Asiamet Resources

2017 Annual Report

For the year ended 31 December 2017

In USD unless otherwise noted

Contents

Company Information

Directors

Antony Manini	Director, Executive Chairman
Peter Bird	Director, Chief Executive Officer, Deputy Chairman
Stephen Hughes	Director, Vice President Exploration
Peter Pollard	Non-Executive Director
Faldi Ismail	Non-Executive Director

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Overview

Asiamet Resources Limited ("Asiamet") is a dynamic junior company focused on the exploration and development of its prospective portfolio of copper, copper-gold and polymetallic projects located on the Indonesian islands of Kalimantan and Sumatra. Key assets comprise:

- KSK Contract of Work (CoW) (100% owned) located in Kalimantan, Indonesia, which comprises the following projects:
    - BKM copper project;
        - Feasibility stage with proposed annual production of 25,000 tonnes per annum (tpa) copper cathode; and
        - Robust economics and significant upside to increase the resource inventory.
    - BKZ polymetallic project;
        - Emerging high-grade polymetallic zinc-lead-silver-gold-copper and copper silver deposits (800 metres north of BKM).
    - Exploration portfolio;
        - Includes an extensive suite of copper, gold and polymetallic projects requiring further evaluation.
- Beutong IUP (40% owned) is under an IUP tenure structure:
    - A world-class copper-gold porphyry deposit located close to an existing port on the island of Sumatra, Indonesia.
    - The Resource currently contains in excess of 2.4 million tonnes of copper and 2.1 million ounces of gold (100% basis).

Coupled with its exciting project portfolio, Asiamet has a strong technical and commercial team with extensive experience in South-East Asia and a proven track record of bringing mining projects into production.

2017 Highlights

- Appointment of Peter Bird as Chief Executive Officer ("CEO");
- TSX-V delisting;
- Commencement of Feasibility Study for development of the BKM heap leach SX-EW copper project
- BKM Resource update;
- Capital raising of $7.9 million at 4.3 pence per share in August 2017;
- Discovery of new polymetallic and copper deposits at the BKZ project; and
- Appointment of Ausenco as process engineers for feasibility studies.

Business Model and Strategy

The strategic vision of Asiamet is to build a leading Asia Pacific copper-gold company leveraging off the three core fundamentals it has put in place for delivering on this vision:

- High quality project pipeline;
- Highly qualified and experienced team with a proven team track record of finding resources and building mines; and
- Supportive institutional and retail shareholder base.

Chairman's Statement

Over the course of 2017, we saw copper and other base metal prices continue to stage a recovery from the lows at the beginning of the year. This momentum has continued into 2018 driven primarily by stronger global growth leading to increased copper demand from traditional consumption sectors and growing demand from the renewable power and electric vehicle sectors. We anticipate that copper prices will continue to strengthen over the next few years as demand increases and the lack of investment in new capacity leads to an increasingly constrained supply.

In line with our strategic plan, Asiamet is extremely well positioned to benefit from this increase in demand for copper as we continue progressing the BKM copper project feasibility study towards completion in mid 2018.

During the year, we bolstered our management team with two senior executive appointments. In February 2017, Peter Bird joined as CEO. With over 25 years of mining industry corporate and operating experience, Peter is well credentialed to lead the Company through the transition from exploration and feasibility studies to project financing, mine construction and operation. Secondly, in January 2018, James Deo was appointed CFO of the Company. James brings over 20 years of mining sector finance, commercial and management experience to the business and will play a pivotal role as we progress through project financing and development into operations at the BKM project. As the BKM project advances towards production and the company's wider portfolio of assets is further evaluated and advanced, we will continue to strengthen our management and operating teams in order to meet the expectations of all our stakeholders.

At a corporate level, we delisted from the TSX Venture Exchange and consolidated our listing on London's AIM market where we have seen significant and increasing interest in our Company. During August 2017, we raised $7.9 million to accelerate the BKM feasibility study and re-activate exploration activities across our portfolio.

Drilling programmes at the BKM and BKZ projects continued to intersect broad intervals of strong mineralisation and in June 2017 we significantly increased the size and confidence of our Resource estimate for the BKM project. Drilling at BKZ generated immediate success and was rapidly advanced to the Resource delineation phase. We anticipate reporting a maiden Mineral Resource estimate for the BKZ project in May 2018.

Receipt of a production licence for the Beutong project was a significant milestone for the Company, enabling us to progress the detailed exploration and evaluation work required to rapidly advance this high quality, large porphyry copper-gold deposit towards development. Being only 60 kilometres from port facilities and with established road and power infrastructure nearby, Beutong represents an increasingly rare large-scale copper development opportunity. The granting of the license also bears testament to the capability of our dedicated Indonesian team who have worked diligently over the past two years to deliver this important milestone.

In January 2018, Raynard von Hahn retired from the Board. I would like to thank Raynard for his valuable contribution on a wide range of matters during the Company's more formative years. We are actively seeking an appropriate replacement director(s) to strengthen the Board during this exciting and transformational time in the Company's development.

As we move into 2018, the outlook for commodities continues to strengthen and the shortage of high quality copper development opportunities becomes increasingly evident. Against this broader industry backdrop Asiamet will continue to relentlessly build shareholder value by delivering the BKM copper project feasibility study and finalising project financing in readiness for mine construction. High intensity exploration programs will focus on the expansion and evaluation of the BKZ and Beutong projects and on the discovery of new deposits within the KSK CoW.

As a final note, I would like to thank all our employees, consultants, partners, investors and stakeholders for their continued hard work and support. We look forward to 2018 and beyond with a great degree of optimism as we continue building a leading Asia focused copper and gold company.

A Manini

Tony Manini , Chairman

Chief Executive's Statement

It has been an exciting year both for me personally and for the Company and I am pleased to have joined the talented and growing team at Asiamet. My focus to date has been on driving forward the feasibility study and development of the BKM project which should come into production at a very favourable time in the copper supply – demand cycle.

We continued to make excellent progress on the various work packages for the feasibility study of the BKM project as well as increasing the mineral inventory of BKM. The Feasibility Study is on schedule for delivery in mid calendar 2018.

I have been very impressed with the ongoing exploration activities both at the BKM project as well as the BKZ project where we continue to intersect broad intervals of highly mineralised material. Steve Hughes and the exploration team have done a stellar job in exposing the mineralisation adjacent to the BKM project, which increasingly looks like it is likely to be a standalone project and validates the area as a mineral province.

I am also proud of the progress we have made on the community development initiatives of Asiamet in the local Dayak communities in and around the KSK CoW. Our initiatives have helped deliver tangible improvements to the lives of the local community and our farming and agricultural initiatives have helped local communities become more self-sustaining as well as supplying produce to our camp.

The discussions relating to the CoW with the Indonesian government which we started in 2016 have progressed well and I am pleased to say that in March 2018 we concluded the negotiations and secured our long term tenure of the BKM project. This is a great achievement and marks an important milestone in the development of the project as it paves the way for project finance.

On a corporate level, we have seen significant interest from both the investment community as well as large mining groups in the activities of Asiamet. There are few new copper mines coming online and so we are in a fortunate position to have two significant copper development projects in our portfolio.

Early 2018 has thus far has proved to be an exciting year with the achievement of important milestones including the granting of the production license at the Beutong project, which allows the Company to increase its interest from 40% to 80% and concluding the CoW discussions with the government of Indonesia for the BKM project. The current exploration and metallurgical drilling activity at Beutong will certainly have real value generation potential.

I would like to take this opportunity to thank our shareholders, my Chairman and the team for their continued support during this exciting time of the Company's development and look forward to reporting on our progress during 2018. We will continue to strive to operate safely and ethically and remain very focused on value generation in 2018.

Peter Bird
Chief Executive Officer

Strategic Report

Overview of Operations

Asiamet is incorporated in Bermuda and is engaged in the business of acquiring, exploring and developing its current portfolio in Indonesia. The Company's stock trades in British Pounds Sterling on the AIM Market in London under the symbol ARS. The Company's stock traded in Canadian dollars on the TSX Venture Exchange in Canada until it voluntarily de-listed from trading on 28 February 2017.

Asiamet has two principal areas of interest:

1. The KSK Contract of Work in Central Kalimantan, Indonesia which covers 61,000 hectares and has multiple copper and gold prospects including the BKM project, the BKZ polymetallic project and an extensive suite of exploration projects within a district scale mineralised region. The BKM project has a defined Mineral Resources Estimate and a Preliminary Economic Assessment ("PEA"). The PEA is a technical report that conforms to NI 43-101 Standards. The Company is currently conducting a Feasibility Study on the BKM project.

2. The Beutong Izin Usaha Pertambangan (IUP) on the island of Sumatra, Indonesia that covers two porphyry copper-gold-molybdenum prospects (West and East Porphyries) and the Beutong Skarn (copper-gold) project.

Asiamet also had an interest in the Jelai project, a gold property in eastern Kalimantan. On 9 May 2017, Asiamet completed the sale of its Jelai IUP to Ship Ocean Lte for $0.8 million. At the time of the transaction, the Jelai IUP was in the process of being converted from an IUP Exploration to an IUP Production. Ship Ocean Lte acquired the property from Asiamet and assumed full responsibility for the ongoing processing of the Jelai IUP.

BKM project

The BKM project is a feasibility stage copper development project located on the south eastern side of the KSK CoW. Asiamet continued to make excellent progress towards advancing the feasibility study programmes on the BKM project during the year.

Preliminary Economic Assessment ("PEA")

Asiamet announced the results of the independently prepared PEA study on 5 April 2016. The PEA is the first study undertaken to evaluate the potential economics of developing an open pit mine and heap-leach solvent extraction electro-winning facility ("SX-EW") to directly produce copper cathode based on the near-surface copper deposit reported in the 2015 BKM project Resource estimate (news release dated 21 October 2015). Results of the PEA study demonstrated excellent potential for developing a robust, low strip ratio, low capital intensity copper project with low operating costs, strong cash flow generation capacity and significant upside potential through further resource growth. The PEA facilitated the Company's decision to advance to a full feasibility study.

