Plymouth minerals limited

AND ITS CONTROLLED ENTITIES
(ABN 52 147 413 956)

HALF YEAR REPORT

for the financial period ended 31 December 2016

CONTENTS

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by Plymouth Minerals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

CORPORATE DIRECTORY

EXECUTIVE CHAIRMAN
Adrian Byass

NON-EXECUTIVE DIRECTORS
Humphrey Hale
Eric Lilford
Christian Cordier

COMPANY SECRETARY
Robert Orr

PRINCIPAL & REGISTERED OFFICE
Level 1, 329 Hay Street
SUBIACO WA 6008
Telephone: (08) 6461 6350
Facsimile: (08) 6210 1872

AUDITORS
PKF Mack
Level 4, 35 Havelock Street
WEST PERTH WA 6005

SHARE REGISTER
Advanced Share Registry Services
2/150 Stirling Highway
NEDLANDS WA 6009
Telephone: (08) 9389 8033
Facsimile: (08) 9389 7871

SECURITIES EXCHANGE LISTINGS
Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: PLH

BANKERS
National Australia Bank
1232 Hay Street
WEST PERTH WA 6872

WEBSITE
www.plymouthminerals.com

DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on the Consolidated Entity (referred to hereafter as the 'Consolidated Entity') consisting of Plymouth Minerals Limited (referred to hereafter as the 'Company' or 'Parent Entity') and the entities it controlled at the end of the half-year ended 31 December 2016.

1. DIRECTORS

The names of Directors who held office during or since the end of the half-year:-

Mr Adrian Byass	Executive Chairman
Mr Humphrey Hale	Non-Executive Director
Dr Eric Lilford	Non-Executive Director
Mr Christian Cordier	Non-Executive Director

Directors have held office for the entire period and to the date of this report unless otherwise stated.

2. PRINCIPAL ACTIVITIES

During the half-year the principal activities of the Consolidated Entity consisted of exploration and evaluation of the Consolidated Entity's ground holdings.

3. RESULT OF OPERATION

The Directors of the Company advise the consolidated loss of the Consolidated Entity after providing for income tax for the half-year to 31 December 2016 is $1,315,291 (2016: $445,702).

4. REVIEW OF OPERATIONS

During the half year period ending 31 December 2016 the Company advanced its San Jose Lithium JV (Spain) and commenced mobilisation of equipment on the Banio Potash Project (Gabon). Field work commenced in Spain led by drilling and with the newly granted tenement, camp infrastructure arrived into Gabon in preparation of planned drilling there.

Potash and Lithium prices have improved during the period and there has been widespread increase in interest in the resources sector. Plymouth has positioned itself well in regards to capturing this interest with delivery of well targeted and value accretive exploration and study work underway. This work will continue into 2017.

Competent Person Statement: The information in this report related to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr A Byass, B.Sc Hons (Geol), B.Econ, FSEG, MAIG an employee of Plymouth Minerals Limited. Mr Byass has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 and 2012 Edition of the Australasian Code for Reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves. Mr Byass consents to the inclusion in the report of the matters based on this information in the form and context in which it appear.

Corporate Activities

On 8 August 2016 the Company announced a tranche (tranche 1) placement of 20,909,090 of Company's shares with sophisticated investors. The shares had an issue price of $0.22 per share to raise $4.6 million.

On 15 August 2016 the Company announced an issue of 2,625,000 Company share options to acquire fully paid ordinary shares with an exercise price 35 cents expiring 30 October 2019. These options were issued to employees and key personnel in accordance with the Company Employee Option Plan.

Following shareholder approval at the Company's General Meeting held on 15 September 2016 for the second tranche placement (tranche 2), the Company issued a further 9,090,909 of Company shares to sophisticated investors on 22 September 2016. The shares had an issue price of $0.22 per share to raise $2 million.

On 25 November 2016 the Company held its Annual General Meeting of Shareholders and subsequently announced that all resolutions put to the meeting were passed unanimously by a show of hands.

On 2 December 2016 the Company announced a further issue of 4,250,000 Company share options to employees and key personnel via the same Company Employee Option Plan. These options have the same terms, exercise price and expiry as the previous allotment issued 15 August 2016.

On the same date the Company announced another issue of Company share options as payment for corporate services relating to the placements completed during the half year. The Company issued 3,400,000 options to acquire fully paid ordinary shares with an exercise price 35 cents expiring 2 December 2018.

5. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no other significant changes in the state of affairs of the Consolidated Entity during the financial half-year.

6. DIVIDENDS

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

7. AUDITOR'S DECLARATION

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 5 for the half-year ended 31 December 2016.

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.

Adrian Byass
Executive Chairman
Dated this 13 March 2017

PKF MACK

Accounting, Financial and Business Advisory

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF PLYMOUTH MINERALS LIMITED

In relation to our review of the financial report of Plymouth Minerals Limited for the half year ended 31 December 2016, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PKF Mack

PKF MACK

SIMON FERMANIS
PARTNER

13 MARCH 2017
WEST PERTH,
WESTERN AUSTRALIA

PKF Mack
ABN 64 591 268 274

Liability limited by a scheme approved under Professional Standards Legislation

www.pkfmack.com.au

Perth

Level 4, 35 Havelock St
West Perth WA 6005 Australia

PO Box 609 West Perth WA 6872

p +61 8 9426 8999
f +61 8 9426 8900

PKF MACK
Accounting, Financial and Business Advisory

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

PLYMOUTH MINERALS LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Plymouth Minerals Limited (the Company) and controlled entities (consolidated entity) which comprises the condensed consolidated statement of financial position as at 31 December 2016, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed 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 of the consolidated entity comprising the Company and the entities it controlled at 31 December 2016, or 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 the Australian Accounting Standards and the Corporations Act 2001 and for such internal controls 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 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 2016 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001. As the auditor of Plymouth Minerals Limited and the entities it controlled during the half year, 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. In accordance with the Corporations Act 2001, we have given the directors' of the company a written Auditor's Independence Declaration.

PKF Mack
ABN 64 591 268 274

Liability limited by a scheme approved under Professional Standards Legislation

www.pkfmack.com.au

Perth

Level 4, 35 Havelock St
West Perth WA 6005 Australia

PO Box 609 West Perth WA 6872

p +61 8 9426 8999
f +61 8 9426 8900

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 Plymouth Minerals 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 2016 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.

PKF Mack

PKF MACK

SIMON FERMANIS
PARTNER

13 MARCH 2017
WEST PERTH,
WESTERN AUSTRALIA

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the half year ended 31 December 2016

	31-Dec 2016 $	31-Dec 2015 $
Revenue		
Other revenue	1,514	372
Expenses		
Administrative expenses	(89,582)	(12,777)
Compliance and regulatory expenses	(139,546)	(93,539)
Consultancy expenses	(52,731)	(12,464)
Depreciation and amortisation expense	(38,061)	-
Directors fees	(59,208)	(41,848)
Employee benefits expense	(13,236)	(24,288)
Equity compensation payment	(738,134)	-
Exploration expenditure	(189,541)	(75,838)
Impairment of exploration expenditure	(127,715)	(139,098)
Insurance expenses	(7,010)	(7,587)
Occupancy expenses	(38,574)	(21,161)
Travel expenses	(22,716)	(2,316)
Realised foreign exchange movements	200,654	-
Unrealised foreign exchange movements	(1,405)	(15,158)
Loss before income tax expense	(1,315,291)	(445,702)
Income tax expense	-	-
Loss for the period	(1,315,291)	(445,702)
Other comprehensive income		
Items that maybe reclassified subsequently to profit and loss		
Exchange differences arising on translation of foreign operations	(53,704)	42,382
Total comprehensive loss for the period	**(1,368,995)**	**(403,320)**
Loss attributable to:		
Owners of the Parent Entity	(1,282,359)	(423,023)
Non-controlling interests	(32,932)	(22,679)
	(1,315,291)	(445,702)
Other comprehensive loss attributable to:		
Owners of the Parent Entity	(59,796)	43,901
Non-controlling interests	6,092	(1,519)
	(53,704)	42,382
Earnings per share		
Basic and diluted loss per share (cents) calculated on loss for the period	(1.02)	(1.10)

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

Plymouth minerals limited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2016

