



ACN: 126 042 215

**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
30 JUNE 2016**

**TRITON MINERALS LIMITED
AND CONTROLLED ENTITIES**

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2016

CONTENTS

| | Page |
|---|-------------|
| Corporate Directory | 2 |
| Directors' Report | 3 |
| Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income | 14 |
| Condensed Consolidated Statement of Financial Position | 15 |
| Condensed Consolidated Statement of Changes in Equity | 16 |
| Condensed Consolidated Statement of Cash Flows | 17 |
| Notes to the Financial Statements | 18 |
| Directors' Declaration | 30 |
| Auditor's Independence Declaration | 31 |
| Independent Auditor's Review Report | 32 |

**TRITON MINERALS LIMITED
AND CONTROLLED ENTITIES**

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2016

CORPORATE DIRECTORY

DIRECTORS

Mr Xingmin (Max) Ji
Mr Patrick Burke
Mr Peter Canterbury
Mr Guanghui (Michael) Ji
Ms Paula Ferreira

Non-Executive Chairman
Non-Executive Deputy Chairman
Managing Director
Non-Executive Director
Non-Executive Director

COMPANY SECRETARY

Ms Paige Exley

REGISTERED OFFICE

Ground Floor, Unit 1
256 Stirling Highway
Claremont, WA 6010

Telephone: (+61) 8 6489 2555
Facsimile: (+61) 8 9388 1252
Website: www.tritonmineralsltd.com.au

AUDITORS

Nexia Perth Audit Services Pty Ltd
Level 3
88 William Street
Perth, WA 6000
Website: www.nexia.com.au

HOME BRANCH

Australian Securities Exchange Limited
Exchange Plaza
Level 40, Central Park
152-158 St George's Terrace
PERTH WA 6000

ASX Code: TON

SHARE REGISTRY

Computershare Investor Services Limited
Level 11, 172 St Georges Terrace
Perth, WA 6000
Telephone: (+61) 8 9323 2000
Facsimile: (+61) 8 9323 2033
Website: www.computershare.com.au

TRITON MINERALS LTD AND CONTROLLED ENTITIES

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2016

DIRECTORS' REPORT

The Directors present their interim financial report on the consolidated entity consisting of Triton Minerals Ltd ("Triton" or "the Company") and the entities it controlled at the end of, or during, the half year ended 30 June 2016 ("the Group").

1. The Board of Directors

The following persons were Directors of Triton Minerals Ltd during the period and up to the date of this report unless otherwise stated:

| | |
|---|-------------------------------------|
| Mr Xingmin (Max) Ji - Non-Executive Chairman | Appointed 22 July 2016 |
| Mr Patrick Burke - Non-Executive Deputy Chairman | Appointed 22 July 2016 |
| Mr Peter Canterbury - Managing Director | Appointed 3 October 2016 |
| Ms Paula Ferreira - Non-Executive Director | Appointed 24 August 2015 |
| Mr Guanghui (Michael) Ji - Non-Executive Director | Appointed 22 July 2016 |
| Mr Rod Baxter - Non-Executive Director | From 28 Jan 2016 – 10 February 2016 |
| Mr Alan Jenks – Non-Executive Chairman | From 28 Jan 2014 – 5 June 2015 |
| – Non-Executive Director | From 5 June 2015 – 10 February 2016 |
| Mr Christopher Catlow – Non-Executive Chairman | From 05 June 2015 – 22 July 2016 |
| Mr Alfred Gillman – Technical Director | From 27 Sept 2012 – 22 July 2016 |
| Mr Garth Higgs - Managing Director | From 28 Jan 2016 – 3 October 2016 |

2. Company Secretary

Ms Paige Exley

Ms Exley is Triton's Financial Controller and Company Secretary. Ms Exley has over 15 years of experience in financial and management accounting roles with ASX listed companies and more recently has held company secretarial roles for ASX listed and unlisted companies.

Ms Exley holds a Bachelor of Commerce, with a double major in Accounting and Business Law from Curtin University and is a Chartered Secretary with a Post-Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia.

3. Principal Activity

The principal activity of the Group during the financial period was to acquire, explore and develop areas that are highly prospective for graphite in Africa.

**TRITON MINERALS LTD
AND CONTROLLED ENTITIES**

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2016

DIRECTORS' REPORT

4. Significant Changes in the State of Affairs

Mozambique Capital Gains Tax

On 1 January 2015, a Mozambique capital gains tax regime applicable to the mining sector came into force. For more information, refer to note 13.

Other

During January 2016, the Company completed a pro rata non-renounceable entitlement offer of one (1) fully paid ordinary share for every three (3) fully paid ordinary shares (Shares) held by eligible shareholders on 30 December 2015 at an issue price of \$0.09 per share to raise up to \$11,296,483 (before costs), with one (1) free attaching option for every two (2) Shares subscribed for under the offer (Options) (Entitlement Offer). The Entitlement Offer was partially underwritten up to \$4 million by GMP Securities Australia Pty Limited.

Triton raised \$4 million via the Entitlement Offer through the issue of 44,444,444 Shares and 22,222,306 Options.

On 28 January 2016 Mr Rodney Baxter was appointed Non-Executive Director and Mr Garth Higgs was appointed Managing Director and Chief Executive Officer.

On 1 February 2016 Mr Patrick Ellis was appointed Chief Operating Officer and Mr Richard Jarvis was appointed Chief Financial Officer.

On 2 February 2016 Mr Garth Higgs's Executive Service agreement was finalised. A further 2 million performance rights were granted in addition to the 3.5 million on his appointment on 4 December 2015. Mr Higgs resigned as a director on 3 October 2016 and these Performance Rights were cancelled.

On 10 February 2016 Mr Rodney Baxter and Mr Alan Jenks resigned as Non-Executive Directors of the Company.

Voluntary Administration

On 2 March 2016, the Directors resolved to place the Company into voluntary administration and appointed Messrs Martin Jones, Andrew Smith and Dermott McVeigh of Ferrier Hodgson as joint and several administrators of the Company (together, the "Administrators") pursuant to section 436A of the Corporations Act.

On 3 March 2016, the Company's securities were suspended from trading on the official list of ASX. Following appointment of the Administrators, the powers of the Company's officers (including Directors) were suspended and the Administrators assumed control of the Company's business, property and affairs.

On 12 April 2016, the Administrators advised Long State Investments Limited that as the result of the Administration, an event of default had occurred and accordingly the agreement with the Company to provide an equity placement facility of up to \$20 million for a period of 2 years, was terminated.

On 30 April 2016, the Chief Financial Officer, Mr Richard Jarvis and Technical Director, Mr Alfred Gillman ceased their executive roles with the Company.

On 17 May 2016, the Company announced maiden inferred mineral resources at Nicanda West and Ancuabe project sites.

On 3 June 2016, Mr Garth Higgs's Executive Service agreement for the role of Chief Executive Officer was terminated with one month of notice.

**TRITON MINERALS LTD
AND CONTROLLED ENTITIES**

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2016

DIRECTORS' REPORT

4. Significant Changes in the State of Affairs (continued)

On 1 July 2016, the Administrators provided their report to creditors pursuant to section 439A(4)(a) of the Corporations Act 2001. On 5 July 2016, the Administrators provided a supplementary report to creditors. The key matters of the reports were:

- The Administrators' recommendation that the Joint Deed of Company Arrangement (DOCA) Proposal be adopted by creditors. The proposal comprises:
 - Phase 1: Subscription to Minjar Gold Pty Ltd (or its nominee) of 105,248,400 fully paid ordinary shares at \$0.06 per share to raise \$6,314,904 (Placement) following shareholder approval, together with 25,000,000 free options to acquire shares in the Company (each having an exercise price of \$0.10 each and an expiry date of 30 June 2018, with such options to be issued under the entitlement issue prospectus).
 - Phase 2: As soon as practicable after completion of the Placement and termination of the DOCA, the Company will seek to raise not less than A\$7,893,634 via an underwritten non-renounceable pro-rata entitlements issue of not less than 131,560,567 fully paid ordinary shares (Entitlement Issue Shares) in the capital of the Company at \$0.06 per share (and on the basis of 1 Entitlement Issue Shares for every 4 fully paid ordinary shares held in the capital of the Company as at the relevant record date) (Entitlement Issue). Somers & Partners Pty Ltd shall be appointed as underwriter of this issue.
 - Deposit of \$1 million which has been deposited into a Ferrier Hodgson Trust account by Somers as an interest free loan to the Company, subject to the terms and conditions of the DOCA.
 - Subject to conditions precedent, the formation of a Creditors Trust and payment of \$5 million (or any shortfall amount) to repay creditors 100 cents in the dollar plus statutory interest of 8%, excluding any claim or liability arising from or in connection with the Mozambique Government.
- The Administrators, through their investigations did not identify any potential voidable transaction by directors that may have been committed under the provisions of the Act.
- Yichang Xincheng Graphite Co. Ltd (YXGC) - On 21 March 2016, YXGC wrote to the Company terminating both the agreements and making a claim for US\$1 million. The Administrators have not accepted their claim for damages in the amount of US\$1 million as each agreement excludes liability for "consequential, incidental...or indirect damages". YXGC have been advised of the rejection of any claim against the Company. The Administrators consider that YXGC has no valid claim against the Company.

