# Celamin Holdings NL

**ABN 82 139 255 771**

# Half-year Financial Report - 31 December 2017

**Celamin Holdings NL**
**Contents**
**31 December 2017**

| | |
|---|---|
| Directors | Mr Martin Broome (Chairman)<br>Mr Nic Clift (Non-Executive Director)<br>Mr Tim Markwell (Non-Executive Director)<br>Ms Sue-Ann Higgins (Non-Executive Director) |
| Company secretary | Ms Melanie Leydin |
| Registered office | Level 4, 100 Albert Road<br>South Melbourne, VIC 3205<br>Australia<br>+61 3 9692 7222 |
| Principal place of business | Level 4, 100 Albert Road<br>South Melbourne VIC, 3205<br>Australia<br>+61 3 9692 7222 |
| Share register | Advanced Share Registry Ltd<br>150 Stirling Highway<br>Nedlands, WA 6009<br>+61 8 9389 8033 |
| Auditor | Grant Thornton Audit Pty Ltd<br>Collins Square, Tower 1<br>727 Collins Street<br>Melbourne VIC 3008 |
| Stock exchange listing | Celamin Holdings NL shares are listed on the Australian Securities Exchange (ASX code: CNL)<br>(ASX Code: CNLCA - partly paid shares) |
| Website | www.celaminnl.com.au |

**Celamin Holdings NL**
**Directors' report**
**31 December 2017**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Celamin Holdings NL (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2017.

**Directors**
The following persons were directors of Celamin Holdings NL during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Martin Broome, Non-Executive Chairman
Mr Nic Clift, Non-Executive Director
Mr Tim Markwell, Non-Executive Director
Ms Sue-Ann Higgins, Non-Executive Director

**Principal activities**
During the financial half-year the principal continuing activities of the consolidated entity focused on its dispute with its joint venture partner, Tunisian Mining Services ("TMS"), regarding ownership and control of the joint venture company Chaketma Phosphates SA ("CPSA") and its 51% shareholding. The Company's centre of interest had consisted of:

- Exploration and development of the Chaketma Phosphate in Tunisia.

**Review of operations**
The loss for the consolidated entity after providing for income tax amounted to $877,976 (31 December 2016: $905,543).

*Financial Performance*
Operating expenses for the half year decreased by $26,272 to $879,381 (2016: $905,653). Legal expenses amounted to $546,839 (2016: $314,587), due to ongoing dispute with TMS regarding ownership and control of CPSA.

*Financial Position*
The net liability position decreased by $2,030,415 to $1,062,861 at 31 December 2017 (30 June 2017: 3,093,276), which is largely due to settlement of shareholder loans and other payables through issue of ordinary shares.

*Cashflow*
During the period the consolidated entity had a negative cash flow from operating activities of $908,040 (2016: $798,968) which is largely due to legal expenditure where various processes are being pursued to resolve the ongoing dispute with TMS. A total of $901,025 was also raised through a share placement following shareholder approval at the general meeting in July 2017.

*JV Partners Dispute*
Celamin's wholly-owned subsidiary, Celamin Limited, remains in dispute with its joint venture partner, TMS, regarding ownership and control of CPSA and is working actively with its legal advisers to resolve this situation.

*Arbitration success*
Celamin Holdings NL has received notification that the final award has been delivered by the sole arbitrator appointed by the International Court of Arbitration of the International Chamber of Commerce to conduct the arbitration of its dispute with its joint venture partner TMS in relation to the fraudulent transfer to TMS of Celamin's 51% shareholding in CPSA, the operating company which holds the Chaketma Phosphates Permit. The Arbitrator has found in favour of Celamin Limited ordering TMS to return Celamin Limited's 51% shareholding in CPSA and to pay damages and costs in excess of US$4 million.

*Funding*
Following the US$4 million Arbitration Award made in favour of Celamin Holdings NL, the company has secured a capital raising of $1,551,750 which will provide funding to pursue enforcement of the Final Arbitration Award for recovery of its interest in Chaketma Phosphate, other legal actions in Tunisia, and for general working capital purposes.

*Background to dispute*
Celamin's core asset, The Chaketma Phosphate Project in Tunisia, is operated by a joint venture company, CPSA, in which Celamin held a 51% interest and TMS held a 49% interest.

Celamin has been the sole funder of Chaketma Phosphate Project providing US$8.6M of funding to December 2014. Celamin's partner, TMS has been beneficiary of 50% of this project expenditure, as the largest service provider, using equipment purchased with loans from Celamin.

