



# **Asiamet Resources**

**ASIAMET RESOURCES LIMITED**

**HALF YEAR FINANCIAL REPORT**

**JUNE 30, 2017**

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### Notice to Reader

These condensed consolidated interim financial statements of Asiamet Resources Limited have been prepared by management and approved by the Audit Committee of the Board of Directors of the Company. The Company discloses that its external auditors have not reviewed these interim financial statements and notes to financial statements.

The Company publishes its accounts in United States dollars (\$) and all figures are \$ unless otherwise noted.

## Corporate Directory

### Directors

Tony Manini

Peter Bird

Stephen Hughes

Peter Pollard

Faldi Ismail

Raynard von Hahn

Executive Chairman

Deputy Chairman, Chief Executive Officer

Vice President, Exploration

Non-executive director

Non-executive director

Non-executive director

### Company Secretary

Doris Meyer

### Registered Office

Thistle House

4 Burnaby Street

Hamilton HM 11

Bermuda

### Corporate Office

Unit 1 – 15782 Marine Drive,

White Rock, B.C.

V4B 1E6

### Auditor

Ernst & Young LLP

Pacific Centre

700 West Georgia Street

Vancouver, B.C.

V7Y 1C7

### Share Registry

Computershare Investor Services PLC

The Pavilions, Bridgwater Road,

Bristol BS13 8AE, United Kingdom

### Stock Exchange Listing

Asiamet Resources Limited shares are listed on AIM market of the London Stock Exchange

### AIM Symbol

ARS

### Legal Entity Identifier

213800PWJMT1NG28TA88

## Directors' Report

### Directors

The names and details of the Directors in office during the half year ended 30 June 2017 and until the date of this financial report are as follows. The Directors were in office for the entire period unless otherwise stated.

<b>Director Name</b>	<b>Changes / Appointments on February 20, 2017</b>
Tony Manini	Deputy Managing Chairman to Executive Chairman
Peter Bird	Director and Deputy Managing Chairman and Chief Executive Officer
Peter Pollard	Chairman to non-executive director
Stephen Hughes	
Faldi Ismail	
Raynard von Hahn	

### Principal activities

The principal continuing activity of the Group is mineral exploration and development.

### Review of operations

#### Executive Chairman Tony Manini Overview:

“Over the past three years Asiamet has made enormous progress towards delivering on its vision of building a leading Asia Pacific copper-gold company. Employing the same strategy used to build Oxiana Limited from a junior explorer into a multi- billion-dollar mining company, we are leveraging the collective knowledge and experience of our team to develop our exploration discoveries into profitable mining operations for the benefit of all stakeholders. Our high quality, pre-development stage BKM copper project has been significantly de-risked through detailed drilling and feasibility studies in this first half year and this enhanced momentum will continue throughout 2017. Against a background of increasingly stronger underlying commodity prices and with new investment from globally recognised institutional investors and our highly supportive shareholder base post-period end, Asiamet is strongly positioned to deliver further significant value uplift from its portfolio of exciting copper, gold and polymetallic assets.

Our main focus for the rest of 2017 and beyond is to bring BKM through the value curve by delivering a high-quality Bankable Feasibility Study, and to daylight the inherent value in some of our other assets including the BKW and BKS copper prospects, the BKZ polymetallic prospect, and our large high-quality Beutong copper-gold-molybdenum porphyry deposit.

We look forward to building upon the momentum established during the first half of the year with a continuous flow of news from the BKM feasibility study, drilling on our other projects and strategic initiatives relating to project partnering and financing”

**Operational Highlights:****Beruang Kanan Main (BKM) Copper Project**

- **BKM** – successful completion of resource infill and expansion drilling program at BKM comprising a total of 122 holes for 12,480.9 metres of diamond core drilling delivered at extremely low industry cost. Resource confidence was significantly upgraded with contained copper in Measured and Indicated Resources increased by 207% to an estimate of 49.2 million tonnes at 0.70% copper containing 711.3Mlbs (322,600 tonnes) of copper at a 0.2% copper cut-off grade.
- **BKM Metallurgical Test Work** - positive results reported from both short and long column tests at the 100-day point for both 180-day and 270-day leach column test work.
  - Detailed program to thoroughly evaluate metallurgical parameters developed as part of the Preliminary Economic Assessment (PEA). Copper recoveries in the early phase of the test work program are in line with expectations. (see release dated 22 May 2017)
  - Leaching response curve used in the PEA assumed 85% recovery of soluble copper in 270-day leach cycle; test work objectives are to confirm initial assumptions of interpreted from the PEA evaluations. Positive results from test work to date have supported initiation of additional metallurgical test work
- **BKM Feasibility Study**
  - Positive results generated from early engineering and design studies
  - Geotechnical program completed with no major issues identified
  - Numerous options to reduce pre-production capital and favourable conditions to support low mining costs identified
  - Project Definition Study (PDS), focused on mining engineering completed, indicating:
    - Significant value for BKM project with strong positive cash flows from first year of operations and project life of at least nine years.
    - Significant potential upside with further updates of Resource model, definition of leachable copper and improvements to the mine sequencing to maximise early copper production, while deferring waste mining costs.

**Beruang Kanan Zinc (BKZ) Polymetallic Prospect**

- Analysis of historical BKZ rock channel sampling returned exceptional high grade polymetallic results including **11.5 meters @ 16.50% Zn, 6.16% Pb, 0.48% Cu, 0.55g/t Au and 106g/t Ag** (see release dated 23 February 2017)
- BKZ rock channel sampling also returned exceptional high grade polymetallic results averaging **19.5% Zinc, 8.1% Lead, 121g/t Silver, 0.69g/t Gold and 0.50% Copper** (see release dated 09 June 2017)
- Expanded the footprint of high grade polymetallic zone immediately south of BKM with rock chips assaying to **35.6% Zinc, 26.2% Lead, 2.94% Copper, 1.0g/t Gold and 3440g/t Silver** (see release dated 09 June 2017)

**Beruang Kanan West (BKW) Copper Project**

- Systematic mapping and rock chip sampling was completed at BKW. A rock grab sample from a 30-cm wide quartz –sulphide vein assayed **26.1% Copper and 57.1g/t Silver** (see release dated 19 July 2017).
- Rock chip grab samples from sericite altered breccia cut by quartz-bornite-chalcocite-pyrite veins assayed up to **4.1% Copper**.

- High priority drill targets identified for testing over the coming months. Targets with potential to add mine life and enhance economics of BKM will be rapidly advanced to achieve initial Resource status.

### **Beutong (ARS 40% Equity)**

- Continuing to progress approval of IUP Production License for Beutong Project All appropriate documentation has been submitted and now awaiting Indonesian Government review and approval.
- Upon receipt of the IUP Production License field programs will be immediately initiated seeking to extend the significant near surface copper gold Resources thus progressing development of the project.

### **Corporate Highlights**

- **Appointment of new CEO** – on 21 February 2017 Mr. Peter Bird joined the Asiamet team as CEO, further strengthening the Asiamet Board and management team. (see release dated 21 February 2017).
- **Delisting from TSX Venture Stock Exchange** – on 28 February 2017 the Company voluntarily delisted from the TSX-V to focus principally upon its London AIM listing. This decision was undertaken to better reflect the geographical spread of its shareholders and to achieve administrative cost savings. (see release dated 25 January 2017)
- **Sale of Jelai Gold Project** – on 9 May 2017 the sale of the Jelai Project was announced. Jelai was considered to be non-core to the Company's overall strategy and although its sale provided for some interim working capital, more importantly the divestment has allowed the management team to better focus on key value generating objectives in relation to the BKM and Beutong initiatives.

