Zinc of Ireland NL

ABN 23 124 140 889

and its controlled entities

Half year report for the half-year ended

31 December 2016

Company Directory

Board of Directors

Mr Patrick Corr	Non-Executive Chairman
Mr Peter van der Borgh	Managing Director
Mr Benjamin Sharp	Technical Director
Mr Thomas Corr	Non-Executive Director

Company Secretary
Mr Keith Bowker

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London House, Level 3,
216 St Georges Terrace, Perth WA 6000

Share Registry
Automic Registry Services
Level 2, 267 St Georges Terrace
Perth WA 6000

Stock Exchange
Australian Securities Exchange
Level 40, Central Park
152- 158 St Georges Terrace
Perth WA 6000

ASX Code
ZMI, ZMICA, ZMIO

Half year report for the half-year ended 31 December 2016

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Directors' report

The directors of Zinc of Ireland NL ("Zinc of Ireland" or "the Company") (ASX: ZMI) submit herewith the financial report of Zinc of Ireland and its controlled entities ("the Group") for the half-year ended 31 December 2016. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Names of Directors

The names of directors of the Company during or since the end of the half-year are:

Mr Patrick Corr	Non-Executive Chairman (appointed 22 July 2016)
Mr Peter van der Borgh	Managing Director (appointed 7 October 2016)
Mr Benjamin Sharp	Technical Director (appointed 22 July 2016)
Mr Thomas Corr	Non-Executive Director (appointed 7 October 2016)
Mr Steven Bamford	Non-Executive Director (resigned 7 October 2016)
Mr Peter Wall	Non-Executive Chairman (resigned 22 July 2016)
Mr Keith Bowker	Non-Executive Director (resigned 22 July 2016)

The above named directors have been in office since the start of the half-year to the date of this report unless otherwise stated.

Operating and financial review

On 22 July 2016, the Company completed the acquisition of 100% of the issued capital of Zinc Mines of Ireland Limited ("Zinc Mines") ("Acquisition"). For accounting purposes, Zinc Mines of Ireland Limited has been identified as the accounting acquirer of the Group. The accompanying consolidated financial statements represent a continuation of Zinc Mines of Ireland Limited's financial statements. The consolidated results reflect a full period of Zinc Mines plus Zinc of Ireland NL from the effective date of acquisition, 1 July 2016 to 31 December 2016. The comparative period results reflect Zinc Mines of Ireland Limited.

The loss of the Group for the half-year ended 31 December 2016, after accounting for income tax, amounted to $3,448,933. The loss after tax for Zinc Mines of Ireland Limited was $16,308 for the half year ended 31 December 2015. The half-year ended 31 December 2016 operating results are attributed to the following:

- Corporate restructure expenses of $2,351,600 following the business combination (31 December 2014: nil); and
- Share based payments of $394,046 in respect of transaction options issued to advisors of Zinc Mines.

Following the Acquisition, Messrs Peter Wall and Keith Bowker resigned as directors and Messrs Patrick Corr and Benjamin Sharp were appointed as Non-Executive Chairman and Technical Director respectively. On 7 October 2016, Mr Steven Bamford resigned as a director and Messrs Peter van der Borgh and Thomas Corr were appointed as Managing Director and Non-Executive Director respectively.

During the period ended 31 December 2016, the Company also entered into a binding Terms Sheet with Roman Kings Pty Ltd ("Roman Kings") in respect of its non-core Leonora Gold Project comprised of two tenements, being M37/1202 and E37/893.

Auditor's independence declaration

The auditor's independence declaration is included on page 3 of the half-year report.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the directors

Mr Patrick Corr
Non-Executive Chairman
16 March 2017
Perth, Western Australia

Bentleys
THINKING AHEAD

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To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the review of the financial statements of Zinc of Ireland NL for the half year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

BENTLEYS	**DOUG BELL CA**
Chartered Accountants	**Director**

Dated at Perth this 16th day of March 2017

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Independent Auditor's Review Report

To the Members of Zinc of Ireland NL

We have reviewed the accompanying half-year financial report of Zinc of Ireland NL ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2016, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the half-year.

