

Mesa Minerals Limited

ABN 38 009 113 160

Interim Report - 31 December 2014

Mesa Minerals Limited

Contents

31 December 2014

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Mesa Minerals Limited
Corporate directory
31 December 2014

Directors	Non-executive Chairman: C Thorp Non-executive directors: CJ Ellison BA Goulds
Company Secretary	Bruce Goulds
Registered office	1 Sleat Road Applecross WA 6153 P: + 61 8 9329 3600 F: + 61 8 9329 3601
Share register	Computershare Investor Services Pty Limited Level 2, Reserve Bank Building 45 St Georges Terrace Perth WA 6000 P: + 61 8 9323 2000 F: + 61 8 9322 2033 www.computershare.com/au
Auditor	RSM Bird Cameron Partners 8 St Georges Terrace Perth WA 6000 P: + 61 8 9261 9100 F: + 61 8 9261 9111 www.rsmi.com.au
Bankers	National Australia Bank 100 St Georges Terrace Perth WA 6000 www.nab.com.au
Stock exchange listing	Mesa Minerals Limited shares are listed on the Australian Securities Exchange (ASX code: MAS)

Mesa Minerals Limited
Directors' report
31 December 2014

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Entity') consisting of Mesa Minerals Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2014.

Directors

The following persons were directors of Mesa Minerals Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

C Thorp (appointed on 27 October 2014)
N Coldham-Fussell (resigned on 27 October 2014)
CJ Ellison
BA Goulds

Principal activities

The principal activities of the Consolidated Entity during the half year were to develop its jointly held Ant Hill and Sunday Hill manganese ore mining tenements in the Pilbara district of Western Australia, and to move towards commercialisation of the Consolidated Entity's mineral processing technologies in order to enable the development of secondary processing facilities utilising low grade manganese ores and wastes.

Review of operations

Loss for the Consolidated Entity after providing for income tax amounted to \$289,058 (31 December 2013: loss \$729,821).

During the half year the Consolidated Entity's Ant Hill manganese mine remained on care and maintenance. Commencement of mining operations will depend on performance of manganese prices and further evaluation of the resource and mine development requirements. The Company's long term efforts to commercialise its process technologies continue, including the proposed Pilbara Manganese Sulphate Project.

Other activities which will inform a decision to commence operations at Ant Hill continued throughout the period with communications and supply of information as requested by the Statutory Bodies to complete the Ant Hill Mining Proposal Variation and Mine Closure Plan.

Some exploration drilling activities were undertaken during the period to further understand the scope of the operations. Results of the program continue to be evaluated.

The Company retains 300,000 tonnes per annum of port allocation at Utah Point in the Western Australia. During the period, the Company has not produced ore and accordingly has not used its allocation. The Company makes this allocation available to its parent entity, Mineral Resources Limited ("MRL"), on a full costs recoverable basis which is utilised by MRL from time to time. This arrangement enables Mesa to preserve the allocation from forfeiture under the terms of the original agreement with the Pilbara Ports Authority. MRL has exported 217,321 wet metric tonnes of product using Mesa's port allocation (being a tonnage sufficient to maintain Mesa's allocation). MRL has reimbursed Mesa all direct costs related to this usage.

The Company maintains a lease over land at Boodarie Industrial Park in Port Hedland. Again with Mesa's mining operations on care and maintenance, Mesa has not used this land during the period. MRL assists Mesa by sub-leasing this land for Mesa's benefit. Part of the sub-lease during the period has been to MRL on market terms. The services provided to MRL in respect of sub-leasing the land are provided at no charge.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Consolidated Entity during the financial half-year.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2014 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Mesa Minerals Limited
Directors' report
31 December 2014

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

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



Bruce Goulds
Director

13 March 2015
Perth

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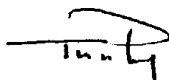
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Mesa Minerals Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Rsm Bird Cameron Partners

RSM BIRD CAMERON PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 13 March 2015

