

Top End Minerals Limited

ACN 124 943 728

INTERIM FINANCIAL REPORT  
FOR THE HALF YEAR ENDED  
31 DECEMBER 2016

# Top End Minerals Limited

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# Top End Minerals Limited

## Chairman's Report

Dear Shareholder

Top End Minerals Ltd (ASX: TND) is a diversified mineral explorer, which controls through farm-in arrangements with Merlin Diamonds Ltd (ASX: MED), and in its own right, one of the largest portfolios of highly prospective exploration tenements in the Northern Territory, Australia. The Company has mineral rights other than diamonds for the farm-in tenements and holds all mineral rights for two tenements held in its own name.

### PROPOSED ACQUISITION OF HIGH GRADE LONG KENG ZINC MINE AND LASHIO ZINC REFINERY IN MYANMAR

In October 2016, TND announced the proposed acquisition of High Grade Long Keng Zinc Mine and Lashio Zinc Refinery in Myanmar.

Key points of the proposed acquisition are:

- Option acquired to purchase 60% interest in Cornerstone Resources (Myanmar) Ltd (CRML) which holds the Long Keng Zinc Mine and Lashio Zinc Refinery in Myanmar for US\$43 million.
- Nine-month option agreement in place with CRML's major shareholders, China's Datong Industrial Co and Yandal Investments, for US\$500,000 up front non-refundable deposit.
- Long Keng tenement covers 8 square kilometres of highly prospective ground and hosts two surface outcrops of high-grade smithsonite with a historical Inferred Resource of 170,000 tonnes at an average grade of 37 % Zinc for a total contained metal content of 63,000 tonnes, reported in 2000 under the JORC Code 1999 Edition (Annexure 1).
- CRML has mined part of the Long Keng resource and has processed the material at its 100%-owned Lashio Zinc Refinery since commissioning in February 2015. The amount of remaining resource in situ and in stockpiles will be determined during the option period.
- The Lashio Zinc Refinery has a capacity of 10,000t of LME (99.99% Zinc) refined zinc per annum with plans to scale up capacity to 18,000t of refined Zinc per annum.
- Lashio is the only modern Zinc refinery plant within Myanmar's highly prospective Shan Plateau zinc and base metal province.
- Significant opportunity exists to acquire other significant zinc and base metal assets and exploration tenements in Myanmar.
- Potential for nearby Bawdwin mine and Namtu smelter complex slag dumps (unclassified historical resource of 2.3 Mt at 17% Zinc reported in 1987) to supply long term feedstock to Lashio Zinc Refinery should access to these be negotiated.
- Recent changes in Myanmar's political landscape and lifting of US and EU sanctions make TND's entry very timely.
- Mark Creasy's Yandal Investments to invest A\$500,000 in TND as part of transaction
- In addition A\$2.2 million placement completed by Triple C Consulting to fund the non-refundable deposit, provide working capital for activities in Myanmar and fund exploration of TND's highly prospective Northern Territory Zinc project.

In January 2017, TND announced that technical due diligence on the Lashio Zinc Refinery has been successfully completed. Perth based Mining and Process solutions (MPS) were engaged to carry out the due diligence. Corporate due diligence and financial due diligence on Cornerstone Resources (Myanmar) Limited commenced in February 2017.

# Top End Minerals Limited

## Chairman's Report

### Details

TND has acquired an option to purchase a 60% interest in CRML. CRML is a pure zinc producer that owns the Long Keng Zinc Mine and tenement in addition to owning the Lashio Zinc Refinery, located in the Shan State of Myanmar, a highly mineralised region of the country.

TND has reached agreement with CRML's major shareholders, China's Datong Industrial Co and Mark Creasy's Yandal Investments, to secure a nine-month option through the payment of a non-refundable deposit of US\$500,000. The purchase price for 60% of CRML is US\$43 million. As part of the transaction, Yandal Investments has committed A\$500,000 and Triple C Consulting has arranged a A\$2.2 million placement in TND, that will give the Company the necessary financial flexibility to complete payment of the non-refundable deposit, fund in-country activities in Myanmar, fund exploration of TND's highly prospective Northern Territory Zinc project, and provide working capital.