PEA base case highlights:

- Target annual production of 25,000 tonnes LME grade A (99.999%) copper metal;
- After-tax Net Present Value of $204.3 million;
- After-tax Internal Rate of Return of 38.7%;
- Gross Revenue of $1.27 billion ($3.25lb copper price over Life of Mine);
- C1 Operating cost of $1.28 per pound;
- Initial Capital Cost of $163.8 million with low capital intensity;
- 2.4 year payback (after-tax from the start of production); and
- Initial 8+ year mine life at a low average strip ratio of 1.23

BKM Feasibility Study

The Feasibility Study represents a major de-risking phase for the project, the outcomes of which will be used by a wide range of stakeholders, including potential financiers, to assess the project's viability.

In May 2017, the Company completed a comprehensive Resource infill and extension drilling programme which began in May 2016. On 28 June 2017, Asiamet announced an independently verified Mineral Resource Estimate update on the BKM project resulting in a significant increase in copper grades and tonnages, with a 207% increase in the Measured and Indicated Resources and the addition of approximately 30,000 tonnes of copper to the overall copper inventory compared to the BKM project Resources estimate (see news release dated 21 October 2015) used as the basis for the Preliminary Economic Assessment ("PEA") as announced in April 2016.

Mineral Resource Estimate - Beruang Kanan Main Deposit – June 2017
Table 1 – Measured, Indicated and Inferred Mineral Resource (NI 43-101)

Measured Mineral Resources				
Reporting cut (Cu %)	**Tonnes (Mt)**	**Cu Grade (Cu %)**	**Contained Cu ('000 tonnes)**	**Contained Cu (Mlbs)**
0.2	**20.5**	**0.7**	**147.7**	**325.7**
0.5	15.4	0.8	126.8	279.6
0.7	8.5	1.0	85.8	189.2

Indicated Mineral Resources				
Reporting cut (Cu %)	**Tonnes (Mt)**	**Cu Grade (Cu %)**	**Contained Cu ('000 tonnes)**	**Contained Cu (Mlbs)**
0.2	**28.7**	**0.6**	**174.9**	**385.6**
0.5	16.9	0.8	127.7	281.6
0.7	7.7	1.0	73.8	162.7

Inferred Mineral Resources				
Reporting cut (Cu %)	**Tonnes (Mt)**	**Cu Grade (Cu %)**	**Contained Cu ('000 tonnes)**	**Contained Cu (Mlbs)**
0.2	**17.7**	**0.6**	**109.3**	**241.0**
0.5	12.1	0.7	86.2	190.1
0.7	4.7	0.9	41.9	92.4

Notes: *Mineral Resources for the BKM deposit have been estimated in conformity with generally accepted CIM "Estimation of Mineral Resource and Mineral Reserves Best Practices" guidelines. In the opinion of Duncan Hackman, the block model Resource estimate and Resource classification reported herein are a reasonable representation of the copper Mineral Resources found in the defined area of the BKM mineralisation. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resource will be converted into Mineral Reserve. Computational discrepancies in the table and the body of the Release are the result of rounding.*

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.

Various corporate initiatives focused on partnering and funding for the ongoing development of the Company and its projects are being progressed. Asiamet has received several approaches from parties interested in partnering on the development of the BKM project either through off-take agreements or equity partnership. This avenue of financing the bankable feasibility study and ultimate development of the project will continue to be investigated.

Other KSK CoW projects

On 23 February 2017, the Company announced the results of a comprehensive review of all historical exploration data collected within a 3-kilometre radius of the BKM project. The review assessed the base and precious metal potential at each of the BKS, BKW and BKZ projects. Significant copper, zinc and associated base and precious metal mineralisation warranting near term drill testing is present on each of the key prospect areas.

BKS project

The BKS project is a well-defined high tenor copper in soil anomaly measuring 800 metres by 600 metres is located less than 1 kilometre south of the BKM project. This area shows similar characteristics in geological signature to the BKM project with a copper mineralised zone and a strong near surface IP geophysical signature.

Historic rock chip sampling reported highly anomalous gold, silver and copper values, including a rock chip outcrop sample assaying 12.3% Cu, 18.2g/t Au and 41g/t Ag.

Scout hole KBK-028 (151.3m EOH) drilled in 2007 reported 26.5 metres @ 0.43% Cu from 2.5 metres, (including 10.5 metres @ 0.88% Cu from 14.5 metres). This hole also intersected near surface high grade gold mineralisation as follows: 3 metres @ 11.5g/t Au from 11.5 metres, (including 1.5 metres @ 21.8g/t Au from 11.5 metres).

Three scout holes were drilled in 2015 totalling 194.8 metres. The first drill hole intersected a barren dyke and was not assayed and the other two drill holes locally intersected moderate to strong copper mineralisation.

BKW project

During the year, the Company conducted systematic mapping and rock chip sampling in the northern part of the Beruang Kanan West ("BKW") prospect. BKW is located approximately 1 kilometre west of the BKM project. 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. Highlight from this work include:

- A rock grab sample collected from a 30 centimetre wide quartz -sulphide vein cutting sericite altered breccia assayed 26.1% Copper and 57.1g/t Silver; and
- Approximately 200 metres 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.

Discovery of these copper sulphide bearing outcrops within a zone of mineralised quartz veins covers 600 metres by 150 metres in the northern part of BKW and overlaps with a small portion of the broad copper in soil anomaly with 147 rock chip samples collected. The true width and thickness of the high-grade copper mineralisation has not yet been determined and follow up mapping and sampling will be undertaken. The location and style of the BKW mineralisation is like that identified at BKM and represents a priority target for drill testing. The Company will soon commence mapping and sampling the largest and strongest copper in soil anomaly at BKW measuring 1.7 kilometres by 1 kilometre, with the goal of defining near surface copper mineralisation for immediate drill testing.

BKZ project

The BKZ project is located less than 800 metres north of the BKM project and was a well defined zinc-lead-copper in soil anomaly measuring 400 metres by 200 metres occurs coincident with massive sulphide bearing outcrops.

During the year, the company commenced a Resource delineation programme comprising 36 holes totalling 3,416 metres. Drilling results during the year returned broad intervals of high grade massive sulphide mineralisation including 30.0 metres at 8.3% zinc, 3.3% lead, 39 g/t silver and 0.51g/t gold.

The infill drilling programme has enabled the development of an improved geological model for the two mineralised domains at the BKZ deposit. The Company is anticipating a maiden Resource for the BKZ prospect in May 2018. The BKZ project represents a potential stand-alone high value polymetallic target.

The BKW and BKS projects display similar characteristics to the BKM project and represent potentially highly attractive Resource expansion targets immediately adjacent to the proposed BKM mine.

Baroi prospect

Subject to receipt of a forestry permit and the availability of funding, Asiamet also intends drilling some additional holes into the high-grade base metal vein system at the Baroi prospect to assess the potential of this target for a stand-alone deposit.

Beutong project

The Beutong project is a large porphyry copper-gold system, which comprises the Beutong East Porphyry ("BEP"), Beutong West Porphyry ("BWP") and the Beutong Skarn ("BSK"). The Beutong project has current JORC compliant Resources containing 2.4Mt (5.3Blb) copper, 2.1Moz gold and 20.6Moz silver on a 100% basis and 1.0Mt (2.1Blb) copper, 0.8Moz gold and 8.2Moz silver on a 40% attributable basis (see news release dated 26 November 2014).

At 600 metres to 700 metres depth there is a notable transition to chalcopyrite-bornite mineralisation, similar to the deeper sections of other porphyry systems in Southeast Asia such as the giant high-grade Grasberg Indonesia (Freeport-McMoRan Copper & Gold), Wafi-Golpu PNG (Newcrest Mining) and Tujuh Bukit Indonesia (Merdeka Resources) porphyry deposits. At depth in the BEP, large clasts of potassic altered (biotite, potassic feldspar and magnetite) diorite porphyry with intense stockwork chalcopyrite-bornite mineralisation occur within a diatreme breccia and are interpreted to have been transported from a high-grade potassic core at depth. The BEP and BWP systems remain open in several directions and the interpreted BEP high-grade core remains untested at depth.

During 2016 and 2017, the Company and its Indonesian partner Media Mining Resources worked diligently with relevant Indonesian authorities to progress the IUP Exploration conversion to an IUP-OP permit, particularly with Ministry of Energy and Mineral Resources ("ESDM") in Jakarta and the local government of Nagan Raya Regency. The support for the project from the local and central government administrations and the local community provides a firm basis for the further development of Beutong.

On 8 January 2018, Asiamet announced that PT Emas Mineral Murni ("EMM") has been granted the key production licence, Izin Usaha Pertambangan Operasi Produksi "IUP-OP" required to advance the Beutong Copper-Gold Project to the development stage.

The conversion of EMM's IUP Exploration license to an IUP-OP license is a major step in advancing the Beutong project. It provides for an initial 20 years of licence tenure which may be extended twice, each for a period of 10 years, totalling 40 years.

Asiamet has a 40% equity interest in the Beutong project and can increase its interest to 80% subject to making certain milestone payments to its JV partner. All conditions precedent of the joint venture has been satisfied by both parties. The Company is currently in discussions with its joint venture partner to increase its equity position to from 40 to 80% interest in the Beutong IUP.

As part of the IUP-OP grant EMM is committed to meeting in-country processing requirements, with an initial investigation for copper metal production via heap-leach, SX-EW while simultaneously commencing discussions with several companies that have pledged to build local smelters to process copper concentrate.

During March 2018, a drilling programme commenced and has been designed to provide critical information on the structure and distribution of high-grade near-surface mineralisation. This work will also test the strike and depth potential of the Beutong system. Outcomes of this work will allow the company to:

- Carry out metallurgical test-work focused on determining the leachability of the secondary copper sulphide minerals (chalcocite, covellite, and digenite) that dominate the upper 600 metres of the Beutong porphyry system;
- Determine the leachability of the chalcocite and oxide copper minerals (malachite, azurite and brochantite) that occur in the upper 80 metres of the Beutong Skarn;
- Use metallurgical test-work results, evaluate the potential for an initial SX-EW mining operation at Beutong, to produce Grade A Copper cathode;
- Potentially grow the current known resource; and
- Obtain additional geotechnical data within the proposed open pit at Beutong East porphyry, as defined in the Indonesian Feasibility Study.

