



(formerly Burrabulla Corporation Limited)

ABN: 27 128 806 977

And Controlled Entities

CONSOLIDATED REPORT

**For the Half-Year Ended
31 December 2017**

CORPORATE DIRECTORY	1
DIRECTORS' REPORT	2
AUDITOR'S INDEPENDENCE DECLARATION	8
CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME	9
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	10
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	11
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	12
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	13
DIRECTORS' DECLARATION	26
INDEPENDENT AUDITOR'S REVIEW REPORT	27

DIRECTORS

Peter Wall	Non-Executive Chairman
Adam Blumenthal	Non-Executive Director
Jeremy Read	Managing Director
Ian Wallace	Executive Director

SECRETARY

Stephen Kelly

REGISTERED AND BUSINESS OFFICE

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AUDITORS

Bentleys Audit & Corporate (WA) Pty Ltd
Level 3, London House
216 St Georges Terrace
Perth WA 6000

Your Directors submit the financial report of the Consolidated Entity for the half-year ended 31 December 2017.

DIRECTORS

The following persons were directors of Pursuit Minerals Limited during the whole of the half-year under review and up to the date of this report, unless otherwise stated:

Peter Wall	Non-Executive Director
Adam Blumenthal	Non-Executive Director
Jeremy Read	Managing Director (appointed 14 August 2017)
Ian Wallace	Executive Director (appointed 14 August 2017)
James Ellingford	Non-Executive Director (resigned 14 August 2017)

COMPANY SECRETARY

Stephen Kelly (appointed 3 October 2017)
Elizabeth Hunt (resigned 3 October 2017)

PRINCIPAL ACTIVITIES

The principal activity of the Consolidated Entity is conducting mineral exploration activities on its tenements located in Queensland, New South Wales and South Australia.

CORPORATE

On 21 August 2017 the Group completed the acquisition of the highly prospective Bluebush, Paperbark and Coober Pedy tenements from Teck Australia Pty Ltd.

In conjunction with the acquisition of these tenements, the Company successfully completed a \$6,000,000 capital raising in August 2017.

PAPERBARK PROJECT

The Paperbark project consists of two exploration permits located in Northwest Queensland covering an area of approximately 110km². The area is prospective for zinc and copper and host to the JB Prospect Resource (Inferred Mineral Resource of 10.4Mt @ 2.7% Zn, 0.2% Pb, 1g/t Ag at 1.5% Zn cut-off grade).

During the half-year, the Company undertook an exploration program at the Paperbark Project drilling program with the following objectives¹:

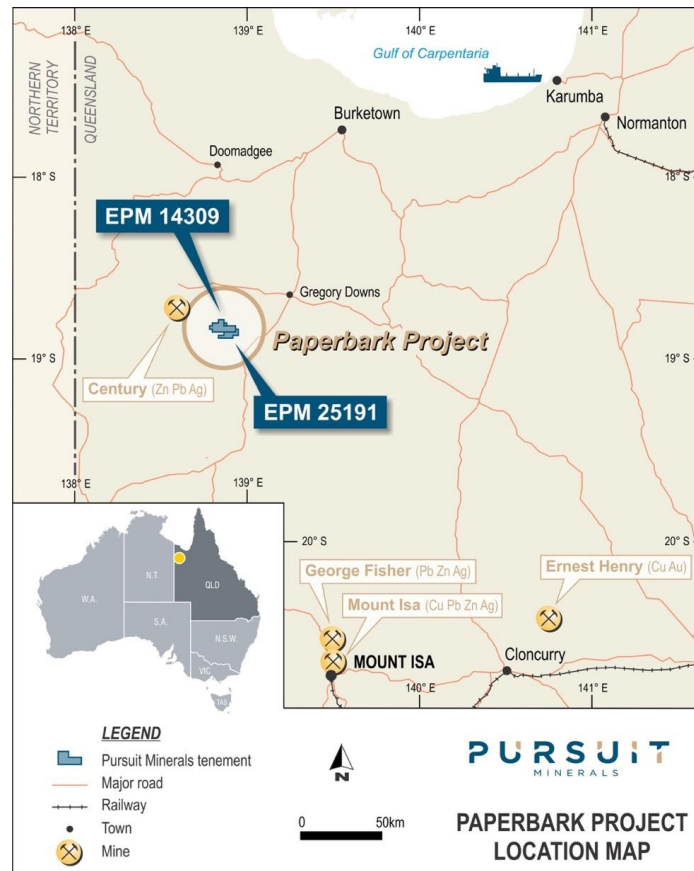
- Investigate the variability and extent of the higher-grade zinc and lead mineralisation within the JB Zone Mineral Resource. Metallurgical test work has commenced on a composite sample of zinc-lead mineralisation from drill hole PB01-17, drilled into the

¹ Refer ASX Announcement dated 21 December 2017. The Company is not aware of any new information or data that materially affects the information contained in that announcement.

southern part of the JB Zone Mineral Resource, with the objective of determining if Dense Media Separation processing will enhance the value proposition for the JB Zone.

