CONSOLIDATED
TIN MINES LIMITED
ABN: 57 126 634 606 ASX: CSD

Half Year Financial Report

For the Half-Year Ended 31 December 2018

Contents

Directors' Report

The Directors of Consolidated Tin Mines Limited (the Company) present their report together with the Condensed Consolidated Financial Statements for the six months ended 31 December 2018 and the Independent Auditor's Review Report thereon.

The Condensed Consolidated Financial Statements as at and for the half year ended 31 December 2018 comprise Consolidated Tin Mines Ltd and its controlled entities (the Group).

Directors

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

Current Directors

Mr Morris Iemma	*(Non-Executive Chairman, appointed 29 August 2018)*
Mr Ralph De Lacey	*(Managing Director)*
Mr Ze Huang Cai (Martin)	*(Executive Director and Company Secretary)*
Mr Yading Wan (Caden)	*(Non-Executive Director, appointed 29 August 2018)*
Ms Teresa Dyson	*(Non-Executive Director, appointed 24 January 2019)*

Former Directors

Mr Kwok Ching Tsoi	*(Joint Executive Chairman, resigned 29 August 2018)*

Company Secretary

Mr Ze Huang Cai (Martin)

Review of Operations

The net loss after income tax of the Group for the half-year was $20,715,884 (31 December 2017: loss of $16,077,078).

At the end of the half-year the Group had net assets of $31,310,539 (30 June 2018: $39,087,102), including $486,964 (30 June 2018: $345,006) in cash and at call deposits, exploration and evaluation assets of $41,109,926 (30 June 2018: $40,557,887) and operating mining assets of $16,277,222 (30 June 2018: $19,227,726).

Mining and Processing Operations

Extraction of ore from Dry River South ("DRS") continued during the half year to 31 December 2018. Refurbishment of the DRS decline continued concurrently with extraction activities.

Development of the Mount Garnet Deeps decline continued during the period. Development reached the main ore body in late December with initial development ore being extracted.

Processing operations continued at the Mount Garnet processing plant with Mount Garnet and Dry River South ore being processed. The processing plant performed several processing campaigns following stockpiling of ore at the Mount Garnet ROM.

In total, 79,439 tonnes of ore was processed during the period, producing 4,080 tonnes of zinc metal in concentrate, 707 tonnes of lead metal in concentrate and 269 tonnes of copper metal in concentrate.

The Company is focussed on establishing sufficient ore supply from the refurbished Dry River South mine and newly developed Mount Garnet Deeps mine to maintain continuous production at the Mount Garnet processing plant. The Company expects to achieve steady state production in mid 2019.

Changes in Capital

Shares issued

In July 2018, Cyan Stone Pty Ltd ("Cyan") exercised its option to subscribe to 19,817,678 shares at $0.12615 per share. Funds paid under this option were offset against the remaining $2,500,000 already prepaid by Cyan.

As a result of Cyan exercising its option and the subsequent issuance of shares, $2,500,000 of liabilities previously on the Company's balance sheet has been extinguished and converted to equity.

Pursuant to the private placement approved by shareholders at an Extraordinary General Meeting of shareholders held on 30 April 2018, the Company issued a further 17,198,832 ordinary shares at $0.60 per share during the period to raise $10,319,299. The private placement was completed by 30 July 2018. In total, 19,998,312 ordinary shares were issued at $0.60 per share under the private placement raising $11,998,987.

The Company conducted a further placement of 200,000 shares in September 2018 utilising the Company's existing placement capacity under ASX listing rule 7.1. The shares were issued at $0.60 per share raising $120,000.

Funding Arrangements

The two existing separate loan facilities with Cyan continued during the reporting period. Individual drawdowns are separately agreed and are repayable at the end of each term:

(i) $10m commencing September 2017 for a 3 year period at an interest rate of 6% p.a. ($10m drawn down and accrued interest of $712,450 at balance date); and

(ii) $30m commencing November 2017 for a 3 year period at an interest rate of 6% p.a. ($27.575m drawn down and accrued interest of $1,123,888 at balance date).

The total amount owing to Cyan as at 31 December 2018 in respect of these loan facilities is $39,411,337 being $37,574,999 drawn down and accrued interest of $1,836,338.

At 31 December 2018, the Cyan operating loan was due to be repaid in November 2019 and was a current liability. Following the extension of the loan term to 3 years in January 2019, the operating loan is now due to be repaid in November 2020 and is a non-current liability at the date of this report.

These loans are secured by a floating charge over all of the Group's assets. Refer to Note 1 "Going concern basis for preparation of financial statements" of the accompanying Condensed Consolidated Financial Statements for drawn down balance at time of signing this report.

The loan facility of $250,000 provided by Ralph De Lacey was repaid in July 2018. Ralph De Lacey provided the Company with another loan facility of $400,000 in August 2018. This loan facility accrues interest at 0.4% per month and has a term of three months. The total amount owing to Ralph De Lacey as at 31 December 2018 in respect of this loan facility is $256,932 being $250,000 drawn down and accrued interest of $6,932.

Legal Matters

Baal Gammon

The Department of Environment and Heritage Protection (DEHP) has issued a clean-up notice to Baal Gammon Copper Pty Ltd (BGC), Snow Peak Mining Pty Ltd (SPM) and the Company. In the Directors' view, the Company is in compliance with the Clean-Up Notice.

The Company, the Company's wholly owned subsidiary Colinacobre Pty Ltd (Colinacobre) and SPM entered into an agreement with BGC in January 2017 whereby CSD, Colinacobre and SPM agreed to relinquish their rights under a Mineral Rights Agreement, and BGC agreed to assume responsibility and liability (including any environmental liabilities) for and in respect of the Baal Gammon Project. However, should BGC fail to perform its obligation, or be placed into insolvency, there may be an attempt to involve the Group with respect to the environmental liability, the Group will defend any such attempt.

Transfer of Snow Peak Mining tenements

Tenement transfers from SPM have been delayed with the Group currently waiting on the release of documents from the Office of State Revenue. Whilst SPM remain the current holder of the legal title to the tenements, the Company has full beneficial ownership and control over the tenements.

The Company has received legal advice regarding the transfer of the tenements in relation to partial payment of outstanding royalties and transfer duties to the Queensland Office of State Revenue under the DOCA and is in discussions with the Queensland Office of State Revenue to finalise the transfers.

Should a dispute arise with the Queensland Office of State Revenue, and should the Company's legal position not be upheld in any subsequent court ruling, the Company may be required to pay additional amounts to the Queensland Office of State Revenue to finalise the transfer of the tenements from SPM to the Group.

