

PURE MINERALS LIMITED
ABN 61 125 368 658

FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2017

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DIRECTORS' REPORT

The Directors of Pure Minerals Limited ("PM1" or "the Company") present their report, together with the financial statements on the consolidated entity consisting of Pure Minerals Limited and its controlled entities for the half-year ended 31 December 2017 ("the Period").

It is recommended that the Directors' Report be read in conjunction with the annual financial statements for the year ended 30 June 2017 and considered together with any public announcement made by the Company during the Period and up to the date of this report.

1. DIRECTORS

The names of the Company's Directors who held office during the Period and until the date of this report are set out below. The Directors were in office for this entire Period unless otherwise stated.

Director	Position	Duration of Appointment
Sean Keenan	Executive Director and CEO	31 July 2017
Jeremy King	Non- Executive Chairman	31 July 2017
Lincoln Ho	Non- Executive Director	31 July 2017
Robert Parton	Non- Executive Director	26 October 2016
Bryan Frost	Non- Executive Director	26 October 2016 – 31 July 2017
Andrew McKay	Non- Executive Director	26 October 2016 – 31 July 2017

2. REVIEW OF OPERATIONS AND ACTIVITIES

On 31 July 2017, the Company announced the completion of the transactions to acquire 100% of the issued capital of Pure Manganese Pty Ltd (including the acquisition of the Lake Blanche Tenement) and 80% of Mineral Developments Pty Ltd.

In addition the Company raised \$4,500,000 under the public offer pursuant to the prospectus date 4 May 2017 and supplementary prospectus dated 22 June 2017.

On 4 August 2017, the Company achieved reinstatement on the ASX.

As a result of completion of acquisition the Company the following changes were made to the board;

- Bryan Frost and Andrew McKay resigned as non-executive directors;
- Mr Sean Keenan was appointed as Executive Director and CEO; and
- Jeremy King and Lincoln Ho were appointed as non-executive chairman and non-executive directors.

During the half year period, Pure Minerals undertook the following activities at its exploration projects:

- Approximately 2,800m of RC drilling, plus additional rock chip sampling and mapping at the Battery Hub manganese project
- A detailed review of historic exploration data relating to the Battery Hub project
- Soil sampling and rock chip sampling at the Morrissey Hill lithium-tantalum project
- Mapping and minor rock chip sampling at the Mount Boggola copper project

PURE MINERALS LIMITED

DIRECTORS' REPORT

3. FINANCIAL RESULTS

The financial results of the Company for the half year ended 31 December 2017 are:

	31-Dec-17	30-Jun-17
Cash and cash equivalents (\$)	2,853,859	23,977
Net assets / (Net Liabilities) (\$)	4,348,158	(343,327)

	31-Dec-17	31-Dec-16
Net loss after tax (\$)	(934,819)	(55,485)
Loss per share (cents)	(0.88)	(0.05)

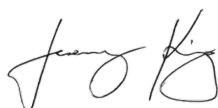
4. EVENTS OCCURRING AFTER REPORTING DATE

There are no matters or circumstances which have arisen since the end of the half-year 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 subsequent financial periods.

5. AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under s 307C of the Corporations Act 2001 is set out on page 5 for the half-year ended 31 December 2017.

This report is signed in accordance with a resolution of the Board of Directors.



JEREMY KING
NON-EXECUTIVE CHAIRMAN
13 March 2018



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Phone 9486 7094 www.rothsayresources.com.au

The Directors
Pure Minerals Limited
Level 1, 1 Altona St
West Perth WA 6005

Dear Directors

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 31 December 2017 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham Swan FCA (Lead auditor)

Rothsay Auditing

Dated 13th March 2018



Chartered Accountants

PURE MINERALS LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Note	31-Dec-17 \$	31-Dec-16 \$
Other Income		8,679	24,509
Consulting and legal fees	3	(708,085)	-
Compliance and regulatory expenses		(74,746)	-
Other expenses		(85,046)	(55,494)
Impairment of assets		-	(24,500)
Share based payment expense	4	(75,621)	-
Loss before income tax for the period		(934,819)	(55,485)
Income tax expense		-	-
Loss after income tax for the period		(934,819)	(55,485)
Total comprehensive loss for the year attributable to members of Pure Minerals Limited		(934,819)	(55,485)
Loss per share for the year attributable to the members of Pure Minerals Limited:			
Basic and diluted loss per share	11	(0.88)	(0.05)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the financial statements.