On 8 July 2016, the Company announced that at the Second Meeting of Creditors held on 8 July 2016, the creditors resolved unanimously to execute a Deed of Company Arrangement (DOCA) proposed by Somers & Partners Pty Ltd and Minjar Gold Pty Ltd in the form set out in the Administrators' supplementary report dated 5 July 2016.

On 22 July 2016, the Administrators removed Christopher James Catlow and Alfred John Gillman as directors of the Company and appointed Xingmin (Max) Ji and Guanghui (Michael) Ji representing Minjar Gold Pty Ltd and Patrick Nicolas Burke representing Somers & Partners as directors of the Company.

On 25 July 2016, the DOCA was executed by the Company and Administrators, whereupon the Company entered deed administration and the Administrators became the Deed Administrators of the Company. The DOCA was completed on 19 September 2016 and each of the following were satisfied:

- a shareholders' meeting approves the issue to Minjar Gold Pty Ltd or nominees of 105,248,400 fully paid ordinary shares at \$0.06 per share to raise \$6,314,904 ("the Placement") together with 25,000,000 free options to acquire shares in the Company;

**TRITON MINERALS LTD
AND CONTROLLED ENTITIES**

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2016

DIRECTORS' REPORT

4. Significant Changes in the State of Affairs (continued)

- the Placement occurs in accordance with the Subscription Agreement (described below);
- the Creditors' Trust Deed is executed;
- the Company transfers \$5 million together with any chose in action or claim that the Company may have against third parties ("Company Causes of Action") and the benefit of such Company Causes of Action to the trustees of the Creditors Trust; and
- all creditors' claims against the Company (except any excluded claims) are extinguished and all creditors whose claims have been so extinguished are taken to have a claim against the Creditors Trust, equal in amount to their released claim.

Immediately following the execution of the DOCA, the Underwriting Agreement (proposed as part of the DOCA) was executed by the Company and Somers & Partners on Monday, 25 July 2016.

Pursuant to the terms and conditions of an underwriting agreement, Somers & Partners will underwrite a non-renounceable pro-rata entitlement issue of not less than 131,560,567 fully paid ordinary shares at \$0.06 per share on the basis of 1 Entitlement Issue Share for every 4 shares to raise not less than \$7,893,634.

Immediately following the execution of the Underwriting Agreement (proposed as part of the DOCA), the Subscription Agreement was executed by the Company and Minjar Gold Pty Ltd on Monday, 25 July 2016.

Pursuant to the terms and conditions of the Subscription Agreement, including shareholder approval, Minjar Gold Pty Ltd or nominees will subscribe for 105,248,400 fully paid ordinary shares at \$0.06 per share to raise \$6,314,904 and 25,000,000 free options, exercisable at \$0.10, expiring 30 June 2018.

On 27 July 2016, the Deed Administrators and Mr Garth Higgs entered into a short term agreement terminating Mr Higgs's previous Executive Service agreement. The short term agreement is for a term of 3 months, commencing 3 July 2016, for remuneration of \$400,000 per annum plus superannuation. Either party may terminate the agreement by one week's notice in writing.

On 3 October 2016 Mr Higgs resigned as Managing Director and CEO and was replaced by Mr Peter Canterbury. Mr Canterbury has a contract with the company for remuneration of \$400,000 per annum plus superannuation. Either party may terminate the agreement by three months notice in writing.

On 7 October 2016 a variation to the underwriting agreement was signed which provides for the loan of \$1,000,000 to be set off against monies payable for an application for shortfall under the Share Offer. If there is insufficient shortfall to satisfy the conversion of the Deposit to Shares, to the extent permissible by law and the Listing Rules, the Company must issue such number of Shares at \$0.06 per Share up to the dollar value of any refundable portion of the Deposit

5. Review of Operations

A) Projects

Triton, through its majority 80% equity interest in Grafex Lda ("Grafex") is the registered holder of eight exploration licenses, of which six have been granted and two are in application, in the Cabo Delgado Province of northern Mozambique. The licenses comprise three project areas, known as:

- Ancuabe Project
- Balama North Project
- Balama South Project

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2016

DIRECTORS' REPORT

5. Review of Operations (continued)

All three areas are considered highly prospective for graphite.

Ancuabe Project

The Ancuabe Project is located approximately 60km due west from the northern Mozambique coastal port of Pemba on the Indian Ocean shoreline.

The Ancuabe Project is located within tenements 5305, 5934, 5336, 5380 and 6357, which surround the historical AMG Graphit Kropfmühl (**GK**) Ancuabe Mine. Triton has identified several exploration targets on Ancuabe, of which T12 is the most promising so far drilled and which is located in tenement 5336 about 10 km northeast of the GK mine.

Geology and exploration

Exploration at Triton's Ancuabe targets has identified that flake graphite mineralisation is hosted within a sequence of gneissic rocks of amphibolite to granulite metamorphic grade. Gneisses are metamorphic rocks, often of granitic appearance, that form at high temperature (greater than about 500°C often by the deformation of original sedimentary rocks such as shale and sandstone. If the original sedimentary rock contained organic carbon the carbon may be transformed into graphite flakes with increasing temperature and pressure.

Geophysical exploration

Graphite is an electrical conductor and can therefore be investigated using electromagnetic (**EM**) geophysical techniques such as versatile time domain electromagnetics (**VTEM**). A program comprising over 1,800 line km of the helicopter-borne geophysical survey of VTEM Plus (Full-Waveform) and magnetic gradiometer was completed over the Ancuabe Project licenses late in 2014. A total of 10 VTEM-based large and significant conductive responses (typical of high grade graphite mineralisation) have been identified within License 5336 of the project area.

The Ancuabe prospect area is particularly significant as it appears to form a potential satellite mineralised body along strike north east from the historic Ancuabe graphite mine, which is currently held by GK. Further, this location is important given its close proximity to the small graphite processing plant at the Ancuabe graphite mine site which is being refurbished.

The VTEM geophysical survey over the Ancuabe Project revealed a number of EM targets highlighted in red, pink and purple colours on the map below (Figure 1). Targets T2, T3, T4, T10 and T12 were drilled and confirmed to host graphite mineralisation of varying thickness and grade; of these T12 is the most promising target drilled to date.

Ancuabe T12 geology

The Ancuabe T12 target occurs within gneissic rocks of tonalitic composition (tonalite is a granitic rock) that are deformed and characterised by sub-horizontal fold axes. Steeply dipping fault zones were identified in drill core, and additional work is required to understand whether the fault zones cause any significant displacement of the mineralised zones.

Graphite mineralisation within the tonalitic gneiss at T12 occurs as layers within a zone of 50-100m thickness. Several thinner and less continuous graphite zones occur above this zone but are generally not that well exposed on the northern slope of the main T12 ridge.

