

# **Celamin Holdings NL**

**ABN 82 139 255 771**

## **Half-year Financial Report - 31 December 2015**

**Celamin Holdings NL**  
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**31 December 2015**

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**Celamin Holdings NL**  
**Corporate directory**  
**31 December 2015**

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

**Celamin Holdings NL**  
**Directors' report**  
**31 December 2015**

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 2015.

**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, Managing Director  
Mr Tim Markwell, Non-Executive Director  
Ms Sue-Ann Higgins

**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 Project in Tunisia.

**Review of operations**

The loss for the consolidated entity after providing for income tax amounted to \$12,710,015 (31 December 2014: \$2,380,049).

**Financial Performance**

Operating expenses for the financial year were \$12,797,911 (2014: \$2,395,284). The major expense for the year was due to the write down in full of the consolidated entities Exploration and Evaluation assets and investment in associate due to the uncertainty regarding its 51% shareholding in the joint venture company CPSA in the amount of \$9,366,644 and \$1,983,845. Legal expenses amounted to \$462,230 (2014: \$46,891), with the increase largely due to ongoing dispute with TMS regarding ownership and control of CPSA. Various legal processes are being pursued to resolve this situation.

**Financial Position**

The net assets of the consolidated entity decreased by \$12,697,738 to \$373,738 as at 31 December 2015 (30 June 2015: \$13,071,476) which is largely due to the write down in full of Exploration and evaluation assets and the investment in associates as mentioned above. The consolidated entity's working capital, being current assets less current liabilities was \$373,738 at 31 December 2015 (2015:\$1,685,068).

**Cashflow**

During the period the consolidated entity had a negative cash flow from operating activities of \$995,206 (2014:\$1,636,759). As stated above due to the ongoing dispute all exploration expenditure is being expensed immediately through the statement of profit and loss compared to the previous year, where all exploration expenditure was capitalised through the Statement of Financial position.

**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.

**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.

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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**

There were no 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 20 June 2016, Celamin announced it had secured a loan facility from each of its two major shareholders African Lion 3 Limited ("AFL") and Polo Resources Limited ("Polo") to provide Celamin with the liquidity to continue the arbitration, legal actions in Tunisia and for general working capital purposes.

The facilities are based on commercial terms and have been separately negotiated on an arm's length basis; each for a principal amount of up to US\$400,000, for a total of US\$800,000 ("Facilities"). Both AFL and Polo are substantial shareholders of Celamin with a 33.1% and 33.2% shareholding respectively. The Board considered various alternative forms of funding for the Company, however, none were available within the time required and on terms more favourable than the Facilities.

These Facilities have been fully drawn down.

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**Directors' report**  
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The International Court of Arbitration of the International Chamber of Commerce (the ICC) has appointed a sole arbitrator to determine the dispute between the parties (the Arbitration).

The general terms of each of the Facilities are similar and are governed by separate loan agreements. The loan agreements provide for drawdowns by Celamin up to a maximum principal commitment of US\$400,000 for each facility. The Facilities are repayable by 30 April 2017 or earlier in the event of a capital raising by Celamin. The interest rate is 15% per annum. The loans can be extended at the lenders' discretion, subject to a rollover fee of 5% and an interest rate of 20% per annum from the time of the rollover. In the event of default, interest is payable at the higher rate of 20% per annum. Celamin Limited, Celamin's wholly owned subsidiary, has guaranteed the loans. The lenders will be granted a security interest in the event that shareholders approve such a grant, to be sought by Celamin at any meeting of shareholders held before the Loan Repayment Date. The lenders may elect to convert all or any part of the money owing under the facilities to ordinary shares in Celamin, subject to shareholder approval, where required.

On 20 October 2016, Celamin provided an update on the arbitration of the dispute between its wholly owned subsidiary Celamin Limited and TMS in relation to the fraudulent transfer to TMS of Celamin's 51% shareholding in CPSA.

The sole arbitrator appointed by the ICC has considered the jurisdictional challenges raised by TMS and has issued an award confirming Celamin's position regarding jurisdiction of the arbitrator and the ICC. The Arbitration proceedings on the merits to recover Celamin's interest in CPSA will now continue. The arbitrator did not accept jurisdiction over CPSA and CPSA will not continue as a party to the arbitration on the merits of the case. The Board is of the view that this will not affect either the relief sought or the enforceability of the orders against TMS.