Jelai project

Until 7 April 2017, Asiamet held an indirect 100% interest in the Jelai IUP and had lodged an application to convert the IUP exploration to an IUP production. To the date of the sale, the Company had been focused on processing this IUP conversion, which upon approval secures a long term mining title valid for 20 years, extendable for two subsequent periods of 10 years each duration.

Although the potential of the Jelai IUP remains high, the project was considered to be a lower priority than the Company's two copper projects and as such, on 9 May 2017, the Company concluded the sale of 100% of KLG Singapore Private Limited, the ultimate holder of the Jelai IUP, to Ship Ocean Pte Ltd, a private Singapore corporation. The Company received total proceeds of $0.8 million for the sale.

Corporate Social Responsibility (CSR) Programme

Yayasan Tambuhak Sinta ("YTS") continues work, funded in part by the Company, in many of the Dayak villages located along the Kahayan River, just outside of the KSK CoW area and predominantly downstream of the Company's exploration activities. There are no Dayak villages in the KSK CoW area.

YTS's continued programme focus is on strengthening village governance in the area, monitoring livelihood activities and information kiosks, and helping communities take greater responsibility for their own development agenda through participatory planning, institution strengthening and economic development.

Governance

Board of Directors

Tony Manini, Director and Executive Chairman

Tony Manini is a geologist with over 30 years diverse experience in the resources industry. His background covers a wide range of commodities in more than 20 countries and includes technical, commercial, senior management and executive roles in exploration, project evaluation, business development, strategy and operations with Rio Tinto, Oxiana / OZ Minerals, Tigers Realm Group and EMR Capital.

Tony is a founder and the CEO of private incubator company, Tigers Realm Group and is a co-founder of resources private equity firm, EMR Capital. He has been closely involved in the discovery and development of multiple mines and deposits in Laos, Indonesia, Australia and FE Russia and has listed three highly successful junior exploration companies each of which has made a major discovery (Tigers Realm Coal - ASX; Nexgen Energy - TSX and Asiamet Resources - AIM). He is currently Executive Chairman of Asiamet Resources Limited, an Executive Director of EMR Capital and a Director of Carube Copper Inc.

Peter Bird, Director, Chief Executive Officer and Deputy Chairman

Peter Bird is an experienced mining industry executive. His work history covers technical, management, investment and human resource positions with major companies such as Western Mining Corporation, Merrill Lynch Equities and Newmont Mining. He has also held senior executive roles at Newcrest Mining and Normandy Mining, two of Australia's largest gold producers with substantial operations in Indonesia.

Peter was most recently the Managing Director of Heemskirk Consolidated Limited, an Australian listed producer of industrial minerals in Canada and previously operator of the Pajingo gold mine in Australia and the Los Santos tungsten mine in Spain. He has led the feasibility, financing, operational and teams.

Peter has a Bachelor of Applied Science in Geology from LaTrobe University and is a member of the Australian Institute of Mining and Metallurgy and the Australian Institute of Company Directors.

Stephen Hughes, Director and Vice President Exploration

Stephen Hughes is a geologist with over 20 years technical and management experience in copper-gold exploration and open pit and underground mine geology. He is recognised in Indonesia as a leading expert on copper-gold systems and has evaluated more than 30 copper-gold deposits across Indonesia and the Philippines.

His experience includes 12 years with Freeport-McMoRan Copper & Gold, managing their regional exploration activities and underground mine geology group, and he was also involved in the Grasberg open pit mine geology operations.

He joined Oxiana Limited / OZ Minerals as Exploration Manager in 2007, focused on growing the company through exploration and acquisition of advanced copper-gold opportunities in Indonesia.

Stephen is currently based in Jakarta Indonesia, as a key member of the Tigers Realm Group's copper-gold management team, where he is responsible for identifying, acquiring and developing high quality mineral resource and energy assets.

Stephen is currently a director of PT Emas Mineral Murni, a private Indonesian mining and exploration company and a subsidiary of Asiamet. He has not held any other directorships or partnership positions in the last 5 years.

Dr. Peter Pollard, Non-Executive Director

Peter Pollard is a consulting economic geologist with more than 20 years' experience. He holds a PhD from James Cook University, Australia and is a Chartered Professional Member of the Australasian Institute of Mining and Metallurgy and a Fellow of the Society of Economic Geologists. Peter has consulted widely on porphyry copper-gold and iron oxide copper-gold deposits.

He has worked on exploration and feasibility studies of some of the world's major porphyry copper-gold deposits including Grasberg (Indonesia), Escondida Norte (Chile), Oyu Tolgoi (Mongolia), Ok Tedi (Papua New Guinea) and Ak-Sug (Russia). In addition, he has consulted on porphyry exploration programs in Australia, China, Indonesia, Iran, Kazakhstan, Mongolia, Peru, U.S.A. and Vietnam. Peter is also a Non-Executive Director of Firesteel Resources Inc. (TSX-V: FTR).

Faldi Ismail, Non-Executive Director

Faldi Ismail has significant experience working as a corporate advisor specialising in the restructure and recapitalisation of a wide range of ASX-listed companies has many years of investment banking experience and has advised on numerous cross border transactions including capital raisings, structuring of acquisitions and joint ventures overseas.

Faldi is the founder and operator of Otsana Capital, and currently a director of several ASX-Listed companies. Until 12 January 2015, Faldi was the Deputy Chairman and CEO of the Company.

Directors' Report

The Directors present their annual report on the affairs of the Group, together with the financial statements and Auditor's Report for the year ended 31 December 2017.

Principal activities

The Group is engaged in the business of acquiring, exploring and developing mineral properties in Indonesia. The review of the business and future strategy is covered in the Chairman's Statement on page 5 and in the Chief Executive Statement on page 6.

Fundraising and share capital

During the year, the Company raised $8.018 million (2016: $4.633 million) of new equity by the issue of 146.826 million shares (2016: 135.344 million shares). Further details are given in note 9 to the Financial Statements.

Results and dividends

The results of the Group for the year ended 31 December 2017 are set out in the Consolidated Statement of Comprehensive Loss on page 25. The Directors do not recommend the payment of a dividend for the year (2016: nil).

Directors and Directors' interests

The Directors who served during the period to date are as follows:

Tony Manini
Peter Bird (appointed 20 February 2017)
Stephen Hughes
Peter Pollard
Faldi Ismail
Raynard von Hahn (resigned 17 January 2018)

The direct and beneficial interests of the Board in the shares of the Company as at 31 December 2017 were as follows:

	Shares			% of issued		
	Direct	**Beneficial**	**Total**	**Share capital**	**Options**	**Warrants**
T Manini	156,902	28,085,542	28,242,444	3.30%	9,750,000	917,857
P Bird	-	-	-	-	10,250,000	-
S Hughes	2,842,152	-	2,842,152	0.33%	8,500,000	611,904
P Pollard	408,501	-	408,501	0.05%	2,000,000	-
F Ismail	-	5,479,395	5,479,395	0.64%	2,000,000	-
R von Hahn	160,994	-	160,994	0.02%	1,400,000	-

The direct and beneficial interests of the Board in the shares of the Company as at 31 December 2016 were as follows:

	Shares			% of issued		
	Direct	**Beneficial**	**Total**	**Share capital**	**Options**	**Warrants**
T Manini	156,902	26,219,489	26,376,391	3.72%	6,750,000	1,352,310
S Hughes	1,032,247	-	1,032,247	0.15%	5,500,000	743,463
P Pollard	408,501	-	408,501	0.06%	1,500,000	-
F Ismail	-	5,196,000	5,196,000	0.73%	1,600,000	-
R von Hahn	160,994	-	160,994	0.02%	1,000,000	-

Subscription for shares

On 15 March 2017, Tony Manini was distributed 0.846 million shares of the Company by Tigers Realm Minerals Pty Ltd. a private investment company distributed its assets to its shareholders, including Tony Manini as announced on 24 March 2017.

On 11 August 2017, Tony Manini purchased 1.000 million shares of the Company at price per share of GBP0.043 per share for total consideration of GBP0.043 million.

On 11 August 2017 Stephen Hughes acquired 0.418 million shares of the Company at a price of GBP0.043 per share for total consideration of GBP0.018 million.

Director remuneration ($)

Director		Salary / consulting fees	Directors fees	Other[5]	Performance incentives[6]	Total remuneration
T Manini[1,3]	**2017**	**98,735**	**-**	**-**	**148,893**	**247,628**
	2016	184,923	-	-	107,191	292,114
P Bird[2,3]	**2017**	**231,447**	**-**	**-**	**345,745**	**577,192**
P Pollard	**2017**	**-**	**-**	**-**	**24,815**	**24,815**
	2016	-	-	-	14,292	14,292
F Ismail	**2017**	**-**	**-**	**-**	**19,852**	**19,852**
	2016	-	-	-	11,434	11,434
S Hughes[3]	**2017**	**150,000**	**-**	**118,967**	**148,893**	**417,860**
	2016	150,000	-	93,931	71,460	315,391
R von Hahn[4]	**2017**	**-**	**-**	**-**	**19,852**	**19,852**
	2016	-	-	-	11,434	11,434
Total	**2017**	**480,182**	**-**	**118,967**	**708,050**	**1,307,198**
	2016	334,923	-	93,931	215,811	644,665

1. Salary amounts were paid to Tigers Realm Minerals Pty Ltd and EMR Capital as reimbursement for the salary and benefits paid for Tony Manini. Refer to note 10 for more details.
2. Peter Bird was appointed on 20 February 2017.
3. Key Management Personnel.
4. Raynard von Hahn resigned as a director on 17 January 2018.
5. Includes superannuation, pensions and other benefits provided.
6. Includes Short Term Incentives (2017 and 2016: nil) and Long Term Incentives (fair value of options granted) paid.