### **Executive CEO Peter Bird Comments:**

"To reflect retrospectively upon the period 1 January to 30 June 2017, Asiamet had an excellent first half to the financial year, continuing to deliver significant advances in value for our stakeholders not only in our market valuation but in the inherent value of our assets. This has been accomplished by making important strides forward in our efforts to advance our flagship asset, the BKM Copper Project, through the development curve and towards delivery of the Bankable Feasibility Study in early 2018. This will be a crucial milestone and a point at which we expect to take a decision on transitioning towards becoming a mine developer and ultimately producer of an expected 25,000 tonnes of copper cathode per annum.

Our operations on the ground have often exceeded expectations and although sometimes timelines might have slipped (for example delays in drilling due to an extended rainy season), results have conformed to high quality standards and have been delivered to budget, a credit to all our employees and industry-leading consultants. From a macro point of view, our long-standing predictions of a significant rise in the price of copper began to ring true in this first half and at the time of writing the price of copper has reached levels in excess of US\$3/lb – a healthy margin to indicated C1 operating costs of \$1.28/lb as estimated in our April 2016 Preliminary Economic Assessment. This not only evidences the robust economics of the BKM project, but, validates our initial counter cyclical approach in progressing this exceptional asset at a time where limited exploration expenditure had been undertaken in the base metals sector. This has resulted in a paucity of advanced investment alternatives such as BKM being available for investors currently.

The highlight of this first half year must have been the successful completion of the Resource infill and expansion drilling program at BKM, the discovery of a new high-grade zone BK044 and the subsequent significant resource upgrade where contained copper in the Measured and Indicated category was increased by 207% to an estimate of 49.2 million tonnes at 0.70% copper. This is in addition to Inferred Resources of 17.7 million tonnes at 0.6% Cu. Most importantly 75% of the contained copper is now in a high confidence Resource category and 73% sits inside

the PEA pit design. As such the conversion to Mineral Reserves is anticipated to be strong when mining and metallurgical studies are completed in coming months. We were very pleased with the outcome of Resource work and expect it will provide a solid base to build upon an already very robust Preliminary Economic Assessment.

Asiamet, has a strong pipeline of high potential projects on its properties which will require more work. These are in addition to our advanced pre-development stage BKM project which is in feasibility. Each project is well positioned. The objective is to continue adding shareholder value.

Within this half year period, we identified additional high-grade polymetallic potential approximately 1km north of the BKM copper deposit at our BKZ prospect and also to the immediate south of BKM where systematic mapping and channel sampling of outcropping massive sulphide mineralisation was completed. Zinc (in addition to our primary focus of copper) has been one of the best performing metals of 2017. Like copper it is widely forecast to be entering a major supply deficit. We have real potential for additional discoveries close to the BKM property.

The BKM project discovery is not an isolated occurrence but rather the first prospect that now has defined Resources within a large, approximately 15sqkm area, of anomalous copper mineralisation in rocks and soils. Any additional targets with potential to add mine life and enhance the already attractive economics (outlined in the PEA) of BKM will be rapidly advanced in order to achieve initial Resource status. We look forward to reporting the results of our exciting exploration work over the coming months.

### **Operating results**

The loss from continuing operations for the half-year ended 30 June 2017 was \$2,014,057 (2016: \$808,752) was net of a \$708,089 gain on sale of its subsidiary.

The loss results from \$2,096,264 of exploration expenditure incurred and expensed, \$492,005 of administration costs and \$96,910 of non-cash share-based compensation expenditure. The exploration expenditure incurred and expensed mainly relates to the ongoing feasibility study work on the Beruang Kanan Main zone and peripheral exploration and on advancing the conversion of the IUP at Beutong from an exploration IUP to a production IUP.

### **Liquidity and capital resources**

The Company began the current fiscal year with \$1,747,530. During the six months ended June 30, 2017 the Company expended \$3,065,431 on operations and brought in \$699,195 from the sale of its Jelai IUP and expended \$13,500 on equipment and refundable security deposits and repaid \$233,290 related party loans made in 2016, collected the \$801,840 subscription receivable from the private placement closed in December 2016 and \$201,101 from the exercise of broker warrants in 2017 to end on June 30, 2017 with \$137,445.

Subsequent to the half-year end, the Company placed a total of 139,534,884 new common shares ("Placing Shares") to raise a total of £6.0m (approximately \$7.7m) (before expenses) (the "Placing") at a price of £0.043 (the "Placing Price") on 11 August 2017. The Placing Shares were admitted for trading on AIM on 15 August 2017. Insider purchasers included Antony Manini, a Director and Executive Chairman of the Company, Stephen Hughes, a Director and Vice President Exploration of the Company, and Faldi Ismail, a Director of the Company, who purchased 1,000,000, 418,605 and 283,395 Placing Shares respectively at the Placing Price. In addition, Significant Shareholders Asipac Group Pty Ltd. and Namarong Investments Pty Ltd. participated in the Placing and purchased 7,441,860 (4.9%) and 7,209,302 (4.25%) Placing Shares respectively, at the Placing Price. JP Morgan Asset Management purchased 71,010,118 (8.31%) Placing Shares at the Placing Price to become a new Significant Shareholder.

At the date of this half-year report, the Company has 35,082,200 stock options outstanding and 11,031,344 share purchase warrants outstanding, some of which are "in-the-money". Upon a further increase in the Company's share price, it would be expected that the stock options and warrants would likely be exercised, thereby contributing additional cash to the treasury.

## Dividends

No dividends were paid or proposed to be paid to shareholders during the half year 30 June 2017.

## Significant changes in Operations

### Management

On 20 February 2017, the Company strengthened its Board and management team to oversee the advancement the BKM feasibility study and ramp up project financing and mine development related activities. Peter Bird, a highly experienced mining company executive joined the Board of Directors and assumed the role of Deputy Managing Chairman and Chief Executive Officer with Tony Manini stepping up from that role to Executive Chairman. Peter Pollard, the former non-executive Chairman remains on the Board along with Faldi Ismail, Raynard von Hahn and Steve Hughes, the Vice President of Exploration. Further changes to the Board will be made in due course as the focus of Company activities transitions from exploration and feasibility studies to project financing, mine construction and operations.

### Marketplace

The Company is a “designated foreign issuer” as that term is defined under National Instrument 71-102 – *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* (“NI 71-102”). The Company is subject to “foreign disclosure requirements” (as such term is defined in NI 71-102) of the Financial Conduct Authority of the United Kingdom and the London Stock Exchange. The Company is relying on the exemptions contained in Part 5 of NI 71-102. The Company’s shares were de-listed from trading on the TSX Venture Exchange on 28 February 2017, and continue to trade on the AIM market of the London Stock Exchange (“AIM”) under the symbol “ARS”. In 2017, the Company will only prepare and file half-year and annual financial statements within the time deadlines regulated by AIM.

### Beruang Kanan Main (“BKM”) Zone

On 15 August 2017, the Company filed a technical report titled “Beruang Kanan Main Zone, Kalimantan Indonesia: 2017 Resource Estimate Report”, prepared by Duncan Hackman of Hackman and Associates Pty. Ltd. as at 28 June 2017 and the report is dated 28 July 2017.