DIRECTORS' REPORT

5. Review of Operations (continued)

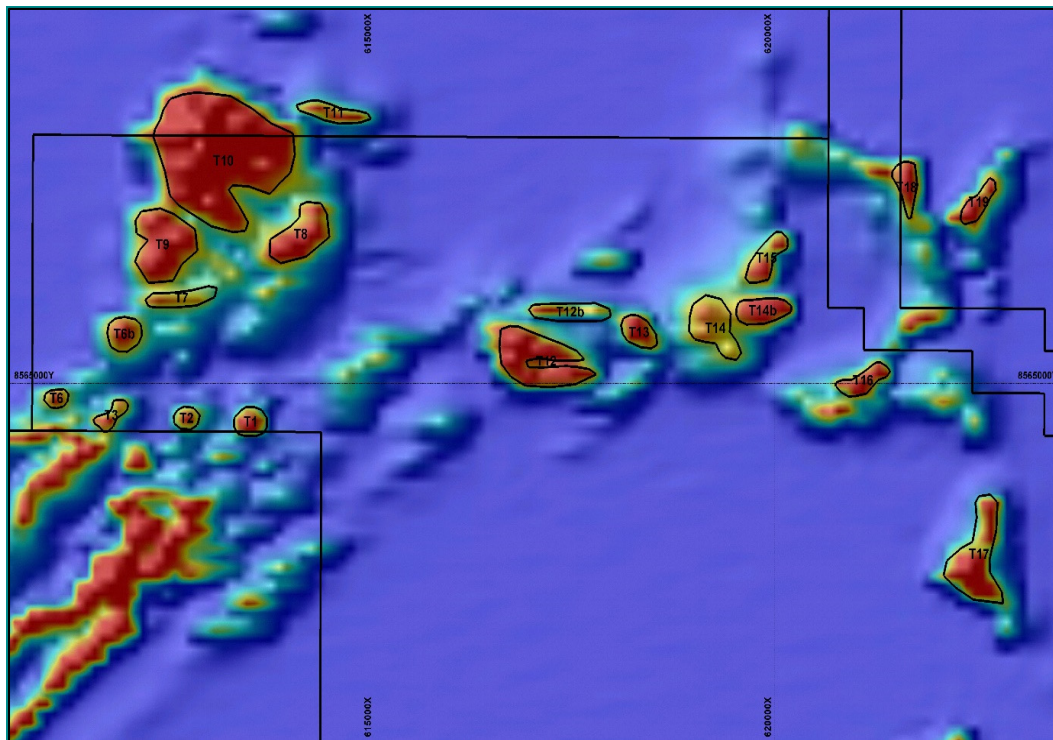


Figure 1: VTEM map and targets T1 to T19 interpreted by Resource Potentials Pty Ltd in July 2016
Map grid 5,000 m x 5,000 m

Graphite product quality

Nature and Occurrence

Natural graphite occurs in three discrete commercial forms, described as amorphous, flake and vein. Graphite may also be synthetically manufactured from carbon-bearing raw materials such as petroleum coke and tar pitch.

Flake graphite as discovered at Ancuabe Project generally results from regional or contact metamorphism of carbonaceous sedimentary rocks, with the name referring to graphite that occurs as thin disseminated flakes in metamorphic rocks such as gneiss and schist. As a rule of thumb, most flake-graphite deposits currently mined, or of potential economic interest, contain between 5% and 30% graphite within moderate to steeply dipping layers or lenses, perhaps up to 100m in thickness.

Metallurgy

Flotation testwork, based on a standard graphite process flowsheet showed that approximately 85% of the liberated flakes were larger than 150 micron and more than 50% of the liberated flakes were Jumbo or larger (>300 micron). The final overall concentrate grade was 98.6% Total Carbon (TC) and a recovery better than 90%.

DIRECTORS' REPORT

5. Review of Operations (continued)

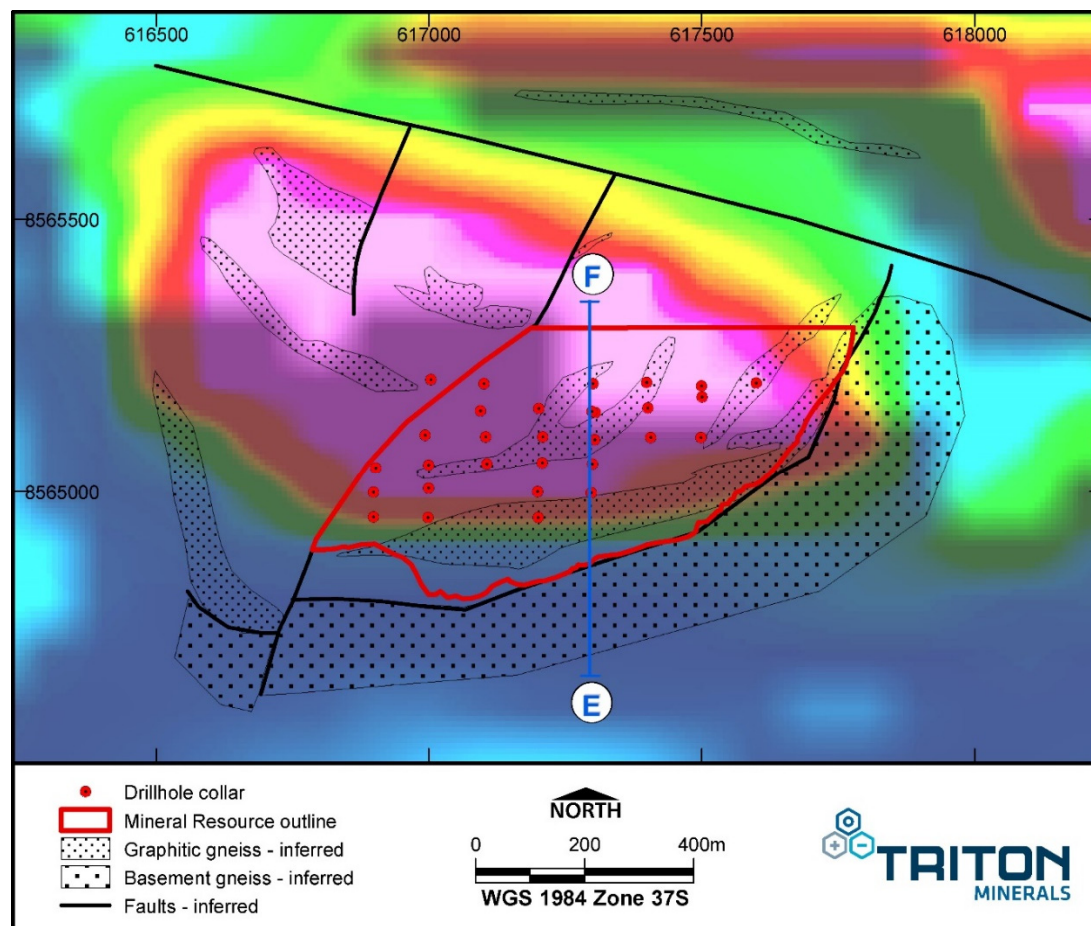


Figure 2: VTEM map of Ancuabe T12, highlighting graphitic outcrops and Mineral Resource outline

Ancuabe T12 Mineral Resource Estimate ("MRE")

Triton announced a maiden MRE for the Ancuabe T12 deposit on 17 May 2016. The resource comprised of 14.9 million tonnes grading 5.4% Total Graphitic Carbon (TGC), for 798,000 tonnes of contained graphite. (ASX – 17 May 2016)¹.

BALAMA NORTH PROJECTS

The Balama North Projects (Nicanda West Project, Nicanda Hill Project and Cobra Plains Project) are located approximately 230km west of Pemba, in northern Mozambique, in the vicinity of known graphite mineralisation. The Balama North Project currently contains the world's largest and fourth largest graphite resources, at Nicanda Hill and Cobra Plains respectively.

¹ The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and, in the case of estimates of mineral resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

DIRECTORS' REPORT

5. Review of Operations (continued)

Nicanda West Project

IDENTIFICATION

During August 2015, as a result of the DFS drilling program, the Company identified a new substantial jumbo flake graphite zone, known as Nicanda West (originally named P66), to the north-west of the existing MRE at Nicanda Hill. The Nicanda West Project is located within tenement 5966, which covers an area of 14,192 ha. (ASX – 28 August 2015).