PURE MINERALS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	31-Dec-17 \$	30-Jun-17 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	2,853,859	23,977
Trade and other receivables		170,556	33,063
Total Current Assets		3,024,415	57,040
ASSETS			
Non-Current Assets			
Exploration and evaluation	6	1,542,107	-
Total Non-Current Assets		1,542,107	-
TOTAL ASSETS		4,566,522	57,040
LIABILITIES			
Current Liabilities			
Trade and other payables		210,364	189,365
Other payables		8,000	211,002
Total Current Liabilities		218,364	400,367
TOTAL LIABILITIES		218,364	400,367
NET ASSETS		4,348,158	(343,327)
EQUITY			
Issued capital	7	9,762,344	4,911,661
Reserves		3,232,819	2,457,198
Accumulated losses		(8,647,005)	(7,712,186)
TOTAL EQUITY		4,348,158	(343,327)

The Consolidated Statement of Financial Position should be read in conjunction with the notes to the financial statements

PURE MINERALS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2017

	Issued Capital \$	Share-base payment Reserve \$	Asset revaluation reserve \$	Accumulate d Losses \$	Total Equity \$
At 1 July 2017	4,911,661	2,467,753	(10,555)	(7,712,186)	(343,327)
Loss for the period	-			(934,819)	(934,819)
Total comprehensive income/(loss) for the year after tax	-	-	-	(934,819)	(934,819)
Issue of Share Capital	4,500,000				4,500,000
Share Issue costs	(199,317)				(199,317)
Issue of listed options		66,871			66,871
Issue of non-listed options		8,750			8,750
Reserve for Milestone shares for Pure Manganese Pty Ltd		700,000			700,000
Issue of conversion shares	200,000				200,000
Purchase of Pure Manganese Pty Ltd	250,000				250,000
Purchase of 80% of Mineral Developments Pty Ltd	100,000				100,000
Balance at 31 December 2017	9,762,344	3,243,374	(10,555)	(8,647,005)	4,348,158
At 1 July 2015	4,911,661	2,467,753	62,026	(7,497,102)	(55,662)
Loss for the period	-	-	-	(55,485)	(55,485)
Other comprehensive income for the half-year, net of tax	-	-	(8,436)	-	(8,436)
Total comprehensive income/(loss) for the year after tax	-	-	-	(55,485)	(55,485)
Transactions with owners in their capacity as owners:					
Balance at 31 December 2016	4,911,661	2,467,753	53,590	(7,552,587)	(119,583)

The Consolidated Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.

PURE MINERALS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS AS AT 31 DECEMBER 2017

	31-Dec-17	31-Dec-16
	\$	
Cash flows used in operating activities		
Payment to suppliers and employees	(856,449)	(95,719)
Interest received	8,679	9
GST refund	(130,958)	-
Net cash flows used in operating activities	(978,728)	(95,710)
Cash flows from investing activities		
Payment of exploration activities capitalised	(402,182)	-
Payment for costs related to purchase of 80% of Mineral Developments Pty Ltd	(60,000)	-
Payment for costs related to the purchase of the Lake blanche Tenement	(30,000)	-
Cash acquired upon acquisition of subsidiaries	109	-
Net cash flows provided by investing activities	(492,073)	
Cash flows from financing activities		
Proceeds from the issue of shares	4,500,000	-
Share issue costs	(199,317)	-
Proceeds from borrowings (convertible notes)	-	200,000
Net cash flows provided by financing activities	4,300,683	200,000
Net increase/(decrease) in cash and cash equivalents	2,829,882	104,290
Cash and cash equivalents at the beginning of the year	23,977	1,246
Cash and cash equivalents at the end of the year	2,853,859	105,536

The Consolidated Statement of Cash Flows should be read in conjunction with the notes to the financial statements.

PURE MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2017 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Pure Minerals Limited ("the Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2017, together with any public announcements made during the following half-year.

Significant accounting judgments and key estimates

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

In preparing this half-year financial report, the significant judgments 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 financial report for the year ended 30 June 2017.

