



ZAMBEZI
RESOURCES

CONSOLIDATED FINANCIAL REPORT
for the half year ended 30 September 2016

Zambezi Resources Limited
and Subsidiaries
ARBN 124 462 826

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Corporate Directory

DIRECTORS

Greg Bittar
Brad Drabsch
Marinko Vidovich

Non-Executive Chairman
Managing Director
Finance Director

REGISTRAR

Computershare Investor Services Pty Ltd
Level 11
172 St Georges Terrace
PERTH WA 6000

SECRETARY

Bermuda Administrative Services Ltd

PLACE OF OPERATION

Mwembeshi Resources Ltd
Plot 5697
Beu Crescent Road
Kalundu, Lusaka
ZAMBIA

REGISTERED OFFICE

Trinity Hall
43 Cedar Avenue
Hamilton HM 12
BERMUDA

AUSTRALIAN LOCAL AGENT AND CORPORATE OFFICE

Zambezi Resources Limited
Suite 5, 56 Kings Park Road
WEST PERTH WA 6005

AUDITORS

Bentleys (WA) Pty Ltd
Level 1
12 Kings Park Road
WEST PERTH WA 6005
Australia

WEBSITE

www.zambeziresources.com

ZAMBIAN SOLICITORS

Corpus Legal Practitioners
The Globe Building
2386 Longolongo Road
Lusaka
ZAMBIA

AUSTRALIAN SOLICITORS

Lawton Gillon
Level 11
16 St George's Terrace
PERTH WA 6000 Australia

Directors' & Operations Report

The Directors present the Directors & Operations Report for Zambezi Resources Limited (“**Zambezi**” or the “**Company**”) for the half year ended 30 September 2016.

1.0 OPERATIONS REVIEW

1.1 Kangaluwi Copper Project

1.1.1 Court Case

The Company is awaiting written judgement on the appeal

Court Case Background

The appeal hearing in the High Court of Lusaka referred to above is the appeal lodged by conservation groups against a decision of the Minister of Lands, Natural Resources and Environmental Protection on 17 January 2014 to allow the Company to develop its 100% owned Kangaluwi Copper Project in the Lower Zambezi National Park in Zambia. In the appeal the Zambian Government is the first respondent and Mwembeshi Resources Ltd, a wholly owned subsidiary of Zambezi, is the second respondent.

The decision of the Minister effectively allowed the Company to proceed with the developments of its 100% owned Kangaluwi Copper Project located in the Lower Zambezi National Park in Zambia.

On 6 February 2014 at the request of the Appellants, the Lusaka High Court granted an order, on an ex parte basis, for a stay of execution of the decision of the Minister to allow Zambezi to develop its Kangaluwi Copper Project.

The stay of execution remains in place pending the outcome of the appeal against the Minister's decision.

2.0 Business Development

ZRL continues to evaluate new project opportunities both within Australia and offshore.

The new management team, whilst remaining committed to achieving a positive outcome with respect to the current situation at Kangaluwi, is striving to bring new and highly prospective projects into the company to allow it to grow into the future.

2.1 TM Resources Pty Ltd

The Company announced on the 16th September 2016 that it has entered into a share sale agreement to purchase 100% of TM Resources Pty Ltd which holds two exploration tenement applications in the Northern Territory known as the Lawn Hill Project. The tenements contain highly prospective geology with the potential to host large scale sediment hosted zinc-lead deposits similar in style to the World Class Century deposit (> 150Mt @ 8.2% Zn + 1.2 % Pb + 33g/t Ag).

Rocks of the Lawn Hill Platform, hosting the Century Zinc Deposit to the south-east of the tenement applications in Queensland (Figure 1) are mapped across much of the tenement applications that form the Lawn Hill Project. In addition to being correlated with the rocks hosting Century, the Fickling Group sediments within the Lawn Hill Project can also be correlated with those of the McArthur Group which contain one of the World's largest sediment hosted base metal deposits at McArthur River (HYC Deposit, > 200Mt @ 13% Zn+Pb).

2.1.1 Almost No Previous Exploration

Previous exploration has been sparse across the tenement applications with only one major phase of work being completed during the 1980's. This work was very broad-brushed and resulted in only two drillholes being completed.

Numerous Zn, Cu and Pb occurrences are described on the Queensland side of the border (Figure 2), including the Walford Creek Project (73 Mt @ 1.4% Cu eq) currently being explored by Aeon Metals Limited, with nothing on the Northern Territory side, due, simply, to a lack of exploration.

2.1.2 Key Deal Terms

- ⑧ AUD \$10,000 cash payment up-front
- ⑧ AUD \$50,000 in ZRL shares to be issued upon the grant of the tenements
- ⑧ AUD \$1,000,000 upon the public release of a JORC 2012 Compliant Resource in respect of the Lawn Hill Project of between 550Kt Zn eq – 1.1Mt Zn eq
- ⑧ AUD \$3,000,000 upon the public release of a JORC 2012 Compliant Resource in respect of the Lawn Hill Project of between 1.1Mt Zn eq – 2.2Mt Zn eq

ZRL anticipates the grant process may take between 12 – 24 months and looks forward to then progressing an aggressive exploration strategy at the Lawn Hill Project. The process involves negotiations with the Native Title holders in the area, the Waanyi/Garawa Aboriginal Land Trust. TM Resources has commenced discussions with the Waanyi/Garawa Aboriginal Land Trust to facilitate the granting process and ZRL looks forward to continuing these negotiations.

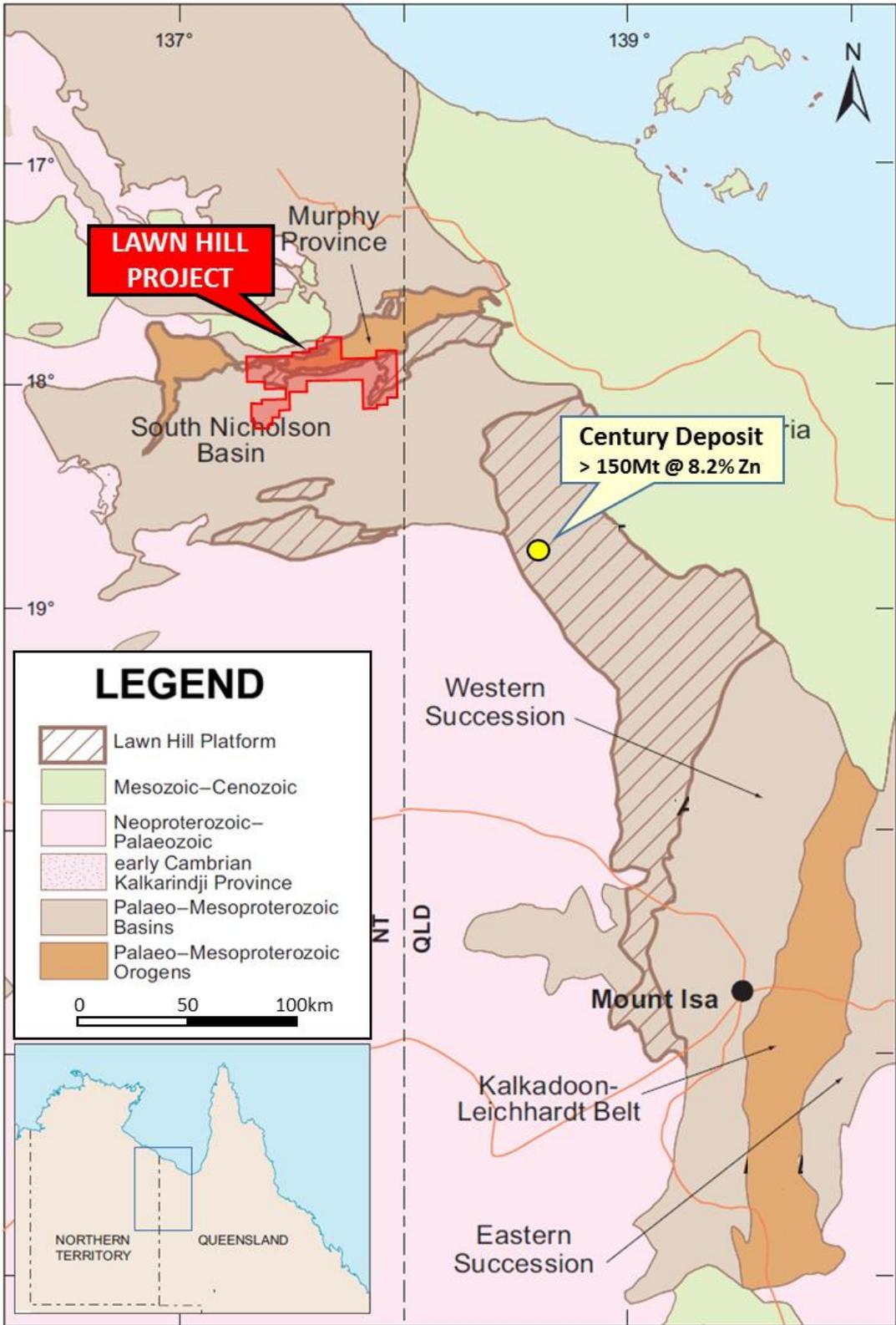


Figure 1: Location Plan of the Lawn Hill Project showing the major geological regions and the location of the Century Zn+Pb Deposit

