SANTANA

MINERALS LIMITED

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2017

Content

Directors' Report

Your Directors present their report, including the Financial Report for the consolidated entity for the half-year ended 31 December 2017.

Directors

The directors of Santana Minerals Limited ("Santana" or "the Company") at any time during or since the half-year ended 31 December 2017 are:

Mr Norman A Seckold, Non-Executive Chairman

Appointed 15 January 2013

Mr Seckold graduated with a Bachelor of Economics from the University of Sydney in 1970. He has spent more than 30 years in the full time management of natural resource companies, both in Australia and overseas. Of relevance is his particularly successful involvement in management of Mexican based projects.

Mr Seckold is currently Chairman and Director of Nickel Mines Ltd (director since September 2007), Planet Gas Ltd (director since December 2001) and Collerina Cobalt Ltd (director since November 2009).

He has been Chairman of Bolnisi Gold NL, Palmarejo Silver and Gold Corporation, Moruya Gold Mines NL, Pangea Resources Limited, Timberline Minerals, Inc., Perseverance Corporation Limited, Valdora Minerals NL, Viking Gold Corporation, Mogul Mining NL, San Anton Resource Corporation Inc., Cockatoo Coal Limited, Equus Mining Limited, Cerro Resources NL and Jervois Mining Ltd.

Mr Anthony J McDonald, Managing Director

Appointed 15 January 2013

Mr McDonald graduated with a Bachelor of Laws from the Queensland University of Technology in 1981. He was admitted as a solicitor in 1982. He has been involved in the natural resources sector in Australia and internationally for many years and in the past 16 years has been actively involved in management in the resources sector.

Mr McDonald is currently a non-executive director of Planet Gas Limited (director since November 2003) and PPK Group Limited (director since September 2017).

Mr Richard E Keevers, Independent Non-Executive Director

Appointed 15 January 2013

Mr Keevers graduated with a Bachelor of Science from the University of New England in NSW. He is a qualified and experienced geologist, having held senior positions with BH South Limited and Newmont during his 20 years in the mining industry. Subsequently he was an executive director of Pembroke Josephson Wright Limited, an Australian share brokerage firm, for ten years.

Mr Keevers is currently Chairman and Director of Renascor Resources Limited (director since July 2016).

In the last 3 years Mr Keevers has been Chairman and director of Zamia Limited.

Company Secretary

Mr Craig J McPherson

Corporate Secretary (since 15 January 2013)

Mr McPherson graduated with a Bachelor of Commerce degree from the University of Queensland and is a member of the Chartered Accountants Australia and New Zealand. He has twenty years of commercial and financial management experience and has held various roles with ASX and TSX listed companies over the past ten years in Australia and overseas.

Operating and financial review

Review of Operations

The Company's focus is precious metals exploration projects with its primary focus being the Cuitaboca silver-gold project in the State of Sinaloa, Mexico. The Company also retains its interest in the Namiquipa silver/polymetallic project in the State of Chihuahua, Mexico.

Mexico – Cuitaboca (earning to 80%)

The Cuitaboca Project mining concessions cover an area of 5,500ha approximately 100 km north east of the city of Los Mochis in Sinaloa, Mexico (**Figure 1**).

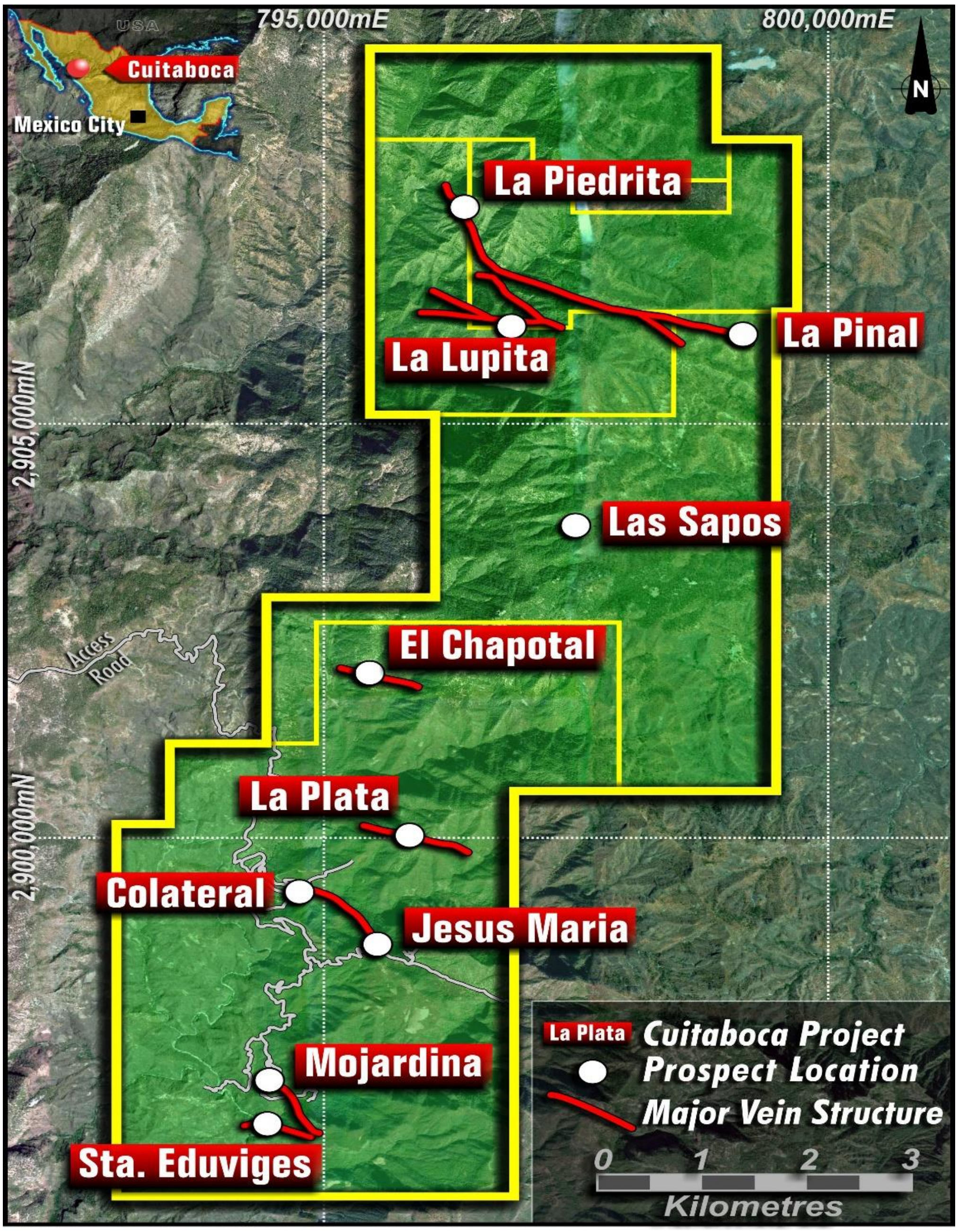

Figure 1: Cuitaboca Project location map including major vein/prospect locations.

