



**High
Grade
Metals**

**High Grade Metals Limited
(Formerly Quest Minerals Limited)**

& Controlled Entities

**Interim Financial Report
For the Half-Year Ended December 2017**

CORPORATE DIRECTORY

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2017

Existing Directors

Mr Steve Formica
Non-Executive Chairman

Mr Jerome G Vitale
Non-Executive Director

Mr David Palumbo
Non-Executive Director

Proposed Directors

Torey Marshall
Managing Director and CEO

Hayden Locke
Non-Executive Director

Company Secretary

Mr David Palumbo

Registered Office

Level 11
216 St Georges Terrace
PERTH WA 6000
Phone: +61 8 9481 0389
Fax: + 61 8 9463 6103

Website

www.questminerals.com.au

Banker

National Australia Bank Limited
226 Main Street
OSBORNE PARK WA 6017

Auditor

Grant Thornton Audit Pty Ltd
Level 43
152-158 St Georges Terrace
PERTH WA 6000
Phone: +61 8 9480 2000
Fax: + 61 8 9322 7787

Australian Solicitors

Edwards Mac Scovell
Level 7
140 St Georges Terrace
PERTH WA 6000
Phone: + 61 8 6245 0222
Fax: + 61 8 6315 2657

Share Registry

Advanced Share Registry Ltd
110 Stirling Highway
NEDLANDS WA 6009
Phone: +61 8 9389 8033
Fax: + 61 8 9262 3723

Stock Exchange Listing

Australian Securities Exchange
Quest Minerals Limited

ASX Code: HGM

CONTENTS

DIRECTORS' REPORT	4
AUDITOR'S INDEPENDENCE DECLARATION	7
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	8
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	9
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	10
CONSOLIDATED STATEMENT OF CASH FLOWS	11
NOTES TO THE FINANCIAL STATEMENTS	12
DIRECTORS' DECLARATION	15
INDEPENDENT AUDITOR'S REPORT	16

DIRECTORS' REPORT

Your directors submit their report for the Company and its controlled entities (“the Consolidated Entity” or “the Group”) for the half year ended 31 December 2017.

DIRECTORS

Directors of the Company at any time during or since the end of the half year are:

Mr Steve Formica	Non-executive Chairman
Mr Jerome G Vitale	Non-executive Director
Mr David Palumbo	Non-executive Director

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year was mineral exploration including the exploration and evaluation of opportunities located domestically and internationally.

OPERATING RESULTS

As disclosed in the financial statements, the Company recorded a consolidated loss of \$237,257 for the half year to 31 December 2017 (2016: a consolidated loss of \$334,531).

REVIEW OF OPERATIONS

Victory Bore Project EL 57/1036

On 1 July 2016 the Company’s wholly owned subsidiary Acacia Mining Pty Ltd (“Acacia”) was awarded Exploration Licence E57/1036 comprising 13 blocks covering an area of 39 km² in the East Murchison Mineral Field in Western Australia. The tenement is located near the town of Sandstone, 560 km north east of Perth.

Independent geological consultants CSA Global Pty Ltd (CSA) have provided the following Mineral Resource estimate prepared in accordance with JORC Code 2012, (for details refer to Company’s ASX announcement of 29 June 2017).

Inferred Mineral Resource, Victory Bore

Tonnes (Mt)	Fe (%)	V2O5 (%)	TiO2 (%)	P (%)	SiO2 (%)	Al2O3 (%)	LOI (%)
151	25.0	0.44	6.73	0.013	28.6	14.8	0.56

Note: the Mineral Resource was estimated within constraining wireframe solids based on a nominal lower cut-off grade of 20% Fe. The Resource is quoted from blocks above a specified Fe % cut-off grade of 20% Fe. This Mineral Resource estimate was first announced by the Company on 4 March 2011 based on JORC 2004 reporting guidelines based on drilling conducted primarily in 2010.

During the period, the Company completed a limited 11 hole Reverse Circulation (RC) drilling programme to investigate historical gold anomalies from the 1990’s. The programme while primarily targeting for gold to verify historical anomalies occurring along strike of a magnetic anomaly identified from an earlier aeromagnetic survey, drill samples obtained were also assayed for vanadium and titanium.

On 28 August 2017 the Company reported that the historical gold anomalies were not confirmed by the drilling and that no further gold targets would be pursued. However significant vanadium – titanium

DIRECTORS' REPORT

intercepts identified a new mineralised lens along the magnetic anomaly with potential to add to the established V₂O₅-TiO₂ - Fe Mineral Resource which is located on three similar magnetic structures.

