



EHR RESOURCES LIMITED

ABN 33 160 017 390

**HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2017**

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These interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, these interim financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2017 and any public announcements made by EHR Resources Limited during the period the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

CORPORATE DIRECTORY

Board of Directors

Stephen Dennis	(Non-Executive Chairman)
David Bradley	(Non-Executive Director)
Jeremy King	(Non-Executive Director)
Michael O'Keeffe	(Non-Executive Director)

Secretary

Ms Sarah Smith

Registered Office

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Website: www.ehrresources.com.au

Stock Exchange Listing

Listed on the Australian Securities Exchange (ASX Code: EHX)

Auditors

RSM Australia Partners
Level 32, Exchange Tower
2 The Esplanade
Perth WA 6000

Solicitors

K & L Gates LLP
32/44 St Georges Terrace
Perth WA 6000

Bankers

Westpac Banking Corporation
Level 13, 109 St Georges Terrace
Perth WA 6000

Share Registry

Automatic Share Registry
Level 2, 267 St Georges Terrace
Perth WA 6000

Telephone: 08 9324 2099
Facsimile: 08 9321 2337

DIRECTORS' REPORT

Your Directors present their report for the consolidated entity consisting of EHR Resources Limited ("EHX" or "the Company") and the entities it controlled ("the Group") for the half-year ended 31 December 2017.

DIRECTORS

The persons who were Directors of EHX during the interim reporting period and up to the date of this report are:

Stephen Dennis	(Non-Executive Chairman)
David Bradley	(Non-Executive Director)
Jeremy King	(Non-Executive Director)
Michael O'Keeffe	(Non-Executive Director) (appointed 15 June 2017)

REVIEW OF OPERATIONS

The operating loss for the half-year ended 31 December 2017 was \$2,824,486 (31 December 2016: \$785,738).

La Victoria Exploration Update

EHX is currently earning up to a 25% interest in the La Victoria Gold-Silver Project (Project) in northern Peru through a multi-stage farm-in agreement with its Joint Venture partner, Eoro Resources Limited (Eoro), which was signed in March 2017, and amended recently in February 2018.

EHX was required to spend CAD\$2m on exploration in order to earn a 10% interest in the Project, and during the quarter, this expenditure requirement was satisfied, with the result that the Company now holds a 10% interest in the La Victoria Project.

Subsequent to period end, the Company announced that Stage 2 of the earn-in phase will be divided into two components, namely Stage 2A and Stage 2B. As per the terms of the revised agreement, EHX has agreed to purchase an additional 8% interest of La Victoria in Stage 2A by incurring exploration expenditure of CAD\$1.6 million on or before 30 June 2018. Subsequently, under the Stage 2B earn-in phase, EHX may elect to earn a further 7% interest in La Victoria by expending an additional CAD\$1.4 million on or before 31 December 2018 (this amount is required to be reduced to take account of any underspend by Eoro on drilling in Stage 2A) .

During the period, final permits required to commence exploration drilling at the highly prospective Rufina Zone at La Victoria were received, and drilling commenced in November.

A total of 2,261 m of reconnaissance diamond drilling in 8 holes was completed during the second quarter with locations shown in Figure 1. The drilling program was briefly suspended over the Christmas and New Year period and recommenced in January 2018. Drill core has been logged and samples sent to laboratories in Lima, Peru for assaying.

The initial reconnaissance drilling tested the upper part of an extensive gold-bearing epithermal system, and the further drilling at Rufina is deeper to test for high-grade bonanza zones that the geological model predicts may be from 50 to 300 meters below.

