

Mozambi Resources Limited

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Interim Financial Report for the half-year ended
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Corporate Directory

Directors

Mr Stephen Hunt – Non-executive Chairman

Mr Alan Armstrong – Managing Director

Mr Matthew Bull – Non-executive Director

Auditors

HLB Mann Judd

Level 4, 130 Stirling Street

Perth WA 6000

Company Secretary

Mr Adrien Wing

Share Registry

Advanced Share Registry Services

150 Stirling Highway

Nedlands, WA 6009

Tel: (+618) 9389 8033

Registered and Principal Administration Office

Level 17, 500 Collins Street

Melbourne VIC 3000

Website

www.mozambiresources.com.au

Securities Exchange Listing

Australian Securities Exchange

Home Exchange: Perth, Western Australia

Code: MOZ

Directors' Report

The Directors of Mozambi Resources Limited present their report on the Consolidated Entity consisting of Mozambi Resources Limited ("the Company" or "MOZ") and the entities it controlled during the half-year ended 31 December 2015 ("Consolidated Entity" or "Group").

Directors

The names of the Directors of MOZ in office during the half-year and until the date of this report are:

Mr Stephen Hunt – Non-Executive Chairman (appointed 15 December 2015)

Mr Alan Armstrong – Executive Director

Mr Matthew Bull – Non-Executive Director

Mr Adrien Wing – Non-Executive Director (resigned 15 December 2015)

Principal Activities

During the period the principal activities of the Consolidated Entity were related to graphite exploration in Tanzania and coal exploration in Queensland, Australia.

Review of Operations & Changes in State of Affairs

Mozambi Resources Limited (ASX: MOZ, Company or MOZ) provides the following update on activities undertaken for the half-year ended 31 December 2015, which includes activities up until the date of reporting.

CORPORATE STRATEGY

MOZ has a strategy to develop a graphite exploration and development company targeting supply to the high growth lithium ion battery industry, by:

- Developing a world class tenement position for high quality graphite production within the graphite rich Mozambique Mobile Belt.
- Targeting shallow Large and Jumbo Flake graphite deposits in south eastern Tanzania.
- Utilising industry best practice to advance projects and deliver shareholder value.

During the reporting period, MOZ made significant progress in advancing its strategy with the discovery of the Jumbo and Super Jumbo Flake graphite project, Namangale in south east Tanzania.

OPERATIONS

Namangale Graphite Project, Tanzania

During the half year, MOZ made significant advances with the Namangale Graphite Project located in the south east of Tanzania. These activities included initial geological mapping, Ground EM, RC and Diamond drilling and metallurgical testwork which all culminated in the completion of the maiden JORC Resource estimate of 179Mt @ 5.1% graphite.

MOZ completed the acquisition of 12 Exploration Licences, with one currently in application with the Tanzanian Ministry of Energy and Minerals, for an approximate area of 2105 km² (See Figure 1).

Directors' Report

Four key projects have been identified with Namangale 1 being the key prospect.