On 21 October 2014, the Director General of CPSA, without seeking the required approval from the CPSA Board, made a US$3.3M cash call directed to Celamin Limited for funding of the Chaketma feasibility study. CPSA already held an excess of funds above requirements at that time and, in Celamin Limited’s view, no cash call was justified.

Celamin Limited objected to this cash call and, after negotiations, TMS and Celamin Limited entered into an agreement dated 10 December 2014 to reduce the cash call to US$2M and extend the due date for payment until 15 January 2015, in the expectation of agreement being reached in the first quarter of 2015 on the choice of engineering contractor and the terms of their engagement for conducting the feasibility study for the Chaketma Phosphate Project.

Celamin deposited US$2M into CPSA’s Tunisian bank account on behalf of Celamin Limited in payment of the cash call, receipt of which was confirmed by both CPSA’s bank and the Director General of CPSA on 13 January 2015.

On 19 January 2015 the Director General issued a notice of default to Celamin Limited for failure to pay the US$2M cash call by the due date (“alleged default”), rejecting payment by Celamin on Celamin Limited’s behalf despite this payment meeting Tunisian legal requirements and having been made in exactly the same manner as one of the two previous cash calls. Celamin Limited objected to the default notice and the action by the Director General and called a Board meeting scheduled for 9 March 2015 for the purpose of reversing these actions, however this meeting was not held.

Within 24 hours after receipt of the default notice, TMS indicated that it would not be acting on that notice and the Director General and TMS continued working collaboratively with Celamin in progressing the Chaketma Phosphate Project.

On 3 March 2015 the Company was advised by the then Chairman of CPSA, Mr David Regan, that he had received notice from the Director General of CPSA to the effect that Celamin Limited’s shares in CPSA had been transferred to TMS on 13 February 2015. Celamin requested a voluntary trading halt on its shares from trading on ASX on 4 March 2015. The shares remain suspended from trading on ASX.

Following initial legal investigations, the Company understands that the Director General (without Celamin’s knowledge and without any authority from the CPSA Board) has purported to transfer Celamin Limited’s shares to TMS on the basis of the alleged default.

The Company disputes the existence of any default on the part of Celamin Limited and asserts that Celamin Limited’s shares in CPSA have been transferred without any legal basis.

The US$2M deposited by Celamin for the cash call, which remained in a Tunisian bank account in CPSA’s name for a period of over three months, was received back into Celamin’s bank account in Australia on 27 April 2015, transferred from the Tunisian bank of CPSA at the instigation of the Director General of CPSA after having declared the “default”. Celamin received no communications from TMS or CPSA in relation to the transferred funds.

On the basis of strong documentary evidence, Celamin disputes the existence of any default on the part of Celamin Limited and considers that there has been a wrongful and ineffective transfer and purported expropriation of Celamin Limited’s shares in CPSA. Celamin therefore considers that it remains the rightful owner of its 51% shares in CPSA. Celamin remains committed to pursuing return of its interest in CPSA and the Chaketma Project and believes early resolution of this dispute is in the best interests of all parties and Tunisia and its people. The Chaketma Phosphate Project is a world class asset and Celamin believes it is best placed to manage the Project to ensure that it proceeds to development.

**Significant changes in the state of affairs**

On 6 July 2017, the Company held a General Meeting to approve the issue of the following shares and options in the Company:

- Shares and options issued upon settlement of Tranche 2 of the Placement.

- Shares and options issued as settlement of the balance owing under the AFL3 and Polo loans (including interest, fees and other money owing) as at 30 June 2017.

- Shares and options issued as consideration for up to 100% of outstanding Directors' fees for the period 1 January 2015 to 30 June 2017.

- Shares and options issued as part satisfaction of fees owing to Leydin Freyer for Company Secretarial and Accounting services.

- Shares and options issued as satisfaction for fees owing to Mike Brook as Executive Manager for Business Development from the period 1 February 2017 to 9 June 2017.

On 30 November 2017 Celamin Holdings NL received notification that the final award ("Final Award") has been delivered by the sole arbitrator ("Arbitrator") appointed by the ICC to conduct the arbitration of its dispute with its joint venture partner TMS in relation to the fraudulent transfer to TMS of Celamin's 51% shareholding in CPSA, the operating company which holds the Chaketma Phosphates Permit. The Arbitrator has found in favour of Celamin Limited ordering TMS to return Celamin Limited's 51% shareholding in CPSA and to pay damages and costs in excess of US$4 million.