Directors Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and 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 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 2016 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 the Consolidated Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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 Zinc of Ireland NL and Controlled Entities 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 2016 and of its performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Bentleys

BENTLEYS
Chartered Accountants

DOUG BELL CA
Director

Dated at Perth this 16th day of March 2017

Directors' declaration

The directors declare that:

(a) 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; and

(b) in the directors' opinion, the attached consolidated financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standard AASB 134 *'Interim Financial Reporting'* and giving a true and fair view of the financial position and performance of the Group.

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

On behalf of the directors

Mr Patrick Corr
Non-Executive Chairman
16 March 2017
Perth, Western Australia

Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2016

	Note	Consolidated Half-year ended 31 Dec 2016 $	Consolidated Half-year ended 31 Dec 2015 $
Continuing operations			
Interest income	4	9,215	-
Total revenue and other income		**9,215**	**-**
Administration expenses		(213,469)	(16,308)
Compliance and regulatory expenses		(99,677)	-
Consultancy costs		(674,355)	-
Employee benefits expense		(104,475)	-
Exploration expenditure written off		(14,572)	-
Corporate restructure expenses	9	(2,351,600)	-
Loss before income tax		(3,448,933)	(16,308)
Income tax expense		-	-
Loss for the period		**(3,448,933)**	**(16,308)**
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the period, net of income tax		**-**	**-**
Total comprehensive loss for the period		**(3,448,933)**	**(16,308)**
Loss attributable to:			
Owners of Zinc of Ireland NL		(3,448,933)	(16,308)
Total comprehensive loss attributable to:			
Owners of Zinc of Ireland NL		(3,448,933)	(16,308)
Loss per share:			
Basic and diluted (cents per share)	8	(0.374)	(0.013)

Condensed notes to the condensed consolidated financial statements are included on pages 11 to 19.

Condensed consolidated statement of financial position as at 31 December 2016

	Note	Consolidated 31 Dec 2016 $	Consolidated 30 Jun 2016 $
Current assets			
Cash and cash equivalents		2,283,973	-
Trade and other receivables		35,827	-
Total current assets		**2,319,800**	**-**
Non-current assets			
Exploration and evaluation expenditure	10	541,590	29,241
Trade and other receivables		25,568	-
Total non-current assets		**567,158**	**29,241**
Total assets		**2,886,958**	**29,241**
Current liabilities			
Trade and other payables		110,765	1,344
Borrowings		56,907	58,312
Total current liabilities		**167,672**	**59,656**
Total liabilities		**167,672**	**59,656**
Net assets/(liabilities)		**2,719,286**	**(30,415)**
Equity			
Issued capital	5	5,859,588	55,000
Reserves	6	394,046	-
Accumulated losses		(3,534,348)	(85,415)
Total equity/(deficiency)		**2,719,286**	**(30,415)**

Condensed notes to the condensed consolidated financial statements are included on pages 11 to 19.

Condensed consolidated statement of changes in equity for the half-year ended 31 December 2016

Consolidated	**Issued capital $**	**Reserves $**	**Accumulated losses $**	**Total $**
Balance at 1 July 2015	**25,000**	**-**	**(25,000)**	**-**
Loss for the period	-	-	(16,308)	(16,308)
Other comprehensive income, net of income tax	-	-	-	-
Total comprehensive loss for the period	**-**	**-**	**(16,308)**	**(16,308)**
Issue of ordinary shares	-	-	-	-
Share issue costs	-	-	-	-
Balance at 31 December 2015	**25,000**	**-**	**(41,308)**	**(16,308)**
Balance at 1 July 2016	**55,000**	**-**	**(85,415)**	**(30,415)**
Loss for the period	-	-	(3,448,933)	(3,448,933)
Other comprehensive income, net of income tax	-	-	-	-
Total comprehensive loss for the period	**-**	**-**	**(3,448,933)**	**(3,448,933)**
Issue of ordinary shares (*refer to note 5*)	4,005,010	-	-	4,005,010
Deemed consideration of acquisition (*refer to note 5 and 9)*	2,152,089	-	-	2,152,089
Share issue costs	(352,511)	-	-	(352,511)
Share based payments	-	394,046	-	394,046
Balance at 31 December 2016	**5,859,588**	**394,046**	**(3,534,348)**	**2,719,286**

Condensed notes to the condensed consolidated financial statements are included on pages 11 to 19.