At the date of this report, no formal dispute has been lodged and no court proceedings have commenced.

Matters Subsequent to the End of the Financial Period

Funding

The loan facility of $400,000 provided by Ralph De Lacey to the Company remains available. The Company has drawn down an additional $107,100 subsequent to 31 December 2018. At the date of this report, $357,100 has been drawn down under this loan facility and it is due and payable at call.

The Company has drawn down an additional $2,230,001 from the Operating Loan provided by Cyan between 31 December 2018 and the date of this report. Please refer to Note 1 "Going concern basis for preparation of financial statements" of the accompanying Condensed Consolidated Financial Statements for drawn down balance at time of signing this report. The Cyan loans are secured by a floating charge over all of the Group's assets.

The Company and Cyan extended the term of Operating Loan by 1 year and increased the loan facility by $5 million, from $25 million to $30 million in January 2019.

Matters Subsequent to the End of the Financial Period (continued)

Placement to Wealth Pointer Global Limited

The Company executed a subscription agreement with Wealth Pointer Global Limited in March 2019. Under the subscription agreement, Wealth Pointer Global Limited will be issued with 34,710,743 fully paid ordinary shares at $0.605 per share to raise $21 million.

The subscription agreement is subject to conditions, including completion of due diligence by Wealth Pointer Global Limited and execution of a loan conversion agreement between Cyan and the Company in relation to the Cyan loans set out above.

Other than the information provided above, there has not arisen in the interval between 31 December 2018 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Group, to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Auditor's Independence Declaration
A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act* is set out on the following page and forms part of this Directors' report for the half-year ended 31 December 2018.

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

DATED at Sydney this 20th day of May 2019.

Ralph De Lacey
Managing Director

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Consolidated Tin Mines Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Consolidated Tin Mines Limited for the half-year ended 31 December 2018 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Daniel Camilleri
Partner

Sydney
20 May 2019

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income For the half-year ended 31 December 2018

		Half Year Ended	
	Note	**31 December 2018 $**	31 December 2017 $
Revenue		**13,132,872**	4,397,022
Cost of sales	4(a)	**(15,477,640)**	(10,021,922)
Gross (loss)/profit		**(2,344,768)**	(5,624,900)
Mine and mill refurbishment	4(b)	**(12,902,530)**	(2,707,187)
Care and maintenance	4(c)	**-**	(1,670,488)
Occupancy		**(97,024)**	(45,550)
Administration	4(e)	**(688,618)**	(980,703)
Corporate and other costs	4(f)	**(2,314,280)**	(2,274,458)
Exploration expenditure not capitalised	4(g)	**(1,221,942)**	(2,615,150)
Impairment of exploration and evaluation assets		**(112,796)**	-
		(19,681,958)	(15,918,436)
Operating loss			
Net finance income/(expense)	4(h)	**(1,033,926)**	(158,642)
Loss before income tax		**(20,715,884)**	(16,077,078)
Income tax benefit		**-**	-
Loss for the period		**(20,715,884)**	(16,077,078)
Other comprehensive Income			
Total comprehensive income for the period attributable to owners of the Group		**(20,715,884)**	(16,077,078)
Loss per share			
Basic loss per share (cents)		(3.84)	(18.06)
Diluted loss per share (cents)		(3.84)	(18.06)

Earnings per share for the prior year have been adjusted for the 10:1 share consolidation that occurred in May 2018.

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Financial Position
As at 31 December 2018

	Note	31 December 2018 $	30 June 2018 $
Current assets			
Cash and cash equivalents		**486,964**	345,006
Trade and other receivables	5	**2,657,456**	928,682
Prepayments		**1,653,262**	2,171,667
Inventories	6	**2,211,719**	1,451,467
Total current assets		**7,009,401**	4,896,822
Non-current assets			
Property, plant and equipment	7	**20,562,818**	21,755,822
Exploration and evaluation assets	8	**41,109,926**	40,557,887
Mining tenements	9	**16,277,222**	19,227,726
Bonds and deposits	10	**11,842,066**	11,826,339
Total non-current assets		**89,792,032**	93,367,774
Total assets		**96,801,433**	98,264,596
Current liabilities			
Trade and other payables	11	**9,085,383**	7,126,468
Employee leave liabilities		**1,401,225**	1,154,410
Loans and borrowings	12	**32,757,264**	7,435,228
Total current liabilities		**43,243,872**	15,716,106
Non-current liabilities			
Loans and borrowings	12	**10,712,450**	32,104,627
Employee leave liabilities		**732,425**	554,614
Provision	13	**10,802,147**	10,802,147
Total non-current liabilities		**22,247,022**	43,461,388
Total liabilities		**65,490,894**	59,177,494
Net assets		**31,310,539**	39,087,102
Equity			
Contributed equity	14	**121,019,121**	108,079,800
Accumulated losses		**(89,708,582)**	(68,992,698)
Total equity		**31,310,539**	39,087,102

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2018

	Issued Capital $	Accumulated losses $	Total $
At 1 July 2018	**108,079,800**	**(68,992,698)**	**39,087,102**
Total comprehensive income for the half-year:			
Loss for the half-year	**-**	**(20,715,884)**	**(20,715,884)**
Other comprehensive income	**-**	**-**	**-**
Transactions with owners in their capacity as owners:			
Share Issues	**12,939,321**	**-**	**12,939,321**
At 31 December 2018	**121,019,121**	**(89,708,582)**	**31,310,539**

	Issued Capital $	Accumulated losses $	Total $
At 1 July 2017	35,749,050	(30,496,502)	5,252,548
Total comprehensive income for the half-year:			
Loss for the half-year	-	(16,077,078)	(16,077,078)
Other comprehensive income	-	-	-
Transactions with owners in their capacity as owners:	-	-	-
At 31 December 2017	35,749,050	(46,573,580)	(10,824,530)

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Cash Flows
For the half-year ended 31 December 2018

