SANTANA MINERALS LIMITED

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2015

Content

Directors' Report

Your Directors present their report, including the Financial Report for the consolidated entity for the half year ended 31 December 2015.

Directors

The directors of Santana Minerals Limited ("Santana" or "the Company") at any time during or since the half year ended 31 December 2015 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 Planet Gas Limited and Augur Resources Ltd, both of which are listed on the ASX.

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, Cerro Resources NL and Equus Mining Limited.

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. For the past 15 years he has been in full time management in the resources sector in Australia and internationally.

Mr McDonald is currently a non-executive director of Planet Gas Limited. In the last three years he has also been a director of Industrea Limited and Cerro Resources NL.

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.

In the last three years he has been Chairman and director of Activex Limited and Zamia Metals Limited and a director of Cerro Resources NL.

Mr Joseph F Conway, Non-Executive Director

Mr Conway was appointed as a director on 27 June 2013 and ceased to be a director at completion of the company's AGM on 30 November 2015.

Other than Mr Conway, all directors were in office for the entire half-year and remain in office at the date of this report.

Company Secretary

Mr Craig J McPherson

Appointed 15 January 2013

Mr McPherson graduated with a Bachelor of Commerce from the University of Queensland in 1999 and is a member of the Institute of Chartered Accountants in Australia. He has eighteen years of commercial and financial management experience and has held various roles with ASX and TSX listed companies over the past eight years in Australia and overseas.

Operating and financial review

Review of Operations

The Company has retained its exploration focus in Mexico on low sulphidation epithermal silver + gold +/- polymetalic projects in the lower volcanic sequences of the Sierra Madre Occidental mountains. The primary focus has been on the Cuitaboca silver/gold polymetalic project in Sinaloa State. The Company has retained its interest in the Namiquipa project in Chihuahua State.

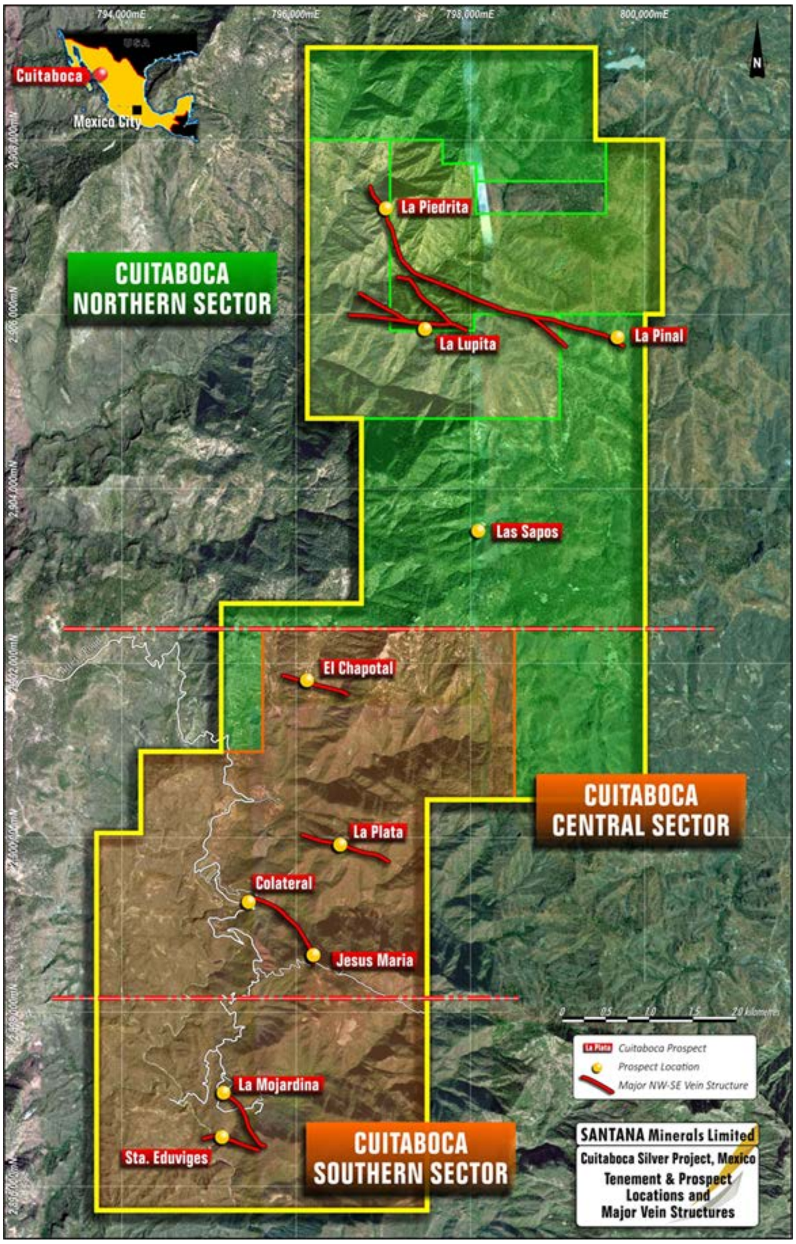
Mexico – Cuitaboca (earning to 80%)