DIRECTORS' REPORT

PLAN MAP OF RUFINA DRILLING

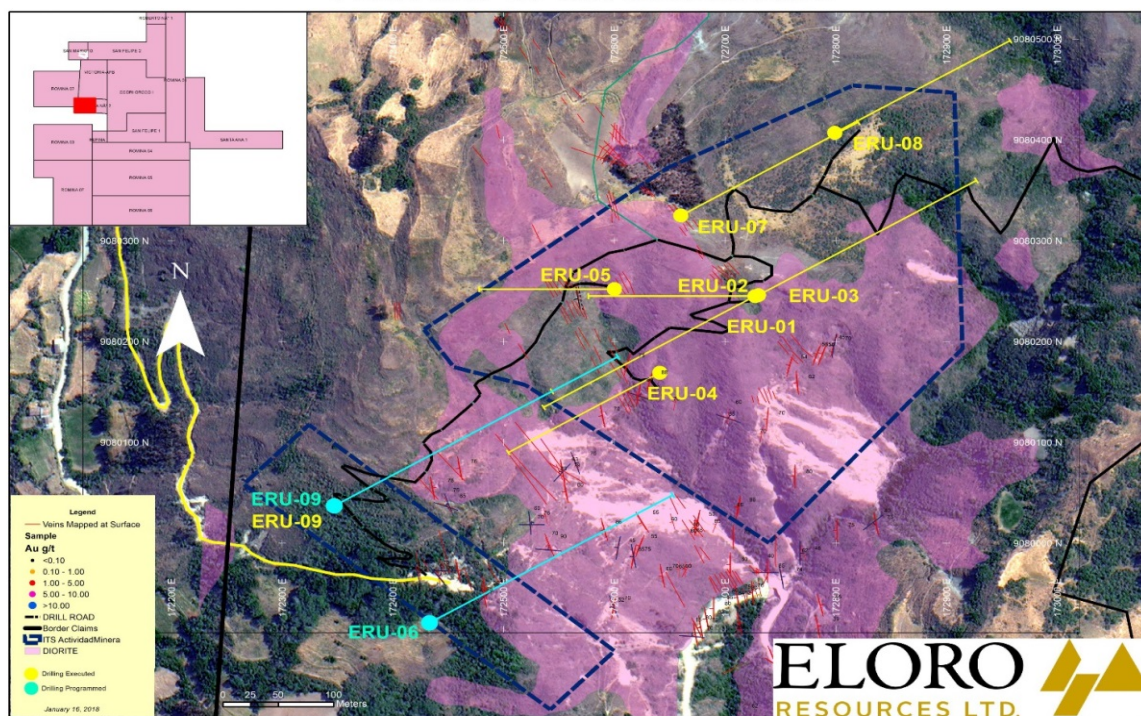


Figure 1: Plan map showing locations of diamond drill holes completed along with hole traces on the Rufina target zone.

The Company also received Magnetic and Induced Polarisation/Resistivity geophysical (IP/Res) survey reports from Real Eagle Explorations E.I.R.L during the second quarter (following on from work completed earlier in 2017). IP/Res surveys were taken over the Victoria South, Rufina and Ccori Orcco areas, while the magnetic survey was over the southern claims (newer claims), where previously there was insufficient data. The new magnetic data was merged with existing data to produce a detailed total magnetic intensity map. Three prospective magnetic anomalies were highlighted for detailed mapping and sampling in early 2018 (Figure 2).