To advance the project additional metallurgical test work is now required to establish if the deposit lends itself to the production of a second product stream based on the titanium content of the deposit, in contrast with a single commodity vanadium product considered in previous studies conducted by the Company.

Austrian Transaction

On 13 November 2017 the Company announced that it had entered into a binding heads of agreement to acquire Austrian Projects Corporation Pty Ltd (APC). APC has a 100% interest in a suite of highly prospective cobalt and gold exploration tenements in Austria (Austrian Cobalt and Gold Projects).

The Austrian Cobalt and Gold Projects comprise eight projects which are prospective for cobalt, nickel, copper and gold and contain historical mines and workings. The Company aims to undertake a two year exploration program, focussing on cobalt/nickel/copper mineralisation of the Leogang and Seekar projects and the high grade gold potential of the Schellgaden gold mine.

The Company's shareholders approved the resolutions necessary for the acquisition of APC at a General Meeting of shareholders held on 19 January 2018. The terms approved by shareholders include:

- the issue of 186 million ordinary shares in the Company, 65 million options, and 240 million performance shares.
- The issue of a Prospectus for a public offer to raise \$4,500,000 at \$0.03 per Share before costs of the offer.
- a change of name to "High Grade Metals Limited"
- participation by existing directors in the public offer.

At completion of the acquisition, Mr Gino Vitale will retire as a director and the Company will appoint two new experienced directors: Torey Marshall as Managing Director / CEO and Hayden Locke as non-executive director.

On 30 January 2018, the Company lodged a prospectus with the Australian Securities and Investments Commission (ASIC) for the offer of:

- 150,000,000 ordinary fully paid shares at an issue price of \$0.03 each to raise \$4,500,000 (Public Offer) before estimated costs of the offer of \$571,068;
- 186,000,000 consideration shares, 65,000,000 consideration options, 120,000,000 class a performance shares and 120,000,000 class b performance shares to the vendors (or their nominees) in consideration for the acquisition of all of the securities in APC.

On 9 February 2018, the Company closed the public offer, with the full subscription amount of \$4,500,000 raised.

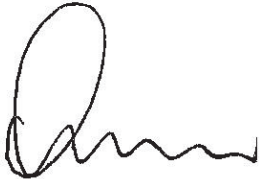
The Company is now proceeding with the next steps to achieve recompliance. In order to be reinstated to official quotation, the Company will have to demonstrate to ASX's satisfaction that it has complied with the relevant initial listing requirements, and comply with any additional conditions imposed by ASX. The Company notes that ASX has an absolute discretion in deciding whether or not to re-admit the Company to the official list and to quote its securities, and to grant any such approval on any conditions ASX considers appropriate.

DIRECTORS' REPORT

AUDITOR INDEPENDENCE

The auditor's independence declaration for the period ending 31 December 2017 has been given and is set out on the following page.

SIGNED in accordance with a resolution of the directors,

A handwritten signature in black ink, appearing to read 'Steve Formica', with a large loop at the start and a wavy tail.

Steve Formica
Non-Executive Chairman

Signed at Perth on 22 February 2018

Central Park, Level 43
152-158 St Georges Terrace
Perth WA 6000

Correspondence to:
PO Box 7757
Cloisters Square
Perth WA 6850

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration to the Directors of High Grade Metals Limited (Formerly Quest Minerals Limited)

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of High Grade Metals Limited (Formerly Quest Minerals 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M J Hillgrove
Partner – Audit & Assurance

Perth, 22 February 2018

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation.

HIGH GRADE METALS LIMITED & CONTROLLED ENTITIES
ABN 55 062 879 583

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

	Note	Half-year ended 31.12.2017 \$	Half-year ended 31.12.2016 \$
Revenue			
Interest income		1,793	3
Total revenue		<u>1,793</u>	<u>3</u>
Expenses from ordinary activities			
Professional fees		(180,929)	(130,734)
Exploration & evaluation expenditure written off		-	(1,481)
Administration expenses		(58,121)	(22,319)
Contributions to creditors trust		-	(180,000)
		<u>(239,050)</u>	<u>(334,534)</u>
Loss before income tax expense		(237,257)	(334,531)
Income tax expense		-	-
Loss for the period		<u>(237,257)</u>	<u>(334,531)</u>
Other comprehensive income			
Total other comprehensive income		-	-
Total comprehensive loss for the period		<u>(237,257)</u>	<u>(334,531)</u>
Earnings per share			
Basic loss per share (cents per share)		(0.20)	(13.15)
Diluted earnings loss per share (cents per share)		(0.20)	(13.15)