As announced on 28 June 2017 the highlights of the updated Resources are:

- **Resource confidence significantly upgraded with contained copper in Measured and Indicated Resources increased by 207% in comparison to the October 21, 2015 BKM Mineral Resource estimate.** The BKM copper deposit is now estimated to contain Measured and Indicated Resources of 49.2 million tonnes at 0.70% copper containing 711.3Mlbs (322,600 tonnes) of copper at a 0.2% copper cut-off grade (see Table 1 for details).
- **Additional 66Mlbs (30,000 tonnes) of contained copper (0.2% copper cut-off grade) added to the BKM Resource inventory.**
- **Beruang Kanan Main Resources are now estimated as:**
  - **Measured Resources of 20.5 million tonnes at 0.7% Cu containing 325.7Mlbs (147,700 tonnes) of copper** at a 0.2% copper cut-off grade (refer Table 1). The October 21, 2015 BKM Mineral Resource estimate contained no Measured Resources.
  - **Indicated Resources of 28.7 million tonnes at 0.6% Cu containing 385.6Mlbs (174,900 tonnes) of copper** at a 0.2% copper cut-off grade (refer Table 1). The October 21, 2015 BKM Mineral Resource estimate contained 15.0 million tonnes at 0.7% Cu containing 231Mlbs (105,000 tonnes) of copper.
  - **Inferred Resources of 17.7 million tonnes at 0.6% Cu containing 241.0Mlbs pounds (109,300 tonnes) of copper** at a 0.2% copper cut-off grade (refer Table 1). The October 21, 2015 BKM Mineral Resource estimate contained 49.7 million tonnes at 0.6% Cu containing 657Mlbs (298,000 tonnes) of copper.



- **73% of the copper contained in Resources is within the April 2016 BKM Preliminary Economic Assessment ("PEA") conceptual open pit mine design.**

The 2017 updated Mineral Resource estimate will be the subject of ongoing mining engineering and metallurgical studies as part of a BKM Feasibility Study and further optimisation of the BKM PEA open pit design is expected. A leachable copper model for the BKM deposit will be constructed using sequential copper analysis data from all post 2013 drill core samples and an initial Mineral Reserve will in turn be generated from the Measured and Indicated component of this leachable copper Resource model. The Company expects to complete the feasibility study in early 2018 and make a development decision at that time.

The BKM Mineral Resource estimate is based on assays from 269 diamond drill core holes that were drilled from 1998 to 2007, from 2012 to 2013 and by ARS from 2015 to 2017. Mineralisation is contained within a near-surface, shallow-dipping and strongly mineralised system, that extends over an area of 1300m (N-S) and 800m (E-W) with depth extents ranging from surface to between 100m and 400m below surface (top to bottom). The 2015 Resource drilling programme undertaken by ARS was designed to delineate the extent and continuity of the BKM mineralisation and the 2016-2017 Resource drilling program designed to test for geological and grade continuity of the BKM mineralisation. Both programmes were completed successfully, meeting their objectives of both expanding and increasing the robustness and integrity of the Mineral Resource estimate.

#### Exploration Potential in vicinity of BKM

Other priority targets in the vicinity of the BKM deposit are the focus of planned scout drilling programs, and include Beruang Kanan South (BKS), Beruang Kanan West (BKW) and KSK's standalone polymetallic BKZ (BKZ) prospect; each within 1.5km of the BKM Mineral Resource (Figure 1). Geologic observations during field mapping and geochemical data from drill core and/or surface rock chip samples at BKS and BKW prospects indicate near surface and similar style copper mineralisation to BKM. Prospect details are summarised as follows:

- **BKS prospect:** Drill hole KBK-28 (151.30m end of hole 'EOH') intersected 10.5 metres @ 0.88% Cu from 14.5 metres depth and BKM30500-01 (63.9m EOH) intersected 10.0 metres @ 2.52% Cu from 19.5 metres depth. Drill hole KBK-28 also intersected high grade gold mineralisation from 11.5m, returning 3m @ 11.52g/t Au, including 1.5m @ 21.7g/t Au (refer ARS Release February 23, 2017)
- **BKW prospect:** Multiple copper mineralised sheeted vein zones with wide spread alteration approximately 1km west of BKM and similar to BKM are observed within a 2.5 sqkm area, and three well defined copper in soil anomalies occur coincident with these sheeted vein zones, the largest measuring 1.7km x 1km. Historic rock chip sampling yielded highly anomalous copper values, with individual rock chip samples assaying up to 7.1% Cu. As announced on 19 July 2017, results received to date at BKW confirm a copper in soil anomaly in the northern part of BKW is associated with a zone of quartz-chalcocite-bornite veins hosted in a polymict breccia. A rock grab sample collected from a 30-cm wide quartz -sulphide vein cutting sericite altered breccia assayed 26.1% copper and 57.1g/t silver. Approximately 200m west is a sericite altered breccia cut by quartz-bornite-chalcocite-pyrite veins, with individual rock chip grab samples assaying up to 4.1% copper.
- **BKZ Polymetallic prospect:** A continuous 15m rock channel sample averaged 19.5% zinc, 8.1% lead, 121g/t silver, 0.69g/t gold and 0.50% copper (refer ARS Release June 9, 2017). Drill hole BKZ-1 (300.0m deep) tested outcropping massive sulphide style mineralisation and intersected 16m @ 5.75% Zn, 2.78% Pb, 0.64g/t Au, 57.5g/t Ag and 0.16% Cu, including 6m @ 11.63% Zn, 5.99% Pb, 0.71g/t Au, 98g/t Ag and 0.32% Cu (refer ARS Release February 23, 2017). A grid-based soil sampling program defined a 400m by 200m anomalous zone of Pb-Zn soil geochemistry, which remains untested.

#### Beutong

Efforts to convert the Beutong IUP from exploration to production continued in the first half of 2017. All requested information and reports have been delivered to the Government of Indonesia and it is hoped that the production IUP will be in hand soon. Funds from the August 2017 private placement will also be used to conduct drilling aimed at expanding the Beutong Porphyry Cu-Au-Mo deposit (40% owned by the Company with the option to own up to 80%) to the west, east and at depth where strong mineralisation remains open (for example hole BEU0700-03 in

Beutong East Porphyry intersected 385m at 0.68% Cu, 0.21g/t Au from 74m to 459m incl. 148m at 0.81% Cu, 0.15g/t Au open to depth). See ARS RNS dated 26 November 2014 for the Resource details.

Technical data disclosed in this Half Year Report have been reviewed and verified by Asiamet Resources Limited's qualified person, Stephen Hughes, P. Geo. a director of Asiamet Resources Limited and a Qualified Person within the meaning of NI 43-101 and the AIM Rules for Companies.

