DAKOTA MINERALS LIMITED

ACN: 009 146 794

FINANCIAL REPORT

For the Half-Year Ended 31 December 2016

Dakota Minerals Limited, 25-27 Jewell Parade, North Fremantle, WA 6159, AUSTRALIA
T +61 8 9336 6619   F +61 8 9335 3565   Email info@dakotaminerals.com.au   Web www.dakotaminerals.com.au

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DIRECTORS' REPORT

Your Directors submit their report for the half-year ended 31 December 2016.

DIRECTORS

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

Mr John Fitzgerald (Non-executive Chairman)
Dr Francis Wedin (Executive Director)
Mr David Frances (Managing Director)
Mr Dudley Kingsnorth – Appointed 22 August 2016 (Non-executive Director)

The Directors were in office for the entire period unless otherwise stated.

Company Secretary is Mr Mathew Whyte.

REVIEW OF RESULTS AND FINANCIAL POSITION

The net loss after income tax for the half-year was $3,172,780 (Restated loss 31 December 2015: $295,842), which included exploration expenditure of $1,719,798 (restated 2015 $161,125).

The Company has not reached a stage in its development where it is generating an operating profit. All of the Company's efforts go into project exploration and development.

At the end of the reporting period the Company had cash on hand, including deposits of $17,993,452 (30 June 2016:$14,115,625).

REVIEW OF OPERATIONS

During the half year the Company progressed its strategy to become a sustainable, European-focused lithium Company through:

- completing phase two, resource definition drilling at the Sepeda lithium project in Portugal.
- confirming a major new lithium discovery at Sepeda, through spectacular lithium grades and widths reported from phase one drilling, including 74 m @ 1.59% Li_2O;
- initiating a Scoping Study and Environmental Impact Assessment;
- setting an aggressive target of achieving lithium carbonate/lithium hydroxide production in 2019; and
- finalising the sale of its Lynas Find project for a total consideration of up to $8 million.

Dakota's long-term strategy is to be a sustainable supplier of lithium carbonate and lithium hydroxide to the fast-developing European market. Europe has been identified as the likely first mover in widespread electric vehicle penetration and home energy storage using lithium-ion batteries.

During the half, Dakota added to its significant cash position by the sale of its Lynas Find lithium discovery in WA to Pilbara Minerals Limited (Pilbara). The sale was completed on 1 December 2016 after the Company announced its exploration efforts had resulted in a maiden resource estimate of 7.3Mt @1.25% Li_2O. Total consideration for the sale was up to $8 million of which, $5 million was paid at completion. Pilbara will make further payments of up to $3 million in total subject to the grant of 4 remaining exploration licences on or before 5 October 2017 in the form of cash or shares at Pilbara's election.

Following the sale Dakota is now well positioned to advance feasibility studies at its flagship Portuguese project, Sepeda. Exploration and development work continued in earnest at Sepeda, with the confirmation of a major European lithium discovery from excellent phase one and phase two drilling grades and widths. In total 7,271m of drilling was completed with significant intercepts including 61m @ 1.52% Li_2O and 51 m @ 1.26% Li_2O. A Scoping Study to produce lithium carbonate and lithium hydroxide from Sepeda was initiated with Hatch Pty Ltd as consultant. An EIA was also initiated, and Dakota has set out an aggressive timeline to become a sustainable supplier of lithium carbonate to the EU market by 2019.

EVENTS AFTER THE BALANCE SHEET DATE

- On 20 February 2017 the company announced the completion of the maiden Mineral Resource estimate for its 100%-owned Sepeda Lithium Project ("Sepeda"), Portugal, which has been compiled using the guidelines provided by the 2012 JORC Code. The Inferred Mineral Resource for the Romano pegmatite at Sepeda has been calculated at 10.3Mt @ 1.00% Li_2O and 0.05% Sn. Sepeda now represents the largest JORC lithium Resource for a Lithium Caesium-Tantalum (LCT) pegmatite-type deposit in Europe.

- On 22 February 2017 the Company issued 6,625,000 fully paid ordinary shares following the satisfaction of vesting conditions for 6,625,000 Tranche 1 Performance Rights granted under the Company's Long Term Incentive Plan as approved by shareholders at EGM on 12 February 2016 and varied at AGM held on 29 November 2016.

Other than stated above, there has not been any other matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than reported above in the Review of Operations, there were no significant changes in the state of affairs of the Company during the reporting period.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is set out on page 17 and forms part of the Directors' Report for the half year ended 31 December 2016.

