
**SIX SIGMA METALS LIMITED
AND ITS CONTROLLED ENTITY
“FORMERLY BOTSWANA METALS LIMITED”**

ACN 122 995 073

**HALF-YEAR REPORT
31 DECEMBER 2017**

Lodged with the ASX under Listing Rule 4.2A
This information should be read in conjunction with the 30 June 2017 Annual Report.

**SIX SIGMA METALS LIMITED AND ITS CONTROLLED ENTITY
HALF-YEAR REPORT – 31 DECEMBER 2017****CONTENTS**

| | Page |
|---|------|
| Directors' Report | 2 |
| Auditor's Independence Declaration | 4 |
| Consolidated Statement of Profit or Loss and Other Comprehensive Income | 5 |
| Consolidated Statement of Financial Position | 6 |
| Consolidated Statement of Changes in Equity | 7 |
| Consolidated Statement of Cash Flows | 8 |
| Notes to the Consolidated Financial Statements | 9 |
| Directors' Declaration | 14 |
| Independent Auditor's Review Report to the Members | 15 |

DIRECTORS' REPORT

Your Directors submit the financial report on the consolidated entity consisting of Six Sigma Metals Limited ("SI6" and "the Company", formally Botswana Metals Limited) and the entity it controlled ("the Group" or "the consolidated entity") at the end of, or during the half-year ended 31 December 2017.

DIRECTORS

The following persons were Directors of the Company during or since the end of the half-year and were in office for the entire period unless otherwise stated:

Mr Steven Russell Groves (appointed 22 February 2017)
Mr Edwin Bulseco (appointed 21 August 2017)
Mr Joshua Alan Letcher (appointed 21 August 2017)
Mr Matthew John Hudson (appointed 23 January 2017 and resigned 21 August 2017)
Mr Patrick John Volpe (resigned 11 December 2017)

On 22 December 2017, the Company Secretary, Ramon Jimenez resigned and Mauro Piccini was appointed.

REVIEW OF OPERATIONS

OPERATING RESULT AND SIGNIFICANT CHANGE IN STATE OF AFFAIRS

The loss from continuing operations for the period ended 31 December 2017 amounted to \$597,661 (2016: \$141,107). As at 31 December the Company held \$2,246,698 cash on hand.

On 18 August 2017 the Company issued 362,000,000 pre consolidation fully paid ordinary shares at an issue price of \$0.1 cent per share, the placement raised \$362,000 (before costs).

On 8 September 2018, the Company announced a capital raising of \$1,325,000 (before costs) via a placement of 1,615,853,617 pre-consolidation shares at \$0.082 cents per share ("Issue Price"). This was completed on 6 December 2017.

Also announced on the same day was a Share Purchase Plan ("SPP") where eligible SI6 shareholders were invited to subscribe for up to \$15,000 worth of new ordinary shares in the Company at the Issue Price of \$0.082 cents per share and one free attaching new option for every three new shares subscribed. This was completed 5 December 2017, raising \$448,782 and issuing 547,294,744 pre consolidation shares.

As announced 27 November 2017, the Company completed the 12 for 1 share consolidation which was approved by the shareholders.

On 21 December 2017 SI6 announced that \$1,600,000 had been raised in a placement following strong interest from a number of sophisticated and professional investors. The company issued 75,333,333 shares at \$0.015 per share ("Issue Price") subsequent to 31 December 2017 on 3 January 2018. Tranche 2 raising \$470,000 will issue 31,333,333 shares with shareholder approval in March 2018.

EXPLORATION ACTIVITY

During the period, the company completed a 22-hole RC drilling at the Dibete and Airstrip Copper projects, with exceptional shallow, high-grade copper and silver mineralisation revealed.

Highly anomalous soil levels of Lithium, Tantalum and Tin exist across Maibele North – Takane area and are being followed up with further exploration and analysis.

SUBSEQUENT EVENTS AFTER THE END OF THE REPORTING PERIOD

The Group is not aware of any subsequent events after the end of the reporting period that are required to be included in these financial statements other than the following;

- On 3 January 2018 the Company issued 75,333,333 shares in relation to the Tranche 1 Placement to professional and sophisticated investors as announced to the ASX on 21 December 2017, raising \$1,325,000 before costs held in trust as at 31 December 2017.

AUDITOR'S DECLARATION

The Auditors' Independence Declaration under section 307C of the *Corporations Act 2001* is attached to this Directors' Report.

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

Mr Edwin Bulseco
Chairman, Non-Executive Director

16 March 2018

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF SIX SIGMA METALS LIMITED
(FORMERLY BOTSWANA METALS LIMITED)**

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2017 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

William Buck Audit (Vic) Pty Ltd

ABN: 59 116 151 136

A handwritten signature in blue ink, appearing to read 'J.C. Luckins'.