**Signed in accordance with a resolution of the Board of Directors**

**Peter Bird**

**13 September 2017**

## Glossary of Technical Terms

"cut-off"	the grade threshold above which a mineral material is considered potentially economic
"g/t"	grams per tonne; equivalent to parts per million ('ppm').
"Mineral Resource"	A "Mineral Resource" is a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.
"Inferred Resource"	An "Inferred Mineral Resource" is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.
"Indicated Resource"	An "Indicated Mineral Resource" is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.
"Measured Resource"	A "Measured Mineral Resource" is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.
"chalcocite"	Chalcocite is a copper sulfide mineral with the formula $Cu_2S$ , and is an important copper ore mineral. It is opaque and dark-gray to black with a metallic luster.
"bornite"	Bornite, also known as peacock ore, is a copper sulfide mineral with the formula $Cu_5FeS_4$
"chalcopyrite"	Chalcopyrite is a copper sulfide mineral with formula $CuFeS_2$ . It has a brassy to golden yellow color
"breccia"	Breccia is a rock classification, comprises millimeter to meter-scale rock fragments cemented together in a matrix, there are many subclassifications of breccias.
"veins"	A vein is a sheet-like or anastomosing fracture that has been infilled with mineral ore (chalcopyrite, covellite etc) or mineral gangue (quartz, calcite etc) material, within a rock. Veins form when minerals carried by an aqueous solution within the rock mass are deposited through precipitation and infill or coat the fracture faces.
"surface rock chip samples"	Rock chip samples approximately 2kg in size that are typically collected from surface outcrops exposed along rivers and mountain ridgelines
"diamond drilling"	A drilling method in which penetration is achieved through abrasive cutting by rotation of a diamond encrusted drill bit. This drilling method enables collection of tubes of intact rock (core) and when successful gives the best possible quality samples for description, sampling and analysis of an ore body or mineralised structure.
"grade"	The proportion of a mineral within a rock or other material. For copper mineralisation this is usually reported as % of copper per tonne of rock (g/t)
"assay"	The laboratory test conducted to determine the proportion of a mineral within a rock or other material. For copper, usually reported as percentage which is equivalent to percentage of the mineral (i.e. copper) per tonne of rock
"dip"	A line directed down the steepest axis of a planar structure including a planar ore body or zone of mineralisation. The dip has a measurable direction and inclination from horizontal
"open pit mining"	A method of extracting minerals from the earth by excavating downwards from the surface such that the ore is extracted in the open air (as opposed to underground mining)
"intercept"	Refers to a sample or sequence of samples taken across the entire width or an ore body or mineralized zone. The intercept is described by the entire thickness and the average grade of mineralisation
"channel sample"	Samples collected across a mineralised rock exposure. The channel is typically orientated such that samples are collected perpendicular to the mineralised structure, if possible
"lbs"	Pounds (measure of weight)
"Mlbs"	Million pounds (measure of weight)

## Condensed consolidated statement of financial position

	Note	June 30, 2017 Unaudited \$	June 30, 2016 Unaudited \$	December 31, 2016 Audited \$
<b>Assets</b>				
<b>Non-current assets</b>				
Equipment	6	27,004	62,424	37,243
Security deposit	5	80,272	92,835	94,575
<b>Total non-current assets</b>		<b>107,276</b>	155,259	131,818
<b>Current assets</b>				
Cash	8	137,445	1,961,683	1,747,530
Receivables and other assets	7	406,217	184,445	253,552
Subscriptions receivable		-	-	801,840
<b>Total current assets</b>		<b>543,662</b>	2,146,128	2,802,922
<b>Total assets</b>		<b>650,938</b>	2,301,387	2,934,740
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Provision for employee service entitlements		97,559	44,355	101,875
<b>Current liabilities</b>				
Trade and other payables	9	686,156	344,224	1,016,175
Related party loans	11	-	-	233,290
<b>Total current liabilities</b>		<b>686,156</b>	344,224	1,249,465
<b>Total liabilities</b>		<b>783,715</b>	388,579	1,351,340
<b>Total net assets (liabilities)</b>		<b>(132,777)</b>	1,912,808	1,583,400
<b>Capital and reserves attributable to owners of the Company</b>				
Share capital	10	7,114,311	6,190,610	7,060,176
Equity reserves	10	33,567,289	31,534,532	33,323,413
Other comprehensive loss		(2,374)	-	(2,243)
Deficit		(40,804,975)	(35,805,306)	(38,790,918)
<b>Capital and reserves attributable to owners of the Company</b>		<b>(125,749)</b>	1,919,836	1,590,428
Non-controlling interest	13	(7,028)	(7,028)	(7,028)
<b>Total equity</b>		<b>(132,777)</b>	1,912,808	1,583,400
Nature of operations and going concern	1			
Subsequent events	14			

The accompanying notes form an integral part of these consolidated financial statements

## Condensed consolidated statement of loss and comprehensive loss

		6 months to 30 June 2017	6 months to 30 June 2016	12 months to 31 December 2016
		unaudited	unaudited	audited
	Note	\$	\$	\$
<b>Expenses</b>				
Accounting and audit		6,279	26,887	98,888
Consultants and shared office costs		278,584	301,088	510,230
Exploration and evaluation expenditures	5	2,096,264	375,524	2,689,467
Investor relations		40,978	35,888	106,164
Legal		3,250	2,558	6,738
Office and administrative services		18,025	20,269	26,270
Share-based compensation	10	96,910	-	300,134
Transfer agent and regulatory fees		68,747	76,120	108,685
Travel and accommodation		76,142	5,237	42,677
		2,685,179	843,571	3,889,253
<b>Other items</b>				
Non-refundable deposit received		-	-	100,000
Taxation (expense)		-	-	(6,528)
Foreign exchange (loss) gain		(37,252)	33,080	(872)
Gain on sale of subsidiary		708,089	-	-
Interest income		285	1,739	2,289
		671,122	34,819	94,889
<b>Net loss</b>		(2,014,057)	(808,752)	(3,794,364)
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Provision for employee service entitlements		(131)	-	(2,243)
<b>Loss and comprehensive loss for the period</b>		(2,014,188)	(808,752)	(3,796,607)
Loss attributable to:				
Equity holders of the parent		(2,014,057)	(808,752)	(3,794,364)
Basic and diluted loss per common share (expressed in cents)				
		(0.00)	(0.00)	(0.01)
Weighted average number of shares outstanding		711,765,166	591,706,321	609,750,484

The accompanying notes form an integral part of these consolidated financial statements

## Condensed consolidated statements of cash flows

	6 months to 30 June 2017	6 months to 30 June 2016	12 months to 31 December 2016
	unaudited \$	unaudited \$	audited \$
<b>Operating activities</b>			
Loss for the period	(2,014,057)	(808,752)	(3,794,364)
Adjustment for non-cash items:			
Depreciation	17,894	37,427	78,543
Share-based compensation	96,910	-	300,134
Unrealized foreign exchange loss (gain)	649	1,517	(4,444)
Gain on sale of subsidiary	(708,089)	-	-
Changes in non-cash working capital:			
Receivables and other assets	(154,958)	(84,534)	(153,641)
Trade and other payables	(303,780)	(5,019)	666,932
Provision for employee service entitlements	-	-	59,498
	(3,065,431)	(859,361)	(2,847,342)
<b>Investing activities</b>			
Security deposits	(5,845)	-	-
Purchase of equipment	(7,655)	(8,052)	(23,987)
Proceeds on sale of subsidiary, net of cash sold	699,195	-	-
	685,695	(8,052)	(23,987)
<b>Financing activities</b>			
Related party loans	(233,290)	-	233,290
Share subscription receivable	801,840	-	-
Share issues	201,101	2,154,807	3,831,110
Share issue costs	-	(104,345)	(224,175)
	769,651	2,050,462	3,840,225
Decrease (increase) in cash	(1,610,085)	1,183,049	968,896
Cash, beginning of the period	1,747,530	778,634	778,634
Cash, end of the period	137,445	1,961,683	1,747,530
<b>Supplementary information:</b>			
Interest paid	307	708	1,342
Income taxes paid	-	-	-
<b>Non-cash investing and financing activities</b>			
Fair value of warrants issued to brokers included in share issue costs	-	86,808	165,815

*The accompanying notes form an integral part of these consolidated financial statements*