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

HIGH GRADE METALS LIMITED & CONTROLLED ENTITIES
ABN 55 062 879 583

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
31 DECEMBER 2017

	Note	As at 31.12.2017 \$	As at 30.06.2017 \$
ASSETS			
Current assets			
Cash and cash equivalents		492,209	874,582
Trade and other receivables		48,067	92,614
Other current assets	3	124,878	10,004
Total current assets		665,154	977,200
Non-current assets			
Exploration and evaluation expenditure		137,222	47,975
Total non-current assets		137,222	47,975
TOTAL ASSETS		802,376	1,025,175
LIABILITIES			
Current liabilities			
Trade and other payables		115,058	100,600
Total current liabilities		115,058	100,600
TOTAL LIABILITIES		115,058	100,600
NET ASSETS		687,318	924,575
EQUITY			
Issued capital		94,338,750	94,338,750
Reserves		1,746,900	1,746,900
Accumulated losses		(95,398,332)	(95,161,075)
TOTAL EQUITY		687,318	924,575

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

HIGH GRADE METALS LIMITED & CONTROLLED ENTITIES
ABN 55 062 879 583

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

	Note	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total Equity \$
Balance at 1 July 2016		92,202,237	(93,785,613)	1,356,900	(226,476)
Shares issued during the period		86,254	-	-	86,254
Total comprehensive loss for the period		-	(334,531)	-	(334,531)
Balance at 31 December 2016		<u>92,288,491</u>	<u>(94,120,144)</u>	<u>1,356,900</u>	<u>(474,753)</u>
Balance at 1 July 2017		94,338,750	(95,161,075)	1,746,900	924,575
Total comprehensive loss for the period		-	(237,257)	-	(237,257)
Balance at 31 December 2017		<u>94,338,750</u>	<u>(95,398,332)</u>	<u>1,746,900</u>	<u>687,318</u>

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

HIGH GRADE METALS LIMITED & CONTROLLED ENTITIES
ABN 55 062 879 583

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

	Note	31.12.2017	31.12.2016
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		1,793	3
Payment to suppliers and employees		(229,899)	(154,489)
Net cash used in operating activities		(228,106)	(154,486)
CASH FLOWS FROM INVESTING ACTIVITIES			
Exploration and evaluation expenditures		(111,558)	(1,481)
Net cash used in investing activities		(111,558)	(1,481)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		-	6,254
Payments for capital raising costs		(42,709)	-
Proceeds from borrowings		-	184,625
Net cash (used in)/provided by financing activities		(42,709)	190,879
Net (decrease)/increase in cash held		(382,373)	34,912
Cash and cash equivalents unrestricted at the beginning of period		874,582	10,600
Cash and cash equivalents unrestricted at the end of period		492,209	45,512

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

These general purpose interim financial statements for the 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 High Grade Minerals Limited and its controlled entities, formerly Quest Minerals Limited and its controlled entities (referred to as the "Consolidated Group" or "Group"). 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.

These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards. The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period. The Group has not elected to early adopt any other Standards or amendments that are issued but not yet effective. The adoption of all new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior periods.

These interim financial statements were authorised for issue on 22 February 2018.

b. Accounting policies

In the half-year ended 31 December 2017, the Company 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 Company 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 Company accounting policies.

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2017. As a result of this review the Directors have determined 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 Company accounting policies.

Going concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Group recorded an operating loss of \$237,257, and a cash outflow from operating and investing activities of \$339,664 for the half-year ended 31 December 2017 and at balance date, had net current assets of \$550,096. As the Group is in the exploration phase, and recognises no revenue streams, it continues to rely heavily on equity or debt raisings.

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

As disclosed in Note 6: Events after the reporting date, the Company has significantly progressed the APC transaction with the lodgement of a prospectus with the Australian Securities and Investments Commission (ASIC) on 30 January 2018 and closing the public offer on 9 February 2018, with the full subscription amount of \$4,500,000 raised.