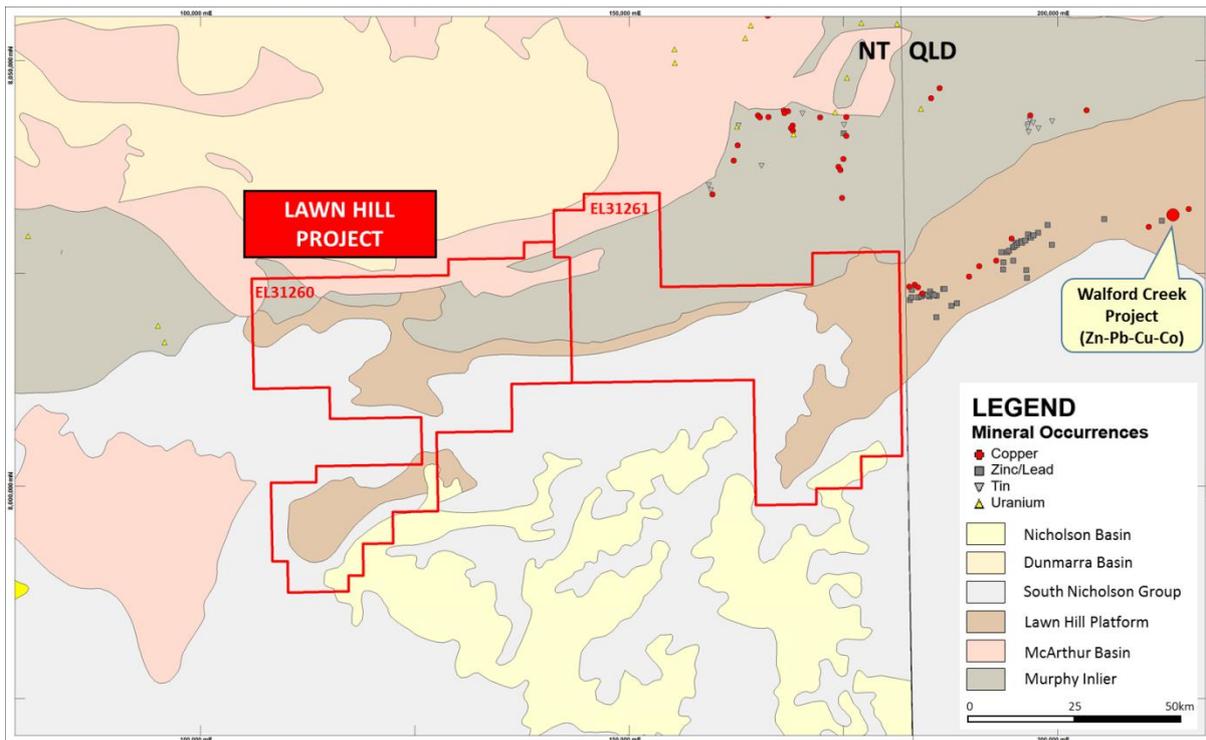


Figure 2: Plan of the Lawn Hill Project tenement applications showing the geological units hosting the project. Note the mineral occurrences on the Queensland side of the border stopping due to the lack of exploration on the Northern Territory side

3.0 CORPORATE

3.1 Annual General Meeting

The Company held its Annual General Meeting on Wednesday, 17th August 2016. All resolutions before the meeting were passed.

3.2 Change of Board/Management

As announced by the Company on the 19th August 2016, Mr Bradley Drabsch was appointed as Non-executive director of the Company as approved at the Annual General Meeting on the 17th August.

Mr Drabsch is a Geologist and has over 18 years' experience in the minerals exploration industry and understands what it takes to turn a small junior exploration company into a strong mining house.

He has previously worked in key exploration roles for Doray Minerals Limited (ASX: DRM), Duketon Mining Limited (ASX: DKM), Montezuma Mining Company Limited (ASX: MZM) as Exploration Manager and Independence Group NL (ASX: IGO) and Ivanhoe Mines (TSX: IVN) in senior project roles.

Mr Drabsch has a very strong technical and management background with a focus on remote greenfields mineral exploration. Brad has operated across Australia with experience in gold, base metals, iron ore, and rare earth metals exploration and throughout Mongolia exploring for large porphyry copper deposits.

On the 30th September 2016 Mr David Vilensky as Director and Chairman resigned from the Board of ZRL. ZRL thanks David for his tireless efforts and commitment to the Company.

Mr Gregory Bittar, as non-executive director, became Chairman on the 30th September 2016. Mr Brad Drabsch became Managing Director, and Marinko Vidovich resumed his previous role as Finance Director.

3.3 General Meeting

The Company announced on the 23rd September a Notice of General Meeting to be held on the 19th October 2016 seeking shareholder approval for the issue of up to 37,500,000 Capital Raising Shares at an issue price of \$0.02 per Capital Raising Share, to raise up to \$750,000.

A\$60,000 was received prior to 30 September 2016 with the balance A\$690,000 being received subsequent to 30 September 2016.

4.0 TENEMENTS

4.1 Mwembeshi Resources (a wholly owned Subsidiary of Zambezi Resources Limited)

⊗ Large Scale Mining Licence – Kangaluwi 15547-HQ-LML for a period of 25 years.

4.2 Cheowa Resources (Incorporated Joint Venture – Zambezi 49% and Glencore 51%)

There are three licences held under Cheowa Resources:

- ⊗ Chalimbana 13170-HQ-LPL
- ⊗ Chayinda 13171-HQ-LPL
- ⊗ Cheowa 8573-HQ-LPL

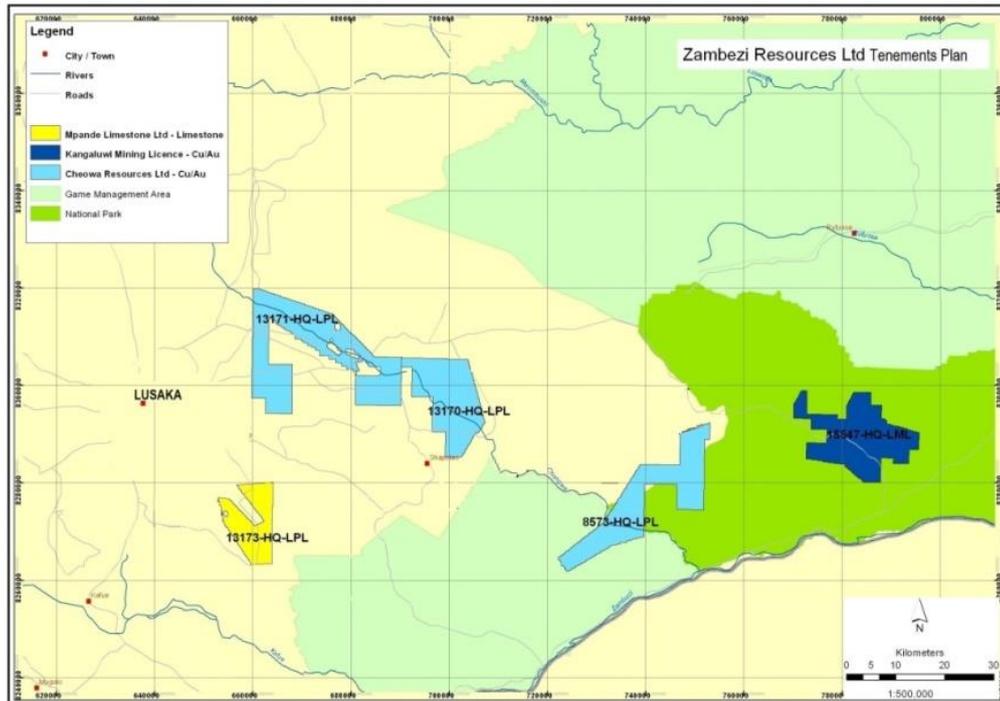


Figure 3: Tenement Map

4.3 TM Resources Pty Ltd (a wholly owned Subsidiary of Zambezi Resources Limited)

There are two licence applications held under TM Resources Pty Ltd:

- Ⓢ ELA 31260
- Ⓢ ELA 31261

5.0 Post Balance Sheet Events

5.1 Name Change and Employee Share Option Plan

On the 2nd November 2016 the Company announced that it intends to change its name to Trek Metals Limited. The Board of Zambezi believes that a new brand will reflect an exciting new chapter in the development of the Company as a multi project, base and precious metals growth platform.