- Test the potential for substantial copper oxide and copper sulphide mineralisation to occur along the Grunter Fault. Due to the commencement of the wet season it was not possible to complete drilling of the second planned hole at Grunter North in 2017. This second planned hole will be drilled in 2018, approximately 200m to the north-east of drill hole PB02-17.
- Determine if economic grades of zinc and lead mineralisation occur at the JE Zone and Stonemouse Prospects. Drill testing completed during the half year resulted in the discovery of a new zinc mineral system at the JE zone. Follow up drilling will be undertaken in 2018 to fully ascertain the potential of this new zinc system. It is not intended to undertake follow up drilling at the Stonemouse Prospect in 2018.

Figure One – Paperbark Project



BLUEBUSH PROJECT

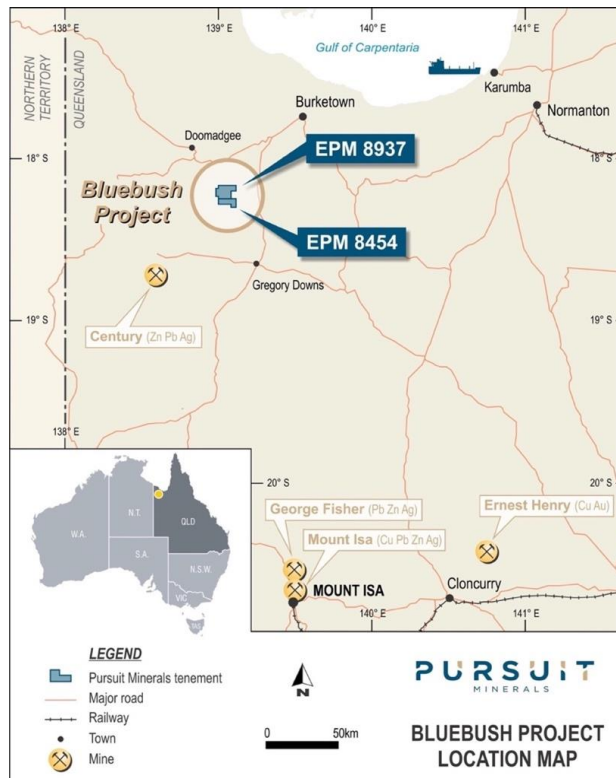
The Bluebush project, also located in Northwest Queensland (72km northeast of the Century Mine), consists of two exploration permits covering an area of approximately 214km², within which low grade or anomalous zinc mineralisation has been intersected over an area of 120 km², making this probably one of the largest areas of zinc mineralisation in Australia.

During the half-year, the Company completed a five-hole drill program on the Bluebush Project, for a total of 1482.2m. Five drill holes were drilled into five potentially separate third-order sub-basins, where SEDEX style mineralisation could have been concentrated and focussed. The overall objective of the drilling program was then to select one of these third-order sub-basins for more detailed work and drilling in 2018, provided the drilling showed evidence of increased grade zinc mineralisation, in comparison to the zinc mineralisation across the broader Bluebush sub-basin.

The results of this program identified an area of enhanced grade SEDEX style zinc mineralisation in the north-west sector of the project area. Consequently, the Bluebush drilling program achieved its objective of defining an area of the project warranting more focused work and follow up drilling.²

The goal of the follow up drilling, to be completed in 2018 following the northern Australian wet season, will be to determine if a globally significant SEDEX style zinc deposit occurs in the north-west sector of the Bluebush Project.

Figure Two – Bluebush Project



² Refer ASX Announcement dated 1 November 2017. The Company is not aware of any new information or data that materially affects the information contained in that announcement.

COOPER PEDY PROJECT

The project is located in central South Australia. It consists of two exploration licences covering an area of approximately 424km² and prospective for Iron Oxide Copper Gold (IOCG) mineralisation. Previous drilling at the Cyclops Target intersected some rocks with alteration of the type occurring at the world-class Prominent Hill and Olympic Dam mines. Age dating of rock alteration and/or mineralisation from existing drill core will be undertaken and if determined to be in the prospective time window for IOCG mineralisation, further drilling will be undertaken to ascertain if a Prominent Hill style deposit occurs at Cyclops.

No exploration activity was undertaken on the Coober Pedy Project during the period as the Company's exploration activities were focussed on the Bluebush and Paperbark projects.