Celamin has already been granted certain emergency and later interim orders from the sole arbitrator against TMS, preserving the status quo regarding CPSA's shares and assets until the dispute is finally determined. These orders were made without prejudice to the decision of the sole arbitrator on the merits of the case. These orders continue in force for the purpose of preventing TMS's disposal of CPSA's shares and assets and ensuring a continuous disclosure of information to Celamin in relation to CPSA activity and the Chaketma Permit.

TMS has not complied with these orders to date and penalties have been ordered for failure to comply.

On 6 April 2017, Celamin Limited obtained a conservatory seizure order from the President of the Tribunal of First Instance of Tunisia against all shares that TMS owns in the capital of CPSA, (being the 49% of CPSA previously held by TMS as well as the 51% of CPSA shares fraudulently taken from Celamin by TMS), ("Seizure Order"). This Seizure Order prevents TMS from dealing with any of these shares and subject to determination of an opposition application by TMS, will remain in place until enforcement of the final arbitral award. TMS have filed an application for cancellation of the Seizure Order, however, the Seizure Order will remain in effect unless TMS' application is eventually successful.

On 30 May 2017, Celamin announced a capital raising of \$1,050,000 which will provide it with funding to pursue the Arbitration of its dispute with its joint venture partner through to determination, other legal actions in Tunisia and for general working capital purposes. The Company received placement applications from sophisticated investor clients of Patersons Securities Limited ("Patersons") for the placement of 350,000,000 shares at an issue price of 0.1 cents per share together with one free attaching 3 year 0.2 cent option for every two shares subscribed for (new options), raising AUD \$350,000, together with applications from each of its two major shareholders, AFL3 and Polo to subscribe for 350,000,000 shares and 175,000,000 new options on the same terms, raising a further AUD \$350,000 from each of AFL3 and Polo and bringing the total amount raised to AUD \$1,050,000. ("Placement"). Patersons will be paid a 6% fee on the funds contributed by their clients.

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

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**31 December 2015**

- 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 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.

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 2015 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



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Mr Martin Broome  
Chairman

5 April 2018

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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 2015, 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



B A Mackenzie  
Partner - Audit & Assurance

Melbourne, 5 April 2018

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**Celamin Holdings NL**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2015**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>		1,702	15,235
Other income	4	86,194	-
<b>Expenses</b>			
Legal expenses		(462,230)	(46,891)
Corporate expenses		(315,545)	(907,241)
Administrative expenses		(176,759)	(234,535)
Employment expenses		(281,286)	(545,558)
Loss on investment in associate		-	(112,793)
Depreciation and amortisation		(26,464)	(9,258)
Write off of Investments		(1,983,845)	-
Loss on disposal of property plant and equipment		(13,128)	-
Exploration expenditure written off		(9,366,644)	(283,296)
Share based payments		(12,010)	(38,585)
Doubtful debt expense		(160,000)	-
Gain/(Loss) on foreign exchange		-	(12,203)
Interest and finance costs		-	(204,924)
<b>Loss before income tax expense</b>		<b>(12,710,015)</b>	<b>(2,380,049)</b>
Income tax expense		-	-
<b>Loss after income tax expense for the half-year attributable to the owners of Celamin Holdings NL</b>		<b>(12,710,015)</b>	<b>(2,380,049)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		-	(249)
Other comprehensive income for the half-year, net of tax		-	(249)
<b>Total comprehensive income for the half-year attributable to the owners of Celamin Holdings NL</b>		<b>(12,710,015)</b>	<b>(2,380,298)</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	15	(1.28)	(0.81)
Diluted earnings per share	15	(1.28)	(0.81)

*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 2015**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December</b>	<b>30 June 2015</b>
		<b>2015</b>	<b>2015</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		962,068	1,957,274
Trade and other receivables	5	11,781	169,871
Other		72,925	25,129
Total current assets		<u>1,046,774</u>	<u>2,152,274</u>
<b>Non-current assets</b>			
Investments accounted for using the equity method	6	-	1,983,845
Property, plant and equipment		-	39,592
Exploration and evaluation	7	-	9,366,644
Total non-current assets		<u>-</u>	<u>11,390,081</u>
<b>Total assets</b>		<u>1,046,774</u>	<u>13,542,355</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	8	673,036	433,893
Employee benefits		-	33,313
Total current liabilities		<u>673,036</u>	<u>467,206</u>
<b>Non-current liabilities</b>			
Employee benefits		-	3,673
Total non-current liabilities		<u>-</u>	<u>3,673</u>
<b>Total liabilities</b>		<u>673,036</u>	<u>470,879</u>
<b>Net assets</b>		<u>373,738</u>	<u>13,071,476</u>
<b>Equity</b>			
Issued capital		45,357,479	45,357,479
Reserves	9	64,282	88,055
Accumulated losses		<u>(45,048,023)</u>	<u>(32,370,558)</u>
Equity attributable to the owners of Celamin Holdings NL		373,738	13,074,976
Non-controlling interest		-	(3,500)
<b>Total equity</b>		<u>373,738</u>	<u>13,071,476</u>