Celamin Limited has applied for enforcement of the Final Award in Tunisia by way of application to the Tunisian Court of Appeal. If enforcement is granted, the award may be executed against TMS in the same manner as any Tunisian Court decision. TMS has lodged an application to set aside the Final Award with the Swiss Federal Court on the basis of an alleged procedural defect. TMS have alleged that they were not provided with certain invoices relating to a portion of the damages awarded by the Arbitrator, a matter which is unequivocally denied by Celamin's legal counsel. Celamin is of the view that the issues raised by TMS are not relevant to the Arbitrator's decision on the merits of the dispute and Celamin Limited has appointed Swiss Counsel to defend this application.

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

**Matters subsequent to the end of the financial half-year**
On 10 January 2018, the company secured a capital raising of $1,551,750 which will provide funding to pursue enforcement of the Final Award for recovery of its interest in Chaketma Phosphate, other legal actions in Tunisia, and for general working capital purposes. The company received applications for the placement of a total of 6,207,000,000 shares at an issue price of 0.025 cents per share ("2018 Placement"). The 2018 Placement was undertaken in two tranches as follows:
(a) the First Tranche being the issue of 400,000,000 Shares to sophisticated investors pursuant to the Company's 15% placement capacity under Listing Rule 7.1, to raise $100,000 which was completed on 10 January 2018; and
(b) the Second Tranche being the issue of the balance Shares under the 2018 Placement, following shareholder approval at a general meeting of the Company held on 14 February 2018, which was completed on 23 February 2018.

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Auditor's independence declaration**
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

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

On behalf of the directors

Mr Martin Broome
Chairman

14 May 2018

Grant Thornton

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# Auditor's Independence Declaration to the Directors of Celamin Holdings NL

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Celamin Holdings NL 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 A Cunningham
Partner – Audit & Assurance

Melbourne, 14 May 2018

**Celamin Holdings NL**
**Statement of profit or loss and other comprehensive income**
**For the half-year ended 31 December 2017**

| | Note | Consolidated 31 December 2017 $ | 31 December 2016 $ |
|---|---|---|---|
| **Revenue** | | 1,405 | 110 |
| **Expenses** | | | |
| Legal expenses | | (546,839) | (314,587) |
| Corporate expenses | | (85,993) | (109,283) |
| Administrative expenses | | (91,485) | (69,915) |
| Employment expenses | | (153,796) | (176,295) |
| Share based payments | | - | (8,464) |
| Finance costs | | (1,268) | (227,109) |
| **Loss before income tax expense** | | (877,976) | (905,543) |
| Income tax expense | | - | - |
| **Loss after income tax expense for the half-year attributable to the owners of Celamin Holdings NL** | | (877,976) | (905,543) |
| Other comprehensive income for the half-year, net of tax | | - | - |
| **Total comprehensive income for the half-year attributable to the owners of Celamin Holdings NL** | | (877,976) | (905,543) |
| | | **Cents** | **Cents** |
| Basic earnings per share | 14 | (0.034) | (0.091) |
| Diluted earnings per share | 14 | (0.034) | (0.091) |

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

**Celamin Holdings NL**
**Statement of financial position**
**As at 31 December 2017**

| | Note | Consolidated 31 December 2017 $ | 30 June 2017 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | 57,958 | 79,032 |
| Trade and other receivables | 4 | 2,382 | 30,014 |
| Other | | 43,070 | 36,590 |
| Total current assets | | 103,410 | 145,636 |
| **Total assets** | | 103,410 | 145,636 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 7 | 1,166,271 | 1,714,819 |
| Borrowings | 8 | - | 1,524,093 |
| Total current liabilities | | 1,166,271 | 3,238,912 |
| **Total liabilities** | | 1,166,271 | 3,238,912 |
| **Net liabilities** | | (1,062,861) | (3,093,276) |
| **Equity** | | | |
| Issued capital | 9 | 48,391,850 | 45,483,459 |
| Accumulated losses | | (49,454,711) | (48,576,735) |
| **Total deficiency in equity** | | (1,062,861) | (3,093,276) |