Cuitaboca lies in the foothills of the Sierra Madre Occidental dominated by andesite flows and tuffs of the lower volcanic group, with minor rhyolites of the upper volcanic group at higher elevations. Silver-gold rich mineralisation is hosted in the lower volcanic group andesites.

The Cuitaboca mining concessions are owned by Consorcio Minero Latinamericano SA de CV (Concession Holder) which has granted rights to acquire 100% of the mining concessions through a Concession Option Agreement, to Minera Cuitaboca SA de CV ("Project Company" a controlled entity of Santana). Santana is earning up to an initial 80% interest in the Project Company and has committed to meet 100% of expenditure. Santana has management of the Cuitaboca Project through ownership of the Project Company. Santana is required to meet all expenditure (including option fees which the Project Company has agreed to pay the Concession Holder, concession rentals plus exploration expenditure as Santana determines). Once the Concession Option Agreement is completed the expenditure reverts to 80% Santana 20% to a co-venturer (a director related party) and contribution to budgets will be pro-rata or the non-contributing party will dilute.

Exploration Overview

Mojardina Prospect

Reverse Circulation drilling at Cuitaboca (44 holes for circa 6,300m) prior to 30 June 2017 led to commencement of metallurgical testing of mineralisation from the Mojardina prospect and interpretation of an open zone of >100 g/t Ag at depth and along strike at both the Las Animas and Evangelina systems within the northern area of the Mojardina prospect. Drilling had also identified the potential of further discovery at the southern extensions of the Mojardina prospect.

Metallurgical Test Work

During the half year the Company conducted a preliminary metallurgical test program on composite samples from 3 drill holes of the Mojardina Prospect **(Table 1).**

Table 1

Hole	Interval (m)	Average Ag (g/t)	Sample Mass (Kg)
RC16CT-19 (Evangelina)	65-110	45	245
RC16CT-21 (Evangelina)	0-35	221	162
RC16CT-23 (Las Animas)	24-52	216	149

The purpose of the preliminary metallurgical test program was to determine initial leaching and flotation performance to recover the main material of economic interest, Silver.

The Metallurgical test work was carried out by Core Resources, Albion laboratory in Brisbane, Australia.

A total of 556kg of RC drill core rock chips from the three drill holes was divided into 3 composite samples.

Representative samples for the three drill holes were sent to Bureau Veritas Minerals Laboratory in British Columbia, Canada for Mineralogical assessment using QEMSCAN Particle Mineral Analysis (PMA) and QEMSCAN Trace Mineral Search (TMS). A summary of the chemical and mineralogical contents of the samples tested is shown in **Table 2**.

Table 2 - Chemical and Mineralogical Composition data

Chemical Assays (% or g/t)				Mineral Contents (Wt %)			
Element	Hole 19	Hole 21	Hole 23	Minerals	Hole 19	Hole 21	Hole 23
Cu	0.01	0.02	0.02	Silver Minerals	0.01	0.03	0.02
Pb	0.06	0.28	0.07	Sulphide Minerals	0.12	0.14	0.09
Zn	0.15	0.73	0.10	Pb Oxides	0.07	0.21	0.10
Fe	3.14	3.63	4.51	Iron Oxides	2.15	2.80	3.23
S	0.03	0.02	0.03	Ilmenite	0.60	1.02	1.68
Ag	40.1	199.6	215.3	Quartz	28.9	22.0	15.1
Au	0.04	0.06	0.03	K-Feldspars	49.7	61.2	61.7
				Carbonates	7.68	0.49	2.74
				Micas	7.41	7.54	5.59
				Chlorite	1.52	1.05	7.30
				Kaolinite (Clay)	0.08	0.35	0.72
				Others	1.76	3.17	1.73
				Total	100	100	100

Particle Mineral Analysis showed a high degree of silver mineral liberation could be expected at a partial size of 150 micron and that liberated silver would likely be amenable to cyanide leaching.

Leach Test Results

A series of standard Carbon In Leach (CIL) bottle roll tests were conducted on whole rock portions cut from the composite samples at a target grind size of 75 micron and leaching duration of 48 hours. Results of the leach tests are shown in **Table 3**, and confirm the amenability of the silver to be extracted by leaching with silver recoveries greater than 93% being achieved.

Table 3 - Silver extraction by cyanide leaching

Sample	pH	Lime Consumption (Kg/t)	Cyanide Consumption (Kg/t)	Ag Extraction (%)
Hole 19	10.9	1.0	1.6	93.1
Hole 21	10.9	2.0	1.8	95.3
Hole 23	10.9	1.6	2.2	98.4

Flotation Test Results

Flotation is a standard mineral beneficiation process, where after grinding the ore the minerals of value are concentrated and separated from the minerals of no value by taking advantage of mineral hydrophobicity differences. Rougher flotation is the first stage of the flotation process where the maximum amount of the valuable mineral is concentrated. Rougher flotation results are shown in **Table 4**.

Table 4 - Rougher Flotation Results

Sample	% weight to concentrate	Concentrate grade Ag (g/t)	Ag Recovery to concentrate (%)	Comment
Hole 23	28.9	649	93.6	32 % Solids
Hole 23	16.1	1,170	88.2	22% Solids
Hole 23	8.8	2,229	86.8	32% Solids & 500g/t Sodium Silicate

Initial rougher flotation resulted in 93.6% Ag recovery to a concentrate grading 649g/t Ag consisting of 28.9% of the mass in the flotation test. Subsequent tests at lower % solids and with the addition of sodium silicate highlight the potential to increase the grade of the concentrate by reducing the mass of concentrate with a mild reduction in Ag recovery.