Condensed consolidated statement of cash flows for the half-year ended 31 December 2016

	Note	Consolidated Half-year ended 31 Dec 2016 $	31 Dec 2015 $
Cash flows from operating activities			
Payments to suppliers and employees		(681,542)	-
Interest received		9,215	-
Net cash (used in) operating activities		(672,327)	-
Cash flows from investing activities			
Payments for exploration and evaluation		(541,493)	-
Cash acquired on acquisition	9	72,303	-
Net cash (used in) investing activities		(469,190)	-
Cash flows from financing activities			
Proceeds from equity instruments of the Company	5	3,699,978	-
Proceeds from borrowings		-	-
Payment for share issue costs		(274,488)	-
Net cash provided by financing activities		3,425,490	-
Net increase in cash and cash equivalents		**2,283,973**	**-**
Cash and cash equivalents at the beginning of the period		-	-
Cash and cash equivalents at the end of the period		**2,283,973**	**-**

Condensed notes to the condensed consolidated financial statements are included on pages 11 to 19.

Condensed notes to the consolidated financial statements for the half-year ended 31 December 2016

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 '*Interim Financial Reporting'*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 '*Interim Financial Reporting*'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with annual financial statements of the Company for the year ended 30 June 2016 together with any public announcements made during the following half year.

The half-year financial report was authorised for issue by the directors on 16 March 2017.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Reverse acquisition

Zinc of Ireland NL completed the acquisition of Zinc Mines of Ireland Limited on 22 July 2016. From a legal and taxation perspective, Zinc of Ireland NL is considered the acquiring entity. However, the acquisition has the features of a reverse acquisition as described in the Australian Accounting Standard AASB 3 '*Business Combinations'* notwithstanding Zinc of Ireland NL being the legal parent of the Group. The transaction has been accounted for as a reverse acquisition from a consolidated perspective, where Zinc Mines of Ireland Limited is the accounting acquirer and Zinc of Ireland NL is the legal acquirer. The half-year financial report includes the consolidated financial statements of the new Zinc of Ireland NL Group for the period 1 July 2016 to 31 December 2016 and represents a continuation of Zinc Mines of Ireland Limited financial statements with exception of the capital structure. The comparative figures are those of Zinc Mines of Ireland Limited.

Under the reverse acquisition principles, the consideration provided by Zinc Mines of Ireland Limited was determined to be $2,152,089, which is the deemed fair value of 269,011,179 shares (post-consolidation) owned by the former Global Metals Exploration NL shareholders at the completion of the acquisition. The net assets of Zinc of Ireland NL were recorded at fair value at the completion of the acquisition and no adjustments were required to the historical book values.

The excess of the deemed fair value of the shares owned by Zinc of Ireland NL (formerly Global Metals Exploration NL) shareholders and the fair value of the identifiable net assets of Zinc of Ireland NL immediately prior to the completion of the acquisition is accounted for under AASB 2 '*Share Based Payment'* and resulted in the recognition of $2,351,600 being recorded as "Corporate restructure expenses" in the statement of profit or loss and other comprehensive income. The net assets of Zinc of Ireland NL were recorded at fair value at completion of the acquisition and hence no adjustments were required to the historical values.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2016 annual financial report for the financial year ended 30 June 2016, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Amendments to Accounting Standards and new Interpretations that are mandatorily effective for the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*
- AASB 2016-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality*

The adoption of the above Standards has not had a material impact on this half-year financial report.

Principles of consolidation

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the half-year then ended. Where controlled entities have entered (left) the Group, their operating results have been included (excluded) from the date control was obtained (ceased).

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 '*Income Taxes'* and AASB 119 '*Employee Benefits'* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 '*Share-based Payment'* at the acquisition date; and
- assets (or disposal groups) that are that are classified as held for sale in accordance with AASB 5 '*Non-current Assets Held for Sale and Discontinued Operations'* are measured in accordance with that Standard.

2. Segment information

The Group operates in one business segment, namely the mineral exploration industry. AASB 8 '*Operating Segments'* states that similar operating segments can be aggregated to form one reportable segment. Also, based on quantitative thresholds included in AASB 8, there is only one reportable segment, namely the mineral exploration industry. However, none of the operating segments currently meet any of the prescribed quantitative thresholds, and as such do not have to be reported separately. The Group has therefore decided to aggregate all its reporting segments into one reportable operating segment.