	31 December 2018 $	31 December 2017 $
Cash flows from operating activities		
Receipts from customers	**11,046,501**	3,207,525
Payments to suppliers and employees	**(23,840,634)**	(17,667,176)
Interest received	**936**	-
Interest paid	**(42,896)**	(25,268)
Net cash used in operating activities	**(12,836,093)**	(14,484,919)
Cash flows from investing activities		
Exploration and feasibility expenditure	**(1,352,758)**	(5,164,564)
Payments for plant and equipment	**(610,617)**	(2,890,304)
Disposal of Baal Gammon copper project	**-**	(400,000)
(Payments)/refund for security deposits	**(9,050)**	(341,740)
Net cash used in investing activities	**(1,972,425)**	(8,796,608)
Cash flows from financing activities		
Proceeds from Cyan Stone Pty Ltd	**6,314,999**	24,496,754
Proceeds from Private Placement	**10,439,321**	-
Proceeds from other borrowings	**851,391**	-
Repayment of borrowings	**(2,655,235)**	(335,999)
Net cash generated from financing activities	**14,950,476**	24,160,755
Net increase / (decrease) in cash held	**141,958**	879,228
Cash at the beginning of the period	**345,006**	779,143
Cash at the end of the period	**486,964**	1,658,371

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2018

Note 1 Basis of preparation of half-year financial report

Consolidated Tin Mines Limited (the Company) is a company domiciled in Australia. These condensed consolidated half-year financial statements (half-year financial statements) as at and for the six months ended 31 December 2018 comprise the Company and its controlled entities (together referred to as the Group).

The Group is a for-profit entity primarily involved in the exploration for mineral resources and the mining of such resources for sale. The consolidated annual financial statements of the Group as at and for the year ended 30 June 2018 are available upon request from the Company's registered office at 395 Lake Street, Cairns, Australia or at www.csdtin.com.au.

These half-year consolidated financial statements are short form financial statements for the half-year reporting period ended 31 December 2018 and have been prepared in accordance with Australian Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures that the financial statements comply with International Financial Reporting Standard IAS 34: Interim Financial Reporting.

The historical cost basis has been used except for the revaluation of certain financial instruments to fair value. The carrying value of financial assets and financial liabilities is a reasonable approximation of fair value.

Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, which is also the Group's functional currency.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual consolidated financial statements for the year ended 30 June 2018 and any public announcements made by the Company during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The half-year financial statements were approved by the Board of Directors on 20th May 2019.

Accounting policies and methods of computation

Accounting policies are selected and applied in a manner that ensures the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or events is reported. The accounting policies, accounting judgements, key estimates and methods of computation applied in the Half-year Financial Report are consistent with those of the previous financial year and corresponding interim reporting period except for the adoption of the new revenue standard AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments during the six months to 31 December 2018.

As disclosed below AASB 9 and AASB 15 which were adopted have had no material impact on the Condensed Consolidated Financial Statements of the Group. In accordance with elections available under the relevant accounting standards new accounting policies are only effective from 1 July 2018 and comparative information is not restated and continues to be prepared under policies disclosed in the 30 June 2018 Financial Report.

Accounting policies and methods of computation (continued)

New and amended accounting standards adopted by the Group

AASB 15 Revenue from Contracts with Customers

AASB 15 Revenue from Contracts with Customers provides a single principles-based five step model to be applied to all revenue contracts, based on the transfer of control of goods and services to customers. This means that revenue will be recognised when control of goods or services is transferred rather than on transfer of risks and rewards. It replaces existing revenue recognition guidance for goods, services and construction contracts currently included in AASB 111 Construction Contracts and AASB 118 Revenue.

For the period 1 July 2018 to 31 December 2018 the Group had one significant contract with a large multinational mining company. The contract does not contain complex terms or separately identifiable performance obligations outside of providing ore concentrate. The performance obligation continues to be the supply of ore concentrate to the customer and therefore the transaction price relates to this performance obligation. Revenue is continued to be recognised when the customer collects the ore concentrate from the Group's operating site and revenue is recognised at a point in time.

Adoption of AASB 15 for the period ended 31 December 2018 has not resulted in a material impact on the Condensed Consolidated Financial Statements of the Group. The Group has adopted AASB 15 using the cumulative effect method (without practical expedients), with the effect of applying this standard at the date of initial application (i.e. 1 July 2018). Accordingly, the information presented for the period 1 July 2017 to 31 December 2017 has not been restated and is therefore presented, as previously reported, under AASB 118, AASB 111 and related interpretations.

AASB 9 Financial Instruments (2014)

AASB 9 Financial Instruments, approved in December 2014, replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

AASB 9 replaces the incurred loss model in AASB 139 with an expected credit loss model. The new model applies to financial assets that are not measured at FVTPL (fair value through profit and loss), including loans, lease and trade receivables, debt securities, contract assets under AASB 15 and specified financial guarantees and loan commitments issued. It does not apply to equity investments. Under the expected credit loss model, the Group is required to calculate the allowance for credit losses by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring. The allowance is the sum of these probability weighted outcomes. Because every loan and receivable carries with it some risk of default, it is expected that every such asset has a loss attached to it from the moment of its origination.

The financial assets held on the condensed consolidated statement of financial position have been reviewed in order to determine whether any loss is required to be recorded based on these expected credit losses.

Accounting policies and methods of computation (continued)

AASB 9 introduces an expected credit loss model for impairment of financial assets which replaces the incurred loss model used in AASB 139. This has not had a significant impact on the Group's trade receivables as it largely relates to balances due from a large multinational mining company with no history of default, and the resulting insignificant level of credit losses which are not considered material to the Group.

New accounting standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2018, and have not been applied in preparing these financial statements.

AASB 16 Leases

A new leasing standard, AASB 16 Leases is effective for the Group from 1 July 2019. AASB 16 specifies how to recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is twelve months or less, or the underlying asset is of a low value. Lessors continue to classify leases as operating or finance, with the AASB 16 approach to lessor accounting remaining substantially unchanged from its predecessor, AASB 17.

A project relating to the implementation if AASB 16 is ongoing for the Group and includes review of the transition options to be adopted and a review of underlying data. The Group is assessing its lease portfolio under the principles included within AASB 16, and will continue to work to design, implement and refine procedures to apply the new requirements of AASB 16 and to finalise accounting policy choices.

Going concern basis for preparation of financial statements

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

At 31 December 2018, the Group had a cash balance of $486,964 (30 June 2018: $345,006), a working capital deficiency of $36,234,471 (30 June 2018: $10,819,284) and incurred net operating cash outflows of $12,836,093 (half year to 31 December 2017: $14,484,919).

The ability of the Group to continue as a going concern is dependent on:

(i) the successful achievement of the operations plans which are based on assumptions including commodity prices, foreign exchange rates and achieving production quantities in line with respective cost and timing assumptions;
(ii) receipt of additional debt funding from Cyan under the two facilities described below, up to $195,000 being the capacity remaining under the two facilities;
(iii) finalisation and receipt of equity funding of $21 million from Wealth Pointer Global Limited pursuant to the subscription agreement executed in March 2019; and
(iv) Ming Huang Trading Limited, Ralph De Lacey and Snow Peak International Investment Limited not calling upon their respective loans which are due and payable at call.