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

**Celamin Holdings NL**
**Statement of changes in equity**
**For the half-year ended 31 December 2017**

| Consolidated | Contributed equity $ | Reserves $ | Accumulated losses $ | Total deficiency in equity $ |
|---|---|---|---|---|
| Balance at 1 July 2016 | 45,357,479 | 34,627 | (46,600,820) | (1,208,714) |
| Loss after income tax expense for the half-year | - | - | (905,543) | (905,543) |
| Other comprehensive income for the half-year, net of tax | - | - | - | - |
| Total comprehensive income for the half-year | - | - | (905,543) | (905,543) |
| *Transactions with owners in their capacity as owners:* | | | | |
| Share-based payments | - | 8,464 | - | 8,464 |
| Balance at 31 December 2016 | 45,357,479 | 43,091 | (47,506,363) | (2,105,793) |

| Consolidated | Contributed equity $ | Reserves $ | Accumulated losses $ | Total deficiency in equity $ |
|---|---|---|---|---|
| Balance at 1 July 2017 | 45,483,459 | - | (48,576,735) | (3,093,276) |
| Loss after income tax expense for the half-year | - | - | (877,976) | (877,976) |
| Other comprehensive income for the half-year, net of tax | - | - | - | - |
| Total comprehensive income for the half-year | - | - | (877,976) | (877,976) |
| Share capital issued | 2,908,391 | - | - | 2,908,391 |
| Balance at 31 December 2017 | 48,391,850 | - | (49,454,711) | (1,062,861) |

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

**Celamin Holdings NL**
**Statement of cash flows**
**For the half-year ended 31 December 2017**

| | Note | Consolidated 31 December 2017 $ | Consolidated 31 December 2016 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Payments to suppliers and employees (inclusive of GST) | | (909,445) | (799,066) |
| Interest received | | 1,405 | 98 |
| Net cash used in operating activities | | (908,040) | (798,968) |
| **Cash flows from investing activities** | | | |
| Net cash from investing activities | | - | - |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares | 9 | 901,025 | - |
| Proceeds from borrowings | | - | 663,734 |
| Repayment of borrowings | | (14,059) | - |
| Net cash from financing activities | | 886,966 | 663,734 |
| Net decrease in cash and cash equivalents | | (21,074) | (135,234) |
| Cash and cash equivalents at the beginning of the financial half-year | | 79,032 | 178,958 |
| Cash and cash equivalents at the end of the financial half-year | | 57,958 | 43,724 |

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

## Note 1. General information

The financial statements cover Celamin Holdings NL as a consolidated entity consisting of Celamin Holdings NL and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Celamin Holdings NL's functional and presentation currency.

Celamin Holdings NL is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 14 May 2018. The directors have the power to amend and reissue the financial statements.

## Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

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

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

### New or amended Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

### Going concern
The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The consolidated entity made a loss after tax of $877,976 during the half year (31 December 2016: $905,543) and had net operating cash outflows of $908,040 (31 December 2016: $798,968). The cash balance as at 31 December 2017 was $57,958 (30 June 2017: $79,032).

The Company has received applications for a placement totalling 6,207,000,000 shares at an issue price of 0.025 cents per share for proceeds of $1,551,750.

Key contributors to the placement include AFL3, Polo, Lion Selection Group, directors and sophisticated investors, including clients of Patersons Securities.

## Note 2. Significant accounting policies (continued)

The Placement was undertaken in two tranches as follows:

- the First Tranche being the issue of 400,000,000 shares to sophisticated investors pursuant to the Company's 15% placement capacity under Listing Rule 7.1, to raise $100,000 which was completed on 10 January 2018; and
- the Second Tranche being the issue of the balance of shares under the placement, which was approved at a general meeting of the Company held on 14 February 2018, which was completed on 23 February 2018.

The Directors continue to monitor the ongoing funding requirements of the consolidated entity through the preparation of cash flow forecasts prepared by management to ensure that the consolidated entity has sufficient funds to meet their commitments. The Directors are confident that sufficient funds can be secured if required by a combination of capital raising and sale of assets to enable the consolidated entity to continue as a going concern and as such are of the opinion that the financial report has been appropriately prepared on a going concern basis.

## Note 3. Operating segments

*Identification of reportable operating segments*
The consolidated entity is currently organised into one operating segment: exploration and development of resource projects in North Africa. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are the Chief Operating Decision Makers ("CODM")) in assessing performance and in determining the allocation of resources.

The information reported to the CODM is on at least a monthly basis.

