



White Cliff Minerals LTD

White Cliff Minerals Limited

ABN 22 126 299 125

Half year report
31 December 2016

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Corporate Information

Directors	Michael Langoulant Todd Hibberd Rodd Boland
Company secretaries	Michael Langoulant
Registered office and principal place of business	Level 1, Suite 2, 47 Havelock Street West Perth, Western Australia 6005 Telephone: (08) 9321 2233 Facsimile: (08) 9324 2977 Website: www.wcminerals.com.au
Share registry	Computershare Investor Services Pty Ltd Reserve Bank Building Level 11, 172 St George's Terrace Perth, Western Australia 6000 Telephone: (08) 9323 2000
Auditors	HLB Mann Judd Level 4, 130 Stirling Street Perth, Western Australia 6000
Solicitors	Jackson MacDonald Level 25, 140 St Georges Terrace Perth, Western Australia 6000
ASX code	White Cliff Minerals Limited is listed on the Australian Securities Exchange (Shares: WCN; March 2017 Options: WCNOA; December 2018 Options: WCNOB)

Directors' Report

Your Directors present their report for the half year ended 31 December 2016.

Directors

The following persons were Directors of White Cliff Minerals Limited ("White Cliff" or the "Company") during the whole of the period and up to the date of this report unless otherwise stated:

Michael Langoulant – *Executive Chairman*

Todd Hibberd – *Managing Director*

Rodd Boland – *Non-executive Director*

Review of Operations

White Cliff controls extensive tenement packages in Western Australia's Yilgarn Craton and the Pilbara region as well as a major gold-copper project in Central Asia.

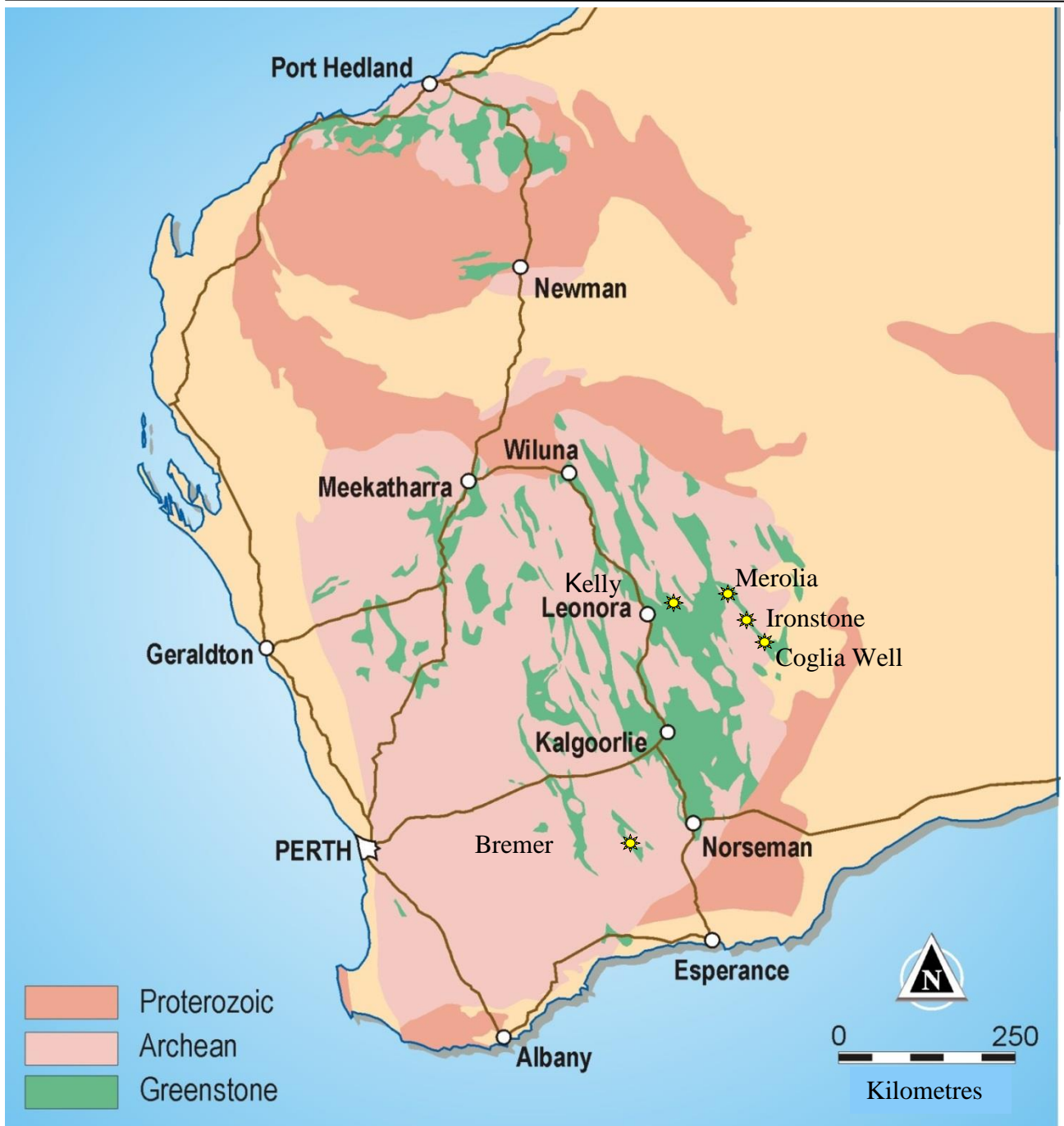
Highlights

Aucu Gold Project

- Aucu Gold deposit drilling campaign in the second half of 2016 identified exception gold intersections
- Key results on the high grade eastern section of the Upper Gold Zone include:
 - 12 metres at **15.6 g/t gold** including 2 metres at **79.2 g/t gold**
 - 11 metres at **15.2 g/t gold** including 1 metre at **149 g/t gold**
 - 3 metres at **11.2 g/t gold**
 - 3 metres at **11.9 g/t gold**
 - 5 metres at **7.6 g/t gold**,
- Two new major mineralised structures identified,
- Drilling extends mineralisation along strike from the already established Inferred gold resource of 1.15Mt at 4.2 g/t gold for 156,000 ounces of contained Gold,
- Substantial growth potential with the resource remaining open along strike and at depth for both deposits,
- A new JORC compliant resource estimation which should be available in March, followed by a preliminary mining optimisation study to establish the baseline economics of the project.

Corporate

During the period the Company completed a partially underwritten share placement and a shareholder purchase plan that raised \$2,549,750 to fund continued exploration both on the Aucu gold deposit in the Kyrgyz Republic and the Western Australian based gold, lithium and nickel projects.



Map 1 White Cliff Minerals Limited exploration projects



Map 2 Chanach project location with regional geology with major gold deposits illustrated.

The Aucu Gold Project, Central Asia (90%)¹

During the half-year the Company continued drilling to test the high grade eastern section of the Upper Gold Zone of the Aucu Gold Project in the Kyrgyz Republic. Multiple high grade gold intersections have been encountered including:

- 12 metres at **15.6 g/t gold** including 2 metres at **79.2 g/t gold**
- 11 metres at **15.2 g/t gold** including 1 metre at **149 g/t gold**
- 3 metres at 11.2 g/t gold
- 3 metres at 11.9 g/t gold
- 5 metres at **7.6 g/t gold**

The high grade gold intersections occur within a newly discovered structure called the quartz zone. The Quartz Zone occurs at the eastern end of the Eastern Gold Zone adjacent to the main porphyry intrusion. High grade gold mineralisation is largely confined to the quartz reef which ranges from 1-5 metres wide and can be traced at surface over 265 metres length. Visible gold has been panned from the quartz reef in five road cuttings covering 350 metres length (Figures 1 & 2). The quartz reef extends north-west and interpreted to be the same reef encountered in drill hole UGZ15-35 which intersected **8 metres at 55 g/t gold** (Figure 1).