*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 2015**

<b>Consolidated</b>	<b>Contributed equity</b> <b>\$</b>	<b>Reserves</b> <b>\$</b>	<b>Accumulated losses</b> <b>\$</b>	<b>Non-controlling interests</b> <b>\$</b>	<b>Total equity</b> <b>\$</b>
Balance at 1 July 2014	38,530,419	79,690	(28,930,195)	(3,500)	9,676,414
Loss after income tax expense for the half-year	-	-	(2,380,049)	-	(2,380,049)
Other comprehensive income for the half-year, net of tax	-	(249)	-	-	(249)
Total comprehensive income for the half-year	-	(249)	(2,380,049)	-	(2,380,298)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	6,827,060	-	-	-	6,827,060
Share-based payments	-	38,585	-	-	38,585
Expiry of options	-	(22,087)	22,087	-	-
Balance at 31 December 2014	<u>45,357,479</u>	<u>95,939</u>	<u>(31,288,157)</u>	<u>(3,500)</u>	<u>14,161,761</u>

<b>Consolidated</b>	<b>Contributed equity</b> <b>\$</b>	<b>Reserves</b> <b>\$</b>	<b>Accumulated losses</b> <b>\$</b>	<b>Non-controlling interest</b> <b>\$</b>	<b>Total equity</b> <b>\$</b>
Balance at 1 July 2015	45,357,479	88,055	(32,370,558)	(3,500)	13,071,476
Loss after income tax expense for the half-year	-	-	(12,710,015)	-	(12,710,015)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	(12,710,015)	-	(12,710,015)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	-	12,010	-	-	12,010
Expiry of options	-	(36,050)	36,050	-	-
Revaluation of foreign currency translation reserve	-	267	-	-	267
Derecognition on disposal of minority interest	-	-	(3,500)	3,500	-
Balance at 31 December 2015	<u>45,357,479</u>	<u>64,282</u>	<u>(45,048,023)</u>	<u>-</u>	<u>373,738</u>

*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 2015**

	<b>Consolidated</b>	
	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees (inclusive of GST)	(996,908)	(1,639,815)
Interest received	1,702	4,823
Interest and other finance costs paid	-	(1,767)
	<u>(995,206)</u>	<u>(1,636,759)</u>
Net cash used in operating activities		
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	-	(6,718)
Payments for exploration and evaluation	-	(744,163)
Payments made to joint venture investment	-	(1,853,440)
	<u>-</u>	<u>(1,853,440)</u>
Net cash used in investing activities		
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	4,351,227
Proceeds from borrowings	-	2,500,000
Payments for share issue costs	-	(227,324)
	<u>-</u>	<u>(227,324)</u>
Net cash from financing activities		
	<u>-</u>	<u>6,623,903</u>
Net increase/(decrease) in cash and cash equivalents	(995,206)	2,382,823
Cash and cash equivalents at the beginning of the financial half-year	1,957,274	737,684
	<u>962,068</u>	<u>3,120,507</u>
Cash and cash equivalents at the end of the financial half-year		

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

**Celamin Holdings NL**  
**Notes to the financial statements**  
**31 December 2015**

**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.

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 5 April 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 2015 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 2015 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, 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 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 \$12,710,015 during the half year (31 December 2014: \$2,380,049) and had net operating cash outflows of \$995,206 (31 December 2014: \$1,636,759). The cash balance as at 31 December 2015 was \$962,068 (30 June 2015: \$1,957,274).

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.

**Celamin Holdings NL**  
**Notes to the financial statements**  
**31 December 2015**

**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. Other income**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Net foreign exchange gain	86,194	-

**Note 5. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2015</b>
	<b>2015</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Trade and other receivables	160,000	160,000
Less: Provision for doubtful debts	(160,000)	-
	<u>-</u>	<u>160,000</u>
GST receivable	11,781	9,871
	<u>11,781</u>	<u>169,871</u>

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.

