

Celamin Holdings NL

ABN 82 139 255 771

Half-year Financial Report - 31 December 2016

Celamin Holdings NL
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31 December 2016

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Celamin Holdings NL
Corporate directory
31 December 2016

Directors	Mr Martin Broome (Chairman) Mr Nic Clift (Non-Executive 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	www.celaminnl.com.au

Celamin Holdings NL
Directors' report
31 December 2016

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 2016.

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 \$905,543 (31 December 2015: \$12,710,015).

Financial Performance

Operating expenses for the half year were \$910,661 (2015: \$12,797,911). The major difference between expenditure for the half year in comparison to the previous period 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 \$314,587 (2015: \$462,230), due to ongoing dispute with TMS regarding ownership and control of CPSA. Various legal processes are still being pursued to resolve this situation.

Financial Position

The net liability position increased by \$897,079 to \$2,105,793 at 31 December 2016 (30 June 2016: negative 1,208,714). which is largely due to the write down in full of Exploration and evaluation assets and the investment in associates as mentioned above in the previous financial year.

Cashflow

During the period the consolidated entity had a negative cash flow from operating activities of \$798,968 (2015:\$995,206) which is largely due to legal expenditure where various processes are being pursued to resolve the ongoing dispute with TMS. The funding received by the Company who entered into a Loan Agreement with African Lion 3 Limited ("AFL3") and with Polo Resources Limited ("Polo") for advances of up to a principal amount of US\$400,000 each help in the pursuit of closure regarding the dispute with TMS, The proceeds from borrowings at 31 December 2016 amounted to \$663,734.

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

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

The sole arbitrator appointed by the International Court of Arbitration of the International Chamber of Commerce 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.

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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.

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 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.

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No other matter or circumstance has arisen since 31 December 2016 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

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 2016, 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, 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 2016

		Consolidated	
	Note	31 December 2016	31 December 2015
		\$	\$
Revenue		110	1,702
Other income	4	5,008	86,194
Expenses			
Legal expenses		(314,587)	(462,230)
Corporate expenses		(109,283)	(315,545)
Administrative expenses		(74,923)	(176,759)
Employment expenses		(176,295)	(281,286)
Depreciation and amortisation		-	(26,464)
Write off of Investments		-	(1,983,845)
Loss on disposal of property plant and equipment		-	(13,128)
Exploration expenditure written off		-	(9,366,644)
Share based payments		(8,464)	(12,010)
Doubtful debt expense		-	(160,000)
Finance costs		(227,109)	-
Loss before income tax expense		(905,543)	(12,710,015)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Celamin Holdings NL		(905,543)	(12,710,015)
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		<u>(905,543)</u>	<u>(12,710,015)</u>
		Cents	Cents
Basic earnings per share	15	(0.09)	(1.28)
Diluted earnings per share	15	(0.09)	(1.28)

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 2016

		Consolidated	
	Note	31 December	30 June 2016
		2016	2016
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		43,724	178,958
Trade and other receivables	5	10,197	5,416
Other		68,351	37,722
Total current assets		<u>122,272</u>	<u>222,096</u>
Total assets		<u>122,272</u>	<u>222,096</u>
Liabilities			
Current liabilities			
Trade and other payables	8	1,489,667	1,430,810
Borrowings	9	663,734	-
Other		74,664	-
Total current liabilities		<u>2,228,065</u>	<u>1,430,810</u>
Total liabilities		<u>2,228,065</u>	<u>1,430,810</u>
Net liabilities		<u>(2,105,793)</u>	<u>(1,208,714)</u>
Equity			
Issued capital		45,357,479	45,357,479
Reserves	10	43,091	34,627
Accumulated losses		<u>(47,506,363)</u>	<u>(46,600,820)</u>
Total deficiency in equity		<u>(2,105,793)</u>	<u>(1,208,714)</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 2016

Consolidated	Contributed equity \$	Reserves \$	Accumulated losses \$	Non-controlling interests \$	Total equity \$
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 (note 16)	-	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>
Consolidated	Contributed equity \$	Reserves \$	Accumulated losses \$	Non-controlling interest \$	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)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments (note 16)	-	8,464	-	-	8,464
Balance at 31 December 2016	<u>45,357,479</u>	<u>43,091</u>	<u>(47,506,363)</u>	<u>-</u>	<u>(2,105,793)</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 2016

	Consolidated	
	31 December 2016	31 December 2015
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(799,066)	(996,907)
Interest received	98	1,701
Net cash used in operating activities	<u>(798,968)</u>	<u>(995,206)</u>
Cash flows from investing activities		
Net cash from investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities		
Proceeds from borrowings	663,734	-
Net cash from financing activities	<u>663,734</u>	<u>-</u>
Net decrease in cash and cash equivalents	(135,234)	(995,206)
Cash and cash equivalents at the beginning of the financial half-year	<u>178,958</u>	<u>1,957,274</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>43,724</u></u>	<u><u>962,068</u></u>

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 2016

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 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 2016 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 2016 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 \$905,543 during the half year (31 December 2015: \$12,710,015) and had net operating cash outflows of \$798,968 (31 December 2015: \$995,206). The cash balance as at 31 December 2016 was \$43,724 (30 June 2016: \$178,958).