The diamond drill hole GBND0055 intersected strong graphitic mineralisation with extensive jumbo flake graphite present in the drill core. Triton subsequently completed additional drill holes both north and south of the original Nicanda West intersection, which confirmed the continuity of jumbo flake graphite mineralisation over a considerable distance.

Visual inspections of the drill core samples obtained from the Nicanda West Project zone show very large graphite flakes and coarse gneissic texture associated with higher metaphoric grade. The drilling program comprised of a total of eleven diamond and three reverse circulation (RC) drillholes. Assay results have been received for six of these drillholes.

Nicanda West is distinguished by the dominance of large (>150µ) and jumbo (>300µ) flake graphite that forms the main mineral constituent of a gneissic host rock. Given the dominance of high-value flake sizes the minimum targeted average grade of this style of deposit range is 5%TGC. This is in contrast to the more typical deposits of the Balama North region, including Nicanda Hill, where the host rocks comprise graphite-amphibole schist with target average grades of 10%TGC comprising dominantly fine (<75µ) to fine-medium (75-150µ) flake sizes.

Metallurgical Results

Flotation testwork on two composites from drill holes GBND0056 and GBND0058, based on a standard graphite process flowsheet, showed that approximately 70% of the liberated flakes were larger than 150 micron and that more than 30% of the liberated flakes were Jumbo or larger (>300 micron). The final overall concentrate grades were over 97% Total Carbon (TC) at recoveries better than 90%. It must be noted that the process flowsheet was not optimised and that it was conducted on two composites of selected samples, which may not be representative of the entire mineralised zones.

Mineral Resource Statement

Triton announced a Mineral Resources Estimate (MRE) for the Nicanda West deposit (also known as P66) on 17th May 2016, comprising 30Mt grading 6.6% Total Graphitic Carbon (TGC) for 1.97Mt of contained graphite. (ASX – 17 May 2016).²

The MRE was based upon data obtained from 14 drill holes which were completed in 2015, of which 12 intersected the interpreted mineralisation. Drill lines are spaced between 100 and 200 m apart and intersections down dip are separated by approximately 50m.

Graphitic carbon was analysed using accepted graphite analytical techniques. The mineralisation wireframes were modelled using a nominal lower cut-off grade of 3 % TGC. The model was reported for all classified estimated blocks within the >3% TGC mineralisation domains. This cut-off is believed to be appropriate as it reflects a visually distinct occurrence of graphite reflecting a natural geological cut-off. There is possibly a high grade sub-population above an approximate 8.5% TGC cut-off within the interpreted mineralisation wireframes, however more data will be required to accurately delineate and estimate this population.

² The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and, in the case of estimates of mineral resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

DIRECTORS' REPORT

5. Review of Operations (continued)

Nicanda Hill Project

The Nicanda Hill Project is located within two tenements 5365 and 5966 which constitute the Balama North Project, covering an area of approximately 327 km².

Mineral Resource Estimate

In 2016 CSA Global restated the Nicanda Hill Mineral Resource during August 2016, as 1.43Bt at 11.1% TGC. (ASX – 16 Sept 2016)³.

Metallurgical Results

Assaying graphitic carbon quantifies the amount of graphite contained within a deposit, but does not indicate the amount of recoverable graphite product. Therefore, it is essential to test representative samples of mineralisation to confirm appropriate metallurgical processes and likely product mix.

A mineral process plant design and construction consultancy evaluated a range of drill core samples across the deposit to identify spatial variation in processing characteristics in 2015. Fresh and oxidised samples from the Mutola and Hanging Wall zones, 2 prospective geometallurgical zones, were tested.

Although there was variability in recoveries and concentrate grades between samples, the specialists were confident that refinement to the flotation process should reduce variability. Nine drill core composites yielded concentrates with overall grades between 87.2% and 99.6% Total Carbon (TC) content, while recoveries ranged from 70.4% to 92.9%. Eight of the composite samples were tested for flake size distribution and purity during May 2016. This demonstrated that in approximately 90% of the samples the graphite concentrate is smaller than 0.075 mm and most of the remainder is between 0.075 and 0.15 mm with this fraction having TGC in the range of 95.4% to 98.5%.

CSA Global is satisfied that the geometallurgical test work program demonstrated that the Mutola Zone should be amenable to the production of moderate to high purity graphite of fine to small flake size distribution, using standard flotation processes.

Cobra Plains Project

In February 2014, the Company announced its maiden Inferred Mineral Resource estimate at Cobra Plains of the Balama North Project. As at 31 December 2015, the resource comprises 103Mt at an average grade of 5.2%TGC, containing 5.7Mt of graphitic carbon.

Location

The Cobra Plains Project is located in northern Mozambique approximately 230 km west of the coastal port of Pemba on the Indian Ocean shoreline. The Project is located within tenement 5365.

Regional geology

The Cobra Plains Project is located within Neoproterozoic rocks of the Xixano Complex in north-eastern Mozambique. The Xixano complex is composed predominantly of ortho and paragneiss, meta-arkose, quartzite, marble and graphitic schist metamorphosed to amphibolite facies.

³ The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and, in the case of estimates of mineral resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

**TRITON MINERALS LTD
AND CONTROLLED ENTITIES**

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2016

DIRECTORS' REPORT

5. Review of Operations (continued)

Project geology

The host rocks of the Cobra Plains deposit comprise metamorphosed sedimentary rocks intruded by thin gneisses that strike roughly parallel to the northeast striking regional foliation and which dip steeply at about 60° to the northwest.

Geophysical exploration

A VTEM geophysical survey of the Cobra Plains deposit revealed a number of elongate EM conductor targets following the stratigraphy in the northern part of the project. However, the southern part of the Cobra Plains deposit is not characterised by any obvious VTEM conductors.

Mineral Resource Estimate

Triton reported an Inferred Mineral Resource of 103 Mt at 5.5% graphitic carbon for the Cobra Plains Project in February 2014.

The Cobra Plains Inferred Resource was prepared by Optiro Pty Ltd and reported in February 2014. (ASX – 26 Feb 2014)⁴.

6. Dividends

No dividends were proposed or paid during the period.

7. Significant events after the balance date

See Note 4 of the Directors Report – Significant Changes in the State of Affairs (Voluntary Administration)

8. Going Concern

The 30 June 2016 interim financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business. For the period ended 30 June 2016, the Group recorded a loss after tax of \$900,624 and had a net working capital deficit of \$1,416,898.

On 19 September 2016 the Company raised \$6,314,904 through a share placement of 105,248,400 at an issue price of \$0.06, of which \$5 million is committed to meeting the liabilities in the Creditors Trust.

In addition, the Company is finalising a fully underwritten Prospectus which will raise up to \$7.9 million and provide sufficient working capital for the next two years. In the event that this capital is not raised there will be a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

⁴ The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and, in the case of estimates of mineral resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

**TRITON MINERALS LTD
AND CONTROLLED ENTITIES**

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2016

DIRECTORS' REPORT

9. Auditor's independence declaration

The auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 31 for the half year ended 30 June 2016 and forms part of this report.

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

A handwritten signature in black ink, appearing to read 'Peter Canterbury', is enclosed within a dashed-line rectangular box.