**Celamin Holdings NL**  
**Notes to the financial statements**  
**31 December 2015**

**Note 6. Non-current assets - investments accounted for using the equity method**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2015</b>
	<b>2015</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Investment in Associates	-	1,983,845
	<u>                    </u>	<u>                    </u>

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 can no longer be justified as fair value so the decision was made by the Company to write down their investment in associate CPSA in full at 31 December 2015.

The consolidated entity is currently in dispute with its joint venture partner regarding the legal ownership of the consolidated entity's shareholding in CPSA. 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 7. Non-current assets - exploration and evaluation**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2015</b>
	<b>2015</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Exploration and evaluation assets	-	9,366,644
	<u>                    </u>	<u>                    </u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

<b>Consolidated</b>	Exploration	Total
	\$	\$
Balance at 1 July 2015	9,366,644	9,366,644
Write off of assets	<u>(9,366,644)</u>	<u>(9,366,644)</u>
Balance at 31 December 2015	<u>                    </u>	<u>                    </u>

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 31 December 2015 exploration activities in each area of interest have reached a stage which permits a reasonable assessment of the existence or other of economically recoverable reserves. Taking this into consideration the Company has decided to write off the exploration asset due to the uncertainty surrounding its 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.

The consolidated entity has no expenditure plans in relation to its tailing assets in Tunisia and these assets have been fully impaired at 31 December 2015.

**Celamin Holdings NL**  
**Notes to the financial statements**  
**31 December 2015**

**Note 8. Current liabilities - trade and other payables**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2015</b>
	<b>2015</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Trade payables	343,287	244,016
Other payables	329,749	189,877
	<u>673,036</u>	<u>433,893</u>

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. A total amount of \$244,481 will be accrued for Non-Executive Director fees as at 31 December 2015. The Directors sought shareholder approval of a resolution to enable the Directors to elect to take shares in lieu of the Company making a physical cash payment for the outstanding amounts owing to Directors.

**Note 9. Equity - reserves**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2015</b>
	<b>2015</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Foreign currency reserve	-	(267)
Options reserve	64,282	88,322
	<u>64,282</u>	<u>88,055</u>

*Foreign currency reserve*

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

*Options reserve*

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

*Movements in reserves*

Movements in each class of reserve during the current financial half-year are set out below:

<b>Consolidated</b>	Foreign currency \$	Options \$	Total \$
Balance at 1 July 2015	(267)	88,322	88,055
Foreign currency translation	267	-	267
Share based payments	-	12,010	12,010
Cancellation of options	-	(36,050)	(36,050)
	<u>-</u>	<u>64,282</u>	<u>64,282</u>
Balance at 31 December 2015	-	64,282	64,282

**Note 10. Equity - dividends**

There were no dividends paid, recommended or declared during the current or previous financial half-year.

**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 2015.

**Note 13. Events after the reporting period**

On 20 June 2016, Celamin announced it had secured a loan facility from each of its two major shareholders African Lion 3 Limited ("AFL") and Polo Resources Limited ("Polo") to provide Celamin with the liquidity to continue the arbitration, legal actions in Tunisia and for general working capital purposes.

The facilities are based on commercial terms and have been separately negotiated on an arm's length basis; each for a principal amount of up to US\$400,000, for a total of US\$800,000 ("Facilities"). Both AFL and Polo are substantial shareholders of Celamin with a 33.1% and 33.2% shareholding respectively. The Board considered various alternative forms of funding for the Company, however, none were available within the time required and on terms more favourable than the Facilities.

These Facilities have been fully drawn down.

The International Court of Arbitration of the International Chamber of Commerce (the ICC) has appointed a sole arbitrator to determine the dispute between the parties (the Arbitration).

The general terms of each of the Facilities are similar and are governed by separate loan agreements. The loan agreements provide for drawdowns by Celamin up to a maximum principal commitment of US\$400,000 for each facility. The Facilities are repayable by 30 April 2017 or earlier in the event of a capital raising by Celamin. The interest rate is 15% per annum. The loans can be extended at the lenders' discretion, subject to a rollover fee of 5% and an interest rate of 20% per annum from the time of the rollover. In the event of default, interest is payable at the higher rate of 20% per annum. Celamin Limited, Celamin's wholly owned subsidiary, has guaranteed the loans. The lenders will be granted a security interest in the event that shareholders approve such a grant, to be sought by Celamin at any meeting of shareholders held before the Loan Repayment Date. The lenders may elect to convert all or any part of the money owing under the facilities to ordinary shares in Celamin, subject to shareholder approval, where required.