The Cuitaboca Project is located within concessions covering an area of 5,100ha approximately 100 km north east of the city of Los Mochis in Sinaloa. An application for a further approximately 400 ha has been made.

Cuitaboca lies in the foothills of the Sierra Madre Occidental dominated mostly by andesite flows and tuffs of the lower volcanic group, with minor rhyolites of the upper volcanic group at higher elevations. Gold-silver rich polymetallic 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" and a controlled entity of Santana). Santana is earning up to an initial 80% interest and has committed to meet 100% of expenditure. Santana is given 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 the vendors.

The Project Company continued to build on Cuitaboca's historic data as well as from the late 2014-2015 drilling in the Colateral and Jesus Maria structures in the Central Sector of the project.



Cuitaboca Sector and major vein locations

In a recent rock-chip and soil sampling program in the Northern Sector gold became more evident and the Company reported highlights of the work including the following rock-chip samples:

- 0.6m @ **676g/t Ag + 8.7% Pb + 2.0% Zn + 1.2% Cu** (CT-0361)
- 0.4m @ **524g/t Ag + 7.6% Pb + 1.9% Zn** (CT-0362)
- 0.6m @ **1.8g/t Au + 122g/t Ag + 1.1% Pb + 5.5% Zn** (CT-0346)
- 1.0m @ **1.1g/t Au + 104g/t Ag + 7.8% Pb + 0.2% Zn** (CT-0347)
- 0.6m @ **227g/t Ag + 2.6% Pb** (CT-0359)

The Northern Sector prospects are located at a high elevation (1,000-1,500m) in the upper part of the Sierra Madre Occidental volcanics and provide potential for continuous depth to host polymetallic low sulphidation epithermal Au-Ag mineralisation.

The rock chip program sampled parallel veins which are part of broad stockwork system in selected parts of the geometry of the mineralised structures which host the veins. A review of the data of the Southern and Central Sectors aimed at identification of favourable locations for wider than previously recognised vein mineralisation, which can occur on change in direction (flexures) of host structures, did identify broad silver zones indicating bulk tonnage silver potential in both the Southern and Central Sectors. Those areas were the focus of a first pass diamond saw trench program in November/December 2015. The diamond saw technique to cut across the outcropping veins was used to give a better and unbiased sample.

Highlights from the Southern Sector sawn channel samples were:

Mojardina 'Loop' (MJTR) and Santa Eduviges (SETR) – Southern Sector

- 8m @ 114g/t Ag (MJTR-001)
- 3m @ 401g/t Ag (MJTR-005)
- 9m @ 313g/t Ag (MJTR-009)
- 2m @ 301g/t Ag (MJTR-010)
- 4m @ 241g/t Ag (MJTR-011)
- 3m @ 87g/t Ag (MJTR-012)
- 3m @ 105g/t Ag (MJTR-014)
- 5m @ 138g/t Ag (MJTR-015)
- 3m @ 196g/t Ag (MJTR-016)
- 6m @ 0.27 g/t Au and 123 g/t Ag (SETR004)

In the Central Sector the highlights form the sawn channel samples were:

Jesus Maria Breccia and Manguito – Central Sector

- 9m @ 143 g/t Ag (JMTR001)
- 11m @ 111 g/t Ag (JMTR001)
- 5m @ 103 g/t Ag (JMTR001)

Prior drilling and exploration works in this Sector also suggests there is potential for depth extensions to the mineralisation.

Mexico – Namiquipa (100%)

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

The Company has applied for relinquishment of part of the project but maintains an area of approximately 2,400 ha which 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 primary target for advancement of the project likely 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 has been the priority for the Company's prudent use of exploration funds.