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

On behalf of the directors.

Mr John Fitzgerald
Non-executive Chairman

10 March 2017
Perth.

STATEMENT OF COMPREHENSIVE INCOME

HALF-YEAR ENDED 31 DECEMBER 2016

	Note	31 December 2016 $	Restated 31 December 2015 $
Revenue		181,665	4,614
Loss on sale of prospects	7	(416,400)	-
Employee benefits expenses		(96,752)	-
Share-based payment	9	(810,516)	(40,000)
Depreciation expense		(366)	(124)
Exploration and evaluation expenditure	7	(1,719,798)	(161,125)
Impairment loss on available-for-sale financial assets		-	(5,000)
Legal and audit expense		(53,266)	(12,271)
Consulting Fees		(65,249)	(39,516)
Other expenses		(192,099)	(42,420)
Loss before income tax benefit		**(3,172,780)**	**(295,842)**
Income tax benefit		-	-
Loss for the period		**(3,172,780)**	**(295,842)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Net fair value loss on available-for-sale financial assets		(3,333)	(7,500)
Other comprehensive income for the period, net of tax		**(3,333)**	**(7,500)**
Total comprehensive loss for the period		**(3,176,113)**	**(303,342)**
Loss per share (cents per share)		**¢**	**¢**
Basic loss per share for the period		(0.94)	(0.43)
Diluted loss per share for the period		(0.94)	(0.43)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	31 December 2016 $	30 June 2016 $
ASSETS			
Current Assets			
Cash and cash equivalents		3,143,452	4,115,625
Cash on Term Deposits		14,850,000	10,000,000
Trade and other receivables		48,464	169,591
Available-for-sale financial assets	6(a)	14,167	17,500
Prepayments		29,969	-
Total Current Assets		18,086,052	14,302,716
Non-current Assets			
Available-for-sale financial assets	6(b)	6,000	6,000
Other financial assets		10,000	10,000
Plant and equipment		2,219	185
Exploration and evaluation expenditure	7	387,869	5,388,063
Total Non-current Assets		406,088	5,404,248
TOTAL ASSETS		18,492,140	19,706,964
LIABILITIES			
Current Liabilities			
Trade and other payables	8	1,437,359	293,395
Other current liabilities		27,295	10,343
Total Current Liabilities		1,464,654	303,738
TOTAL LIABILITIES		1,464,654	303,738
NET ASSETS		17,027,486	19,403,226
EQUITY			
Issued share capital	5(a)	54,826,705	53,276,848
Milestone shares	5(b)	780,000	2,340,000
Other reserves		2,853,950	2,046,767
Accumulated losses		(41,433,169)	(38,260,389)
TOTAL EQUITY		17,027,486	19,403,226

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
HALF-YEAR ENDED 31 DECEMBER 2016

	Note	31 December 2016 $	Restated 31 December 2015 $
Cash flows from operating activities			
Payments to suppliers and employees		(402,370)	(97,232)
Payments for exploration and evaluation expenditure		(1,291,839)	(15,104)
Interest received		173,847	4,757
Other receipts		556,844	-
Net cash flows used in operating activities		(963,518)	(107,579)
Cash flows from investing activities			
Net proceeds from the sale of prospects	7	4,955,489	-
Payment for purchase of prospects		(97,670)	-
Payment for purchase of property, plant & equipment		(2,400)	-
Payment for term deposits		(4,850,000)	-
Deposits Paid		(1,419)	
Net cash flows from investing activities		4,000	-
Cash flows from financing activities			
Proceeds from issue of capital		-	524,490
Expenses related to share issue	5	(10,143)	(34,076)
Net cash flows from/(used in) financing activities		(10,143)	490,414
Net increase/(decrease) in cash and cash equivalents		(969,661)	382,835
Unrealised foreign exchange loss		(2,514)	-
Cash and cash equivalents at beginning of period		4,115,627	457,236
Cash and cash equivalents at end of period		3,143,452	840,071