## Condensed consolidated statements of changes in equity (deficiency)

	Capital and reserves attributable to owners of the Company					
	Number of shares	Share capital	Equity reserves	Other comprehensive loss	Deficit	Total
	#	\$	\$	\$	\$	\$
At 1 January 2016	574,597,071	5,706,741	29,967,939	-	(34,996,554)	678,126
Share issues	48,387,097	483,871	1,757,744			2,241,615
Share issue costs			(191,153)			(191,153)
Loss and comprehensive loss for the period				-	(808,752)	(808,752)
at 30 June 2016	622,984,168	6,190,612	31,534,530	-	(35,805,306)	1,919,836
Share issues	86,956,521	869,564	1,521,771			2,391,335
Warrant issues - brokers			165,815			165,815
Share issue costs			(198,837)			(198,837)
Share based compensation			300,134			300,134
Loss and comprehensive loss for the period				(2,243)	(2,985,612)	(2,987,855)
at 31 December 2016	709,940,689	7,060,176	33,323,413	(2,243)	(38,790,918)	1,590,428
Share issues						-
Warrant exercised - brokers	5,416,666	54,166	146,935			201,101
Cancelled shares	(3,053)	(31)	31			-
Share based compensation	-	-	96,910			96,910
Loss and comprehensive loss for the period	-	-	-	(131)	(2,014,057)	(2,014,188)
At 30 June 2017	715,354,302	7,114,311	33,567,289	(2,374)	(40,804,975)	(125,749)

## Notes

Unaudited notes - forming part of the condensed consolidated interim financial statements for the period ended 30 June 2017

### 1. General information

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Asiamet Resources Limited (the “Company” or “Asiamet”) is a publicly listed company incorporated under the laws of Bermuda. The Company’s shares are listed on the AIM market of the London Stock Exchange (“AIM”) under the symbol “ARS” and until February 28, 2017 had been listed on the TSX Venture Exchange (“TSX-V”). The address of the Company in Canada is Unit 1 – 15782 Marine Drive, White Rock, British Columbia, Canada V4B 1E6.

These condensed consolidated financial statements of the Company as at and for the six months ended 30 June 2017 comprising the Company and its subsidiaries, were approved by the audit committee of the Board on 13 September 2017. The Company is the ultimate parent.

The Company’s principal business activities include the acquisition, exploration and development of mineral properties. The Company’s principal mineral property interests are in Indonesia.

The interim financial information for the six months ended 30 June 2017 and 30 June 2016 are unreviewed and unaudited. The comparative information for the year ended 31 December 2016 were approved by the Board of directors on 26 April 2017 and the Independent Auditor’s Report on those accounts was unqualified.

### 2. Nature of Operations and Going Concern

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The Company is in the process of exploring its mineral property interests and has not yet determined whether any of its properties contain mineral reserves that are economically recoverable. The recoverability of the amounts spent for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of the properties.

The operations of the Company will require various licenses and permits from various governmental authorities which are or may be granted subject to various conditions and may be subject to renewal from time to time. There can be no assurance that the Company will be able to comply with such conditions and obtain or retain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects. Failure to comply with these conditions may render the licences liable to forfeiture.

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. As at 30 June 2017, the Company had a working capital deficiency of \$(142,494). On 15 August 2017, the Company closed a private placement of the issue of 139,534,884 shares for gross proceeds of £6 million. Management estimates these funds will provide the Company with sufficient financial resources to carry out currently planned operations through the next twelve months. The Company will need to seek additional sources of financing to permit, construct and bring the Beruang Kanan Mine into production. The Company will require additional financing, through various means including but not limited to equity financing, for the substantial capital expenditures required to achieve planned principal operations. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.



## Notes

Unaudited notes - forming part of the condensed consolidated interim financial statements for the period ended 30 June 2017

### **2. Nature of Operations and Going Concern** *(continued)*

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These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

### **3. Basis of presentation**

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#### **a) Statement of compliance**

International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the last annual consolidated financial statements as at and for the year ended 31 December 2016. These condensed consolidated interim financial statements do not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS").

#### **b) Basis of measurement**

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

#### **c) Functional and presentation currency**

The presentation currency of the Company is the United States dollar.

Items included in the financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency") and has been determined for each entity within the Company. The functional currency of Asiamet Resources Limited and all its subsidiaries is the United States dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21 *The Effects of Changes in Foreign Exchange Rates* ("IAS 21").

#### **d) Use of estimates and judgments**

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2016.

## Notes

Unaudited notes - forming part of the condensed consolidated interim financial statements for the period ended 30 June 2017

### 3. Significant accounting policies

#### a) Principles of consolidation

These condensed consolidated financial statements include the accounts of the Company and its subsidiaries; from the date control was acquired or disposed of. Control exists when the Company possesses power over an investee, has exposure to variable returns from the investee and has the ability to use its power over the investee to affect its returns. All inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

For partially owned subsidiaries, the interest attributable to non-controlling shareholders is reflected in non-controlling interest.

Adjustments to non-controlling interest are accounted for as transactions with owners and adjustments that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Name of subsidiary	Place of incorporation	Proportion of ownership interest	Principal activity
Indokal Limited	Hong Kong	100%	Holding company
PT Pancaran Cahaya Kahaya ("PCK")	Indonesia	100%	Holding company
PT Kalimantan Surya Kencana ("KSK")	Indonesia	100%	Owner of KSK CoW
PT Kalimantan Management Consultants ("KMC")	Indonesia	100%	Holding company
Tigers Copper Singapore No. 1 Pte Ltd. ("TC Sing")	Singapore	100%	Holding company
Beutong Resources Pte Ltd. ("BRPL")	Singapore	50%	Holding company
PT Emas Mineral Murni ("PT EMM")	Indonesia	80%	Owner of Beutong IUP
PT Tigers Realm Gold Indonesia ("PT TRG")	Indonesia	95%	Holding company

\* effective ownership of PT EMM is 40% being 50% of BRPL which owns 80% of PT EMM

#### b) Accounting policies

The accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company as at and for the year ended 31 December 2016.

#### c) New standards, interpretations and amendments not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of 30 June 2017, and have not been applied in preparing these consolidated financial statements.

- i. New standard, effective for annual periods beginning on or after 1 January 2018  
New standard IFRS 9 Financial Instruments – Classification and Measurement  
 IFRS 9 is a new standard on financial instruments that will replace IAS 39, *Financial Instruments: Recognition and Measurement*.  
 IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as de-recognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

## Notes

Unaudited notes - forming part of the condensed consolidated interim financial statements for the period ended 30 June 2017

### 3. Significant accounting policies *(continued)*

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- ii. New standard, effective for annual periods beginning on or after 1 January 2019

#### New standard IFRS 16 Leases

All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, from the perspective of the lessee, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 Leases and, instead, introduces a single lessee accounting model. When applying that model, a lessee is required to recognize assets and liabilities. A lessor continues to classify its leases as operating leases or finance leases, and accounts for those two types of leases differently.

The Company has not early adopted any of these revised standards and their future adoption is not expected to have a material effect on the financial statements.

### 4. Financial instruments and risk management

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**Categories of Financial Assets and Financial Liabilities** – All financial instruments are classified into one of the following categories: fair value through profit or loss (“FVTPL”); held-to-maturity investments; loans and receivables; available-for-sale investments; or other liabilities, and the classification of the financial instruments is consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2016.

**Financial Risk Management** - All aspects of the Company’s risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2016.

**Fair Value Hierarchy** – All aspects of the Company’s determination of how the fair value of financial instruments is determined is consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2016.