- Namangale 1
- Namangale 2
- Namangale 3
- Namangale 4

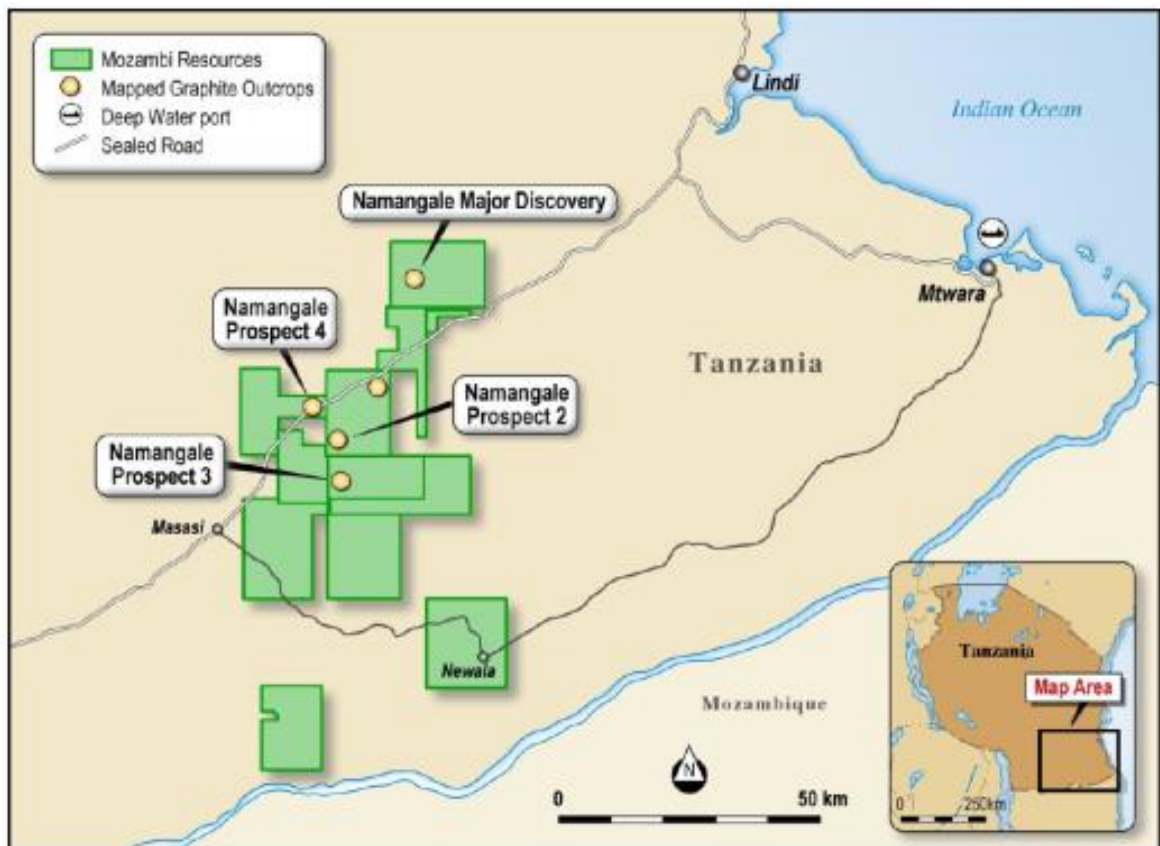


Figure 1 Location of the Namangale Project tenements

All four prospects are ideally located within close proximity to sealed roadways and the closest deposit Namangale 1 being located only 140km from the deep-water port at Mtwara.

Namangale Maiden JORC Resource Estimate

Mozambi Resources announced the maiden JORC Resource estimate for the Namangale Project on 15 January 2016. The Mineral Resource estimate comprises 179 million tonnes at an average grade of 5.1% TGC classified in the Inferred Resource category in compliance with the 2012 JORC code. This Resource has been calculated from 82 RC holes and 9 Diamond Holes with a maximum depth of 100m and with the mineralisation starting at or near surface. The resource estimate covers all three prospects that have been tested with drilling and the breakdown is summarised in **Table 1**.

Directors' Report

Table 1 Inferred Mineral Resource Estimate - Namangale Project, Tanzania

Deposit	Bulk Density (t/m ³)	TGC Cut Off (% TGC)	Grade (% TGC)	Gross Tonnage (MT)
Namangale 1	2.64	3.2	5.1	161.6
Namangale 2	2.65	3.0	5.4	16.8
Namangale 3	2.65	3.0	5.3	1.6
Total	2.64	3.0 – 3.2%	5.1	179.0

The Namangale 1 deposit represents the largest portion of the mineral resource and occurs as a flat lying graphite schist unit striking in a north south orientation, see Figure 2.