On 20 October 2016, Celamin provided an update on the arbitration of the dispute between its wholly owned subsidiary Celamin Limited and TMS in relation to the fraudulent transfer to TMS of Celamin's 51% shareholding in CPSA.

The sole arbitrator appointed by the ICC has considered the jurisdictional challenges raised by TMS and has issued an award confirming Celamin's position regarding jurisdiction of the arbitrator and the ICC. The Arbitration proceedings on the merits to recover Celamin's interest in CPSA will now continue. The arbitrator did not accept jurisdiction over CPSA and CPSA will not continue as a party to the arbitration on the merits of the case. The Board is of the view that this will not affect either the relief sought or the enforceability of the orders against TMS.

Celamin has already been granted certain emergency and later interim orders from the sole arbitrator against TMS, preserving the status quo regarding CPSA's shares and assets until the dispute is finally determined. These orders were made without prejudice to the decision of the sole arbitrator on the merits of the case. These orders continue in force for the purpose of preventing TMS's disposal of CPSA's shares and assets and ensuring a continuous disclosure of information to Celamin in relation to CPSA activity and the Chaketma Permit.

TMS has not complied with these orders to date and penalties have been ordered for failure to comply.

**Note 13. Events after the reporting period (continued)**

On 6 April 2017, Celamin Limited obtained a conservatory seizure order from the President of the Tribunal of First Instance of Tunisia against all shares that TMS owns in the capital of CPSA, (being the 49% of CPSA previously held by TMS as well as the 51% of CPSA shares fraudulently taken from Celamin by TMS), ("Seizure Order"). This Seizure Order prevents TMS from dealing with any of these shares and subject to determination of an opposition application by TMS, will remain in place until enforcement of the final arbitral award. TMS have filed an application for cancellation of the Seizure Order, however, the Seizure Order will remain in effect unless TMS' application is eventually successful.

On 30 May 2017, Celamin announced a capital raising of \$1,050,000 which will provide it with funding to pursue the Arbitration of its dispute with its joint venture partner through to determination, other legal actions in Tunisia and for general working capital purposes. The Company received placement applications from sophisticated investor clients of Patersons Securities Limited ("Patersons") for the placement of 350,000,000 shares at an issue price of 0.1 cents per share together with one free attaching 3 year 0.2 cent option for every two shares subscribed for (new options), raising AUD \$350,000, together with applications from each of its two major shareholders. AFL3 and Polo to subscribe for 350,000,000 shares and 175,000,000 new options on the same terms, raising a further AUD \$350,000 from each of AFL3 and Polo and bringing the total amount raised to AUD \$1,050,000. ("Placement"). Patersons will be paid a 6% fee on the funds contributed by their clients.

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 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.

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 2015 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.

**Celamin Holdings NL**  
**Notes to the financial statements**  
**31 December 2015**

**Note 14. Non-cash financing activities**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Shares issued on conversion of shareholder loan	-	2,500,000
Shares issued to settle shareholder loan accrued interest and borrowing costs	-	203,157
Shares issued to settle capital raising costs	-	520,589
	<u>-</u>	<u>3,223,746</u>

Details of the shareholder loan referred to above are:

- Lender: African Lion 3 Limited;
- Loan amount: \$2,500,000;
- Amount of accrued interest and loan fees at repayment date: \$203,157;
- Dates: the loan was drawn down in a number of tranches between August and December 2014;
- The loan balance and associated accrued interest and fees were settled by an issue of shares by the company to the lender in December 2014.

The outstanding balance of the loan, accrued interest and other borrowing costs associated with the loan were settled in full by an issue of shares by the company. The loan was made, and settled in full, during the half year ended 31 December 2014.

**Note 15. Earnings per share**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the owners of Celamin Holdings NL	<u>(12,710,015)</u>	<u>(2,380,049)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>993,171,986</u>	<u>293,307,856</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>993,171,986</u>	<u>293,307,856</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(1.28)	(0.81)
Diluted earnings per share	(1.28)	(0.81)

**Celamin Holdings NL**  
**Directors' declaration**  
**31 December 2015**

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 2015 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:



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Mr Martin Broome  
Chairman

5 April 2018

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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 2015, 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 2015, 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 \$12,710,015 during the half year ended 31 December 2015, and as of that date, the Group had net operating cash outflows of \$995,206. The cash balance as at 31 December 2015 was \$962,068. 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.

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**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 2015 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 AUDIT PTY LTD  
Chartered Accountants



B A Mackenzie  
Partner - Audit & Assurance

Melbourne, 5 April 2018