

# **GOLDPHYRE RESOURCES LIMITED**

**ABN 58 149 390 394**

## **INTERIM FINANCIAL REPORT**

**FOR THE HALF-YEAR ENDED**

**31 DECEMBER 2015**

**This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2015 and any public announcements made by Goldphyre Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.**

**GOLDPHYRE RESOURCES LIMITED**

**31 DECEMBER 2015**

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# GOLDPHYRE RESOURCES LIMITED

31 DECEMBER 2015

## DIRECTORS' REPORT

Your directors are pleased to present their report on the consolidated entity consisting of Goldphyre Resources Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2015.

### DIRECTORS

The names of the directors who held office during or since the end of the half-year, to the date of this report, are:

Mr Matt Shackleton

Mr Brenton Siggs

Mr Dean Goodwin

### REVIEW AND RESULTS OF OPERATIONS

A summary of consolidated revenues and results for the half-year is set out below:

	2015		2014	
	Revenues	Results	Revenues	Results
	\$	\$	\$	\$
Goldphyre Resources Limited	7,107	(717,904)	12,491	(422,560)

During the half year ending 31 December 2015, the Company explored its 100% owned Lake Wells Potash Project.

In December 2015 the Company announced that it had entered into a Sale and Split Commodity Agreement with a company controlled by successful WA prospector Mark Creasy. The agreement grants the Company rights to all potash minerals on two tenements adjoining its existing Lake Wells Potash Project tenure, effectively tripling the Project. Within 6 months of completing the transaction, the Company will in turn issue to Mr Creasy's entity Yandal Investments Pty Ltd shares equalling 19.9 percent of its issued ordinary share capital at that time and a total of 6.8m options with exercise prices of 10 and 15 cents.

During the period ending 31 December 2015, the Company was awarded a \$108,000 grant by the WA Government to co-fund exploration drilling at the Lake Wells Potash Project. The funding, which will be provided under the Exploration Incentive Scheme administered by the Department of Mines and Petroleum, will be put towards the core drilling program planned as part of the Company's strategy to establish a maiden potash Resource at Lake Wells by mid-2016.

### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of directors.



**Matt Shackleton**  
Executive Chairman  
Perth, 23 February 2016

To the Board of Directors

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

As lead audit director for the review of the financial statements of Goldphyre Resources Limited for the half year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



**BENTLEYS**  
**Chartered Accountants**



**DOUG BELL CA**  
**Director**

Dated at Perth this 23<sup>rd</sup> day of February 2016

**GOLDPHYRE RESOURCES LIMITED****31 DECEMBER 2015****CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Half-year	
	2015	2014
	\$	\$
<b>REVENUE</b>	<b>7,107</b>	<b>12,491</b>
<b>EXPENDITURE</b>		
Administration expenses	(214,119)	(171,471)
Depreciation expenses	-	(551)
Employee benefits expenses	(111,267)	(97,579)
Exploration expenses	(283,064)	(165,450)
Share-based payments expense	(116,561)	-
<b>LOSS BEFORE INCOME TAX</b>	<b>(717,904)</b>	<b>(422,560)</b>
Income tax benefit/(expense)	-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF GOLDPHYRE RESOURCES LIMITED</b>	<b>(717,904)</b>	<b>(422,560)</b>
Basic and diluted loss per share (cents)	<b>(0.7)</b>	<b>(0.7)</b>

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**GOLDPHYRE RESOURCES LIMITED****31 DECEMBER 2015****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015**

	Note	31 December 2015 \$	30 June 2015 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		542,507	284,337
Trade and other receivables	3	126,039	10,826
<b>TOTAL CURRENT ASSETS</b>		<b>668,546</b>	<b>295,163</b>
<b>TOTAL ASSETS</b>		<b>668,546</b>	<b>295,163</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		78,941	127,869
Unearned grant	3	108,000	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>186,941</b>	<b>127,869</b>
<b>TOTAL LIABILITIES</b>		<b>186,941</b>	<b>127,869</b>
<b>NET ASSETS</b>		<b>481,605</b>	<b>167,294</b>
<b>EQUITY</b>			
Issued capital	4	4,064,550	3,148,896
Reserves		220,661	104,100
Accumulated losses		(3,803,606)	(3,085,702)
<b>TOTAL EQUITY</b>		<b>481,605</b>	<b>167,294</b>

