

# **Consolidated Africa Limited**

**ACN 605 659 970**

**Half-year financial report - 31 December 2016**

# **Consolidated Africa Limited**

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**31 December 2016**

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**Consolidated Africa Limited**  
**Corporate directory**  
**31 December 2016**

Directors	Mr Philip Lindsay (Non-Executive Chairman) Mr Adriaan Gerhardus van den Bergh (Non-Executive Director) Mr Douglass Cahill (Non-Executive Director) Mr John Cross (Non-Executive Director)
Company secretary	Mr Philip Lindsay
Registered office	Level 28 1 Market Street Sydney NSW 2000 Ph: (02) 9265 3000 Fax: (02) 9261 5918
Principal place of business	Level 28 1 Market Street Sydney NSW 2000 Ph: (02) 9265 3000 Fax: (02) 9261 5918
Share register	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000 Ph: (02) 1300 737 760 Fax: (02) 1300 653 459 <a href="http://www.boardroomlimited.com.au">www.boardroomlimited.com.au</a>
Auditor	Connect Audit Level 13, 636 St Kilda Road Melbourne VIC 3004 Ph: (03) 8508 7800 Fax: (03) 8508 7859
Stock exchange listing	Consolidated Africa Limited shares are listed on the National Securities Exchange (NSX code: CRA)

**Consolidated Africa Limited**  
**Directors' report**  
**31 December 2016**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Consolidated Africa Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 31 December 2016.

**Directors**

The following persons were directors of Consolidated Africa Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

Mr Philip Lindsay (Non-Executive Chairman)  
Mr Adriaan Gerhardus van den Bergh (Non-Executive Director)  
Mr Douglass Cahill (Non-Executive Director)  
Mr John Cross (Non-Executive Director) (appointed 28 November 2016)

**Principal activities**

During the financial period the principal continuing activities of the consolidated entity consisted of:

- Key focus is to explore and exploit the potential of the graphite deposits that are found within the exploration licence 1025 (EL1025) in Kitgum, Uganda (the Orom Project).

**Review of operations**

The loss for the consolidated entity after providing for income tax amounted to \$666,565 (31 December 2015: \$413,695).

At 31 December 2016, the consolidated entity had a cash balance of \$4,698 (30 June 2016: \$71,471) and a working capital deficiency of \$377,538 (30 June 2016: deficiency of \$141,267).

**Significant changes in the state of affairs**

On 22 July 2016, the Company issued 750,000 fully paid ordinary shares at an issue price of \$0.10 (10 cents) per share raising \$75,000.

On 10 August 2016, the Company issued 335,000 fully paid ordinary shares at an issue price of \$0.10 (10 cents) per share raising \$33,500.

On 12 September 2016, the Company issued 3,694,174 fully paid ordinary shares at an issue price of \$0.10 (10 cents) per share. A total of 210,000 fully paid ordinary shares were issued to a placement raising \$21,000 with the remaining 3,484,174 fully paid ordinary shares being issued to Directors and consultants of the Company in satisfaction for outstanding Director's and consulting fees payable.

On 12 September 2016, the Company issued 2,986,982 unlisted options, expiring on 30 September 2020 and exercisable at \$0.05 (5 cents) per option to Directors and consultants of the Company in satisfaction for outstanding Director's and consulting fees payable.

On 14 September 2016, the Company issued 116,900 fully paid ordinary shares at an issue price of \$0.10 (10 cents) per share in order to satisfy outstanding liabilities of the Company.

On 17 November 2016, the Company issued 370,000 fully paid ordinary shares raising \$37,000.

On 17 November 2016, the Company issued 1,859,148 fully paid ordinary shares at a deemed issue price of \$0.10 (10 cents) per share for the settlement of outstanding liabilities of the Company and to Directors and consultants of the Company in satisfaction for outstanding Director's and consulting fees payable. The Company also issued 623,267 fully paid ordinary shares at an issue price of \$0.05 (5 cents) per share with respect to the conversion of 623,267 unlisted options exercisable at \$0.05 (5 cents) per option.

On 17 November 2016, the Company issued 120,000 unlisted options, expiring on 30 September 2020 and exercisable at \$0.05 (5 cents) per option.

On 29 November 2016, the Company issued 442,038 fully paid ordinary shares at an exercise price of \$0.10 (10 cents) per share in order to satisfy outstanding liabilities of the Company.

There were no other significant changes in the state of affairs of the consolidated entity during the financial period.

**Consolidated Africa Limited**  
**Directors' report**  
**31 December 2016**

**Matters subsequent to the end of the financial period**

On 24 February 2017, the Company issued 2,863,480 fully paid ordinary shares at an issue price of \$0.10 (10 cents) per share to Directors and consultants of the Company in satisfaction for outstanding Director's and consulting fees payable.

No other matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**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 immediately after this directors' report.

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

On behalf of the directors



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Mr Philip Lindsay  
Non-Executive Chairman

17 March 2017

## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

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

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

This declaration is in respect of Consolidated Africa Limited and its controlled entities.