	Note	31-Dec 2016 $	30-Jun 2016 $
CURRENT ASSETS			
Cash and cash equivalents		7,195,218	2,720,243
Trade and other receivables		118,125	83,261
Other current assets		11,121	8,397
TOTAL CURRENT ASSETS		7,324,464	2,811,901
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	3	4,005,662	2,803,266
Plant and equipment		1,298	1,624
Other assets		31,892	31,940
TOTAL NON-CURRENT ASSETS		4,038,852	2,836,830
TOTAL ASSETS		11,363,316	5,648,731
CURRENT LIABILITIES			
Trade and other payables		284,125	121,574
Provisions		27,138	23,753
TOTAL CURRENT LIABILITIES		311,263	145,327
TOTAL LIABILITIES		311,263	145,327
NET ASSETS		11,052,053	5,503,404
EQUITY			
Issued capital	4	16,095,542	10,160,133
Reserves		1,464,073	541,634
Accumulated losses		(6,234,526)	(4,952,167)
Equity attributable to owners of the Parent Entity		11,325,089	5,749,600
Non-controlling interest		(273,036)	(246,196)
TOTAL EQUITY		11,052,053	5,503,404

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the half year ended 31 December 2016

	31-Dec-16 $	31-Dec-15 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments for administrative and corporate expenses	(346,217)	(191,478)
Payments for exploration and evaluation expenses	(1,434,780)	(174,611)
Payments for staff expenses	(43,985)	(40,260)
Proceeds from VAT refund	-	113,429
Interest received	1,872	1,005
NET CASH USED IN OPERATING ACTIVITIES	**(1,823,110)**	**(291,915)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for fixed assets	(78,057)	-
Payment for deposits	(6,812)	-
NET CASH USED IN INVESTING ACTIVITIES	**(84,869)**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue shares	6,600,000	332,067
Payment for costs of issue of shares	(417,612)	(3,404)
NET CASH FROM FINANCING ACTIVITIES	**6,182,388**	**328,663**
Net increase/(decrease) in cash and cash equivalents	4,274,409	36,748
Effect of exchange rate changes on cash	200,565	(646)
Cash and cash equivalents at the beginning of the reporting period	2,720,244	326,056
Cash and cash equivalents at the end of the reporting period	**7,195,218**	**362,158**

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the half year ended 31 December 2016

	Issued Capital $	Share Based Payment Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Attributable to Owners of Parent $	Non-Controlling Interest $	Total $
Balance at 1 July 2016	10,160,133	493,225	48,409	(4,952,167)	5,749,600	(246,196)	5,503,404
Loss for the period	-	-	-	(1,282,359)	(1,282,359)	(32,932)	(1,315,291)
Other Comprehensive Income							
Exchange differences arising on translation of foreign operations	-	-	(59,796)	-	(59,796)	6,092	(53,704)
Total comprehensive income for the period	-	-	(59,796)	(1,282,359)	(1,342,155)	(26,840)	(1,368,995)
Transactions with owners, recorded directly in equity							
Issue of shares	6,600,000	-	-	-	6,600,000	-	6,600,000
Issue of share options	-	982,235	-	-	982,235	-	982,235
Costs of issuing shares	(664,591)	-	-	-	(664,591)	-	(664,591)
Total transactions with owners	5,935,409	982,235	-	-	6,917,644	-	6,917,644
Balance at 31 December 2016	16,095,542	1,475,460	(11,387)	(6,234,526)	11,325,089	(273,036)	11,052,053

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the half year ended 31 December 2016 (continued)

	Issued Capital	Option Reserve	Share Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Attributable to Owners of Parent	Non-Controlling Interest	Total
	$	$	$	$	$	$	$	$
Balance at 1 July 2015	4,083,546	-	195,740	(3,473)	(3,088,845)	1,186,968	(55,601)	1,131,367
Loss for the period	-	-	-	-	(423,023)	(423,023)	(22,679)	(445,702)
Other Comprehensive Income								
Exchange differences arising on translation of foreign operations	-	-	-	43,901	-	43,901	(1,519)	42,382
Total comprehensive income for the period	-	-	-	43,901	(423,023)	(379,122)	(24,198)	(403,320)
Transactions with owners, recorded directly in equity								
Issue of shares	332,067	-	-	-	-	332,067	-	332,067
Costs of issuing shares	(3,404)	-	-	-	-	(3,404)	-	(3,404)
Total transactions with owners	328,663	-	-	-	-	328,663	-	328,663
Balance at 31 December 2015	**4,412,209**	**-**	**195,740**	**40,428**	**(3,511,868)**	**1,136,509**	**(79,799)**	**1,056,710**

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

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
for the half year ended 31 December 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

Plymouth Minerals Limited (the Company) is a public company, limited by shares, domiciled and incorporated in Australia and listed on the Australian Securities Exchange. The half-year consolidated financial report of the Company for the six months ended 31 December 2016, comprise the Company and its subsidiaries (the "Consolidated Entity" or "Group").