Together with major Chinese partner, Datong, TND has a unique opportunity to acquire significant zinc and other base metal assets within the country. Following changes in Myanmar's political landscape and the recent lifting of US and EU sanctions, Myanmar has the potential to be a major attraction for mining investment due to its significant geological setting and untapped potential. TND's move to acquire a 60% interest in CRML with its producing assets and cash flow gives it a unique advantage and potential for growth in a highly prospective jurisdiction.

### About Cornerstone Resources (Myanmar) Ltd (CRML)

CRML is a private company owned jointly by Australian and Chinese shareholders and has been operating in the resource sector in Myanmar since 1999. It is pure zinc company at present. CRML shareholders and management have substantial experience operating in Myanmar and a proven and successful track record in country.

CRML's major projects are the Long Keng Mine and tenement and the Lashio Zinc Refinery in central Myanmar (see figures 1-4 below). Long Keng is situated 450km north east of Yangon. The mining lease covers 8km<sup>2</sup> and hosts two high grade Zinc outcrops, Hill 1 and Hill 2. A historic Inferred Resource of 170,000 t at 36.8% Zn was reported in 2000 under the guidelines of the 1999 edition of the JORC Code, making Long Keng one of the highest grade zinc deposits in the world.

The 2000 resource estimate was based on historical 1950's drilling (15 drill holes at Hill 1 and 10 drill holes at Hill 2) and additional surface sampling (Annexure 1). It was not possible to validate the 1950's assay data except by surface sampling that confirmed the zinc grade range. A topographic survey of the outcropping mineralisation was completed to provide an upper surface of the resource. The resource was estimated using a sectional polygonal method. A total of 17 drill holes completed by CRML in 2001-2003 were focused on exploration rather than resource validation. Five holes intersected high-grade zinc mineralisation of similar tenor to the resource estimate.

The Long Keng deposit has been partly depleted by mining, mainly subsequent to Datong's investment in CRML in 2012. The material mined by CRML was stockpiled for processing at the Lashio Zinc Refinery which was commissioned in February 2015. The Lashio Zinc Refinery is situated 700 km north east of Yangon and has current capacity of 10,000t refined Zinc per annum with an average 99.99% Zinc grade. Plans to increase capacity to 18,000t refined Zinc per annum are currently under discussion. CRML reports that about 50,000t has been processed since commissioning and that 100,000 t of material is stockpiled at Lashio.

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## Chairman's Report

Investors are cautioned that the Company has not yet completed a work program to determine the remaining resource or assess the extent of mining depletion. A resource update for the deposit and stockpiles will be a priority during the option period.

### Significant future upside and expansion potential

In addition to the potential exploration upside at Long Keng, CRML's proximity to the former world class Bawdwin mine and Namtu smelter complex with its zinc-rich slag dumps (unclassified historic resource reported in 1987 as 2.3 Mt averaging 17% Zn) provides an opportunity for the Lashio Zinc Refinery to source additional feedstock for the long term. Previous studies suggest that the slags can be treated to recover a zinc oxide product suitable for refining into zinc metal at the Lashio Zinc Refinery.

There is also the possibility for an additional source of feed for the Lashio refinery from the Bawdwin concentrator and flotation plant after it has been upgraded. In the 1900's the Bawdwin lead, zinc and silver mine was the largest of its kind in the world. The mine and smelter fell into neglect following WW2 and through successive military governments. The mine was privatised in 2002, however it has underperformed and is currently in a state of disrepair despite its obvious potential.

### **ARNHEM LAND BASE METALS PROJECT**

An MMI-M™ soil geochemical sampling program was conducted in the previous quarter at the Company's flagship project, the Arnhem Land Base Metals Project. Over 100 samples comprising 4 orientation lines were sampled over the previously defined gravity anomaly and rock chip sample zinc-lead results at the Mainoru Prospect. Over 250 infill grid samples were also taken and were to be submitted pending positive results from the initial 4 orientation lines. The purpose of the MMI-M™ sampling program was to see if the gravity anomaly would also return anomalous results of zinc and lead as did previous nearby surface rock chip samples.

Results for the 4 orientation lines were positive with a zinc and lead anomaly seen to correlate with the highest Bouguer gravity readings. For a full description of the MMI-M™ results please see the Company's announcement dated 30 July 2015 on the Top End Minerals Ltd website [www.topendminerals.com](http://www.topendminerals.com).