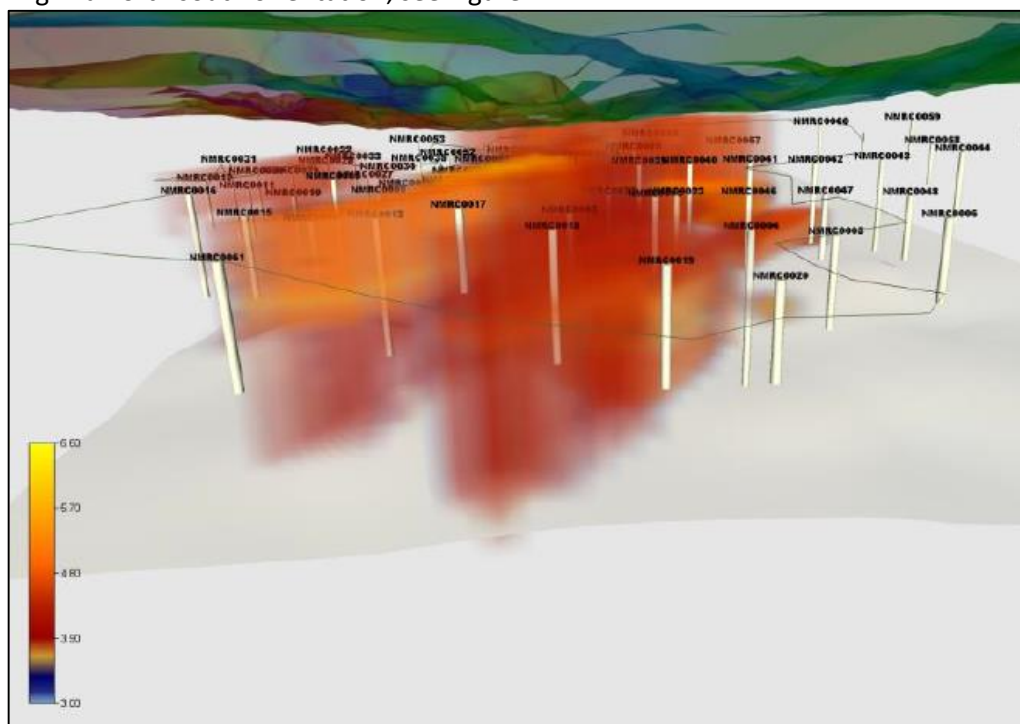


Figure 2 Resource Model of the Namangale 1 deposit

The Mineral Resource estimate was carried out by independent consultancy firm, ROM Resources. Metallurgical test work from diamond core from 9 composites have confirmed mineralisation at Namangale 1,2 and 3 contain excellent proportions of jumbo and super jumbo size fractions of +300µm and +600µm. The results of the work are shown in Table 2 below where between 63% and 86% of the graphite was in the +300µm size fractions, as announced with ASX on 11 January 2016 and 8 March 2016.

Directors' Report

Table 2 Flake Distributions from Diamond Core Composites

Flake Size Distribution (%)									
Deposit	Namangale 1			Namangale 2			Namangale 3		
Hole ID	NMDD0003	NMDD0004	NMDD0004	CWDD0002	CWDD0002	CWDD0003	BLDD0001	BLDD0002	BLDD0002
Interval	3.0-9.4	42.0-62.0	62.0-82.0	17.6-26.4	28.9-33.3	36.5-44.88	23.7-27.7	1.0-9.5	13.9-18.75
Flake Size (µm)	NGRC15023	NGRC15016	NGRC15017	NGRC15027	NGRC15028	NGRC15030	NGRC15003	NGRC15005	NGRC15006
> 600 Super Jumbo	33.8	57.9	55.1	49.4	46.5	48.8	57.2	32.4	58.0
300-600 Jumbo	29.4	18.9	20.1	34.1	40.0	31.2	22.7	46.8	28.4
180-300 Large	17.0	10.0	12.6	9.8	8.1	13.2	11.3	13.1	3.6
75-180 Medium	8.9	7.0	7.5	4.4	2.5	4.5	5.5	5.2	6.2
-75 Amorphous	11.0	6.2	4.7	2.4	3.0	2.3	3.3	2.5	3.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Namangale 1 Prospect

The Company has completed the first drilling program on the major Namangale 1 prospect for a total 3,259m of RC drilling and a further 326m diamond drilling. The mineralisation identified by the drilling was extended to 3.2km and remains open to the north and south. The location of the significant intersections is presented in **Figure 3**.