REVIEW OF RESULTS

The loss after tax for the half-year ended 31 December 2017 was \$2,543,542 (2016: \$138,849 loss). The significant items affecting the loss after tax were:

- a) Performance rights issued to Directors and third-party consultants were recognised in accordance with the requirements of AASB 2 Share Based Payments, totalling \$2,000,000.
- b) Administrative and operating expenses totalling \$387,069 reflecting the increase in the nature and scope of the Company's activities following the acquisition of the exploration tenements from Teck Australia Pty Ltd and the related equity raising.
- c) The Company incurred capitalised exploration and evaluation expenditure totalling \$1,843,020 in relation to the exploration programs described above, and paid \$250,000 to Teck Australia Pty Ltd during the period as partial consideration for the acquisition of the exploration tenements.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the period the Company completed the following:

- a) Changed its name from Burrabulla Corporation Limited to Pursuit Minerals Limited on 21 August 2017;
- b) Completed a public offer on 18 August in which 30,000,000 Shares were issued at a price of \$0.20 per share raising \$6,000,000;
- c) In addition to the securities issued, as approved by the Company's shareholders, the following additional securities were issued:
 - 1,500,000 Shares and 1,500,000 options to purchase Shares (Options) to the lender under a convertible loan agreement, which converted into Shares and Options at settlement of the Acquisition;
 - 4,000,000 Shares to seed capital investors, who advanced funds to the Company under convertible loan agreements, which converted into Shares at settlement of the Acquisition;
 - 24,000,000 performance rights to directors, proposed directors and a contractor of the Company (or their nominee(s)); and

- 15,000,000 Options to brokers (or their nominee(s)) in consideration for broking services provided to the Company.
- d) On 21 August 2017 the Company completed the acquisition of a 100% interest in three highly prospective base metals projects owned by Teck Australia Pty Ltd (Teck) (the Acquisition). The Company issued 13,008,723 fully paid ordinary shares in the Company (Shares) to Teck in part consideration under the Acquisition;
- e) On 21 August 2017, Jeremy Read and Ian Wallace were appointed as directors of the Company and James Ellingford resigned;
- f) On 23 August 2017, the Company was granted Reinstatement to Official ASX Quotation. The quotation of the Company's securities commenced on 25 August 2017; and
- g) An interest-bearing loan of \$150,000 was made to the Company on 19 July 2017 and was repaid by the Company on 22 August 2017.

DIVIDENDS

No dividends were paid during the half-year and no recommendation is made as to payment of dividends.

EVENTS SUBSEQUENT TO REPORTING DATE

There are no matters or circumstances have arisen since the end of the period which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods.

SCHEDULE OF TENEMENTS

As at 31 December 2017 the Group had interests in the following mineral exploration licences:

Project	Location	Exploration license number	Expiry date
Paperbark	Queensland	EPM 25191	07/04/19
Paperbark	Queensland	EPM 14309	12/09/22
Bluebush	Queensland	EPM 8937	06/09/19
Bluebush	Queensland	EPM 8454	11/11/19
Cooper Pedy	South Australia	EL 5982	23/05/19
Cooper Pedy	South Australia	EL 5983	23/05/19

AUDITOR'S DECLARATION OF INDEPENDENCE

The auditor's independence declaration for the half-year ended 31 December 2017 has been received and is included within the financial statements.

Signed in accordance with a resolution of the Directors.



Jeremy Read
Managing Director

28 February 2018

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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 Pursuit Minerals Limited for the period ended 31 December 2017, 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 28th day of February 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND



OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Note	Consolidated 31 December 2017 \$	Consolidated 31 December 2016 \$
Other income	2	12,648	-
Administrative and other expenses	3	(387,069)	(137,299)
Exploration and evaluation costs		(19,455)	-
Impairment of exploration and evaluation expenditure	7	(3,725)	-
Share based payments	12	(2,175,500)	-
Finance costs		29,559	(1,550)
Loss before tax		(2,543,542)	(138,849)
Income tax benefit/(expense)	4	-	-
Net loss for the half-year from operations		(2,543,542)	(138,849)
Other comprehensive income		-	-
Items that may be reclassified subsequently to profit or loss:		-	-
Total comprehensive loss for the half-year		(2,543,542)	(138,849)
Loss attributable to:			
Owners of the parent		(2,543,542)	(138,849)
		(2,543,542)	(138,849)
Total comprehensive loss attributable to:			
Owners of the parent		(2,543,542)	(138,849)
		(2,543,542)	(138,849)
Basic and diluted (loss) per share (cents)	5	(0.05)	(0.01)