The positive anomalous zinc and lead results have warranted the submission of the remaining infill grid MMI-M™ samples and also a further program of MMI-M™ sampling to the south and west to find the limits of the known anomaly. A drilling program is expected to follow pending receipt of all approvals.

An Aboriginal Areas Protection Authority (AAPA) Certificate was recently received for EL26206. The certificate has reported numerous Sacred Sites and associated Restricted Work Areas (RWA's) which prevent access to significant portions of the company's targeted exploration areas. The Company is working with the AAPA to get further clarification on the impact of these RWA's and the process required to gain access for future exploration programs. The Company has spoken to AAPA and is awaiting a response to its latest discussions.

### Overview

The Company's base metal project is located in Arnhem Land and comprises granted tenements EL26206 and EL30051. In 2013 a ground gravity survey was completed over an area defined by surface mineralisation with rock chips reporting >3% zinc. The gravity survey identified a 0.8 milligal residual gravity anomaly that is spatially associated with the mineralised area. Preliminary modelling of the gravity data indicates the potential source to be within the upper 150m. Review of historical sampling data has further supported the target as a mineralised body and identified new target areas within the region. The recent MMI-M™ results

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## Chairman's Report

strengthen the geological interpretation of a potential zinc and lead mineralised body within the zone of anomaly.

### Further Target Areas

The Company's residual gravity anomaly is associated with an area defined by surface rock chip mineralisation. Previous explorers collected conventional soil samples and rock chip samples over this area but did not encounter mineralisation identified by the Company's geologist. It is evident on Figure 2 that the conventional soil samples exhibit no response over the mineralised area but do show a response down slope from the mineralised area.

This is possibly due to the topography and sampling medium forming a down slope trap for the zinc in soil samples. Previous explorers drill tested the down slope zinc soil anomaly, which returned sub-economic mineralisation.

This observation of surface mineralisation and an associated down slope soil anomaly is considered significant given that additional zinc soil anomalies were defined by previous explorers within the Company's tenements (Figure 3). Carbonate-hosted zinc deposits typically occur in extensive districts often covering several hundred, and in some cases several thousand, square kilometres and the Company considers these additional soil anomalies as high priority targets that could host additional mineralised areas.

### Regional Exploration

The majority of the Company's exploration licences are held under application and are located on Aboriginal Land. These licences are at various stages of progression through the Aboriginal Land Rights Act. Through an ongoing review of historical exploration reports and publically available geoscientific data the Company continues to identify those licences considered to be of higher prospectivity. These include several licences in north-eastern Arnhem Land, which fall within an area described by the Northern Territory Geological Survey in 2013 as the 'hottest untested exploration play in the NT'. Significant potential exists in this area for various styles of sediment hosted base-metal deposits particularly in the northern part of the basin, which is a direct analogue of the Pb-Zn endowed Batten Trough and is effectively unexplored. The licences are also considered prospective for gold, uranium and other commodities making them highly attractive and a valuable Company asset.

The Company holds several licences located in western Arnhem Land closer to the East Alligator River uranium deposits (Ranger, Jabiluka, Koongarra, and Nabarlek). These licences contain historic uranium mineralisation and are considered prospective for unconformity-type uranium deposits near the base of the Kombolgie Sandstone.

### Proposed Work Program

On EL 26206 and EL 30051, the Company has made contact with representatives of the traditional owners seeking a meeting to discuss access to the tenement. The Company has been advised by Aboriginal Areas Protection Authority that a meeting can be held within the next 4 weeks to gain the approvals for the next stage of the exploration program.

Following the receipt of the necessary approvals, the Company intends to:

- engage a geophysicist to further understanding of the ground gravity data, including depth to target plus projected areal extent;
- conduct a further MMI soil geochemical survey to confirm actual drill targets; and

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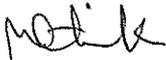
### Chairman's Report

- conduct a drill program on the identified targets.

The Company anticipates that the cost of this exploration will be in the vicinity of \$500,000. At all stages of the program, the Company will assess the results to-date to determine the next steps in the exploration of these tenements.

In respect to the regional exploration, the Company continues to progress the discussions with the relevant parties in order to procure the grant of the tenements so that exploration can be undertaken.

The Company also intends to look for further exploration interests to complement its existing exploration activities.