(a) Accounting Policies

The accounting policies are consistent with those applied in the previous financial year and those of the corresponding interim reporting period except for those set out below:

(i) Asset Acquisition Accounting

On 31 July 2017 PM1 acquired Pure Manganese Pty Ltd and 80% of Mineral Developments.

The Company acquired Pure Manganese and 80% of Mineral Developments with the key assets being its Battery Hub Project and Morrissey Hill Project respectively. As the acquisition of Pure Manganese is not deemed a business acquisition, the transaction must be accounted for as a share-based payment and asset acquisition for the net assets acquired.

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

(i) Share-based payments

The fair value of the options is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of the share is ascertained as the market bid price. The fair value of the options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting period date.

PURE MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of new and revised accounting standards

In the half year ended 31 December 2017, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2017. It has been determined by the Group that, there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to the Group accounting policies.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the consolidated entity.

NOTE 2: OPERATING SEGMENTS

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The information presented in the financial report is the same information that is viewed by the Directors.

The Group is currently operating in one business segment being an administrative entity in the technology sector and one geographic segment being Australia.

NOTE 3: CONSULTING AND LEGAL FEES

The following administration expense items are relevant in explaining the financial performance for the interim period:

	31-Dec-17 \$	31-Dec-16 \$
(a) Consulting and Legal Fees		
Consulting Fees	(671,586)	-
Legal Fees	(36,499)	-
	(708,085)	-

The above expenses were incurred in connection with the acquisition of the subsidiaries and re listing on the ASX.

PURE MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 4: SHARE BASED PAYMENT EXPENSE

During the period the Company issued 30,000,000 unlisted options to Directors of the company, to continue to attract and maintain highly experience and qualified Board members in a competitive market. In addition, the Options may provide the Company with additional funding (if Options are exercised).

The Company has internally measured the fair value of the unlisted options granted by adapting a Black-Scholes option pricing model using the inputs below:

Grant date share price	\$0.024
Exercise price	\$0.03
Expected volatility	100%
Option life	5 years
Dividend yield	0.00%
Interest rate	2.13%

The Company also issued 67,500,000 listed options to Xcel Capital, in consideration for the Participants marketing and investor relations services being provided to the Company up to 12 December 2017. On initial recognition, at reporting date, the fair value of the options has been determined by reference to the underlying share price of PM1 on the grant date being \$0.024 on 30 November 2017.

The total expense of the Share based payments for the period was:

	31-Dec-17 \$
Options issued to Directors	8,750
Options issued to Xcel Capital	66,871
	75,620

NOTE 5: CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	31-Dec-17 \$	30 Jun-17 \$
Cash at Bank	2,853,859	23,977
	2,853,859	23,977

NOTE 6: EXPLORATION & EVALUATION EXPENDITURE

	31-Dec-17 \$	30 Jun-17 \$
Opening Balance	-	-
EE&E attributable to acquisitions	1,139,925	-
Expenditure Capitalised during period	402,182	-
	1,542,107	-

PURE MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 7: ISSUED CAPITAL

	31-Dec-17 \$	30 Jun-17 \$
Issued and paid up Capital		
a) 270,629,059 Ordinary Shares Fully Paid (2017: 18,129,059)	9,961,661	4,911,661
Share Issue Costs written off against share capital	(199,317)	-
	9,762,344	4,911,661
	No. of Shares	\$
Movement in ordinary shares on issue		
2017		
Balance at the beginning of the period	18,129,059	4,911,661
Public offer shares (\$0.02)	225,000,000	4,500,000
Consideration shares for acquisition of Pure Manganese Pty Ltd (\$0.02)	12,500,000	250,000
Consideration shares for acquisition of 80% Mineral Development Pty Ltd (\$0.02)	5,000,000	100,000
Conversion shares (\$0.02)	10,000,000	200,000
Cost of issue of shares		(199,317)
	270,629,059	9,762,344
	No. of Shares	\$
Movement in ordinary shares on issue		
2016		
Balance at the beginning of the period	121,463,190	4,911,661
Share capital consolidation 6:7:1	(103,334,131)	
	18,129,059	4,911,661

NOTE 8: ACQUISITION

A) Pure Manganese Pty Ltd (PM)

On the 31 July 2017 the Group announced the completion of the acquisition of 100% of the issued capital of Pure Manganese Pty Ltd. As Pure Manganese Pty Ltd holds exploration tenements and no processes or outputs were acquired, the acquisition was assessed as an asset acquisition rather than a business combination.