The revenue and results of this segment are those of the Group as a whole and are set out in the consolidated statement of profit or loss and other comprehensive income. The segment assets and liabilities are those of the Group and set out in the consolidated statement of financial position.

3. Dividends

No dividends were paid or declared for the half-year ended 31 December 2016 and the directors have not recommended the payment of a dividend.

4. Revenue and other income

	31 Dec 2016 $	31 Dec 2015 $
Revenue from continuing operations		
Interest income	**9,215**	-

5. Issued capital

	31 Dec 2016 $	30 Jun 2016 $
Fully paid ordinary shares	**5,859,588**	**55,000**

Fully paid ordinary shares	31 Dec 2016		30 Jun 2016	
	No.	**$**	**No.**	**$**
Balance at beginning of period	5,500,000	55,000	5,500,000	55,000
Reverse Acquisition				
Elimination (i)	(5,500,000)	-	-	-
Shares on issue (ii)	269,011,179	2,152,089	-	-
Share placement (iii)	62,500,000	500,000	-	-
Issue of Vendor shares (iv)	275,000,000	-	-	-
Issue of Advisor shares (v)	10,000,000	80,000	-	-
Share placement (vi)	108,375,000	867,000	-	-
Issue of shares (vii)	9,454,688	60,510	-	-
Share placement (viii)	110,125,000	881,000	-	-
Share placement (ix)	60,416,665	1,450,000	-	-
Issue of shares (x)	9,250,000	166,500	-	-
Share issue costs	-	(352,511)	-	-
	914,132,532	**5,859,588**	**5,500,000**	**55,000**

(i) Elimination of existing Zinc Mines of Ireland Limited shares.
(ii) Existing Zinc of Ireland NL shares on issue on acquisition valued at acquisition date and is the deemed consideration (refer to note 9).
(iii) Issue of fully paid ordinary shares on 21 July 2016 at $0.008 pursuant to a placement to sophisticated investors.
(iv) Issue of fully paid ordinary shares on 21 July 2016 for non-cash consideration for the acquisition of 100% of the issued capital of Zinc Mines of Ireland Limited.
(v) Issue of fully paid ordinary shares on 21 July 2016 to advisers (nominees of Zinc Mines of Ireland Limited) for non-cash consideration for corporate advisory services in relation to the placement of $500,000.
(vi) Issue of fully paid ordinary shares on 22 July 2016 at $0.008 pursuant to a placement to sophisticated investors.
(vii) Issue of fully paid ordinary shares on 22 July 2016 at a deemed issue price of $0.0064 in conversion of converting loans totaling $60,510 (including interest).
(viii) Issue of fully paid ordinary shares on 7 September 2016 at $0.008 pursuant to a placement to sophisticated investors.
(ix) Issue of fully paid ordinary shares on 7 September 2016 at $0.024 pursuant to a capital raising.
(x) Issue of fully paid ordinary shares on 7 September 2016 in consideration of corporate services.

6. Reserves

	31 Dec 2016 $	30 Jun 2016 $
Balance at beginning of the period	-	-
Share based payment reserve (i)	394,046	-
Carrying value at end of the period	**394,046**	**-**

(i) This represent the value of options (listed and unlisted) issued to advisors during the half year ended 31 December 2016. Refer to note 7 for further information.

7. Options

The following option arrangements were in existence at the reporting date:

Option series	Number	Grant date	Grant date fair value $	Exercise price $	Expiry date	Vesting date
ZMIO	330,833,333	Various	-	0.020	21 Jul 2017	Vested
ZMIOPT2	129,800,000	Various	-	0.020	30 Apr 2020	Vested
ZMIOPT3	326,333,333	Various	-	0.040	21 Jul 2021	Vested
ZMIOPT4	7,000,000	25 Nov 2016	0.0072	0.060	30 Sept 2021	Vested

There has been no alteration of the terms and conditions of the above options arrangements since the grant date.

7.1 Options granted during the half year

The following options were granted during the half-year ended 31 December 2016.