Mordechai Gutnick  
Chairman and Managing Director

*The technical information in this report has been reviewed and approved by Dr D S Tyrwhitt who is a Fellow of the Australasian Institute of Mining and Metallurgy and has 50 years' experience in the industry and has more than 5 years' experience which is relevant to the style of mineralisation being reported upon to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Tyrwhitt consents to the inclusion in the report of the matters based on the information in the form and context to which it appears.*

# Top End Minerals Limited

## Directors' Report

The Directors present their report on Top End Minerals Limited (the 'Company') for the half year ended 31 December 2016.

### Directors

The Directors of the Company at any time during or since the end of the interim period are:

M Z Gutnick	Chairman and Managing Director
P J Lee	Executive Director
D T Tyrwhitt	Non-Executive Director
Jl Gutnick	Resigned 6 July 2016

### Review and Results of Operations

During the half-year to December 2016, the Company has continued with its exploration programs.

As an exploration company, Top End Minerals does not have an ongoing source of revenue. Its revenue stream is normally from ad-hoc tenement disposals and interest received on loans to other entities and on cash in bank.

The results of operations for the six months ended 31 December 2016 was a loss of \$2,130,223 (2015: \$220,370). Exploration expenditure written off during the half year was \$nil (2015: \$15,975). An impairment charge of \$751,888 (2014: \$155,834) was incurred in respect to the amount owed by AXIS Consultants being the difference between the interest charged to AXIS on the amount owing and the charge by AXIS to the Company for direct and indirect costs incurred on behalf of the Company by AXIS. Employee benefits expenses of \$433,377 (2015: \$27,954), include cost of shares issued under employee incentive share plan, corporate and administrative expenses were \$347,298 (2015: \$130,718) as a result of the consulting fees and investor relations fees associated with the capital raising and other business activities. The company incurred conversion costs on convertible notes of \$740,571 (2015 \$nil). Net finance income for the six months ended 31 December 2016 was \$176,214 (2013: \$113,822) due primarily to interest on loans to other entities.

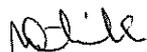
At 31 December 2016, the Company had cash at bank of \$1,042,080 (2015: \$523,491).

### Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Signed in accordance with a resolution of the directors.

Dated at Melbourne this 15th day of March 2017.



Mordechai Gutnick  
Chairman and Managing Director

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**Auditor's Independence Declaration  
To The Directors of Top End Minerals Limited**

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Top End Minerals Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



B. L. Taylor  
Partner - Audit & Assurance

Melbourne, 15 March 2017

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**Top End Minerals Limited**

**Statement of Profit or Loss and Other Comprehensive Income  
for the half year ended 31 December 2016**

	<i>Note</i>	2016 \$	2015 \$
<b>Revenue</b>	2	176,214	113,822
<b>Expenses</b>			
Employee benefits expense		(433,377)	(27,954)
Exploration impaired	5	-	(15,975)
Depreciation expenses		-	(3,213)
Corporate and administrative expenses		(347,298)	(130,718)
Conversion costs – convertible notes		(740,571)	-
Impairment allowance		(751,888)	(155,834)
Finance expense	3	(33,303)	(498)
<b>Loss before income tax expense for the half year</b>		<b>(2,130,223)</b>	<b>(220,370)</b>
Income tax expense		-	-
<b>Loss after income tax expense for the half year</b>		<b>(2,130,223)</b>	<b>(220,370)</b>
Other comprehensive income for the half year, net of income tax		-	-
<b>Total comprehensive loss for the half year attributable to the owners of Top End Minerals Limited</b>		<b>(2,130,223)</b>	<b>(220,370)</b>
Loss for the half year attributable to owners of Top End Minerals Limited		<b>(2,130,223)</b>	<b>(220,370)</b>
Total comprehensive loss for the half year attributable owners of Top End Minerals Limited		<b>(2,130,223)</b>	<b>(220,370)</b>
Basic loss per share		<b>(0.97)</b>	<b>(0.17)</b>
Dilutive loss per share		<b>(0.97)</b>	<b>(0.17)</b>

The accompanying notes form part of these half year financial statements.