Corporate

The Company retains a substantial shareholding in Hammer Metals Limited.
In September 2015 the Company issued 36,999,982 shares under a Share Purchase Plan that raised $481,000 before costs.

Financial review

At the end of the reporting period the consolidated entity had $755,119 (30 June 2015: $530,006) in cash and at call deposits. Capitalised mineral exploration and evaluation expenditure carried forward was $5,599,503 (30 June 2015: $5,824,957).

The consolidated entity had net assets of $6,861,123 (30 June 2015: $7,779,229).

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 7 and forms part of the directors' report for the half-year ended 31 December 2015.

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

AJ McDonald
Managing Director
Dated at Brisbane this 8th day of March 2016.

Previous Disclosure - 2012 JORC Code

Information relating to Mineral Resources, Exploration Targets and Exploration Data associated with the Company's projects in this Report has been extracted from the following ASX Announcements:

- ASX announcement titled "Silver + Gold + Lead + Zinc Mineralisation Continues in Northern Zone of the Cuitaboca Project, Mexico" dated 6 August 2015;
- ASX announcement titled "Wide Multi Ounce Silver Mineralisation Returned From Diamond Saw Intercepts Southern Sector Cuitaboca Project, Mexico" dated 11 January 2016; and
- ASX announcement titled "Additional Wide Multi Ounce Silver Mineralisation Returned From Diamond Saw Intercepts Central Sector Cuitaboca Project, Mexico" dated 14 January 2016

A copy of each of these announcements is available to view on the Santana Minerals Limited website www.santanaminerals.com. The reports were issued in accordance with the 2012 Edition of the JORC Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

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 for the financial period ended 31 December 2015 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Stephen Board
Partner

Brisbane
8 March 2016

Consolidated Interim Statement of Profit or Loss for the Half Year Ended 31 December 2015

	Note	Consolidated 31 December 2015 $	Consolidated 31 December 2014 $
General and administrative expenses		(446,882)	(612,813)
Exploration and evaluation expenses		(197,798)	(85,415)
Results from operating activities		(644,680)	(698,228)
Financing income	6	7,943	185,117
Financing expenses	6	(1,229,209)	-
Net financing income/(expense)		(1,221,266)	185,117
Loss before income tax expense		(1,865,946)	(513,111)
Income tax benefit/(expense)		17,000	(448,000)
Loss for the period – attributable to Shareholders of the Company		(1,848,946)	(961,111)
Earnings per share			
Basic loss per share		(1.14) cents	(0.76) cents
Diluted loss per share		(1.14) cents	(0.76) cents
Earnings per share – continuing operations			
Basic loss per share		(1.14) cents	(0.76) cents
Diluted loss per share		(1.14) cents	(0.76) 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 13 to 17.

Consolidated Interim Statement of Other Comprehensive Income for the Half Year Ended 31 December 2015

	Consolidated	
	31 December 2015	**31 December 2014**
	$	**$**
Other comprehensive income		
Items that may subsequently be reclassified to profit or loss:		
Foreign exchange translation differences	472,271	(14,925)
Fair value adjustment on investments, net of income tax	-	(370,000)
Other comprehensive income for the period, net of income tax	472,271	(384,925)
Loss for the period	(1,848,946)	(961,111)
Total comprehensive income for the period – attributable to Shareholders of the Company	(1,376,675)	(1,346,036)

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 13 to 17.

Consolidated Interim Statement of Financial Position as at 31 December 2015

	Note	Consolidated 31 December 2015 $	Consolidated 30 June 2015 $
Current assets			
Cash and cash equivalents		755,119	530,006
Trade and other receivables	7	32,862	21,235
Prepayments		24,453	65,033
Total current assets		812,434	616,274
Non-current assets			
Receivables	7	-	100,745
Property, plant and equipment		146,311	202,978
Investments	8	709,285	1,243,867
Exploration and evaluation expenditure	9	5,599,503	5,824,957
Total non-curent assets		6,455,099	7,372,547
Total assets		7,267,533	7,988,821
Current liabilities			
Trade and other payables		357,410	146,592
Employee benefits		13,000	10,000
Total current liabilities		370,410	156,592
Non-current liabilities			
Deferred tax liability		36,000	53,000
Total non-current liabilities		36,000	53,000
Total liabilities		406,410	209,592
Net assets		6,861,123	7,779,229
Equity			
Share capital	10	22,355,774	21,897,205
Reserves		470,015	(2,256)
Accumulated losses		(15,964,666)	(14,115,720)
Total equity		6,861,123	7,779,229

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 13 to 17.