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 December 2017

	Note	Consolidated 31 December 2017 \$	Consolidated 30 June 2017 \$
ASSETS			
Current Assets			
Cash and cash equivalents		2,446,650	577,272
Trade and other receivables	6	123,330	44,100
Prepayments		10,077	10,702
Total Current Assets		2,580,057	632,074
Non-Current Assets			
Exploration and evaluation assets	7	4,791,040	100,000
Plant and equipment	8	11,636	3,432
Total Non-Current Assets		4,802,676	103,432
Total Assets		7,382,733	735,506
LIABILITIES			
Current Liabilities			
Trade and other payables	9	328,177	857,895
Interest bearing loans and borrowings	10	-	550,000
Total Current Liabilities		328,177	1,407,895
Total Liabilities		328,177	1,407,895
Net (Deficiency)/Assets		7,054,556	(672,389)
EQUITY			
Contributed equity	11	54,958,097	48,843,110
Share based payments reserve	12	7,357,674	3,202,174
Accumulated losses	13	(55,261,215)	(52,717,673)
Total Equity		7,054,556	(672,389)

The accompanying notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

Consolidated Entity	Contributed Equity \$	Share Based Payment Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2017	48,843,110	3,202,174	(52,717,673)	(672,389)
Shares issued during the half-year	9,151,745	-	-	9,151,745
Reduction in shares applied for but not issued	(561,000)	-	-	(561,000)
Share issue expenses	(2,475,758)	-	-	(2,475,758)
Options and performance rights issued	-	4,155,500	-	4,155,500
(Loss) for the half-year	-	-	(2,543,542)	(2,543,542)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the half-year	-	-	(2,543,542)	(2,543,542)
Balance at 31 December 2017	54,958,097	7,357,674	(55,261,215)	7,054,556
	48,538,788	3,156,369	(51,982,258)	(287,101)
Balance at 1 July 2016				
Security issue expenses	-	-	-	-
Profit/(loss) for the half-year	-	-	(138,849)	(138,849)
Other comprehensive income	-	-	-	-
Total comprehensive income for the half-year	-	-	(138,849)	(138,849)
Balance at 31 December 2016	48,538,788	3,156,369	(52,121,107)	(425,950)

The accompanying notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	Consolidated 31 December 2017 \$ Inflows/ (Outflows)	Consolidated 31 December 2016 \$ Inflows/ (Outflows)
Cash flows from operating activities		
Rental income received	6,927	-
Payments to suppliers and employees	(737,317)	(62,182)
Interest paid	(1,397)	-
Interest received	5,721	-
Net cash (used in) operating activities	(726,066)	(62,182)
Cash flows from investing activities		
Payments for plant and equipment	(10,833)	-
Payment for exploration and evaluation assets	(2,125,807)	-
Net cash (used in) investing activities	(2,136,640)	-
Cash flows from financing activities		
Proceeds from share issues	5,439,000	-
Costs of issuing equity	(706,916)	-
Proceeds from borrowings	180,000	150,000
Repayment of borrowings	(180,000)	(7,000)
Net cash provided from financing activities	4,732,084	143,000
Net increase in cash held	1,869,378	80,818
Cash and cash equivalents at beginning of the period	577,272	1,831
Cash and cash equivalents at end of the period	2,446,650	82,649

The accompanying notes form part of these financial statements.

1. Basis of preparation of half-year report

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2017 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

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 year ended 30 June 2017 and any public announcements made by Pursuit Minerals Limited (“the Company”) 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. No new or amended standards became applicable for the current half-year reporting period.

Going Concern

As at 31 December 2017 the Consolidated Entity had cash reserves of \$2,446,650, net working capital of \$2,251,880 and net assets of \$7,054,556.

Under the terms of the acquisition agreement with Teck Australia Pty Ltd, the Consolidated Entity is required to fund a total of 3,000 meters in exploration drilling across the Paperbark, Bluebush and Coober Pedy Projects prior to 30 September 2018. To fund the cost of this drilling and to maintain the Company’s existing infrastructure will require the Company to seek additional sources of funding within the next 12 months in addition to its existing cash reserves.

The ability of the Consolidated Entity to continue as a going concern is principally dependent upon the following:

- the ability of the Company to raise additional funding in the future; and
- the successful exploration and subsequent exploitation of the Consolidated Entity’s tenements.

These conditions give rise to material uncertainty which may cast significant doubt over the Consolidated Entity’s ability to continue as a going concern.

Based on the success of previous capital raisings combined with the potential to attract farm-in partners for projects and the potential sale of the current portfolio of exploration assets held, the Directors have prepared the financial statements on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business.

The Directors are confident of securing funds as and when necessary to meet the Consolidated Entity’s obligations as and when they fall due.

Should the Consolidated Entity 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. This financial report does 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 Consolidated Entity be unable to continue as a going concern.