DIRECTORS' REPORT

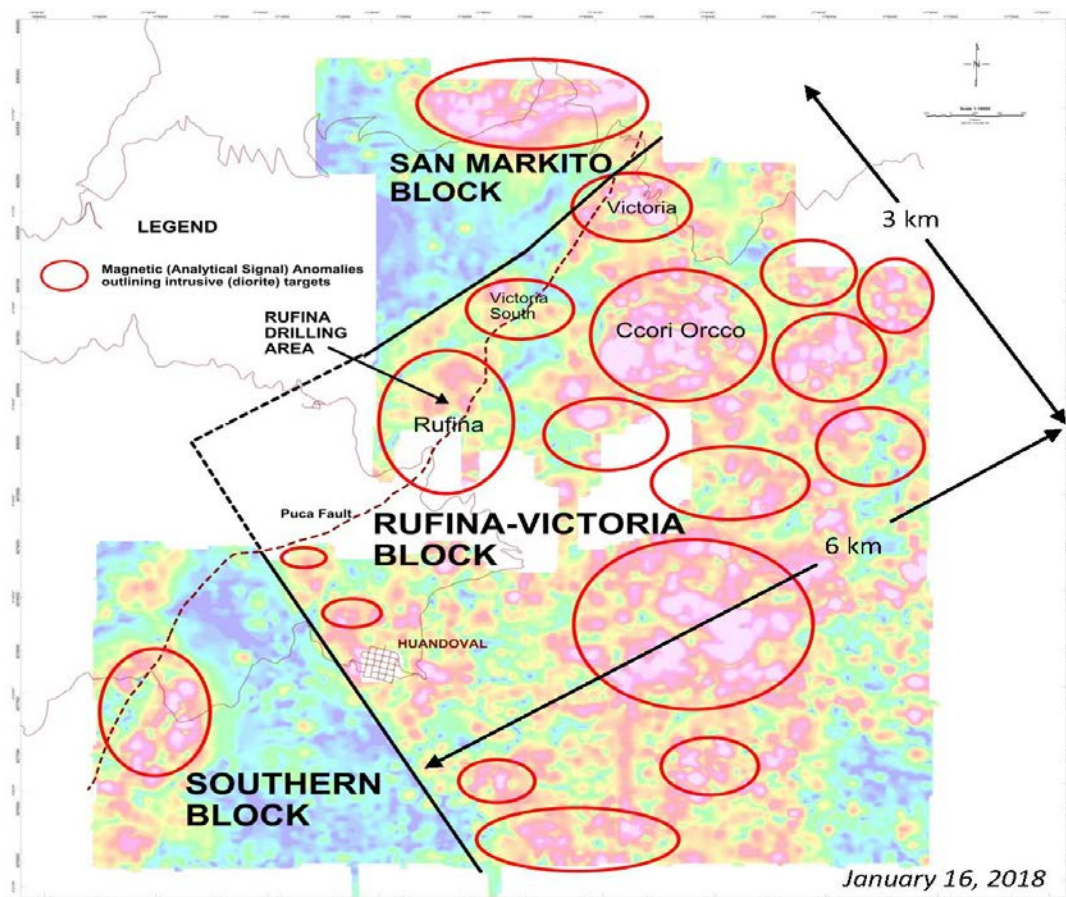


Figure 2: Total magnetic intensity merged from the 2017 and 2010 magnetic data has outlined 16 likely prospective intrusives including those already confirmed in our major target areas.

Capital Raising

On 11 July 2017, the Company issued 28,571,428 shares at \$0.07 per share to raise \$2 million under its Public Offer pursuant to the Prospectus lodged with ASX on 30 May 2017.

EVENTS OCCURRING AFTER REPORTING DATE

On 2 March 2018, the Company announced that Stage 2 of the earn-in phase will be divided into two components, namely Stage 2A and Stage 2B. As per the terms of the revised agreement, EHX has agreed to purchase an additional 8% interest of La Victoria in Stage 2A by incurring exploration expenditure of CAD\$1.6 million on or before 30 June 2018. Subsequently, in the Stage 2B earn-in phase, EHX may elect to earn a further 7% interest by expending an additional CAD\$1.4 million on or before 31 December 2018 (this amount is required to be reduced to take account of any underspend by Eloro on drilling in Stage 2A).

Other than the above, no matters or circumstances which have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods.

DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration under section 307C of the Corporations Act 2001 is included within this financial report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Stephen Dennis
Non-Executive Chairman

Perth, Western Australia
Dated 13 March 2018

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of EHR Resources Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 13 March 2018

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2017

	31-Dec-17 \$	31-Dec-16 \$
Revenue from continuing operations		
Other income	49,621	13,690
Administrative expenses	(95,886)	(71,577)
Compliance and regulatory expenses	(37,333)	(1,080)
Consulting and legal fees	(76,950)	(19,376)
Employee benefit expenses	(95,813)	(75,220)
Settlement costs	-	(610,017)
Exploration and evaluation expenditure	(2,226,967)	-
Investor relations expenses	(59,419)	-
Share-based payments expense	(255,767)	-
Other expenses	(25,972)	(22,158)
Loss before income tax expense	(2,824,486)	(785,738)
Income tax expense	-	-
Loss after income tax for the period	(2,824,486)	(785,738)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign operations	(23,403)	-
Total comprehensive loss for the period, net of tax	(23,403)	-
Total comprehensive loss for the period attributable to members of EHR Resources Limited	(2,847,889)	(785,738)
Loss per share for the period attributable to the members of EHR Resources Limited		
Basic and diluted loss per share (cents)	(2.71)	(1.02)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