Peter Canterbury
Managing Director

Dated at Perth this 21st day of October 2016

**TRITON MINERALS LIMITED
AND CONTROLLED ENTITIES**

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2016

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

For the Half Year Ended 30 June 2016

| | Note | Half Year 30 June 2016 \$ | Half Year 30 June 2015 \$ |
|---|-------------|--|--|
| Revenue | 3 | 1,774,654 | 749 |
| Administration expense | | (32,900) | (89,711) |
| Director and employee benefits expense | | (1,559,058) | (764,621) |
| Share-based payments reversal/(expense) | 6 | 585,338 | (1,137,295) |
| Depreciation | | (16,115) | (13,676) |
| Exploration expenditure expensed | | 1,000 | - |
| Insurance | | (16,558) | (26,812) |
| Occupancy expenses | | (154,784) | (42,864) |
| Professional services expense | | (1,261,186) | (372,637) |
| Public and investor relations expense | | (56,021) | (123,194) |
| Travel expenses | | (58,415) | (242,392) |
| Impairment on exploration and evaluation assets | 4 | - | (68,743) |
| Impairment on investment | | (23,001) | - |
| Gain on disposal of assets | | 28,182 | - |
| Loss on Grafex JV | | (47,836) | - |
| Foreign currency loss | | (71,065) | - |
| Other expenses | | (3,625) | 11,230 |
| Results from operating activities | | (911,390) | (2,869,966) |
| Financial income | 3 | 10,766 | 23,849 |
| Loss before income tax | | (900,624) | (2,846,117) |
| Income tax expense | | - | - |
| Net loss for the period | | (900,624) | (2,846,117) |
| Other comprehensive income | | | |
| Movement in fair value of available for sale assets | | 77,226 | (21,711) |
| Total other comprehensive income | | 77,226 | (21,711) |
| Total comprehensive loss for the half year attributed to equity holders of Triton Minerals Limited | | (823,398) | (2,867,828) |
| | | Cents | Cents |
| Loss per share attributable to ordinary equity holders - basic and diluted | | (0.23) | (0.85) |

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

**TRITON MINERALS LIMITED
AND CONTROLLED ENTITIES**

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2016

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

| | Note | 30 June 2016 \$ | 31 December 2015 \$ |
|--------------------------------------|------|--------------------|------------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 822,054 | 343,938 |
| Trade and other receivables | | 2,762,575 | 544,592 |
| Prepayments | | 40,759 | 57,709 |
| TOTAL CURRENT ASSETS | | 3,625,388 | 946,239 |
| NON-CURRENT ASSETS | | | |
| Financial assets | | 136,000 | 86,996 |
| Property, plant and equipment | | 81,539 | 94,726 |
| Exploration and evaluation assets | 4 | 16,814,013 | 16,522,452 |
| Equity-accounted investees | 8 | 23,353,173 | 22,929,494 |
| TOTAL NON-CURRENT ASSETS | | 40,384,725 | 39,633,668 |
| TOTAL ASSETS | | 44,010,113 | 40,579,907 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 3,735,006 | 3,589,127 |
| Other liabilities | 9 | 1,000,000 | - |
| Provisions | 10 | 307,280 | 6,798,704 |
| TOTAL CURRENT LIABILITIES | | 5,042,286 | 10,387,831 |
| NON-CURRENT LIABILITIES | | | |
| Provisions | 10 | 6,510,628 | - |
| TOTAL NON-CURRENT LIABILITIES | | 6,510,628 | - |
| TOTAL LIABILITIES | | 11,552,914 | 10,387,831 |
| NET ASSETS | | 32,457,199 | 30,192,076 |
| EQUITY | | | |
| Issued capital | 5 | 62,590,554 | 59,250,029 |
| Reserves | | 6,009,647 | 6,184,425 |
| Accumulated losses | | (36,143,002) | (35,242,378) |
| TOTAL EQUITY | | 32,457,199 | 30,192,076 |

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

**TRITON MINERALS LIMITED
AND CONTROLLED ENTITIES**

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2016

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Half Year Ended 30 June 2016

| | Ordinary Share Capital | Accumulated Losses | Available for sale Reserve | Other Reserves | Total |
|--|------------------------------|-----------------------|----------------------------------|-------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 January 2015 | 41,941,390 | (22,897,131) | 30,085 | 5,009,483 | 24,083,827 |
| Loss attributable to members | - | (2,846,117) | - | - | (2,846,117) |
| Share-based payment transactions | - | - | - | 1,115,593 | 1,115,593 |
| Unrealised gain on available-for-sale financial assets | - | - | (21,711) | - | (21,711) |
| Shares issued, net of costs | 17,429,450 | - | - | - | 17,429,450 |
| Options issued during the period | - | - | - | 391,309 | 391,309 |
| Options lapsed or converted during period | - | 403,436 | - | (403,436) | - |
| Balance at 30 June 2015 | 59,370,840 | (25,339,812) | 8,374 | 6,112,949 | 40,152,351 |
| Balance at 1 January 2016 | 59,250,029 | (35,242,378) | 5,741 | 6,178,684 | 30,192,076 |
| Loss attributable to members | - | (900,624) | - | - | (900,624) |
| Share-based payment transactions | - | - | - | (585,338) | (585,338) |
| Unrealised gain on available-for-sale financial assets | - | - | 77,226 | - | 77,226 |
| Shares issued, net of costs | 3,340,525 | - | - | - | 3,340,525 |
| Options issued during the period | - | - | - | 333,334 | 333,334 |
| Balance at 30 June 2016 | 62,590,554 | (36,143,002) | 82,967 | 5,926,680 | 32,457,199 |

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**TRITON MINERALS LIMITED
AND CONTROLLED ENTITIES**

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2016

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Half Year Ended 30 June 2016

| | Half Year 30 June 2016 \$ | Half Year 30 June 2015 \$ |
|---|---------------------------------|---------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | 6,106 | 749 |
| Interest received | 10,766 | 23,849 |
| Payments to suppliers and employees | (1,546,297) | (1,455,868) |
| Net cash outflow from operating activities | (1,529,425) | (1,431,270) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds for sale of plant and equipment | - | 18,125 |
| Payments for plant and equipment | (2,928) | (5,112) |
| Payments for exploration and evaluation assets | (1,628,929) | (2,754,829) |
| Payments for joint venture investment | (423,679) | (1,862,840) |
| Proceeds from R&D refund | 460,283 | - |
| Net cash outflow from investing activities | (1,595,253) | (4,604,656) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of ordinary shares net of costs | 3,673,859 | 13,124,390 |
| Net cash inflow from financing activities | 3,673,859 | 13,124,390 |
| Net increase in cash and cash equivalents | 549,181 | 7,088,464 |
| Cash and cash equivalents at 1 January | 343,938 | 1,497,435 |
| Net foreign exchange differences | (71,065) | 14,836 |
| Cash and cash equivalents at 30 June | 822,054 | 8,600,735 |

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

**TRITON MINERALS LTD
AND CONTROLLED ENTITIES**

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

Triton Minerals Ltd (the "Company") is a company limited by shares, incorporated and domiciled in Australia. These condensed consolidated interim financial statements ("interim financial statements") as at and for the six months ended 30 June 2016 comprise the Company and its controlled entities (the "Consolidated Group" or "Group").

The Group is a for-profit entity and is primarily involved in mineral exploration and evaluation.

2. BASIS OF PREPARATION

The half year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and the Australian Accounting Standard AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 31 December 2015 and any public announcements made by the Company and its controlled entities during the half year in accordance with the continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2015.

Going Concern

The 30 June 2016 interim financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business. For the period ended 30 June 2016, the Group recorded a loss after tax of \$900,624 and had a net working capital deficit of \$1,416,898.

On 19 September 2016 the Company raised \$6,314,904 through a share placement of 105,248,400 at an issue price of \$0.06, of which \$5 million is committed to meeting the liabilities in the Creditors Trust.

In addition, the Company is finalising a fully underwritten Prospectus which will raise up to \$7.9 million and provide sufficient working capital for the next two years. In the event that this capital is not raised there will be a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

Comparative figures

Under AASB 134 *Interim Financial Reporting* the Group is required to disclose comparatives for the comparable interim periods of the immediately preceding annual reporting period, except for the statement of financial position which requires it to disclose comparatives as at the end of the immediately preceding annual reporting period.

Significant accounting judgements, estimates and assumptions

For the significant accounting judgements, estimates and assumptions in relation to the joint venture refer to note 8.

For the significant accounting judgements, estimates and assumptions in relation to share based payments, refer to note 6.

For the significant accounting judgements, estimates and assumptions in relation to the Mozambique capital gains tax provision refer to note 10 and 13.