The half-year consolidated financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting* as appropriate for for-profit orientated entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The half-year consolidated financial report does not include full disclosures of the type normally included in an annual financial report. Accordingly, it is recommended that this interim financial report be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by Plymouth Minerals Limited and its controlled entities during the interim reporting period in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001*.

These consolidated half-year financial statements were authorised for issue in accordance with a resolution of the directors on 13 March 2017.

Basis of Preparation

The half-year consolidated financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. The presentation and functional currency is Australian Dollars.

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 Company's annual financial report for the financial year ended 30 June 2016. Those accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New, revised or amending Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are relevant to their operations and mandatory for the current reporting period.

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity and are consistent with those of the previous financial years and corresponding interim reporting period.

NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS for the half year ended 31 December 2016 (cont)

Impact of new standards and interpretations issued but not yet adopted

There are no new standards that have been issued since 30 June 2016 that have been applied by the Consolidated Entity. The 30 June 2016 annual report disclosed that the Consolidated Entity anticipated no new material impacts arising from initial application of those standards issued but not yet applied at that date, and this remains the assessment as at 31 December 2016.

Going Concern Basis

The financial statements have been prepared on the going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. The Consolidated Entity incurred a net loss after tax of $1,315,291 for the period ended 31 December 2016 (31 December 2015: $445,702). As at 31 December 2016 the Consolidated Entity had net assets of $11,052,053 (30 June 2016: $5,503,404) and continues to incur expenditure on its exploration tenements drawing on its cash balances. As at 31 December 2016 the Consolidated Entity had $7,195,218 (30 June 2016: $2,720,243) in cash and cash equivalents.

The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective areas of interest. Ultimate exploitation of the assets will depend on raising necessary funding in the future. Should the Consolidated Entity be unable to raise additional funds, there is a material uncertainty which may cast significant doubt over the Consolidated Entity ability to continue as a going concern. As at 31 December 2016 there has been no adjustment in the financial report relating to the recoverability and classification of the asset carrying amounts, or the amounts and classification of liabilities that might be necessary, should the Consolidated Entity be unable to raise capital as and when required, and the exploitation of the areas of interest not be successful, or the Consolidated Entity not continue as a going concern.

Significant accounting estimates, judgments and assumptions

The preparation of financial statements requires management to make judgments and estimates relating to the carrying amounts of certain assets and liabilities. Actual results may differ from the estimates made. Estimates and assumptions are reviewed on an ongoing basis.

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next accounting period are:

(i) *Share based payment transactions*

The Consolidated Entity measures the cost of equity settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of share options is determined by an external valuer using an appropriate valuation model.

(ii) *Income tax expenses*

Judgement is required in assessing whether deferred tax assets and liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from temporary differences, are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised.

(iii) *Impairment of exploration and evaluation assets*

The ultimate recoupment of the value of exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale, of the exploration and evaluation assets.

NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS
for the half year ended 31 December 2016 (cont)

Impairment tests are carried out on a regular basis to identify whether the asset carrying values exceed their recoverable amounts. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

The key areas of judgement and estimation include:

- Recent exploration and evaluation results and resource estimates;
- Environmental issues that may impact on the underlying tenements;
- Fundamental economic factors that have an impact on the operations and carrying values of assets and liabilities.

2. OPERATING SEGMENTS

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM') to make decisions about resources to be allocated to the segments and assess their performance.

Operating segments are identified by Management based on the mineral resource and exploration activities in Australia and Spain. Discrete financial information about each project is reported to the chief operating decision maker on a regular basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the economic characteristics, the nature of the activities and the regulatory environment in which those segments operate.

The Group has two reportable segments based on the geographical areas of the mineral resource and exploration activities in Australia and Spain. Unallocated results, assets and liabilities represent corporate amounts that are not core to the reportable segments.