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

HALF-YEAR ENDED 31 DECEMBER 2016

	Issued share capital	*Milestone shares*	*Share based payment*	*Available for sale reserve*	*Accumulated losses*	*Total*
	$		*$*	*$*	*$*	*$*
At 1 July 2016	53,276,848	2,340,000	2,041,767	5,000	(38,260,389)	19,403,226
Loss for the period	-	-	-	-	(3,172,780)	(3,172,780)
Other comprehensive income	-	-	-	(3,333)	-	(3,333)
Total comprehensive Profit/(loss) for the period	-	-	-	(3,333)	(3,172,780)	(3,176,113)
Transactions with owners in their capacity as owners						
Share-based payments	-	-	810,516	-	-	810,516
Transaction costs of share issue	(10,143)	-	-	-	-	(10,143)
Milestone Shares issued	1,560,000	(1,560,000)	-	-	-	-
At 31 December 2016	54,826,705	780,000	2,852,283	1,667	(41,433,169)	17,027,486

	Issued share capital	*Milestone shares*	*Share based payment*	*Available for sale reserve*	*Accumulated losses*	*Total*
	$		*$*	*$*	*$*	*$*
Consolidated						
As at 1 July 2015 – as previously stated	36,140,528	-	679,053	7,500	(34,145,144)	2,681,937
Change in accounting policy	-	-	-	-	(2,203,041)	(2,203,041)
Balance at 1 July 2015 - restated	36,140,528	-	679,053	7,500	(36,348,185)	478,896
Loss for the period	-	-	-	-	(295,842)	(295,842)
Other comprehensive income	-	-	-	(7,500)	-	(7,500)
Total comprehensive loss for the period	-	-	-	(7,500)	(295,842)	(303,342)
Transactions with owners in their capacity as owners						
Issue of shares	524,490	-	-	-	-	524,490
Transaction costs of share issue	(277,586)	-	238,748	-	-	(38,838)
Share based payments	40,000	-	-	-	-	40,000
At 31 December 2015	36,427,432	-	917,801	-	(36,644,027)	701,206

The accompanying notes form part of these financial statements.

1. CORPORATE INFORMATION

The financial report of Dakota Minerals Limited ("the Company") for the half-year ended 31 December 2016 was authorised for issue in accordance with a resolution of the directors on 10 March 2017.

The Company is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange.

The address of the registered office is 25-27 Jewell Parade, North Fremantle WA 6159.

2. BASIS OF PREPARATION

(a) Basis of preparation

This half-year financial report for the half-year ended 31 December 2016 is a condensed general purpose financial report prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

The half year financial report should be read in conjunction with the most recent annual financial report for the year ended 30 June 2016.

It is also recommended that the half year financial report be considered together with any public announcements made by Dakota Minerals Limited during the half year ended 31 December 2016 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

From 1 July 2016 the Company has adopted all Australian Accounting Standards and Interpretations effective from 1 July 2016. The adoption of new and amended standards and interpretations had no impact on the financial position or performance of the Company.

The Company has not elected to early adopt any new standards or amendments that are issued but not yet effective.

3. CHANGE IN ACCOUNTING POLICY

On 1 January 2016 the company re-assessed its policy for accounting for exploration and evaluation expenditure.

The Consolidated Entity's previous accounting policy was that costs arising from exploration and evaluation activities were carried forward provided the rights to tenure of the area of the interest are current and such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at balance date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. Costs carried forward in respect of an area of interest that is abandoned are written off in the year in which the decision to abandon is made. The carrying value of the capitalised exploration and evaluation expenditure is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

The Consolidated Entity's new accounting policy is that exploration and evaluation expenditure in relation to the Company's mineral tenements, other than acquisition costs, is expensed as incurred. Acquisition costs in relation to mineral tenements are capitalised and carried forward provided the rights to tenure of the area of the interest are current and such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at balance date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. When the Directors decide to progress the development of an area of interest all further expenditure incurred relating to the area will be capitalised. Projects are advanced to development status and classified as mine development when it is expected that further expenditure can be recouped through sale or successful development and exploitation of the area of interest. Such expenditure is carried forward up to commencement of production at which time it is amortised over the life of the economically recoverable reserves. All projects are subject to detailed review on an annual basis and accumulated costs written off to the extent that they will not be recoverable in the future.

Management believe the change in accounting policy will provide more relevant information to the users of its financial statements on its financial position and financial performance as:

- The reader of the financial statements is unable to establish the likely income producing capacity of the item being capitalised and thereby determine its fair value or potential fair value
- The type of expenditure to be capitalised is open to judgement.

Additionally, the new accounting policy is more correlated to the Accounting Framework, in that exploration activities (which are akin to research activities) are expensed as incurred. The change in accounting policy has been applied fully retrospectively.