Director incentives

For the year ended 31 December 2017, the Company granted options over a total of 17.550 million shares (2016: 7.550 million). As at 31 December 2017, 33.9 million of these options were outstanding (2016: 16.350 million).

Post balance sheets events

Events after the reporting period have been disclosed in note 16 to the Financial Statements.

Corporate governance

The Company has set out its full Corporate Governance Statement on pages 19 to 21.

Risk management

The Group is exposed to a variety of financial risks and the impact on the Company's financial instruments are summarised in the Risk Management Report on pages 17 to 18.

Auditor

A resolution proposing the re-appointment of Ernst & Young as auditor is contained in the Notice of Annual General Meeting and will be put to shareholders at the Annual General Meeting.

This Directors' Report has been approved by the Board and signed on its behalf by:

Tony Manini
Director & Executive Chairman
27 April 2018

Risk Management Report

The Company's risk exposures and the impact on the Company's financial instruments are summarised as follows:

Credit Risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash, receivables, and balances receivable from the government. The Company limits the exposure to credit risk in its cash by only investing its cash with high-credit quality financial institutions in business and savings accounts, guaranteed investment certificates and in government treasury bills which are available on demand by the Company for its programs. The Company does not invest in money market funds. The Company has no risk exposure to asset backed commercial paper or auction rate securities.

Financing Risk

The development of the Group's properties will depend on the Group's ability to obtain financing through the raising of equity capital, joint venture of projects, debt financing, farm outs or other means. There is no assurance that the Group will be successful in obtaining the required financing. If the Group is unable to obtain additional financing as needed, some interests may be relinquished and/or the scope of the operations reduced.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's current financial liabilities are anticipated to mature within the next ninety days.

Exploration and Development Risk

There is no assurance that the Group's exploration and development activities will be successful, and statistically few properties that are explored are ultimately developed into profitable producing mines.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

Interest Rate Risk: The Company is exposed to interest rate risk to the extent that its cash balances bear variable rates of interest. The interest rate risks on cash and short-term investments and on the Company's obligations are not considered significant.

Foreign Currency Risk: The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates against the Company's functional currency, which is the United States dollar ("USD"). The Company expects to continue to raise funds in Europe and Australasia. The Company conducts its business in Indonesia in Indonesian Rupiah ("IDR") with a significant portion of expenditures in that country denominated in USD and, in addition, a portion of the Company's business is conducted in Great British Pounds ("GBP") and Australian dollars ("AUD") with a minor amount in Canadian dollars ("CDN") associated with the former TSX-V listing. As such, it is subject to risk due to fluctuations in the exchange rates between the USD and each of the IDR, GBP, AUD and CDN. A significant change in the currency exchange rates between the USD relative to foreign currencies could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

Commodity Price Risk - While the value of the Company's core mineral resource properties, the KSK CoW and the Beutong IUP are related to the price of copper and gold and the outlook for these minerals, the Company currently does not have any operating mines and hence does not have any hedging or other commodity-based risks in respect of its operational activities.

Historically, gold and copper prices have fluctuated and are affected by numerous factors outside of the Company's control, including but not limited to: industrial and retail demand; central bank lending; forward sales by producers and speculators; levels of worldwide production; short-term changes in supply and demand because of speculative hedging activities; and other factors related specifically to gold.

Licensing Risk

The Group's exploration and development activities are dependent upon the grant of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations or performance criteria. Such licences and permits are as a practical matter subject to the discretion of the applicable Government or Government office. The Group must comply with known standards, existing laws and regulations that may entail greater or lesser costs and delays depending on the nature of the activity to be permitted. The interpretations, amendments to existing laws and regulations, or more stringent enforcement of existing laws and regulations could have a material adverse impact on the Group's results of operations and financial condition. Whilst the Group continually seeks to do everything within its control to ensure that the terms of each licence are met and adhered to, third parties may seek to exploit any technical breaches in licence terms for their own benefit. There is a risk that negotiations with a Government in relation to the grant, renewal or extension of a licence may not result in the grant, renewal or extension taking effect prior to the expiry of the previous licence period, and there can be no assurance of the terms of any extension, renewal or grant.

Political Risk

In conducting operations in Indonesia, the Company is subject to considerations and risks related to the political, economic and legal environments in which the Company operates. Among other things, the Company's results may be impacted by changes in the political and social conditions in Indonesia, and by changes in governmental policies with respect to mining laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation.

This Risk Management Report has been approved by the Board and signed on its behalf by:

Tony Manini
Director & Executive Chairman
27 April 2018

Corporate Governance Statement

Asiamet Resources Limited (the "**Company**") is committed to maintaining the highest standards, in corporate governance throughout its operations and ensuring all of its practices are conducted transparently, ethically and efficiently. The Company believes that scrutinising all aspects of its business and reflecting, analysing and improving its procedures will result in the continued success of the Company and improve shareholder value. Therefore, the Company has chosen to formalise its governance policies by complying with the UK's Quoted Companies Alliance Corporate Governance Guidelines for Small and Mid-Size Quoted Companies (the "**QCA Code**").

Accordingly, the Company has established specific committees and implemented certain policies, to ensure that:

- it is led by an effective Board which is collectively responsible for the long term success of the Company;
- the Board and the committees have the appropriate balance of skills, experience, independence and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively;
- the Board establish a formal and transparent arrangement for considering how it applies the corporate reporting, risk management and internal control principles and for maintaining an appropriate relationship with the Company's auditors; and
- there is a dialogue with shareholders based on the mutual understanding of objectives.

In addition, the Company has adopted policies in relation to:

- anti-bribery and corruption;
- whistleblowing;
- health and safety;
- environment and community;
- IT, communications and systems; and
- social media,

so that all aspects of the Company are run in a robust and responsible way.

The Board of Directors

The Board of Directors is responsible for the proper management of the Company by formulating, reviewing and approving the Company's strategy, budgets and corporate actions. To achieve its objectives, the Board adopts the twelve principles of the QCA Code. Through successfully implementing these principles, the Company is able to deliver long term growth for shareholders and maintain a flexible, efficient and effective management framework within an entrepreneurial environment.

It is important that the Board itself contains the right mix of skills and experience to guide the strategy of the Company. As such, the Board is comprised of:

- a Chairman, whose primary responsibility is the delivery of the Company's corporate governance model. The Chairman has a clear separation from the day-to-day business of the Company which allows him to make independent decisions;
- Two Executive Directors (excluding the Chairman), and
- Two Independent, Non-Executive Directors.

The Board has not appointed a senior independent director but intends to as soon as it is prudent to do so taking into account the Company's size and stage. Additionally, the Company has appointed a professional Company Secretary in the UK who assists the Chairman in preparing for and running effective board meetings, including the timely dissemination of appropriate information. The Company Secretary provides advice and guidance to the extent required by the board on the legal and regulatory environment.

Each Director serves on the Board until the Annual General Meeting following his election or appointment, and the Board meets at least three times a year.

Corporate Governance

In compliance with UK best practice, the Board has established corporate governance committees.

Audit Committee

The purpose of the Audit Committee is to monitor the integrity of the Financial Statements of the Company.

Some of the Audit Committee's duties include:

- reviewing the Company's accounting policies and reports produced by internal and external audit functions;
- considering whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- reporting its views to the Board of Directors if it is not satisfied with any aspect of the proposed financial reporting by the Company;
- reviewing the adequacy and effectiveness of the Company’s internal financial controls and internal control and risk management systems;
- reviewing the adequacy and effectiveness of the Company's anti-money laundering systems and controls for the prevention of bribery and receive reports on non-compliance; and
- overseeing the appointment of and the relationship with the external auditor.

The Audit Committee has two members, each of whom being independent, Non-Executive Directors, and at least one member has recent and relevant financial experience. The current members of the committee are Peter Pollard and Faldi Ismail.

Remuneration and Nomination Committee

The purpose of the Remuneration and Nomination Committee is to determine and agree with the Board the framework or broad policy for the remuneration of the Company’s Chairperson and the Executive Directors as well as the composition of the Board itself.

Some of the Remuneration and Nomination Committee's duties include:

- reviewing the pay and employment conditions across the Company, including the Board of Directors;
- approving targets and performance related pay schemes operated by the Company and all share incentive plans and pension arrangements;
- regularly reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes succession planning and vacancies; and
- identifying suitable candidates from a wide range of backgrounds to be considered for positions on the Board.

The Remuneration and Nomination Committee has two members, each of whom being independent, Non-Executive Directors. The current members of the committee are Peter Pollard and Faldi Ismail.

Share Dealing Code

The Company has adopted a share dealing code to ensure Directors and certain employees do not abuse, and do not place themselves under suspicion of abusing inside information of which they are in possession and to comply with its obligations under the Market Abuse Regulation ("**MAR**") which applies to the Company by virtue of its shares being traded on AIM. Furthermore, the Company's share dealing code is compliant with the AIM Rules for companies published by the London Stock Exchange (as amended from time to time).

Under the share dealing code, the Company must:

- disclose all inside information to the public as soon as possible by way of market announcement unless certain circumstances exist in which the disclosure of the inside information may be delayed;
- keep a list of each person who is in possession of inside information relating to the Company;
- procure that all persons discharging managerial responsibilities and certain employees are given clearance by the Company before they are allowed to trade in Company securities; and
- procure that all persons discharging managerial responsibilities and persons closely associated to them notify both the Company and the Financial Conduct Authority of all trades in Company securities that they make.

Directors' Responsibility Statement

The Directors are responsible for preparing the Directors' Report, the Risk Management Report, and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company Financial Statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") and have elected under company law to prepare the Company Financial Statements in accordance with IFRS.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and Company for that period.