Should there be deficiencies in achieving any of the four matters above the Group will be required to enter into additional capital raising activities via a public offer under a prospectus and private placement (as currently proposed), or source additional financial support from Cyan in addition to the debt financing outlined in item (ii) above.

Going concern basis for preparation of financial statements (continued)

There are significant uncertainties with respect to achieving a capital raising via private placements and the prospectus process.

The loan facilities provided by Cyan are not backed by any guarantees. There is a risk that the Company may be unable to draw down on the Cyan facilities as required.

Operations Plans

The Group has implemented an operations plan starting 14 April 2019 to continue mining at the Mount Garnet and Surveyor mines with processing of ore at the Mount Garnet Processing Plant. The operations plan is dependent upon the Group being able to sell product in line with assumptions used in the Group's economic forecasts, including commodity prices, production quantities, costs, production timing and foreign exchange rates, to support the Group's continued operations.

The Group reviews recent market movements and considers the opinions and forecasts of industry and finance professionals in determining the Group's economic forecasts. The Group periodically reviews our operations plans and cash flow forecasts by updating the economic variables to the prevailing rates for zinc, lead, copper and silver commodities.

The Company's operations model forecasts 418,577 tonnes to be mined at Mount Garnet and 391,752 tonnes to be mined at Surveyor from January 2019 through September 2020 with an average of 37,500 tonnes of ore being processed each month through to September 2020. Based on the assumptions above, the Group's operations model cash flow forecast to September 2020 provides a positive cash position at September 2020 and a positive working capital ratio. The forecast assumptions may differ from actual results.

Significant falls in commodity prices and/or increases in foreign exchange rates will have a material impact on the future cash flows of the Company.

The Group's operations plan is subject to inherent production risks relating to underground mining, transportation, weather and processing of mineral ore. Any delays in the timing as well as quantum of production may have a material impact on the Group's cash flows.

Should commodity prices fall, foreign exchange rates rise, costs increase, production delays arise or production quantities fall, the Company may experience a shortage of capital and may need to reduce expenditure on exploration, or seek additional debt or equity funding.

Cyan Stone Pty Ltd

Cyan has agreed to provide the Company with financing under two separate facilities:

- $10 million commencing September 2017 for a 3 year period at an interest rate of 6% p.a. ($10m drawn down as at the date of this report); and
- $30 million commencing November 2017 for a 3 year period at an interest rate of 6% p.a. ($29.805m drawn down as at the date of this report).

The $30 million loan facility was increased from $20 million to $25 million in May 2018, and from $25 million to $30 million in January 2019.

At 31 December 2018, the Cyan operating loan was due to be repaid in November 2019 and was a current liability. Following the extension of the loan term to 3 years in January 2019, the operating loan is now due to be repaid in November 2020 and is a non-current liability at the date of this report.

These loans are secured by a floating charge over all of the Group's assets.

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2018

Going concern basis for preparation of financial statements (continued)

Wealth Pointer Global Limited Placement

The Company executed a subscription agreement with Wealth Pointer Global Limited in March 2019. Under the subscription agreement, Wealth Pointer Global Limited will be issued with 34,710,743 fully paid ordinary shares at $0.605 per share to raise $21 million.

The subscription agreement is subject to conditions, including completion of due diligence by Wealth Pointer Global Limited and execution of a loan conversion agreement between Cyan and the Company in relation to the Cyan loans set out above.

Loans repayable at call

The Ming Huang Trading Limited, Ralph De Lacey and Snow Peak International Investment Limited loans continue to be outstanding at the date of this report and are repayable at call.

Assumptions in respect of commodity prices, foreign exchange rates, production quantities, timing and cost, the provision of future funding via a public offer under a prospectus, a private placement, under the subscription agreement with Wealth Pointer Global Limited or additional financial support by Cyan and continued funding support of Ming Huang Trading Limited, Ralph De Lacey and Snow Peak International Investment Limited represent material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

As a result, should the Group be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the consolidated financial statements. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the group be unable to continue as a going concern and meet its debt obligations as and when they fall due.

Note 2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

a) Exploration and evaluation assets

The Group's accounting policy is stated at Note 1 of the Consolidated Annual Financial Statements of the Group as at and for the year ended 30 June 2018. A regular review is undertaken of each area of interest to determine the reasonableness of the continuing carrying forward of costs in relation to that area of interest.

b) Mining tenements

When production commences on an area of interest, the area of interest is reclassified as a mining tenement and the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

Costs relating to areas of interest classified as mining tenements are not capitalised but are treated as operating expenses.

c) Deferred tax assets

The Group does not recognise net deferred tax assets as it is improbable in the short to medium term that these assets will be realised.

d) Rehabilitation provision

The calculation of rehabilitation and closure provisions rely on estimates of costs required to rehabilitate and restore disturbed land to its original condition. These estimates are regularly reviewed and adjusted in order to ensure that the most up to date data is used to calculate these balances.

Significant judgement is required in determining the provision for mine rehabilitation as there are many transactions and other factors that will affect the ultimate costs required to rehabilitate the mine site. Factors that will affect this liability include future development, changes in technology, price increases, changes in interest rates and changes in legislation.

The Group currently bases its rehabilitation provision on the value of the environmental bonds lodged with the Department of Natural Resources and Mines for each respective tenement.

Note 3 Segment information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group currently considers there to be only one reportable segment, that being mining and exploration within Australia.

All significant operating decisions are based upon analysis of the entity as a single segment. The financial results of this segment are represented by the half-year financial statements of the Group.