Current Aucu Gold Project Activities

The Company is undertaking the following activities in the March quarter:

1. Conducting a new JORC compliant resource estimate by highly regarded mining consultants Optiro Mining.
2. Conducting a substantial gold and copper metallurgical test work program to better outline potential processing options for the deposit.

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3. Conducting a preliminary open pit mining optimisation study to establish the baseline economics of the project, to form part of an application for a mining license and to assist with optimising future drill programs.
4. Planning RC and diamond drilling for the commencement of field exploration in April 2017.

Assuming the metallurgical test work produces the high gravity gold recoveries (88.8% gravity recoverable and 99% total recoverable gold) similar to that encountered in previous metallurgical test work the Company believes that a low cost simple gravity plant could allow the project to provide substantial cash flow within a short time frame.

Table 1: Summary of Quartz Zone drill results to date:

Elevation	Hole	Interval	Gold (g/t)	From (m)	Including	At	Gold (g/t)
3080	UGZ15-35	8 metres	@ 55 g/t gold	75 metres	1 metre	@	85.0 g/t gold
3020	ERC16-30	5 metres	@ 9.9 g/t gold	3 metres	1 metre	@	41.5 g/t gold
3020	ERC16-29	7 metres	@ 3.2 g/t gold	26 metres	1 metre	@	9.5 g/t gold
3000	ERC16-33	4 metres	@ 12 g/t gold	49 metres	1 metre	@	41.3 g/t gold
3000	ERC16-33	7 metres	@ 3.3 g/t gold	82 metres	1 metre	@	9.5 g/t gold
3000	ERC16-33	9 metres	@ 8.3 g/t gold	96 metres	1 metre	@	21 g/t gold
3000	ERC16-33				1 metre	@	24 g/t gold
3000	ERC16-32	12 metres	@ 5.1 g/t gold	34 metres	2 metres	@	26.2 g/t gold
3000	ERC16-31	3 metres	@ 9.8 g/t gold	9 metres	1 metre	@	25.6 g/t gold
2980	ERC16-34	3 metres	@ 4.6 g/t gold	8 metres	1 metre	@	11.4 g/t gold
2980	ERC16-35	11 metres	@ 15.2 g/t gold	42 metres	1 metre	@	149 g/t gold
2980	ERC16-36	12 metres	@ 15.6 g/t gold	82 metres	2 metre	@	79.2 g/t gold
2970	ERC16-38	5 metres	@ 4.5 g/t gold	3 metres	1 metre	@	11.5 g/t gold
2920	ERC16-41	3 metres	@ 11.2 g/t gold	13 metres	1 metre	@	12.5 g/t gold
2920	ERC16-42	3 metres	@ 11.6 g/t gold	45 metres	1 metre	@	15.8 g/t gold
2920	ERC16-43	5 metres	@ 7.6 g/t gold	93 metres	1 metre	@	16.0 g/t gold
3020	ERC16-29	19 metres	@ 0.74% copper	22 metres	2 metres	@	2.4% copper
					2 metres	@	1.5% copper
3000	ERC16-33	34 metres	@ 1.35% copper	71 metres	7 metres	@	5.1% copper
2980	ERC16-35	66 metres	@ 0.91% copper	33 metres	18 metres	@	1.85% copper

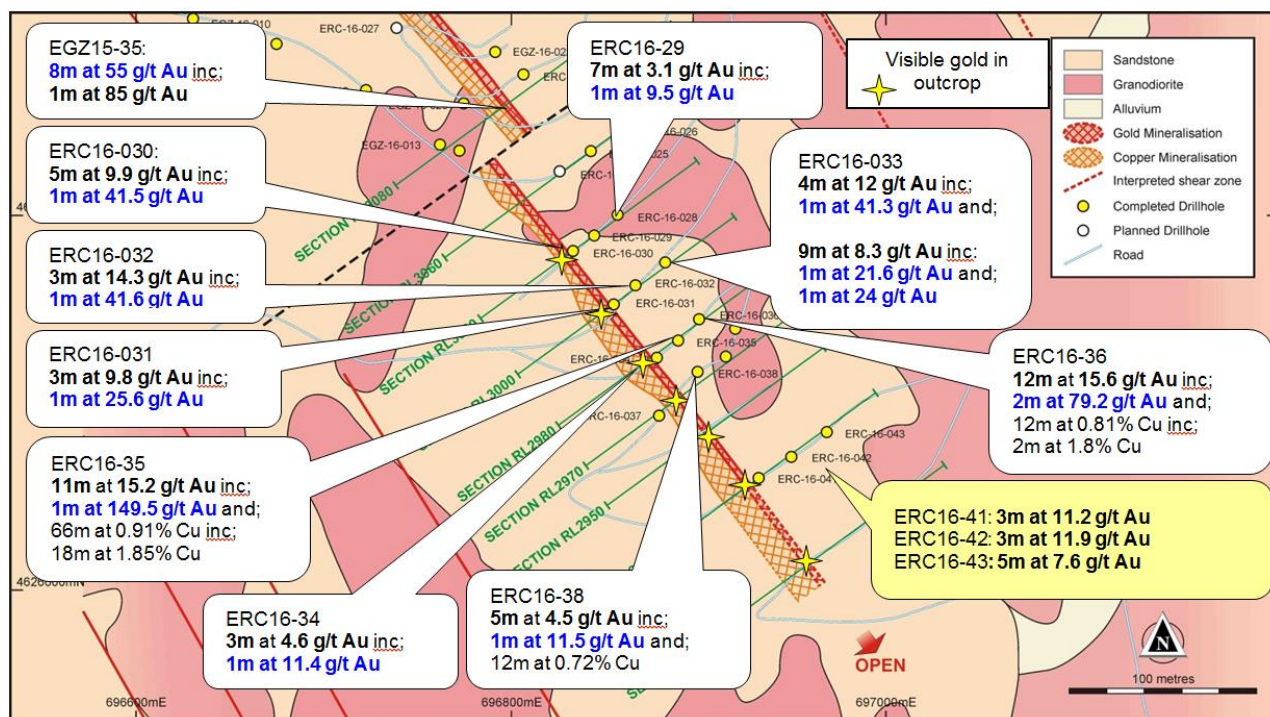


Figure 1: Map showing **Quartz Zone** and location of outcropping quartz veins (red), drill assay results (new results in light yellow text boxes) and completed RC drilling.

Aucu Gold Deposit Summary

As previously reported (ASX releases 24 Mar 15 and 2 Apr 15), the Company announced a maiden inferred resource for the **Aucu** gold deposit above a cut-off grade of 1 g/t gold of **1.15 Million tonnes** grading **4.2 g/t gold** for **156,000 ounces¹** of contained gold.