In preparing the Group and Company Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Asiamet website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial Statements

For the year ended 31 December 2017

Contents

Consolidated Statement of Financial Position

As at 31 December 2017

	Note	2017 $'000	2016 $'000
ASSETS			
Current assets			
Cash		3,079	1,748
Receivables and other assets	*5*	586	254
Share subscription receivable		-	802
		3,665	2,804
Non-current assets			
Equipment		41	37
Security deposit	*6b*	74	94
		115	131
TOTAL ASSETS		**3,780**	**2,935**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables	*7*	1,054	1,017
Related party borrowings	*10*	-	233
		1,054	1,250
Non-current liabilities			
Provision for employee service entitlements	*8*	156	102
		1,210	1,352
Equity			
Share capital	*9*	8,528	7,060
Equity reserves		40,354	33,323
Other comprehensive loss		(12)	(2)
Accumulated Deficit		(46,293)	(38,791)
Parent entity interest		2,577	1,590
Non-controlling interest		(7)	(7)
		2,570	1,583
TOTAL LIABILITIES AND EQUITY		**3,780**	**2,935**

These Consolidated Financial Statements were authorised for issue by the Board of Directors on 27 April 2018.

They are signed on the Company's behalf by:

Antony Manini, Director

Peter Pollard, Director

The accompanying notes form an integral part of these Consolidated Financial Statements

Consolidated Statement of Comprehensive Loss
For the year ended 31 December 2017

	Note	2017 $'000	2016 $'000
Expenses			
Accounting and audit		(109)	(100)
Consultants		(668)	(730)
Exploration and evaluation	*6a*	(4,628)	(1,401)
Legal and Company Secretarial		(139)	(115)
General and administrative		(249)	(68)
Depreciation		(24)	(79)
Employee benefits		(1,561)	(1,121)
Share-based compensation	*9e*	(914)	(300)
		(8,292)	(3,914)
Other items			
Taxation expense		-	(7)
Foreign exchange gain		81	25
Gain on sale of subsidiary	*6c*	708	100
Interest income		1	2
		790	120
Net loss		(7,502)	(3,794)
Items that may not be reclassified subsequently to profit or loss:			
Actuarial loss on employee service entitlements		(10)	(2)
Total comprehensive loss for the year		**(7,512)**	**(3,796)**
Net loss attributable to:			
Equity holders of the parent		(7,244)	(3,794)
Non-controlling interests		(258)	-
Total comprehensive loss attributable to:			
Equity holders of the parent		(7,254)	(3,794)
Non-controlling interests		(258)	-
Basic and diluted loss per common share		(0.01)	(0.01)
Weighted average number of shares outstanding (thousands)		772,537	609,750

The accompanying notes form an integral part of these Consolidated Financial Statements

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

	Note	2017 $'000	2016 $'000
Cash provided from (used for):			
Operating activities			
Loss for the year		(7,512)	(3,794)
Adjustment for:			
Depreciation		24	79
Share-based compensation		914	300
Unrealised foreign exchange gain		-	(4)
Gain on sale of subsidiary		(708)	-
Changes in non-cash working capital:			
Receivables and other assets		(93)	24
Value Added Tax (“VAT”)		(242)	(178)
Trade and other payables		61	667
Provision for employee service entitlements		59	59
		(7,497)	(2,847)
Investing activities			
Purchase of equipment		(26)	(24)
Proceeds on sale of subsidiary, net of cash sold	*6c*	699	-
		673	(24)
Financing activities			
(Repayment of) Proceeds from related party loans		(233)	233
Proceeds from share subscription		802	-
Proceeds from equity raising		8,018	3,831
Equity raising costs		(432)	(224)
		8,155	3,840
Increase in cash		1,331	969
Cash at beginning of the year		1,748	779
Cash at end of the year		**3,079**	**1,748**

The accompanying notes form an integral part of these Consolidated Financial Statements

Consolidated Statement of Changes in Equity

For the year ended 31 December 2017

		Attributable to equity holders of the parent						
	Number of shares ’000	**Share capital $'000**	**Equity reserves $'000**	**Other Comprehensive Loss $'000**	**Accumulated Deficit $'000**	**Total $'000**	**Non-Controlling Interests $'000**	**Total $'000**
Balance at 1 January 2016	574,597	5,707	29,968	-	(34,997)	678	(7)	671
Equity raising	135,344	1,353	3,280	-	-	4,633	-	4,633
Warrant issues – brokers	-	-	165	-	-	165	-	165
Equity raising costs	-	-	(390)	-	-	(390)	-	(390)
Share based compensation	-	-	300	-	-	300	-	300
Loss for the year	-	-	-	-	(3,794)	(3,794)	-	(3,794)
Actuarial loss on employee service entitlements	-	-	-	(2)	-	(2)	-	(2)
Balance at 31 December 2016	709,941	7,060	33,323	(2)	(38,791)	1,590	(7)	1,583
Equity raising	144,952	1,395	6,346	-	-	7,741	-	7,741
Warrant exercises – brokers	1,874	73	203	-	-	276	-	276
Equity raising costs	-	-	(432)	-	-	(432)	-	(432)
Share based compensation	-	-	914	-	-	914	-	914
Cancelled shares	(3)	-	-	-	-	-	-	-
Loss for the year	-	-	-	-	(7,244)	(7,244)	(258)	(7,502)
Actuarial loss on employee service entitlements	-	-	-	(10)	-	(10)	-	(10)
Contribution by parent in NCI	-	-	-	-	(258)	(258)	258	-
Balance at 31 December 2017	**856,764**	**8,528**	**40,354**	**(12)**	**(46,293)**	**2,577**	**(7)**	**2,570**

The accompanying notes form an integral part of these Consolidated Financial Statements

Notes to the Consolidated Financial Statements

for the year ended 31 December 2017

1. Nature of Operations and Going Concern

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 28 February 2017 were listed on the TSX Venture Exchange ("TSX-V"). The Company's principal business activities include the acquisition, exploration and development of mineral properties. The address of the Company in Australia is Level 17, 303 Collins Street, Melbourne, VIC 3000. The Consolidated Financial Statements of the Company as at and for the year ended 31 December 2017 comprise the Company and its subsidiaries. The Company is the ultimate parent. The Company's principal mineral property interests are located in Indonesia.

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. The Company to date has met its commitments with respect to any and all obligations to keep all licences and permits in good standing.

These Consolidated Financial Statements have been prepared on a going concern basis which assumes that the Company will be able to realise its assets and discharge its liabilities in the normal course of business in the foreseeable future.

The Company incurred a loss of $7.502 million for the year ended 31 December 2017 (2016: $3.794 million), and as of that date, the Company had an accumulated deficit of $46.293 million (2016: $38.791 million). The Group's position as at 31 December 2017 included cash of $3.079 million, current assets of $0.586 million which exceed current liabilities of $1.054 million by $2.611 million. In March 2018, the Company raised an additional $9.384 million (net of capital raising costs) through equity financing.

Based on current estimates, whilst the Company has sufficient cash reserves to meet its forecasted activities for exploration and feasibility works, together with corporate costs, over the next 12 months, these forecasts indicate the cash resources will be depleted shortly thereafter. Whilst there is discretion in respect of the extent and timing of exploration and feasibility expenditure, it is the Group's intention to progress projects in line with these forecasts.

On this basis, and in order to continue to progress the exploration and feasibility of the Group's projects and to continue as a going concern the Group will be required to raise additional funds (equity or alternate) or vary exploration expenditure from existing plans. For funding of the near term development BKM project, the Company has commenced discussions with a number of strategic partners.

While the Company has been successful in the past in obtaining financing, as and when required, there is no assurance that it will be able to obtain financing in the future or that such financing will be on terms acceptable to the Company, as future funding is uncertain until secured. These factors indicate the existence of an uncertainty that may cast doubt on the Company's ability to continue as a going concern. These 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.

2. Basis of preparation

a) Statement of compliance

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The policies applied in these financial statements are based on the IFRS issued and outstanding as at the date the Board of Directors approved these financial statements for issue.

b) Basis of measurement

These Consolidated 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 of 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 Consolidated 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are the following:

<u>Share-based compensation</u>

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate. In addition, the attrition rate of employees and expected vesting period is also a key assumption.

<u>Recovery of deferred tax assets</u>

Judgment is required in determining whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the date of the statement of financial position could be impacted. The Company has not recorded any deferred tax assets.

2. Basis of preparation (continued)

Provision for employee service entitlements

The provision for employee service entitlements estimation is based upon several actuarial inputs, assumptions, calculations, and estimates using the projected unit credit actuarial valuation method. Because the actuarial model requires the input of highly subjective assumptions, including interest rates, retirement dates, and mortality rates, changes in subjective input assumptions can materially affect the provision estimate.

(ii) Critical accounting judgments

Critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Consolidated Financial Statements are the following:

Determination of functional currency

In accordance with IAS 21, management determined that the functional currency of the Company and its subsidiaries is the United States dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21. Significant changes to those underlying factors could cause a change to the functional currency.

3. Significant accounting policies

a) Principles of consolidation

These Consolidated Financial Statements include the accounts of the Company and its subsidiaries; from the date control was acquired. 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 unrealised 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.

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	40%	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*

3. Significant accounting policies (continued)

b) Accounting policies

Non-controlling interest

Non-controlling interest in the Company's less-than-wholly-owned subsidiaries are classified as a separate component of equity. On initial recognition, non-controlling interest is measured at the fair value of the non-controlling entity's pro-rata share in the subsidiary. Subsequent to the original transaction date, adjustments are made to the carrying amount of non-controlling interest for the non-controlling interest's share of changes to the subsidiary's equity.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are recorded as equity transactions. The carrying amount of non-controlling interest is adjusted to reflect the change in the non-controlling interest's relative interest in the subsidiary, and the difference between the adjustment to the carrying amount of non-controlling interests and the Company's share of proceeds received and/or consideration paid is recognised directly in equity and attributed to owners of the Company.

Foreign currency translation

Transactions in foreign currencies are initially translated to United States dollars, the functional currency of the Company, at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to the functional currency at the exchange rate at that date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on re-translation is recognised in profit or loss.

Equipment

Equipment is carried at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the items and restoring the site on which it is located.

Depreciation is provided at rates calculated to amortise the costs of equipment less its estimated residual value, using the straight-line method over five years commencing from the year the assets are put into service.