As at 31 December 2017

	Notes	31-Dec-17 \$	30-June-17 \$
ASSETS			
Current Assets			
Cash and cash equivalents		3,675,695	6,093,442
Trade and other receivables		21,350	36,914
Total Current Assets		3,697,045	6,130,356
TOTAL ASSETS		3,697,045	6,130,356
LIABILITIES			
Current Liabilities			
Trade and other payables		16,949	1,686,327
Total Current Liabilities		16,949	1,686,327
TOTAL LIABILITIES		16,949	1,686,327
NET ASSETS		3,680,096	4,444,029
EQUITY			
Contributed equity	3	10,464,695	8,636,506
Reserves		1,066,047	833,683
Accumulated losses		(7,850,646)	(5,026,160)
TOTAL EQUITY		3,680,096	4,444,029

The Consolidated Statement of Financial Position should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2017

Consolidated	Issued Capital \$	Foreign Currency Reserve \$	Option Reserve \$	Accumulated Losses \$	Total \$
At 1 July 2017	8,636,506	(1,910)	835,593	(5,026,160)	4,444,029
Loss for the period	-	-	-	(2,824,486)	(2,824,486)
Other comprehensive income	-	(23,403)	-	-	(23,403)
Total comprehensive loss for the period after tax	-	(23,403)	-	(2,824,486)	(2,847,889)
Transactions with owners in their capacity as owners:					
Issue of share capital	2,000,000	-	-	-	2,000,000
Share issue costs	(171,811)	-	-	-	(171,811)
Share-based payments	-	-	255,767	-	255,767
Balance at 31 December 2017	10,464,695	(25,313)	1,091,360	(7,850,646)	3,680,096

Consolidated	Issued Capital \$	Foreign Currency Reserve	Option Reserve \$	Accumulated Losses \$	Total \$
At 1 July 2016	8,636,506	-	815,541	(3,567,118)	5,884,929
Loss for the period	-	-	-	(785,738)	(785,738)
Total comprehensive loss for the period after tax	-	-	-	(785,738)	(785,738)
Balance at 31 December 2016	8,636,506	-	815,541	(4,352,856)	5,099,191

The Consolidated Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2017

	31-Dec-17	31-Dec-16
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(582,609)	(206,496)
Payments for exploration and evaluation expenditure	(2,189,097)	-
Interest received	49,621	13,690
Net cash used in operating activities	(2,722,085)	(192,806)
Cash flows from investing activities		
Proceeds from disposal of subsidiary	-	1,021,042
Proceeds from loan advanced to previous subsidiary	-	2,978,958
Payments relating to disposal of subsidiary	-	(952,179)
Net cash provided by investing activities	-	3,047,821
Cash flows from financing activities		
Proceeds from issued shares	476,149	-
Share issue costs	(171,811)	-
Net cash provided by financing activities	304,338	-
Net increase/(decrease) in cash and cash equivalents	(2,417,747)	2,855,015
Cash and cash equivalents at beginning of the period	6,093,442	4,500,064
Cash and cash equivalents at end of the period	3,675,695	7,355,079

The Consolidated Statement of Cash Flows should be read in conjunction with the notes to the financial statements.

Notes to the Consolidated Financial Statements

NOTE 1: BASIS OF PREPARATION

These general purpose interim financial statements for half-year reporting period ended 31 December 2017 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of EHR Resources Limited. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2017, together with any public announcements made during the following half-year.

Significant accounting judgments and key estimates

The preparation of the interim financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2017.

(a) Accounting Policies

The accounting policies are consistent with those applied in the previous financial year and those of the corresponding interim reporting period.

(b) Adoption of new and revised accounting standards

In the half-year ended 31 December 2017, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2017. It has been determined by the Group that, there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to the Group accounting policies.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the Group.

NOTE 2 SEGMENT INFORMATION

The Group operates only in one reportable segment being predominately in the area of gold mineral exploration in Peru. The Board considers its business operations in gold mineral exploration to be its primary reporting function. Results are analysed as a whole by the chief operating decision maker, this being the Board of Directors. Consequently, revenue, profit, net assets and total assets for the operating segment are reflected in this financial report.