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2018

Note 4 Loss before income tax

The following expense items are relevant in explaining the financial performance for the half-year:

	For the half-year ended 31 December 2018 $	For the half-year ended 31 December 2017 $
(a) Cost of sales		
Mining & Processing	**10,894,520**	8,337,119
Royalty	**719,029**	249,963
Movement in inventories	**(618,892)**	37,337
Depreciation, see item (d) below	**1,577,948**	1,094,263
Amortisation	**2,950,504**	303,240
Other costs / (income)	**(45,469)**	-
Total cost of sales	**15,477,640**	10,021,922
(b) Mine and mill refurbishment (i)		
Mt Garnet	**9,891,319**	-
Surveyor	**1,865,476**	-
Depreciation, see item (d) below	**1,145,735**	-
Total development and refurbishment	**12,902,530**	-
(c) Care and Maintenance		
Mt Garnet	**-**	1,123,357
Depreciation, see item (d) below	**-**	547,131
Total care and maintenance	**-**	1,670,488
(d) Depreciation		
Land and buildings	**129,442**	103,845
Office equipment	**19,529**	16,673
Mobile equipment	**87,689**	66,486
Plant and equipment	**2,487,023**	1,454,390
Total depreciation	**2,723,683**	1,641,394
Depreciation allocated to cost of sales	**1,577,948**	1,094,263
Depreciation allocated to development and refurbishment	**1,145,735**	-
Depreciation allocated to care & maintenance Expense	**-**	547,131
(e) Administration Costs		
Employee Costs	**593,003**	904,831
Other Administration Costs	**95,615**	75,873
Total care and maintenance cost	**688,618**	980,703

(i) Mine and mill refurbishment costs not recoverable are expensed during the period in which they are incurred.

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2018

Note 4 Loss before income tax (continued)

	For the half-year ended 31 December 2018 $	For the half-year ended 31 December 2017 $
(f) Corporate & other		
Employee costs & director fees	**706,238**	615,949
Legal Fees	**165,284**	394,712
Insurance	**370,537**	-
Audit Fees	**161,309**	86,000
Advisory Fees	**71,268**	250,000
Leasing Fees	**101,706**	-
Environmental Costs	**548,942**	244,897
Other Expenses	**188,996**	682,901
Total corporate cost	**2,314,280**	2,274,458
(g) Exploration expenditure not capitalised		
Employee & labour costs	**534,019**	874,485
Consultants	**87,148**	89,006
Permits	**468,293**	456,753
Feasibility studies expensed	**-**	643,554
Other exploration costs	**132,482**	551,353
Total exploration costs	**1,221,942**	2,615,150
(h) Net finance expense		
Interest received from financial institutions	**(7,613)**	(2,299)
Interest expense	**1,041,539**	160,941
Total net finance expense	**1,033,926**	158,642

Note 5 Trade and other receivables

	31 December 2018 $	30 June 2018 $
Trade receivables	**2,656,556**	570,185
GST receivable	**-**	303,751
Fuel rebate receivable	**-**	54,746
Other receivable	**900**	-
Balance at end of period	**2,657,456**	928,682

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2018

Note 6 Inventory

	31 December 2018 $	30 June 2018 $
Stockpile	**368,030**	-
Concentrate (i)	**1,108,144**	857,282
Stores inventory	**653,068**	504,592
Diesel	**82,477**	89,593
Balance at end of period	**2,211,719**	1,451,467

(i) Concentrate inventory is recognised at cost and recorded at recoverable value per the Company's finalised invoices associated with the stockpile at 31 December 2018. The value of copper and lead concentrate is recognised at cost, whereas the value of zinc concentrate represents net realisable value.

Note 7 Property, plant and equipment

	31 December 2018 $	30 June 2018 $
Property, plant and equipment – at cost	**35,119,343**	33,588,664
Property, plant and equipment – accumulated deprecation	**(14,556,525)**	(11,832,842)
Balance at end of period	**20,562,818**	21,755,822

The movement in property, plant and equipment for the financial period is as follows:

	For the half-year ended 31 December 2018 $	For the half-year ended 31 December 2017 $
Balance at beginning of period	**21,755,822**	24,469,434
Depreciation	**(2,723,683)**	(1,641,394)
Additions	**1,530,679**	3,277,312
Balance at end of period	**20,562,818**	26,105,352

Note 8 Exploration and evaluation assets

	31 December 2018 $	30 June 2018 $
Exploration and evaluation phase – at cost	**41,109,926**	40,557,887

Reconciliation of Movements in the Period	**For the half-year ended 31 December 2018 $**	For the half-year ended 31 December 2017 $
In the exploration and evaluation phase		
Balance at beginning of period	**40,557,887**	45,448,509
Exploration expenditure incurred during the period at cost	**664,835**	2,775,338
Impairment of exploration costs	**(112,796)**	-
Balance at end of period	**41,109,926**	48,223,847

Exploration and evaluation assets are recognised at cost and recorded at recoverable value per independent valuation reports. The recoverability of exploration and evaluation assets carried at cost is dependent upon successful development and commercial exploitation, or alternatively sale of the respective areas of interest. There is a floating charge over all the Group's assets as security for the Cyan Stone Pty Ltd loans (please refer to Note 12).

Transfers of legal title to tenements from SPM have been delayed with the Group currently waiting on the release of documents from the office of State Revenue. Whilst SPM remain the current holder of the legal title to the tenements, the Company has full beneficial ownership and control over the tenements.

The Group has received legal advice regarding the transfer of the tenements and is in discussions with the Queensland Office of State Revenue to finalise the transfers. The Group hopes to finalise the transfer of tenements by June 2019.

Note 9 Mining tenements

	31 December 2018 $	30 June 2018 $
Mount Garnet	**3,504,692**	3,506,859
Surveyor	**12,772,530**	15,720,867
	16,277,222	19,227,726

Reconciliation of Movements in the Period	**For the half-year ended 31 December 2018 $**	For the half-year ended 31 December 2017 $
Balance at beginning of period	**19,227,726**	3,993,464
Amortisation	**(2,950,504)**	(303,240)
Balance at end of period	**16,277,222**	3,690,224

The recoverability of mining tenements carried at cost is dependent upon successful development and commercial exploitation, or alternatively sale of the respective areas of interest. There is a floating charge overall of the Group's assets as security for the Cyan Stone Pty Ltd loans (please refer to Note 12).

Transfers of legal title to tenements from SPM have been delayed with the Group currently waiting on the release of documents from the Office of State Revenue. Whilst SPM remain the current holder of the legal title to the tenements, the Company has full beneficial ownership and control over the tenements.

The Company has received legal advice regarding the transfer of the tenements and is in discussions with the Queensland Office of State Revenue to finalise the transfers. The Company hopes to finalise the transfer of legal title tenements by June 2019.

Amortisation

Amortisation of mining tenements recommenced from July 2017 in respect of the remaining value attributed to the remnant ore at Mount Garnet (not including Mount Garnet Deeps).

Amortisation of mining tenements at Surveyor commenced June 2018 in line with mining recommencement at the Dry River South mine.

Amortisation of the Mount Garnet Deeps deposit commenced January 2019 upon commencement of mining following development of the new decline to the Mount Garnet Deeps orebody.