An item of equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss.

Where an item of equipment is composed of major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalised.

3. Significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with a maturity of three months or less. The carrying amounts of cash and cash equivalents represents fair value.

Exploration and evaluation expenditures

The Company expenses all exploration and evaluation costs incurred on mineral properties to which it has secured exploration rights prior to the establishment of proven and probable reserves. Exploration and evaluation costs include costs relating to the acquisition and exploration of the mineral property, less recoveries, and do not necessarily reflect present or future values. When proven and probable reserves are determined for a property and a feasibility study has been prepared with respect to the property and a decision to proceed with development has been approved, then subsequent exploration and development costs of the property will be capitalised and amortised over the useful life of those reserves.

Restoration, rehabilitation and environmental obligations

The Company recognises liabilities for statutory, contractual, constructive or legal obligations, including those associated with the decommissioning of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a decommissioning liability is recognised at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with decommissioning as a liability when the liability is incurred and increases the carrying value of the related assets for that amount.

Subsequently, these capitalised decommissioning liabilities are amortised over the life of the related assets. As the end of each period, the liability is increased to reflect the passage of time and changes in the estimated future cash flows underlying any initial estimates.

The Company recognises its environmental liability on a site-by-site basis when it can be reliably estimated. Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to the profit or loss statements. The Company had no decommissioning liabilities for the years presented.

Impairment

The carrying amounts of the Company's non-financial assets, other than deferred tax assets if any, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

3. Significant accounting policies (continued)

Pension and other post-employment benefits

The Company recognises a provision for Indonesian employee service entitlements in accordance with Indonesia's Labor Law No. 13/2003 dated 25 March 2003 (the "Law").

For defined benefit pension plans, termination benefits, and other post-retirement benefits, the net periodic pension expense is actuarially determined on an annual basis by independent actuaries using the projected unit credit method. The determination of benefit expense requires assumptions such as the discount rate to measure obligations the projected age of employees upon retirement, and the expected rate of future compensation. For the purposes of calculating the expected return on plan assets, if any, the plan assets are valued at fair value. Actual results will differ from results that are estimated based on assumptions. All past service costs arising from plan amendments are recognised immediately in income or expense when the amendment occurs or when the related restructuring costs are recognised, if earlier.

The asset or liability recognised in the statement of financial position is the present value of the benefit obligation at the statement of financial position date less the fair value of the plan assets, if any, together with adjustments for asset ceiling impairment or additional liabilities due to onerous minimum funding requirement under IFRIC 19, The Limit on a Defined Benefit Asset. The present value of the benefit obligation is determined by discounting the estimated future cash outflows using rates and outflow patterns as determined by the actuary based on the Indonesian Labour Law parameters.

Actuarial gains and losses are recognised through other comprehensive income and are not re-classified to the income statement. The movement in the provision for employee service entitlements is included in the salary portion of exploration costs.

Financial instruments – classification and fair value

(i) Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as FVTPL unless they are designed as effective hedges.

Financial assets at FVTPL are initially recognised, and subsequently carried, at fair value with changes recognised in profit or loss. Attributable transaction costs are recognised in profit or loss when incurred.

(ii) Loans and receivable

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months or those that are expected to be settled after 12 months from the end of the reporting period, which are classified as non-current assets. Assets in this category include cash, government deposits, and receivables and other assets.

Loans and receivables are initially recognised at fair value plus any directly attributable transaction costs and subsequently carried at amortised cost using the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is used to determine the amortised cost of loans and receivables and to allocate interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period.

3. Significant accounting policies (continued)

Financial instruments – classification and fair value (continued)

(iii) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganisation.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade and other receivables, is directly reduced by the impairment loss. The carrying amount of a trade or other receivable is reduced through the use of an allowance account. When a trade or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses were recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(iv) De-recognition of financial assets

Financial assets are de-recognised when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Company has transferred substantially all of the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities may be classified as FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives and IAS 39 permits the entire combined contract (asset or liability) to be designated as a FVTPL.

3. Significant accounting policies (continued)

At the end of each reporting period subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognised directly in operations in the period in which they arise. Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The Company has classified trade and other payables as other financial liabilities.

Employee future benefits

The cost of defined benefit pension plans and employee termination benefits under the Law and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future (Note 8). Actuarial gains and losses are recognised through other comprehensive income and not re-classified to the income statement. The provision for employee service entitlements is included in the salary portion of exploration expense. The actuarial gain or loss in period, resulting from re-measurement, is recognised immediately in other comprehensive income ("OCI").

The Company has classified the provision for employee service entitlements as other financial liabilities.

Share capital

Common shares are classified as share capital. Incremental costs directly attributable to the issue of common shares are recognised as a deduction from equity.

Equity reserves

Equity reserves comprises of amounts subscribed for share capital in excess of nominal value ("share premium"), net share issue costs and the cumulative cost of share based payments and warrants.

Accumulated Deficit

Accumulated deficit comprises the losses in respect of the parent and the equity contribution made by the parent on behalf of a non-controlling interest.

Loss per share

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted earnings per share is calculated by dividing the earnings (loss) by the weighted average number of common shares outstanding assuming that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

In the Company's case, diluted earnings per share is the same as basic loss per share, as the effect of outstanding share options and share purchase warrants on loss per share would be anti-dilutive.

3. Significant accounting policies (continued)

Share-based payment transactions

The stock option plan allows Company employees to acquire shares of the Company. The fair value of options granted is recognised as a share-based compensation expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from reserves to share capital.

The fair value is measured at grant date and each tranche is recognised over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognised as an expense is adjusted to reflect the number of stock options that are expected to vest.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions.

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in operations except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purpose. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable operations, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

3. Significant accounting policies (continued)

New standards, interpretations and amendments not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of 31 December 2017 and have not been applied in preparing these Consolidated Financial Statements. None of these are expected to have a material effect on the financial statements of the Company.

(i) New standard, effective for annual periods beginning on or after January 1, 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: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortised 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.

(ii) New standard, effective for annual periods beginning on or after January 1, 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 recognise 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

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: FVTPL; held-to-maturity investments; loans and receivables; available-for-sale; or other liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	2017 $'000	2016 $'000
Cash	Cash	3,079	1,748
Receivables and other assets	Loans and receivables	505	194
Subscription receivable	Loans and receivables	-	802
Security deposits	Loans and receivables	74	94
Trade and other payables	Other liabilities	1,054	1,017
Related party borrowings	Loans and receivables	-	233

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for the Company's financial instruments approximate fair value due to short term nature.

Risk management

The Company's risk exposures and the impact on the Company's financial instruments are summarised as follows:

Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash, receivables, and balances receivable from the government. The Company limits the exposure to credit risk in its cash by only investing its cash with high-credit quality financial institutions in business and savings accounts, guaranteed investment certificates and in government treasury bills which are available on demand by the Company for its programs. The Company does not invest in money market funds. The Company has no risk exposure to asset backed commercial paper or auction rate securities.

4. Financial instruments and risk management (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's current financial liabilities are anticipated to mature within the next ninety days.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest Rate Risk: The Company is exposed to interest rate risk to the extent that its cash balances bear variable rates of interest. The interest rate risks on cash and short-term investments and on the Company's obligations are not considered significant.

b) Foreign Currency risk: The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates against the Company's functional currency, which is the United States dollar ("USD"). The Company expects to continue to raise funds in Europe and Australasia. The Company conducts its business in Indonesia in Indonesian Rupiah ("IDR") with a significant portion of expenditures in that country denominated in US dollars and, in addition, a portion of the Company's business is conducted in Great British Pounds ("GBP") and Australian dollars ("AUD") with a minor amount in Canadian dollars ("CDN") associated with the former TSX-V listing. As such, it is subject to risk due to fluctuations in the exchange rates between the USD and each of the IDR, GBP, AUD and CDN. A significant change in the currency exchange rates between the USD relative to foreign currencies could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

The Company's exposure to the foreign currency amount in USD on financial instruments is as follows:

		2017		2016	
	Currency	**Foreign currency amount $'000**	**Amount in US dollars $'000**	**Foreign currency amount $'000**	**Amount in US dollars $'000**
Cash	CDN	7	5	9	7
	GBP	1,673	2,251	-	-
	AUD	114	89	-	-
	IDR	497,782	40	140,707	10
Trade and other payables	CDN	-	-	(67)	(50)
	GBP	(24)	(29)	(98)	(120)
	AUD	(306)	(239)	(179)	(130)
	IDR	(3,210,613)	(237)	(5,044,976)	(376)
Related Party Loan	AUD	-	-	(100)	(72)
Net exposure			**1,880**		**(731)**

4. Financial instruments and risk management (continued)

Based upon the above net exposures and assuming that all other variables remain constant, a 10% depreciation of the USD against the GBP and CDN and AUD currencies would result in an increase in the loss of approximately $0.188 million (2016: decrease of $0.073 million). This sensitivity analysis includes only outstanding foreign currency denominated monetary items.

c) Commodity price risk - While the value of the Company's core mineral resource properties, the KSK Contract of Work (the "KSK CoW") and the Beutong Izin Usaha Pertambangan ("IUP") are related to the price of copper and gold and the outlook for these minerals, the Company currently does not have any operating mines and hence does not have any hedging or other commodity based risks in respect of its operational activities.

Historically, gold and copper prices have fluctuated and are affected by numerous factors outside of the Company's control, including but not limited to: industrial and retail demand; central bank lending; forward sales by producers and speculators; levels of worldwide production; short-term changes in supply and demand because of speculative hedging activities; and other factors related specifically to gold.

Political Uncertainty

In conducting operations in Indonesia, the Company is subject to considerations and risks related to the political, economic and legal environments in which the Company operates. Among other things, the Company's results may be impacted by changes in the political and social conditions in Indonesia, and by changes in governmental policies with respect to mining laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation.

