation assets existed as at 31 December 2019 was after consideration factors such as prevailing market conditions; previous expenditure for exploration work carried out on the tenements; maintaining rights to tenure; 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.

As at 31 December 2019, the Directors have concluded that there remains an expectation that the carrying amount of the Group's exploration and evaluation assets will be recovered in full on the basis of the above factors, and hence no impairment triggers exist. Consequently, no detailed impairment assessment has been performed as at 31 December 2019. However, there may exist on the Group's exploration properties, areas subject to claim under Native Title or containing sacred sites or sites of significance to Aboriginal people. As a result, the Group's exploration properties or areas within the tenements may be subject to exploration and mining restrictions. During the current half-year, an impairment of $32,276 (31 December 2018: $145,795) was recognised as a result of expenditure on tenements not yet granted and surrender or sale of tenements.

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## NOTE 5: ISSUED CAPITAL

### 1. Ordinary Shares

| | 31 December 2019 $ | 30 June 2019 $ |
|---|---|---|
| **Issued capital** | | |
| 415,568,957 (30 June 2019: 401,412,753) ordinary shares | 31,583,114 | 31,455,542 |

| **Movements in ordinary shares** | No. | $ |
|---|---|---|
| **Balance at 1 July 2019** | **401,412,753** | **31,455,542** |
| 24 Dec 2019 - Issued in lieu of directors fees at $0.01 per share | 2,750,000 | 27,500 |
| 24 Dec 2019 - Entitlement offer at $0.01 per share | 11,406,204 | 114,062 |
| Transaction costs relating to share issues | - | (13,990) |
| **Balance at 31 December 2019** | **415,568,957** | **31,583,114** |
| **Balance at 1 July 2018** | **355,652,435** | **30,784,960** |
| 20 July 2018 - Share placement at $0.018 per share | 28,005,556 | 504,100 |
| 27 Dec 2018 - Issued in lieu of directors fees at $0.018 per share | 833,334 | 15,000 |
| 27 Dec 2018 - Tenement acquisition at $0.011 per share | 3,571,428 | 39,286 |
| 11 April 2019 - Share purchase plan at $0.01 per share | 13,350,000 | 133,500 |
| Transaction costs relating to share issues | - | (21,304) |
| **Balance at 30 June 2019** | **401,412,753** | **31,455,542** |

### 2. Unlisted Options

| | Options No. | Exercise Price $ | Expiry Date |
|---|---|---|---|
| 24 Dec 2019 - Unlisted options[1] | 5,703,102 | 0.015 | 30 June 2021 |

[1] The unlisted options were issued together with the ordinary shares issued on 24 December 2019, on the basis on one option for every two shares issued.

At 30 June 2019, there were no options issued during the year and there were no options outstanding.

## NOTE 6: COMMITMENTS AND CONTINGENCIES

In order to maintain rights of tenure to exploration tenements, the Group is required to meet minimum expenditure requirements on its tenements. The Group plans on meeting all minimum expenditure obligations through exploration work on its tenements. Obligations can be reduced by selective relinquishment of exploration tenure or application for expenditure exemptions. As at 31 December 2019, the Groups three major projects are being fully funded by joint venture partners.

The Group's planned exploration and expected commitment, for the next year is $335,000 (30 June 2019: $325,000).

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

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## NOTE 7: RELATED PARTY TRANSACTIONS

On 24 December 2019, following approval by Shareholders at the 2019 Annual General Meeting, the following fully paid ordinary shares were issued to Directors in lieu of outstanding Directors' fees:

| Director | No. | $ |
|---|---|---|
| A Trench | 1,500,000 | 15,000 |
| Z He | 1,250,000 | 12,500 |
| | | 27,500 |

Mr Ryan is a non-executive Director of the Company. In addition to Director services, Mr Ryan provides technical consulting services to the Group. Mr Ryan is remunerated for such services at a commercial rate under the terms set out in a technical services agreement between the Group and XServ Pty Ltd, the private company of Mr Ryan. During the reporting period $69,000 (2018: $Nil) was paid to XServ Pty Ltd for the provision of technical services.

## NOTE 8: SUBSEQUENT EVENTS

On 26 February 2020, the Group entered into binding terms sheets for an exclusive 3 month period to conduct formal due diligence on a highly-prospective Archaean greenstone belt which has produced over 10 million ounces of high-grade gold.

On 11 March 2020, the Group completed the placement of 31,050,000 shares and 15,525,000 attaching options, raising a total of $310,500.

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

## NOTE 9: FAIR VALUE

**Fair value hierarchy**

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that is not based on observable market data (unobservable inputs).

The Group's equity instruments at fair value through other comprehensive income of $432,000 (30 June 2019: $396,000) are measured using level 1 inputs and are recognised at fair value based on listed market prices for the shares held as at the reporting date. There has been no change to this methodology from 30 June 2019.

## NOTE 10: DIVIDENDS

No dividends were paid or declared during the half-year and no recommendation for payment of dividends has been made.

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**Directors' declaration**

In the opinion of the Directors of Enterprise Metals Limited:

1. the financial statements and notes set out on pages 13 to 21 are in accordance with the *Corporations Act 2001*, including:
   (a) complying with AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001*; and
   (b) giving 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; and
2. there are reasonable grounds to believe that Enterprise Metals Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

**Dermot Ryan**

Director

Perth, 13 March 2020

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PITCHER PARTNERS

**ENTERPRISE METALS LIMITED**
**ABN 43 123 567 073**

**INDEPENDENT AUDITOR'S REVIEW REPORT**
**TO THE MEMBERS OF ENTERPRISE METALS LIMITED**

## Report on the Condensed Interim Half-Year Financial Report

We have reviewed the accompanying condensed interim half-year financial report of Enterprise Metals Limited (the "Company") and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2019, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

*Directors' Responsibility for the Condensed Interim Half-Year Financial Report*

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

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the condensed interim 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 condensed interim 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 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 condensed interim 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*.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the condensed interim half-year financial report of the Group 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 of its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

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**ENTERPRISE METALS LIMITED**
**ABN 43 123 567 073**
**INDEPENDENT AUDITOR'S REVIEW REPORT**
**TO THE MEMBERS OF ENTERPRISE METALS LIMITED**

*Material Uncertainty Related to Going Concern*

We draw attention to Note 1 to the condensed interim half-year financial report, which indicates that the Group incurred a net loss of $219,306 for the half-year ended 31 December 2019 and generated an operating cash outflow of $167,091, and as at that date, had net current assets of $165,061 and net assets of $7,029,969. These conditions, along with other matters set forth in Note 1 to the condensed interim half-year financial report, 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 this respect.

PITCHER PARTNERS BA&A PTY LTD

PAUL MULLIGAN
Executive Director
Perth WA, 13 March 2020