**TRITON MINERALS LTD
AND CONTROLLED ENTITIES**

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

3. REVENUE

| | Half Year to 30 June 2016 \$ | Half Year to 30 June 2015 \$ |
|---|---|---|
| The following revenue items are relevant in explaining the financial performance for the half year: | | |
| Other Income | 1,774,654 | 749 |
| Interest revenue | 10,766 | 23,849 |

4. EXPLORATION AND EVALUATION ASSETS

| | 30 June 2016 \$ | 31 December 2015 \$ |
|--|----------------------------|--------------------------------|
| Balance at the beginning of the year | 16,522,452 | 7,231,528 |
| Expenditure incurred in the period | 291,561 | 9,359,667 |
| Impairment of exploration and evaluation | - | (68,743) |
| Balance at the end of the period | 16,814,013 | 16,522,452 |

Recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation or sale of the areas of interest. Management reassesses the carrying value of the Group's tenements at each half year, or at a period other than that should there be an indication of impairment.

At the date of signing this report, six of the eight licences included in the joint venture agreement with Grafex had been officially granted by the Mozambique government, with the two additional licences in application. In accordance with the Group's accounting policy, the costs of the licences have been grouped into their respective areas of interest and capitalised. The remaining expenditure incurred during the year was in relation to the Mozambique Graphite project.

5. ISSUED CAPITAL

(a) Ordinary shares

| | Half Year to 30 June 2016 No. | Half Year to 30 June 2015 No. | Half Year to 30 June 2016 \$ | Half Year to 30 June 2015 \$ |
|--|--|--|---|---|
| Ordinary shares, issued and fully paid | 420,993,866 | 376,549,422 | 62,212,398 | 59,762,149 |

**TRITON MINERALS LTD
AND CONTROLLED ENTITIES**

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

5. ISSUED CAPITAL (continued)

(b) Movements in ordinary shares on issue

| | Note | Number of Shares | Issue Price \$ | Total \$ |
|---|-------------|-----------------------------|-------------------------------|---------------------|
| Opening Balance 31 December 2015 | | 376,549,422 | | 59,250,029 |
| 20 Jan 2016 Rights Issue | | 19,769,764 | 0.09 | 1,779,278 |
| 25 Jan 2016 Rights Issue | | 21,894,680 | 0.09 | 1,970,521 |
| 27 Jan 2016 Rights Issue shortfall | | 2,780,000 | 0.09 | 250,201 |
| Costs of issue | | | | (326,141) |
| Transfer to option reserve | | | | (333,334) |
| Balance 30 June 2016 | | 420,993,866 | | 62,590,554 |

(b) Movements in listed options

| | Note | Number of options | Exercise Price \$ | Total \$ |
|--|-------------|------------------------------|------------------------------|---------------------|
| Opening Balance 31 December 2015 | | - | | - |
| 20 Jan 2016 Rights Issue | 1 | 9,884,964 | 0.15 | 148,274 |
| 25 Jan 2016 Rights Issue | 1 | 10,947,342 | 0.15 | 164,210 |
| 27 Jan 2016 Rights Issue shortfall options | 1 | 1,390,000 | 0.15 | 20,850 |
| Total 30 June 2016 | | 22,222,306 | | 333,334 |

1. The maximum terms of options granted during the period are as follows:

22,222,306 Listed options were granted to participants in the share placement as a free attaching option for every two (2) shares issued to participants. The listed options were issued in January 2016 expiring 16 March 2017 with an exercise price of \$0.15 and no vesting conditions. The fair value of the listed options when issued was \$0.015 per option (totalling \$333,334).

(c) Movements in unlisted options

| | Number of options |
|---|------------------------------|
| Opening Balance 31 December 2015 | 23,164,146 |
| Movement during the period | - |
| Total 30 June 2015 | 23,164,146 |

(d) Movements in performance rights

| | Note | Number of Performance Rights | Expiry Date |
|---|-------------|---|--------------------|
| Opening Balance 31 December 2015 | | 20,500,000 | 20 Aug 2018 |
| Movements during the period | | (16,000,000) | |
| Total 30 June 2016 | 2 | 4,500,000 | 20 Aug 2018 |

2. 16 million Performance Rights have either being cancelled or have a zero probability of being converted to ordinary shares due to the termination of employment of their holders. The balance of 4.5 million performance rights are held by Ms P Ferreira and Ms P Exley.

**TRITON MINERALS LTD
AND CONTROLLED ENTITIES**

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

6. SHARE BASED PAYMENTS

| a) Share-based payments | Half Year to 30 June 2016 \$ | Half Year to 30 June 2015 \$ |
|------------------------------------|---|---|
| Share-based payments expense | 154,837 | 1,137,295 |
| Share-based payments capitalised | - | 4,637,542 |
| Write back of share based payments | (740,175) | - |
| Total share-based payments | (585,338) | 5,774,837 |

Schedule of share-based payments

Shares

| | | |
|---|----------|------------------|
| 19 February 2015 – 7,661,877 shares issued for an equity interest in Grafex | - | 1,281,066 |
| 30 January 2015 – 541,125 shares issued to LSI for equity financing | - | 100,000 |
| 24 March 2015 – 1,671,009 shares issued for an equity interest in Grafex | - | 321,502 |
| 26 March 2015 – 192,957 shares issued for consulting services | - | 37,125 |
| 28 April 2015 – 1 million shares issued for consulting services | - | 355,000 |
| 28 April 2015 – 826,626 shares issued for an equity interest in Grafex | - | 319,325 |
| 25 May 2015 – 917,692 shares issued for an equity interest in Grafex | - | 319,816 |
| 18 June 2015 – 1 million shares issued for consulting services | - | 315,000 |
| 23 June 2015 – 5,032,530 shares issued for an equity interest in Grafex | - | 1,610,410 |
| Subtotal allocated to Issued Capital | - | 4,659,244 |

Options

| | | |
|---|----------|----------------|
| 23 May 2015 – 4,548,763 unlisted options issued to LSI for equity financing | - | 685,423 |
| Subtotal allocated against Option Reserve | - | 685,423 |

**TRITON MINERALS LTD
AND CONTROLLED ENTITIES**

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

6 SHARE BASED PAYMENTS (continued)

(a) Share-based payments (continued)

| | Half Year to 30 June 2016 | Half Year to 30 June 2015 |
|---|--------------------------------------|--------------------------------------|
| | \$ | \$ |
| <u>Performance Rights</u> | | |
| Pro rata expense of 9 million performance rights issued to Directors as approved by shareholders on 20 August 2014 ¹ | - | 274,248 |
| Pro rata expense of 6 million performance rights issued to employees pursuant to the Company's Incentive Plan ¹ | - | 155,922 |
| Pro rata expense of 2.5 million performance rights issued to Directors as approved by shareholders on 20 August 2014 ¹ | 94,225 | - |
| Pro rata expense of 2 million performance rights issued to employees pursuant to the Company's Incentive Plan ¹ | 60,612 | - |
| Reversal of expense of 14 million performance rights issued to Directors | (574,326) | - |
| Reversal of expense of 2 million performance rights issued to employees pursuant to the Company's Incentive Plan | (165,849) | - |
| Subtotal allocated against Share Based Payment Reserve | (585,338) | 430,170 |

1. The performance rights have a minimum vesting period of 36 months from grant date, being 20 August 2017 ("Minimum Vesting Period"). The valuation of the performance rights is amortised over the Minimum Vesting Period.

(b) Options

The following table details the number and movements in share options issued as capital raising purposes, employment incentives or as payments to third parties for services during the year.

| | 2016 Number | 2015 Number |
|--|------------------------|------------------------|
| Outstanding at the beginning of the period 31 December | 23,164,146 | 21,203,600 |
| Issued during the period | - | 8,120,191 |
| Converted/lapsed during the period | - | (6,159,645) |
| Outstanding at the end of the period 30 June | 23,164,146 | 23,164,146 |

**TRITON MINERALS LTD
AND CONTROLLED ENTITIES**

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

(c) Options issued during the period

| | Half Year to 30 June 2016 | Half Year to 30 June 2015 |
|--|--------------------------------------|--------------------------------------|
| Issue of Unlisted Options | \$ | \$ |
| Opening Balance at 31 December | 5,236,420 | 4,696,846 |
| 23 February 2015 – 4,548,763 unlisted options granted as consideration to LSI for entering into an Equity Placement Facility | - | 685,423 |
| 16 March 2015 – 3,571,428 unlisted options granted to participants who were entitled to one free attaching option for every shares acquired in a placement | - | 391,309 |
| Exercise of Unlisted Options during the period to 30 June | - | (403,436) |
| Total allocated Option Reserve | 5,236,420 | 5,370,142 |

(d) Options lapsed during the period

No options lapsed during the period.