	Consolidated 31 December 2017 \$	Consolidated 31 December 2016 \$
2. Other income		
Interest income	5,721	-
Rental income	6,927	-
	<u>12,648</u>	<u>-</u>

Office space is rented out to two companies who pay monthly fees at market rates.

3. Administrative and other expenses

Accounting fees	32,434	5,384
Auditors' remuneration	19,417	15,000
Consulting fees	78,957	13,436
Depreciation	958	-
Directors and Key Management Personnel remuneration	126,467	90,000
Rent	17,900	-
Legal fees	26,466	-
Travel and accommodation	2,958	-
Other administrative expenses	81,512	13,479
	<u>387,069</u>	<u>137,299</u>

Refer Note 12 for details of share based director and key management personnel remuneration that is in addition to the cash based remuneration disclosed above.

Directors and Key Management Personnel remuneration for the period has been reduced by a \$95,000 over-accrual relating to the year-ended 30 June 2017.

	Consolidated 31 December 2017 \$	Consolidated 31 December 2016 \$
4. Income tax benefit/(expense)		
A reconciliation between the income tax expense and the product of accounting profit before income tax multiplied by the Consolidated Entity's applicable income tax rate is as follows:		
Loss before tax	(2,543,542)	(138,849)
Statutory income tax rate for the Consolidated Entity	28%	30%
	(699,474)	(41,655)
Increase in income tax due to tax effect of:		
Non-deductible share based payments expense	598,263	-
Current year tax losses not recognised	1,443,339	41,655
Decrease in income tax expense due to:		
Movement in unrecognised temporary differences	310	-
Capitalised exploration and evaluation expenditure	(1,317,356)	-
Deductible equity raising costs	(25,082)	-
	-	-

	Consolidated 31 December 2017 \$	Consolidated 31 December 2016 \$
5. Earnings/(loss) per share		
The following reflects the earnings/(loss) and number of shares used in the calculation of the basic and diluted earnings/(loss) per share.		
Basic earnings/(loss) per share (cents per share)	(0.05)	(0.01)
Diluted earnings/(loss) per share (cents per share)	(0.05)	(0.01)
Net profit/(loss) attributable to ordinary shareholders (\$)	(2,543,542)	(138,849)
	Shares	Shares
Weighted average number of ordinary shares used in the calculation of basic earnings/(loss) per share	52,857,891	16,861,745
Weighted average number of ordinary shares used in the calculation of diluted earnings/(loss) per share	52,857,891	16,861,745

The weighted average number of ordinary shares outstanding during the period and for all periods presented has been adjusted for the share consolidation which occurred on 4 July 2017.

Options issued during the period have not been included in the determination of diluted earnings per share as they are not 'in the money' at reporting date and therefore are not considered to be potential ordinary shares.

	Consolidated 31 December 2017 \$	Consolidated 30 June 2017 \$
6. Trade and other receivables		
Tax refunds	93,774	43,022
Other receivables	29,556	1,078
	123,330	44,100
7. Exploration and evaluation assets		
Balance at beginning of period	100,000	-
Acquisition cost	2,851,745	100,000
Exploration expenditure during the period	1,843,020	-
Exploration expenditure written off	(3,725)	-
Balance at end of period	4,791,040	100,000

During the half-year the Consolidated Entity completed the acquisition of a 100% interest in three base metal projects from Teck Australia Pty Ltd. The consideration paid by the Consolidated Entity was as follows:

- \$100,000 paid on signing of the acquisition agreement (paid pre-30 June 2017);
- \$250,000 paid on completion of the acquisition; and
- 13,008,723 shares issued to Teck at an issue price of \$0.20 per share.

During the period the Company impaired exploration and evaluation expenditure of \$3,725 following a decision by the Board of Directors to surrender EPM25191 as it was not considered necessary for the future exploration programs to be conducted on the Paperbark project.

The ultimate recoupment of these costs is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

8. Plant and equipment

	Office Equipment \$	Plant and Equipment \$	Total \$
Carrying value at 30 June 2016	-	-	-
Additions	3,544	-	3,544
Depreciation	(112)	-	(112)
Carrying value at 30 June 2017	3,432	-	3,432
Additions	10,833	-	10,833
Assets written off	(1,671)	-	(1,671)
Depreciation	(958)	-	(958)
Carrying value at 31 December 2017	11,636	-	11,636

Consolidated 31 December 2017 \$	Consolidated 30 June 2017 \$
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9. Trade and other payables

Sundry creditors and accruals	221,611	343,952
Trade creditors	106,566	513,943
	328,177	857,895

10. Interest bearing loans and borrowings

Current

Balance at beginning of period	550,000	-
Proceeds from loans	180,000	550,000
Repayment of loans	(730,000)	-
Balance at end of period	-	550,000

The following transactions have occurred during the period:

- In accordance with the conditions precedent for the convertible loans, on 21 August 2017 the \$550,000 loans were repaid through the issue of shares and options. The loans converted at \$0.10 per share as follows:
 - 1,500,000 Shares and 1,500,000 options to purchase Shares (Options) to the Lender in consideration for the conversion of a loan outstanding for an amount of \$150,000;
 - 4,000,000 Shares to seed capital investors in consideration for the conversion of a loan outstanding for an amount of \$400,000.

