

Saturn Metals Limited
Half-Year Financial Report

31 December 2017

ACN 619 488 498

Corporate Directory

Directors

Ian Bamborough Managing Director
Robert Tyson Executive Chairman
Andrew Venn Non-executive Director

Company Secretary

Ryan Woodhouse

Registered Office

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Share Registry

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Auditors

PricewaterhouseCoopers
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Saturn Metals Limited is a company limited by shares, incorporated and domiciled in Australia. The financial report was authorised for issue by the directors on 27 February 2018. The directors have the power to amend and reissue the financial report.

Directors' Report

Your directors present their report on Saturn Metals Limited ("**Company**" or "**Saturn**") for the half-year ended 31 December 2017.

Directors

The following persons were directors of Saturn Metals Limited during the financial period and up to the date of this report.

Robert Tyson – Appointed 2nd June 2017

Andrew Venn – Appointed 29th September 2017

Ian Bamborough – Appointed 12th August 2017

Simon Hadfield – Resigned 19th October 2017

Graham Hardie – Resigned 19th October 2017

Principal activities

The principal activity of the Company is the exploration for economic deposits of minerals. For the half year of this report, the emphasis has been on precious metals.

Results

The loss for the Company for the period after providing for income tax amounted to \$59,400 (30 June 2017: nil).

Dividends

No dividends were paid or proposed during the period.

Review of operations/ significant changes in the state of affairs

On 8 September 2017, the Board of Peel Mining Limited (Saturn Metals Limited's parent company) announced plans to vend its Apollo Hill Gold project into Saturn Metals Limited with the intention to list the Company on the ASX, via an initial public offering (IPO). The Company held a general meeting on 10 October 2017 at which they obtained shareholder approval for the transaction. Post successful IPO/Listing of Saturn, Peel would hold a significant interest in the Company.

The Company employed Mr Ian Bamborough as its Managing Director on the 12th August 2017. Mr Bamborough's continued employment is conditional on Saturn Metals Limited listing on the Australian Securities Exchange. Mr Bamborough was issued 1,000,000 performance rights in the Company in lieu of salary. Each right will convert to an ordinary share, for no consideration, upon the Company listing on the Australian Securities Exchange. Mr Bamborough will be also issued 3,000,000 options with an exercise price of 20 cents and an expiry of 3 years 1 month from the listing date of the Company.

The Company appointed Mr Andrew Venn as a non-executive director on the 29th September 2017. Mr Venn's continued employment is conditional on Saturn Metals Limited listing on the Australian Securities Exchange. Mr Venn will be issued 500,000 options with an exercise price of 20 cents and an expiry of 3 years 1 month from the listing date of the Company.

The Board of the Company elected Mr Robert Tyson as its Executive Chairman on the 19th September 2017. Mr Tyson was issued 500,000 performance rights in the Company. Each right will convert to an ordinary share, for no consideration, upon the Company releasing an updated resource estimate for the Apollo Hill Gold project to the market within 12 months of listing on the Australian Securities Exchange. Mr Tyson will be issued 500,000 options with an exercise price of 20 cents and an expiry of 3 years 1 month from the listing date of the Company.

On the 11th October 2017 the Company issued 20,000,000 shares to Apollo Mining Pty Ltd's nominee for the purchase of the Apollo Hill Gold project. The nominee company was Peel Mining Limited, the parent company of both entities.

Events occurring after reporting period

The Company opened its initial public offering on the 10th January 2018 seeking to raise up to \$7,000,000 though the issue of up to 35,000,000 shares at \$0.20 per Share. The offer was announced and closed on the 20 February 2018 with the maximum amount of \$7,000,000 raised.

Directors' Report

Performance Rights & Shares under option

Performance rights granted to key management personnel as per page 2 at the time of this report were as follows:

Grant Date	Date Vested & No. Exercisable	Expiry Date	Exercise Price	Fair value per option at Grant Date
12 th September 2017*	1,000,000 in lieu of salary and vesting upon successful listing of Saturn Metals Limited.	12 th March 2018	Nil consideration	20 Cents
29 th September 2017*	500,000 on release of an updated resource estimate for the Apollo Hill Gold project.	12 months post IPO date	Nil consideration	20 Cents

Shares under option granted to key management personnel as per page 2 at the time of this report were as follows:

Grant Date	Date Vested & No. Exercisable	Expiry Date	Exercise Price	Fair value per option at Grant Date
12 th August 2017*	12 months post IPO date - 1,000,000 24 months post IPO date - 1,000,000 36 months post IPO date - 1,000,000	37 months post IPO date	20 Cents 20 Cents 20 Cents	13 Cents 13 Cents 13 Cents
29 th September 2017*	12 months post IPO date - 1,000,000	37 months post IPO date	20 Cents	13 Cents

* Vesting of performance rights and options contingent upon listing on the Australian Securities Exchange.