Mesa Minerals Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2014

		Consolidated Entity	
	Note	31 Dec 2014	31 Dec 2013
		\$	\$
Revenue	4	944,765	493,070
Expenses			
Research and development		-	(1,084)
Administration		(413,585)	(439,550)
Secretarial and listing costs		(33,586)	(45,909)
Employee costs		(170,003)	(350,106)
Depreciation		(121,851)	(145,291)
Marketing		(286,122)	(98,788)
Trademarks and patents		(19,240)	(19,546)
Finance costs		(189,436)	(122,617)
Loss before income tax expense		(289,058)	(729,821)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Mesa Minerals Limited		(289,058)	(729,821)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Mesa Minerals Limited		<u>(289,058)</u>	<u>(729,821)</u>
		Cents	Cents
Basic earnings per share		(0.04)	(0.11)
Diluted earnings per share		(0.04)	(0.11)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Mesa Minerals Limited
Statement of financial position
As at 31 December 2014

		Consolidated Entity	
	Note	31 Dec 2014	30 June 2014
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		5,750	7,812
Trade and other receivables		1,251,961	241,102
Total current assets		<u>1,257,711</u>	<u>248,914</u>
Non-current assets			
Receivables		54,500	54,500
Property, plant and equipment		1,087,079	1,153,434
Intangibles		1,055,813	1,193,381
Exploration and evaluation		1,682,501	825,893
Total non-current assets		<u>3,879,893</u>	<u>3,227,208</u>
Total assets		<u>5,137,604</u>	<u>3,476,122</u>
Liabilities			
Current liabilities			
Trade and other payables		7,838,498	5,911,067
Employee benefits		32,020	8,911
Total current liabilities		<u>7,870,518</u>	<u>5,919,978</u>
Total liabilities		<u>7,870,518</u>	<u>5,919,978</u>
Net liabilities		<u>(2,732,914)</u>	<u>(2,443,856)</u>
Equity			
Issued capital	5	36,453,162	36,453,162
Reserves		280,750	280,750
Accumulated losses		(39,466,826)	(39,177,768)
Total deficiency in equity		<u>(2,732,914)</u>	<u>(2,443,856)</u>

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

Mesa Minerals Limited
Statement of changes in equity
For the half-year ended 31 December 2014

Consolidated Entity	Issued capital \$	Reserves \$	Retained profits \$	Total deficiency \$
Balance at 1 July 2013	35,157,578	280,750	(37,657,269)	(2,218,941)
Loss after income tax expense for the half-year	-	-	(729,821)	(729,821)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(729,821)	(729,821)
<i>Transactions with owners in their capacity as owners:</i>				
Placement of shares	1,297,406	-	-	1,297,406
Balance at 31 December 2013	<u>36,454,984</u>	<u>280,750</u>	<u>(38,387,090)</u>	<u>(1,651,356)</u>
Consolidated Entity	Issued capital \$	Reserves \$	Retained profits \$	Total deficiency \$
Balance at 1 July 2014	36,453,162	280,750	(39,177,768)	(2,443,856)
Loss after income tax expense for the half-year	-	-	(289,058)	(289,058)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(289,058)	(289,058)
Balance at 31 December 2014	<u>36,453,162</u>	<u>280,750</u>	<u>(39,466,826)</u>	<u>(2,732,914)</u>

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

Mesa Minerals Limited
Statement of cash flows
For the half-year ended 31 December 2014

	Consolidated Entity	
Note	31 Dec 2014	31 Dec 2013
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	841,324	489,264
Payments to suppliers and employees (inclusive of GST)	(414,178)	(2,169,711)
	<hr/>	<hr/>
Interest received	427,146	(1,680,447)
	84	309
	<hr/>	<hr/>
Net cash from/(used in) operating activities	427,230	(1,680,138)
	<hr/>	<hr/>
Cash flows from investing activities		
Payments for property, plant and equipment	(55,496)	(715)
Payments for exploration and evaluation	(856,609)	(496,300)
	<hr/>	<hr/>
Net cash used in investing activities	(912,105)	(497,015)
	<hr/>	<hr/>
Cash flows from financing activities		
Proceeds from issue of shares (net of share issue costs)	-	1,297,406
Loan from parent entity	482,813	882,657
	<hr/>	<hr/>
Net cash from financing activities	482,813	2,180,063
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(2,062)	2,910
Cash and cash equivalents at the beginning of the financial half-year	7,812	10,609
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial half-year	5,750	13,519
	<hr/>	<hr/>