The proposed name change, which is subject to shareholder approval, is expected to occur in early 2017.

The Company also announces the intention to seek shareholder approval for the adoption of an employee share option plan (“ESOP”). The Board believes that the adoption of an ESOP and the issuance of unlisted options, with an exercise price being at a substantial premium to both the recent share price and the price at which capital has been raised, provides a cost effective incentive-based form of remuneration for all participants. Importantly, it aligns their interests

and remuneration to the achievement of project success, share price appreciation and hence total shareholder return.

The implementation of the ESOP also reflects that currently, the Company is paying the Managing Director an annual fee of only \$30,000 and the role of Chairman is not currently being paid a fee. This is expected to be reassessed once the Company is more advanced in relation to securing a new project or projects.

The Board has made offers to participate in the proposed ESOP and these offers have been accepted (subject to shareholder approval of the ESOP and the issue of options in the case of Directors). These offers involve the proposed issuance of options with the following terms:

- ⊗ Unlisted, 4 year expiry;
- ⊗ Exercise price of \$0.06 representing a 50% premium to recent volume weight average price and 300% of the price of recent capital raisings;
- ⊗ Up to 1,000,000 options or 35% of the grant (whichever is the greater) to vest immediately; 50% of each grant to vest upon entering an acquisition or farm in arrangement in relation to a flag-ship project and a reasonably contemporaneous capital raising; and 15% of each grant to vest after 18 months or after the ZRL share price has traded on a 1 month vwap of no less than 10 cents; and
- ⊗ Proposed awards to Directors are:
 - Gregory Bittar (Chairman) – 5,000,000 options
 - Bradley Drabsch (Managing Director) – 8,000,000 options
 - Marinko Vidovich (Finance Director) – 1,000,000 options

5.2 ZRL ENTERS OPTION AGREEMENT TO FARM INTO HIGHLY PROSPECTIVE ZINC-LEAD PROJECT IN WEST AFRICA

The Company announced on the 2nd November 2016 that it has entered into an option agreement with Metals of Africa (ASX:MTA) to farm into the highly prospective Kroussou Zinc-Lead Project in Gabon (Figure 4). Intermittent historic exploration, conducted from 1962 to 1980, identified significant near-surface base metal mineralisation with drill testing limited to a small portion of the target areas.

MTA has decided to divest the asset in order to remain focussed on developing their Mozambique graphite assets.

5.2.1 Highlights

- ⑧ Highly prospective Zinc-Lead project in Gabon with significant sphalerite and galena observed at surface
- ⑧ Numerous very shallow ore-grade and width intersections from historic drilling including:
 - 2.3m @ 21.2% Zn+Pb from 0.9m (hole DK198)
 - 8.3m @ 7.8% Zn+Pb from 13.6m (hole DK040)
 - 7.0m @ 8.2% Zn+Pb from 9.4m (hole DK156)
 - 10.4 @ 5.2% Zn+Pb from 8.9m (hole DK158, ends in mineralisation)
 - 1.3m @ 23.3% Zn+Pb from 15.9m (hole DK216)
- ⑧ Zinc-Lead occurrences mapped along the 84km length of the licence
- ⑧ Drilling limited to only 2 of the 18 channels, 16 channels untested
- ⑧ Approx. 65km to major river port along well formed roads

5.2.2 About the Kroussou Project

Zinc and lead mineralisation is hosted in Cretaceous sediments on the margin of the Cotier (Coastal) Basin within preserved channels and onlapping unconformable Archaean and Paleoproterozoic basement rocks (Figures 5, 6 and 7). Base metal occurrences are mapped along the length of the Kroussou Project License (84km strike for ~1,500km² of tenure). Only a limited number (2 of 18) of the exposed channels were drill tested by the Bureau de Recherches Géologiques et Minières (BRGM) historically, with both channels containing significant base metal mineralisation. ZRL believes there is scope for the discovery of further base metal accumulations within the remaining untested 16 channels and also further potential westward within the broader Cotier Basin .

The Dikaki Prospect (Figures 5, 6 and 8), the area with the most historic drilling (small diameter diamond core) returned numerous shallow intersections of ore grade and width zinc plus lead mineralisation. Some of the better intersections reported included 2.3m @ 21.2% Zn+Pb from 0.9m, 8.3m @ 7.8% Zn+Pb from 13.6m and 7.0m @ 8.2% from 9.4m (Figure 8). These holes were drilled by the BRGM in 1979-1980.

Assaying of core by the BRGM was highly selective due to the high cost of analysis and transport back to France at the time. Only obviously mineralised (clearly visible galena – lead sulphide) core was sent for analysis, limiting defined and quantified mineralisation to these intersections. Sphalerite (zinc sulphide) is not always easy to identify in hand specimen and zinc rich core may not have been sent for assay. Further, BRGM limited their drill program to shallow holes (average depth of 16m) with numerous holes ending in mineralisation.

The BRGM drill holes confirm multiple horizons of flat lying mineralisation. Numerous intersections of massive sulphide were reported in drill logs adding to the potential for significant zinc and lead mineralisation at the Koussou project. The style of mineralisation is likely Mississippi Valley Type, however some Sedex Type characteristics are also observed. Petrology undertaken by MTA indicates relatively equal proportions of zinc and lead minerals and the sphalerite appears to have low iron content, making it more attractive for beneficiation.

MTA has identified eighteen channels that offer very shallow, near surface targets close to the Archaean and Paleoproterozoic basement rocks. A recent field visit by ZRL, identified significant zinc and lead mineralisation within modern drainage systems outcropping within the historically drilled channels. MTA previously announced confirmation of high grade rock chips at the Dikaki and Koussou Prospects with results returning grades as high as 9.7% zinc and 33.1% lead (see ASX announcement by MTA from 7th of April 2015).

5.2.3 Access to Infrastructure

Access into the Koussou project area has been greatly enhanced in recent times by the presence of several logging companies operating in the area. New, high quality roads and tracks have been established that allow for easy passage into the project from the bitumen highway that runs south from the capital city of Libreville.

A river port at Yeno (Figure 1), approximately 65km, by vehicle, to the west of the project area along a good quality road, is used by the timber and the oil industries to barge equipment and product to Gabon's main commercial shipping base at Port Gentil. This barge system presents an ideal, relatively cheap logistical solution for operations within the project to and from the main export facilities at Port Gentil.

5.2.4 Key Deal Terms

- ⑧ Drill Option – ZRL to fund an initial drilling programme at Koussou up to US\$250,000.
- ⑧ Should ZRL elect to exercise this option (prior to 31st July 2017), ZRL will pay MTA US\$240,000 in cash and/or shares as a reimbursement of costs and to secure the right to earn 30% of the Koussou Project through the expenditure of US\$1M within 12 months of the exercise date.
- ⑧ ZRL can then earn a further 40% of the Project through the expenditure of US\$3M in the subsequent 24 months.
- ⑧ ZRL will then have earned 70% of the Koussou Project and agrees to free carry MTA through to the completion of a PFS (Pre-Feasibility Study, as defined in JORC 2012).

- ⊗ At that point MTA will have the option to contribute to the delivery of a DFS (Definitive Feasibility Study as defined in JORC 2012) or dilute, via standard industry formulae to 5%, whereby below that, its interest will convert to a 2.5% Net Smelter Royalty (NSR). ZRL will have the option to buy back 1% of this royalty through the payment of US\$1M to MTA.

5.2.5 *Drill Option*

Planning is well underway for a programme of at least 500m of diamond drilling to be undertaken in early 2017 in order to test some of the best areas of the Dikaki channel and potentially other targets. Once permitting has been completed and access has been established into the prospect areas, drilling will commence with results expected towards the end of Q1 2017.

5.2.6 *About Gabon*

- ⊗ Low population density and abundant energy / mineral resources have helped make Gabon one of the most prosperous countries in Sub-Saharan Africa, with the highest Human Development Indicator (HDI) and the third highest GDP per capita in the region.
- ⊗ An internationally monitored investment platform which encourages direct foreign investment without any restrictions on converting or transferring funds associated with the investment.
- ⊗ Specific mining investment codes which encourage investment through customs and tax incentives.
- ⊗ Gabon's commercial ties with France remain very strong but the government is actively looking to diversify its sources by courting Asian and Anglophone investors.
- ⊗ The emerging Gabonese economy is based on the domestic conversion of the extracted raw materials.
- ⊗ In the long term, Gabon has the vocation to become a metallurgy centre, with a dynamic fabric of SMEs exporting metal-based products to the whole sub-region and beyond.
- ⊗ The Government is presently focusing on upgrading all major roads and the launch of a massive port modernisation plan that will cater for 90% of commercial traffic.
- ⊗ An investment code which conforms to Central African Economic and Monetary Community (CEMAC) investment regulations giving the same rights to foreign

companies operating in Gabon as to domestic firms. Businesses are protected from expropriation or nationalisation without appropriate compensation.