The results suggest the possibility of producing a bulk concentrate which would substantially reduce the size of a leaching circuit. It may also allow the transportation of a high-grade concentrate for treatment by others.

The preliminary test work to date has shown that the recovery of Ag by either a direct cyanidation route or by leaching a flotation concentrate remain viable alternatives. Additional test work to further refine flotation performance is planned.

With no detection of deleterious elements and the ore appearing to be highly amenable to conventional, well understood and low-cost processing routes, these results open up the possibility for favourable operating costs per ounce of silver recovered from any future mining operation, subject to the successful delineation of a bulk tonnage silver resource.

Mojardina RC Drill Programme

A further drill program was designed following assessment and receipt of the preliminary metallurgical assessment. Three RC holes were planned and drilled across the Las Animas/Evangelina vein structures to test the continuity of grade within the identified open zone of south-east plunging mineralisation. Each of the three holes intersected broad zones of silicification with continuous zones of >20g/t Ag reported below.

- **MSRC053** 11m @32g/t Ag from 140m
  2m @44g/t Ag from 216m
  2m @52g/t Ag from 231m

- **MSRC054** 2m @51g/t Ag from 17m
  29m @34g/t Ag from 91m (**including 4m @120g/t Ag from 91m)**
  13m @23g/t Ag from 132m

- **MSRC055** 10m @23g/t Ag from 127m

Whilst grade profiles of earlier programmes were not repeated at depth, the Las Animas/Evangelina mineralised zone remains open and further drilling is required on the Las Animas structure to better define the shoot in the vicinity of previous drill holes RC16CT23 and MJRC-046.

At Mojardina South five holes were drilled into the mineralised zone with two of the holes returning significant results:

- **MSRC056** 66m @36g/t Ag from 45m, including
  22m @52g/t Ag from 73m, and
  3m @ 136g/t Ag from 108m

- **MSRC060** **7m @110g/t Ag from 51m**

These holes were drilled at the northern extent of the previously reported holes:

- **MSRC033** 53m @47g/t Ag from 1m, including:
  23m @75g/t Ag from 30m, and
  8m @ 157g/t Ag from 45m

- **MSRC034** **15m @ 100g/t Ag from 3m (including 5m @ 197g/t from 12m)**

The system is interpreted to remain open to expansion to the north-west. 3 holes drilled further south appear to have been constrained by a fault line.

La Plata Prospect

The La Plata structure lies approximately 4km north of Mojardina. Terrain limits vehicle access but field work has resulted in the identification of surface exposure of vein systems over an approximate length of 2km. Surface diamond saw channel sample programs have reported:

LPTTR-07	2.00m @ 78 g/t Ag
LPTTR-19	1.00m @ 1,995 g/t Ag
LPTTR-23	5.00m @ 242 g/t Ag
LPTTR-25	7.00m @ 131 g/t Ag (incl 3m @278g/t Ag)
LPTTR-30	2.45m @ 362g/t Ag including:
	1.00m @ 158g/t Ag
	0.85m @ 603g/t Ag
	0.60m @ 362g/t Ag
LPTTR-31	4.60m @ 295g/t Ag including:
	1.00m @ 450 g/t Ag
	1.00m @ 322 g/t Ag
	1.00m @ 306 g/t Ag
	0.90m @ 188 g/t Ag
	0.70m @160 g/t Ag

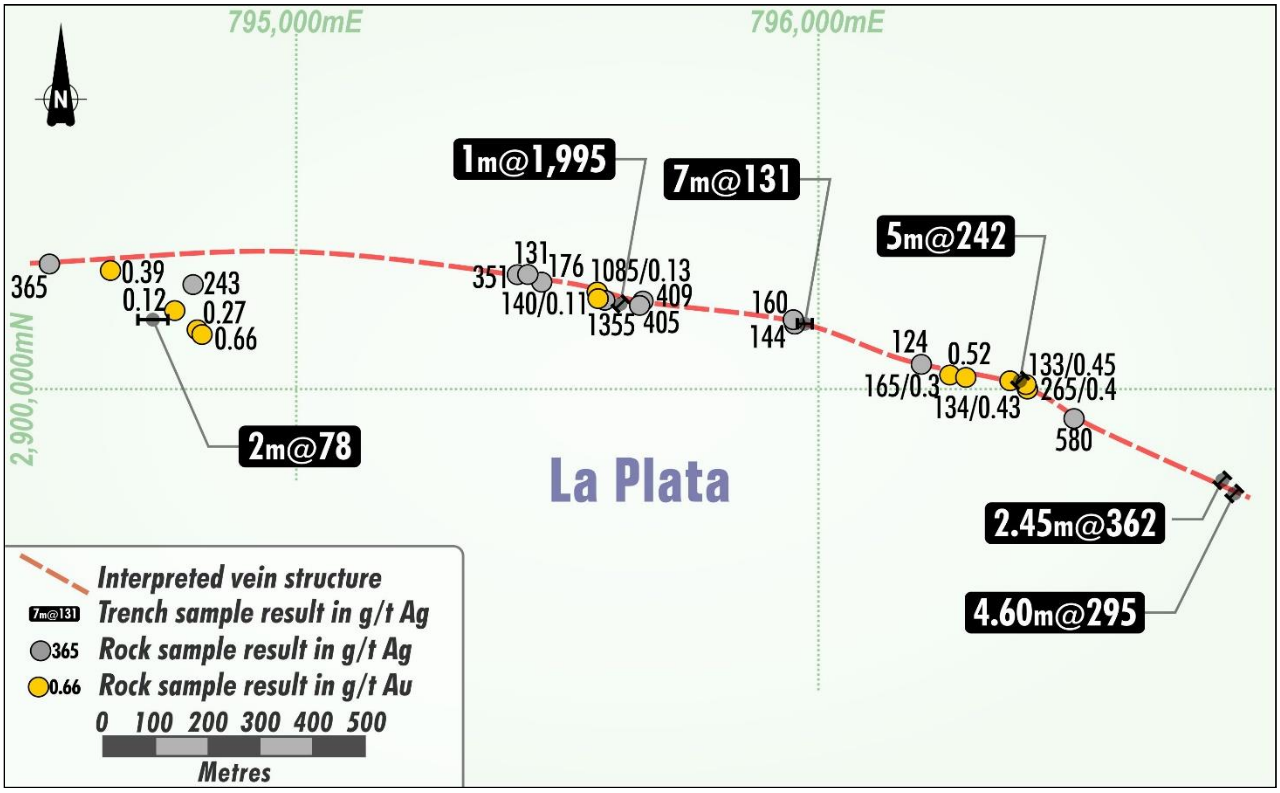

Figure 2. The interpreted La Plata vein structure.