Consolidated Interim Statement of Changes in Equity for the Half Year Ended 31 December 2015

	Issued capital	Revaluation reserve	Foreign currency translation reserve	Accumulated losses	Total equity
Opening balance as at 1 July 2015	21,897,205	-	(2,256)	(14,115,720)	7,779,229
Loss for the period	-	-	-	(1,848,946)	(1,848,946)
Other comprehensive income for the year					
Foreign currency translation differences	-	-	472,271	-	472,271
Total comprehensive income for the year	-	-	472,271	(1,848,946)	(1,376,675)
Transactions with owners recorded directly in equity					
Shares issued	481,000	-	-	-	481,000
Transaction costs	(22,431)	-	-	-	(22,431)
Total transactions with owners	458,569	-	-	-	458,569
Balance at 31 December 2015	22,355,774	-	470,015	15,964,666	6,861,123

	Issued capital	Revaluation reserve	Foreign currency translation reserve	Accumulated losses	Total equity
Opening balance as at 1 July 2014	20,010,005	-	17,161	(5,235,309)	14,791,857
Loss for the period	-	-	-	(961,111)	(961,111)
Other comprehensive income for the year					
Foreign currency translation differences	-	-	(14,925)	-	(14,925)
Fair value adjustment on investments (net of income tax)	-	(370,000)	-	-	(370,000)
Total comprehensive income for the year	-	(370,000)	(14,925)	(961,111)	(1,346,036)
Transactions with owners recorded directly in equity					
Shares issued	1,954,945	-	-	-	1,954,945
Transaction costs	(67,746)				(67,746)
Total transactions with owners	1,887,199	-	-	-	1,887,199
Balance at 31 December 2014	21,897,204	(370,000)	2,236	(6,196,420)	15,333,020

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 13 to 17.

Consolidated Interim Statement of Cash flows for the Half Year Ended 31 December 2015

	Consolidated	
	31 December 2015	31 December 2014
	$	$
Cash flows from operating activities		
Cash paid to suppliers and employees	(130,190)	(661,390)
Cash paid for exploration and evaluation expenditure expensed	(177,065)	(88,740)
Cash received from Mexican tax authorities	239,400	113,527
Interest received	2,159	17,519
Net cash used in operating activities	(65,696)	(619,084)
Cash flows from investing activities		
Payments for exploration and evaluation expenditure capitalised	(271,243)	(1,280,474)
Bonds received	46,143	-
Proceeds from sale of investments	69,558	-
Net cash used in investing activities	(155,542)	(1,280,474)
Cash flows from financing activities		
Proceeds from issue of shares	481,000	1,954,945
Share issue costs	(22,431)	(67,746)
Net cash provided by financing activities	458,569	1,887,199
Net decrease in cash and cash equivalents held	237,331	(12,359)
Effects of exchange rate fluctuations on cash held	(12,218)	358
Cash and cash equivalents at 1 July	530,006	1,192,233
Cash and cash equivalents at 31 December	755,119	1,180,232

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 13 to 17.

Condensed Notes to the Consolidated Financial Statements for the Period Ended 31 December 2015

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 2015 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 2015 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 period ended 30 June 2015.

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 period ended 30 June 2015 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 statements as at and for the period ended 30 June 2015.

The condensed consolidated interim financial report was authorised for issue by the directors on 8 March 2016.

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 2015.

4. GOING CONCERN

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 raise funds from shareholders or through realisation of investments and intends to raise such funds as and when required to pursue its projects.

At 31 December 2015, the consolidated entity had cash balances of $755,119 (30 June 2015: $530,006) and net working capital (current assets less current liabilities) of $442,024 (30 June 2015:$459,682).

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 2015 of $221,238 (31 December 2014: $1,899,558).

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 through realisation of investments; and/or
- The consolidated entity reducing expenditure in line with available funding.

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 from realisation of investments. If funding is not achieved from such sources, 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.

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

The consolidated entity operates entirely in the mineral exploration industry, within Mexico.