5. Receivables and other assets

	2017 $'000	2016 $'000
VAT – Indonesia	420	178
Receivables – employee advances	40	8
Receivables – other	45	8
	505	194
Prepayments	81	60
Total receivables	**586**	**254**

6. Exploration and evaluation expenditures

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), an Izin Usaha Pertambangan ("IUP") for the Jelai gold project in East Kalimantan (held by JCM), and the Beutong IUP in Aceh, Sumatra, Indonesia (held by PT EMM).

a) Exploration and evaluation expenditures

The details of exploration and evaluation expenditures expensed during the period ended 31 December 2017 and 31 December 2016 are as follows:

	2017 $'000	2016 $'000
KSK CoW		
Administration support	1,092	562
External relations	78	77
Field support, vehicles, equipment	751	606
Technical services	2,279	993
Tenements	77	43
Cost recoveries	-	(933)
	4,277	1,348
Beutong IUP		
Administration support	17	19
External relations	4	6
Field support, vehicles, equipment	2	2
Technical services	312	29
Tenements	14	-
	349	56
Jelai IUP		
Administration support	1	(17)
Field support, vehicles, equipment	1	4
Tenements	-	10
	2	(3)
Total exploration and evaluation expenditures	**4,628**	**1,401**

6. Exploration and evaluation expenditures (continued)

b) Security deposit

The details of the Company's security deposits for exploration rights are as follows:

	2017 $'000	2016 $'000
Beutong IUP	74	74
Jelai IUP	-	20
	74	**94**

c) Jelai Project – East Kalimantan

On 9 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 $0.8 million of which $0.1 million was received and recorded as income in 2016. A gain on disposal of a subsidiary in the amount of $0.708 million was recorded as income in 2017.

	2017 $'000	2016 $'000
Consideration received		
Cash	700	100
Net assets disposed of		
Cash	1	-
Receivables	2	-
Security deposit	20	-
Trade and AP	(26)	-
Employee severance provision	(5)	-
	(8)	-
Gain on sale of subsidiary	**708**	**100**

7. Trade and other payables

	2017 $'000	2016 $'000
Trade and other payables	980	888
Trade and other payables owed to related parties[1]	74	129
Total trade and other payables	**1,054**	**1,017**

1. The amounts owed to related parties were paid subsequent to 31 December 2017.

8. Provision for employee service entitlements

The Company provides benefits for its Indonesian employees, excluding any expatriate employees who may reside and work in Indonesia, who have reached the normal retirement age of 55. The benefits are unfunded and are based on the provisions of Indonesian Labour Law No 13/2003 dated 25 March 2003 (the "Laws") as follows:

a) two times the severance amounts specified by Article 156(2) of the Law); plus
b) the service amounts specified by Article 156(3) of the Law; plus
c) 15% of the total severance and service payments.

The following table summarises the components of net employee service entitlements expense recognised in exploration and evaluation expenses and amounts recognised in the statement of financial position for employee service entitlements liability. For the years ended 31 December 2017 and 31 December 2016 the expense and liability was determined by an independent actuary.

Movements in the employee service entitlements liability during the years ended 31 December 2017 and 31 December 2016, are as follows:

	2017 $'000	2016 $'000
Opening balance	102	42
Provision during the year	73	56
Foreign exchange adjustment to estimated provision	(1)	2
Utilised during the period	(23)	-
Sale of subsidiary	(5)	-
Actuarial loss on employee service entitlements	10	2
Closing balance	**156**	**102**

The principal actuarial assumptions used in determining the provision for employee service entitlements as of 31 December 2017 are as follows:

a)	Actuarial Valuation Method:	Project Unit Credit
b)	Discount rate:	6.96% per annum
c)	Salary increase:	10% per annum
d)	Mortality rate:	Table Mortalita Indonesia (TMI-III) – 2011 edition
e)	Retirement age:	55 years of age (all employees are assumed to retire at their retirement age)
f)	Resignation rate:	5% for under 25 years of age and linearly decreasing to 1% at age 45 and thereafter
g)	Disability rate:	10% of mortality rate
h)	Benefit formula:	10% of total post-employment benefits - OCI

9. Share capital and reserves

a) Authorised share capital

	2017	2016
Authorised share capital ($'000)	10,000	8,000
No. of common shares ('000)	1,000,000	800,000
Par value per share	$ 0.01	$ 0.01
Fully paid share capital ('000)	856,764	709,941

b) Fully paid share capital

	Shares thousands	$'000
At 1 Jan 2016	574,597	5,707
Share issue - 26 Apr 2016	48,387	483
Share issue - 23 Dec 2016	86,957	870
At 31 Dec 2016	709,941	7,060
Shares cancelled	(3)	-
Shares issued on exercise of warrants	5,417	54
Share issue - 15 Aug 2017	139,535	1,395
Share issue - 25 Oct 2017	1,874	19
At 31 Dec 2017	**856,764**	**8,528**

On 10 May 2017, the Company returned to treasury and cancelled a total of 0.003 million 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.

On 10 May 2017, the Company issued a total of 5.416 million shares pursuant to the exercise of warrants issued to brokers for a private placement that closed on 1 June 2015. The warrants were exercised at CDN 0.05 per share for proceeds of $0.201 million (CDN 0.270 million).

On 15 August 2017, the Company issued 139.534 million common shares from a brokered private placement for gross proceeds of $7.741 million (GBP 6.000 million) at an issue price of $0.06 (GBP 0.043) per common share. The Company incurred share issue costs of $0.433 million.

On 25 October 2017, the Company issued a total of 1.874 million shares pursuant to the exercise of warrants issued to brokers for a private placement that closed on 1 June 2015. The warrants were exercised at CAD 0.05 per share for proceeds of $0.075 million (CDN 0.093 million).

9. Share capital and reserves (continued)

c) Common share purchase warrants

The continuity of common share purchase warrants for the year ended 31 December 2017 is as follows:

Expiry date	Exercise price CAD[2]	Balance 31-Dec-16 '000	Granted '000	Exercised '000	Expired '000	Balance 31-Dec-17[1] '000
13 May 17	*0.12*	1,709	-	-	(1,709)	-
1 Jun 17	*0.05*	5,417	-	(5,417)	-	-
5 Nov 17	*0.05*	1,874	-	(1,874)	-	-
26 Apr 18	*0.06*	2,148	-	-	-	2,148
23 Dec 18	*0.05*	3,476	-	-	-	3,476
13 Apr 19	*0.10*	3,534	-	-	-	3,534
		18,158	**-**	**(7,291)**	**(1,709)**	**9,158**
Weighted average exercise price[3]		*0.04*	-	*0.03*	*0.07*	*0.04*

1. All of the outstanding balance of warrants are exercisable.
2. Exercise price of CAD warrants will be converted to GBP equivalent at the date the warrants are exercised.
3. Calculated in GBP

The weighted average remaining contractual life of the common share purchase warrants outstanding as at 31 December 2017 was 0.9 years.

The continuity of common share purchase warrants for the year ended 31 December 2016 is as follows:

Expiry date	Exercise price CAD[1]	Balance 31-Dec-15 '000	Granted '000	Exercised '000	Expired '000	Balance 31-Dec-16 '000
4 Jun 16	*0.06*	3,151	-	-	(3,151)	-
18 Jun 16	*0.06*	1,004	-	-	(1,004)	-
2 Oct 16	*0.10*	5,278	-	-	(5,278)	-
13 May 17	*0.12*	1,709	-	-	-	1,709
1 Jun 17	*0.05*	5,417	-	-	-	5,417
5 Nov 17	*0.05*	1,874	-	-	-	1,874
26 Apr 18	*0.06*	-	2,148	-	-	2,148
23 Dec 18	*0.05*	-	3,476	-	-	3,476
13 Apr 19	*0.10*	3,534	-	-	-	3,534
		21,967	**5,624**	**-**	**(9,433)**	**18,158**
Weighted average exercise price[2]		0.04	0.03	-	0.05	0.04

1. Exercise price of CAD warrants will be converted to GBP equivalent at the date the warrants are exercised.
2. Calculated in GBP.

9. Share capital and reserves (continued)

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 year ended 31 December 2017, is as follows:

Expiry date	Exercise price CAD[3]	Exercise price GBP	Balance 31-Dec-16 '000	Granted '000	Exercised '000	Expired '000	Balance 31-Dec-17 '000	Exer-cisable '000
1 Jul 18	*0.10*		4,282	-	-	-	4,282	4,282
6 Oct 19	*0.05*		3,050	-	-	-	3,050	3,050
31 Aug 20	*0.05*		9,250	-	-	-	9,250	9,250
1 Nov 21	*0.07*		10,500	-	-	-	10,500	10,500
20 Feb 22[1,4]		*0.09*	-	8,000	-	-	8,000	4,000
5 Oct 22[2]		*0.07*	-	13,700	-	-	13,700	13,700
			27,082	**21,700**	**-**	**-**	**48,782**	**44,782**
Weighted average exercise price[5]			0.04	0.08	-	-	0.05	

1. 4 million options vests on 20 February 2018, 4 million vests on 20 February 2019 and all expires on 20 February 2022.
2. Options vested immediately.
3. Exercise price of CAD options will be converted to GBP equivalent at the date the options are exercised.
4. 2 million options exercisable at GBP0.06, 2 million at GBP0.08, 2 million at GBP0.10 and 2 million at GBP0.12.
5. Calculated in GBP.

The weighted average remaining contractual life of the stock options outstanding as at 31 December 2017, was 3.6 years.

The continuity of stock options for the year ended 31 December 2016, is as follows:

Expiry date	Exercise price CAD[2]	Balance 31-Dec-15 '000	Granted '000	Exercised '000	Expired '000	Balance[3] 31-Dec-16 '000
21 Apr 16	*0.12*	4,425	-	-	(4,425)	-
17 Jun 16	*0.12*	100	-	-	(100)	-
4 Jul 16	*0.07*	200	-	-	(200)	-
1 Jul 18	*0.10*	4,432	-	-	(150)	4,282
6 Oct 19	*0.05*	3,150	-	-	(100)	3,050
31 Aug 20	*0.05*	9,650	-	-	(400)	9,250
1 Nov 21[1]	*0.07*	-	10,500	-	-	10,500
		21,957	**10,500**	**-**	**(5,375)**	**27,082**
Weighted average exercise price[4]		0.04	0.04	-	0.07	0.04

1. Options vested immediately.
2. Exercise price of CAD options will be converted to GBP equivalent at the date the options are exercised.
3. All of the outstanding stock options are exercisable.
4. Calculated in GBP.

