



CASSINI
RESOURCES LIMITED

**CASSINI RESOURCES LIMITED
AND ITS CONTROLLED ENTITIES**
ABN 50 149 789 337

**Interim Financial Report
For the period ended 31 December 2016**

Contents

Directors' Report	3
Auditor's Independence Declaration	5
Consolidated Statement Of Profit Or Loss And Other Comprehensive Income	6
Consolidated Statement Of Financial Position	7
Consolidated Statement Of Changes In Equity	8
Consolidated Statement Of Cash Flows	9
Notes To The Consolidated Financial Statements	10
Director's Declaration	16
Independent Auditor's Review Report	17

DIRECTORS' REPORT

Your Directors present their half-yearly report on the consolidated entity consisting of Cassini Resources Limited ("Cassini" or "the Company") and the entities it controlled at the end of, or during, the period 1 July 2016 to 31 December 2016 ("the Group").

Directors

The persons who were Directors of Cassini Resources Limited during the interim reporting period and up to the date of this report are:

Mr Michael (Mike) Young	Non-Executive Chairman (appointed on 10 March 2011)
Mr Richard Bevan	Managing Director (appointed on 10 March 2011)
Mr Greg Miles	Non-Executive Director (appointed on 18 August 2011)
Mr Philip Warren	Non- Executive Director (appointed on 10 March 2011)
Dr Jon Hronsky	Non-Executive Director (appointed 3 April 2014)

Review of Operations

Cassini's principal activities during the period were focused on exploration and development at the Company's 100% owned West Musgrave Project, and exploration of the West Arunta (X17) Zinc Project and the Mt Squires Gold project, all of which are located in Western Australia.

The world class West Musgrave Project is one of Australia's largest undeveloped nickel/copper deposits, and during the period the Company executed a strategic, three stage, \$36m Earn-in/Joint Venture Agreement with OZ Minerals Limited (ASX: OZL), under which Cassini is free-carried until a decision to mine and perfectly positioned to de-risk and develop this major asset. OZ Minerals can earn up to 70% in the West Musgrave Project under this Joint Venture Agreement. The Joint Venture Agreement contemplates \$28m of expenditure on the development of the West Musgrave Project and further regional exploration spend of up to \$8m.

The Company made a significant discovery during the period at the One Tree Hill prospect located within the West Musgrave Project area. This was announced to the ASX on 8 December 2016 with further assays results released on 23 January 2017. Significant assay results from diamond drill hole CZD0017 included 34m @ 1.05% Cu (including 3.2m @ 2.16% Cu & 0.58% Ni in massive sulphide zone), significant nickel, PGE's and cobalt mineralisation, and open mineralisation in most directions.

In November 2016, the Company raised \$2.5m via a Share Purchase Plan and subsequent shortfall placement.

The Group's operating loss for the period ended 31 December 2016 was \$1,177,773 (31 December 2015: \$1,734,625).

Significant Change in State of Affairs

There were no significant changes in the state of affairs of the Company during the period.

Matters Subsequent to Reporting Date

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group or the results of those operations of the Group in future financial years.

Auditor's Independence Declaration

The Auditor's Independence Declaration under section 307C of the Corporation Act 2001 is included within this financial report.

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



Richard Bevan
Managing Director

Perth, Western Australia, 16 March 2017

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF CASSINI RESOURCES LIMITED

As lead auditor for the review of Cassini Resources Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Cassini Resources Limited and the entities it controlled during the period.



Phillip Murdoch
Director

BDO Audit (WA) Pty Ltd
Perth, 16 March 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2016