### 5. Exploration and Evaluation assets and expenditures

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The Company’s exploration and evaluation assets comprise the KSK Contract of Work (the “KSK CoW”) porphyry copper prospect in Central Kalimantan (held by KSK, and the Beutong Izin Usaha Pertambangan (“Beutong IUP”) in Aceh, Sumatra, Indonesia (held by PT EMM). On May 16, 2017, the Company completed the sale of its Jelai gold project in East Kalimantan.

The details of exploration expenditures expensed during the six-month periods ended 30 June 2017 and 30 June 2016 and the twelve months ended 31 December 2016, are as follows:

## Notes

Unaudited notes - forming part of the condensed consolidated interim financial statements for the period ended 30 June 2017

	6 months to 30 June 2017	6 months to 30 June 2016	12 months to 31 December 2016
	\$	\$	\$
<b>KSK CoW</b>			
Exploration costs during the period			
Administration support	389,920	162,940	561,718
External relations	38,264	35,975	76,638
Field support, vehicles, equipment	273,618	228,096	606,168
Human resources	638,205	475,661	1,152,815
Technical services	587,985	260,514	993,028
Tenements	18,561	12,015	42,838
Taxation (includes recoveries)	10,182	(993,641)	(993,642)
Foreign exchange on security deposits	6,659	-	(23,581)
	1,963,394	181,560	2,415,982
Depreciation	17,885	37,087	76,368
	1,981,279	218,647	2,492,350
<b>Beutong IUP</b>			
Exploration costs during the period			
Administration support	12,188	68,464	19,493
External relations	1,809	4,192	6,155
Field support, vehicles, equipment	819	7,201	1,970
Human resources	24,492	28,043	60,648
Technical services	51,305	623	28,957
Taxation	13,651	-	60,428
Foreign exchange on security deposits	3,652	-	(1,989)
	107,916	108,523	175,662
Depreciation	-	-	-
	107,916	108,523	175,662
<b>Jelai IUP</b>			
Exploration costs during the period			
Administration support	967	28,790	(17,034)
External relations	-	-	-
Field support, vehicles, equipment	691	-	4,406
Human resources	5,471	9,231	21,755
Technical services	-	-	-
Taxation	30	1,604	153
Tenements	-	10,000	10,000
Foreign exchange on security deposits	(99)	(1,611)	-
	7,060	48,014	19,280
Depreciation	9	340	2,175
	7,069	48,354	21,455
Total exploration and evaluation expenditures	2,096,264	375,524	2,689,467

## Notes

Unaudited notes - forming part of the condensed consolidated interim financial statements for the period ended 30 June 2017

### **5. Exploration and Evaluation assets and expenditures** *(continued)*

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#### **KSK CoW – Central Kalimantan**

The holder of the KSK CoW is KSK. The Company owns 100% of Indokal, and Indokal owns 100% of PCK. KSK is owned 75% by Indokal and 25% by PCK.

The KSK CoW was granted 28 April 1997 between the Republic of Indonesia and KSK as a 6th generation CoW. The terms of the KSK CoW define several periods under which work done on the KSK CoW will fall. On February 16, 2017, the Company formally established with the Government of the Republic of Indonesia (“GOI”) that the KSK CoW has now entered the Feasibility Study Period which runs for not less than two years, is extendable, and provides time to complete studies and identify the area for mining. The KSK CoW has a total of 30+ years remaining for exploration, development and operations. KSK signed a non-binding Memorandum of Understanding (“MOU”) with the GOI covering amendments to the KSK CoW. Items contained within this MOU will be incorporated as an amendment to the KSK CoW once ongoing negotiations are complete. A portion of the KSK CoW is within Hutan Lindung or protected / reserved forest area. The KSK CoW was granted prior to the enactment of the 1999 Government of Indonesia Law No. 41 on Forestry which prohibits open pit mining in Hutan Lindung areas. A subsequent Presidential Decree has confirmed that when the Company’s property meets the necessary criteria it may apply for a permit to exploit that portion of the properties within the KSK CoW that fall within the Hutan Lindung, either by underground mining or by applying to change the forestry status. The Capital Investment Coordinating Board (in consultation with the Ministry of Environment and Forestry and the Ministry of Energy and Mineral Resources formally issued KSK with a forestry permit (“IPPKH”) renewal on 23 April 2015. The IPPKH is valid for a period of two years and authorizes KSK to carry out both surface and drilling activities over permitted areas of the KSK CoW. KSK has applied for a renewal of the IPPKH. KSK completed its surface and drilling activities needed to complete a feasibility study prior to the renewal date of the IPPKH.

Surya Kencana LLC, a wholly-owned subsidiary of Freeport-McMoRan Exploration Corporation has a net smelter returns royalty of 1% over the KSK CoW, capped to a maximum of \$37 million, pursuant to a joint venture agreement that was terminated on 31 January 2014.

In 2017, KSK paid a refundable security deposit of IDR 77,853,300 (2017: \$5,845) to the Indonesian Government to be released to KSK after the reclamation of the 2017 exploration program.

#### **Beutong Project – Aceh, Sumatra, Indonesia**

The holder of the Beutong IUP is PT EMM. The Company owns 100% of TC Sing, TC Sing owns 50% of BRPL and BRPL owns 80% of PT EMM, so that effectively the Company owns 40% of the Beutong IUP with the ability through funding and completion of milestones to increase that interest to 80%.

Pursuant to a corporate joint venture agreement, dated 11 February 2011, as amended, with TC Sing and PT Media Mining Resources (“Media”), TC Sing can first increase its effective ownership in the Beutong project from 40% to 80% by completing staged payments and milestones. TC Sing’s interest in BRPL can increase from 50% to 75% upon making a final cash payment of AUD\$2,875,000 to Media, which will become due within 90-days of the Beutong exploration IUP being converted to a production IUP. TC Sing has met the exploration expenditure portion of this milestone already. TC Sing’s interest in BRPL can increase from 75% to 100% by completing a bankable feasibility study by the extended expiry date of the Beutong IUP. At that point TC Sing will own an effective 80% interest in the Beutong project and Media would be responsible for funding its 20% share of development costs which are expected to be obtained through project finance. TC Sing will be responsible for seeking this finance on behalf of the joint venture and if Media is unable to fund its share of equity contributions TC Sing will advance the amounts representing Media’s contributions on a deferred basis to be recovered with interest from 75% of Media’s dividend entitlements until repaid.

## Notes

Unaudited notes - forming part of the condensed consolidated interim financial statements for the period ended 30 June 2017

### 5. Exploration and Evaluation assets and expenditures *(continued)*

PT EMM paid a refundable security deposit of IDR 1,000,000,000 (2017 - \$74,427; 2016 - \$74,427) to the Indonesian government for an IUP that gives PT EMM the right to conduct exploration, including drilling, over an approximate 10,000-hectare area comprising the Beutong project. The Company's focus over the past year has been to seek approval to convert the IUP from an exploration IUP to a production IUP. Under Indonesian Mining law the holder of an IUP exploration is guaranteed an IUP production provided all requirements have been met and an IUP exploration cannot be terminated if there has been an application made to convert to an IUP production. The Company has submitted all requirements and acceptance is pending.

#### Jelai Project – East Kalimantan

On 16 May 2017, the Company completed the sale of all the shares of KLG Singapore Private Limited ("KLG Sing") to Ship Ocean Pte Ltd., a Singapore corporation. KLG Sing owned 99.3% of PT Jelai Cahaya Minerals, the holder of the Jelai IUP. Consideration paid for KLG Sing was \$800,000 of which \$100,000 was received and recorded as income in 2016. A gain on disposal of a subsidiary in the amount of \$708,089 was recorded as income in 2017.