(e) Performance rights

No performance rights were issued during the period.

7. CONTROLLED ENTITIES

| Subsidiaries of Triton Minerals Limited: | Country of Incorporation | Percentage Owned (%) | |
|---|---------------------------------|-----------------------------|-------------|
| | | 2016 | 2015 |
| Triton Gold (Operations) Pty Ltd | Australia | 100 | 100 |
| Triton Gold (Project A) Pty Ltd* | Australia | 100 | 100 |
| Triton Gold (Grenville) Pty Ltd* | Australia | 100 | 100 |
| Triton United Limited | United Arab Emirates | 100 | 100 |
| Triton Asia Pte LTD | Hong Kong | 100 | - |
| Grafex Limitada | Mozambique | 80 | 80 |

*Triton Gold (Project A) Pty Ltd and Triton Gold (Grenville) Pty Ltd are subsidiaries of Triton Gold (Operations) Pty Ltd.

**TRITON MINERALS LTD
AND CONTROLLED ENTITIES**

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

8. EQUITY-ACCOUNTED INVESTEEES

| | 30 June 2016 | 31 December 2015 |
|---|---------------------|-------------------------|
| | \$ | \$ |
| Balance at the beginning of the year | 22,929,494 | 15,823,331 |
| Investment in joint venture during the year | 471,515 | 13,242,722 |
| Investment in joint venture not capitalised | - | (6,732,662) |
| Net assets of Grafex Lda | - | 596,103 |
| Share of Grafex LDA loss for the period | (47,836) | - |
| Balance at the end of the period | 23,353,173 | 22,929,494 |

Joint Venture

At 30 June 2015 Triton Mineral Limited owned 80% of the issued share capital of Grafex. Under the terms of the Shareholders' Agreement entered into by the shareholders of Grafex, even though Triton has the majority of the directors' voting rights, the Shareholders' Agreement requires the minority shareholder's consent to all significant decisions and therefore Triton cannot direct the relevant activities of Grafex unilaterally.

Accordingly the investment in Grafex has been treated as a joint arrangement. As the joint arrangement is structured through a separate company, Grafex, and the Shareholders' Agreement gives the companies rights to the net profit rather than rights to Grafex's assets and obligations for its liabilities, the joint arrangement has been treated as a joint venture and equity accounted for.

As at 30 June 2016, the investment in Grafex largely comprised the cost of acquiring shares in Grafex. Included in the investment is an amount for Mozambique capital gains tax on the investment made during the period. Please refer to note 10 for further details.

The Company will regularly assess the control of Grafex as the facts, circumstances and arrangements change.

9. OTHER LIABILITIES

| | | |
|--|------------------|----------|
| Share Offer Loan | 1,000,000 | - |
| Total Other Current Liabilities | 1,000,000 | - |

The Company announced a recapitalisation proposal, subject to the approval of creditors, for a fully underwritten entitlement offer (Share Offer) to shareholders on 30 June 2016.

Pursuant to this proposal the underwriter paid a \$1,000,000 deposit to the Company to be used as follows:

- \$300,000 is to be used towards the Company's advisory and related costs associated with the Share Offer and prospectus issued in relation to the Share Offer (excluding Administrators' fees and costs). This amount (together with the rest of the Deposit) must be repaid to the Underwriter if the Placement completes but the Share Offer does not;
- \$200,000 of the deposit is to be treated as a non-interest bearing loan to the Company (Loan) to be used to preserve the Company's investment in Grafex Limitada and associated operating costs of the Company (excluding Administrators' fees and costs);

**TRITON MINERALS LTD
AND CONTROLLED ENTITIES**

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

9 OTHER LIABILITIES

- \$500,000 of the Deposit has been paid into the Administrators trust account to be used to preserve the Company's investment in Grafex Limitada and associated operating costs of the Company (excluding Administrators' fees and costs) up to an amount of \$250,000. The remaining \$250,000 - \$500,000 shall be:
 - repaid to the underwriter if the Share Offer does not proceed and/or the DOCA is terminated, in each case due to circumstances outside the underwriter's control;
 - paid to the Company if the Share Offer does not proceed and/or the DOCA is terminated, in each case due to circumstances within the underwriter's control; or
 - paid to the Company if the Share Offer proceeds; and
- the entire \$1 million deposit is to be used towards offsetting the Underwriter's underwriting commitment in respect of the Share Offer (if the Share Offer completes), and, if the Share Offer completes with all relevant Shares being issued, the Company will be released from obligations under the Loan.
- On 7 October 2016 a variation to the underwriting agreement was signed which provides for the loan of \$1,000,000 to be set off against monies payable for an application for shortfall under the Share Offer. If there is insufficient shortfall to satisfy the conversion of the Deposit to Shares, to the extent permissible by law and the Listing Rules, the Company must issue such number of Shares at \$0.06 per Share up to the dollar value of any refundable portion of the Deposit

10. PROVISIONS

| | 30 June 2016 | 31 December 2015 |
|--|---------------------|-------------------------|
| | \$ | \$ |
| Current | | |
| Provision for annual leave | 170,256 | 151,052 |
| Provision for rehabilitation | 137,024 | 137,024 |
| Provision for Mozambique capital gains tax liability | - | 6,510,628 |
| Total Current Provisions | 307,280 | 6,798,704 |
| Non-current | | |
| Provision for Mozambique capital gains tax liability | 6,510,628 | - |
| Total Provisions | 6,510,628 | - |

On 1 January 2015, a Mozambique capital gains tax regime applicable to the mining sector came into force. According to this regime, the tax in relation to a capital gain on the transfer of mining rights located in the Mozambique territory by non-residents is payable by the seller. In relation to this payment the seller, the buyer or the entity holding the mining rights have joint and several liability for the payment of the tax in Mozambique. Accordingly a tax provision of \$6,510,628 has been recognised at 30 June 2016 for the part consideration paid in relation to the Mozambique Graphite project. The primary obligation to pay the capital gains tax is the seller's, accordingly, any capital gains tax paid by the minority shareholders of Grafex Lda (seller/s) will reduce the joint and several capital gains tax liability. Also, refer to Note 13 – Contingent Liabilities.

**TRITON MINERALS LTD
AND CONTROLLED ENTITIES**

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

11. SEGMENT REPORTING

Triton has identified its operating segments based on the internal reports that are used by the chief operating decision maker ("CODM") in order to allocate resources to the segment and to assess its performance. The CODM of the Group is the Board of Directors. The Group has identified its operating segments based on internal reports that are provided to the CODM on a regular basis.

Triton currently operates in one principal location, Africa, which is the operating segment of the Group. The Africa operating segment contains the graphite projects which are located in Mozambique, Africa.