9. Shares capital and reserves (continued)

e) Share-based compensation

The fair value of each option and warrant granted was estimated on the date of grant using the Black-Scholes option pricing model.

During the year ended 31 December 2017, the Company recorded $0.914 million (2016: $0.300 million) in non-cash share-based compensation expense for options vesting in the year.

The table below lists the assumptions used in the Black-Scholes pricing model to determine the fair value of the options and warrants:

Grant date	**20 Feb 2017**	**5 Oct 2017**	**1 Nov 2016**	**26 Apr 2016[1]**	**23 Dec 2016[1]**
Risk free interest rate	1.02%	1.69%	0.64%	0.69%	0.78%
Expected volatility	110%	109%	186%	256%	178%
Expected life	5	5	5	2	2
Expected dividend	-	-	-	-	-
Foreign exchange	GBP/USD	GBP/USD	CAD/USD	CAD/USD	CAD/USD
Foreign exchange rate	1.24	1.32	0.75	0.79	0.74
Fair value granted ($'000)	358	680	300	86	79
Number granted ('000)	8,000	13,700	10,500	2,148	3,476
Fair value per option / warrant ($)	0.04	0.05	0.029	0.04	0.02

1. Warrants granted.

10. 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 secretarial services provided by former Officer of the Company.
Tigers Realm Minerals Pty Ltd. ("TR Minerals")	Cost recharges for Executive Chairman (Antony "Tony" Manini) and other staff
EMR Capital	Cost recharges for Executive Chairman (Antony "Tony" Manini) and other staff

10. Related party transactions (continued)

The Company incurred the following fees and costs in connection with companies owned or controlled by directors and/or officers:

	2017 $'000	2016 $'000
Consulting fees		
Golden Oak	105	80
TR Minerals	-	114
EMR Capital	99	71
Total consulting fees	204	265
Cost recharges		
TR Minerals	-	100
EMR Capital	36	14
Total cost recharges	36	114
Total fees and costs	**240**	**379**

Related Party Borrowings:

On 21 November 2016, Tony Manini loaned the Company an aggregate $0.072 million (AUD 0.100 million). The loan was denominated in AUD, was interest bearing at the rate of 8% per annum, was unsecured and due on demand. On 17 January 2017, the loan was repaid in full together with $0.001 million (AUD 0.001 million) interest expense.

In December 2016, Stephen Hughes, the Company's Vice President Exploration loaned the Company an aggregate $0.161 million. The loan was repaid in full on 6 January 2017 together with $0.001 million (AUD 0.001 million) interest expense.

b) On 7 July 2017, Tony Manini loaned the Company an aggregate $0.113 million (AUD 0.150 million). The loan was denominated in AUD, was interest bearing at the rate of 8% per annum, was unsecured and due on demand. On 28 August 2017, the loan was repaid in full together with $0.001 million (AUD 0.001 million) interest expense. Compensation of directors and officers:

The remuneration of directors and officers, including amounts disclosed in note 10(a), during the year ended 31 December 2016 and 31 December 2017 were as follows:

	2017 $'000	2016 $'000
Consulting fees	204	265
Salaries, wages and related costs	500	244
Share-based compensation	708	216
Total remuneration	**1,412**	**725**

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

Amounts due to related parties are disclosed in note 7. All amounts are unsecured and non-interest bearing.

11. Commitments

The AIM Rules require the Company to have a Nominated Adviser ("Nomad") and Broker at all times.

RFC Ambrian Limited ("RFC") is the Company's Nomad for the purposes of the AIM Rules. During 2017, the Company paid or accrued $0.045 million (AUD 0.060 million) (2016: $0.045 million (AUD 0.060 million)) in consulting fees to RFC. The Company expects to incur costs in 2018 of AUD 0.060 million to retain RFC.

During 2016, Optiva Securities Limited ("Optiva") was the Company's Broker for the purposes of the AIM Rules. During the year ended 31 December 2017, the Company paid or accrued a total of $0.019 million (GBP 0.015 million) (2016: $0.014 million (GBP 0.011 million)) as consulting fees to Optiva. The Company expects to incur costs in 2018 of GBP 0.015 million to retain Optiva.

12. Segment disclosures

IFRS 8 "Operating Segments" requires operating segments to be identified on the basis of 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 Chief Executive Officer.

The Company operates in a single segment, being mineral exploration and development. With the exception of cash, all of 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.

14. Management of capital

The Company manages common shares, common share purchase warrants and stock options as capital (see note 9). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimises the costs of capital at an acceptable risk. The Company does not have any externally imposed capital requirements to which it is subject.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximise ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury on deposit in interest bearing Tier 1 Australian bank accounts. Cash consists of cash on hand, balances with banks and investments in highly liquid instruments.

The Company considers all highly liquid instruments with maturity of three months or less at the time of issuance to be cash and the fair value approximates the carrying value.

15. Income tax

The Company is a tax exempt Bermuda corporation its shares are listed for trading on AIM and had traded on the TSX-V until 28 February 2017.

Profits generated by mining under the Company's sixth generation KSK CoW and IUP's are taxed in Indonesia at the maximum corporate rate of 25%.

In Indonesia, tax losses for CoW's may be carried forward for a period of eight years and for IUP's five years. The Company defers its mineral exploration costs in Indonesia for tax purposes. The Company has non-capital losses in Indonesia of $33.044 million (2016: $33.012 million) for income tax purposes which may be carried forward and offset against future taxable income. These losses expire through to 2024. These tax losses have not been recognised in the financial statements as it is not probable that they will be utilised prior to their expiry.

The following table reconciles the amount of income tax recoverable on application of the statutory Indonesian income tax rates:

	2017 $'000	2016 $'000
Income tax recovery	-	-
Effect of difference in tax rates between parent company and subsidiary	1,399	807
	1,399	807
Tax losses / temporary differences not recognised	(1,399)	(807)
Total income tax expense	**-**	**-**

16. Subsequent events

a) On 8 January 2018, PT Emas Mineral Murni ("PT EMM") was granted the key production licence, Izin Usaha Pertambangan Operasi Produksi "IUP-OP" required to advance the Beutong Copper-Gold Project ("Beutong") to the development stage.

b) On 1 January 2018, James Deo, the Company's Chief Financial Officer, was granted 4.500 million stock options of the Company on the following terms, assuming continued employment: 1.500 million vested on 1 January 2018 at an exercise price of GBP 0.13 per share; 1.500 million will vest on 1 January 2019 at an exercise price of GBP 0.15 per share; and 1.500 million will vest on 1 January 2020 at an exercise price of GBP 0.17 per share. All options have an expiry date of 1 January 2023.

c) On 11 January 2018, the Company entered into an agreement with KMI Capital to provide Corporate Finance and Strategic Advisory Services. Pursuant to this agreement, KMI Capital was granted 0.800 million stock options of the Company on the following terms: 0.550 million options will vest on completion of a base model, to be agreed with the CEO, at an exercise price of GBP 0.12 per share; 0.150 million options will vest on completion of the BFS of the BKM project, at an exercise price of GBP 0.12 per share; 0.100 million options will vest on completion of project/development financing for the BKM project, at an exercise price of GBP 0.12 per share. The expiry date for these options is 11 January 2021.

d) On 2 February 2018, the Company received notification from option holders to exercise options over 2.450 million new common shares in the share capital of the Company (the "New Common Shares"). The Company issued the New Common Shares to the option holders and received CDN 0.161 million (at a weighted average exercise price of CDN 0.066 per option) as a result of the exercise of these options.

16. Subsequent events (continued)

e) On 9 March 2018, the Company received notification from option holders to exercise options over 0.300 million new common shares in the share capital of the Company (the “New Common Shares”). The Company issued the New Common Shares to the option holders and received CDN 0.015 million (at a weighted average exercise price of CDN 0.05 per option) as a result of the exercise of these options.

f) On 13 March 2018, the Company successfully placed 65.402 million new common shares of par value $0.01 each in the Company at a price of GBP 0.11 per share raising gross proceeds of approximately GBP 7.2 million ($10 million).

The Placing was well supported by existing as well as new shareholders and was conducted by way of an Accelerated Book Build process. Liberum Capital Limited acted as sole bookrunner on the Placing and joint broker, Optiva Securities acted as joint broker and NRG Capital Partners acted as financial adviser. The Company agreed to pay fees and expenses in connection with the Placing amounting to, in aggregate, approximately GBP 0.461 million (approximately $0.616 million).

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Independent Auditor's Report to the Members of Asiamet Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Asiamet Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of comprehensive loss, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial report presents fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

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

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Exploration and evaluation expenditure

Why significant	How our audit addressed the key audit matter
For the year ended 31 December 2017, the Group incurred exploration and evaluation expenses of \$4.63 million which were expensed as incurred in line with the Group's accounting policy. The occurrence of exploration and evaluation expenses was considered a key audit matter due to the following factors: ▸ The exploration and evaluation expenditure's significance to the Group's financial performance for the year; and ▸ Increased risk as to validity of exploration and evaluation expenditure incurred as a consequence of the Company's operations in an emerging market.	Our audit procedures included but were not limited to the following: ▸ Tested exploration expenditure on a sample basis by vouching to invoices and/or supporting documents; ▸ Considered the sufficiency of supporting documentation retained to evidence the occurrence of expenditure; ▸ Assessed whether the nature of the expenditure was directly linked to exploration activities; and ▸ Assessed the adequacy of the disclosures included in Note 6a Exploration and evaluation expenditures.

Refer to note 6a to the financial report for details.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2017 Annual Report, but does not include the financial report and our auditor's report thereon.

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

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

We have nothing to report in this regard.

Building a better working world

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young

Ernst & Young

RJambridge

Richard Bembridge
Engagement Partner
Melbourne
27 April 2018