#### Consideration received

Cash	\$ 700,000
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#### Net assets disposed of

Cash	\$ 805
Receivables and other assets	2,293
Security deposit	20,231
Trade and accounts payable	(26,239)
Employee service provision	(5,179)
	(8,089)

<b>Gain on sale of subsidiary</b>	<b>\$ 708,089</b>
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### 6. Equipment

Cost				Accumulated depreciation				
1-Jan-16	additions	disposals	30-Jun-16	1-Jan-16	charges	disposals	30-Jun-16	30-Jun-16
\$ 601,814	\$ 8,052	\$ -	\$ 609,866	\$ 510,015	\$ 37,427	\$ -	\$547,442	\$ 62,424
30-Jun-16	additions	disposals	31-Dec-16	30-Jun-16	charges	disposals	31-Dec-16	31-Dec-16
\$ 609,866	\$ 15,935	\$ -	\$ 625,801	\$ 547,442	\$ 41,116	\$ -	\$588,558	\$ 37,243
1-Jan-17	additions	disposals	30-Jun-17	1-Jan-17	charges	disposals	30-Jun-17	30-Jun-17
\$ 625,801	\$ 7,655	\$ (184,384)	\$ 449,072	\$ 588,558	\$ 17,894	\$ (184,384)	\$422,068	\$ 27,004

The Company disposed of the fully depreciated equipment owned by JCM with the sale of KLG Sing (Note 5).

## Notes

Unaudited notes - forming part of the condensed consolidated interim financial statements for the period ended 30 June 2017

### 7. Receivables and other assets

	As at 30 June 2017	As at 30 June 2016	As at 31 December 2016
VAT (value added tax) - Indonesia	\$ 248,160	\$ 86,430	\$ 177,920
Receivable - employee advances	12,036	16,241	7,849
Receivable - other	5,709	31,211	8,194
	265,905	133,882	193,963
Prepayments	140,312	50,563	59,589
	<u>\$ 406,217</u>	<u>\$ 184,445</u>	<u>\$ 253,552</u>

### 8. Cash

	As at 30 June 2017	As at 30 June 2016	As at 31 December 2016
Canadian dollar denominated cash held in Canada	\$ 61,295	\$ 12,962	\$ 6,867
Australian dollar denominated cash held in Canada	19,809	-	-
US dollar denominated cash held in Canada	2,127	1,391,528	1,722,931
US dollar denominated cash held in Indonesia	40,708	57,823	7,270
Indonesian denominated cash held in Indonesia	13,506	499,370	10,462
	<u>\$ 137,445</u>	<u>\$ 1,961,683</u>	<u>\$ 1,747,530</u>

### 9. Trade and other payables

	As at 30 June 2017	As at 30 June 2016	As at 31 December 2016
Trade and other payables	\$ 612,406	\$ 310,257	\$ 887,398
Trade and other payables owed to related parties	73,750	33,967	128,777
	<u>\$ 686,156</u>	<u>\$ 344,224</u>	<u>\$ 1,016,175</u>

### 10. Share capital and reserves

#### a) Authorized share capital

At 31 December 2016, the authorized share capital comprised \$8,000,000 divided into 800,000,000 common shares at a par value of \$0.01 each. At 30 June 2017, the authorized share capital comprised \$10,000,000 divided into 1,000,000,000 common shares at a par value of \$0.01. The shareholders of the Company approved the increase at a meeting of the Company held 1 May 2017.

All issued shares are fully paid. At 30 June 2017, the issued share capital comprised 715,354,302 common shares (June 30, 2016 – 622,984,168; December 31, 2016 – 709,940,789).

## Notes

Unaudited notes - forming part of the condensed consolidated interim financial statements for the period ended 30 June 2017

### 10. Share capital and reserves (continued)

#### b) Issued share capital

A summary of changes in share capital and reserves is contained in the Condensed Consolidated Statement of Changes in Equity, for the six months ended 30 June 2017 and 2016.

**On 23 December 2016**, the Company issued 86,956,521 common shares from a brokered private placement for gross proceeds of \$2,450,000 (£2.0 million) at an issue price of \$0.03 (£0.023) per common share. Subscriptions receivable of \$801,840 received in January 2017 were included in the gross proceeds total. The Company incurred share issue costs of \$189,913 which included cash commission of \$97,927 (£79,940), \$12,979 other share issue costs and \$79,007 fair value of 3,475,652 common share purchase warrants issued to the broker. Each warrant is exercisable to buy one common share at a price of C\$0.05 per share until December 23, 2018. The fair value of the broker warrants issued was determined using a risk-free interest rate of 0.78%, an expected volatility of 178%, an expected life of two years, and an expected dividend of zero for a total fair value of \$79,007 or \$0.02 per warrant. Volatility was determined using daily closing share prices over a term equivalent to the expected life of the warrants.

**On 26 April 2016**, the Company issued 48,387,097 common shares from a brokered private placement for gross proceeds of \$2,182,950 (£1.5 million) at an issue price of \$0.04 (£0.031) per common share. The Company incurred share issue costs of \$200,077 which included cash commission of \$101,465 (£69,721), \$11,804 other share issue costs and \$86,808 fair value of 2,147,581 common share purchase warrants issued to the broker. Each warrant is exercisable to buy one common share at a price of C\$0.06 per share until 26 April 2018. The fair value of the broker warrants issued was determined using a risk-free interest rate of 0.69%, an expected volatility of 256%, an expected life of two years, and an expected dividend of zero for a total fair value of \$86,808 or \$0.04 per warrant. Volatility was determined using daily closing share prices over a term equivalent to the expected life of the warrants.

**In May 2017**, the Company issued a total of 5,416,666 shares pursuant to the exercise of warrants issued to brokers for a private placement that closed on June 1, 2015. The warrants were exercised at C\$0.05 per share for proceeds of \$201,101 (C\$270,833).

**In May 2017**, the Company returned to treasury and cancelled a total of 3,053 common shares that were un-exchanged shares from historic name changes and share consolidations dating back from 1981 to 1994 held by legacy shareholders who have not exchanged their shares for shares of the Company.

#### c) Common share purchase warrants

The continuity of common share purchase warrants for the six months ended 30 June 2017 is as follows:

Expiry date	Exercise price Cdn\$	Balance, 31 December 2016	Granted	Exercised	Expired	Balance, 30 June 2017
13 May 2017	\$ 0.12	1,708,746	-	0	(1,708,746)	-
13 April 2019	\$ 0.10	3,533,747	-	-	-	3,533,747
1 June 2017	\$ 0.05	5,416,666	-	(5,416,666)	-	-
5 November 2017	\$ 0.05	1,874,364	-	-	-	1,874,364
26 April 2018	\$ 0.06	2,147,581	-	-	-	2,147,581
23 December 2018	\$ 0.05	3,475,652	-	-	-	3,475,652
		18,156,756	-	(5,416,666)	(1,708,746)	11,031,344
Weighted average exercise price Cdn\$		\$ 0.07	\$ -	\$0.05	\$0.12	\$ 0.07



## Notes

Unaudited notes - forming part of the condensed consolidated interim financial statements for the period ended 30 June 2017

### 10. Share capital and reserves (continued)

The weighted average remaining contractual life of the common share purchase warrants outstanding as at 30 June 2017, was 1.26 years. All the outstanding warrants are exercisable.