The impact of this change in accounting policy and the comparative period presented is reflected below:

Impact on statement of profit or loss (increase/(decrease) in loss)	**31 Dec 2015**
Exploration and evaluation expenditure	161,125
Impairment of exploration and evaluation expenditure	(2,203,894)
	(2,042,769)

The cash flows related to exploration and evaluation costs previously classified as investing activities have been restated and recognised within operating activities.

The effect of these changes in exploration and evaluation expenditures has been reflected in the opening equity positions of each respective period. Basic and diluted earnings per share for the half year ended 31 December 2015 have been restated from (3.37) cents to (0.43) cents.

4. SEGMENT INFORMATION

For management purposes, the Company is organised into one main operating segment, which involves exploration for mineral deposits. All of the Company's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the company as a whole. There are $387,869 of non-current assets which are located in Portugal and $18,219 of non-current assets in Australia. All revenue was derived in Australia.

5. CONTRIBUTED EQUITY

	31 December 2016 $	30 June 2016 $
a. Issued share capital	54,826,705	53,276,848

Movement in contributed equity

	31 December 2016		31 December 2015	
	Number	**$**	**Number**	**$**
Opening balance	320,379,879	53,276,848	68,333,906	36,139,528
Add: Milestone shares vested	30,000,000	1,560,000	-	-
Performance shares vested	12,500,000	-	-	-
Issue of shares	1,000,000	-	-	-
Placement	-	-	17,483,000	524,490
Share based payment	-	-	1,600,000	40,000
Less: Transaction costs on share issue	-	(10,143)	-	(277,586)
Closing balance	363,879,879	54,826,705	87,416,906	36,426,432

	31 December 2016 $	30 June 2016 $
b. Milestone shares	780,000	2,340,000

Movement on milestone shares

	31 December 2016		31 December 2015	
	Number	**$**	**Number**	**$**
Opening balance	60,000,000	2,340,000	-	-
Less: Tranche 1 Vested – shares issued	(30,000,000)	(1,560,000)	-	-
Closing balance	30,000,000	780,000	-	-

Pursuant to the waiver from ASX Listing rules 7.3.2 and 10.13.3 (granted by ASX and announced on 20 January 2015) (Waivers), the Company advises that:

A. the following securities, which were the subject of the Waivers, were issued on 10 October 2016:
- 30,000,000 fully paid ordinary shares to the shareholders of ASM and SRI (on a 49:51 basis) upon an Inferred Mineral Resource of 5 million tonnes at 1.2% Li2O being identified on the Pilgangoora Project and announced on the ASX platform by the Company in accordance with the requirements of the JORC Code; and ;

B. the following securities, which were the subject of the Waivers, remain to be issued:
- 30,000,000 fully paid ordinary shares to the shareholders of ASM and SRI (on a 49:51 basis) upon an Inferred Mineral Resource (in accordance with the requirements of the JORC Code) of 15 million tonnes at 1.2% Li2O being identified, on or before 12 February 2021, on the Lynas Find Project tenements by Pilbara Minerals Limited.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 December 2016 $	30 June 2016 $
Available-for-sale financial assets at fair value		
(a) Current		
At fair value		
Shares - listed	14,167	17,500
(b) Non-current		
At cost		
Shares - unlisted	6,000	6,000

7. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2016 $	30 June 2016 $
Exploration and evaluation costs	387,869	5,388,063
Reconciliation of carrying amount		
Opening balance	5,388,063	-
Acquisition costs	371,696	5,388,063
Sale of assets[1]	(5,371,890)	-
Closing balance	387,869	5,388,063

[1]As announced on 6 October 2016 the Company entered into a binding agreement ("Sale Agreement") with Pilbara Minerals Limited ("Pilbara") whereby Pilbara agreed to acquire 100% of Dakota's Lynas Find lithium project. Consideration of $5,000,000, less selling costs of $44,511, was received on completion of the transaction on 1 December 2016, resulting in a loss on sale of $416,400. Refer to Note 10 for details of $3 million contingent consideration relating to the transaction, which if received would result in a significant gain on the sale.

Exploration and evaluation expenditure in relation to the Company's mineral tenements is expensed as incurred. When the Directors decide to progress the development of an area of interest all further expenditure incurred relating to the area will be capitalised. Projects are advanced to development status and classified as mine development when it is expected that further expenditure can be recouped through sale or successful development and exploitation of the area of interest. Such expenditure is carried forward up to commencement of production at which time it is amortised over the life of the economically recoverable reserves. All projects are subject to detailed review on an annual basis and accumulated costs written off to the extent that they will not be recoverable in the future.