## Top End Minerals Limited

### Statement of Financial Position as at 31 December 2016

	<i>Note</i>	31 December 2016 \$	30 June 2016 \$
<b>Assets</b>			
<i>Current assets</i>			
Cash and cash equivalents		1,042,080	94,235
Other receivables		375,878	21,349
<b>Total current assets</b>		<b>1,417,958</b>	<b>115,584</b>
<i>Non-current assets</i>			
Other financial assets	4	674,334	-
Exploration and evaluation expenditure	5	428,807	418,102
<b>Total non-current assets</b>		<b>1,103,141</b>	<b>418,012</b>
<b>Total assets</b>		<b>2,521,099</b>	<b>533,686</b>
<b>Liabilities</b>			
<i>Current liabilities</i>			
Trade and other payables		682,364	328,624
Borrowings	6	470,411	-
<b>Total current liabilities</b>		<b>1,152,775</b>	<b>328,624</b>
<i>Non-current liabilities</i>			
Borrowings		-	585,699
<b>Total non-current liabilities</b>		<b>-</b>	<b>585,699</b>
<b>Total liabilities</b>		<b>1,152,775</b>	<b>914,323</b>
<b>Net assets</b>		<b>1,368,324</b>	<b>(380,637)</b>
<b>Equity</b>			
Issued capital	7	17,758,598	13,181,576
Other contributed equity	8	39,678	737,516
Accumulated losses		(16,429,952)	(14,299,729)
<b>Total equity</b>		<b>1,368,324</b>	<b>(380,637)</b>

The accompanying notes form part of these half year financial statements.

**Top End Minerals Limited**

**Statement of Changes in Equity  
for the half year ended 31 December 2016**

	Issued capital \$	Other contributed equity \$	Accumulated losses \$	Total equity \$
<b>Balance at 1 July 2015</b>	<b>12,556,805</b>	-	<b>(12,240,189)</b>	<b>316,616</b>
Loss for the period	-	-	(220,370)	(220,370)
Other comprehensive loss for the period, net of income tax	-	-	-	-
Total comprehensive loss for the period, net of tax	-	-	(220,370)	(220,370)
Transactions with owners, recorded directly in equity:		-		
Issue of shares	638,455	-	-	638,455
Transaction costs arising on share issues	(6,509)	-	-	(6,509)
Total transactions with owners	631,946	-	-	631,946
<b>Balance at 31 December 2015</b>	<b>13,188,751</b>	-	<b>(12,460,559)</b>	<b>728,192</b>
<b>Balance at 1 July 2016</b>	<b>13,181,576</b>	<b>737,516</b>	<b>(14,299,729)</b>	<b>(380,637)</b>
Loss for the period	-	-	(2,130,223)	(2,130,223)
Other comprehensive loss for the period, net of income tax	-	-	-	-
Total comprehensive loss for the period, net of tax	-	-	(2,130,223)	(2,130,223)
Transactions with owners, recorded directly in equity:				
Equity component of convertible note	-	39,678	-	39,678
Repayment of convertible note equity	-	(103,959)	-	(103,959)
Issue of shares	4,745,126	(633,557)	-	4,111,569
Transaction costs arising from share issue	(168,104)	-	-	(168,104)
Total transactions with owners	4,577,022	(697,838)	-	3,879,184
<b>Balance at 31 December 2016</b>	<b>17,758,598</b>	<b>39,678</b>	<b>(16,429,952)</b>	<b>1,368,324</b>

The accompanying notes form part of these half year financial statements.

**Top End Minerals Limited**

**Statement of Cash Flows  
for the half year ended 31 December 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees (inclusive of GST)	(406,499)	(126,533)
Interest received	-	80
<b>Net cash used in operating activities</b>	<b>(406,499)</b>	<b>(126,453)</b>
 <b>Cash flows from investing activities</b>		
Payments for exploration expenditure	-	(67,272)
Option fee paid	(674,334)	
<b>Net cash used in investing activities</b>	<b>(674,334)</b>	<b>(67,272)</b>
 <b>Cash flows from financing activities</b>		
Loans advanced by related entity	-	34,092
Loans advanced to other entity	(605,674)	(115,487)
Loans advanced by other entity	80,000	-
Proceeds from convertible note	500,000	-
Repayment of convertible note	(100,000)	-
Proceeds from issue of equity securities	2,300,000	620,000
Equity securities issue transaction costs	(145,648)	-
<b>Net cash provided by financing activities</b>	<b>2,028,678</b>	<b>538,605</b>
Net increase in cash and cash equivalents	947,845	344,880
Cash and cash equivalents at 1 July	94,235	178,611
<b>Cash and cash equivalents at 31 December</b>	<b>1,042,080</b>	<b>523,491</b>

The accompanying notes form part of these half year financial statements.