The amortisation pattern at Surveyor and Mount Garnet will follow the Company's mining plan on a tonnes mined basis against the available tonnes to be mined at each location.

The Surveyor mining tenements are being amortised over 28 months from June 2018 through to September 2020 in line with the Group's operation model forecasts.

The Mount Garnet mining tenements are expected to be amortised over 21 months from January 2019 through to September 2020 in line with the Group's operation model forecasts.

Ore mined from Dry River South is forecast to have an average grade of 6.8% Zn, 2.0% Pb and 0.9% Cu. Ore mined from Mount Garnet Deeps is forecast to have an average grade of 4.4% Zn.

Note 9 Mining tenements (continued)

Impairment Testing

Impairment testing is performed in accordance with the Company's accounting policy on impairment disclosed in Note 1L of the consolidated annual financial statements of the Group as at and for the year ended 30 June 2018

Recoverable amount has been estimated based on discounted cash flows using market based commodity price and exchange assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements forecast. The forecast assumptions may differ from actual outcomes.

The value in use assessment is conducted collectively across both Mount Garnet and Surveyor Mines. This is due to the Mount Garnet processing plant requiring ore feed from both mines to sustain the forecast production rate.

From May 2019 through September 2020, operating costs are forecast to be $14.5 million at Mount Garnet and $19.9 million at Surveyor and processing costs are estimated to be $28.5 million.

From May 2019 through September 2020, capital expenditure is forecast to be $5.3 million at Mount Garnet and $10.3 million at Surveyor in addition to the operating costs above.

The Group's operations model forecasts 405,312 tonnes ore to be mined from Mount Garnet and 334,013 tonnes ore to be mined from Surveyor with an average of 42,500 tonnes ore being processed each month through to September 2020.

The Group's operations forecasts production of 76,809 tonnes of zinc concentrate at 48% zinc, 6,975 tonnes of copper concentrate at 25% copper and 8,672 tonnes of lead concentrate at 66% lead through to September 2020.

The operations model requires the utilisation of the Mount Garnet processing plant to generate the cash flows. To ensure that the Net Present Value calculated represents only the value of the mining tenements, the Company has deducted a fair use value for the Mount Garnet processing plant.

Production volumes are based on the Group's operation plans, with the average in line with operating the Mount Garnet Plant with a throughput of approximately 500,000 tonnes per annum. This information is obtained from internally maintained budgets and project evaluations performed by the Group in its ordinary course of business.

Based on the assumptions noted below, at 31 December 2018, the recoverable amount for the mining tenements was determined to be above book value and no impairment was recorded.

Note 9 Mining tenements (continued)

Key Assumptions

In determining the value assigned to each key assumption, management has used external sources of information and utilised experts within the Group to validate entity specific assumptions. The table below summarises the key assumptions used in the carrying value assessments. The forecast assumptions may differ from actual outcomes.

Model Assumptions	FY 2019	FY 2020	FY 2021
Zinc USD per tonne metal	$2,925	$2,925	$2,925
Copper USD per tonne metal	$6,525	$6,525	$6,525
Lead USD per tonne metal	$1,965	$1,965	$1,965
AUD:USD exchange rate	0.72	0.72	0.72
Mount Garnet Operating Cost (May 19 – Sept 20)	$14.5 million		
Dry River South Operating Cost (May 19 – Sept 20)	$19.9 million		
Mount Garnet Processing Cost (May 19 – Sept 20)	$28.5 million		
Post-tax discount rate	16%		

The Group has used the one year average price for the majority of commodities to adjust for cyclical and speculative fluctuations in commodity markets and has considered professional forecasts in determining the appropriateness of using these averages. Prices at December 2018 were lower than the forecast prices, however commodity prices have since rebounded to the pricing forecast.

The Group has utilised the relevant cashflows associated with the use and operation of the mining tenements between 1 January 2019 and 30 April 2019 in the determination of the recoverable amount of the Mining Tenements as of 31 December 2018.

The forecast mining quantities and expected concentrate production volumes to September 2020 are the identifiable resources with reference to the Kagara JORC resource statement for Dry River South, refer to ASX release 21 September 2011, and internal resource estimates for Mount Garnet that support the value of the mining tenements disclosed. The expected life of mine in respect of these resources is to September 2020.

Sensitivity

The Group has conducted sensitivity analysis on the key assumptions above. The sensitivities tested and impairment required as a result of different scenarios is summarised below:

Sensitivity	Impairment
5% decrease in average AUD equivalent commodity prices over period	$4.23 million
10% decrease in average AUD equivalent commodity prices over period	$8.87 million
5% decrease in average grade of ore mined over period	$3.10 million
10% decrease in average grade of ore mined over period	$6.95 million
Utilising commodity price assumptions as stated in the FY18 Annual Report	$10.73 million
Utilising December 2018 average commodity prices	$7.83 million
5% increase in average operating and development costs over period	$2.03 million
10% increase in average operating and development costs over period	$4.47 million
Increase in post-tax discount rate to 18%	$307,000
Increase in post-tax discount rate to 20%	$666,000

Note 9 Mining tenements (continued)

The Group's impairment testing provides an allowance for potential delays in production. No sensitivity analysis has been conducted on the production forecasts. Should significant delays occur, the value of the mining tenements may be impaired significantly. The quantum of any impairment will depend on the timing and length of any delay and any additional costs incurred as a result of the delay.

The Fair Value estimates are considered to be level 3 fair value measurements (as defined by accounting standards) as they are derived from valuation techniques that include inputs that are not based on observable market data. The Group considers the inputs and the valuation approach to be consistent with the approach taken by market participants.

Significant judgements and assumptions are required in making estimates of fair value. This is particularly so in the assessment of long life assets. It should be noted that the fair value is subject to variability in key assumptions including, but not limited to, metal prices, currency exchange rates, discount rates, production profiles, working capital and operating and capital costs. The operations plan has inherent production risks relating to underground mining, transportation, weather and processing of mineral ore; any delays in the timing as well as quantum of production may have a material impact on the Group's cash flows.

A change in one or more of the assumptions used to estimate fair value could result in a material change in the estimated fair value, and consequently an impairment in the carrying value of mining tenements.

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2018

Note 10 Bonds and deposits

	31 December 2018 $	30 June 2018 $
Bonds and deposits	**958,259**	951,582
Rehabilitation financial assurances	**10,883,807**	10,874,757
Total bonds and deposits	**11,842,066**	11,826,339

The rehabilitation financial assurances are security for environmental rehabilitation of tenements on which the Group has worked or is currently working. Bonds and deposits consist of security deposits for supply of services

The Financial Assurances are held in SPM's name and are awaiting transfer to the Group together with the tenements held in SPM's name. The Group has beneficial ownership over the Financial Assurances.