## Note 4. Current assets - trade and other receivables

| | **Consolidated** | |
|---|---|---|
| | **31 December 2017 $** | **30 June 2017 $** |
| Trade and other receivables | 160,000 | 160,000 |
| Less: Provision for doubtful debts | (160,000) | (160,000) |
| | - | - |
| BAS receivable | 2,382 | 30,014 |
| | 2,382 | 30,014 |

Celamin has launched legal action in the Tunisian courts to recover the $160,000 as the samples have never been delivered to Celamin by TMS. TMS have not refunded the $160K that Celamin paid to TMS for the samples. Celamin are pursuing the return of these funds through a separate legal action in Tunisia. This legal action is ongoing at reporting date.

## Note 5. Non-current assets - investments accounted for using the equity method

This asset is the value of the consolidated entity's investment in the joint venture company CPSA. In accordance with the accounting standard AASB 128 the carrying value of the asset could no longer be justified as fair value in the previous financial year so the decision was made by the Company to write down their investment in joint venture CPSA in full at 30 June 2016.

The consolidated entity is currently undertaking steps to recover this shareholding - refer to the Review of Operations section of the Directors' Report accompanying these financial statements for more information.

**Note 6. Non-current assets - exploration and evaluation**

The recoverability of the carrying amount of exploration and evaluation assets is dependent on the successful exploration and sale of phosphate and base metals across the permits held by CPSA, in which the consolidated entity claims 51% ownership

Significant judgment is required in determining whether it is likely that future economic benefits will be derived from the capitalised exploration and evaluation expenditure. In the judgement of the Directors, at 30 June 2016 exploration activities in each area of interest had reached a stage which permits a reasonable assessment of the existence or other of economically recoverable reserves. Taking this into consideration the Company decided to write off the exploration asset due the uncertainty surrounding it's 51% shareholding in the joint venture company CPSA which has been fraudulently purported to be transferred to its joint venture partner TMS, which steps are currently being undertaken to recover.

Refer to the Review of Operations section of the Directors' Report accompanying these financial statements for more information.

**Note 7. Current liabilities - trade and other payables**

| | Consolidated | |
|---|---|---|
| | 31 December 2017 $ | 30 June 2017 $ |
| Trade payables | 651,228 | 627,675 |
| Other payables | 515,043 | 1,087,144 |
| | 1,166,271 | 1,714,819 |

Following the Dispute arising with TMS, the Company announced a cash conservation programme on 24 April 2015. Since that time the payment of all Non-Executive Director fees has been deferred, and those fees have been accrued, rather than paid in cash. After shareholder approval at the July 2017 general meeting, the Directors elected to take shares in lieu of the Company making a physical cash payment for the outstanding amounts owing to Directors.

**Note 8. Current liabilities - borrowings**

| | Consolidated | |
|---|---|---|
| | 31 December 2017 $ | 30 June 2017 $ |
| Loan - African Lion | - | 786,154 |
| Loan - Polo Resources | - | 737,939 |
| | - | 1,524,093 |

On 16 June 2016, the Company entered into a Loan Agreement (AFL3 Loan) with African Lion 3 Limited (AFL3) for advances of up to a principal amount of US$400,000 (equivalent AUD$529,772) plus interest, fees and charges. The AFL3 Loan was subsequently fully drawn down and was due for repayment (together interest, fees and other money owing) on 30 April 2017. The Company has reached agreement with AFL3 to repay the balance owing under the AFL3 Loan (including interest, fees and other money owing) as at 30 June 2017, being a total of AUD$786,154, in exchange for the issue of 262,051,547 shares at an Issue Price of 0.3 cents and 131,025,774 new options. The shares and options were issued on 11 July 2017 following shareholder approval.

## Note 8. Current liabilities - borrowings (continued)

On 7 June 2016, the Company entered into a Loan Agreement (Polo Loan) with Polo Resources Limited (Polo) for advances of up to a principal amount of US$400,000 (equivalent AUD$531,755) plus interest, fees and charges. The Polo Loan was subsequently fully drawn down and was due for repayment (together interest, fees and other money owing) on 30 April 2017. An agreement has also been reached with Polo to repay the balance owing under the Polo Loan (including interest, fees and other money owing) as at 30 June 2017, being a total of AUD$737,939, in exchange for the issue of 245,979,557 shares at an Issue Price of 0.3 cents and 122,989,779 new options. The shares and options were issued on 11 July 2017 following shareholder approval.