- ⊗ Gabon is a politically stable democratic state with few instances of social instability in recent years.
- ⊗ Prospective yet underexplored geology boasting excellent historical datasets.

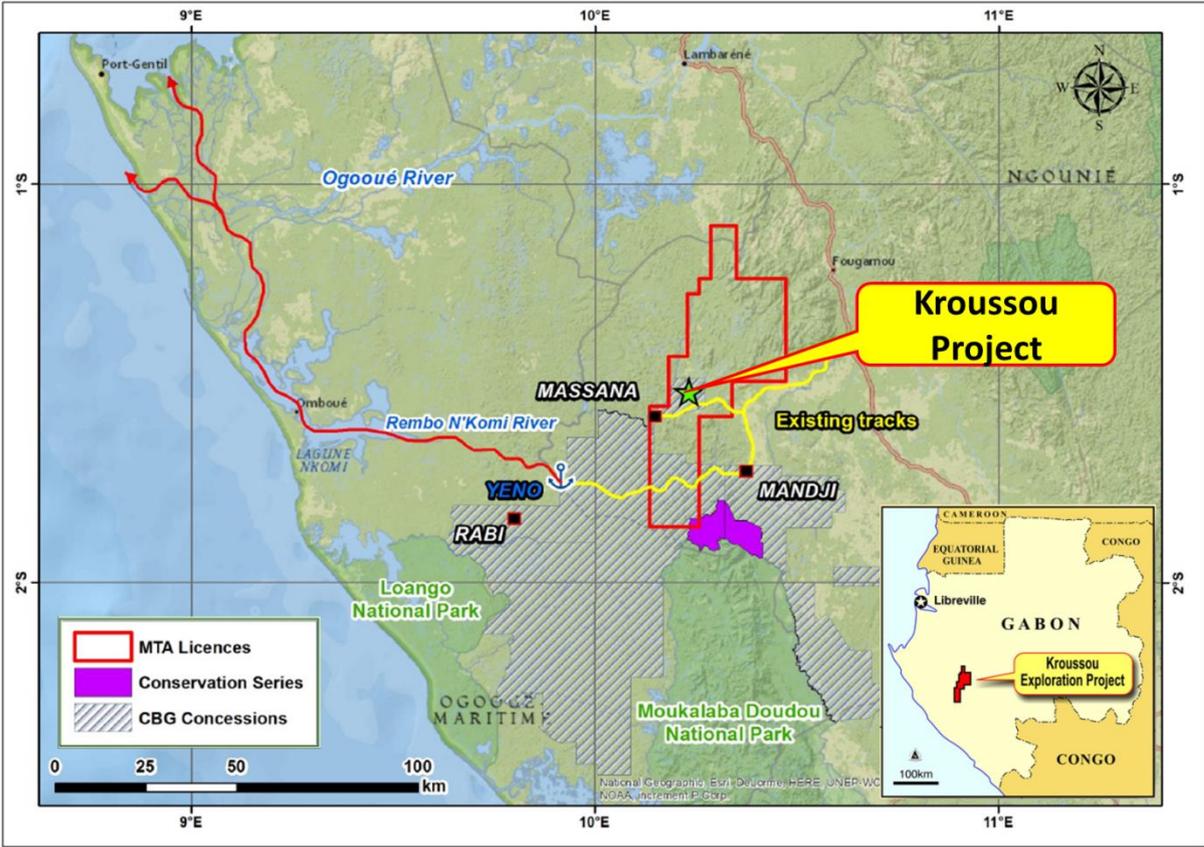


Figure 4: Location Plan of the Koussou Project in Gabon

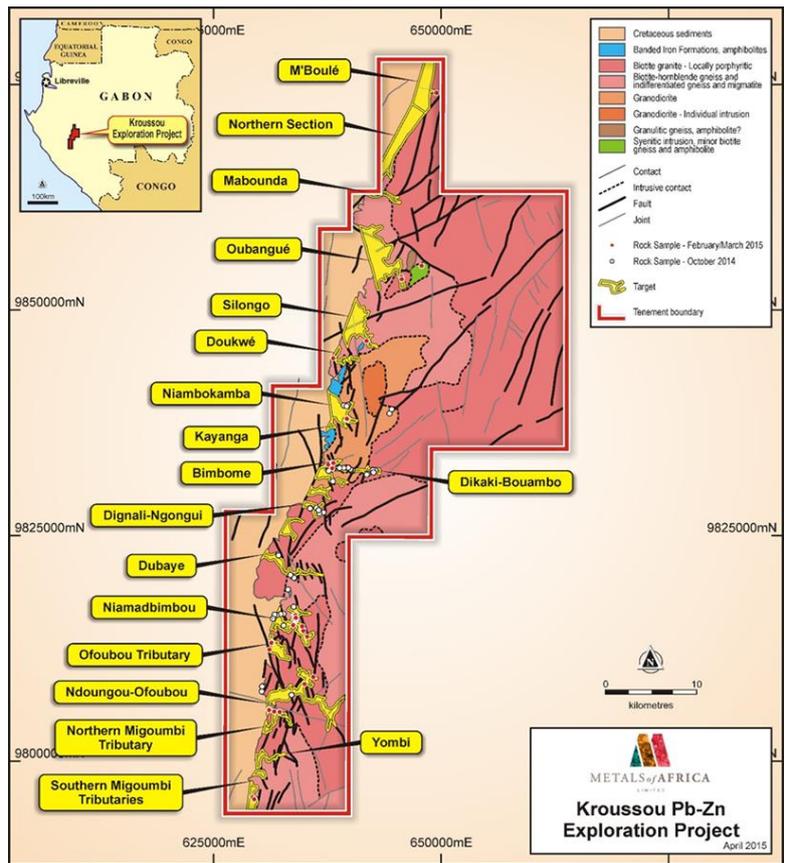


Figure 5: Plan of the Kroussou Project showing the 18 prospective channels

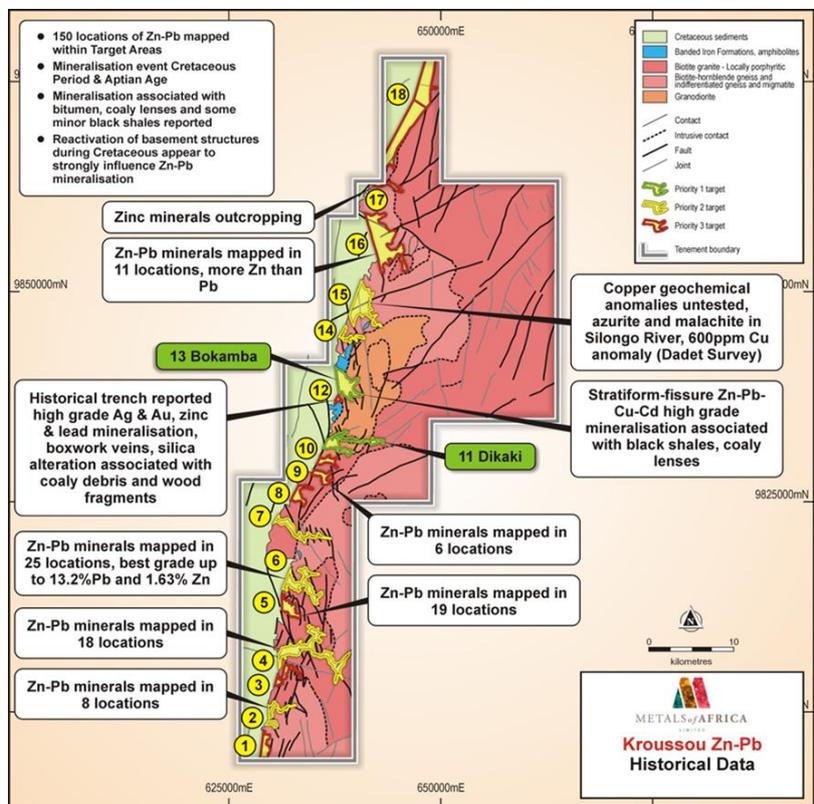


Figure 6: Details of some of the historic exploration conducted at the Kroussou Project