No option holder has any right under the options to participate in any other share issue of the Company.

Shares issued on the exercise of options

Date of Exercise	Issue price of shares 2017 cents	Number of shares issued 2017 Number
nil	-	-

Indemnification and Insurance of Directors and Officers

During the period a related entity of the Company paid a premium as part of a Company policy to insure the directors and officers of the Company. The policy indemnifies each director and officer of the Company against certain liabilities arising in the course of their duties.

Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the period.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is included at the end of this financial report.

This report is made in accordance with a resolution of the board of directors and signed for on behalf of the board by:

Ian Bamborough



Managing Director
Perth, Western Australia
27th February 2018

Saturn Metals Limited
Statement of profit or loss and other comprehensive income
for the half year ended 31 December 2017

		For the half year ended 31 December 2017
	Note	\$
Revenue		-
Employee and directors' benefit expenses	3	(59,400)
Loss before income tax		(59,400)
Income tax benefit (expense)		-
Loss from continuing operations after income tax		(59,400)
Other comprehensive income		-
Total Loss and comprehensive income for the period attributable to the members of Saturn Metals Limited		(59,400)
Basic Loss per share for the period attributable to the members of Saturn Metals Ltd		-
Diluted Loss per share for the period attributable to the members of Saturn Metals Ltd		-

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

Saturn Metals Limited
Statement of financial position
as at 31 December 2017

	Note	31 December 2017 \$	30 June 2017 \$
Current Assets			
Trade and other receivables	2	1	1
Total Current Assets		1	1
Non-Current Assets			
Exploration expenditure	5	4,000,000	-
Total Non-Current Assets		4,000,000	-
Total Assets		4,000,001	1
Accrued expenses	3	(59,400)	
Total Liabilities		(59,400)	-
Net Assets		3,940,601	1
Equity			
Contributed equity	4	4,000,001	1
Accumulated losses		(59,400)	-
Total Equity		3,940,601	1

The above Statement of financial position should be read in conjunction with the accompanying notes.

Saturn Metals Limited
Statement of changes in equity
for the half year ended 31 December 2017

	Note	Contributed Equity \$	Accumulated Losses \$	Total Equity \$
Balance at 2 June 2017		-	-	-
Loss for the period		-	-	-
Total comprehensive loss for the period		-	-	-
Issue of share capital	4	1	-	1
Balance at 30 June 2017		1	-	1
Balance at 1 July 2017		1	-	1
Loss for the half year		-	(59,400)	(59,400)
Total comprehensive loss for the period		-	(59,400)	(59,400)
Issue of share capital	4	4,000,000	-	4,000,000
Balance at 31 December 2017		4,000,001	(59,400)	3,940,601

The above Statement of changes in equity should be read in conjunction with the accompanying notes.

Saturn Metals Limited
Statement of cash flows
for the half year ended 31 December 2017

		For the half year ended 31 December 2017
	Note	
Cash flows from operating activities		-
Net cash outflow from operating activities		-
Cash flows from investing activities		
Net cash outflow from investing activities		-
Cash flows from financing activities		
Net cash inflow from financing activities		-
Net increase/(decrease) in cash and cash equivalents		-
Cash and cash equivalents at the start of half year		-
Cash and cash equivalents at the end of half year		-

The above Statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

1. Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. The company was incorporated on the 2nd June 2017 and hence there is no comparable statement of profit or loss and other comprehensive income or statement of cashflows for the half year.

This interim financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statement. Accordingly, this interim financial statement is to be read in conjunction with the financial information and the investigating accountants report provided in the Prospectus dated 10th January 2018 and any public announcements made by Saturn Metals Limited during the interim reporting period in accordance with continuous disclosure requirements.

At 31 December 2017 and for the half-year then ended, there were no new accounting standards or amendments to accounting standards which impacted on the Company's half year report. The Company did not early adopt any accounting standards or amendments to accounting standards which have been finalised but are not yet effective.

The accounting policies applied in the half year financial report are consistent with those applied in the most recent financial statement.

Going Concern

For the half year ended 31 December 2017, the Company incurred a total comprehensive loss of \$59,400. The Company has received a letter of financial support from its parent who will accept responsibility of providing and undertaking to provide sufficient financial assistance to the Company as and when it is needed to enable the Company to continue its operations up until the point it successfully raises new share capital and lists on the Australian Stock Exchange. For the half year ended 31 December 2017 the parent had borne all costs associated with the establishment of Saturn Metals Limited. The Company opened its initial public offering on the 10th January 2018 seeking to raise up to \$7,000,000 though the issue of up to 35,000,000 shares at \$0.20 per Share. The offer was announced and closed on the 20th February 2018 with the maximum amount of \$7,000,000 raised.