		Australia	Gabon	Spain	Total
		$	$	$	$
(i)	**Segment performance 31 Dec 2016**				
	Revenue				
	Unallocated items:				
	Interest revenue				1,514
	Total segment revenue				1,514
	Reconciliation of segment result to group net profit/(loss) before tax				
	Exploration expenditure	(8,912)	-	(308,344)	(317,256)
	Depreciation and amortisation	-	(37,735)	-	(37,735)
	Unallocated items:				
	Amounts not included in segment result but reviewed by the Board:				
	- Other expenses				(961,814)
	Net loss before tax				(1,315,291)
(ii)	**Segment assets**				
	Reconciliation of segment assets to group assets				
	Segment assets at 1 July 2016	-	2,803,266	-	2,803,266
	Segment asset increase for the period:				
	Exploration expenditure	-	1,269,989	127,655	1,397,644
	Impairment of capitalised expenditure	-	-	(127,715)	(127,715)
	Foreign exchange movements	-	(67,593)	60	(67,533)
	Segment assets at 31 December 2016	-	4,005,662	-	4,005,662

NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS
for the half year ended 31 December 2016 (cont)

	Australia	Gabon	Spain	Total
	$	$	$	$
Unallocated assets:				
Plant and equipment				1,298
Financial assets				7,195,218
Trade and other receivables				118,125
Other assets				43,013
Total group assets				11,363,316

(iii) Segment liabilities

Reconciliation of segment liabilities to group liabilities

	Australia $	Gabon $	Spain $	Total $
Segment liabilities as at 31 December 2016				
Trade and other payables	-	25,676	99,607	125,283
Unallocated liabilities:				
Other liabilities				185,980
Total group liabilities				311,263

(iv) Segment performance 31 Dec 2015

	Australia $	Gabon $	Spain $	Total $
Revenue				
Unallocated items:				
Interest revenue				372
Total segment revenue				372
Reconciliation of segment result to group net profit/(loss) before tax				
Exploration expenditure	-	-	(214,936)	(214,936)
Unallocated items				
Amounts not included in segment result but reviewed by the Board:				
- Other expenses				(231,138)
Net loss before tax				(445,702)

(v) Segment assets

Reconciliation of segment assets to group assets

	Australia $	Gabon $	Spain $	Total $
Segment assets as at 30 June 2016				
Exploration expenditure				
	-	2,803,266	-	2,803,266
Unallocated assets:				
Plant and equipment				1,624
Financial assets				2,720,243
Trade and other receivables				83,261
Other assets				40,337
Total group assets				5,648,731

(vi) Segment liabilities

Reconciliation of segment liabilities to group liabilities

	Australia $	Gabon $	Spain $	Total $
Segment liabilities as at 30 June 2016				
Trade and other payables	-	9,117	2,400	11,518
Unallocated liabilities:				
Other liabilities				133,809
Total group liabilities				145,327

NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS
for the half year ended 31 December 2016 (cont)

3. EXPLORATION EXPENDITURE

	31 Dec 2016 $	30 June 2016 $
Exploration expenditure capitalised		
- exploration and evaluation held at fair value	4,005,662	2,803,266
A reconciliation of the carrying amount of exploration and evaluation expenditure is set out below:		
Carrying amount at beginning of the period	2,803,266	750,000
Exploration assets acquired via acquisition of Equatorial Potash Pty Ltd	-	2,775,000
Additional costs capitalised during period	1,397,644	177,441
Foreign exchange movements	(67,533)	70,960
Impairment on exploration expenditure	(127,715)	(970,135)
Carrying amount at end of the period	4,005,662	2,803,266

The value of the Consolidated Entity's exploration expenditure is dependent upon:

- The continuance of the rights to tenure of the areas of interest;
- The results of future exploration; and
- The recoupment of costs through successful development and exploitation of the areas of interest or alternatively by their sale.

INTERESTS IN JOINT OPERATIONS

The Company has a material joint operation at the San Jose tenement in Spain about 200 km from the Company's other Spanish project the Morille Project.

On 13 June 2016 the Company announced its joint venture agreement with Valoriza Mineria SLU ("Valoriza"), a wholly owned subsidiary of one of Spain's largest companies Sacyr Vallehormoso, SA, to evaluate and potentially develop the advanced San Jose lithium-tin-tungsten deposit in Spain. The agreement enables the Company to acquire up to a 75% interest in the San Jose Deposit through a staged earn-in arrangement with consideration for the acquisition being the funding of joint venture expenditure on the project of up to €4 million during the earn-in period.