Given the logistical challenges of getting an RC drill rig to La Plata and not wanting to commit limited funds to earthworks and road construction, in November 2017 the Company designed and commenced a small-scale micro-rig program. The portable micro-rig is capable of reaching depths of up to 15m so the objective of the program was twofold – (i) to determine to what extent the high-grade surface expressions continued below surface and (ii) to get a better understanding of the dip direction of any sub-surface veining to assist the designing of any future roadworks and RC drill planning.

Regional exploration

La Lupita

During the half year a review of historic data provided confirmation of the location of high grade silver mineralisation at the La Lupita prospect in the northern region of the Cuitaboca Project. (Refer **Figure 1**)

A total of 24 samples were taken in the 1990s by Servicios Industrias Peñoles SA de CV (Peñoles). The sample results are shown in **Table 5**.

EAST	NORH	ID	Width	Au g/t	Ag g/t
797119	2906297	1	1.05	-	8
797115	2906294	2	0.3	-	**161**
797113	2906299	3	0.66	-	**786**
797125	2906296	4	1.09	0.5	**535**
797128	2906305	5	0.34	-	**700**
797125	2906309	6	0.63	-	**610**
797108	2906295	7	0.57	-	**330**
797143	2906304	8	1.5	-	34
797134	2906308	9	1.5	0.5	8
797136	2906291	10	1	0.4	**160**
797106	2906305	11	1	0.5	**242**
797098	2906299	12	1	-	58
797189	2906299	13	1.1	-	44
797178	2906289	14	0.53	1	12
797187	2906290	15	1.5	-	**112**
797205	2906299	16	0.73	0.5	30
797205	2906288	17	0.45	-	36
797199	2906287	18	0.85	1.5	**155**
797199	2906296	19	1.05	-	**235**
797218	2906292	20	1.4	1.8	**452**
797224	2906297	21	0.8	-	34
797228	2906291	22	0.72	-	**370**
797209	2906294	23	0.44	0.5	**136**
797212	2906286	24	0.85	-	45

Table 5: Peñoles historic sampling records at La Lupita

Peñoles sampling of this vein yielded an average 0.3g/t Au and 220g/t Ag over an approximate strike length of 130m, the results of which were subsequently verified and recorded in a 2005 Technical Qualifying Report by consultancy group Behre Dolbear & Company Ltd.

The above information was reported by Behre Dolbear de Mexico S.A. de C.V. June 29, 2005 in a Technical Qualifying report for Minera El Pilón S.A. de C.V. The Report was authored by Baltazar Solano-Rico, then president of Behre Dolbear de Mexico S.A. de C.V. who was a Qualified Person for the release as defined in the standards for disclosure of mineral projects within Canada (NI 43-101). The information in the above table was prepared in accordance with the standards for disclosure of mineral projects within Canada (NI 43-101) and not in accordance with the JORC code. The verification of the results by way of field checking of geological maps and channels of samples taken by Minera El Pilon and through an exploration and check sampling program.

The rock-chips were taken by Peñoles along a singular outcropping structure reported to extend more than 500m and included a number of samples in the vicinity of a historically mined adit. The Behre Dolbear report also suggests a series of parallel vein structures to the one sampled and is suggestive of a much thicker mineralised zone.

The historic rock-chip samples can be seen in **Figure 3** and provide further validation of the limited work Santana conducted at La Lupita as part of its regional works program in early 2017 where diamond saw channel sampling was undertaken.