Directors' Report

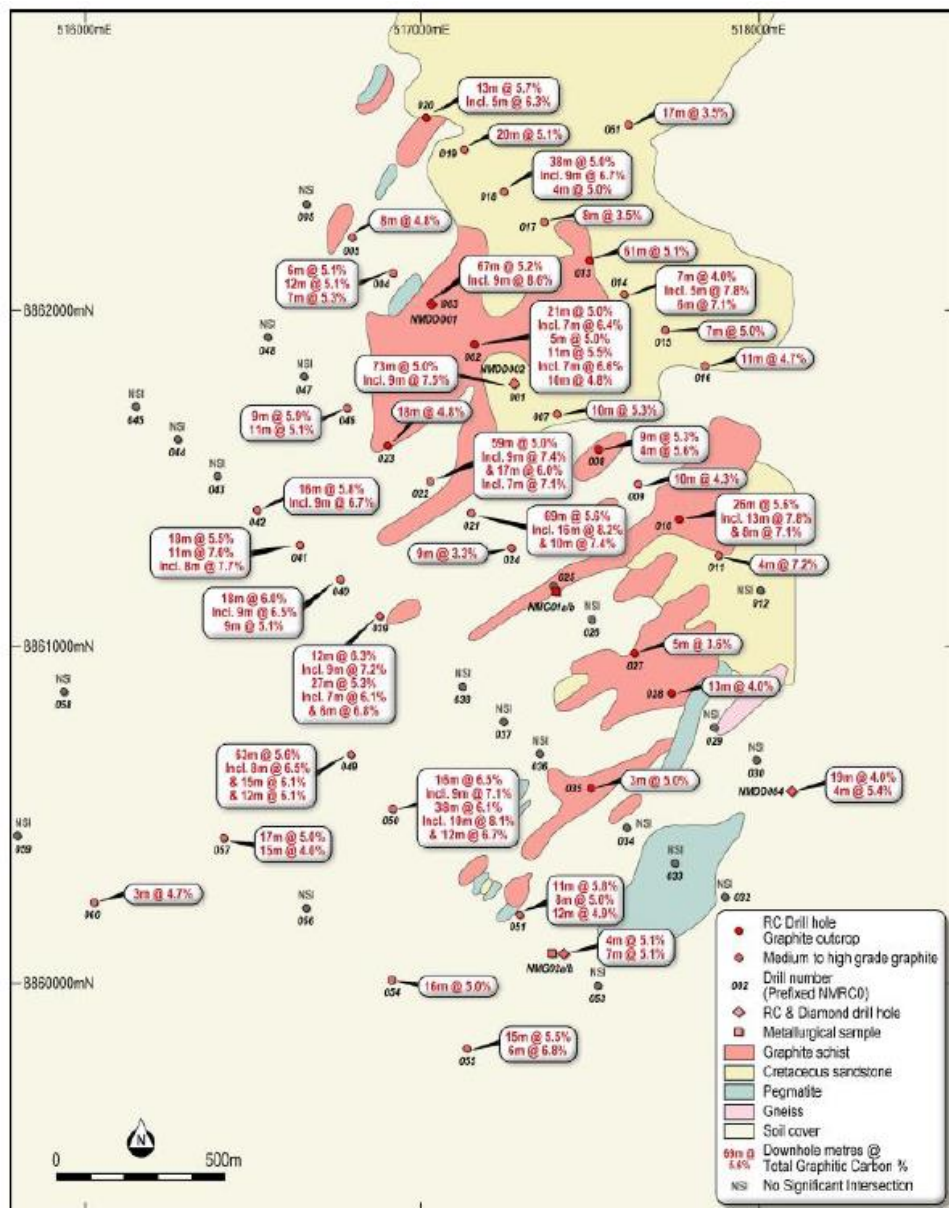


Figure 3 Location of Significant Intercepts at Namangale 1

Namangale 2 Prospect

A total of 21 RC holes for 1,213m was drilled, with 20 holes intersecting graphite schist mineralisation. The results from this drilling were used to calculate an Inferred Resource estimate for the deposit. In addition a further 3 diamond holes were drilled to collect fresh samples of graphite schist mineralisation which was subsequently tested for flake size distribution.

Namangale 3 Prospect

Mapping and Ground EM was completed on the Namangale 3 prospect. This was followed up with 2 diamond holes that confirmed mineralisation occurs from surface. Results from this drilling program were used to calculate an inferred Resource. In additional samples were taken for metallurgical test work.

Directors' Report

Pre-Feasibility Study (PFS)

Post half-year end, the Company announced the commencement of a PFS on the Namangale Project. The Company has engaged BatteryLimits, a Perth based engineering company with extensive experience in graphite projects particularly in Tanzania, to assist in this process, with an anticipated completion in the fourth quarter of 2016.

CORPORATE

In December 2015, the Company announced the appointment of Stephen Hunt as the Non-Executive Chairman. Mr Hunt brings 15 years of cumulative board experience with ASX listed companies. Most recently he was a Non-Executive Director of Graphite focused, Magnis Resources Ltd (ASX: MNS) where his involvement included the securing of finance and off-take agreements for the Company. His role with Mozambi Resources will include the overseeing of potential off-take contracts and investment discussions with strategic end users.

The following capital raisings were completed during the reporting period;

- In July 2015, the Company completed a 1 for 4 non-renounceable rights issue ("Rights Issue") to raise \$925,000 from eligible shareholders at \$0.012 per share with a one for two free attaching listed MOZO options.
- August 2015: The Company completed a Placement to raise \$606,000 from the issue of 50,500,000 shares at an issue price of \$0.012 per share (with a 1:2 free attaching MOZO options).
- In October 2015, the Company completed a capital raising of A\$1.75 million, which comprised a placement of 50 million new fully paid ordinary shares at A\$0.035 per share with a one for four free attaching listed MOZO options.
- In February 2016, the Company announced a capital raising of \$4.7 million across 2 tranches, at a price of A\$0.033 per share.