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

**GOLDPHYRE RESOURCES LIMITED**

**31 DECEMBER 2015**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Issued Capital	Share-based Payments Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
<b>BALANCE AT 1 JULY 2014</b>	2,756,326	883,405	(3,210,585)	429,146
Loss for the period	-	-	(422,560)	(422,560)
<b>TOTAL COMPREHENSIVE LOSS</b>	-	-	(422,560)	(422,560)
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>				
Shares issued during the period	389,026	-	-	389,026
Share issue transaction costs	(16,741)	-	-	(16,741)
<b>BALANCE AT 31 DECEMBER 2014</b>	3,128,611	883,405	(3,633,145)	378,871
<b>BALANCE AT 1 JULY 2015</b>	3,148,896	104,100	(3,085,702)	167,294
Loss for the period	-	-	(717,904)	(717,904)
<b>TOTAL COMPREHENSIVE LOSS</b>	-	-	(717,904)	(717,904)
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>				
Shares issued during the period	944,000	-	-	944,000
Share issue transaction costs	(28,346)	-	-	(28,346)
Issue of employee options	-	116,561	-	116,561
<b>BALANCE AT 31 DECEMBER 2015</b>	4,064,550	220,661	(3,803,606)	481,605

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**GOLDPHYRE RESOURCES LIMITED****31 DECEMBER 2015****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Half-year	
	2015	2014
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Expenditure on mining interests	(258,410)	(189,918)
Payments to suppliers and employees	(368,982)	(215,851)
Interest received	5,598	6,476
Sundry income received	-	5,000
<b>Net cash outflow from operating activities</b>	<b>(621,794)</b>	<b>(394,293)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares and options	944,000	339,026
Payments of share issue transaction costs	(64,036)	(16,741)
<b>Net cash inflow from financing activities</b>	<b>879,964</b>	<b>322,285</b>
Net increase/(decrease) in cash and cash equivalents	258,170	(72,008)
Cash and cash equivalents at the beginning of the half-year	284,337	475,803
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR</b>	<b>542,507</b>	<b>403,795</b>

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

## GOLDPHYRE RESOURCES LIMITED

31 DECEMBER 2015

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

#### NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2015 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the period ended 30 June 2015 and any public announcements made by Goldphyre Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

#### Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2015, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2015.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2015. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

#### Going concern

The financial report has 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 incurred a loss for the half-year of \$717,904 (2014: \$422,560) and net cash outflows of \$621,794 (2014: \$394,293). The ability of the Group to continue as a going concern is principally dependent upon the ability of the Group to secure funds by raising capital from equity markets and managing cashflow in line with available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Group to continue as a going concern.

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.

The ability of the Group to continue as a going concern is principally dependent upon the ability of the Company to secure funds by raising capital from equity markets and managing cashflow in line with available funds.

The Group has forecasted the exercise of 75,570,937 listed options at \$0.08, expiring 30 September 2016.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Group's history of raising capital to date, the directors are confident of the Group's ability to raise additional funds as and when they are required.

# GOLDPHYRE RESOURCES LIMITED

31 DECEMBER 2015

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

### NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

Should the Group be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

### NOTE 2: SEGMENT INFORMATION

For management purposes, the Company has identified only one reportable segment being exploration activities undertaken in Australia. This segment includes activities associated with the determination and assessment of the existence of commercial economic reserves, from the Company's mineral assets in this geographic location.

Segment performance is evaluated based on the operating profit and loss and cash flows and is measured in accordance with the Company's accounting policies.

### NOTE 3: GOVERNMENT GRANT – EXPLORATION DRILLING CO-FUNDING

During the period ending 31 December 2015, the Company was awarded a \$108,000 grant by the WA Government to co-fund exploration drilling at the Lake Wells Potash Project. The funding, which will be provided under the Exploration Incentive Scheme administered by the Department of Mines and Petroleum, will be put towards the core drilling program planned as part of the Company's strategy to establish a maiden potash Resource at Lake Wells by mid-2016.