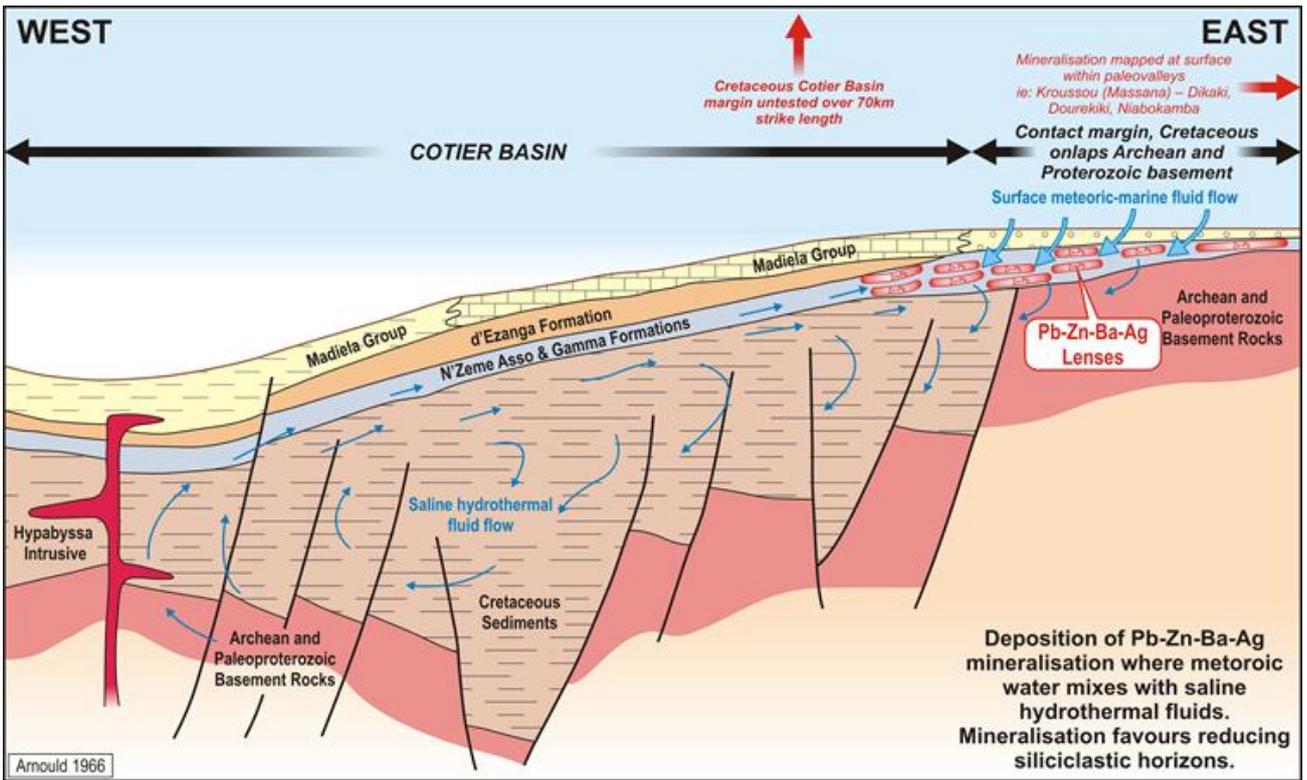


Figure 7: Schematic geological mineralisation model showing the westward Cotier Basin Cretaceous aged stratigraphy within the mineralised channels onlapping Archean and Paleoproterozoic rocks in the east. Mineralisation is modelled with deposition at the interface of the meteoric and marine fluids. Schematic based on Arnould 1966 (BRGM)

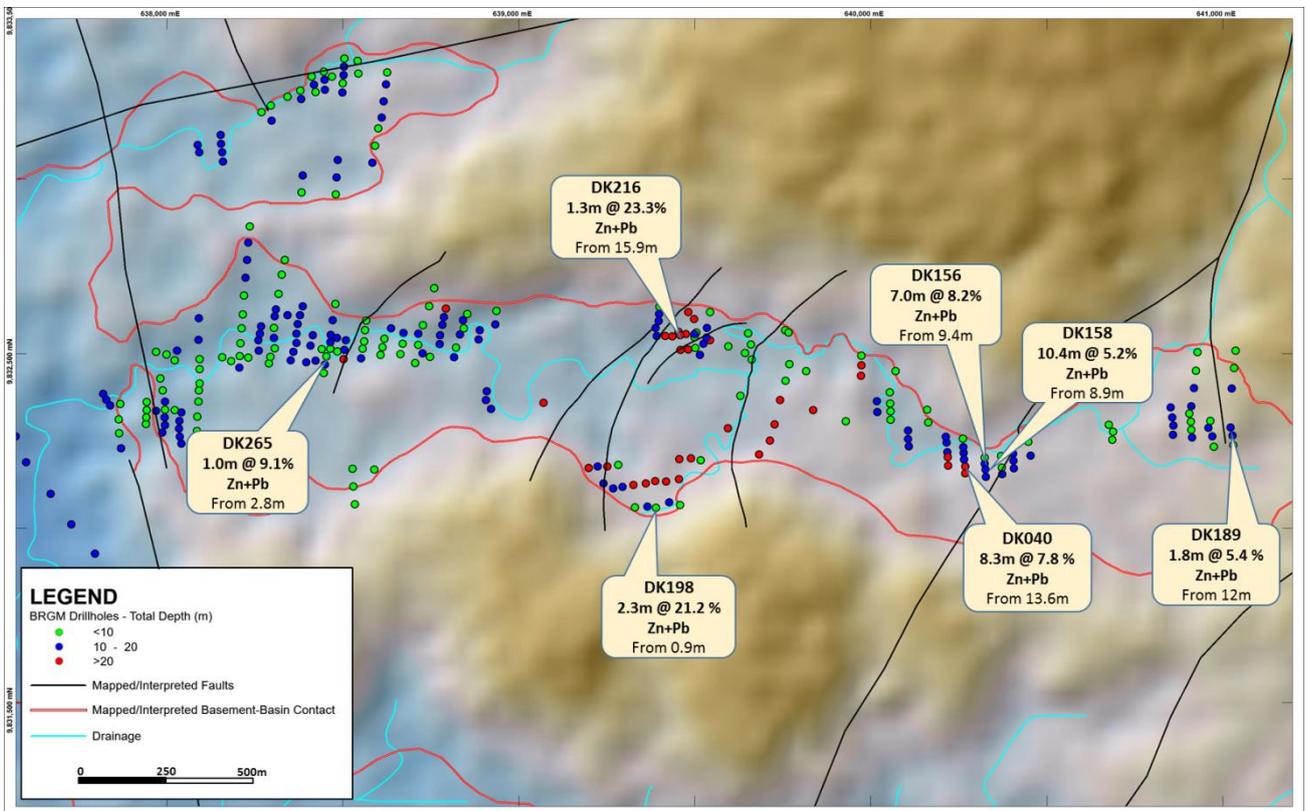


Figure 8: Drillhole collar plan on SRTM topography showing the distribution and depth of the historic BRGM drilling along with some example mineralised intersections

Appendix 1: Selected example drillhole collar locations: (Note: Collar Locations have been estimated to approximately +/- 10m accuracy using historical hand drawn plans and recent field observations)

Hole ID	Easting (WGS 84 Z32 S)	Northing (WGS 84 Z32 S)	Nominal RL (m)	Dip (°)	Azimuth (mag °)	Total Depth (m)
DK040	640268	9832179		-90	000	21.9
DK156	640324	9832187		-90	000	18.2
DK158	640326	6832187		-90	000	19.3
DK189	641027	9832267		-90	000	18.6
DK198	639389	9832061		-90	000	4.1
DK216	639475	9832558		-90	000	22.2
DK265	638502	9832487		-90	000	23.3

6.0 Competent Persons Statement

The information in this report that relates to exploration results is based on information compiled by Mr Bradley Drabsch, Member of the Australian Institute of Geoscientists ("AIG") and Managing Director of Zambezi Resources Limited. Mr Drabsch has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a competent person as defined in the JORC Code 2012. Mr Drabsch consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.



Brad Drabsch
Managing Director
Zambezi Resources Limited
 Tel: +61 8 6555 1879

Independent Auditor's Review Report

To the Members of Zambezi Resources Limited

We have reviewed the accompanying half-year financial report of Zambezi Resources Limited, which comprises the condensed consolidated statement of financial position as at 30 September 2016, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration. The consolidated entity comprises the company Zambezi Resources Limited and the entities it controlled at the end of the half-year or from time to time during the half-year.

Directors Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with IAS 134 Interim Financial Reporting and for such internal control as the directors determine is necessary for the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not presented fairly, in all material respects, in accordance with IAS 134 Interim Financial Reporting. As the auditor of Zambezi Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independent Auditor's Review Report
To the Members of Zambezi Resources Limited (Continued)



Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of Zambezi Resources Limited does not present fairly, in all material respects the consolidated entity's financial position as at 30 September 2016 and of its financial performance for the half-year ended on that date in accordance with IAS 134 Interim Financial Reporting as described in Note 1.

A handwritten signature in blue ink that reads "Bentleys".

BENTLEYS
Chartered Accountants

A handwritten signature in blue ink that reads "Chris Nicoloff".

CHRIS NICOLOFF CA
Director

Dated at Perth this 5th day of December 2016

Financial Report

Your directors submit the financial report of the Group for the half-year ended 30 September 2016.