#### d) Stock Options

The Company has a shareholder approved “rolling” stock option plan (the “Plan”). Under the Plan the maximum number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding common shares at the time of granting. The exercise price of each stock option shall not be less than the market price of the Company’s stock at the date of grant. Options can have a maximum term of ten years and typically terminate 90-days following the termination of the optionee’s employment or engagement, except in the case of retirement or death. Vesting of options is at the discretion of the Board of Directors at the time the options are granted. The Company continues to operate under the Plan.

The continuity of stock options for the six-month period ended 30 June 2017, is as follows:

Expiry date	Currency exercise price	Exercise price	Balance, 31 December 2016	Granted	Exercised	Expired	Balance, 30 June 2017
1 July 2018	CDN	\$0.10	4,282,200	-	-	-	4,282,200
6 October 2019	CDN	\$0.05	3,050,000	-	-	-	3,050,000
31 August 2020	CDN	\$0.05	9,250,000	-	-	-	9,250,000
1 November 2021	CDN	\$0.065	10,500,000	-	-	-	10,500,000
20 February 2022	GBP	£0.06	-	2,000,000	-	-	2,000,000
20 February 2022	GBP	£0.08	-	2,000,000	-	-	2,000,000
20 February 2022	GBP	£0.10	-	2,000,000	-	-	2,000,000
20 February 2022	GBP	£0.12	-	2,000,000	-	-	2,000,000
			27,082,200	8,000,000	-	-	35,082,200
Weighted average exercise price Cdn\$			\$ 0.06	\$ -	\$ -	\$ -	\$ 0.06
Weighted average exercise price GBP			£0.00	£0.09	£0.00	£0.00	£0.09

The weighted average remaining contractual life of the stock options outstanding as at 30 June 2017, was 3.5 years. Of the outstanding stock options, 4,000,000 will become exercisable on 20 February 2018 and 4,000,000 will become exercisable on 20 February 2019. The remaining stock options are exercisable.

#### e) Share-based Compensation

During the half-year ended 30 June 2017, the Company recorded \$96,910 in non-cash share-based compensation expense for options vesting in the period.

On 20 February 2017, the Company granted 8,000,000 stock options at varying GBP prices with a total grant-date fair value of \$358,027 or \$0.04 per option, which will vest as to 4,000,000 on 20 February 2018 and 4,000,000 on 20 February 2019 and all expiring on 20 February 2022. The fair value of the options granted was determined using the Black-Scholes pricing model with the following assumptions: a risk-free interest rate of 1.02%; an expected volatility of 110%; an expected life of five years; an expected dividend of zero; and a foreign exchange rate of 1.24420 GBP to US. Volatility was determined using daily closing share prices over a term equivalent to the expected life of the options.

## Notes

Unaudited notes - forming part of the condensed consolidated interim financial statements for the period ended 30 June 2017

### 11. Related party transactions

a) The Company's related parties consist of companies owned by executive officers and directors as follows:

Name	Nature of transactions
Golden Oak Corporate Services Limited ("Golden Oak")	Financial reporting and corporate compliance services.
Tigers Realm Minerals Pty Ltd. ("TR Minerals")	Deputy Chairman and Chief Executive Officer (Antony "Tony" Manini)
TR Minerals	Shared part time staff and office costs.
EMR Capital	Deputy Chairman and Chief Executive Officer (Antony "Tony" Manini)

The Company incurred the following fees and costs with companies owned or controlled by key management and/or directors.

	6 months to 30 June 2017	6 months to 30 June 2016	12 months to 31 December 2016
	\$	\$	\$
Consulting fees - Golden Oak	39,315	39,406	79,729
Consulting fees - TR Minerals for Manini salary and benefits	-	113,530	113,531
Consulting fees - EMR Capital for Manini salary and benefits	41,264	-	71,392
	80,579	152,936	264,652
Shared office & staff costs - TR Minerals	58	96,164	99,600
Shared office & staff costs - EMR Capital	25,290		14,225
	25,348	96,164	113,825
<b>Total related party transactions</b>	<b>105,927</b>	<b>249,100</b>	<b>378,477</b>

## Notes

Unaudited notes - forming part of the condensed consolidated interim financial statements for the period ended 30 June 2017

### 11. RELATED PARTY TRANSACTIONS *(continued)*

#### b) Compensation of key management personnel:

The remuneration of directors and other members of key management personnel, including amounts disclosed in Note 12(a), during the six months ended 30 June 2017 and 2016 were as follows:

	6 months to 30 June 2017	6 months to 30 June 2016	12 months to 31 December 2016
	\$	\$	\$
Consulting fees (from table above)	80,579	152,936	264,652
Salaries, wages and related costs (included in exploration and evaluation expenditures)	161,611	174,176	385,635
Share-based compensation	96,910	-	300,134
	339,100	327,112	950,421

The directors did not receive any directors' fees, with consulting fees for the services of the Company's Deputy Chairman and Chief Executive Officer, Tony Manini, disclosed above.

#### c) Related Party loans and amounts due

On 6 January 2017, the Company repaid a total of \$233,290 of loans made by Tony Manini, Chairman (\$72,290) and Stephen Hughes, Vice President Exploration (\$161,000) together with interest of \$940.

Amounts due to related parties are disclosed in Note 9. All amounts are unsecured and non-interest bearing.

### 12. Segment Disclosures

IFRS 8 "Operating Segments" requires operating segments to be identified based on internal reports that are regularly reviewed by the chief operating decision-maker to allocate resources to the segments and to assess their performance.

The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments, has been defined as the CEO.

The Company operates in a single segment, being mineral exploration and development.

Except for the cash disclosed in Note 8, all the Company's significant assets are held in Indonesia.

### 13. Non-controlling interest

The Company owns TC Sing, which in turn owns 50% of the issued and outstanding shares of BRPL, which in turn owns 80% of the issued and outstanding shares of PT EMM, which holds the Beutong IUP in Indonesia. Effectively, the Company holds a 40% interest in the Beutong IUP.

The Company is responsible for funding 100% of all costs related to each of BRPL and PT EMM until a bankable feasibility study has been completed on the Beutong IUP. The Company controls each of the entities and makes all decisions regarding work programs. Accordingly, the Company is reporting a non-controlling interest in the consolidated working capital items only and no share of the TC Sing group's operations.

## Notes

Unaudited notes - forming part of the condensed consolidated interim financial statements for the period ended 30 June 2017

### 14. Subsequent events

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Subsequent to 30 June 2017:

- a) On 7 July 2017 Tony Manini, Chairman loaned the Company AUD \$150,000 and on 9 August 2017 Stephen Hughes, Vice President Exploration loaned the Company \$16,000. Both loans were repaid by the Company on 28 August 2017;
- b) On 11 August 2017, the Company placed a total of 139,534,884 new common shares ("Placing Shares") to raise a total of £6.0m (approximately \$7.7m) (before expenses) (the "Placing") at a price of £0.043 (the "Placing Price"). The Placing Shares were admitted for trading on AIM on 15 August 2017. Insider purchasers included Antony Manini, a Director and Executive Chairman of the Company, Stephen Hughes, a Director and Vice President Exploration of the Company, and Faldi Ismail, a Director of the Company, who purchased 1,000,000, 418,605 and 283,395 Placing Shares respectively at the Placing Price. In addition, Significant Shareholders Asipac Group Pty Ltd. and Namarong Investments Pty Ltd. participated in the Placing and purchased 7,441,860 (4.9%) and 7,209,302 (4.25%) Placing Shares respectively, at the Placing Price. JP Morgan Asset Management purchased 71,010,118 (8.31%) Placing Shares at the Placing Price to become a new Significant Shareholder.