J.C. LUCKINS

Director

Dated this 16th day of March, 2018

**CHARTERED ACCOUNTANTS
& ADVISORS**

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

| | Note | Consolidated | |
|--|------|------------------|------------------|
| | | 31/12/2017 | 31/12/2016 |
| | | \$ | \$ |
| Revenue | | | |
| Interest and other income | | 1,923 | 1,324 |
| Employment and consultancy | 8 | (370,079) | (48,619) |
| Administrative and corporate expenses | | (87,424) | (85,268) |
| Other expenses from ordinary activities | | (72,067) | (36,835) |
| Directors' remuneration and fees | 8 | (63,396) | (195,000) |
| Professional fees | | (19,179) | (8,751) |
| Travel and marketing | | (28,330) | (5,855) |
| Depreciation | | (5,503) | (4,105) |
| Bad and doubtful debts | | - | (104,462) |
| Loss from Ordinary Activities before Income Tax Expense | | (644,055) | (487,571) |
| Income tax expense | | - | - |
| Loss from Ordinary Activities after Income Tax Expense attributable to owners of the parent | | (644,055) | (487,571) |
| Other Comprehensive Income that may be subsequently reclassified to profit or loss | | | |
| Exchange differences from translation of foreign operations | | 46,394 | 346,464 |
| Total Comprehensive Loss for the half-year attributable to owners of the parent | | (597,661) | (141,107) |
| Loss per share: | | | |
| Basic and diluted loss per share (cents per share) | | (0.37) | (0.51) |

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

| | | Consolidated | |
|---|------|------------------|-------------|
| | | 31/12/2017 | 30/06/2017 |
| | | \$ | \$ |
| Assets | Note | | |
| Current Assets | | | |
| Cash and cash equivalents | | 2,246,698 | 147,039 |
| Trade and other receivables | | 131,918 | 62,374 |
| Total Current Assets | | 2,378,616 | 209,413 |
| Non-Current Assets | | | |
| Plant and equipment | | 42,028 | 29,785 |
| Capitalised exploration and expenditure | 6 | 7,070,056 | 6,795,902 |
| Total Non-Current Assets | | 7,112,084 | 6,825,687 |
| Total Assets | | 9,490,700 | 7,035,100 |
| Current Liabilities | | | |
| Trade and other payables | | 121,979 | 466,046 |
| Share subscription held in trust | | 1,132,500 | - |
| Total Current Liabilities | | 1,254,479 | 466,046 |
| Total Liabilities | | 1,254,479 | 466,046 |
| Net Assets | | 8,236,221 | 6,569,054 |
| Equity | | | |
| Issued capital | 7 | 19,612,573 | 17,535,843 |
| Reserves | | (2,274,808) | (2,321,202) |
| Options reserve | 8 | 188,098 | - |
| Accumulated losses | | (9,289,642) | (8,645,587) |
| Total Equity | | 8,236,221 | 6,569,054 |

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

| | Issued Share Capital | Share-based Payments Reserve | Foreign Currency Translation Reserve | Accumulated Losses | Total Equity |
|--|----------------------------|------------------------------------|---|-----------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2017 | 17,535,843 | - | (2,321,202) | (8,645,587) | 6,569,054 |
| Net loss for the half-year | - | - | - | (644,055) | (644,055) |
| Other comprehensive income for the half-year | - | - | 46,394 | - | 46,394 |
| Total comprehensive income for the period | - | - | 46,394 | (644,055) | (597,661) |
| Issue of ordinary shares | 2,318,282 | - | - | - | 2,318,282 |
| Cost of capital raising | (241,552) | - | - | - | (241,552) |
| Issue of options | - | 188,098 | - | - | 188,098 |
| Balance at 31 December 2017 | 19,612,573 | 188,098 | (2,274,808) | (9,289,642) | 8,236,221 |
| Balance at 1 July 2016 | 16,958,181 | 60,000 | (2,591,194) | (6,933,301) | 7,493,686 |
| Net loss for the half-year | - | - | - | (487,571) | (487,571) |
| Other comprehensive income for the half-year | - | - | 346,464 | - | 346,464 |
| Total comprehensive income for the period | - | - | 346,464 | (487,571) | (141,107) |
| Expiry of options | - | (60,000) | - | 60,000 | - |
| Balance at 31 December 2016 | 16,958,181 | - | (2,244,730) | (7,360,872) | 7,352,579 |