Note 11 Trade and other payables

	31 December 2018 $	30 June 2018 $
Trade payables and accruals	**6,243,800**	5,598,213
Employment related payables		
Accrued salaries	**409,475**	402,738
Accrued director salaries and fees	**206,160**	-
Accrued PAYG	**1,103,312**	552,870
Accrued Superannuation	**540,723**	418,009
Accrued Payroll tax	**574,435**	146,376
Other employee payables	**7,478**	8,262
Total trade and other payables	**9,085,383**	7,126,468

Due to the short-term nature of the Group's payables, the carrying amount is assumed to approximate their fair value.

Note 12 Loans and borrowings

	31 December 2018 $	30 June 2018 $
Current		
Loan – Cyan Stone [i]	**-**	2,500,000
Operating Loan – Cyan Stone [i]	**28,698,887**	-
Loan - Ming Huang Trading [ii]	**2,723,913**	2,723,913
Other related party loans [iii]	**506,932**	500,000
Insurance premium funding	**-**	291,340
Financial leases	**827,532**	1,419,975
Total	**32,757,264**	7,435,228
Non-current		
Exploration Loan – Cyan Stone [i]	**10,712,450**	10,409,984
Operating Loan – Cyan Stone [i]	**-**	21,694,643
Total	**10,712,450**	32,104,627

(i) Loan – Cyan Stone Pty Ltd

Pursuant to the Subscription Agreement (as varied), Cyan Stone Pty Ltd (Cyan) agreed to a scheduled prepayment of the subscription funds, and advanced in full $36,560,500 by September 2017, being $34,060,500 for the 270 million post consolidation shares and $2,500,000 for the option.

The Company issued 270 million ordinary shares to Cyan on 14 May 2018 at $0.12615 per share.

At 30 June 2018, Cyan had not exercised the option and a prepayment of $2,500,000 remained outstanding. Cyan exercised their option to subscribe to an additional 19,817,678 ordinary shares at $0.12615 per share in July 2018 and there is no remaining outstanding balance payable at 31 December 2018.

The Company has two separate loan facilities with Cyan Stone whereby individual drawdowns are separately agreed and are repayable at the end of the term:

i. $10m commencing September 2017 for a 3 year period at an interest rate of 6% p.a. ($10m drawn down and accrued interest of $712,450 at balance date; and
ii. $30m commencing November 2017 for a 3 year period at an interest rate of 6% p.a. ($27.575m drawn down and accrued interest of $1,123,888 at balance date).

At 31 December 2018, the Cyan operating loan was due to be repaid in November 2019 and was a current liability. Following the extension of the loan term to 3 years in January 2019, the operating loan is now due to be repaid in November 2020 and is a non-current liability at the date of this report.

These loans are secured by a floating charge over all of the Group's assets. Refer to Note 1 "Going concern basis for preparation of financial statements" for drawn down balance at time of signing this report.

Note 12 Loans and borrowings (continued)

(ii) Loan – Ming Huang Trading Limited

During the term of the Administration of the Company, Ming Huang Trading Limited advanced to the Administrator $2,723,913, whilst the Administrators were in control of the Company to fund care of maintenance requirements. This loan is not interest bearing and is due and payable at call.

(iii) Other Related Party Loans

Ralph De Lacey provided the Company with a short term loan facility of $400,000 in August 2018. This loan incurs interest at 0.4% per month. The outstanding balance inclusive of accrued interest at 31 December 2018 is $256,932.

SPII deposited $250,000 in a trust account on the Company's behalf prior to the Company entering into voluntary administration in July 2016. Due to non-recovery of the deposited funds, the Company agreed to repay the funds deposited to SPII. The $250,000 owing to SPII is not interest bearing and is due and payable at call.

Note 13 Non-current liabilities – Provisions

	31 December 2018 $	30 June 2018 $
Rehabilitation Provision	**10,802,147**	10,802,147

The rehabilitation provision relates to the estimated obligation in relation to the environmental rectification works on the Group's tenements. The Group's rehabilitation provision is backed by environmental bonds lodged with the Department of Natural Resources and Mines for each respective tenement (refer Note 10).

Note 14 Share capital

	31 December 2018 #	30 June 2018 #	**31 December 2018 $**	30 June 2018 $
Ordinary shares – fully paid (post consolidated basis)	**544,618,228**	507,401,718	**121,019,121**	108,079,800

Reconciliation of Movements in the Period

	Issue price (cents)	**2018 No.**	**$**
At the beginning of the period		**507,401,718**	**108,079,800**
Private Placement (23 July 2018 to 30 July 2018)	60	**17,198,832**	**10,319,321**
Shares issued to Cyan Stone Pty Ltd on exercise of the $2,500,000 option	12.615	**19,817,678**	**2,500,000**
Private Placement (20 September 2018)	60	**200,000**	**120,000**
At the end of the period		**544,618,228**	**121,019,121**

Note 15 Dividends

No dividends were paid or proposed during the period or comparative period.

Note 16 Related Party Transactions

During the period ended 31 December 2018, the Group incurred costs of $44,352 (6 months to 31 December 2017: $40,320) from NQ Mining Enterprise Pty Ltd, a company associated with Mr Ralph De Lacey, for occupancy costs. All services provided by NQ Mining Enterprise Pty Ltd were done so at an arm's length basis and on normal commercial terms. The balance owing to the director related entity as at 31 December 2018 is $29,568 (30 June 2018: $14,784) which is interest free and due and payable at call.

During the period, the Group incurred costs of $72,000 (6 months to 31 December 2017: $72,000) from ARM (NQ) Pty Ltd a company associated with Mr De Lacey, Mr Tsoi and Mr Cai. All services provided by ARM (NQ) Pty Ltd, were primarily rent on the Mt Garnet residential properties, were done so at an arm's length basis and on normal commercial terms. There is a balance of $48,000 owing as at 31 December 2018 (30 June 2018: $24,000) which is interest free and due and payable at call.

During the period, the Group incurred costs of $50,000 (6 months to 31 December 2017: $nil) from Cyan Stone Pty Ltd, a company associated with Mr Wan, for occupancy costs. All services provided by Cyan Stone Pty Ltd were done so at an arm's length basis and on normal commercial terms. The balance owing to the director related entity as at 31 December 2018 is $100,000 (30 June 2018: $50,000) which is interest free and due and payable at call.