	Note	HALF-YEAR 2016 \$	2015 \$
Revenue from continuing operations		43,677	-
Other income		39,971	24,481
Advisory and company secretarial expenses		(150,131)	(135,018)
Exploration expenditure written-off	5	-	(122,898)
Legal fees		(71,619)	(27,840)
Insurance		(24,316)	(41,725)
Audit fees		(10,806)	(31,407)
ASX and share registry fees		(61,835)	(38,306)
Directors fees		(239,207)	(256,330)
Wages and salaries		(105,725)	(425,835)
Other employee expenses		-	(62,383)
Other expenses		(232,514)	(377,711)
Corporate advisory fees		(365,268)	-
Share-based payment	7	-	(239,653)
Loss before income tax expense		(1,177,773)	(1,734,625)
Income tax expense		-	-
Loss after income tax for the period		(1,177,773)	(1,734,625)
Other Comprehensive Income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange difference on translation of foreign operations		(44,651)	148,611
Other comprehensive loss for the period, net of tax		(44,651)	148,611
Total comprehensive loss for the period		(1,222,424)	(1,586,014)
Total comprehensive loss is attributable to:			
Owners of Cassini Resources Limited		(1,222,424)	(1,586,014)
		(1,222,424)	(1,586,014)
Loss per share from continuing operations attributable to the ordinary equity holders of Cassini Resources Limited:			
Basic and diluted loss per share (cents)		(0.50)	(0.79)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	31 December 2016 \$	30 June 2016 \$
ASSETS			
Current assets			
Cash and cash equivalents	9	2,397,355	1,385,688
Trade and other receivables		214,533	47,273
Total current assets		2,611,888	1,432,961
Non-current assets			
Property, plant and equipment		167,764	167,623
Exploration and evaluation expenditure	5	9,719,070	9,281,472
Total non-current assets		9,886,834	9,449,095
TOTAL ASSETS		12,498,722	10,882,056
LIABILITIES			
Current liabilities			
Trade payables		67,271	190,836
Provisions		49,534	49,532
Other payables	6	550,596	87,946
Total current liabilities		667,400	328,314
TOTAL LIABILITIES		667,400	328,314
NET ASSETS		11,831,321	10,553,742
EQUITY			
Issued capital	3(a)	26,185,123	23,685,120
Options reserve	4	1,237,600	1,237,600
Foreign currency translation reserve		588,862	633,513
Accumulated Losses		(16,180,264)	(15,002,491)
TOTAL EQUITY		11,831,321	10,553,742

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2016

	Contributed Equity	Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	\$		\$	\$	\$
Balance at 1 July 2016	23,685,120	1,237,600	633,513	(15,002,491)	10,553,742
Total comprehensive income for the period					
Loss for the period ended 31 December 2016	-	-	-	(1,177,773)	(1,177,773)
Other comprehensive income	-	-	(44,651)	-	(44,651)
Total comprehensive loss for the period	-	-	-	(1,177,773)	(1,222,424)
Transactions with owners, recorded directly in equity					
Issue of shares, net of costs	2,500,003	-	-	-	2,500,003
Balance at 31 December 2016	26,185,123	1,237,600	588,862	(16,180,264)	11,831,321

	Contributed Equity	Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	\$		\$	\$	\$
Balance at 1 July 2015	23,685,120	997,986	481,194	(12,396,716)	12,767,584
Total comprehensive income for the period					
Loss for the period ended 31 December 2015	-	-	-	(1,734,625)	(1,734,625)
Other comprehensive income	-	-	148,611	-	148,611
Total comprehensive loss for the period	-	-	148,611	(1,734,625)	(1,586,014)
Transactions with owners, recorded directly in equity					
Share based payment	-	239,614	-	-	239,614
Balance at 31 December 2015	23,685,120	1,237,600	629,805	(14,131,341)	11,421,184

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 31 December 2016

	31 December 2016	31 December 2015
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(1,204,027)	(1,248,073)
Interest received	5,280	24,481
Net cash outflow from operating activities	<u>(1,198,747)</u>	<u>(1,223,592)</u>
Cash flows from investing activities		
Proceeds from disposal of Property, Plant & Equipment	-	18,137
Consideration for purchase of subsidiary	-	(75,000)
Joint venture receipts, net of GST	1,396,000	-
Exploration and Evaluation Expenditure	(1,646,589)	(1,990,660)
Net cash outflow from investing activities	<u>(250,589)</u>	<u>(2,047,523)</u>
Cash flows from financing activities		
Proceeds from share issue	2,500,003	-
Capital raising cost	(39,000)	-
Net cash inflow from financing activities	<u>2,461,003</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	1,011,667	(3,271,115)
Cash and cash equivalents at beginning of the financial period	1,385,688	5,699,597
Cash and cash equivalents at end of the period	<u>2,397,355</u>	<u>2,428,482</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2016