The Company held a General Meeting of shareholders on 4 August 2015. All resolutions at the meeting were passed without amendment.

The Company held a General Meeting of shareholders on 22 October 2015. All resolutions at the meeting were passed without amendment.

The Company held its 2015 AGM on 26 November 2015. All resolutions at the meeting were passed without amendment.

The Company will be holding a General Meeting of shareholders on 29 March 2016 seeking shareholders to approve a series of resolutions to approve a name change to Volt Minerals, refresh its issued capital under Chapter 7 of ASX Listing Rules, issue securities to the vendors of the Tanzanian assets, issue securities to a director and other consultants.

Taylor Collison commenced initial research coverage on MOZ during October.

Competent Person Statement

The Resources in the report to which part of this announcement that relate to Mineral Resources is based on information compiled by Matt Bull and Mark Biggs, a competent Person who is a Member of the Australian Institute of mining and Metallurgy. Mark Biggs is employed by ROM Resources Pty. Ltd. The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Matt Bull, a Competent Person who is a member of Australian Institute of Geoscientists. Mr Bull is a consultant to Mozambi Resources. Mr Bull has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Matt Bull consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Mark Biggs has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mark Biggs consents to the inclusion of the matters based on his information in the form and context in which it appears.

Directors' Report

Results

The Consolidated Entity recorded a loss after tax for the half-year ended 31 December 2015 of \$2,081,172 (2014: \$150,246).

Subsequent Events

On 15 January 2016, the Company announced its maiden JORC compliant resource at its 100% owned Namangale project in Tanzania. The mineral resource estimate comprises 179Mt at an average estimated grade of 5.1% graphitic carbon classified in the inferred resource category in compliance with the 2012 JORC code.

The Company received commitments from sophisticated and professional investors to place 142,171,212 new fully paid shares at an issue price of \$0.033 (3.3 cents) per share to raise \$4,691,650 before associated costs (Placement). The Placement will be completed in two tranches with 32,171,212 shares issued on 25 February 2016 under the Company's capacity in accordance with ASX Listing Rules 7.1 (Tranche 1), and 110,000,000 shares subject to shareholder approval at a General Meeting to be held on 29 March 2016.

There has not been any matter or circumstance, other than as referred to above or matters disclosed elsewhere in this report, the financial statements or notes thereto, that has arisen since the end of the financial period, that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

Auditor's Independence Declaration

The Auditor's independence declaration is included on page 9 of the half-year financial report, and forms part of this Directors' report.

Signed in accordance with a resolution of the Directors made pursuant to s.306 (3) of the *Corporations Act 2001*.

On behalf of the Directors



ALAN ARMSTRONG

Director

15 March 2016



Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Mozambi Resources Limited for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read 'L Di Giallonardo'.

**Perth, Western Australia
15 March 2016**

**L Di Giallonardo
Partner**



Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Mozambi Resources Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Mozambi Resources Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2015, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with 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 is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 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 the company, 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*.



Accountants | Business and Financial Advisers

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Mozambi Resources Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

A handwritten signature in black ink, appearing to read 'L Di Giallonardo'.

L Di Giallonardo
Partner

Perth, Western Australia
15 March 2016

Directors' Declaration

The Directors of Mozambi Resources Limited declare that:

- (a) The financial statements of the Consolidated Entity and notes thereto are in accordance with the Corporations Act 2001, and
 - i. give a true and fair view of the Consolidated Entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
 - ii. comply with Accounting Standard AASB 134 "Interim Financial Reporting", the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as when they become due and payable.

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

On behalf of the Directors



ALAN ARMSTRONG
Director

15 March 2016

MOZAMBI RESOURCES LIMITED

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Condensed Consolidated Statement of Comprehensive Income

For the half-year ended 31 December 2015

	Note	31 Dec 2015 \$	31 Dec 2014 \$
Revenue:			
Interest income		4,992	2,109
Expenses:			
Office costs		(25,863)	(16,891)
Corporate management costs		(205,039)	(108,905)
Corporate compliance and legal costs		(186,234)	(37,386)
Marketing and investor relations		(94,207)	-
Share based payments - consulting		(698,000)	-
Share based payments - remuneration		(310,500)	-
Foreign exchange gains/losses		(32,818)	10,827
Other expenses from ordinary activities		(47,679)	-
Loss before income tax		(1,595,348)	(150,246)
Income tax expense		-	-
Net loss for the half-year from continuing operations		(1,595,348)	(150,246)
Discontinued Operations			
Loss after tax from discontinued operations	3	(485,824)	-
Net loss for the half-year		(2,081,172)	(150,246)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		2,576	1,862
Total comprehensive loss for the half-year		(2,078,596)	(148,384)
Loss attributable to:			
Owners of the parent		(2,081,172)	(150,246)
Non-controlling interests		-	-
		(2,081,172)	(150,246)
Total comprehensive loss attributable to:			
Owners of the parent		(2,078,596)	(153,289)
Non-controlling interests		-	4,905
		(2,078,596)	(148,384)
Loss per share (cents per share)			
Basic and diluted loss per share (cents per share)		(0.45)	(0.07)
Basic and diluted loss per share from discontinued operations (cents per share)		(0.11)	-