2. An interest-bearing loan of \$150,000 was made to the Company on 19 July 2017 and was repaid by the Company on 22 August 2017.
3. The Company repaid a \$30,000 non-interest bearing loan on 22 August 2017.

11. <i>Contributed equity</i>	Consolidated 31 December 2017		Consolidated 30 June 2017	
	No.	\$	No.	\$
Balance at beginning of period	489,000,300	48,843,110	489,000,300	48,539,000
Share consolidation (i)	(472,138,555)	-	-	-
Share issue pursuant to Prospectus	30,000,000	6,000,000	-	-
Share issue to repay convertible loans (refer note 10)	5,500,000	550,000	-	-
Share issue as partial consideration for acquisition of mineral tenements (refer note 7)	13,008,723	2,601,745	-	-
Shares applied for but unissued	-	(561,000)	-	561,000
Share issue costs	-	(2,475,758)	-	(256,890)
Balance at end of period	65,370,468	54,958,097	489,000,300	48,843,110

- (i) The Company consolidated its issued capital on the basis of every 29 Shares or Options being consolidated into 1 Share or Option on July 4th 2017. The consolidation has no monetary impact.

<u>Unlisted options</u>	Consolidated 31 December 2017	Consolidated 30 June 2017
	No.	No.
Balance at beginning of period	889,450	2,367,712
Consolidation	(858,780)	-
Options issued	16,500,000	-
Options cancelled	-	(1,478,262)
Balance at end of period	16,530,670	889,450

	Consolidated 31 December 2017 \$	Consolidated 30 June 2017 \$
12. Share based payment reserve		
Share based payment reserve	<u>7,357,674</u>	<u>3,202,174</u>

The Share based payment reserve is used to record the fair value of share based payments made by the Company.

The following expenses arising from share-based payment transactions were recognised during the period:

Performance rights issued to Directors and Management Consultants (i)	2,000,000	-
Options issued to lender (Finance costs) (ii)	175,500	-
Options issued to Brokers to equity issue (iii)	<u>1,980,000</u>	-
	<u>\$4,155,500</u>	-

- (i) On 14 August 2017 the Consolidated Entity issued 24,000,000 Performance Rights to directors and consultants as part of agreed remuneration, across three classes of rights - Class A, Class B, and Class C, on the following terms and conditions:
- Each Performance Right entitles the holder to subscribe for one fully paid ordinary share in the capital of Burrabulla Corporation Limited upon satisfaction of the Milestone and issue of the Conversion Notice by the Holder;
 - Each Performance Right is issued subject to the rules of the Company's Performance Rights Plan;
 - The Performance Rights carry no dividend or voting rights;
 - The Performance Rights carry no rights to return of capital.

Each Performance Right in the relevant class will be able to be converted into one share by a holder upon satisfaction of certain performance based and market based milestones.

The Directors have assessed at balance date the likelihood of these milestones being met within the vesting period. This estimate of performance rights expected to ultimately vest will be adjusted over time to reflect actual performance and management's best estimates of the conditions being met. A grant date fair value of \$0.20 per performance share has been attributable to the instruments being the Initial Public Offer price of the Company's shares.

12. *Share based payment reserve (continued)*

Class	Milestone	Probability	Grant date share price	Fair Value
Class A	The Company (or a subsidiary) still holds at least one of the Projects and has completed a minimum of 3,000m of drilling at the Paperbark Project, the Bluebush Project or both 12 months after the Reinstatement Date, <u>or</u> , the volume weighted average price of Shares as traded on ASX over 20 consecutive trading days is not less than \$0.30 within 12 months after the Reinstatement Date.	100%	\$0.20	\$1,600,000
Class B	Zinc mineralisation of greater than 10m thickness with zinc equivalent grade of 10% or higher is intersected on the Bluebush Project within 24 months after the Reinstatement Date, <u>or</u> , a positive Scoping Study is completed and the board of directors of the Company resolves to commence a Pre-Feasibility Study on the Paperbark Project within 24 months after the Reinstatement Date, <u>or</u> , the volume weighted average price of Shares as traded on ASX over 20 consecutive trading days is not less than \$0.40 within 24 months after the Reinstatement Date.	20%	\$0.20	\$320,000
Class C	A Mineral Resource is delineated on any Project of equal to or greater than 450,000t of contained zinc equivalent metal within 36 months after the Reinstatement Date, <u>or</u> , the volume weighted average price of Shares as traded on ASX over 20 consecutive trading days is not less than \$0.50 within 36 months after the Reinstatement Date.	5%	\$0.20	\$80,000