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF- YEAR ENDED 31 DECEMBER 2017**

| | Consolidated | |
|---|---------------------|-------------------|
| | 31/12/2017 | 31/12/2016 |
| | \$ | \$ |
| Cash Flows from Operating Activities | | |
| Payments to suppliers and employees | (732,309) | (243,790) |
| Interest and other income received | 1,923 | 1,324 |
| Net cash and cash equivalents provided by (used in) operating activities | (730,386) | (242,466) |
| Cash Flows from Investing Activities | | |
| Purchase of plant and equipment | (12,243) | (4,748) |
| Exploration expenditure | (274,154) | (156,774) |
| Net cash and cash equivalents provided by (used in) investing activities | (286,397) | (161,522) |
| Cash Flows from Financing Activities | | |
| Proceeds from issue of shares | 2,318,282 | - |
| Proceeds held in trust from shares to be issued | 1,132,500 | - |
| Costs of capital raising | (241,552) | - |
| Net cash and cash equivalents provided by (used in) financing activities | 3,209,230 | - |
| Net increase (decrease) in cash held | 2,192,447 | (403,988) |
| Cash and cash equivalents at 1 July | 147,039 | 488,249 |
| Foreign currency effect on cash held | (92,788) | - |
| Cash and cash equivalents at 31 December | 2,246,698 | 84,261 |

The accompanying notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 1 BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORT

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of preparation

Except for cash flow information, these financial statements have been prepared on an accruals basis and are based on historical costs.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's 2017 annual financial report for the financial year ended 30 June 2017 and any public announcements made by the Group during the half year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The consolidated entity has adopted all of the new and revised accounting standards issued and effective for the current period. The adoption of these new and revised standards had no material impact on the reported position or performance of the consolidated financial statements.

NOTE 2 CONTINGENT LIABILITIES

The Group's contingent liabilities have not changed materially since 30 June 2017.

NOTE 3 SUBSEQUENT EVENTS AFTER THE END OF THE REPORTING PERIOD

The Group is not aware of any subsequent events after the end of the reporting period that are required to be included in these financial statements other than the following;

- On 3 January 2018 the Company issued 75,333,333 shares in relation to the Tranche 1 Placement to professional and sophisticated investors as announced to the ASX on 21 December 2017, raising \$1,325,000 before costs held in trust as at 31 December 2017.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017
(CONTINUED)**

NOTE 4 SEGMENT INFORMATION

For the six months to 31 December 2017 the Group continued to operate solely on exploration of mineral resources in Botswana.

NOTE 5 CAPITAL AND LEASING COMMITMENTS

The Group's capital commitments and planned levels of exploration expenditure have not changed materially since 30 June 2017.

NOTE 6 CAPITALISED EXPLORATION AND EVALUATION

The exploration and evaluation expenditure relates to the Group's projects in Botswana.

| | Consolidated Group | |
|--|---------------------------|-------------------|
| | 31/12/2017 | 30/06/2017 |
| | \$ | \$ |
| Capitalised exploration and evaluation (at cost) | 7,070,056 | 6,795,902 |
| Movements in carrying values | | |
| Balance at beginning of period | 6,795,902 | 7,209,174 |
| Expenditure during the period | 231,413 | 260,979 |
| Expenditure impaired during the period | - | (943,797) |
| Foreign currency translation | 42,741 | 269,546 |
| Balance at period end | 7,070,056 | 6,795,902 |

NOTE 7 ISSUED CAPITAL

| | Company | |
|--|-------------------|-------------------|
| | 31/12/2017 | 30/06/2017 |
| | \$ | \$ |
| 350,836,487 Fully Paid Ordinary Shares (30 June 2017 – 1,462,315,814) | 19,612,573 | 17,535,843 |
| | 19,612,573 | 17,535,843 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

NOTE 7 ISSUED CAPITAL CONTINUED

Movements in ordinary share capital

| | 31/12/2017 | | 30/06/2017 | |
|---|-----------------|------------|---------------|------------|
| | No. | \$ | No. | \$ |
| Fully paid ordinary shares | | | | |
| At the beginning of the period | 1,462,315,815 | 17,535,843 | 1,158,345,803 | 16,958,181 |
| Shares issued during the period | 2,747,709,336 | 2,318,282 | 303,970,011 | 608,200 |
| Share Consolidation 1:12 – 29 November 2017 | (3,859,188,664) | - | - | - |
| Share issue costs | - | (241,552) | - | (30,538) |
| At the end of the period | 350,836,487 | 19,612,573 | 1,462,315,814 | 17,535,843 |