## Note 9. Equity - issued capital

| | Consolidated | | | |
|---|---|---|---|---|
| | 31 December 2017 Shares | 30 June 2017 Shares | 31 December 2017 $ | 30 June 2017 $ |
| Ordinary shares - fully paid | 2,712,293,860 | 1,142,147,036 | 48,374,565 | 45,466,174 |
| Partly paid shares | 14,887,796 | 14,887,796 | 17,285 | 17,285 |
| | 2,727,181,656 | 1,157,034,832 | 48,391,850 | 45,483,459 |

*Movements in ordinary share capital*

| Details | Date | Shares | Issue price | $ |
|---|---|---|---|---|
| Balance | 1 July 2017 | 1,142,147,036 | | 45,466,174 |
| Placement | 11 July 2017 | 901,024,950 | $0.001 | 901,025 |
| Issue of shares as settlement of AFL and Polo loans | 11 July 2017 | 508,031,104 | $0.003 | 1,524,094 |
| Issue of shares as settlement of director fees | 11 July 2017 | 133,590,770 | $0.003 | 400,772 |
| Issue of shares as settlement of other fees payable | 11 July 2017 | 27,500,000 | $0.003 | 82,500 |
| Balance | 31 December 2017 | 2,712,293,860 | | 48,374,565 |

*Ordinary shares*
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Share buy-back*
There is no current on-market share buy-back.

## Note 10. Contingent assets

Celamin Holdings NL has received notification that the final award has been delivered by the sole arbitrator appointed by the International Court of Arbitration of the International Chamber of Commerce to conduct the arbitration of its dispute with its joint venture partner TMS in relation to the fraudulent transfer to TMS of Celamin's 51% shareholding in CPSA, the operating company which holds the Chaketma Phosphates Permit. The Arbitrator has found in favour of Celamin Limited ordering TMS to return Celamin Limited's 51% shareholding in CPSA and to pay damages and costs in excess of US$4 million.

The company is currently pursuing legal avenues to enforce this order.

## Note 11. Contingent liabilities

In the event the JV Partners dispute proceeds to a final hearing and award, the Success Fee payable to the Company's arbitration lawyers Brown Rudnick will be:

• A fixed amount of Euro 300,000 payable upon return of Celamin's 51% interest in Chaketma; and
• An additional amount equal to 2% of any damages awarded in favour of Celamin in the Final Award, payable upon payment of those damages and/or transfer to Celamin of an increased percentage interest in CPSA in lieu of payment of such damages.

## Note 12. Commitments

The consolidated entity has no commitments for exploration or investment expenditure at 31 December 2017.

## Note 13. Events after the reporting period

On 10 January 2018, the company secured a capital raising of $1,551,750 which will provide funding to pursue enforcement of the Final Award for recovery of its interest in Chaketma Phosphate, other legal actions in Tunisia, and for general working capital purposes. The company received applications for the placement of a total of 6,207,000,000 shares at an issue price of 0.025 cents per share ("2018 Placement"). The 2018 Placement was undertaken in two tranches as follows:
(a) the First Tranche being the issue of 400,000,000 Shares to sophisticated investors pursuant to the Company's 15% placement capacity under Listing Rule 7.1, to raise $100,000 which was completed on 10 January 2018; and
(b) the Second Tranche being the issue of the balance Shares under the 2018 Placement, following shareholder approval at a general meeting of the Company held on 14 February 2018, which was completed on 23 February 2018.

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

## Note 14. Earnings per share

| | Consolidated | |
|---|---|---|
| | 31 December 2017 $ | 31 December 2016 $ |
| Loss after income tax attributable to the owners of Celamin Holdings NL | (877,976) | (905,543) |
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic earnings per share | 2,618,426,434 | 993,171,986 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 2,618,426,434 | 993,171,986 |
| | Cents | Cents |
| Basic earnings per share | (0.034) | (0.091) |
| Diluted earnings per share | (0.034) | (0.091) |

**Celamin Holdings NL**
**Directors' declaration**
**31 December 2017**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors:

Mr Martin Broome
Chairman

14 May 2018

Grant Thornton

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# Independent Auditor's Review Report to the Members of Celamin Holdings NL

## Report on the Half Year Financial Report

### Conclusion

We have reviewed the accompanying half year financial report of Celamin Holdings NL (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 Celamin Holdings NL 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*.

### Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of $877,976 during the half year ended 31 December 2017 and, as of that date, the Group had net operating cash outflows of $908,040. The cash balance as at 31 December 2017 was $57,958. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

### Directors' Responsibility for the Half Year Financial Report

The Directors of the Group 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 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 Celamin Holdings NL, 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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M A Cunningham
Partner – Audit & Assurance

Melbourne, 14 May 2018