The right to retain the tenement holdings is dependent on the Company being able to meet the tenement expenditure commitments.

Where there is doubt regarding the ability to fund future tenement obligations and that decision has been made to abandon or dispose the interest, those carried forward exploration costs have been written down to recoverable value.

8. TRADE AND OTHER PAYABLES

	31 December 2016 $	30 June 2016 $
a. Current		
Trade creditors (i)	607,893	293,395
Milestone payments	364,472	-
Net GST payable	464,994	-
Total current	**1,437,359**	**293,395**

Terms and conditions:

(i) Trade and other payables are non-interest bearing and are normally settled on 30 day terms. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

9. SHARE BASED PAYMENTS

(a) Performance Rights

A long term incentive plan (LTI Plan) was established pursuant to shareholder approval at the General Meeting on 12 February 2016.

As at 30 June 2016 a total of 23,500,000 performance rights had been granted pursuant to the LTI Plan. A further 1,000,000 performance rights were issued on 6 September 2016, with a fair value of $0.057 per performance right. On 10 October 2016 12,250,000 tranche 1 performance rights vested and ordinary shares were issued.

Each Performance Right, issued for nil consideration, entitles the participant to acquire one (1) fully paid ordinary share, by way of issue of new Shares or transfer of existing Shares.

Approval to vary the terms of performance rights were granted at the AGM on 29 November 2016. The remaining 12,250,000 second tranche performance Rights are now subject to satisfaction of the following performance hurdles and vesting conditions and otherwise in accordance with the LTI Plan Rules.

Tranche	Performance Hurdle	Number of Performance Rights	Expiry date*
Tranche 1	The establishment by the Company of a JORC Compliant 7.5 million tonne resource of Li_2O of a grade of at least 1%.	6,125,000	29 November 2018
Tranche 2	The establishment by the Company of a JORC Compliant 15 million tonne resource of Li_2O of a grade of at least 1%.	3,062,500	29 November 2019
Tranche 3	The establishment by the Company of a JORC Compliant 30 million tonne resource of Li_2O of a grade of at least 1%.	3,062,500	29 November 2020

*All Performance Rights that have not vested by the expiry date will automatically lapse and be forfeited.

A further 1,000,000 performance rights were approved by shareholders and issued on 29 November 2016 to Dudley Kingsnorth, deemed at $0.057 per performance right. The rights are subject to satisfaction of the performance hurdles and vesting conditions described above.

(b) Ordinary Shares Issued

On 29 November 2016, the Company granted 1,000,000 fully paid ordinary shares to Dudley Kingsnorth, valued at the grant date at $0.057 per share, issued as his entitlement to performance shares of which the previous tranche 1 had vested at the date of issue.

10. CONTINGENT ASSETS & LIABILITIES

(a) *Contingent Assets*

As announced on 6 October 2016 the Company entered into a binding agreement ("Sale Agreement") with Pilbara Minerals Limited ("Pilbara") whereby Pilbara agreed to acquire 100% of Dakota's Lynas Find lithium project.

The total consideration for the transaction was up to $8.0 million, of which $5.0 million was paid at completion on 1 December 2016. Pilbara will make further payments of up to $3.0 million in total subject to the grant of exploration licenses for each of the remaining four applications ($0.75 million payable per application granted) in the Lynas Find project on or before 5 October 2017. The further payments will be in the form of cash or Pilbara shares (to be issued at the 30 day VWAP) at Pilbara's election.

Under the Sale Agreement, Pilbara must use its best endeavours to progress, at its own cost, the grant of exploration licenses under each of the four applications. However, at the date of this report the grant of such licenses and therefore the recovery of the $3.0 million consideration relating to them was not wholly within Dakota's control. The directors consider that the grant of the applications is probable.

(b) ***Contingent Liabilities***

Under the terms of the sale and purchase agreement with Lusorecursos LDA entered into on 3 March 2016, the consideration to be paid by Dakota to acquire the tenements comprising the Sepeda Lithium Project included:

- Milestone payment of 250,000 Euro (A$364,472) on definition within the purchased tenements of a 5 million tonne JORC lithium resource at 1.2% Li2O (or greater). This payment became due upon the Sepeda maiden resource announcement on 20 February 2017 and has been recorded as a liability at 31 December 2016 (refer to Note 8).