The amount of \$108,000 has been included in trade and other receivables as at the reporting date, and also shown as unearned grant income under current liabilities.

### NOTE 4: CHANGES IN EQUITY SECURITIES ON ISSUE

	2015 Shares	2015 \$	2014 Shares	2014 \$
As at 1 July	68,415,004	3,131,985	50,732,010	2,756,326
<b>Issues of ordinary shares during the half-year</b>				
Issued for cash at 3.2 cents per share <sup>(1)</sup>	31,250,000	944,000	-	-
Issued for cash at 2.2 cents per share	-	-	15,410,267	339,026
Issued in lieu of fees at 2.2 cents per share <sup>(2)</sup>	-	-	2,272,727	50,000
Share issue transaction costs	-	(28,346)	-	(16,741)
<b>As at 31 December</b>	<b>99,665,004</b>	<b>4,047,639</b>	68,415,004	3,128,611

(1) \$56,000 in funds were received in advance of the share placement, prior to 1 July 2015, with the shares issued on 3 July 2015.

(2) These shares were issued to Mr Matt Shackleton, as approved by shareholders at the General Meeting held on 30 September 2014, in lieu of director's fees.

## GOLDPHYRE RESOURCES LIMITED

31 DECEMBER 2015

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### NOTE 4: CHANGES IN EQUITY SECURITIES ON ISSUE (continued)

	Number of options	
	2015	2014
<b>As at 1 July</b>	<b>45,320,937</b>	50,300,470
<b>Movements of options during the half-year</b>		
Listed options issued, exercisable at 8 cents, expiring 30 September 2016	<b>31,250,000</b>	15,410,267
Unlisted options issued, exercisable at 12.5 cents, expiring 30 November 2018	<b>4,500,000</b>	-
Unlisted options issued, exercisable at 17.5 cents, expiring 30 November 2018	<b>4,500,000</b>	-
<b>As at 31 December</b>	<b>85,570,937</b>	65,710,737

#### NOTE 5: CONTINGENCIES

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

#### NOTE 6: DIVIDENDS

No dividends were paid during the half-year. No recommendation for payment of dividends has been made.

#### NOTE 7: FINANCIAL INSTRUMENTS

The Company's financial instruments consist of trade and other receivables and trade and other payables. These financial instruments are measured at amortised cost, less any provision for non-recovery. The carrying amounts of the financial assets and liabilities approximate their fair value.

#### NOTE 8: SUBSEQUENT EVENTS

No matter or circumstance has arisen since 31 December 2015, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

**GOLDPHYRE RESOURCES LIMITED**

**31 DECEMBER 2015**

**DIRECTORS' DECLARATION**

In the directors' opinion:

1. the financial statements and notes set out on pages 5 to 11 are in accordance with the *Corporations Act 2001*, including:
  - (a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (b) giving a true and fair view of the company's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that Goldphyre Resources Limited 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 directors.



**Matt Shackleton**  
Executive Chairman  
Perth, 23 February 2016

## Independent Auditor's Review Report

### To the Members of Goldphyre Resources Limited

We have reviewed the accompanying half-year financial report of Goldphyre Resources Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2015, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the half-year.

### Directors Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Consolidated Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

# Independent Auditor's Review Report

To the Members of Goldphyre Resources Limited (Continued)

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## Independence

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

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Goldphyre Resources Limited and Controlled Entities is not in accordance with the Corporations Act 2001 including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

## Emphasis of matter

Without qualifying our conclusion, we draw attention to Note 1 in the half-year financial report which indicates that the consolidated entity incurred a net loss of \$717,904 during the period ended 31 December 2015. This condition, along with other matters as set forth in Note 1, indicates the existence of a material uncertainty which may cast significant doubt about the ability of the consolidated entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the half-year financial report.

**BENTLEYS**  
Chartered Accountants

**DOUG BELL CA**  
Director

Dated at Perth this 23<sup>rd</sup> day of February 2016