In 2015, drilling identified exceptional gold mineralisation² to the east of the Upper Gold Zone (**UGZ**) over a strike length of at least 500 metres (ASX releases 11 Nov 15, 1 Dec 15 and 7 Dec 15). Results included:

- 8 metres at 55.2 g/t gold from 66 metres including 1 metre at 89.9 g/t gold
- 4 metres at 59.9 g/t gold from 66 metres including 1 metre at 189 g/t gold
- 2 metres at 43.5 g/t gold from 86 metres
- 1 metre at 103.4 g/t gold from 74 metres
- 3 metres at 41.4 g/t gold including 1 metre at 71 g/t gold
- 4 metres at 23.8 g/t gold from 85 metres
- 2 metres at 22 g/t gold from 102 metres
- 1 metre at 58 g/t gold

In 2016, drilling east of the Upper Gold Zone identified further substantial mineralisation over an additional 300 metres of strike length. Results included:

- 11 metres at 15.2 g/t gold from 42 metres including 1 metre at 149 g/t gold
- 12 metres at 15.6 g/t gold from 82 metres including 2 metres at 79 g/t gold
- 12 metres at 5.1 g/t gold from 34 metres including 2 metres at 26.2 g/t gold
- 5 metres at 9.9 g/t gold from 3 metres
- 9 metres at 8.3 g/t gold from 96 metres
- 4 metres at 12 g/t gold from 49 metres
- 3 metres at 11.2 g/t gold from 13 metres
- 3 metres at 11.9 g/t gold from 45 metres
- 5 metres at 7.6 g/t gold from 93 metres
- 3 metres at 9.8 g/t gold from 9 metres

Substantial copper intersections include:

- 66 metres at 0.91% copper from 33 metres including 18 metres at 1.85% copper
- 24 metre at 1.34% copper from 71 metres including 7 metres at 5.1% copper
- 19 metres at 0.74% copper from 22 metres including 2 metres at 2.4% copper

In addition:

- Mineralisation outcrops at **surface** over an elevation of at least 600 metres,
- Mineralisation remains open in all directions and at depth,
- Overall metallurgical recovery of all mineralised zones is 99%, and
- Gravity recoverable gold averages 88.6% (gold that reports to the gravity concentrate).

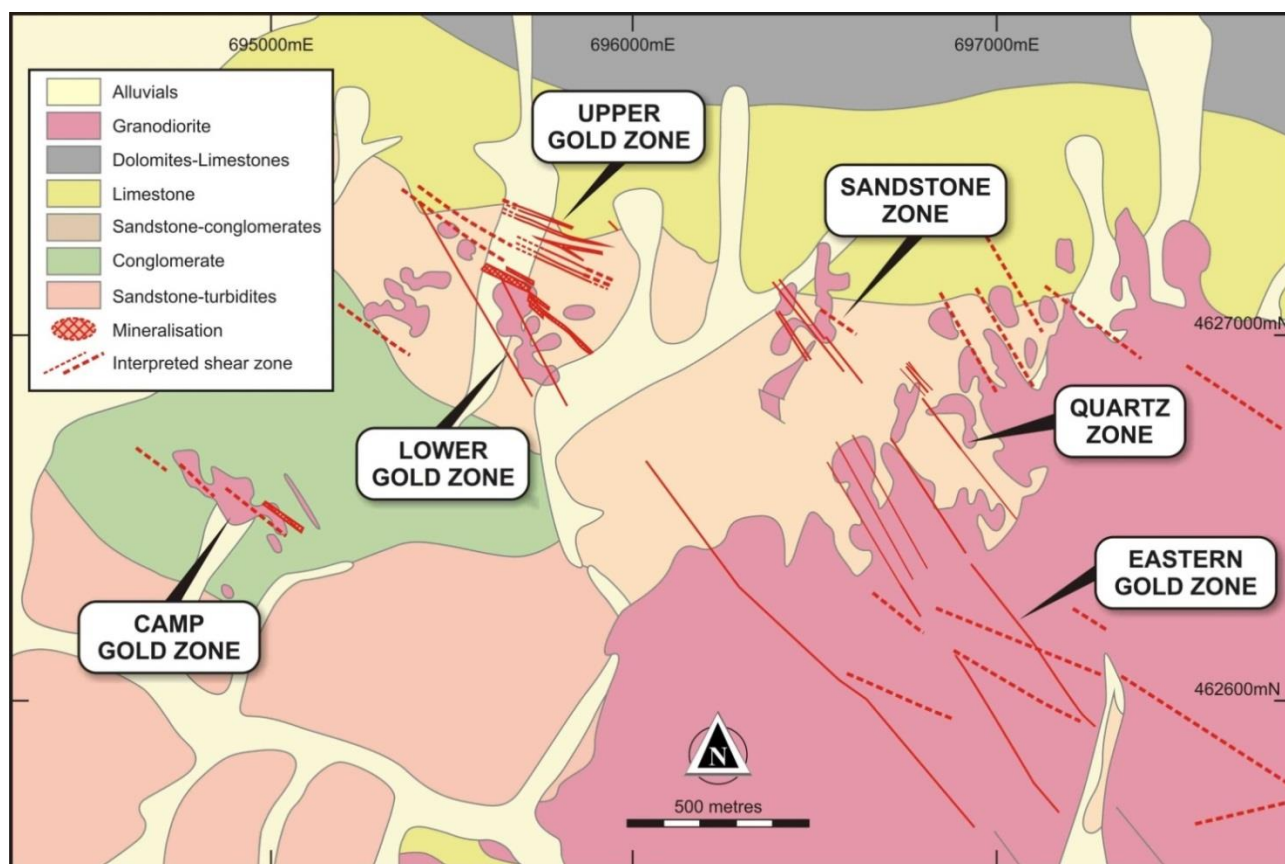


Figure 2: Location map of drilling showing quartz zone and the sandstone zone where visible gold and high grade gold mineralisation is widespread.

Merolia Gold and Nickel Gold Project (100%)

During the half-year the Company conducted a 2,000 metre drill program to test the Ironstone and Burtville East gold prospects. In addition an extensive soil sampling campaign was conducted to test the central gold trend located between Ironstone and Comet well.

At Ironstone, drilling identified multiple broad mineralised zones from shallow depths that remain open at depth and along strike. Results include:

- 4 metres at **1.8 g/t gold** within 12 metres at 1.1 g/t gold
- 4 metres at 1.3 g/t gold and 5 metres at 0.6 g/t gold
- 4 metres at 0.79 g/t gold and 4 metres at 0.77 g/t gold within 12 metres at 0.66 g/t gold

In addition to the main mineralised intersections there are wide zones of +0.2 g/t gold mineralisation that indicates the presence of a large mineralised system and alteration halo.

The Company is particularly encouraged by the higher grade intersections in the weathered zone as drilling at the adjacent prospect identified substantially higher grades in the fresh rock below similar gold results in the weathered shallow zone. The Company has planned additional air core drilling to test the target further in 2017. The drilling will be carried out in conjunction with drilling testing the adjacent Comet Well gold in soil anomalies.

The Company is awaiting results from both the Burtville East drilling program and the Central Trend soil geochemical sampling program.