- Milestone payment of 750,000 Euro (A$1,093,471) on definition within the purchased tenements of a 15 million tonne JORC lithium resource at 1.2% Li2O (or greater). This payment represents a contingent liability at 31 December 2016.

11. FINANCIAL INSTRUMENTS

Risk Management Activities
The risk management activities are consistent with those of the previous financial year unless otherwise stated.

Financial Instruments
Set out below is an overview of financial instruments held by the Group:

	31 December 2016 $	30 June 2016 $
Financial assets:		
Cash and cash equivalents	3,143,452	4,115,625
Cash on Term Deposits	14,850,000	10,000,000
Trade and other receivables – at amortised cost	48,464	169,591
Available-for-sale financial assets - at fair value	14,167	17,500
Total current	**18,056,083**	**14,302,716**
Other financial assets - at amortised cost	10,000	10,000
Available-for-sale financial assets - at cost	6,000	6,000
Total non-current	**16,000**	**16,000**
Total	**18,072,083**	**14,318,716**
Financial liabilities:		
Trade and other payables - at amortised cost	1,437,359	293,395
Total	**1,437,360**	**293,395**

Fair Values

Due to the nature of the Company's financial instruments, other than available-for-sale investments detailed below, carrying value is considered to approximate fair value for all classes of financial instruments at 31 December 2016.

Fair value hierarchy

The Company uses various methods in estimating the fair value of a financial instrument. The methods comprise:
Level 1 – the fair value is calculated using quoted prices in active markets.
Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below:

	31 December 2016				**30 June 2016**			
	Quoted market price (Level 1)	**Valuation technique- market observable inputs (Level 2)**	**Valuation technique- non market observable inputs (Level 3)**	**Total**	**Quoted market price (Level 1)**	**Valuation technique- market observable inputs (Level 2)**	**Valuation technique- non market observable inputs (Level 3)**	**Total**
Financial assets recognised at fair value								
Available-for-sale investments	14,167	-	-	**14,167**	17,500	-	-	**17,500**

12. RELATED PARTY TRANSACTIONS

1) Dudley Kingsnorth, was awarded 1,000,000 Performance Rights pursuant to the Dakota Minerals Limited Long Term Incentive Plan as approved by shareholders at a General Meeting held 29 November 2016.

2) Dudley Kingsnorth was issued 1,000,000 shares, at a deemed issue price of $0.057 per share, as remuneration in lieu of cash as approved by shareholders at the Annual General Meeting on 29 November 2016.

13. EVENTS AFTER THE BALANCE SHEET DATE

- On 20 February 2017 the company announced the completion of the maiden Mineral Resource estimate for its 100%-owned Sepeda Lithium Project (“Sepeda”), Portugal, which has been compiled using the guidelines provided by the 2012 JORC Code. The Inferred Mineral Resource for the Romano pegmatite at Sepeda has been calculated at 10.3Mt @ 1.00% Li_2O and 0.05% Sn. Sepeda now represents the largest JORC lithium Resource for a Lithium Caesium-Tantalum (LCT) pegmatite-type deposit in Europe.

- On 22 February 2017 Company issued 6,625,000 fully paid ordinary shares following the satisfaction of vesting conditions for 6,625,000 Tranche 1 Performance Rights granted under the Company’s Long Term Incentive Plan as approved by shareholders at EGM on 12 February 2016 and varied at AGM held on 29 November 2016.

Other than stated above, there has not been any other matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

DIRECTORS' DECLARATION
AT 31 DECEMBER 2016

In the opinion of the Directors:

(a) the financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the financial position as at 31 December 2016 and the performance for the half- year ended on that date of the Company; and

ii. complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporation Regulations 2001; and

(b) 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 the directors' of Dakota Minerals Limited made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

J Fitzgerald

Mr John Fitzgerald
Non-executive Chairman

10 March 2017
Perth

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Auditor's independence declaration to the Directors of Dakota Minerals Limited

As lead auditor for the review of Dakota Minerals Limited for the half-year ended 31 December 2016, I declare 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.

This declaration is in respect of Dakota Minerals Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

V L Hoang
Partner
10 March 2017

MH:VH:DAKOTA:022

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Fax: +61 8 9429 2436
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Independent review report to the members of Dakota Minerals Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Dakota Minerals Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 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 controls as the directors determine are 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 consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of Dakota Minerals Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

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 Dakota Minerals Limited is not in accordance with the *Corporations Act 2001*, including:

a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

b. complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

V L Hoang
Partner
Perth
10 March 2017

MH:VH:DAKOTA:023