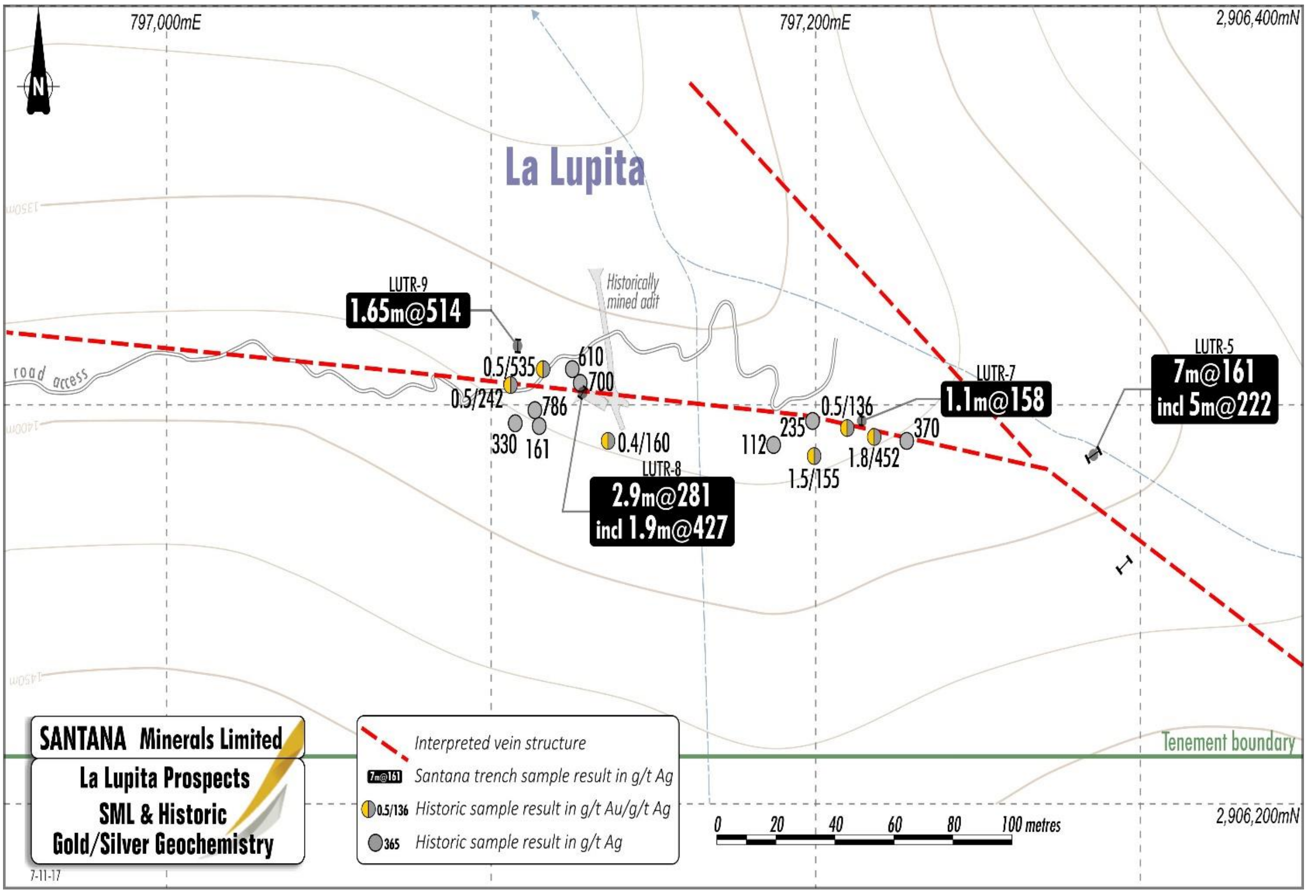

Figure 3: Rock-chip samples and channel trenching have proven La Lupita to be a highly mineralised zone

Surface channel sampling of outcropping veins across the La Lupita prospect returned the following results in 2017:

LUTR_05	7m @ 161 g/t Ag, including 5m @ 222 g/t Ag
LUTR_07	1.1m @ 158 g/t Ag
LUTR_08	2.9m @ 281 g/t Ag, including 1.9m @427 g/t Ag
LUTR_09	1.65m @ 514 g/t Ag

These historic rock-chip samples, in conjunction with the limited channel sampling performed to date by Santana, demonstrate the highly prospective nature of not only the La Lupita structure but the broader northern region of the Cuitaboca tenement package where material gold/silver mineralisation has been detected as far north as La Piedrita. (**Refer Figure 4**)

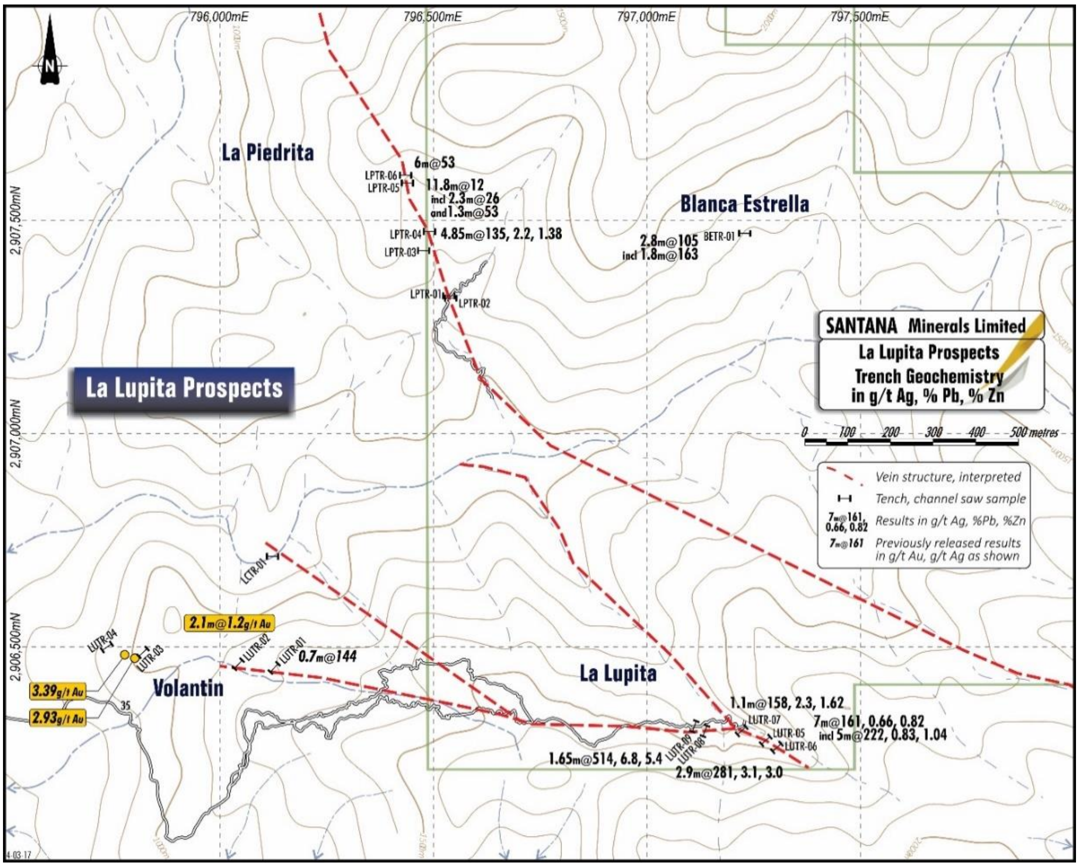

Figure 4 : Diamond sawn channel trenching location in Northern Sector

Mexico – Namiquipa (100%)

The Namiquipa silver lead and zinc deposit is located 145 km west-northwest of Chihuahua City in Chihuahua.

The Project covers an area of 2,400ha and includes the historic La Venturosa silver mine and the Princesa and Americas vein systems where drilling to depths of approximately 500m below surface were bored by Santana's predecessor. Historic mining to depths of 250m in the Americas vein and to 150m in the Princesa vein over a strike length of 1,250 have been recorded. Below these depths will remain the likely target for advancement of the project when markets are more favourable to the risk reward ventures or if and when a joint venture partner is secured.

