

Mesa Minerals Limited

ABN 38 009 113 160

Interim Report - 31 December 2015

Mesa Minerals Limited

Contents

31 December 2015

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Mesa Minerals Limited
Corporate directory
31 December 2015

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 Australia Partners 8 St Georges Terrace Perth WA 6000 P: + 61 8 9261 9100 F: + 61 8 9261 9111 www.rsm.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 2015

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Mesa Minerals Limited (referred to hereafter as the 'Company') and the entities it controlled at the end of, or during, the half-year ended 31 December 2015.

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
CJ Ellison
BA Goulds

Principal activities

The principal activities of the Group 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 Group's mineral processing technologies in order to enable the development of secondary processing facilities utilising low grade manganese ores and wastes.

Review of operations

The loss for the Group after providing for income tax amounted to \$1,112,930 (31 December 2014: \$289,058).

The Group has continued to invest in the project development of both the Ant Hill and Sunday Hill tenements, and to invest in research and development to enhance the Group's patented technologies.

Pending a decision to commence operations at the Ant Hill mine, the Group kept operating costs at a minimum and leveraged available assets to generate income. The Company maintains a lease over land at Boodarie Industrial Park in Port Hedland. As with the prior reporting period, Mesa has not used this land during the period. The Company's parent entity, Mineral Resources Ltd (MRL) has continued to assist Mesa by sub-leasing this land for Mesa's benefit. The services provided by MRL in respect of sub-leasing the land are provided at no-charge.

On 17 September 2015, the Company's lease over Pad 7 in Stockyard 1 at the Utah Point multi-user facility at Port Hedland expired. In the circumstances where the global manganese prices remain depressed, the Company could not provide the commitment necessary to satisfy the key renewal condition that sufficient material be available to utilise the allocation during the renewal period. As a result, the balance of the prepaid facility charges was returned. The funds recouped were used to retire outstanding debts, reducing exposure to ongoing interest charges.

Activities which will inform a decision to commence operations at Ant Hill continued through the year, with communication and supply of information with various statutory bodies.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2015 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

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 the page 5.

Mesa Minerals Limited
Directors' report
31 December 2015

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



Collis Thorp
Director

14 March 2016
Perth

RSM Australia Partners

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

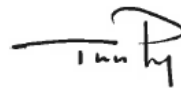
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Mesa Minerals Limited for the half-year ended 31 December 2015, 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 AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 14 March 2016

Mesa Minerals Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2015

		Consolidated Entity	
	Note	31 Dec 2015	31 Dec 2014
		\$	\$
Revenue	4	198,657	944,765
Expenses			
Administration		(442,691)	(413,585)
Secretarial and listing costs		(33,441)	(33,586)
Employee costs		(147,056)	(170,003)
Depreciation		(97,094)	(121,851)
Marketing		(287,962)	(286,122)
Trademarks and patents		(44,757)	(19,240)
Finance costs		(258,586)	(189,436)
Loss before income tax expense		(1,112,930)	(289,058)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Mesa Minerals Limited		(1,112,930)	(289,058)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive loss for the half-year attributable to the owners of Mesa Minerals Limited		<u>(1,112,930)</u>	<u>(289,058)</u>
		Cents	Cents
Basic earnings per share		(0.16)	(0.04)
Diluted earnings per share		(0.16)	(0.04)

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 2015

		Consolidated Entity	
	Note	31 Dec 2015	30 June 2015
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		27,640	41,195
Trade and other receivables		17,625	325,365
Other		6,090	-
Total current assets		<u>51,355</u>	<u>366,560</u>
Non-current assets			
Property, plant and equipment		868,134	965,228
Intangibles		-	1,075,694
Exploration and evaluation		1,984,064	1,770,798
Total non-current assets		<u>2,852,198</u>	<u>3,811,720</u>
Total assets		<u>2,903,553</u>	<u>4,178,280</u>
Liabilities			
Current liabilities			
Trade and other payables		7,126,482	7,288,279
Total current liabilities		<u>7,126,482</u>	<u>7,288,279</u>
Total liabilities		<u>7,126,482</u>	<u>7,288,279</u>
Net liabilities		<u>(4,222,929)</u>	<u>(3,109,999)</u>
Equity			
Issued capital	5	36,453,162	36,453,162
Reserves		280,750	280,750
Accumulated losses		(40,956,841)	(39,843,911)
Total deficiency in equity		<u>(4,222,929)</u>	<u>(3,109,999)</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 2015