Option series	Number	Exercise price $	Expiry date	Purpose of Grant
ZMIO	170,708,333	0.020	21 Jul 2017	Pursuant to various placements
ZMIO	137,500,000	0.020	21 Jul 2017	Issued to Vendors of Zinc Mines of Ireland Ltd
ZMIO	22,625,000	0.020	21 Jul 2017	Issued to corporate advisors
ZMIOPT2	8,000,000	0.020	30 Apr 2020	Issued to corporate advisors
ZMIOPT3	170,833,333	0.040	21 Jul 2021	Pursuant to various placements
ZMIOPT3	137,500,000	0.040	21 Jul 2021	Issued to Vendors of Zinc Mines of Ireland Ltd
ZMIOPT3	18,000,000	0.040	21 Jul 2021	Issued to corporate advisors
ZMIOPT4	7,000,000	0.060	30 Sept 2021	Issued to corporate advisors

7.2 Fair value of options granted during the half year

The fair value of options issued to advisors during the half-year ended 31 December 2016 has been independently determined using the Black-Scholes option pricing model.

Inputs into the model

Input	ZMIO	ZMIOPT3	ZMIO	ZMIO	ZMIOPT2	ZMIOPT3	ZMIOPT4
Grant date share price	\$0.004	\$0.008	\$0.006	\$0.005	\$0.008	\$0.008	\$0.007
Exercise price	\$0.02	\$0.04	\$0.02	\$0.02	\$0.02	\$0.04	\$0.06
Expected volatility	107.00%	107.00%	107.00%	107.00%	107.00%	107.00%	107.00%
Option life	1 year	5 years	0.9 year	0.7 year	3.4 years	4.7 years	4.8 years
Risk-free interest rate	1.57%	1.61%	1.54%	1.77%	1.77%	2.19%	2.17%
Dividend yield	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Value	**\$18,773**	**\$41,000**	**\$73,681**	**\$14,200**	**\$63,831**	**\$103,404**	**\$79,157**

8. Loss per share

	31 Dec 2016 cents per share	31 Dec 2015 cents per share
Basic and diluted loss per share (cents per share)	**(0.374)**	**(0.013)**

8.1 Basic and diluted loss per share

The loss and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share are as follows:

	31 Dec 2016 $	31 Dec 2015 $
Loss for the year attributable to owners of the Company	**(3,448,933)**	**(16,308)**

	31 Dec 2016 No.	31 Dec 2015 No.
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**922,381,982**[i]	**125,000,000**[ii]

As noted in note 1, the equity structure in the consolidated financial statements following the reverse acquisition reflects the equity structure of Zinc of Ireland NL, being the legal acquirer (accounting acquiree), including the equity interests issued by Zinc of Ireland NL to effect the business combination.

(i) In calculating the weighted average number of ordinary shares for the half-year ended 31 December 2016, the number of ordinary shares outstanding for the half-year ended 31 December 2016 is the actual number of ordinary shares of Zinc of Ireland NL outstanding during that period.

(ii) The basic and diluted loss per share for the half-year ended 31 December 2015 is calculated by dividing:

(a) the loss of Zinc Mines of Ireland Limited attributable to shareholders by

(b) Zinc Mines of Ireland Limited’s weighted average number of ordinary shares outstanding multiplied by the exchange ratio established in the acquisition agreement. The exchange ratio is 1:50.

9. Reverse Acquisition

Subsidiary acquired

On 22 July 2016, Zinc of Ireland NL (formerly Global Metals Exploration NL) completed the 100% acquisition of Zinc Mines of Ireland Limited ("Acquisition"), an Australian public company focused on the identification, acquisition, exploration and development of zinc projects in the Republic of Ireland. Zinc Mines of Ireland Limited currently holds 21 prospecting licences in 7 project areas for a total landholding of approximately 750km^2.

Acquisition consideration

As consideration for the issued capital of Zinc Mines of Ireland Limited, Zinc of Ireland NL issued 275,000,000 fully paid ordinary shares, 137,500,000 listed options exercisable at $0.02 expiring 21 July 2017 and 137,500,000 unlisted options exercisable at $0.04 expiring 21 July 2021 to the vendors of Zinc Mines of Ireland Limited. No cash was paid as part of the Acquisition.