1. Summary of significant accounting policies

Basis of preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2016 has been prepared in accordance with Australian 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*. The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report does not include full disclosures of the type normally included in an annual report. It is recommended that this financial report to be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by Cassini Resources Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

New and amended standards adopted by the entity

A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There may be some changes to the disclosures in the 30 June 2017 annual report as a consequence of these amendments.

Impact of standards issued but not yet applied by the entity

There were no new standards issued since 30 June 2016 that have been applied by the Company. The 30 June 2016 annual report disclosed that the Company anticipated no material impacts (amounts recognised and/or disclosed) arising from initial application of those standards issued but not yet applied at that date, and this remains the assessment as at 31 December 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2016

2. Segment Information

Operating Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of its exploration and corporate activities. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

The Group operates as a two segments which is mineral exploration within Australia and the United States. The Group is domiciled in Australia.

Information regarding the results of each reportable segment is included below.

31 December 2016	Exploration Australia \$	Exploration United States \$	Corporate \$	Total \$
Segment performance				
Profit/ (Loss) before income tax	-	(52,986)	(1,124,787)	(1,177,773)
Segment assets				
Cash	514,085	10,494	1,872,776	2,397,355
Exploration and evaluation	9,719,070	-	-	9,719,070
Other	169,118	5,466	207,713	382,297
Total segment assets	10,402,273	15,960	2,255,073	12,498,722
Segment liabilities				
Creditors	(514,085)	-	(67,271)	(581,356)
Other	-	-	(86,044)	(86,044)
Total segment liabilities	(514,085)	-	(153,315)	(667,400)

31 December 2015	Exploration Australia \$	Exploration United States \$	Corporate \$	Total \$
Segment performance				
Profit/ (Loss) before income tax	(173,269)	(243,809)	(1,317,457)	(1,734,625)

30 June 2016

Segment assets				
Cash	8,202	37,906	1,339,580	1,385,688
Exploration and evaluation	9,281,472	-	-	9,281,472
Other	156,105	4,598	54,193	214,896
Total segment assets	9,445,779	42,504	1,393,773	10,882,056
Segment liabilities				
Creditors	(80)	-	(190,756)	(190,836)
Other	(498)	(5,225)	(131,755)	(131,478)
Total segment liabilities	(578)	(5,225)	(322,511)	(328,314)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2016

3. Contributed Equity

(a) Issued and fully paid

	31 December 2016		30 June 2016	
	\$	No.	\$	No.
Ordinary shares	26,185,123	276,454,634	23,685,120	220,899,079
	26,185,123	276,454,634	23,685,120	220,899,079

(b) Movement reconciliation

ORDINARY SHARES	No. of Shares		\$
Opening Balance at 1 July 2016	220,899,079		23,685,120
Issue of shares on 16 th November 2016 at \$0.045 cents	51,066,590		2,297,996
Issue of shares on 17 th November 2016 at \$0.045 cents	4,488,965		202,007
Closing Balance at 31 December 2016	276,454,634		26,185,123

4. Reserves

	31 December 2016		30 June 2016	
	\$	No.	\$	No.
Option reserve	1,237,600	21,950,000	1,237,600	21,950,000
	1,237,600	21,950,000	1,237,600	21,950,000

MOVEMENT RECONCILIATION	31 December 2016	30 June 2016
	\$	\$
Balance at the beginning of the period	1,237,600	997,986
Equity settled share-based payment transactions (refer Note 7)	-	239,614
Balance at the end of the period	1,237,600	1,237,600

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2016

5. Exploration & Evaluation Expenditure

	31 December 2016 \$	30 June 2016 \$
Opening Balance	9,281,472	6,945,080
EE&E attributable to acquisitions	-	99,998
Expenditure capitalised during the period	437,598	2,946,209
Less: Exploration written off during the period	-	(134,957)
Less: R&D refund	-	(574,858)
Total Exploration & Evaluation Expenditure	9,719,070	9,281,472