Notes to the Consolidated Financial Statements

NOTE 3 CONTRIBUTED EQUITY

	31-Dec-17		30-Jun-17	
	No.	\$	No.	\$
Fully paid ordinary shares	105,555,875	10,464,695	76,984,453	8,636,506
Movement in ordinary shares	No.	\$		
Balance at 1 July 2017	76,984,453	8,636,506		
Public offer ⁽ⁱ⁾	28,571,422	2,000,000		
Less: Share issue costs	-	(171,811)		
Balance at 30 December 2017	105,555,875	10,464,695		

- (i) On 30 May 2017, the Company announced a Public Offer ("Offer") under its Prospectus to issue 28,571,429 shares at an Offer Price of \$0.07 per share. The Offer closed oversubscribed on 6 July 2017 and raised the maximum under the Prospectus of \$2 million. The Company issued the Public Offer shares on 11 July 2017.

NOTE 4 DIVIDENDS

No dividend has been declared or paid during the half-year ended 31 December 2017 (31 December 2016: Nil), and the directors do not recommend the payment of a dividend in respect of the half-year ended 31 December 2017.

NOTE 5 CONTINGENT LIABILITIES

There are no contingent liabilities or contingent assets at 31 December 2017 (30 June 2017: Nil).

NOTE 6 CONTINGENT ASSETS

All purchases in Peru are subject to the payment of the Impuesto General a las Ventas ("IGV") which is a General Sales Tax. EHR Resources is entitled to claim back the IGV tax it has paid on all Peruvian purchases. As at 31 December 2017, the IGV tax receivable is approximately USD\$183,000. The contingent asset has not been recognised as a receivable at 31 December 2017 as receipt of the amount is dependent upon the Company meeting the IGV refund conditions stipulated by the relevant taxation authorities in Peru.

NOTE 7 COMMITMENTS

On 30 March 2017, the Company signed a definitive farm-in agreement with Eloro Resources Ltd, whereby the Company can acquire up to 25% interest in La Victoria Gold Project ("the Project") by completing up to CAD 5 million by 31 December 2018. This agreement was amended through replaced by a Revised Agreement entered into on 1 March 2018 (and announced on 2 March 2018), the effect of which is divide the original Stage 2 earn-in phase into two separate stages, Stage 2A and Stage 2B. Below are the exploration expenditure commitments for the Group in relation to this project.

Stage	Earn-in Interest	Earn-in Period	Earn-in Amount (CAD\$)
Stage 1 ⁽ⁱ⁾	10%	30 March 2017 – 30 October 2017	CAD \$2 million
Stage 2A ⁽ⁱⁱ⁾	8%	On or before 30 June 2018	CAD \$1.6 million
Stage 2B ⁽ⁱⁱ⁾	7%	On or before 31 December 2018	CAD \$1.4 million

- (i) In December 2017, the Company completed the required to earn a 10% interest in the Project.
(ii) These dates may be extended in certain circumstances

Notes to the Consolidated Financial Statements

NOTE 8 EVENTS SUBSEQUENT TO THE REPORTING PERIOD

On 2 March 2018, the Company announced that Stage 2 of the earn-in phase will be divided into two components, namely Stage 2A and Stage 2B. As per the terms of the Revised Agreement, the Company has agreed to purchase an additional 8% interest of La Victoria in Stage 2A by incurring exploration expenditure of CAD\$1.6 million on or before 30 June 2018. Subsequently, in the Stage 2B earn-in phase, the Company may elect to earn a further 7% interest by expending an additional CAD\$1.4 million on or before 31 December 2018 (this amount is required to be reduced to take account of any underspend by Eloro on drilling in Stage 2A).

Other than the above, no matters or circumstances which have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods.

DIRECTORS' DECLARATION

In the directors' opinion:

1. The financial statements and notes thereto of the Group, as set out within this financial report, are in accordance with the *Corporations Act 2001* including:
 - a. Complying with Australian Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half-year then ended on that date.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Mr Stephen Dennis
Non-Executive Chairman
13 March 2018

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
EHR RESOURCES LIMITED**

We have reviewed the accompanying half-year financial report of EHR Resources Limited which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of EHR Resources 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.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of EHR Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

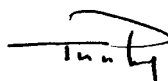
Conclusion

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 EHR Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 13 March 2018