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

MOZAMBI RESOURCES LIMITED

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Condensed Consolidated Statement of Financial Position

As at 31 December 2015

		31 Dec 2015 \$	30 Jun 2015 \$
Assets	Note		
Current assets			
Cash and cash equivalents		1,088,479	554,125
Trade and other receivables		40,398	16,823
Prepayments		11,895	-
Total current assets		1,140,772	570,948
Non-current assets			
Trade and other receivables		20,000	-
Other financial assets		73,270	224,475
Deferred exploration expenditure	3	4,525,675	478,703
Total non-current assets		4,618,945	703,178
Total assets		5,759,717	1,274,126
Liabilities			
Current liabilities			
Trade and other payables		730,596	159,924
Total current liabilities		730,596	159,924
Total liabilities		730,596	159,924
Net assets		5,029,121	1,114,202
Equity			
Issued capital	4	37,842,400	32,466,385
Reserves		3,523,814	2,903,738
Accumulated losses		(36,115,258)	(34,034,086)
Parent entity interest		5,250,956	1,336,037
Non-controlling interest		(221,835)	(221,835)
Total equity		5,029,121	1,114,202

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

MOZAMBI RESOURCES LIMITED

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Condensed Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2015

	Issued Capital	Share Based Payment Reserves	Foreign Currency Translation Reserve	Accumulated Losses	Attributable to owners of the parent	Non-controlling interests	Total Equity
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2014	31,758,385	2,835,200	(76,417)	(33,375,776)	1,141,392	(217,999)	923,393
Loss for the period	-	-	-	(150,246)	(150,246)	-	(150,246)
Other comprehensive income/(loss) for the period, net of income tax	-	-	(3,043)	-	(3,043)	4,905	1,862
Total comprehensive loss for the period	-	-	(3,043)	(150,246)	(153,289)	4,905	(148,384)
Issued shares, net of costs	296,310	-	-	-	296,310	-	296,310
Balance at 31 December 2014	32,054,695	2,835,200	(79,460)	(33,526,022)	1,284,413	(213,094)	1,071,319
Balance at 1 July 2015	32,466,385	2,979,900	(76,162)	(34,034,086)	1,336,037	(221,835)	1,114,202
Loss for the period	-	-	-	(2,081,172)	(2,081,172)	-	(2,081,172)
Other comprehensive income/(loss) for the period, net of income tax	-	-	2,576	-	2,576	-	2,576
Total comprehensive loss for the period	-	-	2,576	(2,081,172)	(2,078,596)	-	(2,078,596)
Issued shares, net of costs	5,376,015	-	-	-	5,376,015	-	5,376,015
Share-based payments	-	617,500	-	-	617,500	-	617,500
Balance at 31 December 2015	37,842,400	3,597,400	(73,586)	(36,115,258)	5,250,956	(221,835)	5,029,121

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

MOZAMBI RESOURCES LIMITED

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Condensed Consolidated Statement of Cash Flows

For the half-year ended 31 December 2015

	31 Dec 2015 \$	31 Dec 2014 \$
Cash flows from operating activities		
Payments to suppliers and employees	(543,115)	(167,573)
Net cash outflow from operating activities	<u>(543,115)</u>	<u>(167,573)</u>
Cash flows from investing activities		
Payments for term deposits	(20,000)	-
Payments for acquisition of Nachi Resources Limited (Tanzania)	(342,002)	-
Payments for exploration expenditure	(1,610,752)	-
Interest received	4,988	1,626
Net investing cash outflows from discontinued operations	-	(13,638)
Net cash outflow from investing activities	<u>(1,967,766)</u>	<u>(12,012)</u>
Cash flows from financing activities		
Proceeds from issue of shares	3,300,128	318,000
Share issue costs	(234,295)	(20,988)
Net cash inflow from financing activities	<u>3,065,833</u>	<u>297,012</u>
Net increase in cash and cash equivalents	554,952	117,427
Cash and cash equivalents at the beginning of the period	554,125	515,075
Effects of exchange rate changes on cash and cash equivalents	(20,598)	14,837
Cash and cash equivalents at the end of the period	<u>1,088,479</u>	<u>647,339</u>

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

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 31 December 2015

1. Summary of Significant Accounting Policies

The half-year financial report is a general purpose financial report prepared in accordance with AASB 134 "Interim Financial Reporting" (AASB 134). Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual report.