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

Mesa Minerals Limited
Notes to the financial statements
31 December 2014

Note 1. General information

The financial statements cover Mesa Minerals Limited as a Consolidated Entity consisting of Mesa Minerals Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is Mesa Minerals Limited's functional and presentation currency.

Mesa Minerals Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

1 Sleaford Road
Applecross WA 6153.

A description of the nature of the Consolidated Entity's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 13 March 2015. The directors do not have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2014 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the Consolidated Entity's accounting policies.

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

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Consolidated Entity incurred a loss before tax of \$289,058 and had net cash flows from operating activities of \$427,230 for the period ending 31 December 2014. As at date the Consolidated Entity had net current liabilities of \$6,612,807 and net liabilities of \$2,732,914.

Note 2. Significant accounting policies (continued)

In considering whether the going concern basis is appropriate for preparing this financial report, the directors recognise that current levels of working capital may be insufficient to meet its planned and proposed levels of expenditure for the forthcoming year. However, the directors believe that it is reasonably foreseeable that the Company and Consolidated Entity will continue as going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The directors believe they will be able to access capital markets for further funds if necessary; and
- The directors expect that major shareholders of the Consolidated Entity will support fund raising activities; and
- As at 31 December 2014, its parent entity, Mineral Resources Limited and its controlled entities have provided \$6,596,649 in loan funding to the Consolidated Entity.

Due to these factors, the directors of the Consolidated Entity reasonably believe it will continue to receive financial support from Mineral Resources Limited, for a period of twelve months from the date of this financial report.

Note 3. Operating segments

Business segment

The Consolidated Entity operates in one geographical area being Australia and one industry, being the exploration, mining, processing and export of manganese products. The Chief Operating Decision Makers are the Board of Directors and management of the Consolidated Entity. There is only one operating segment identified being the exploration, mining, processing and export of manganese products based on internal reports reviewed by the Chief Operating Decision Makers in assessing performance and allocation of resources.

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of the financial statements. Revenues from construction charges and lease premiums have been recognised from transactions with a single external customer.

Note 4. Revenue

	Consolidated Entity	
	31 Dec 2014	31 Dec 2013
	\$	\$
Rental income	764,840	459,785
Recovery of the direct costs of port rights used	158,704	-
Interest received on port rights prepayment	21,221	33,285
	<u>944,765</u>	<u>493,070</u>

Note 5. Equity - issued capital

	Consolidated Entity			
	31 Dec 2014	30 June 2014	31 Dec 2014	30 June 2014
	Shares	Shares	\$	\$
Issued capital	<u>704,416,960</u>	<u>704,416,960</u>	<u>36,453,162</u>	<u>36,453,162</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 6. Equity - dividends

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

Note 7. Contingent liabilities

There were no contingencies at reporting date.

Note 8. Events after the reporting period

No matter or circumstance has arisen since 31 December 2014 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Mesa Minerals Limited
Directors' declaration
31 December 2014

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the Consolidated Entity's financial position as at 31 December 2014 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Bruce Goulds
Director

13 March 2015
Perth

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
MESA MINERALS LIMITED**

We have reviewed the accompanying half-year financial report of Mesa Minerals Limited which comprises the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 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 Mesa 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Mesa Minerals Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

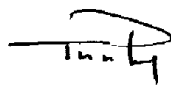
Conclusion

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 Mesa 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 2014 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*.

Rsm Bird Cameron Partners

RSM BIRD CAMERON PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 13 March 2015