In accordance with the Earn-in and Joint Venture Agreement with Valoriza and conditional on Valoriza obtaining Investigation Permit and Exploitation Permits (Exploitation Permit to be obtained within 12 months of Investigation Permit) from the Extremadura Government, the Company can earn up to a 75% interest in the project by completing achieving the following:

- Stage 1 interest earn-in: the Company can earn 50% interest in the project through funding €1.5 million to complete technical work within 12 months from granting of regulatory permits (to date the Company has expended €141,374 towards this stage of the earn-in agreement);
- Stage 2 interest earn-in: the Company can elect to earn a further 25% (for a total 75%) through completing a Feasibility Study and expending a minimum of €2.5 million within 2 years of completing Stage 1, with the ability to extend for a further year to complete the study if required;
- the Company and Valoriza can then continue on a pro-rata funded joint venture to develop the project;
- the exploration and development program will be administered jointly, with Valoriza recognised as a Preferred Contractor for the provision of relevant operational services.

NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS for the half year ended 31 December 2016 (cont)

4. ISSUED CAPITAL

	31-Dec 2016 $	30-Jun 2016 $
100 unlisted ordinary incorporation shares (30 June 2016: 100)	100	100
137,684,092 (30 June 2016: 107,684,093) listed fully paid ordinary shares (a)	16,963,827	10,363,827
15,000,000 (30 June 2016: 15,000,000) milestone performance shares (class A)	225,000	225,000
10,000,000 (30 June 2016: 10,000,000) milestone performance shares (class B)	50,000	50,000
Less: capital raising costs	(1,143,385)	(478,794)
	16,095,542	10,160,133

a. Listed fully paid ordinary shares

	No.	$
At the beginning of reporting period	107,684,093	10,363,827
Additions		
Placement 8 August 2016 (i)	20,909,090	4,600,000
Placement 22 September 2016 (ii)	9,090,909	2,000,000
At reporting date	137,684,092	16,963,827

(i) On 8 August 2016 the Company announced a tranche (tranche 1) placement of 20,909,090 of Company's shares with sophisticated investors. The shares had an issue price of $0.22 per share to raise $4.6 million.

(ii) Following shareholder approval at the Company's General Meeting held on 15 September 2016 for the second tranche placement (tranche 2), the Company issued a further 9,090,909 of Company shares to sophisticated investors on 22 September 2016. The shares had an issue price of $0.22 per share to raise $2 million.

Ordinary fully paid shares (listed/unlisted)

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. The fully paid ordinary shares have no par value.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Milestone performance shares

The milestone performance shares were issued to the Vendors of Equatorial Pty Ltd as consideration for the acquisition of their Company. This new form of Company security were issued as two different classes on 28 April 2016. The details of these classes is listed below:

A class milestone performance shares: These shares have been placed in escrow until first milestone condition is achieved being an independently verified evidence of JORC mineral resource at the Mamana/Banio tenement over and above specified parameters within a two year period from acquisition.

NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS for the half year ended 31 December 2016 (cont)

Once escrow conditions are achieved the shares will be released from escrow and will have all the same participation rights as a normal fully paid ordinary share of the Company.

B class milestone performance shares: These shares have been placed in escrow subject to the successful conversion of the A class milestone shares, and an independent expert producing a pre-feasibility study evidencing a viable project at the Mamana/Banio tenement within four years from acquisition. As with Class A milestone performance shares once escrow conditions are achieved the shares will be released from escrow and will have all the same participation rights as a normal fully paid ordinary share of the Company.

5. RESERVES

	31-Dec 2016 $	30-Jun 2016 $
Share based payments reserve (a)	1,475,460	493,225
Foreign exchange translation reserve (b)	(11,387)	48,409
	1,464,073	541,634
a) Share-based payment reserve		
Reserve at beginning of financial period	493,225	195,740
Employee and key personnel options issued (I & ii)	735,256	-
Consultant options issued (iii)	246,979	297,485
Reserve at end of financial period	1,475,460	493,225
b) Foreign exchange translation reserve		
Reserve at beginning of financial period	48,409	(3,473)
Exchange differences arising on translating the foreign operations	(59,796)	51,882
Reserve at end of financial period	(11,387)	48,409

a) Share based payments reserve

(i) On 15 August 2016 the Company announced an issue of 2,625,000 Company share options to acquire fully paid ordinary shares with an exercise price 35 cents expiring 30 October 2019. These options were issued to employees and key personnel in accordance with the Company Employee Option Plan. These share options have a Black Scholes valuation of $0.1283 per option with the aggregate total value for this allotment being $336,826.