NOTE 8 SHARE BASED PAYMENTS EXPENSE

Movements in options reserve

| | 31/12/2017 | | 30/06/2017 | |
|---|-------------|---------|-------------|----------|
| | No. | \$ | No. | \$ |
| Options Reserve | - | - | 410,233,933 | 60,000 |
| Free attaching options issued (1) | 60,087,4446 | - | - | - |
| Free attaching options issued to Creditors (2) | 6,182,251 | - | - | - |
| Quoted options Issued to consultants (3) | 21,500,002 | 172,090 | - | - |
| Quoted options issued to Directors in consideration for services provided (3) | 2,000,000 | 16,008 | - | - |
| Conversion of options/ Expiry of options | - | - | 410,233,933 | (60,000) |
| At the end of the period | 89,769,699 | 188,098 | - | - |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017
(CONTINUED)**

NOTE 8 SHARE BASED PAYMENTS EXPENSE CONTINUED

Exercise and expiry of options

On 27 November 2017 the Company issued 89,769,699 options on a post-consolidation basis exercisable at \$0.015 per option expiring 1 July 2021.

- (1) The options were issued on a free-attaching basis to successful applicants under the share purchase plan.
- (2) Options were issued to creditors being current or past Directors and their related companies that accepted shares in part satisfaction of accrued remuneration.
- (3) Options were issued to creditors and parties in part satisfaction of fees or remuneration for services of which the following were issued to related parties:
 - 13,750,000 options were issued to Xcel Capital as part consideration for lead manager services provided to the Company in relation to the SPP and Placement;
 - 6,250,000 options were issued to Foxfire Capital in consideration for services provided to the company in relation to the placement;
 - 2,000,000 options were issued to Directors in consideration for services provided to the Company;
 - 833,335 options were issued to a contractor for services provided to the Company;
 - 666,667 options were issued to Trayburn Pty Ltd, as part consideration for services provided to the Company.

The Company has used an independent expert to measure the fair value of the unlisted options granted by the Company:

| | |
|---|-----------|
| Underlying asset price | \$0.01 |
| Exercise price | \$0.015 |
| Expected volatility | 106.49% |
| Time to Maturity of underlying option (Years) | 3.62 |
| Dividend yield | 0.00% |
| Interest rate | 1.89% |
| Value per option | \$0.07 |
| Total value of options | \$188,098 |

Other securities

No other securities were issued, exercised or lapsed during the period.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017
(CONTINUED)**

NOTE 9 RELATED PARTY TRANSACTIONS

The following related party transactions occurred during the half-year on normal commercial terms and conditions:

- CAP Holdings Pty Ltd, of which close family members of Mr P J Volpe are Directors and shareholders, was paid \$9,600 for administration work undertaken during the period.
- Trayburn Pty Ltd, of which Mr P J Volpe is a Director, was paid \$108,697 for consulting fees for the period and payment of unpaid fees for the years ended 30 June 2015, 2016 & 2017 amounting to \$190,691.
- Kalcon Investments Pty Ltd, of which Edwin Bulseco is a Director and shareholder, was paid Director fees of \$9,000.
- Xcel Capital Pty Ltd, of which Edwin Bulseco is a Director was paid \$196,765, in relation to Corporate advisory work undertaken in relation to the placement and share purchase plan.
- Bohr Industries Pty Ltd, of which Joshua Alan Letcher is a Director was paid \$12,109 in relation to Director fees for the period.

All amounts above are exclusive of GST. In addition, expenses paid by, or for, Directors and related entities were, or will be, reimbursed at cost.

NOTE 10 FAIR VALUE MEASUREMENT

The Directors consider that the carrying amount of the financial assets and financial liabilities that are recognised in the financial report approximate their fair values.

DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes.

- a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001 and the *Corporations Act 2001*; and
- b) give 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.

In the Directors' opinion there are reasonable grounds to believe that Six Sigma Metals Limited 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 made pursuant to section 303 (5) (a) of the Corporations Act 2001 by:

Mr Edwin Bulseco
Chairman, Non Executive Director

16 March 2018

Six Sigma Metals Limited (Formerly Botswana Metals Limited)

Independent auditor's review report to members

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Six Sigma Metals Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated 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.

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 Six Sigma Metals 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 Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001.

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 for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities 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 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.

**CHARTERED ACCOUNTANTS
& ADVISORS**

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Six Sigma Metals Limited (Formerly Botswana Metals Limited)

Independent auditor's review report to members

Report on the Review of the Half-Year Financial Report

As the auditor of Six Sigma 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.

A handwritten signature in blue ink that reads "William Buck".

William Buck Audit (Vic) Pty Ltd

ABN: 59 116 151 136

A handwritten signature in blue ink that reads "J.C. Luckins".

J.C. Luckins

Director

Melbourne, dated this 16th March 2018