6. Other Payables

	31 December 2016 \$	30 June 2016 \$
Accrued expenses and other payables (note 9)	524,115	63,374
Payroll and PAYG payable	22,169	20,075
Superannuation payable	4,312	4,129
GST collected	-	368
Total Other payables	550,596	87,496

7. Share Based Payment

(a) Fair value of consideration options granted during the period

The establishment of the Employee Share Option Scheme was approved by the board of directors on 10 October 2011. The Employee Share Option Scheme is designed to provide long term incentives for senior managers and above (including executive and non-executive directors) and to attract and retain experience employees, board members and executive officers and provide them with the motivation to make the Group more successful. Under the plan, participants are granted options which only vest if certain performance standards are met. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

An option may only be exercised after that option has vested and any other conditions imposed by the Board on exercise are satisfied. The options remain exercisable for a period between two or five years from listing date or on cessation of employment. Options are granted under the plan for no consideration.

Options granted under the plan carry no dividend or voting rights. When exercisable, shares allotted pursuant to the exercise of options will be allotted following receipt of all the relevant documents and payments and will rank equally with all other shares.

In 2016 financial year, 11 million options were issued on 15 December 2015 to related parties and 4.35 million options were issued to employees or consultants to the Company. The sum total fair value of these two options were calculated to be \$239,614 using a Black-Scholes option valuation model, as disclosed in our annual report.

There was no share based payment expense during the current period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2016

8. Dividends

No dividends have been paid or declared since the start of the financial period, and none are recommended.

9. Joint Venture with Oz Minerals

On 13 October 2016, the Company executed a joint venture agreement with OZ Minerals Limited (ASX: OZL) to develop the Company's West Musgrave project located in Western Australia.

The agreement covers OZ Minerals' staged earn-in and joint venture of the West Musgrave project by funding continued studies on Nebo-Babel to progress it to a "Decision to Mine", as well as regional exploration spend of up to \$8 million to assist in identifying additional value adding opportunities.

The initial \$3 million program of work will consider the appropriate scale of any mining operation as well as the best infrastructure solutions for the project.

In total, OZ Minerals may earn up to a 70% interest by sole funding a minimum of \$36 million on development and exploration.

Work in respect of the JV commenced in November 2016.

As at 31 December 2016, the Company had restricted cash received from its JV partner of \$514,085 which will be spent and used in respect of the approved JV expenditure.

10. Fair value measurement of financial instruments

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Recurring fair value measurements

The Group does not have any financial instruments that are subject to recurring or non-recurring fair value measurements.

Fair values of financial instruments not measured at fair value

Due to their short-term nature, the carrying amount of current receivables, current trade and other payables and current interest bearing liabilities is assumed to approximate their fair value.

11. Commitments

There are no new commitments, other than the commitments that existed as at 30 June 2016 that the Group has entered into during the period under review.

12. Contingent Assets and Liabilities

There have been no material changes in contingent liabilities or contingent assets since the last annual reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2016

13. Events Subsequent to Reporting Date

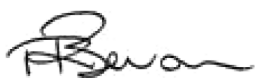
No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

DIRECTOR'S DECLARATION

The directors of the company declare that:

- (a) The financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with the Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory professional reporting requirements.
 - (ii) giving a true and fair view of the financial position as at 31 December 2016 and the performance for the half year ended 31 December 2016.
- (b) At the date of this statement there are reasonable grounds to believe that Cassini Resources Limited will be able to pay its debts when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed on behalf of the Directors by:



Mr Richard Bevan
Managing Director

Perth, 16 March 2017

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Cassini Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cassini Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end 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 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 internal control 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 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 consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Cassini 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.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Cassini Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



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 Cassini Resources Limited is not in accordance with the Corporations Act 2001 including:

- (i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

BDO Audit (WA) Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'P. Murdoch', written over a horizontal line.

Phillip Murdoch

Director

Perth, 16 March 2017