1.0 Directors

The Directors and senior management of the parent entity are shown below together with their holdings of ordinary fully-paid shares of £0.01 par value each, in which they have an interest, and share options:

NAME	FULLY PAID ORDINARY SHARES HELD AS AT 30 SEPTEMBER 2016		UNLISTED OPTIONS AT 30 SEPTEMBER 2016	
	Direct	Indirect	Direct	Indirect
David Vilensky	-	438,340*	-	-
Greg Bittar	2,000,000	-	2,000,000	-
Brad Drabsch	-	9,250,000	-	9,250,000
Marinko Vidovich	-	80,886*	-	-

*Post consolidation

2.0 Review & Results of Operations

The profit for the half-year ended 30 September 2016, after providing for income tax, amounted to £3,132,242 (30 September 2015: £388,060).

The principal activity of the economic entity during the half-year was the continued exploration for commercially and economically viable mineral resources in Zambia and Africa.

3.0 Substantial Shareholders

The share register records the following interests for shares and options for holders with more than 3% of issued share capital as at 30 September 2016.

Shareholder	Shares	Percentage %
RBC Investor Services Australia Nominees Pty Limited <RVGAF2 A/c>	71,088,846	69.82%
Centrepeak Resources Group Pty Ltd	9,250,000	9.08%

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2016

	Notes	Half-year Ended 30 September 2016 £	Half-year Ended 30 September 2015 £
Investment Revenue			
Interest revenue		23	16
Total Investment Revenue		23	16
Other Income			
Management fee		-	37,690
Gain on borrowings repayment/modification	8	4,253,320	199,142
Net foreign exchange gains/(losses)		(388,438)	495,281
Total Other Income		3,864,882	732,113
Finance Costs			
Interest expense		(85,586)	(103,909)
Other Expenses			
Auditing fees		(25,384)	(42,034)
Administrative Costs		(17,461)	(5,935)
Communications		(3,226)	(2,352)
Computing		(4,546)	(4,058)
Consultants		(28,209)	(136,529)
Directors' fees		(10,728)	(15,030)
Exploration expenses		(10,679)	(29,204)
Lease costs		(5,777)	(280)
Legal		(16,089)	59,990
Other costs		(16,146)	(11,870)
Printing & stationery		(9,123)	(8,263)
Regulatory & statutory costs		(18,091)	(12,165)
Share registry costs		(11,417)	(9,760)
Travel		(12,109)	(18,971)
Total Other Expenses		(188,985)	(236,461)
Total Expenses		(274,571)	(340,370)
Profit before tax		3,590,311	391,759
Income tax expense		-	-
Profit from continuing operations		3,590,311	391,759
Loss from discontinued operation	11	(458,069)	(3,699)
Profit for the Half-Year		3,132,242	388,060
Attributable to:			
Equity holders of the Parent		3,132,242	388,060
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Parent:			
Basic earnings per share	4	0.11	0.04
Diluted earnings per share		0.10	0.04
Earnings per share for profit attributable to the ordinary equity holders of the Parent:			
Basic earnings per share		0.10	0.04
Diluted earnings per share		0.09	0.04

Notes to the Financial Statements are included on pages 25 to 36

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2016**

	Half-year Ended 30 September 2016 £	Half-year Ended 30 September 2015 £
Profit for the period	3,132,242	388,060
Other Comprehensive Income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences arising on translation of foreign operations	334,831	(647,766)
Exchange differences realised on deconsolidation of subsidiary	457,328	-
Total Comprehensive Income/(Loss) for the Period Attributable to Owners of the Parent	3,924,401	(259,706)

Notes to the Financial Statements are included on pages 25 to 36

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016

	Notes	30 September 2016 £	31 March 2016 £
ASSETS			
Current Assets			
Cash and cash equivalents		220,792	89,694
Trade and other receivables		-	9,856
Total Current Assets		220,792	99,550
Non-current Assets			
Exploration and evaluation		8,296,778	7,498,497
Total Non-current Assets		8,296,778	7,498,497
Total Assets		8,517,570	7,598,047
LIABILITIES			
Current Liabilities			
Trade and other payables		75,594	118,954
Borrowings		-	4,634,519
Total Current Liabilities		75,594	4,753,473
Total Liabilities		75,594	4,753,473
NET ASSETS		8,441,976	2,844,574
EQUITY			
Capital and reserves			
Issued capital	9	13,430,195	12,480,397
Reserves		23,813,638	22,298,276
Accumulated losses		(28,801,857)	(31,934,099)
Equity Attributable to Owners of the Company		8,441,976	2,844,574
TOTAL EQUITY		8,441,976	2,844,574

Notes to the Financial Statements are included on pages 25 to 36

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2016**

	Notes	Half-year Ended 30 September 2016 £	Half-year Ended 30 September 2015 £
Issued Capital			
Opening balance		12,480,397	12,438,513
Issued during the period		949,798	41,884
Closing Balance	9	13,430,195	12,480,397
Share Premium Reserve			
Opening balance		21,568,476	21,517,426
Issued during the period		723,203	51,050
Closing Balance	9	22,291,679	21,568,476
Options & Warrants Reserve			
Opening balance		18,535	2,500,551
Closing Balance		18,535	2,500,551
Accumulated Losses			
Opening balance		(31,934,099)	(34,947,646)
Profit for the period		3,132,242	388,060
Closing Balance		(28,801,857)	(34,559,586)
Foreign Currency Translation Reserve			
Opening balance		711,265	614,072
Other comprehensive income/(loss) for the period		792,159	(647,766)
Closing Balance		1,503,424	(33,694)
TOTAL EQUITY		8,441,976	1,956,144

Notes to the Financial Statements are included on pages 25 to 36

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2016

	Half-year Ended 30 September 2016 £	Half-year Ended 30 September 2015 £
Cash Flows from Operating Activities		
Payments to suppliers and employees	(212,284)	(163,949)
Other income received	-	30,915
Net cash used by operating activities	(212,284)	(133,034)
Cash Flows from Investing Activities		
Payments for exploration and evaluation	(10,679)	(46,095)
Deposit received on sale of subsidiary	-	64,950
Cash disposed on subsidiary deconsolidation	(267)	-
Interest received	23	16
Interest paid	(15)	-
Net cash (used by)/generated by investing activities	(10,938)	18,871
Cash Flows from Financing Activities		
Proceeds from issue of share capital	292,157	61,911
Proceeds from borrowings	50,980	94,516
Net cash generated by financing activities	343,137	156,427
Net Increase in Cash and Cash Equivalents	119,915	42,264
Cash and cash equivalents at beginning of the period	89,694	78,511
Effects of exchange rate changes on cash and cash equivalents	11,183	(19,680)
Cash and Cash Equivalents at the end of Period	220,792	101,095

Notes to the Financial Statements are included on pages 25 to 36

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2016

1.0 Statement of compliance

The Half Year report is a general purpose financial report prepared in accordance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The Half Year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

1.1 Basis of preparation

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

1.2 Going Concern

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

The Group generated a profit for the half-year ended 30 September 2016 of £3,132,242 (2015: £388,060) and a net cash out-flow from operating activities of £223,222 (2015: £114,163)

As at 30 September 2016, the Group had a working capital position of £145,198 (March 2016: £4,653,923 deficiency). The Company has no debt component in its working capital following the conversion by IMC of its bridging facility into fully paid ordinary shares (March 2016: £1,098,896 bridging facility outstanding) and conversion of the convertible note balance into a royalty (March 2016: £3,535,623 Convertible Note Balance Outstanding).

Since the end of the financial year the Company obtained shareholder approval to issue 37,500,000 shares to raise A\$750,000 (before costs). A\$60,000 was received prior to half year end with the remaining A\$690,000 received after half year end.

The directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

2.0 Significant accounting policies

Zambezi Resources Limited is a company registered and domiciled in Bermuda. The condensed financial statements have been prepared under the historical cost convention.

The same accounting policies and methods of computation are followed in these condensed financial statements as compared with the most recent annual financial statements for the year ended 31 March 2016. These accounting policies are consistent with the International Financial Reporting Standards.

In the current period, the Consolidated Entity has adopted all of the new and revised accounting Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Standards Interpretations Committee (IFRIC) that are relevant to its operations and effective for the current reporting period. There has been no material impact on the financial statements of the Consolidated Entity.

3.0 Segment Information

3.1 Exploration and evaluation

Exploration and evaluation expenditure relates mainly to the greater Kangaluwi Copper Project which consists of the Kangaluwi, Chisawa, and Kalulu prospects and a number of unnamed targets, and covers approximately 25% of the Zambezi licence area PL 214.