6. NET FINANCING INCOME/ (EXPENSE)

	Consolidated	
	31 December 2015	**31 December 2014**
Interest income	2,159	17,519
Profit on sale of financial assets	5,784	-
Foreign exchange gain	-	167,598
Financing Income	7,943	185,117
Foreign exchange loss	768,491	-
Impairment losses on financial assets	460,718	-
Financing expense	1,229,209	-
Net financing income/(expense)	(1,221,266)	185,117

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

	Consolidated	
	31 December 2015	**30 June 2014**
Current	**$**	**$**
Other receivables	4,860	11,201
GST Receivable	4,630	10,034
Receivable from Mexican Tax Authority	23,372	-
	32,862	21,235
Non-current		
Receivable from Mexican Tax Authority	-	54,602
Security deposit	-	46,143
	-	100,745

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. INVESTMENTS

	Consolidated	
	31 December 2015	**30 June 2015**
Non-current		
Equity securities	709,285	1,243,867
	709,285	1,243,867

All of the consolidated entity's equity investments are listed on the Australian Securities Exchange.

For such investments, a 5 per cent increase in the price of equity investments at the reporting date would have increased equity by $35,464 (30 June 2015: $62,193); an equal change in the opposite direction would have decreased equity by $35,464 (30 June 2015: $62,193).

9. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	6 months	**12 months**
	31 December 2015	**30 June 2015**
	$	**$**
Opening balance	5,824,957	11,326,219
Exploration and evaluation expenditure	228,956	1,978,627
Effect of foreign exchange rate movements	(284,867)	285,071
Mexican IVA recovered	(169,543)	-
Impairment of exploration and evaluation assets	-	(7,764,960)
Closing balance	5,599,503	5,824,957

The carrying amount of the exploration and evaluation assets at 31 December 2015 relates to the Namiquipa Project in Mexico $4,442,418 (30 June 2015: $4,800,000) and the Cuitaboca Project in Mexico $1,157,085 (30 June 2015: $1,024,957).

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$3,075,000 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.

9. EXPLORATION AND EVALUATION EXPENDITURE (cont'd)

During the prior year, the consolidated entity assessed its capitalised exploration and evaluation expenditure assets for impairment and recorded an impairment loss of $7,764,960 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.

10. SHARE CAPITAL

	Consolidated	
	31 December 2015	**30 June 2015**
	$	**$**
183,594,044 (30 June 2015: 146,594,062) ordinary shares, fully paid	22,355,774	21,897,205
	22,355,774	21,897,205

During the period the Company issues 36,999,982 (2014: 48,868,263) shares for total consideration of $481,000 (2014: $1,954,945). Transaction costs relating to the issue of shares were $22,431 (2014: $67,746).

11. FINANCIAL INSTRUMENTS

The carrying amounts of the consolidated entity's financial assets and financial liabilities approximate their fair values at 31 December 2015.

The fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

Available for sale equity securities held by the consolidated entity are categorised as Level 1.

12. RELATED PARTIES

There were no significant changes in arrangements with relates parties from those arrangements set out in the 30 June 2015 annual financial report.

13. 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 8 to 17 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 2015 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 8th day of March 2016

KPMG

Independent auditor's review report to the members of Santana Minerals Limited

We have reviewed the accompanying half-year financial report of Santana Minerals Limited (the Company), which comprises the consolidated interim statement of financial position as at 31 December 2015, and the consolidated interim statement of profit or loss, consolidated interim statement of other 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 13 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

KPMG

Independent auditor's report to the members of Santana Minerals Limited (continued)

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

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

Material uncertainty regarding continuing as a going concern

Without modifying our conclusion, we draw attention to Note 4 "Going Concern" in the financial report.

The ability of the Group to continue as a going concern is dependent upon it realising investments, raising additional funding from shareholders or other parties and/or reducing expenditure in line with the available funding. These conditions, along with other matters as set forth in Note 4, indicate the existence of a material uncertainty that may cast significant doubt about that Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

KPMG

KPMG

SBoard

Stephen Board
Partner

Brisbane
8 March 2016

Corporate Directory

Australian Business No.	37 161 946 989
Directors	Norman A Seckold, Chairman
	Anthony J McDonald, Managing Director
	Richard E Keevers, Non-Executive Director
Corporate Secretary	Craig J McPherson
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	Phone: +61 7 3221 7501 Email: admin@santanaminerals.com Website: www.santanaminerals.com
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Auditors	KPMG Level 16 Riparian Plaza 71 Eagle Street Brisbane, Qld 4000
ASX Code	SMI
Share Registrars	Australia Link Market Services Limited Level 15 ANZ Building 324 Queen Street Brisbane, QLD 4000
Exchange	Australian Securities Exchange Level 8 Exchange Plaza 2 The Esplanade PERTH WA 6000