(a) Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2015 annual financial report for the financial year ended 30 June 2015, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

(b) New or revised Standards and Interpretations that are first effective in the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period. The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2015. As a result of this review the Directors have determined that there is no impact, material or otherwise, of these Standards and Interpretations on the Group's operations and, therefore, there is no impact on the half-year financial report.

(c) Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. In preparing the half-year financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated annual financial report for the year ended 30 June 2015.

(d) Going concern

The Group has incurred a net loss for the half-year of \$2,081,172 (2014: \$150,246) and had net cash outflows from operations of \$543,115 (2014: \$167,573). It has no ongoing source of operating income and is dependent upon obtaining sufficient funding to meet its exploration expenditure budgets and working capital requirements. Subsequent to balance date the Group has received commitments to raise capital of \$4.7 million before costs, including \$1,061,650 which has been received at the date of this report representing shares capable of being issued under the Company's capacity under ASX listing rule 7.1 (refer to Note 7 to the financial statements for details). These funds, combined with existing cash assets, are expected to be sufficient to meet the planned expenditure over the next 12 months.

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 31 December 2015

1. Summary of Significant Accounting Policies (continued)
(d) Going concern (continued)

The financial statements have been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business and at the amounts stated in the financial statements.

2. Dividends

No dividend has been paid or is proposed in respect of the half-year ended 31 December 2015 (2014: None).

3. Deferred Exploration Expenditure

	Half-year ended 31 Dec 2015	Year ended 30 June 2015
Areas of interest in exploration and evaluation phase at cost:	\$	\$
Opening balance	478,703	455,015
Write-off on relinquishment of tenements (i)	(485,824)	-
Acquisition of Tanzania licences (note 8)	2,357,536	-
Expenditure during the period	2,175,260	23,688
Closing balance	4,525,675	478,703

Capitalised exploration and evaluation expenditure represents the accumulated cost of acquisition and subsequent cost of exploration and evaluation of the properties. Ultimate recoupment of these costs is dependent on the successful development and commercial exploitation, or alternatively sale, of the respective areas of interest.

(i) – During the half-year, the tenements comprising the Australian Coal assets were relinquished and, accordingly, the amounts previously capitalised in the financial report were written off. Due to these assets representing a separate geographical segment per the segment reporting at Note 5, this represents a discontinued operation. The financial results of the discontinued operation are as follows:

	Half-year ended 31 Dec 2015	Half-year ended 31 Dec 2014
	\$	\$
Profit/(loss) from discontinued operations		
Exploration expenditure written off	(485,824)	-
Loss from discontinued operation	(485,824)	-

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 31 December 2015

4. Contributed Equity

Movements in equity instruments during the current and prior periods were as follows:

Share Capital

	<i>Number</i>	<i>\$</i>
As at 1 July 2014	212,541,987	31,758,385
Shares issued	52,999,998	318,000
Issue costs	-	(21,690)
As at 31 December 2014	265,541,985	32,054,695
Shares issued	43,103,436	521,200
Issue costs	-	(109,510)
Balance as at 30 June 2015	308,645,421	32,466,385
Shares issued	263,054,639	5,638,629
Issue costs	-	(262,614)
Balance as at 31 December 2015	571,700,060	37,842,400

Options over ordinary shares

As at 1 July 2014	61,675,000	2,835,200
As at 31 December 2014	61,675,000	2,835,200
Share-based payments	11,000,000	73,700
Options issued	71,000,000	71,000
Free-attaching options to issues of share capital	28,499,999	-
Balance as at 30 June 2015	172,174,999	2,979,900
Share-based payments	69,441,667	323,500
Free-attaching options to issues of share capital	75,927,000	-
Exercise of options to acquire share capital	(6,689,285)	-
Balance as at 31 December 2015	310,854,381	3,303,400

Performance Rights

As at 1 July 2014	-	-
As at 31 December 2014	-	-
As at 30 June 2015	-	-
Share-based payments to directors	9,000,000	294,000
Converted to ordinary shares	(3,000,000)	-
Balance as at 31 December 2015	6,000,000	294,000

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 31 December 2015

4. Contributed Equity (continued)**Options**

The Company had the following classes of options on issue as at reporting date:

Number	Exercise Price	Expiry Date
475,000	25c	02/08/2016
2,200,000	25c	30/11/2016
308,179,381	2c	31/12/2017

The options are not listed and carry no dividend or voting rights. Upon exercise, each option is convertible into one ordinary share to rank pari passu in all respects with the Company's existing fully paid ordinary shares.