Limited expenditure has been incurred at Namiquipa in the reporting period as the Cuitaboca Project continues to be the priority for the Company's prudent use of exploration funds.

Corporate

During the September quarter the Company received commitments from investors in a private placement to raise $1.6m through the issue of 53,333,333 fully paid ordinary shares. The placement was completed at $0.03 per share and saw the introduction of several new investors to the Company's share register. The raising was also supported by Company Directors and management.

As subscription commitments exceeded the Company's placement capacity as provided for by the ASX Listing Rules, the placement was completed in 2 tranches.

The first tranche of shares was issued under the Company's existing capacity as provided for by ASX Listing Rule 7.1. The second tranche of shares, including those issued to the Company's Directors, were approved at a shareholder meeting on 20 October 2017.

Financial review

At the end of the reporting period the consolidated entity had $965,908 (30 June 2017: $1,215,933) in cash and at call deposits. Capitalised mineral exploration and evaluation expenditure carried forward was $4,276,764 (30 June 2017: $3,441,302).

The consolidated entity had net assets of $5,205,863 (30 June 2017: $4,691,042).

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 13 and forms part of the directors' report for the half-year ended 31 December 2017.

Signed in accordance with a resolution of the Board of Directors:

AJ McDonald
Managing Director
Dated at Brisbane this 6th day of March 2018.

Previous Disclosure - 2012 JORC Code

The information in this report that relates to exploration targets, exploration results, mineral resources or ore reserve is based on information compiled by Mr Jason Beckton, who is a Member of the Australasian Institute of Geoscientists. Mr Beckton is a full time consultant to Santana. Mr Beckton has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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". Mr Beckton consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Santana Minerals Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Santana Minerals Limited for the half - year ended 31 December 2017 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Stephen Board
Partner

Brisbane
6 March 2018

Consolidated Interim Statement of Profit or Loss for the Half Year Ended 31 December 2017

	Note	31 December 2017 $	31 December 2016 $
General and administrative expenses		(408,950)	(381,851)
Exploration and evaluation expenses		(137,206)	(269,976)
Impairment of exploration and evaluation expenditure capitalised	8	-	(3,753,794)
Results from operating activities		(546,156)	(4,405,621)
Financing income	6	2,369	12,331
Financing expenses	6	(11,424)	(15,540)
Net financing expense		(9,055)	(3,209)
Loss before income tax expense		(555,211)	(4,408,830)
Income tax benefit		-	-
Loss for the period – attributable to Shareholders of the Company		(555,211)	(4,408,830)
Earnings per share			
Basic loss per share		(0.19) cents	(1.78) cents
Diluted loss per share		(0.19) cents	(1.78) cents

The consolidated interim statement of profit or loss is to be read in conjunction with the condensed notes to the consolidated interim financial statements set out on pages 19 to 23.

Consolidated Interim Statement of Other Comprehensive Income for the Half Year Ended 31 December 2017

	31 December 2017 $	31 December 2016 $
Loss for the period	(555,211)	(4,408,830)
Other comprehensive income		
Items that may subsequently be reclassified to profit or loss:		
Foreign exchange translation differences	(475,033)	(410,878)
Fair value adjustment on investments reclassified to profit or loss	-	(6,392)
Fair value adjustment on investments, net of income tax	-	(29,634)
Other comprehensive income for the period, net of income tax	(475,033)	(446,904)
Total comprehensive income for the period – attributable to Shareholders of the Company	(1,030,244)	(4,855,734)

The consolidated interim statement of other comprehensive income is to be read in conjunction with the condensed notes to the consolidated interim financial statements set out on pages 19 to 23.

Consolidated Interim Statement of Financial Position as at 31 December 2017

	Note	31 December 2017 $	30 June 2017 $
Current assets			
Cash and cash equivalents		965,908	1,215,933
Trade and other receivables	7	25,381	93,046
Prepayments		37,250	78,214
Total current assets		1,028,539	1,387,193
Non-current assets			
Property, plant and equipment		49,357	62,661
Exploration and evaluation expenditure	8	4,276,764	3,441,302
Total non-curent assets		4,326,121	3,503,963
Total assets		5,354,660	4,891,156
Current liabilities			
Trade and other payables		120,077	172,416
Employee benefits		28,720	27,698
Total current liabilities		148,797	200,114
Total liabilities		148,797	200,114
Net assets		5,205,863	4,691,042
Equity			
Share capital	9	26,973,452	25,428,387
Reserves		(299,833)	175,200
Accumulated losses		(21,467,756)	(20,912,545)
Total equity		5,205,863	4,691,042

The consolidated interim statement of financial position is to be read in conjunction with the condensed notes to the consolidated interim financial statements set out on pages 19 to 23.

Consolidated Interim Statement of Changes in Equity for the Half Year Ended 31 December 2017

	Issued capital	Revaluation reserve	Foreign currency translation reserve	Accumulated losses	Total equity
Opening balance as at 1 July 2017	25,428,387	-	175,200	(20,912,545)	4,691,042
Loss for the period	-	-	-	(555,211)	(555,211)
Other comprehensive income for the period	-	-	(475,033)	-	(475,033)
Total comprehensive income for the period	-	-	(475,033)	(555,211)	(1,030,244)
Transactions with owners recorded directly in equity					
Shares issued	1,608,250	-	-	-	1,608,250
Transaction costs	(63,185)	-	-	-	(63,185)
Total transactions with owners	1,545,065	-	-	-	1,545,065
Balance at 31 December 2017	26,973,452	-	(299,833)	(21,467,756)	5,205,863

	Issued capital	Revaluation reserve	Foreign currency translation reserve	Accumulated losses	Total equity
Opening balance as at 1 July 2016	22,891,133	30,365	(76,343)	(16,422,912)	6,422,243
Loss for the period	-	-	-	(4,408,830)	(4,408,830)
Other comprehensive income for the period	-	(36,026)	(410,878)	-	(446,904)
Total comprehensive income for the period	-	(36,026)	(410,878)	(4,408,830)	(4,855,734)
Transactions with owners recorded directly in equity					
Shares issued	2,675,122	-	-	-	2,675,122
Transaction costs	(137,867)	-	-	-	(137,867)
Total transactions with owners	2,537,255	-	-	-	2,537,255
Balance at 31 December 2016	25,428,388	(5,661)	(487,221)	(20,831,742)	4,103,764

The consolidated interim statement of changes in equity is to be read in conjunction with the condensed notes to the consolidated interim financial statements set out on pages 19 to 23.