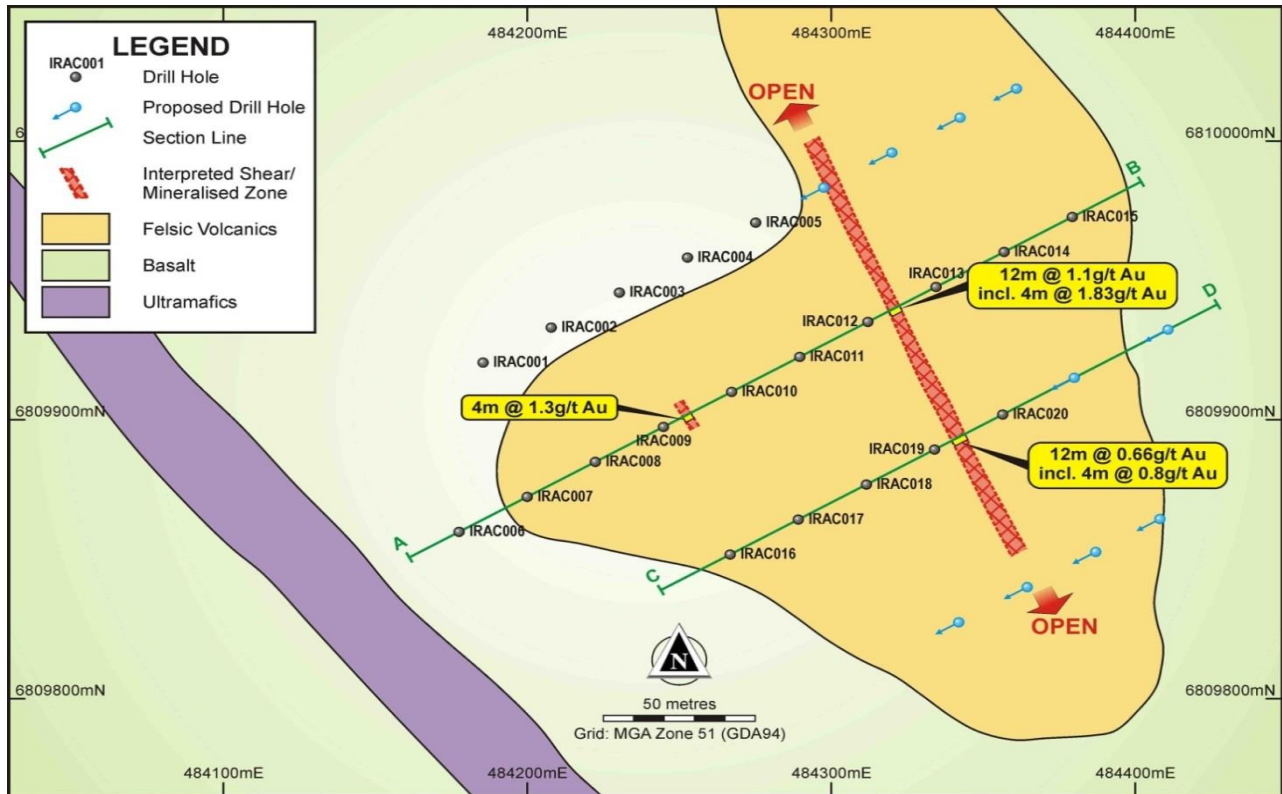


Figure 3: Geology map showing the Ironstone air-core drilling locations, interpreted gold mineralisation and further planned drilling