Segment assets include the cost to acquire the tenement and the capitalised exploration costs of those tenements. The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of these financial statements.

| | Australia | Africa | Treasury | Total |
|---|------------------|---------------|-----------------|------------------|
| | \$ | \$ | \$ | \$ |
| Six months ended 30 June 2016 | | | | |
| Reconciliation of segment revenue to total revenue: | | | | |
| Interest revenue | - | - | 10,766 | 10,766 |
| Other revenue | - | - | 1,774,654 | 1,774,654 |
| Segment revenue | - | - | 1,785,420 | 1,785,420 |
| Total Revenue per Statement of Comprehensive Income | | | | 1,785,420 |
| Reconciliation of segment loss to net loss before tax: | | | | |
| Segment result | - | - | 1,785,420 | 1,785,420 |
| Depreciation expense | - | - | - | (16,115) |
| Corporate expense | - | - | - | (2,669,929) |
| Net Loss before Tax from Continuing Operations | | | | (900,624) |

**TRITON MINERALS LTD
AND CONTROLLED ENTITIES**

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

11. SEGMENT REPORTING (continued)

| | Australia \$ | Africa \$ | Treasury \$ | Total \$ |
|---|-------------------------|----------------------|------------------------|---------------------|
| Six months ended 30 June 2015 | | | | |
| Reconciliation of segment revenue to total revenue: | | | | |
| Interest revenue | - | - | 23,849 | 23,849 |
| Other revenue | - | - | 749 | 749 |
| Segment revenue | - | - | 24,598 | 24,598 |
| Total Revenue per Statement of Comprehensive Income | | | | 24,598 |
| Reconciliation of segment loss to net loss before tax: | | | | |
| Segment result | - | - | 24,598 | 24,598 |
| Depreciation expense | - | - | - | (13,676) |
| Corporate expense | - | - | - | (2,857,039) |
| Net Loss before Tax from Continuing Operations | | | | (2,846,117) |
| | | | | |
| | Australia \$ | Africa \$ | Treasury \$ | Total \$ |
| Total segment assets & liabilities at 30 June 2016 | | | | |
| Segment assets | - | 40,204,818 | 3,805,295 | 44,010,113 |
| Total group assets | | | | 44,010,113 |
| Segment liabilities | - | 7,656,680 | 3,896,234 | 11,552,914 |
| Total group liabilities | | | | 11,552,914 |
| Total segment assets & liabilities at 30 June 2015 | | | | |
| Segment assets | - | 33,406,759 | 9,641,505 | 43,048,264 |
| Total group assets | | | | 43,048,264 |
| Segment liabilities | - | 2,412,595 | 483,319 | 2,895,914 |
| Total group liabilities | | | | 2,895,914 |

**TRITON MINERALS LTD
AND CONTROLLED ENTITIES**

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

12. EVENTS SUBSEQUENT TO REPORTING DATE

See Note 4 of the Directors Report – Significant Changes in the State of Affairs (Voluntary Administration). There were no other significant events after the end of the reporting date.

13. CONTINGENT LIABILITIES

Mozambique Capital Gains Tax Contingent Liability

On 1 January 2015, a Mozambique capital gains tax regime applicable to the mining sector came into force. According to this regime, the tax in relation to a capital gain on the transfer of mining rights located in the Mozambique territory by non-residents is payable by the seller. In relation to this payment, the Company has been previously advised that the seller, the buyer or the entity holding the mining rights have joint and several liability for the payment of tax in Mozambique.

There is some uncertainty as to whether the capital gains tax regime is applicable prior to 1 January 2015 and whether the buyer is joint and severally liable where the seller is an individual rather than a legal entity. Management is working with the Mozambique government, tax and legal advisers to determine the extent of the joint and several liability in relation to consideration paid for an interest in the Mozambique Graphite project prior to 2015. A tax provision of US\$4.75 million (AU\$6.5 million) has been recognised at 30 June 2016 for the consideration paid to earn an 80% interest Grafex Lda and the Mozambique Graphite project.

The Company has been advised that the primary obligation to pay the capital gains tax is the seller's, accordingly any capital gains tax paid by the minority shareholders of Grafex Lda (seller/s) will reduce the potential joint and several capital gains tax liability.

Hubei Xincheng Triton Graphite Technologies Co Ltd

During 2015, the Group considered it had a commitment to open and deposit US\$1 million into a joint venture bank account of Hubei Xincheng Triton Graphite Technologies Co Ltd by 13 November 2015 pursuant to the joint venture agreement with Chinese graphite products specialist Yichang Xincheng Graphite Co., Ltd (YXGC) to develop and produce graphite enhanced products in China, as announced on 14 May 2015. To date, Triton has not remitted the payment of US\$1 million.

The joint venture entity, Hubei Xincheng Triton Graphite Technologies Co Ltd, was incorporated on 28 September 2015 and with registered capital of RMB 110 million (approx. AU\$23 million) of which, representing a 49% equity interest in the joint venture entity, Triton may provide RMB 53,900,000 (approx. AU\$11.4 million) by monetary capital, tangible or intangible assets, land use rights. The period and number of payments in relation to the 49% registered capital contribution is determined by the registered joint venture contract and Articles of Association of the entity. To date a registered joint venture contract and Articles of Association of the entity have not been agreed or provided to Triton. A provision for the registered capital for the joint venture entity has not been recognised as the joint venture parties did not meet their commitments to contribute capital during the period. The Company expects that the 49% equity interest will be cancelled or transferred to another party.

Following the appointment of the Administrators on 2 March 2016, the Administrators formed the view that the arrangements with YXGC are not sufficiently certain on a number of terms to be legally binding on the Company, including any claim for damages that may arise following termination. On 21 March 2016, YXGC wrote to the Company terminating both the agreements and making a claim for US\$1 million. The Administrators have not accepted their claim for damages in the amount of US\$1 million as each agreement excludes liability for "consequential, incidental...or indirect damages". YXGC have been advised of the rejection of any claim against the Company. The Administrators consider that YXGC has no valid claim against the Company. In the event that a liability or claim does crystallise all creditors' claims against the Company (except any excluded claims) are extinguished and the claim is transferred to the Creditors Trust.

**TRITON MINERALS LTD
AND CONTROLLED ENTITIES**

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

13. CONTINGENT LIABILITIES (continued)

Creditors Trust

Any further unrecorded liabilities at the date of the appointment of the Administrator will also be transferred to the Creditors Trust and hence will not be a liability of the Group.

14. COMMITMENTS

The Group has annual minimum exploration expenditure obligations in relation to maintaining its granted tenements in good standing.

**TRITON MINERALS LIMITED
AND CONTROLLED ENTITIES**

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2016

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes of the consolidated entity for the half year ended 30 June 2016 are in accordance with the *Corporations Act 2001*, including
 - (a) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*; and
 - (b) giving a true and fair view of the Group's financial position as at 30 June 2016 and its performance for the half year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Peter Canterbury
Managing Director

Dated at Perth this 21st day of October 2016.

Auditor's independence declaration under section 307C of the Corporations Act 2001

To the directors of Triton Minerals Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the period ended 30 June 2016 there have been:

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



Nexia Perth Audit Services Pty Ltd



**TJ Spooner FCA FCA (UK) ACIS AGIA
Director**

Perth
21 October 2016

Independent Auditor's Review Report to the members of Triton Minerals Limited

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of Triton Minerals Limited and its controlled entities (the "Group"), which comprises the condensed consolidated statement of financial position as at 30 June 2016, the condensed consolidated statement of profit or loss and comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the period ended on that date, notes comprising a summary of accounting policies, other explanatory notes, and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the interim period.

Directors' Responsibility for the Interim Financial Report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such controls as the directors determine are necessary to enable the preparation of the interim 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 interim 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 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 30 June 2016 and its performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Triton 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 audit, 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 Triton Minerals Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Nexia Perth Audit Services Pty Ltd

ACN 145 447 105
Level 3, 88 William Street, Perth WA 6000
GPO Box 2570, Perth WA 6001
p +61 8 9463 2463, f +61 8 9463 2499
audit@nexiaperth.com.au, www.nexia.com.au

Independent member of Nexia International



Nexia Perth Audit Services Pty Ltd is an independent Western Australian firm of chartered accountants using the Nexia International trademark under licence. It is affiliated with, but independent from, Nexia Australia Pty Ltd, which is a member of Nexia International, a worldwide network of independent accounting and consulting firms. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees.

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 financial report of Triton 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 30 June 2016 and of its performance for the period ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and *Corporations Regulations 2001*.

Material uncertainty related to Going Concern

We draw attention to note 2 in the financial report, which indicates that the Group incurred a net loss of \$900,624 during the period ended 30 June 2016 and, as of that date, the Group's current liabilities exceeded its total assets by \$1,416,898. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

A handwritten signature in black ink, appearing to read 'NRA S'.

Nexia Perth Audit Services Pty Ltd

A handwritten signature in black ink, appearing to read 'TJ Spooner'.

TJ Spooner FCA FCA (UK) ACIS AGIA
Director

Perth
21 October 2016