Consolidated Interim Statement of Cash flows for the Half Year Ended 31 December 2017

	31 December 2017	31 December 2016
	$	$
Cash flows from operating activities		
Cash paid to suppliers and employees	(279,844)	(345,758)
Cash paid for exploration and evaluation expenditure expensed	(119,683)	(285,824)
Interest received	2,369	5,939
Net cash used in operating activities	(397,158)	(625,643)
Cash flows from investing activities		
Payments for exploration and evaluation expenditure capitalised	(1,216,215)	(1,091,373)
Proceeds from sale of investments, including deposits received	-	82,793
Acquisition of property, plant and equipment	-	(1,360)
Net cash used in investing activities	(1,216,215)	(1,009,940)
Cash flows from financing activities		
Proceeds from issue of shares	1,463,158	2,044,505
Share issue costs	(63,185)	(29,868)
Net cash provided by financing activities	1,399,973	2,014,637
Net decrease in cash and cash equivalents held	(213,400)	379,054
Effects of exchange rate fluctuations on cash held	(36,625)	(4,116)
Cash and cash equivalents at 1 July	1,215,933	1,321,357
Cash and cash equivalents at 31 December	965,908	1,696,295

The consolidated interim statement of cash flows is to be read in conjunction with the condensed notes to the consolidated interim financial statements set out on pages 19 to 23.

Condensed Notes to the Consolidated Financial Statements for the Period Ended 31 December 2017

1. REPORTING ENTITY

Santana Minerals Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2017 comprises the Company and its subsidiaries (together referred to as the "consolidated entity").

The consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2017 is available upon request from the Company's registered office at Level 5, 10 Eagle Street, Brisbane, Queensland Australia or on the Company's website at www.santanaminerals.com.

2. BASIS OF ACCOUNTING

The consolidated interim financial report has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, and with IAS 34 *Interim Financial Reporting.*

The accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2017.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2017 and any public announcements made by Santana Minerals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position of the Group since the last consolidated financial report as at and for the year ended 30 June 2017.

The condensed consolidated interim financial report was authorised for issue by the directors on 6 March 2018.

3. BASIS OF MEASUREMENT

The consolidated interim financial report is presented in Australian dollars, which is the Company's functional currency. The consolidated interim financial report is prepared on the historical cost basis, except for investments which are measured at fair value.

The preparation of the consolidated interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial report as at and for the year ended 30 June 2017.

4. GOING CONCERN

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The consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a "going concern" which assumes the consolidated entity will continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of operations.

The consolidated entity has the ability to seek to raise funds from the public and intends to raise such funds as and when required to complete its projects.

The consolidated entity currently has no source of operating cash inflows, other than interest income, and has incurred net cash outflows from operating and investing activities for the period ended 31 December 2017 of $1,613,373.

At 31 December 2017, the consolidated entity had cash balances of $965,908 (30 June 2017: $1,215,933) and net working capital (current assets less current liabilities) of $879,742 (30 June 2017: $1,187,079).

The directors have prepared cash flow projections that support the ability of the consolidated entity to continue as a going concern. These cash flow projections assume the consolidated entity obtains sufficient additional funding from shareholders or other parties. If such funding is not achieved, the consolidated entity plans to reduce expenditure significantly, which may result in an impairment loss on the book value of exploration and evaluation expenditure recorded at reporting date.

These conditions give rise to a material uncertainty that may cast doubt upon the consolidated entity's ability to continue as a going concern. The ongoing operation of the consolidated entity is dependent upon:

- The consolidated entity raising additional funding from shareholders or other parties; and/or
- The consolidated entity reducing expenditure in line with available funding.

In the event that the consolidated entity does not obtain additional funding and/or reduce expenditure in line with available funding, it may not be able to continue its operations as a going concern and therefore may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the consolidated interim financial report.

In the longer term, the development of economically recoverable mineral deposits found on the consolidated entity's existing or future exploration properties depends on the ability of the consolidated entity to obtain financing through equity financing, debt financing or other means. If the consolidated entity's exploration programs are ultimately successful, additional funds will be required to develop the consolidated entity's properties and to place them into commercial production. The ability of the consolidated entity to arrange such funding in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the consolidated entity. There can be no assurance that the consolidated entity will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the consolidated entity. If adequate financing is not available, the consolidated entity may be required to delay, reduce the scope of, or eliminate its current or future exploration activities or relinquish rights to certain of its interests. Failure to obtain additional financing on a timely basis could cause the consolidated entity to forfeit its interests in some or all of its properties and reduce or terminate its operations.

5. SEGMENT INFORMATION

Each area of interest represents an operating segment, however for reporting purposes areas of interest are aggregated where they are located in the same region and relate to the exploration of similar commodities. The Consolidated Entity's current areas of interest relate to the exploration of precious metals in Mexico and are therefore reported as a single segment. In reviewing segment results the Managing Director and Board consider total expenditure on exploration and evaluation activities (expensed and capitalised) and results of such activities.

	31 December 2017 $	31 December 2016 $
Exploration and evaluation expenditure expensed in profit or loss	137,206	269,976
Exploration and evaluation expenditure capitalised	1,201,911	2,274,546
Total exploration and evaluation expenditure	1,339,117	2,544,522
Impairment losses on exploration and evaluation assets	-	(3,753,794)

	31 December 2017 $	30 June 2017 $
Exploration and evaluation assets	4,276,764	3,441,302

6. NET FINANCING INCOME/ (EXPENSE)

	31 December 2017 $	31 December 2016 $
Interest income	2,369	5,939
Gain on sale of financial assets	-	6,392
Financing Income	2,369	12,331
Foreign exchange loss	11,424	15,540
Financing expense	11,424	15,540
Net financing expense	(9,055)	(3,209)

The consolidated entity had foreign currency translation differences for foreign operations as disclosed in the statement of other comprehensive income.