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
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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

	Consolidated	Consolidated
	31 December	31 December
	2016	2015
	\$	\$
Net foreign exchange gain	5,008	86,194

Note 5. Current assets - trade and other receivables

	Consolidated	
	31 December	30 June 2016
	2016	2016
	\$	\$
Trade and other receivables	160,000	160,000
Less: Provision for doubtful debts	(160,000)	(160,000)
	<u>-</u>	<u>-</u>
BAS receivable	10,197	5,416
	<u>10,197</u>	<u>5,416</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.

Note 6. 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 associate 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 7. 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 of the exploration asset due 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.

Note 8. Current liabilities - trade and other payables

	Consolidated	
	31 December	30 June 2016
	2016	2016
	\$	\$
Trade payables	291,039	362,242
Other payables	1,198,628	1,068,568
	<u>1,489,667</u>	<u>1,430,810</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 \$321,821 will be accrued for Non-Executive Director fees as at 30 June 2017. 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. Current liabilities - borrowings

	Consolidated	
	31 December	30 June 2016
	2016	2016
	\$	\$
Loan - African Lion	466,749	-
Loan - Polo Resources	196,985	-
	<u>663,734</u>	<u>-</u>

Celamin Holdings NL
Notes to the financial statements
31 December 2016

Note 9. Current liabilities - borrowings (continued)

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\$786,155, in exchange for the issue of 262,051,547 Shares at an Issue Price of 0.3 cents and 131,025,774 new options

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.

Note 10. Equity - reserves

	Consolidated	
	31 December	
	2016	30 June 2016
	\$	\$
Options reserve	<u>43,091</u>	<u>34,627</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:

Consolidated	Foreign currency \$	Options \$	Total \$
Balance at 1 July 2016	-	34,627	34,627
Share based payments	-	8,464	8,464
	<u>-</u>	<u>43,091</u>	<u>43,091</u>
Balance at 31 December 2016	<u>-</u>	<u>43,091</u>	<u>43,091</u>

Note 11. Equity - dividends

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

Note 12. 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 13. Commitments

The consolidated entity has no commitments for exploration or investment expenditure at 31 December 2016

Note 14. Events after the reporting period

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 2016 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 2016

Note 15. Earnings per share

	Consolidated	
	31 December 2016	31 December 2015
	\$	\$
Loss after income tax attributable to the owners of Celamin Holdings NL	<u>(905,543)</u>	<u>(12,710,015)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>993,171,986</u>	<u>993,171,986</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>993,171,986</u>	<u>993,171,986</u>
	Cents	Cents
Basic earnings per share	(0.09)	(1.28)
Diluted earnings per share	(0.09)	(1.28)

Note 16. Share-based payments

A share option plan has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Nomination and Remuneration Committee, grant options over ordinary shares in the parent entity to certain key management personnel of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee.

Set out below are summaries of options granted under the plan:

31 December
2016

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
14/07/2014	04/05/2017	\$0.00	2,000,000	-	-	-	2,000,000
			<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>

The options granted on 14 July 2014 vested on 4 November 2014.

31 December
2015

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
14/06/2013	31/05/2018	\$0.00	3,000,000	-	-	(2,000,000)	1,000,000
14/07/2014	04/05/2017	\$0.00	2,000,000	-	-	-	2,000,000
			<u>5,000,000</u>	<u>-</u>	<u>-</u>	<u>(2,000,000)</u>	<u>3,000,000</u>

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
14/07/2014	04/05/2017	\$0.04	\$0.05	107.00%	-	2.57%	\$0.024

Celamin Holdings NL
Directors' declaration
31 December 2016

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 2016 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

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 2016, 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 2016, 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 \$905,543 during the half year ended 31 December 2016, and as of that date, the Group had net operating cash outflows of \$798,968. The cash balance as at 31 December 2016 was \$43,724. 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 2016 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



M A Cunningham
Partner - Audit & Assurance

Melbourne, 5 April 2018