12. *Share based payment reserve (continued)*

- (ii) On 14 August 2017 the Consolidated Entity issued 1,500,000 unlisted options to purchase shares to the lender under a convertible loan agreement, which converted into shares and options at settlement of the Teck Australia Acquisition (refer note 10). The fair value of the options at grant date has been estimated using the Black Scholes valuation model, taking into account the terms and conditions upon which the options were granted. The following assumptions were used:

Exercise price	\$0.20
Expected volatility	100%
Risk-free interest rate	2.003%
Expected life of share options (years)	2.5
Grant date share price	\$0.20
Fair value per option	\$0.117

The options were issued to the lender in addition to the repayment of the loan. They have been recognised as a finance costs.

- (iii) On 14 August 2017 the Consolidated Entity issued 15,000,000 unlisted options to brokers in consideration for broking services provided to the Company. The fair value of the options at grant date has been estimated using the Black Scholes valuation model, taking into account the terms and conditions upon which the options were granted. The following assumptions were used:

Exercise price	\$0.25
Expected volatility	100%
Risk-free interest rate	2.18%
Expected life of share options (years)	4
Grant date share price	\$0.20
Fair value per option	\$0.132

The options have been recognised as a share issue cost (refer note 11).

13. *Accumulated losses*

Balance at 1 July	(52,717,673)	(52,028,275)
Loss after tax attributable to the equity holders of the parent entity during the half-year	(2,543,542)	(689,398)
Balance at 31 December	(55,261,215)	(52,717,673)

14. Operating segments

Operating segments are identified based on the internal reports that are regularly reviewed by the Board of Director's, the entities' Chief Operation Decision Maker, for the purpose of allocating resources and assessing performance. The adoption of this "management approach" has resulted in the identification of reportable segments.

During the half-year the Group has acquired three new operating segments following the acquisition of the Teck Australia tenements. The three exploration projects, Bluebush, Paperbark and Coober Pedy are located in Australia. Financial information presented to the Board of Directors is reported by these projects. Items of income and expenditure and assets and liabilities that are not allocated to the exploration projects are allocated to the Corporate segment.

The following tables present revenue and profit information for the Group's operating segments for the six months ended 31 December 2017 and 2016, respectively.

(i) Segment performance

Half-Year 31 December 2017	Paperbark	Bluebush	Coober Pedy	Corporate	Total
	\$	\$	\$	\$	\$
Total segment revenue	-	-	-	12,648	12,648
Segment expenditure	(2,813,714)	(1,014,342)	(14,966)	(2,552,465)	(4,395,487)
Segment result	(2,813,714)	(1,014,342)	(14,966)	(2,539,817)	(4,382,839)
Reconciliation of segment result to Group loss before tax:					
- Capitalised expenditure					1,839,297
Net loss before tax					(2,543,542)

Half-Year 31 December 2016	Paperbark	Bluebush	Coober Pedy	Corporate	Total
	\$	\$	\$	\$	\$
Total segment revenue	-	-	-	-	-
Segment expenditure	-	-	-	(138,849)	(138,849)
Segment result	-	-	-	(138,849)	(138,849)
Reconciliation of segment result to Group loss before tax:					
- Capitalised expenditure					-
Net loss before tax					(138,849)

(ii) Segment assets

Half-Year 31 December 2017	Paperbark	Bluebush	Coober Pedy	Corporate	Total
	\$	\$	\$	\$	\$
Segment assets	2,066,980	2,271,333	452,728	2,591,692	7,382,733

14. *Operating segments (continued)*
(ii) Segment assets (continued)

	Paperbark	Bluebush	Coober Pedy	Corporate	Total
Half-Year 30 June 2017					
Segment assets	\$ -	\$ -	\$ -	\$ 735,506	\$ 735,506

15. *Commitments and contingencies*

Pursuant to the terms of the agreement for the acquisition of the exploration tenements from Teck, the Group will be required to meet the minimum spend requirement and royalty obligations.

(a) Capital commitments

The Company shall complete a minimum of 3,000 metres of drilling on each of EPM8937 (Bluebush Project) and EPM 14309 (Kamarga Project) for an aggregate of no less than 6,000 metres of drilling by 30 September 2018, with 3,000 metres of drilling to be completed by 30 September 2017.