7. TRADE AND OTHER RECEIVABLES

	31 December 2017	30 June 2017
Current	$	$
Other receivables	13,778	5,218
GST Receivable	11,603	16,879
Receivable from Mexican Tax Authority	-	70,949
	25,381	93,046

In prior year, the consolidated entity records a receivable from the Mexican Tax Authority in relation to tax paid on exploration and evaluation expenditures in Mexico that is recoverable.

8. EXPLORATION AND EVALUATION EXPENDITURE

	6 months 31 December 2017 $	12 months 30 June 2017 $
Capitalised exploration and evaluation expenditure		
Exploration and evaluation phase – at cost		
Mexico		
- Cuitaboca	4,276,764	3,441,302
-Namiquipa	-	-
	4,276,764	3,441,302
Reconciliations		
Mexico – Cuitaboca		
Opening balance at beginning of period	3,441,302	1,586,293
Expenditure for the period	1,201,911	1,838,560
Effect of foreign exchange movement	(366,449)	16,449
Closing balance at end of period	4,276,764	3,441,302
Mexico – Namiquipa		
Opening balance at beginning of period	-	4,036,261
Impairment of exploration and evaluation assets	-	(3,755,929)
Effect of foreign exchange movement	-	(280,332)
Closing balance at end of period	-	-

On 29 July 2014 the consolidated entity announced that it had entered into agreements allowing it to earn 80% of the Cuitaboca Project located in the State of Sinaloa, Mexico. Under the terms of the agreements, the consolidated entity made an initial payment of A$100,000 and will commit to meeting 100% of expenditure, thereby providing the consolidated entity with management of the Cuitaboca Project through an initial 100% ownership of Minera Cuitaboca S.A. de C.V. (Project Company).

The Project Company has the right to acquire the Cuitaboca Project mining concessions under an option agreement (Concession Option Agreement) with Consorcio Minero Latinoamericano S.A. de C.V (Concession Holder). The Concession Option Agreement provides that the Project Company can acquire a 100% interest in the mining concessions from the Concession Holder by paying option fees totalling US$3,500,000, with those option fees payable on a six monthly basis until such time as the total option fees are paid. A balance of US$2,920,168 in option fees remains payable by the Project Company to the Concession Holder at the date of this report. The consolidated entity retains the right to withdraw from the Cuitaboca Project at any time.

The consolidated entity is required to meet all expenditure during the term of the Concession Option Agreement (including option fees which the Project Company has agreed to pay the Concession Holder, concession rentals plus exploration expenditure as the consolidated entity determines) with the Vendors free carried. Once the Concession Option Agreement is completed the expenditure and ownership of the Project Company will revert to 80% consolidated entity 20% Vendors.

During the prior financial year, the consolidated entity assessed its capitalised exploration and evaluation expenditure assets for impairment and recorded an impairment loss of $3,755,929 in relation to the Namiquipa Project.

The recoverability of exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

9. SHARE CAPITAL

The Company recorded the following amounts within shareholders' equity as a result of having issued ordinary shares.

31 December 2017	Number of ordinary shares	Issue price $	Share capital $
Balance at 1 July 2017	262,373,200		25,428,387
Share issue September 2017	26,947,851	0.03	808,436
Share issue September 2017 (non-cash)	3,385,482	0.03	101,564
Share issue October 2017 (options exercised)	275,000	0.03	8,250
Share issue October 2017	21,549,082	0.03	646,472
Share issue October 2017 (non-cash)	1,450,918	0.03	43,528
Share issue costs	-		(63,185)
Balance at 31 December 2017 – fully paid	315,981,533		26,973,452

31 December 2016	Number of ordinary shares	Issue price $	Share capital $
Balance at 1 July 2016	212,844,786		22,891,133
Share issue July 2016 (non-cash)	12,697,916	0.04	507,917
Share issue July 2016 (non-cash)	816,667	0.018	14,700
Share issue September 2016	33,936,331	0.06	2,036,180
Share issue December 2016 (non-cash)	1,800,000	0.06	108,000
Share issue December 2016	277,500	0.03	8,325
Share issue costs	-		(29,867)
Share issue costs (non-cash)	-		(108,000)
Balance at 31 December 2016 – fully paid	262,373,200		25,428,388

During the period, 275,000 shares were issued upon exercise of options and an additional 13,197,500 options expired. The options were exercisable at $0.03 each at any time up to 30 September 2017.

10. RELATED PARTIES

There were no significant changes in arrangements with related parties from those arrangements set out in the 30 June 2017 annual financial report.

11. SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the reporting period, which 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.

Directors' Declaration

1. In the opinion of the directors of Santana Minerals Limited ("the Company")

   a) the consolidated interim financial statements and notes that are set out on pages 14 to 23 are in accordance with the *Corporations Act 2001*, including:

      i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the six month period ended on that date; and

      ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

2. 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:

AJ McDonald
Managing Director

Dated at Brisbane this 6th day of March 2018

KPMG

Independent Auditor's Review Report

To the shareholders of Santana Minerals Limited

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying ***Half-year Financial Report*** of Santana Minerals Limited.

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

- giving a true and fair view of the ***Group's*** financial position as at 31 December 2017 and of its financial performance for the half - year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Half-year Financial Report*** comprises:

- Consolidated interim statement of financial position as at 31 December 2017;
- Consolidated interim statement of profit or loss, Consolidated interim statement of comprehensive income, Consolidated interim statement of changes in equity, and Consolidated interim statement of cash flows for the half-year ended on that date;
- Notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the half-year.

Material uncertainty related to going concern

We draw attention to Note 4, "Going Concern" in the Half-year Financial Report. The conditions disclosed in Note 4, indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Half-year Financial Report. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors for the Half-year Financial Report

The Directors 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 for the review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-year Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Santana Minerals Limited, *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.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001.*

KPMG

KPMG

Stephen Board
Partner

Brisbane
6 March 2018

Corporate Directory

Australian Business No.	37 161 946 989
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Corporate Secretary	Craig J McPherson
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Exchange	Australian Securities Exchange Level 8 Exchange Plaza 2 The Esplanade PERTH WA 6000