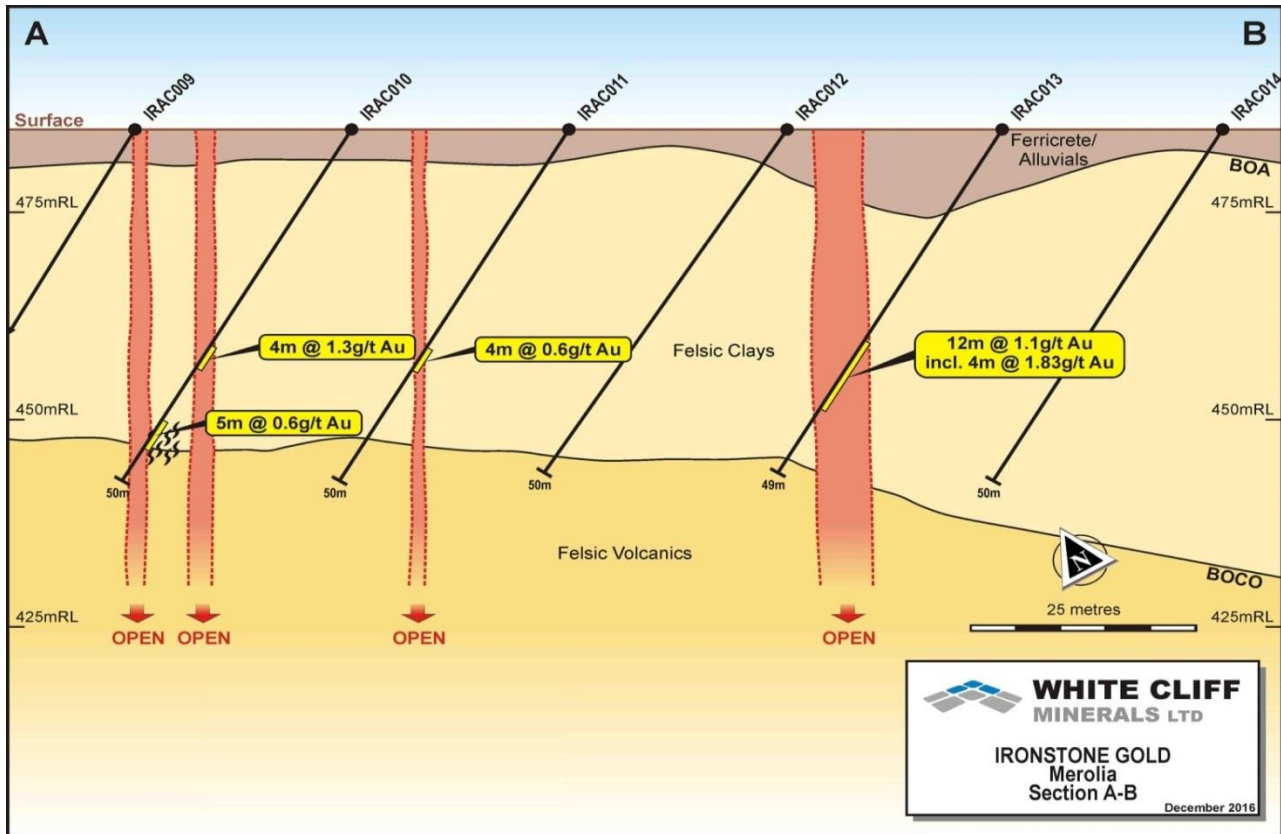


Figure 4: Cross section showing interpreted mineralised zones on Section A-B

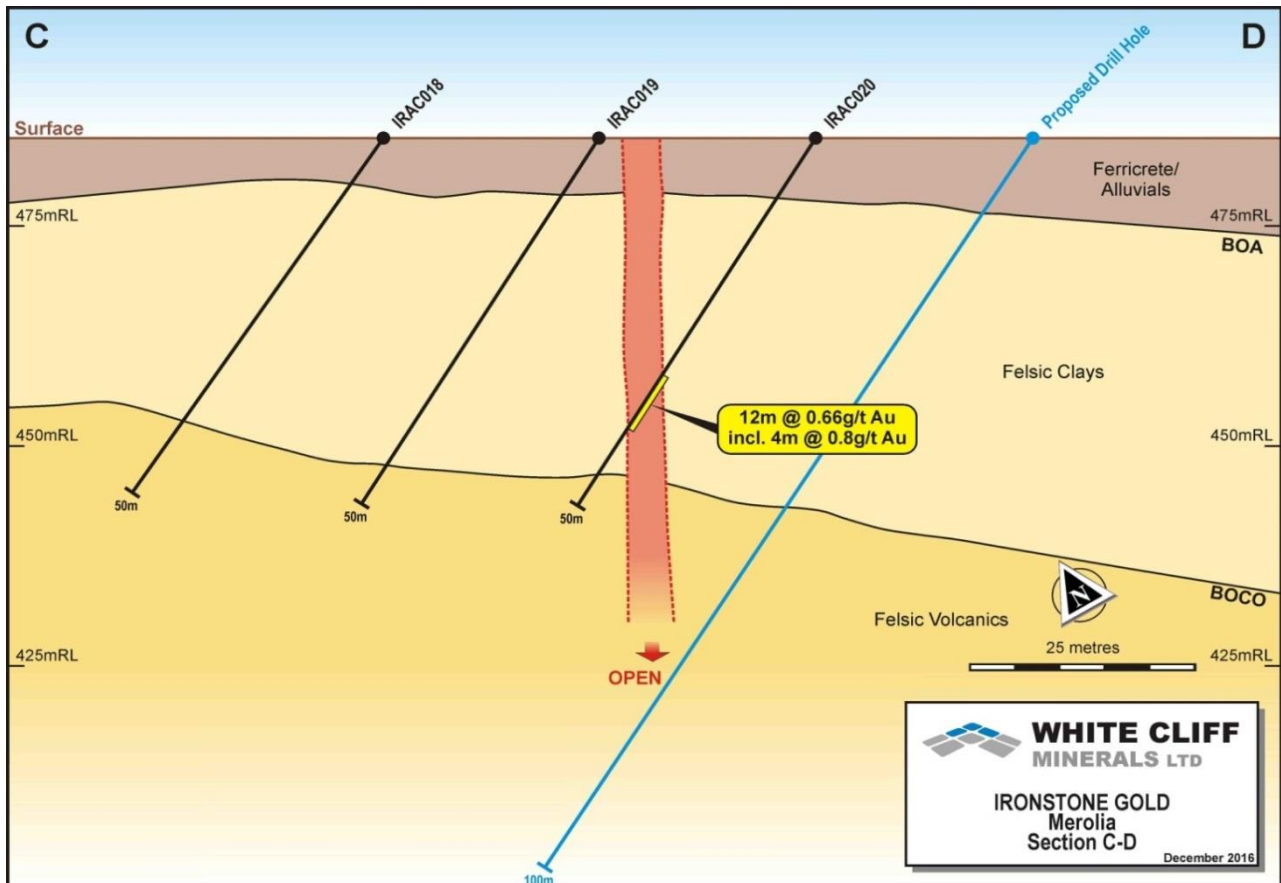


Figure 5: Cross section showing interpreted mineralised zones on Section C-D

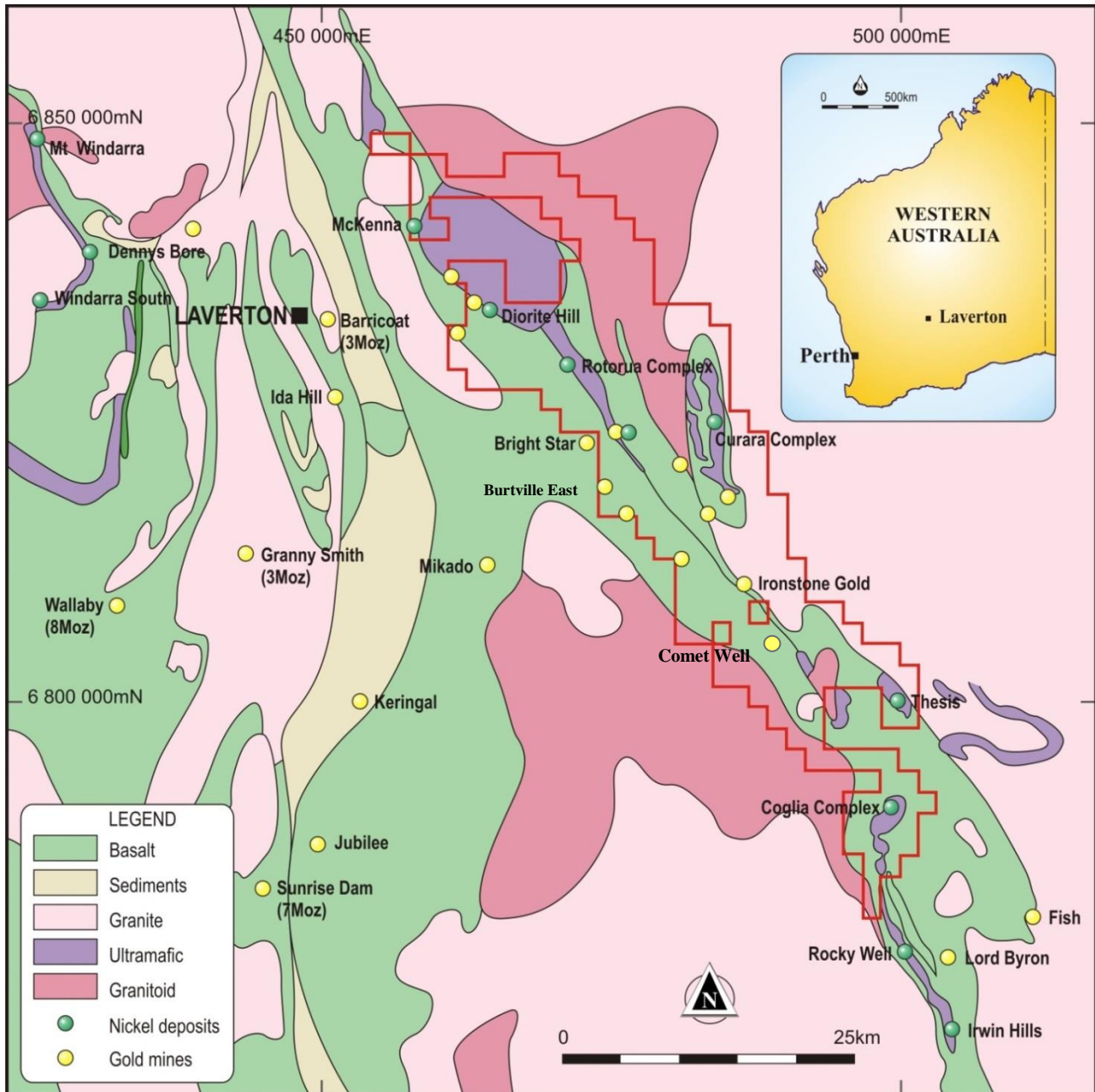


Figure 6: Map of the tenements at the Merolia Project near Laverton WA, with target areas highlighted.

Merolia Gold and Nickel Project Summary

The project consists of 771 square kilometres of the Merolia Greenstone belt and contains extensive ultramafic sequences including the Diorite Hill layered ultramafic complex, the Rotorua ultramafic complex, the Coglia ultramafic complex and a 51 kilometre long zone of extrusive ultramafic lava's. The project also contains extensive basalt sequences that are prospective for gold mineralisation including the Ironstone prospect where historical drilling has identified 24m at 8.6g/t gold. Soil sampling in 2016 has identified multiple mineralised gold trends at Burtville East, Comet Well and Ironstone. Drilling in late 2016 discovered new mineralised zones at Ironstone. Further drilling is planned

The Company reported the **discovery of gold nuggets** within the regional Ironstone Gold prospect in February 2016. Detailed metal detecting identified a significant number of **gold nuggets** at surface over a 3 kilometre long trend (the Comet Well trend) that coincides with a major regional fault structure. The nuggets were located by prospectors operating under a formal tribute agreement with the Company. 2015 prospecting by the tribute group has identified visible gold from a 2 metre deep pit occurring adjacent to a quartz vein where 4 ounces of gold has been recovered. Along the 3 kilometre trend a total 40 ounces of gold has been recovered with the largest nugget weighing 20 grams.