The Company is now proceeding with the next steps to achieve recompliance. In order to be reinstated to official quotation, the Company will have to demonstrate to ASX's satisfaction that it will comply with the relevant initial listing requirements, and comply with any additional conditions imposed by ASX. The Company notes that ASX has an absolute discretion in deciding whether or not to re-admit the Company to the official list and to quote its securities, and to grant any such approval on any conditions ASX considers appropriate.

In considering the above, the Directors have reviewed the Group's financial position and are of the opinion that the use of the going concern basis of accounting is appropriate.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the Group not be able to continue as a going concern.

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.

AASB 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting. When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements.

AASB 15 Revenue establishes a new revenue recognition model and changes the expands and improves disclosures about revenue. When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements.

AASB 16 Leases requires all leases, other than short term and low value asset leases to be accounted "on balance sheet". When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements.

The directors have also reviewed all other new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2017. As a result of this review the directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies. These accounting policies are consistent with Australian Accounting Standards and with International Reporting Standards.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2017. As a result of this review the Directors have determined 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 Group accounting policies.

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

NOTE 2: DIVIDENDS

No dividends were paid or proposed during the half year ended 31 December 2017.

	Note	31.12.2017	30.06.2017
		\$	\$
NOTE 3: OTHER CURRENT ASSETS			
Prepaid insurance		2,869	10,004
Prepaid capital raising costs		96,354	-
APC pre-acquisition costs		25,655	-
		124,878	10,004

NOTE 4: OPERATING SEGMENTS

For the half year ended 31 December 2017, the Group's operations were in the mineral exploration sector in Australia.

The Board has considered the requirements of AASB 8 *Operating Segments* and the internal reports that are reviewed and used by the directors (the Chief Operating Decision Makers) in assessing performance and in determining the allocation of resources and have concluded at this time that there are no separately identifiable segments.

NOTE 5: CONTINGENT LIABILITIES

There has been no change in contingent liabilities or assets since the last annual reporting date.

NOTE 6: EVENTS AFTER THE REPORTING PERIOD

On 19 January 2018, the Company's shareholders approved the resolutions necessary for the acquisition of APC. The Company's securities were subsequently suspended from official quotation pending completion of the Company's recompliance with the initial listing requirements in Chapters 1 and 2 of the Listing Rules. Provisional accounting for the reverse acquisition of APC will be finalised upon completion and losses available for offset against future tax liabilities disclosed in the 30 June 2017 financial statements will need to be reassessed for deductibility.

On 30 January 2018, the Company lodged a prospectus with the Australian Securities and Investments Commission (ASIC) for the offer of:

- 150,000,000 ordinary fully paid shares at an issue price of \$0.03 each to raise \$4,500,000 (Public Offer) before estimated costs of the offer of \$571,068;
- 186,000,000 consideration shares, 65,000,000 consideration options, 120,000,000 class a performance shares and 120,000,000 class b performance shares to the vendors (or their nominees) in consideration for the acquisition of all of the securities in APC.

On 9 February 2018, the Company closed the public offer, with the full subscription amount of \$4,500,000 raised.

Except for the above, no matters or circumstances have arisen since the end of the financial year, that have 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 future financial years.

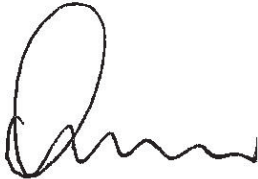
DIRECTORS' DECLARATION

The directors of the Group declare that:

1. The financial statements and notes, as set out on pages 8 to 14
 - a. Comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations and
 - b. Give a true and fair view of the economic entity's financial position as at 31 December 2017 of its performance for the half-year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the group will be able to pay its debts when they become due and payable.

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



Steve Formica
Chairman

Dated 22 February 2018

Central Park, Level 43
152-158 St Georges Terrace
Perth WA 6000

Correspondence to:
PO Box 7757
Cloisters Square
Perth WA 6850

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Review Report to the Members of High Grade Minerals Limited (Formerly Quest Minerals Limited)

Report on the Half Year Financial Report

Conclusion

We have reviewed the accompanying half year financial report of High Grade Metals Limited, formerly Quest Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, and 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, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of High Grade Metals Limited (Formerly Quest Minerals Limited) does not give a true and fair view of the financial position of the Group as at 31 December 2017, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial reporting*.

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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation.

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 Group'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 [High Grade Metals Limited (Formerly Quest Minerals 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*.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M J Hillgrove
Partner - Audit & Assurance

Perth, 22 February 2018