The following is an analysis of the consolidated entity's results by reportable operating segment for the periods under review:

	SEGMENT RESULT	
	Half-year Ended 30 September 2016 £	Half-year Ended 30 September 2015 £
Continuing Operations		
Exploration and evaluation	(10,679)	(29,204)
Corporate	3,600,990	420,963
Discontinued Operations	(458,069)	(3,699)
Consolidated segment profit for the period	3,132,242	388,060

The following is an analysis of the consolidated entity's assets by reportable operating segment:

	SEGMENT ASSETS	
	Half-year Ended 30 September 2016 £	Year Ended 31 March 2016 £
Continuing Operations		
Exploration and evaluation	8,296,778	7,498,497
Unallocated corporate assets	220,792	99,550
Consolidated segment assets	8,517,570	7,598,047

The following is an analysis of the consolidated entity's liabilities by reportable operating segment:

	SEGMENT LIABILITIES	
	Half-year Ended 30 September 2016 £	Year Ended 31 March 2016 £
Continuing Operations		
Exploration and evaluation	-	-
Unallocated corporate liabilities	75,594	4,753,473
Consolidated segment liabilities	75,594	4,753,473

4.0 Loss Per Share

Effective 30 August 2016 the Company enacted a 1:4 reverse share split which has been retrospectively applied to the per share calculations. The numbers of shares and options disclosed are the post-adjustment amounts. The calculation of the basic and diluted earnings per share is based on the following information:

	Half-year Ended 30 September 2016 £	Half-year Ended 30 September 2015 £
EARNINGS		
Profit attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share:		
From continuing operations	3,590,311	391,759
From discontinued operation	(458,069)	(3,699)
	<u>3,132,242</u>	<u>388,060</u>
SHARES		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	32,533,414	9,688,931
Adjustments for calculation of diluted earnings per share:		
Options	2,594,013	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	<u>35,127,427</u>	<u>9,688,931</u>

	£	£
BASIC EARNING PER SHARE		
From continuing operations attributable to the ordinary equity holders of the Company	0.11	0.04
From discontinued operation	(0.01)	-
Total basic earnings per share attributable to the ordinary equity holders of the Company	0.10	0.04
DILUTED EARNING PER SHARE		
From continuing operations attributable to the ordinary equity holders of the Company	0.10	0.04
From discontinued operation	(0.01)	-
Total diluted earnings per share attributable to the ordinary equity holders of the Company	0.09	0.04

The following potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares:

Unlisted Options	1,250,000	75,000
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5.0 Dividends

No dividends were paid or proposed during the financial period.

6.0 Cash and Cash Equivalents

	Half-year Ended 30 September 2016 £	Year Ended 31 March 2016 £
Bank Balances	220,792	89,694

7.0 Exploration and Evaluation

	Half-year Ended 30 September 2016 £	Year Ended 31 March 2016 £
Costs		
As at 1 April	7,498,497	7,269,008
Foreign exchange translation	798,281	229,489
Closing balance	8,296,778	7,498,497

The Company policy is to charge exploration expenditure to specific areas of interest.

Exploration expenditure that cannot be attributed to specific areas of interest is written off. As set out in the Consolidated Statement of Profit or Loss, exploration expenditure incurred in the current period has been expensed.

Recoverability of the Group's carrying value of interests in mineral projects is subject to the successful development and exploitation of the exploration properties or alternatively, the sale of these tenements at amounts at least equal to the book values. The ability of the Group to fund the successful development and exploitation of the exploration properties is dependent on the going concern assumptions set out in Note 1. Exploration and evaluation at 30 September 2016 represents the Directors assessment of the value of the Kangaluwi project. Refer to indicated and inferred estimated resources as disclosed in the operations review. The underlying value of interest is in USD, therefore variations exist on translation to presentation currency of GBP. The directors are of the opinion that in relation to the Kangaluwi Copper Project court case that this does not impact the carrying value as at 30 September 2016.

8.0 Convertible Note - Update

The key terms of the Facility are as follows:

- ⊗ There were two Tranches of convertible notes of A\$5 million each.
- ⊗ Each Tranche had a term of 24 months from draw down date and the notes carry a coupon of 10% p.a. Tranche A is convertible into ordinary shares at a 20% premium to the Rights Issue price and Tranche B at a 20% premium to the volume-weighted average price of Zambezi shares over the 5 trading days preceding the delivery by ARF of a conversion notice.
- ⊗ Tranche B Facility has been terminated upon execution of the ARF Term Sheet on 4 November 2013. The Company had not drawn on Tranche B of the Facility.
- ⊗ Tranche A can at the election of ARF be converted into a 12.5% joint venture interest in the Projects, or to convert part of Tranche A into shares and part into a pro rata joint venture interest in the Projects.
- ⊗ If ARF elects to take up a joint venture interest in the Projects, then Zambezi and ARF will form a joint venture for the development of the Projects in the relevant proportions. Zambezi will be the Operator of the joint venture and will govern the operating committee as majority interest holder. ARF will be able to elect to contribute, sell or dilute its interest during the term of the joint venture.
- ⊗ If ARF elects to take up a joint venture interest in the Projects, then Zambezi and ARF will form a joint venture for the development of the Projects in the relevant proportions. Zambezi will be the Operator of the joint venture and will govern the operating

committee as majority interest holder. ARF will be able to elect to contribute, sell or dilute its interest during the term of the joint venture.

- ⑧ At 31 March 2015, the maturity date of the convertible note was 31 December 2015.
- ⑧ Interest on the convertible note was 10% with 5% penalty interest up to 30 June 2014.
- ⑧ On 3 June 2014, interest on the facility was suspended.

On 12 June 2015, the Company executed a binding Term Sheet with ARF. Pursuant to the Term Sheet ARF has agreed:-

- ⑧ to further extend the termination date of the Amended Facility Agreement to 31 December 2016;
- ⑧ to extend the repayment date of Tranche A of the Convertible Note Deed dated 13 September 2011 ("Convertible Note Deed") from 31 December 2015 to 31 December 2016; and
- ⑧ to further suspend the interest charged under the Amended Facility Agreement and the Convertible Note Deed for a period of 12 months commencing on 31 December 2015 ("Suspension Period"). Interest will resume should ZRL receive a cash inflow of at least AUD\$5 million within the Suspension Period.

On 16 May 2016, the Company executed a binding Term Sheet with ARF. Pursuant to the Term Sheet, the terms of which were approved by shareholders in a general meeting of the company held on 18 August 2016, ARF has agreed:-

- ⑧ in consideration for the outstanding balance of A\$6,637,824 owing by the Company to ARF pursuant to the Convertible Note, the Company has agreed to grant to ARF a royalty of 3% calculated on any gross revenue from its Kangaluwi Copper Project ("KCP") in Zambia up to a maximum of A\$12m plus a Farm-In-Right;
- ⑧ The Farm-In-Rights gives ARF the right to earn a Farm-In-Interest in KCP of up to 75% upon investing A\$1m in the project; and
- ⑧ Subject to ARF not having exercised the Farm-In-Right, the Farm-In-Interest will reduce on a sliding scale to a minimum of 30% when ZRL has invested A\$15m in KCP. For example, if ZRL invests A\$6m in KCP the Farm-In-Interest of ARF will reduce to 50%.
- ⑧ Upon settlement of the above transaction on 7 September 2016, the Group has recognised a gain of £4,312,499 in profit or loss on the repayment of the Convertible Note.

8.1 Other Loans - Update

On 4 November 2013 the Company has drawn down A\$1.9 million of the Bridging Facility.

The key terms of the Bridging Facility:-

- ⑧ Up to A\$1.9 million.
- ⑧ 12% p.a. capitalizing on a monthly basis from date of drawdown until the Maturity Date with interest payable quarterly in arrears. 5% penalty interest is also accruing as interest has not been paid during the year.
- ⑧ Fully secured Facility ranking pari passu with the Notes under the Convertible Note Deed.
- ⑧ At 31 March 2015, the maturity date was 31 December 2015.

On 12 June 2015, the Company executed a binding Term Sheet with ARF. Pursuant to the Term Sheet ARF has agreed:-

- ⑧ To increase its commitment under the existing Facility Agreement between ARF, the Company and others by AUD\$200,000 taking the aggregate principal outstanding to AUD\$2.8 million ("Amended Facility Agreement"). Drawdown under the Amended Facility Agreement will be subject to ZRL and/or its Directors raising an additional AUD\$130,000 from the June 2015 Rights Issue; to extend the termination date of the Amended Facility Agreement to 31 December 2016. Interest was further suspended to 31 December 2016.

On 16 May 2016, the Company executed a binding Term Sheet with ARF. Pursuant to the Term Sheet, the terms of which were approved by shareholders in a general meeting of the company held on 18 August 2016, ARF agreed:-

- ⑧ To increase its commitment under the existing Facility Agreement between ARF, the Company and others by AUD\$100,000 taking the aggregate principal outstanding to AUD\$2.4 million ("Amended Facility Agreement").
- ⑧ To subscribe for 69,000,886 fully paid ordinary shares in ZRL at a deemed issue price of A\$0.035 with 5,000,000 free attaching options ("Placement Securities"). ARF's obligation to provide the subscription monies for the Placement Securities will be set-off against the outstanding debt owed under the Facility Agreement with the result of no cash being raised.
- ⑧ Upon modification of the terms of the Facility Agreement for the additional drawdown, the Group recognised a loss of £59,179 in profit or loss. Upon settlement of the above

transaction on 7 September 2016, the balance of the Facility Agreement of £1,380,844 was converted to equity and recognised in Issued Capital and Share Premium Reserve.