Lake Percy Lithium Project (100%) and Joint Venture (100% reducing to 30%)

In January 2017 the Company announced the grant of a new lithium tenement (E63/1793) north of the Lake Percy Lithium Joint Venture tenement (E63/1222i). Historical exploration on the tenement E63/1793 (Figure 9) identified pegmatites both in outcrop and on drill holes but no lithium assaying was undertaken.

Given the recent discovery of lithium containing pegmatites at Mt Day and the highly anomalous lithium soil geochemistry reported at the Lake Percy Joint Venture Tenement (Figure 8-9) by Liontown Resources Ltd ("Liontown") (ASX:LTR) the Company will undertake a comprehensive soil sampling program over its 100% owned tenement in the March quarter.

Also post period end Liontown announced the discovery of a 2 kilometre long Lithium trend on the Lake Percy JV tenement. Liontown expect to drill the lithium anomalies in early 2017.

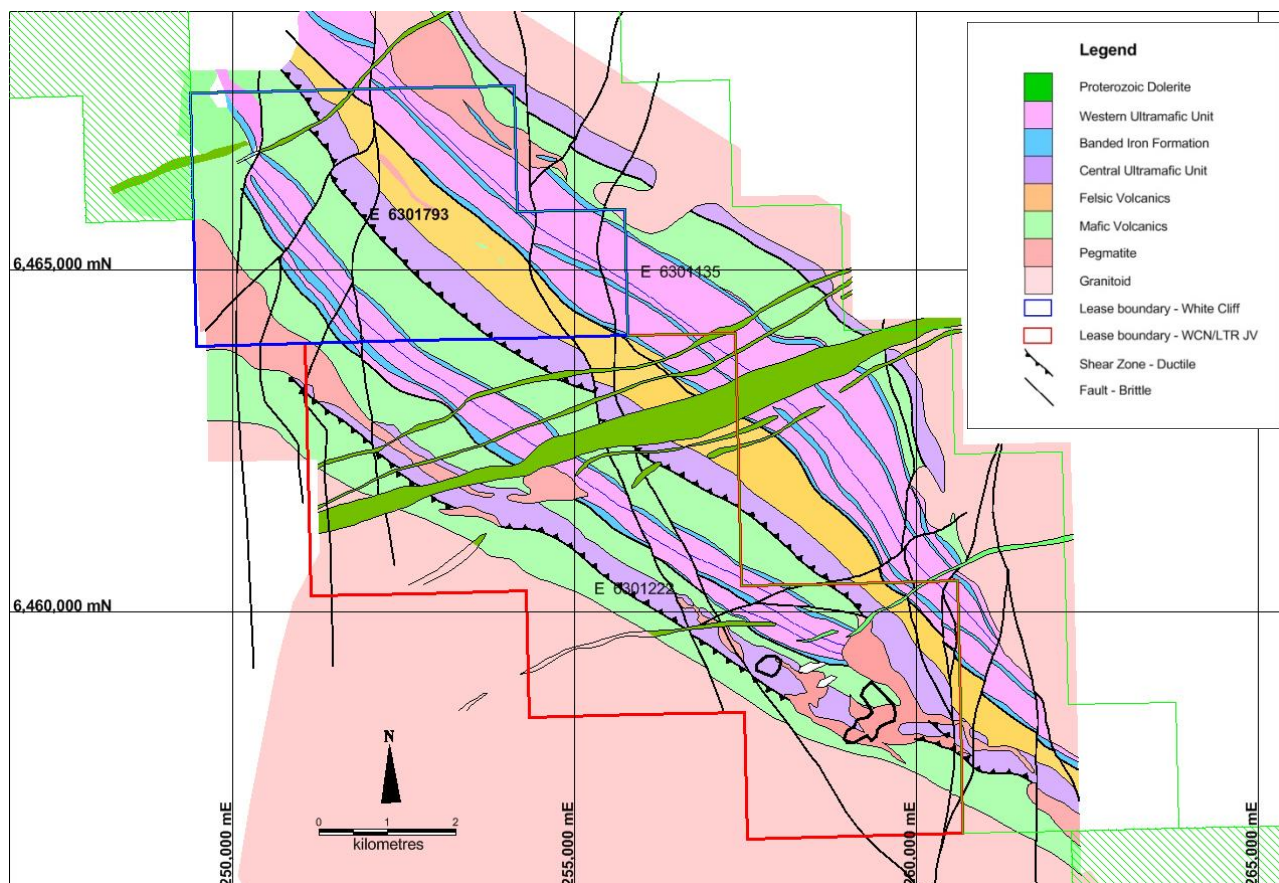


Figure 7: Geological Map of White Cliff Minerals Lake Percy Lithium Tenement and Joint Venture Tenement

Liontown Resources Ltd identifies 2km Long Lithium trend at Lake Percy

The anomalous trend identified by Liontown, which contains values of up to 354ppm Li_2O , has been outlined over a strike length of 2km and is coincident with pegmatites which locally exceed 100 metres true thickness (Figure 8).

Lake Percy is located ~440km east of Perth near Poseidon Nickel's Lake Johnson/Maggie Hayes treatment plant in WA. It is also just 60km from the world-class Earl Grey lithium deposit discovered by Kidman Resources.

This emerging Forrestania Lithium Province also includes the Mt Cattlin spodumene mine (recently commissioned by Galaxy Resources) and the Mount Day lithium discovery, which is located 20km to the south in the same greenstone belt as Lake Percy (Figure 9).

In light of the strong anomaly identified at Lake Percy, Liontown has scheduled a maiden RC drilling program to start in the March quarter.

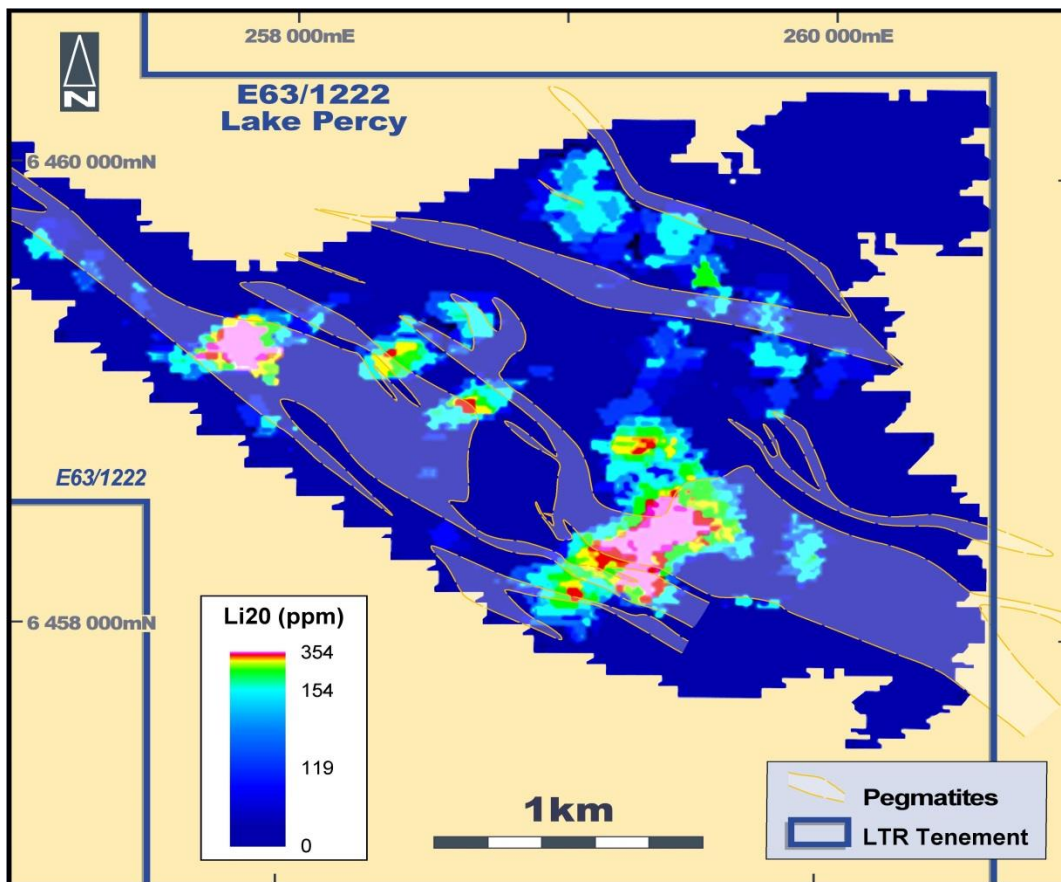


Figure 8: Lake Percy Project – Soil image showing strong lithium anomalism coincident with mapped pegmatites