5. Segment Information**a) Description**

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The function of the chief operating decision maker is performed by the Board collectively. Information reported to the Board for the purposes of resource allocation and assessment of performance is focused broadly on the Group's diversified activities across different sectors.

The Group's reportable segments under AASB 8 are therefore as follows:

- Mineral Exploration – Tanzania
- Mineral Exploration – Australia (discontinued operation – refer Note 3)

Information regarding the activities of these segments during the current and prior financial period is set out in the following tables.

b) Segment revenues and results

	Segment revenue		Segment loss	
	Half-year ended 31/12/15	Half-year ended 31/12/14	Half-year ended 31/12/15	Half-year ended 31/12/14
	\$	\$	\$	\$
Mineral Exploration – Tanzania	-	-	-	-
Mineral Exploration – Australia	-	-	(485,824)	-
Total	-	-	(485,824)	-
Investment income			4,992	2,109
Central administration costs and directors' salaries			(1,600,340)	(152,355)
Loss before tax			(2,081,172)	(150,246)

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 31 December 2015

5. Segment Information (continued)
c) Segment assets and liabilities
Segment assets

Mineral Exploration – Tanzania

Mineral Exploration – Australia

Total segment assets

Unallocated

Consolidated total assets

31/12/15	30/06/15
\$	\$
4,525,675	-
-	478,703
4,525,675	478,703
1,234,042	795,423
5,759,717	1,274,126

Segment liabilities

Mineral Exploration – Tanzania

Mineral Exploration – Australia

Total segment liabilities

Unallocated

Consolidated total liabilities

31/12/15	30/06/15
\$	\$
609,472	-
-	-
609,472	-
121,124	159,924
730,596	159,924

d) Other segment information

	Impairment		Additions to non-current assets	
	Half-year ended	Half-year ended	Half-year ended	Half-year ended
	31/12/15	31/12/14	31/12/15	31/12/14
	\$	\$	\$	\$
Mineral Exploration – Tanzania	-	-	4,525,675	-
Mineral Exploration – Australia	(485,824)	-	7,121	15,961
	(485,824)	-	4,532,796	15,961

6. Commitments and contingencies

The level of the Group's commitments and contingent liabilities have not changed materially from those disclosed in the annual report for the year ended 30 June 2015.

7. Events occurring after the reporting date

On 15 January 2016, the Company announced its maiden JORC compliant resource at its 100% owned Namangale project in Tanzania. The mineral resource estimate comprises 179Mt at an average estimated grade of 5.1% graphitic carbon classified in the inferred resource category in compliance with the 2012 JORC code.

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 31 December 2015

7. Events occurring after the reporting date (continued)

The Company received commitments from sophisticated and professional investors to place 142,171,212 new fully paid shares at an issue price of \$0.033 (3.3 cents) per share to raise \$4,691,650 before associated costs (Placement). The Placement will be completed in two tranches with 32,171,212 shares issued on 25 February 2016 under the Company's capacity in accordance with ASX Listing Rules 7.1 (Tranche 1), and 110,000,000 shares subject to shareholder approval at a General Meeting to be held on 29 March 2016.

There has not been any matter or circumstance, other than matters disclosed above, elsewhere in this report, the financial statements or notes thereto, that has arisen since the end of the financial period, that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

8. Acquisition of Subsidiary

During the period, the company formally acquired 100% of Nachi Resources Limited (a company registered in Tanzania). As Nachi Resources Limited does not constitute a business, this transaction has been accounted for as an asset acquisition, being the acquisition of exploration and evaluation assets.

The total consideration paid to acquire Nachi Resources Limited is as follows:

	\$
Consideration paid	
Option fee carried forward from 30 June 2015	142,034
Cash consideration	322,722
Shares issued to vendors	1,615,000
Options issued to vendors	150,000
Other transaction costs – Shares issued	93,500
Other transaction costs – Options issued	15,000
Other transaction costs	19,280
Total consideration paid	<u>2,357,536</u>
Net tangible assets acquired	-
Other identifiable assets acquired – exploration and evaluation	2,357,536
Total identifiable assets acquired	<u>2,357,536</u>
Excess of consideration paid over identifiable assets acquired	<u>-</u>