8.2 Gain on borrowings repayment/modification recognized

The following is the makeup of the net gain on borrowings repayment/modification recognized during the period.

Convertible Note	4,312,499
Other Loan	(59,179)
Net Gain	4,253,320

9.0 Issued Capital

Authorised shares of par £0.01 each, carrying one vote per share and rights to dividends:

	Number of Shares	Cash Proceeds £	Costs £	Issued Capital £	Share Premium £
Issued and fully paid ordinary shares					
As at 1 April 2016	41,290,103			12,480,397	21,568,476
30/08/16 (1:4 Consolidation) ¹	(30,967,406)	-	-	-	-
07/09/2016 ²	69,000,886	-	-	690,008	690,836
08/09/2016	22,500,000	257,367	-	225,000	32,367
30/09/2016 ³	-	34,790	-	34,790	-
Balances as at					
30 September 2016	101,823,583	292,157	-	13,430,195	22,291,679

¹Effective 30 August 2016 the Company enacted a 1:4 reverse share split. The total adjustment made during the consolidation process to the number of shares on issue, including applicable rounding-up, is shown above.

²These shares were issued as consideration for the repayment of borrowings, refer to note 8.

10.0 Commitments and Contingencies

Operating leases: non-cancellable lease rentals are payable as follows:

	Half-year Ended 30 September 2016 £	Year Ended 31 March 2016 £
Not later than 1 year	3,189	2,882
Later than 1 year and not later than 5 years	4,784	5,765
	7,973	8,647

The Group has a non-cancellable operating lease for an item of office equipment expiring within five years, with rent payable monthly. The item is subject to a per unit charge, but there are no provisions for escalation or renewal within the lease agreement.

10.1 Contingent Liabilities

Kangaluwi Royalty

On 9 May 2016 the Company and Perpetual Corporate Trust Limited in its capacity as custodian of the Auctus Resources Fund (ARF) entered into an agreement which resulted in the extinguishment of the convertible note liability which existed of A\$6,637,824. In consideration for this ARF will be entitled to receive the following:

1. A royalty of 3% calculated on any gross revenue generated from the Kangaluwi Copper Project (KCP) up to a maximum total Royalty payment of A\$12m.
2. In the event KCP is sold 80% of the sale proceeds shall be utilised to satisfy the Royalty obligation.

TM Resources Acquisition

On 16 September 2016 the Company and the shareholders of TM Resources Pty Ltd (TM) entered into a Share Sale Agreement which resulted in the Company acquiring all the shares on issue in TM.

The company paid A\$10,000 on execution of the Share Sale Agreement.

The Company also agreed to pay a contingent consideration:

1. Zambezi Resources Limited (ZRL) shares to the value of A\$50,000 within 7 days of the grant of the tenements that TM has applied for.
2. A\$1,000,000 upon the public release by ZRL of Mineral Resource Estimate in Respect of the Lawn Hill Project of between 550Kt Zn eq - 1.1Mt Zn eq; and
3. A\$3,000,000 upon the public release by ZRL of a Mineral Resource Estimate in respect of the Lawn Hill Project of greater than 1.1Mt Zn eq.

11.0 Discontinued operation

Description

Zambezi Resources (Australia) Pty Ltd ("ZRA") was deregistered in October 2015, with final unwinding from the Group structure occurring effective 1 April 2016. From this date, ZRA ceased to be consolidated into the Group. ZRA was a wholly owned subsidiary of the parent entity, previously utilized for management services within the Group. ZRA has been classified in these financial statements as a discontinued operation for all periods presented.

On 1 May 2015, the Group announced that it had entered into a binding Memorandum of Understanding with African Brothers Corporation Limited (“ABC”), a Chinese construction company based in Zambia, for the sale of Mpande Limestone Limited (“Mpande”), a Zambian company which is a wholly owned subsidiary of the Group that owns the cement limestone project (“Mpande Project”) which is a 50/50 joint venture with Limestone Ventures Pty Ltd (“LVPL”). A binding Share Sale Agreement (“SSA”) was executed in relation to this sale on 26 October 2015. The share purchase consideration is US\$2,780,000, and ABC must also repay Mpande’s loan to Zambezi of US\$670,000. Half of the total consideration was payable to LVPL on settlement. Settlement in accordance with the SSA occurred on 4 December 2015. Mpande has been classified in these financial statements as a discontinued operation, with disclosures relevant only for the comparative period for the half-year ended 30 September 2015.

Financial information relating to the discontinued operations, for the respective periods as noted above, are set out below.

12.0 Financial performance and cash flow information

	Half-year Ended 30 September 2016 £	Half-year Ended 30 September 2015 £
Revenue	-	-
Expenses	-	(3,699)
Loss before income tax	-	(3,699)
Income tax	-	-
Loss after income tax of discontinued operation	-	(3,699)
Loss on disposal of the subsidiary after income tax	(458,069)	-
Loss from discontinued operation	(458,069)	(3,699)
Net cash outflow from ordinary activities	-	(39,829)
Net cash outflow from investing activities	(267)	(19,314)
Net cashflow from financing activities	-	-
Net decrease in cash generated by the subsidiaries	(267)	(59,143)

13.0 Details of the disposal of ZRA

	Half-year Ended 30 September 2016 £	Half-year Ended 30 September 2015 £
Total disposal consideration	-	-
Carrying amount of net assets disposed	(741)	-
Loss on disposal before income tax and reclassification of foreign currency translation reserve	(741)	-
Reclassification of foreign currency translation reserve	(457,328)	-
Income tax expense	-	-
Loss on disposal after income tax	(458,069)	-

The carrying amounts of assets (nil liabilities) as at the date of deconsolidation (1 April 2016) was:

	Half-year Ended 30 September 2016 £	Half-year Ended 30 September 2015 £
Cash and cash equivalents	267	-
Trade and other receivables	474	-
Total assets	741	-
Net assets	741	-

14.0 Carrying amounts of assets and liabilities of Mpande

In relation to Mpande, at 30 September 2015 the carrying amount of liabilities was nil, with the carrying amount of assets as set out below.

	Half-year Ended 30 September 2015 £
Trade and other receivables	6,795
Assets classified as held for sale	6,795

15.0 Subsidiary Acquisitions

15.1 Zambezi Management Pty Ltd

Zambezi Management Pty Ltd (“ZMPL”) was incorporated on 2 September 2016 with Zambezi Resources Limited the 100% beneficial shareholder. ZMPL has been dormant since incorporation.

15.2 TM Resources Pty Ltd

On 19 September 2016 Zambezi Resources Limited completed the 100% acquisition of TM Resources Pty Ltd (“TMR”) which holds two exploration tenement applications in the Northern Territory known as the Lawn Hill Project. There has been no activity in TMR since acquisition.

The consideration for the acquisition of TMR consisted of an upfront cash payment of AUD\$10,000, and includes the following contingent payments:

- ⊗ AUD\$50,000 in ZRL shares to be issued upon the grant of the tenements;
- ⊗ AUD\$1,000,000 upon the public release of a JORC 2012 Compliant Resource in respect of the Lawn Hill Project of between 550Kt Zn eq – 1.1Mt Zn eq; and
- ⊗ AUD\$3,000,000 upon the public release of a JORC 2012 Compliant Resource in respect of the Lawn Hill Project of between 1.1Mt Zn eq – 2.2Mt Zn eq.

The Company anticipates the tenement grant process may take between 12 – 24 months from the date of acquisition.

16.0 Post Balance Sheet Events

16.1 Subsequent Events

The directors are not aware of any matters or circumstances at the date of this report, other than those referred to in the Directors’ report of the financial statements or notes thereto that have significantly affected or may significantly affect the operations, results of operations or the state of affairs of the Company and Consolidated Entity in subsequent financial years.

17.0 Approval of Interim Financial Statements

The interim financial statements were approved by the board of directors on 5 December 2016.

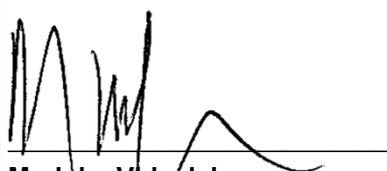
DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes as set out on pages 25 to 36:-
 - a) Comply with Accounting Standard IAS 34: Interim Financial Reporting; and
 - b) Give a true and fair view of the consolidated entity's financial position as at 30 September 2016 and of its performance for the half-year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the Company 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.



Marinko Vidovich
Finance Director
5 December 2016