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)
Total comprehensive loss 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>
Consolidated Entity	Issued capital \$	Reserves \$	Retained profits \$	Total deficiency \$
Balance at 1 July 2015	36,453,162	280,750	(39,843,911)	(3,109,999)
Loss after income tax expense for the half-year	-	-	(1,112,930)	(1,112,930)
Total comprehensive loss for the half-year	-	-	(1,112,930)	(1,112,930)
Balance at 31 December 2015	<u>36,453,162</u>	<u>280,750</u>	<u>(40,956,841)</u>	<u>(4,222,929)</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 2015

	Consolidated Entity	
	31 Dec 2015	31 Dec 2014
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	208,341	841,324
Payments to suppliers and employees (inclusive of GST)	(848,625)	(414,178)
	(640,284)	427,146
Interest received	71	84
Net cash (used in)/from operating activities	(640,213)	427,230
Cash flows from investing activities		
Payments for property, plant and equipment	-	(55,496)
Payments for exploration and evaluation	(213,266)	(856,609)
Proceeds from disposal of intangibles	825,149	-
Net cash from/(used in) investing activities	611,883	(912,105)
Cash flows from financing activities		
Loan from parent entity	14,776	482,813
Net cash from financing activities	14,776	482,813
Net decrease in cash and cash equivalents	(13,554)	(2,062)
Cash and cash equivalents at the beginning of the financial half-year	41,195	7,812
Cash and cash equivalents at the end of the financial half-year	<u>27,641</u>	<u>5,750</u>

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 2015

Note 1. General information

The financial statements cover Mesa Minerals Limited as a Group consisting of Mesa Minerals Limited and the entities it controlled at the end of, or during, the half-year. 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 Sleat Road
Applecross WA 6153

A description of the nature of the Group'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 14 March 2016. 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 2015 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 2015 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 Group 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 Group'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 Group incurred a loss before tax of \$1,112,930 and had net cash flows used in operating activities of \$640,213 for the half-year ended 31 December 2015. As at date the Group had net current liabilities of \$7,075,127 and net liabilities of \$4,222,929.

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 Group will continue as a 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 Group will support fund raising activities; and
- As at 31 December 2015, its parent entity, Mineral Resources Limited and its controlled entities have provided \$7,023,167 in loan funding to the Group.

Note 2. Significant accounting policies (continued)

Due to these factors, the Directors of the Group 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 Group 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 Group. 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 2015	31 Dec 2014
	\$	\$
Rental income	189,401	764,840
Interest received on port rights prepayment	9,256	21,221
Recovery of direct costs of port rights used	-	158,704
Revenue	<u>198,657</u>	<u>944,765</u>

Note 5. Equity - issued capital

	Consolidated Entity			
	31 Dec 2015	30 June 2015	31 Dec 2015	30 June 2015
	Shares	Shares	\$	\$
Issued capital	<u>704,416,960</u>	<u>704,416,960</u>	<u>36,453,162</u>	<u>36,453,162</u>

There is no movement in ordinary share capital during the half-year financial.

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 2015 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Mesa Minerals Limited
Directors' declaration
31 December 2015

In the Directors' opinion:

- the attached financial statements and notes 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 give a true and fair view of the Group's financial position as at 31 December 2015 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



Collis Thorp
Director

14 March 2016
Perth

RSM Australia Partners

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100

F +61 (0) 8 9261 9111

www.rsm.com.au

**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 2015, 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 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 consolidated entity's financial position as at 31 December 2015 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.

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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.

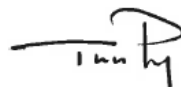
Conclusion

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 2015 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 AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 14 March 2016