(b) Contingent liabilities

The group had contingent liabilities at 31 December 2017 in respect of:

- A 2% net smelter return royalty payable to Teck pertaining to 100% of production from each of the Tenements or any replacement tenements.
- The Group will assume Teck's obligations to pay the following royalties:
 - Cash payment of \$3M to South32 Royalty Investments Pty Ltd (South32) upon completion of a feasibility study that demonstrates that it is technically and economically viable to establish and carry out the extraction and mining of minerals from the Bluebush Project and which is in a form acceptable to NorthernX to enable NorthernX to decide whether or not to proceed with the development and operation of a mine within the Bluebush Project;
 - Cash payment of \$3.5M to South32 following three consecutive months during which the average daily throughput from the extraction and mining of minerals from the Bluebush Project is at least 85% of the design capacity as contained in the Feasibility Study;
 - Cash payments of \$1M per annum to South32 for the first three years following Commercial Production; and
 - 1% Net Smelter Return (NSR) royalty to Anglo American Exploration (Australia) Pty Ltd for the life of any mining operation on the Bluebush Project.

16. Related party transactions

During the period the Group had the following dealings with related parties.

(a) Mr Peter Wall

Mr Wall is a Non-Executive Director of the Company. He is also a partner at Steinepreis Paganin a Perth based corporate law firm that provides legal services to the Company on commercial terms.

The following payments/transactions occurred during the half-year:

Director fees	\$30,000 for services provided in the half-year ended 31 December 2017. \$85,000 for services provided and accrued for in the year-end 30 June 2017.
Performance Rights	Mr Wall received 6,000,000 performance rights (2m Class A, 2m Class B, 2m Class C). Refer note 12 for detail.
Other	Steinepreis Paganin was paid or due to be paid an aggregate amount of \$51,297 for legal services rendered during the period.

(b) Mr Adam Blumenthal

Adam Blumenthal, a Non-Executive Director of the Company, is also a Director of Everblu Capital, who acted as corporate advisor and assisted in the Company's capital raising.

The following payments/transactions occurred during the half-year:

Director fees	\$30,000 for services provided in the half-year ended 31 December 2017. \$85,000 for services provided and accrued for in the year-end 30 June 2017.
Performance Rights	Mr Blumenthal received 6,000,000 performance rights (2m Class A, 2m Class B, 2m Class C). Refer note 12 for detail.
Other	Everblu Capital was paid an aggregate amount of \$393,100 for services rendered in relation to the Capital Raising. In addition, Everblu Capital was issued 15,000,000 unlisted options in consideration for broking services provided to the Company. Refer note 12 for detail.

(c) Mr Jeremy Read

Mr Read is the Managing Director of the Company. Prior to this appointment on 14 August 2017 he provided consulting services during the Company's re-listing and capital raising.

The following payments/transactions occurred during the half-year:

Director fees	\$80,000 for services provided in the half-year ended 31 December 2017.
Performance Rights	Mr Read received 6,000,000 performance rights (2m Class A, 2m Class B, 2m Class C). Refer note 12 for detail.

Other \$13,688 was paid for consulting fees during the Company's re-listing and capital raising.

(d) Mr Ian Wallace

Ian Wallace is an Executive Director of the Company who also provides resource development consulting services.

The following payments/transactions occurred during the half-year:

Director fees \$12,000 for services provided in the half-year ended 31 December 2017.

Performance Rights Mr Wallace received 3,000,000 performance rights (1m Class A, 1m Class B, 1m Class C). Refer note 12 for detail.

Other \$7,500 for resource development consulting services.

17. *Events after the end of the reporting period*

No matter or circumstance has arisen since the end of the reporting period that has significantly affected, or may significantly affect, the Group's operations, the results of those operations or the Group's state of affairs in subsequent periods.

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 9 to 25, are in accordance with the Corporations Act 2001 and:
 - a. Comply with Accounting Standards AASB 134: Interim Financial Reporting; and
 - b. Give a true and fair view of the financial position as at 31 December 2017 and of the performance for the half year ended on that date of the Company and consolidated Group.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Jeremy Read
Managing Director

28 February 2018

Independent Auditor's Review Report

To the Members of Pursuit Minerals Limited

We have reviewed the accompanying financial report of Pursuit Minerals Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2017, 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 period.

Directors Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the 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 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 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 2017 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 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 Pursuit Minerals Limited (Continued)



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 financial report of Pursuit Minerals 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 2017 and of its performance for the period 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 in the financial report, which indicates that the Consolidated Entity incurred a net loss of \$2,543,542 during the half year ended 31 December 2017. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

BENTLEYS
Chartered Accountants

DOUG BELL CA
Director

Dated at Perth this 28th day of February 2018