Lake Percy Joint Venture Agreement

In June 2016 WCN secured a joint venture agreement with Liontown to explore the Company's Lake Percy tenement (E63/1222) for lithium and other minerals in a rapidly emerging lithium province in the Lake Johnston-Forrestania district of Western Australia.

Under the joint venture, Liontown can earn up to 70% equity in the 41km² Lake Percy tenement (EL63/1222i) located approximately 430km east of Perth Western Australia (**Figure 9**) by:

- spending A\$1,000,000 on exploration within 3 years to earn 51% equity;
- at the election of Liontown, it can increase its equity to 70% by spending an additional A\$750,000 before the 4th anniversary of the JV Agreement execution; and
- by committing to spending \$50,000 on exploration before having the right to withdraw from the joint venture.



Figure 9: Lake Percy Project – Location Plan and Regional Geology

Other Projects

The Company has conducted extensive soil sampling programs over several nickel and gold prospects during the period and results will be reported as they become available.

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 17 and forms part of the directors' report for the half year ended 31 December 2016.

This report is signed in accordance with a resolution of directors made pursuant to section 306(3) of the Corporations Act 2001.

M Langoulant
Executive Chairman



Perth
16 February 2017

Competent Person Statement

The information in this report that relates to Exploration Targets is based on information compiled by Mr Todd Hibberd, B.Sc Hons (Geol), MSc (mineral economics), Dip Bus, Member AusIMM, Member AICD and an employee of White Cliff Minerals Limited. Mr Hibberd has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Hibberd consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Exploration Results and Mineral Resource Reporting

The information in this report that relates to Mineral Resources is extracted from the following announcements:

- announcement entitled "Maiden Gold and Copper Resource Estimates" dated 24 March 2015; and
- announcement entitled "Maiden Gold and Copper Minerals Resource Update" dated 2 April 2015.

The information in this report that relates to Exploration Results is extracted from the following announcements:

- "Fourth Hole with Bonanza Gold Grades" dated 7 December 2015
- "Drilling identifies gold in new zones at Aucu deposit" dated 23 December 2015
- "High grade drilling results: Visible gold- Aucu Gold Deposit " dated 27 September 2016;
- "Drilling delivers high grade gold results: Aucu Gold Deposit " dated 10 November 2016.

The above announcements are available to view at <http://wcminerals.com.au/asx-announcements/>.

The Company is not aware of any new information that materially affects the information included in the above announcements relating to relating to Exploration Results and Mineral Resources and all material assumptions and technical parameters underpinning the exploration Mineral Resource estimates continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons findings are presented have not been materially modified from original market announcements

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of White Cliff Minerals Limited for the half-year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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



Perth, Western Australia
16 February 2017

N G Neill
Partner

White Cliff Minerals Limited
ABN 22 126 299 125

Condensed Statement of Comprehensive Income
For the half year ended 31 December 2016

	Consolidated	
	31 December	31 December
	2016	2015
	\$	\$
Revenue		
Interest income	1,029	1,431
Sundry income	27,246	-
	<u>28,275</u>	<u>1,431</u>
Borrowing costs	-	29,612
Consulting fees	133,000	155,150
Depreciation	25,010	-
Employee benefits	256,744	301,744
Exploration expenditure	1,872,186	1,374,800
Foreign exchange losses	10,014	53,508
Other expenses	266,287	252,633
Share based payment expense	32,000	-
	<u>2,595,241</u>	<u>2,167,447</u>
Loss before income tax expense	(2,566,966)	(2,166,016)
Income tax benefit	-	172,436
	<u>(2,566,966)</u>	<u>(1,993,580)</u>
Other comprehensive income		
Other comprehensive income, net of tax	-	-
	<u>(2,566,966)</u>	<u>(1,993,580)</u>
Total comprehensive income/(loss) for the period	(2,566,966)	(1,993,580)
	<u>Cents</u>	<u>Cents</u>
Basic loss per share		
(cents per share)	(0.2)	(0.3)

The above condensed statement of comprehensive income should be read in conjunction with the accompanying notes.

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Condensed Statement of Financial Position
As at 31 December 2016

		Consolidated	
		31 December	30 June
		2016	2016
	Note	\$	\$
Current assets			
Cash and cash equivalents		1,523,365	1,839,388
Trade and other receivables		51,740	36,105
Prepayments		78,526	10,000
Other assets		28,758	28,758
Total current assets		1,682,389	1,914,251
Non-current assets			
Exploration project acquisition costs	2	1,414,166	1,393,350
Plant and equipment		113,980	129,803
Total non-current assets		1,528,146	1,523,153
Total assets		3,210,535	3,437,404
Current liabilities			
Trade and other payables		145,723	245,018
Total current liabilities		145,723	245,018
Total liabilities		145,723	245,018
Net assets		3,064,812	3,192,386
Equity			
Issued capital	3	25,646,332	23,238,940
Reserves		914,399	882,399
Accumulated losses		(23,495,919)	(20,928,953)
Total equity		3,064,812	3,192,386

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

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Condensed Statement of Changes in Equity
For the half year ended 31 December 2016

	Issued capital	Accumulated losses	Reserves	Total equity
	\$	\$	\$	\$
Opening balance as at 30 June 2015	17,830,104	(17,547,744)	902,876	1,185,236
Loss for the period	-	(1,993,580)	-	(1,993,580)
Other comprehensive income	-	-	-	-
Total comprehensive result for period	-	(1,993,580)	-	(1,993,580)
Shares issued during the half year (net of issue costs)	2,909,500	-	-	2,909,500
Balance at 31 December 2015	20,739,604	(19,541,324)	902,876	2,101,156
Opening balance as at 30 June 2016	23,238,940	(20,928,953)	882,399	3,192,386
Loss for the period	-	(2,566,966)	-	(2,566,966)
Other comprehensive income	-	-	-	-
Total comprehensive result for period	-	(2,566,966)	-	(2,566,966)
Shares issued during the half year (net of issue costs)	2,407,392	-	-	2,407,392
Share based payments	-	-	32,000	32,000
Balance at 31 December 2016	25,646,332	(23,495,919)	914,399	3,064,812

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

Condensed Statement of Cash Flows
For the half year ended 31 December 2016

	Consolidated	
	31 December 2016	31 December 2015
	Inflows/(Outflows)	Inflows/(Outflows)
	\$	\$
Cash flows from operating activities		
Receipts from customers	27,246	172,436
Payments to suppliers and employees	(674,486)	(519,153)
Interest received	1,029	1,431
Net cash (outflow) from operating activities	(646,212)	(345,286)
Cash flows from investing activities		
Payments for exploration and evaluation	(2,037,186)	(1,550,730)
Payments for tenement acquisitions	(20,816)	-
Payments for assets	(9,187)	(106,771)
Net cash (outflow) from investing activities	(2,067,189)	(1,657,501)
Cash flows from financing activities		
Net borrowings repaid	-	(480,864)
Proceeds from the issue of securities	2,549,750	3,057,890
Capital raising costs	(142,358)	(148,390)
Net cash inflow from financing activities	2,407,392	2,428,636
Net increase/(decrease) in cash held	(306,009)	425,849
Cash at the beginning of the reporting period	1,839,388	455,797
Foreign exchange gains/(losses)	(10,014)	(53,508)
Cash at the end of the reporting period	1,523,365	828,138

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

Notes to the condensed financial statements
For the half year ended 31 December 2016

Note 1: Basis of preparation of interim report

Statement of compliance

This general purpose financial report for the interim half-year reporting period ended 31 December 2016 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Act 2001* and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 '*Interim Financial Reporting*'.