	For the half year ended 31 December 2017	For the period ended 30 June 2017
2. Trade and other receivables		
Receivable from Parent	1	1
	1	1

Receivable relates to loan to parent of \$1, which was consideration for the share issued on incorporation of the company. However due to Saturn Metals Limited not having a bank account the share consideration could not be paid.

	For the half year ended 31 December 2017	For the period ended 30 June 2017
3. Accrued Expenses		
Accrued Employee and directors' benefit expenses	(59,400)	-
Total Accrued Expenditure	(59,400)	-

Accrued expenditure relates to share based performance benefits in lieu of salary, payable to the Company's Managing Director upon successful listing on the Australian Securities Exchange.

4. Contributed Equity

(a) Share capital

	31 December 2017	
	Number of Shares	\$
Ordinary shares fully paid	20,000,001	4,000,001
(b) Movements in ordinary share capital		
Opening balance, 1 July 2017	1	-
Shares issued for the purchase of the Apollo Hill Gold Project	20,000,000	4,000,000
Closing balance, 31 December 2017	20,000,001	4,000,001

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. The immediate and ultimate parent entity of the Company is Peel Mining Limited

Notes to the financial statements

5. Exploration Expenditure

	31 December 2017	30 June 2017
	\$	\$
At cost	4,000,000	-
Reconciliation		
Opening Balance	-	-
Acquisition of exploration leases	4,000,000	-
Closing net book amount	4,000,000	-

On the 11th October 2017 the Company acquired the Apollo Hill Gold project from Apollo Mining Pty Ltd. The Company issued 20,000,000 shares at 20 cents per share to Apollo Mining Pty Ltd's nominee.

6. Contingencies

The Company had no contingent assets or liabilities as at 31 December 2017.

7. Commitments and contingencies

	31 December 2017	30 June 2017
	\$	\$
Operating lease commitments		
Within one year	-	-
Later than a year but not later than five years	-	-
Later than five years	-	-

Exploration commitments

Under the terms of mineral tenement licences that may be acquired by the Company in the future, minimum annual expenditure obligations are required to be expended during the forthcoming financial year in order for the tenements to maintain a status of good standing. This expenditure may be subject to variation from time to time in accordance with the relevant state department's regulations. The Company may at any time relinquish tenements and as such avoid the requirement to meet applicable expenditure requirement, or may seek exemptions from the relevant authority.

The Company has commitments in respect of the assets acquired from Apollo Mining Pty Ltd. The commitments include minimum expenditure commitments prescribed in license conditions and legislation. To keep the tenement licences in good standing, work programs should meet minimum expenditure requirements. The Directors believe that the Company will have the ability to meet expenditure requirements through the planned equity raising as outlined in the Prospectus issued as part of the initial public offering. Based on the current tenements acquired by the Company during the half year, an annual minimum commitment of \$600,488 currently exists.

8. Events after the reporting period

The Company opened its initial public offering on the 10th January 2018 seeking to raise up to \$7,000,000 through the issue of up to 35,000,000 shares at \$0.20 per Share. The offer was announced and closed on the 20th February 2018 with the maximum amount of \$7,000,000 raised.

Other than above no other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

9. Share-based payments

During the half year the company established an employee share option plan (ESOP) and performance rights plan and issued options to directors as mentioned in the Directors Report after the reporting period.

Directors' declaration

The board of directors of Saturn Metals Limited declares that:

- (a) the financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes are in accordance with the Corporations Act 2001 and:
 - (i) comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) give a true and fair view of the financial position as at 31 December 2017 and performance for the half year ended on that date of the entity.
- (b) The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
- (c) In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (d) the board of directors have been given the declaration by the managing director and financial controller required by Section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the board of directors and is signed for and on behalf of the directors by:



Ian Bamborough

Managing Director
Perth, Western Australia
27th February 2018



Auditor's Independence Declaration

As lead auditor for the review of Saturn Metals Limited for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read 'Ben Gargett'.

Ben Gargett
Partner
PricewaterhouseCoopers

Perth
27 February 2018



Independent auditor's review report to the members of Saturn Metals Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Saturn Metals Limited (the Company), which comprises the statement of financial position as at 31 December 2017, the statement of changes in equity, statement of cash flows and statement of profit or loss and other comprehensive income for the half-year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

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 Australian 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 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 Saturn Metals 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*.



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 Saturn Metals Limited is not in accordance with the *Corporations Act 2001* including:

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

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in cursive script that reads 'Ben Gargett'.

Ben Gargett
Partner

Perth
27 February 2018