## Top End Minerals Limited

### Notes to the Interim Financial Statements for the half year ended 31 December 2016

#### 1. Basis of preparation

Top End Minerals Limited (the 'Company') is a company domiciled in Australia. These interim financial statements were approved by the Directors on 15 March 2017.

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards (AASBs) including AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

Except as described below, these interim financial statements have been prepared by a for profit entity on the basis of accounting policies and methods of computation consistent with those applied in the 30 June 2016 annual financial statements contained within the Annual Report of the Company.

The half year financial report does not include notes of the type normally included in the annual financial report and shall be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made during the interim reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

#### ***Going concern***

#### *Going concern*

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

The Company has incurred a loss of \$2,130,223 in the half-year to 31 December 2016, had net cash operating outflow of \$406,499 for the half-year to 31 December 2016 and had working capital of \$265,183 at 31 December 2016.

In order to continue as a going concern, the Company will be required to raise further capital to meet its commitments and have the continued support of creditors. These conditions indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Directors believe the going concern basis to be appropriate for the reasons set out below. The Directors have continued to manage creditors. Based on the forecast cashflows of the Company, the Directors are satisfied that adequate plans are in place and that the Company will be able to raise sufficient capital for a minimum of 12 months from the date of signature of the financial report.

Should the Company be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Company be unable to continue as a going concern.

#### **Employee Benefits**

#### ***Share-Based payments***

Share-based compensation benefits are provided to participants via the Top End Minerals Ltd 2016 Incentive Share Plan. The fair value of shares granted under the Plan is recognised as an employee

## Top End Minerals Limited

### Notes to the Interim Financial Statements for the half year ended 31 December 2016

benefits expense with a corresponding increase in equity. The fair value is measured at grant date and is determined using an appropriate valuation methodology.

#### **Borrowing**

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

#### **(a) Change in accounting policy**

There are no new and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant for the Company.

#### *Critical accounting judgements and key sources of estimation uncertainty:*

Management is required to make judgements, estimates, and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources.

The Company makes certain estimates and assumptions concerning the future. Estimates and assumptions have been utilised for the impairment testing of exploration assets. Actual results may differ from estimates. By their nature, these estimates incorporate inherent risks as they are based on future events which could have a material impact on the value of assets and liabilities in this financial year.

#### **2. Revenue**

	31 December 2016	31 December 2015
	\$	\$
Sundry income	-	681
Interest income	-	80
Interest income – other entities	176,214	113,061
<b>Total revenue</b>	<b>176,214</b>	<b>113,822</b>

#### **3. Finance expense**

	31 December 2016	31 December 2015
	\$	\$
Borrowing costs	(33,272)	-
Bank charges	(30)	(498)
<b>Total finance expense</b>	<b>(33,302)</b>	<b>(498)</b>

## Top End Minerals Limited

### Notes to the Interim Financial Statements for the half year ended 31 December 2016

#### 4. Other financial assets

	31 December 2016 \$	30 June 2016 \$
Option fee – non refundable	674,334	-

In October 2016, the Company entered into an agreement to acquire an option to purchase 60% interest in Cornerstone Resources (Myanmar) Ltd (CRML) which holds the Long Keng Zinc Mine and Lashio Zinc Refinery in Myanmar for US\$43 million. The Company paid a non-refundable option fee which if the Company exercises the option, is deducted from the purchase price.

#### 5. Exploration and evaluation expenditure

	31 December 2016 \$	30 June 2016 \$
Balance at beginning of period	418,102	369,394
Expenditure incurred during the period	10,705	66,975
Amount written off during the period	-	(18,267)
<b>Carrying amount at end of period</b>	<b>428,807</b>	<b>418,102</b>

#### 6. Convertible notes

	31 December 2016 \$	30 June 2016 \$
Convertible notes	470,411	-

On 22 November 2016 the Company issued 500,000 10% convertible notes, with a face value of \$1.00 each with an expiration date of 12 months from the date of issue. Interest is paid annually in arrears at a rate of 10% per annum based on the face value. The amount classified as equity is \$39,678 and accrued interest at 31 December is \$10,089. The notes are convertible into fully paid ordinary shares of the Company at any time during the period or if not converted at the expiration date, are converted into shares at expiration date. The conversion price is 2 cents.