The half-year 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 with the annual report for the year ended 30 June 2016 and any public announcements made by White Cliff Minerals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and ASX listing Rules.

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

Basis of preparation

The half-year report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted. For the purpose of preparing the interim report, the half year has been treated as a discrete reporting period.

Going Concern

The Company and its controlled entities as at 31 December (the "Group") did not generate sufficient cash flows from their activities to finance its activities. Thus the continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon the Group being successful in completing a capital raising and/or asset sale/joint venture agreement in the next 12 months. The directors have mitigated this risk by reducing the Group's corporate overheads and postponing expenditure on the Group's projects where possible.

As a result of these matters, there is a material uncertainty that may cast significant doubt on whether the Group will continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report. However, the directors believe that the Group will be successful in either raising capital or conducting a sale and/or joint venture agreement and, accordingly, have prepared the financial report on a going concern basis.

Significant accounting judgments and key estimates

The preparation of half-year financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Note 1: Basis of preparation of interim report (cont)

In preparing this half-year report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group when compiling its annual 30 June 2016 financial statements.

Adoption of new and revised accounting standards

In the half-year ended 31 December 2016 the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2016.

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

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2016. As a result of this the Directors have determined that there is no impact, material or otherwise, of the new and revised standards and interpretations on the Group's business and, therefore, no change is necessary to the Group's accounting policies.

Note 2: Exploration project acquisition costs

	Consolidated	
	Six months ended	Twelve months ended
	31 December	30 June
	2016	2016
	\$	\$
Opening balance	1,393,350	1,393,350
Project acquisition costs	20,816	-
	<hr/>	<hr/>
Acquisition costs in respect of areas of interest in the exploration phase	1,414,166	1,393,350
	<hr/>	<hr/>

The recoverability of deferred project acquisition expenditure is dependent upon the successful development and commercial exploitation, or alternately the sale of areas of interest.

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Note 3: Issued capital

	Consolidated Six months ended 31 December 2016 \$	Twelve months ended 30 June 2016 \$
Issued and fully paid	25,646,332	23,238,940
<i>Movements in ordinary shares on issue</i>		
Opening balance	23,238,940	17,830,104
July-Oct 2015 – Convertible note conversions	-	275,434
Aug - Nov 2015 – Placements	-	1,548,267
Oct 2015 – Share Purchase Plan	-	1,234,200
Nov 2015 – Performance shares issued	-	40,703
May - June 2016 – Placements	-	2,640,000
Nov 2016 - Placement	1,500,000	-
Dec 2016 – Share Purchase Plan	1,049,750	-
Share issue costs	(142,358)	(329,768)
Closing balance	25,646,332	23,238,940
	Shares	Shares
Opening balance	1,527,511,057	586,169,855
July-Oct 2015 – Convertible note conversions	-	44,997,459
Aug - Nov 2015 – Placements	-	243,143,743
Oct 2015 – Share Purchase Plan	-	205,700,000
Nov 2015 – Performance shares issued	-	7,500,000
May - June 2016 – Placements	-	440,000,000
Nov 2016 - Placement	200,000,000	-
Dec 2016 – Share Purchase Plan	139,966,667	-
Closing balance	1,867,477,724	1,527,511,057

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Note 4: Options

	Number of options	
	31 December 2016	30 June 2016
Options on issue		
Listed options exercisable at \$0.03 on or before 11 March 2017	102,050,017	102,050,017
Unlisted options exercisable at \$0.02 on or before 31 December 2017	202,850,010	202,850,010
Unlisted options exercisable at \$0.015 on or before 15 December 2016	-	110,000,000
Unlisted options exercisable at \$0.012 on or before 15 December 2018	30,000,000	30,000,000
Listed options exercisable at \$0.013 on or before 31 December 2018	151,322,273	-
	486,222,300	444,900,027
Movement in options in period		
Unlisted options exercisable at \$0.015 on or before 15 December 2016	-	110,000,000
Beginning of the financial year	110,000,000	-
Expired during year		
Balance at end of financial year	-	110,000,000
Listed options exercisable at \$0.013 on or before 31 December 2018		
Beginning of the financial year	-	-
Issued during year	151,322,273	-
Balance at end of financial year	151,322,273	-
Share-based payment		
Listed options exercisable at \$0.013 on or before 31 December 2018		
Beginning of the financial year	-	-
Issued during year	8,000,000	-
Balance at end of financial year	8,000,000	-

During the half year listed options exercisable at \$0.013 on or before 31 December 2018 were issued to 2 directors as part of their remuneration conditions.

A share based payment expense of \$32,000 was raised based upon a \$0.002 value, being the market price for these options on the first day of trading for these options.

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Note 5: Segment information

The following table presents the segment revenue and loss information provided to the Board for the period ended 31 December 2016 and 31 December 2015.

	Australia \$	Kyrgyz Republic \$	Consolidated \$
31 December 2015			
Segment revenue	1,431	-	1,431
Segment result	(885,371)	(1,108,209)	(1,993,580)
Segment assets	1,077,656	1,393,927	2,471,583
Segment liabilities	321,909	48,518	370,427
31 December 2016			
Segment revenue	28,275	-	28,275
Segment result	(936,365)	(1,630,601)	(2,566,966)
Segment assets	1,857,823	1,352,712	3,210,535
Segment liabilities	145,246	477	145,723

Note 6: Contingent liabilities

There have been no changes in contingent liabilities since the last annual reporting period.

Note 7: Subsequent events

There are no matters or circumstances that have arisen since 31 December 2016 that may significantly affect operations, results or state of affairs of the Group in future financial years.

Directors' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 18 to 26 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory and professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance as represented by the results of its operations, changes in equity and its cash flows for the half-year ended 31 December 2016; and
- (b) there are reasonable grounds to believe that White Cliff Minerals 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 Board of directors made pursuant to S305 (5) of the *Corporations Act 2001*.



M Langoulant
Executive Chairman

Perth
16 February 2017

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of White Cliff Minerals Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of White Cliff Minerals Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2016, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year 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 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- (a) giving a true and fair view of the Group'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 the *Corporations Regulations 2001*.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1(a) to the financial report which indicates that the continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon the Group being successful in completing a capital raising and/or asset sale/joint venture agreement in the next 12 months.

These conditions indicate the existence of a material uncertainty that 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.

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

HLB Mann Judd
Chartered Accountants

A handwritten signature in blue ink that reads 'Norman G Neill'.

N G Neill
Partner

Perth, Western Australia
16 February 2017