The deemed consideration was the issue of 12,500,000 shares and Milestone 1 & 2 contingent consideration to the shareholders of Pure Manganese Pty Ltd and is deemed to have a value of \$250,000 and \$700,000 respectively.

On initial recognition, the fair value of the shares issued has been determined by reference to the public offer price \$0.02 as the acquisition was contingent on the successful raising of capital.

PURE MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 8: ACQUISITION CONTINUED

Details of the purchase consideration and fair value of the assets and liabilities acquired through the acquisition are as follows:

Total purchase consideration comprises:

- I) 12,500,000 Consideration Shares;
- II) 10,000,000 Milestone 1 shares to be issued to the Pure Manganese Pty Ltd Shareholders (or their nominees) on the satisfaction of;
 - The Company delineation of an inferred JORC Mineral Resource of at least 4 million tonnes at 10% of manganese at exploration license application E09/2217-1 and E52/3523-1 (together, the Battery Hub Project); and
 - The 20 day VWAP of the shares being equal to or greater than \$0.4, within 12 months of settlement; and
- III) 25,000,000 Milestone 2 shares to be issued to the Pure Manganese Pty Ltd (or their nominees) on the satisfaction of;
 - The completion of a Positive Feasibility Study at any of the Tenements acquired by the Company at settlement of the Acquisition Agreement, MDV Agreement or Lake Blanche Agreement; and
 - The 20 day VWAP of the shares being equal to or greater than \$0.6, within 54 months of settlement.

	31-Dec-17
	\$
Value of Share Consideration issued	250,000
Contingent Milestone Shares Consideration	700,000
	950,000

On initial recognition, at reporting date, the fair value of the options has been determined by reference to the underlying share price of PM1 on the grant date being \$0.024 on 30 November 2017.

b) Mineral Development Pty Ltd

On the 31 July 2017 the Group announced the completion of the acquisition of 80% of the issued capital of Mineral Development Pty Ltd.

The deemed consideration was the payment of \$60,000 cash and issue of 5,000,000 shares.

On initial recognition, the fair value of the shares issued has been determined by reference to the public offer price \$0.02 as the acquisition was contingent on the successful raising of capital.

	31-Dec-17
	\$
Value of Share Consideration issued	100,000
Cash consideration	60,000
	160,000

c) Lake Blanche Agreement

On the 31 July 2017 the Group announced the completion of the acquisition of the Lake blanche Tenement held by GBE Exploration. This was acquired with a consideration of the payment of \$30,000 cash.

PURE MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 9: EQUITY DIVIDENDS

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

NOTE 10: CONTINGENCIES

There are no known contingent liabilities or contingent assets at reporting date.

NOTE 11: EARNINGS PER SHARE

	31-Dec-17 \$	31-Dec-16 \$
Loss after income tax attributable to owners of Pure Minerals Limited	(934,793)	(55,485)
Weighted average number of ordinary shares used in calculated basic earnings per share	105,842,465	121,643,190
Basic earnings per share	(0.88)	(0.05)

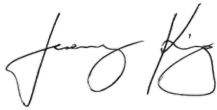
NOTE 12: EVENTS AFTER THE END OF THE INTERIM PERIOD

There has not been any matter, or circumstance, that has arisen since the half-year ended 31 December 2017, 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.

PURE MINERALS LIMITED
DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

In accordance with a resolution of the directors of Pure Minerals Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 to 13 are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the Company's financial position as at 31 December 2017 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



JEREMY KING
NON-EXECUTIVE CHAIRMAN

13 March 2018



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Independent Review Report to the Members of Pure Minerals Limited

The financial report and directors' responsibility

The interim consolidated financial report comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for Pure Minerals Limited for the half-year ended 31 December 2017.

The Company's directors are responsible for the preparation and fair presentation of the consolidated financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim 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 interim consolidated financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated financial position as at 31 December 2017 and the 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 Pure Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim consolidated financial report of Pure Minerals Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the consolidated financial position as at 31 December 2017 and of the performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Rothsay Auditing

Graham R Swan
Partner

Dated 13th March 2018



Chartered Accountants