In July 2018, Cyan Stone Pty Ltd ("Cyan") exercised its option to subscribe to 19,817,678 shares at $0.12615 per share. Funds paid under this option were offset against the remaining $2,500,000 already prepaid by Cyan.

As a result of Cyan exercising its option and the subsequent issuance of shares, $2,500,000 of liabilities previously on the Company's balance sheet has been extinguished and converted to equity.

During the period, the Group incurred costs of $661,520 (6 months to 31 December 2017: $462,374) relating to director remuneration. The Group had payables of $206,160 owing to the Directors as at 31 December 2018 (30 June 2018: $nil).

As at 31 December 2018, the Group had $250,000 (30 June 2018: $250,000) owing to Snow Peak International Investments Limited, a shareholder.

Except as stated above, there were no other related party transactions during the period.

Note 17 Contingencies

(i) *Contingent liabilities*

There were no material contingent liabilities of the Group as at 31 December 2018 other than:

Environmental Clean-up Notice

The Department of Environment and Heritage Protection (DEHP) has issued a clean-up notice to Baal Gammon Copper Pty Ltd (BGC), Snow Peak Mining Pty and CSD. The Company is in compliance with the Clean-Up Notice.

The Company, the Company's wholly owned subsidiary Colinacobre Pty Ltd (Colinacobre) and SPM entered into an agreement with BGC whereby CSD, Colinacobre and SPM agreed to relinquish their rights under a Mineral Rights Agreement, and BGC agreed to assume responsibility and liability (including any environmental liabilities) for and in respect of the Baal Gammon Project. However, should BGC fail to perform its obligation, or be placed into insolvency, there may be an attempt to involve the Group with respect to the environmental liability, the Group will defend any such attempt.

Native Title and Aboriginal Heritage

Native title claims have been made with respect to areas which include tenements in which the Group has an interest. The Group is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Group or its projects. Agreement is being or has been reached with various native title claimants in relation to Aboriginal Heritage issues regarding certain areas in which the Group has an interest.

SPM Tenement Transfers

Tenement transfers from SPM have been delayed with the Group currently waiting on the release of documents from the Office of State Revenue. Whilst SPM remain the current holder of the legal title to the tenements, the Group has full beneficial ownership and control over the tenements.

The Group has received legal advice regarding the transfer of the tenements in relation to partial payment of outstanding royalties and transfer duties to the Queensland office of State Revenue under the DOCA and is in discussions with the Queensland Office of State Revenue to finalise the transfers.

Should a dispute arise with the Queensland Office of State Revenue and should the Group's legal advice not be reflected in any subsequent court ruling, the Group may be required to pay additional amounts to the Queensland Office of State Revenue to finalise the transfer of the tenements from SPM to the Group.

(ii) *Contingent assets*

There were no material contingent assets of the Group as at 31 December 2018.

Note 18 Commitments

(i) Future exploration

The Group has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Group.

The commitments to be undertaken are as follows:

	31 December 2018 $	30 June 2018 $
Payable		
- not later than 12 months	**2,056,000**	2,063,000
- between 12 months and 5 years	**2,605,500**	2,612,500
- greater than 5 years	**-**	-
Total commitments	**4,661,500**	4,675,500

To keep tenements in good standing, work programs should meet certain minimum expenditure requirements. If the minimum expenditure requirements are not met, the Group has the option to negotiate new terms or relinquish the tenements. The Group also can meet expenditure requirements by joint venture or farm-in agreements.

(ii) Operating lease commitments

	31 December 2018 $	30 June 2018 $
Payable		
- not later than 12 months	**688,844**	1,465,424
- between 12 months and 5 years	**367,956**	195,816
- greater than 5 years	**-**	-
Total commitments	**1,056,800**	1,661,240

(iii) Contractual capital commitments

There are no contractual capital commitments as at 31 December 2018 or 30 June 2018.

Note 19 Events Occurring after the Balance Date

Funding

The loan facility of $400,000 provided by Ralph De Lacey to the Company remains available. The Company has drawn down an additional $107,100 subsequent to 31 December 2018. At the date of this report, $357,100 has been drawn down under this loan facility and it is due and payable at call.

The Company has drawn down an additional $2,230,001 from the Operating Loan provided by Cyan between 31 December 2018 and the date of this report. Please refer to Note 1 "Going concern basis for preparation of financial statements" for drawn down balance at time of signing this report. The Cyan loans are secured by a floating charge over all of the Group's assets.

The Company and Cyan extended the term of Operating Loan by 1 year and increased the loan facility by $5 million, from $25 million to $30 million in January 2019.

Placement to Wealth Pointer Global Limited

The Company executed a subscription agreement with Wealth Pointer Global Limited in March 2019. Under the subscription agreement, Wealth Pointer Global Limited will be issued with 34,710,743 fully paid ordinary shares at $0.605 per share to raise $21 million.

The subscription agreement is subject to conditions, including completion of due diligence by Wealth Pointer Global Limited and execution of a loan conversion agreement between Cyan and the Company in relation to the Cyan loans set out above.

Directors' Declaration

The Directors of Consolidated Tin Mines Limited (the Company) declare that:

(a) the accompanying Half-Year Condensed Consolidated Financial Statements and notes are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting*, and the *Corporations Regulations 2001*; and
  (ii) giving a true and fair view of the financial position as at 31 December 2018 and of the performance for the half-year ended on that date of the Group.

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

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

Signed at Sydney this 20th day of May 2019.

Ralph De Lacey
Managing Director

Independent Auditor's Review Report

To the shareholders of Consolidated Tin Mines Limited

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying ***Half-year Financial Report*** of Consolidated Tin Mines Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Consolidated Tin Mines Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 31 December 2018 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Half-year Financial Report*** comprises:

- Condensed Consolidated Statement of Financial Position as at 31 December 2018;
- Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income, Condensed Consolidated Statement of Changes in Equity and Condensed Consolidated statement of Cash Flows for the Half-year ended on that date;
- Notes 1 to 19 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The ***Group*** comprises Consolidated Tin Mines Limited (the Company) and the entities it controlled at the Half-year's end or from time to time during the Half-year.

Material uncertainty related to going concern – emphasis of matter

We draw attention to Note 1, "Going concern basis of preparation of financial statements" in the Half-year Financial Report. The conditions disclosed in Note 1 indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern, and therefore , whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Half-year Financial Report. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001;* and
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-year Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Consolidated Tin Mines Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

KPMG

KPMG

Daniel Camilleri
Partner

Sydney
20 May 2019