(ii) On 2 December 2016 the Company announced a further issue of 4,250,000 Company share options to employees and key personnel via the same Company Employee Option Plan. These options have the same terms, exercise price and expiry as the previous allotment issued 15 August 2016. These share options have a Black Scholes valuation of $0.0937 per option with the aggregate total value for this allotment being $398,430.

(iii) On the same date the Company announced another issue of Company share options as payment for corporate services relating to the placements completed during the half year. The Company issued 3,400,000 options to acquire fully paid ordinary shares with an exercise price 35 cents expiring 2 December 2018. These share options have a Black Scholes valuation of $0.0726 per option with the aggregate total value for this allotment being $246,979.

NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS
for the half year ended 31 December 2016 (cont)

The share options outstanding at balance date had a weighted average exercise price of $0.251 and a weighted average remaining contractual life of 1.84 years.

All options on issue are for ordinary shares in the Company, which confer a right of one ordinary share for every option held. During the period there was no share issues as a result of exercise of options and no lapse of options due to expiry.

6. FAIR VALUE MEASUREMENT

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

7. COMMITMENTS

In order to maintain current rights of tenure to exploration tenements the Group is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State Governments and overseas government bodies. These obligations can be reduced by selective relinquishment of exploration tenure or renegotiation.

Capital expenditure commitments contracted for exploration and evaluation expenditure payable for each of the Company's tenements are listed below:

	31 December 2016		30 June 2016	
Project	Within one year $	Later than one year but no later than five years $	Within one year $	Later than one year but no later than five years $
Spanish Projects				
Morille Project	20,160	100,800	-	-
San Jose	-	-	-	-
Gabonese Projects				
Banio	-	9,962	561,761	749,814
Mamana	-	-	-	-
Total commitments	-	110,762	561,761	749,814

<u>MORILLE PROJECT</u>
The Consolidated Entity does not have any material financial commitments and has met its minimum exploration expenditure in order to maintain rights of tenure of its Morille Project.

The Consolidate Entity is obliged to make an advance royalty payment of Euro 50,000 per annum should production not commence on Morille by January 2016, the obligation has been renegotiated to between Euro 14,400 to Euro 50,000 per annum depending on Tungsten price. (Euro 14,400 per annum at current price).

NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS for the half year ended 31 December 2016 (cont)

SAN JOSE PROJECT

The Consolidated Entity does not have any material financial commitments with regards to the San Jose project due to the current status of the project being an option to earn an interest in the project. Whilst the Company has elected to pursue an interest in the project via the earn-in agreement (please see note 4 for details on agreement) the Company has no financial obligation to do so.

BANIO PROJECT

In order to maintain current rights of tenure to Banio Project the Company is required to perform minimum exploration work to meet the minimum expenditure requirements specified by the Gabonese government. The Company is expected to spend on exploration XAF575 million over a three year period (to date the Company has already expended XAF570 million on this project).

8. CONTINGENT LIABILITIES

There has been no change to contingent liabilities since the last annual reporting date.

9. DIVIDENDS

No dividends have been declared or paid during the half-year ended 31 December 2016.

10. KEY MANAGEMENT PERSONNEL

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

11. EVENTS SUBSEQUENT TO REPORTING DATE

No matter or circumstance has arisen subsequent to 31 December 2016 that has significantly affected, or may significantly affect, the state of affairs or operations of the reporting Consolidated Entity in future financial periods.

DIRECTOR'S DECLARATION

The Directors of the Company declare that:-

1. The financial statements and notes, as set out on pages 8 to 21 are in accordance with the Corporations Act 2001, including:

   (a) complying with Accounting Standard AASB 134: Interim Financial Reporting, and Corporations Regulations 2001; and

   (b) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date.

2. 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.

This declaration is made in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

____

Adrian Byass
Executive Chairman

Dated this day 13 March 2017