#### 7. Equity

##### Ordinary share capital

	December 2016 No. shares	June 2016 No. shares	December 2016 \$	June 2016 \$
Balance at beginning of period	163,840,144	131,917,368	13,181,576	12,556,805
Conversion of notes 31 August 2016 @ .016 cents	39,700,376	-	633,557	-
Share placement 08 September 2016 @ .008 cents	12,500,000	-	100,000	-
Conversion of notes 17 October 2016 @ .02 cents	19,999,950	-	622,064	-
Share placement 30 November 2016 @.022 cents	100,000,000	-	2,200,000	-

## Top End Minerals Limited

### Notes to the Interim Financial Statements for the half year ended 31 December 2016

Incentive Share plan 30 November 2016 @ .0536 cents	6,000,000	-	321,600	-
Conversion of notes 2 December 2016 @ 0.014 cents	14,285,728	-	728,505	-
Consulting and promotional fees 2 December 2016 @ .036 cents	3,870,071	-	139,400	-
Share placement 24 December 2015 @ .02 cents per share	-	31,922,776	-	638,455
Transaction costs arising on share issues	-	-	(168,104)	(13,684)
<b>Balance at end of year</b>	<b>360,196,269</b>	<b>163,840,144</b>	<b>17,758,598</b>	<b>13,181,576</b>

Holders of ordinary shares are entitled to one vote per share at shareholder meetings. In the event of winding up of the Company, ordinary shareholders are fully entitled to any proceeds of liquidation subject to prior entitlement.

There is no current on-market buy back.

#### 8. Other contributed equity

	31 December 2016	30 June 2016
	\$	\$
Balance at beginning of period	737,516	-
Convertible note equity component	39,678	737,516
Conversion of convertible note equity to shares	(633,557)	-
Repayment of convertible note equity	(103,959)	-
<b>Balance at end of period</b>	<b>39,678</b>	<b>737,516</b>

#### 9. Segment reporting

Operating segment information is disclosed on the same basis as information used for internal reporting purposes by the board of Directors. At regular intervals, the board is provided with management information for the Company's cash position, the carrying values of exploration permits and a cash forecast for the next twelve months of operation. On this basis, no segment information is included in these financial statements.

All operating revenue has been derived in Australia. All exploration and evaluation assets are held in Australia.

#### 10. Contingent liabilities

There is no material change to contingent liabilities that the Company has become aware of since 30 June 2016.

#### 11. Subsequent events

Other than these matters, there have been no significant events subsequent to the end of the interim reporting period.

## Top End Minerals Limited

### Directors' Declaration

The Directors of Top End Minerals Limited (the 'Company') declare that:

- (a) In the Directors' opinion the financial statements and notes that are set out on pages 9 to 16, are in accordance with the Corporations Act 2001, including giving a true and fair view of the Company's financial position as at 31 December 2016 and of its performance, for the half year ended on that date; and
- b) The financial report also complies with International Financial Reporting Standards adopted by the International Accounting Standards Board (IASB) as disclosed in note 1; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 by the Chief Executive Officer and Chief Financial Officer for the half -year ended 31 December 2016.

Signed in accordance with a resolution of the Directors.

Dated at Melbourne this 15th day of March 2017.



Mordechai Gutnick  
Chairman and Managing Director

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## Independent Auditor's Review Report To The Members of Top End Minerals Limited

We have reviewed the accompanying half-year financial report of Top End Minerals Limited (the Company), which comprises the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration

### Directors' Responsibility for the Half-year Financial Report

The Directors of Top End Minerals Limited 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 controls as the Directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the 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 Top End Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

- a giving a true and fair view of the Company'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*.

#### Material Uncertainty related to Going Concern

We draw attention to Note 1 to the interim financial report which notes net operating cash outflows of \$406,499 and a working capital position of \$265,183 for the period ended 31 December 2016. These conditions, along with other matters set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in relation to this matter.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



B. L. Taylor  
Partner - Audit & Assurance

Melbourne, 15 March 2017