Fair value of consideration transferred

Under the principles of AASB 3, the transaction between Zinc of Ireland NL and Zinc Mines of Ireland Limited is treated as a reverse acquisition. As such, the assets and liabilities of the legal subsidiary (the accounting acquirer), being Zinc Mines of Ireland Limited are measured at their pre-combination carrying amounts. The assets and liabilities of the legal parent (accounting acquiree), being Zinc of Ireland NL are measured at fair value on the date of acquisition.

The consideration in a reverse acquisition is deemed to have been incurred by the legal subsidiary (Zinc Mines of Ireland Limited) in the form of equity instruments issued to the shareholders of the legal parent entity (Zinc of Ireland NL). The acquisition-date fair value of the consideration transferred has been determined by reference to the fair value of the number of shares the legal subsidiary (Zinc Mines of Ireland Limited) would have issued to the legal parent entity (Zinc of Ireland NL) to obtain the same ownership interest in the combined entity.

Fair value of consideration transferred

	Fair value
	$
Non-cash (fully paid ordinary shares) (i)	**2,152,089**

(i) This represents value of Zinc of Ireland NL shares on issue on acquisition date with a fair value of $0.008 per share multiplied by shares on issue at acquisition date.

9. Reverse Acquisition (cont'd)

Assets acquired and liabilities of Zinc of Ireland NL assumed at the date of acquisition

	Zinc of Ireland NL $
Current assets	
Cash	72,303
Other current assets	17,411
Non-current assets	
Other non-current assets	25,568
Current liabilities	
Trade and other payables	(254,793)
Borrowings	(60,000)
Net assets/(liabilities)	**(199,511)**

The fair values of assets acquired and liabilities assumed approximate their carrying value.

Corporate restructure expense on acquisition

	$
Consideration transferred	2,152,089
Add: fair value of identifiable net liabilities assumed	199,511
Corporate restructure expense (i)	**2,351,600**

(i) This expense has been presented as a "Corporate restructure expense" on the face of the consolidated statement of profit or loss and comprehensive income.

10. Exploration and evaluation expenditure

	31 Dec 2016 $	30 Jun 2016 $
Balance at beginning of the period (i)	29,241	-
Expenditure incurred during the period	513,053	29,241
Exchange rate fluctuations	13,868	-
Impairment of exploration and evaluation expenditure	(14,572)	-
	541,590	**29,241**

(i) This represents expenditure incurred by Zinc Mines of Ireland Limited.

11. Commitments for expenditure

Exploration expenditure

	31 Dec 2016 $	30 Jun 2016 $
Not longer than one (1) year (i)	185,881	500,000
Two (2) to five (5) years (ii)	1,268,364	1,912,003
	1,454,245	**2,412,003**

If the Group decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the consolidated statement of financial position may require review to determine the appropriateness of carrying value. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations. Where commitments are denominated in foreign currencies, the amounts have been converted to Australian dollars based on the exchange rates prevailing as at 31 December 2016.

12. Contingent liabilities and contingent assets

There has been no significant change in contingent liabilities and/or contingent assets since the last annual report. Please refer to the 30 June 2016 annual financial report.

13. Key management personnel

Remuneration policies of key management personnel are disclosed in the 2016 annual financial report. During the period under review, there were a number of changes to key management personnel.

On 22 July 2016, Messrs Patrick Corr and Benjamin Sharp were appointed as Non-Executive Chairman and Technical Director respectively. Messrs Peter Wall and Keith Bowker resigned as directors of the Company.

On 7 October 2016, Messrs Peter van der Borgh and Thomas Corr were appointed as Managing Director and Non-Executive Director respectively following the resignation of Mr Steven Bamford.

Mr Peter van der Borgh is entitled to £75,000 plus superannuation for the first year and will be subject to a review at the end of the first year.

14. Subsequent events

On 8 March 2017, the Company announced it has secured an exclusive 18-month option (“Option”) to acquire the 650,000tpa Galmoy Lead-Zinc Processing Plant (“Plant”). The Company is granted an exclusive option period for 12 months for $100,000 which may be extended by 6 months for an additional payment of $50,000. If the Company decides to exercise the Option, the consideration to be paid is $6m in cash and $2m worth of ZMI shares based on the 20-day VWAP (at the time of the Option being exercised) of $2m in cash (at the sole election of ZMI).

There has not been any other matter or circumstance that has arisen since the end of the half-year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.