**George Georgiou FCA**  
Registered Company Auditor  
ASIC Registration: 10310  
Melbourne, Victoria  
Date: 17 March 2017

**Consolidated Africa Limited**  
**Condensed Statement of profit or loss and other comprehensive income**  
**For the period ended 31 December 2016**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December 2016</b>	<b>31 December 2015</b>
		<b>\$</b>	<b>\$</b>
<b>Expenses</b>			
Administration expense		(36,054)	(15,757)
Corporate expense		(174,826)	(107,085)
Employee benefits expense		(249,312)	(290,853)
Share based payments		(196,237)	-
Depreciation and amortisation expense		(2,261)	-
Realised currency loss		(7,875)	-
		<hr/>	<hr/>
<b>Loss before income tax expense</b>		<b>(666,565)</b>	<b>(413,695)</b>
Income tax expense		-	-
		<hr/>	<hr/>
<b>Loss after income tax expense for the period attributable to the owners of Consolidated Africa Limited</b>		<b>(666,565)</b>	<b>(413,695)</b>
Other comprehensive income for the period, net of tax		-	-
		<hr/>	<hr/>
<b>Total comprehensive income for the period attributable to the owners of Consolidated Africa Limited</b>		<b>(666,565)</b>	<b>(413,695)</b>
		<hr/>	<hr/>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	9	(0.97)	(1.72)
Diluted earnings per share	9	(0.97)	(1.72)

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

**Consolidated Africa Limited**  
**Condensed Statement of financial position**  
**As at 31 December 2016**

		<b>Consolidated</b>	
		<b>31 December</b>	<b>30 June 2016</b>
	<b>Note</b>	<b>2016</b>	<b>2016</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		4,698	71,471
Trade and other receivables		2,281	4,585
Other		7,208	1,814
Total current assets		<u>14,187</u>	<u>77,870</u>
<b>Non-current assets</b>			
Property, plant and equipment		19,598	21,859
Exploration and evaluation	4	<u>2,989,599</u>	<u>2,445,469</u>
Total non-current assets		<u>3,009,197</u>	<u>2,467,328</u>
<b>Total assets</b>		<u>3,023,384</u>	<u>2,545,198</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		<u>391,725</u>	<u>219,137</u>
Total current liabilities		<u>391,725</u>	<u>219,137</u>
<b>Total liabilities</b>		<u>391,725</u>	<u>219,137</u>
<b>Net assets</b>		<u>2,631,659</u>	<u>2,326,061</u>
<b>Equity</b>			
Issued capital	5	4,032,072	3,256,146
Reserves		512,776	316,539
Accumulated losses		<u>(1,913,189)</u>	<u>(1,246,624)</u>
<b>Total equity</b>		<u>2,631,659</u>	<u>2,326,061</u>

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

**Consolidated Africa Limited**  
**Condensed Statement of changes in equity**  
**For the period ended 31 December 2016**

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
Balance at 1 July 2015	3	(18,067)	(18,064)
Loss after income tax expense for the period	-	(413,695)	(413,695)
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	-	(413,695)	(413,695)
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs	785,077	-	785,077
Balance at 31 December 2015	<u>785,080</u>	<u>(431,762)</u>	<u>353,318</u>

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Option Reserve \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
Balance at 1 July 2016	3,256,146	316,539	(1,246,624)	2,326,061
Loss after income tax expense for the period	-	-	(666,565)	(666,565)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	-	-	(666,565)	(666,565)
Issue of shares	787,916	-	-	787,916
Cost of capital	(11,990)	-	-	(11,990)
Share based payments	-	196,237	-	196,237
Balance at 31 December 2016	<u>4,032,072</u>	<u>512,776</u>	<u>(1,913,189)</u>	<u>2,631,659</u>

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

**Consolidated Africa Limited**  
**Condensed Statement of cash flows**  
**For the period ended 31 December 2016**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December 2016</b>	<b>31 December 2015</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(118,074)	(32,343)
Net cash used in operating activities		(118,074)	(32,343)
<b>Cash flows from investing activities</b>			
Payments for exploration and evaluation	4	(137,639)	(127,978)
Net cash used in investing activities		(137,639)	(127,978)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		197,664	113,375
Net cash from financing activities		197,664	113,375
Net decrease in cash and cash equivalents		(58,049)	(46,946)
Cash and cash equivalents at the beginning of the financial period		71,471	48,610
Effects of exchange rate changes on cash and cash equivalents		(8,724)	44
Cash and cash equivalents at the end of the financial period		<u>4,698</u>	<u>1,708</u>

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

**Consolidated Africa Limited**  
**Notes to the financial statements**  
**31 December 2016**

**Note 1. General information**

The financial statements cover Consolidated Africa Limited as a consolidated entity consisting of Consolidated Africa Limited and the entities it controlled at the end of, or during, the period. The financial statements are presented in Australian dollars, which is Consolidated Africa Limited's functional and presentation currency.

Consolidated Africa Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 28  
1 Market Street  
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 17 March 2017.

**Note 2. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2016 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

**New or amended Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Going concern**

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

During the half-year period the Company incurred a loss of \$666,565 (2015: \$413,695). At 31 December 2016, the Company has cash and cash equivalents of \$4,698 (30 June 2016: \$71,471) and a working capital deficiency of \$377,538 (30 June 2016: deficiency of \$141,267). During the period, the Company settled outstanding creditors of \$590,253 through share issues.

Based on current cash reserves at the date of this report, the Company needs to seek additional cash resources to continue to pay its debts. Therefore to continue as a going concern the Company must:

- Raise additional equity, and
- Manage the company's cost structure within the constraints of available cash resources.

**Note 2. Significant accounting policies (continued)**

Based on the recent history of the Company the directors believe future capital raises will be successful.

Accordingly, the financial report has been prepared on the going concern basis based on the ability of the consolidated entity to achieve sufficient cash inflows from raise further equity, where necessary, to fund working capital. On this basis the directors consider that the company remains a going concern and these financial statements have been prepared on this basis.

The Company continues to closely monitor expenditure, and the Board is confident that it will be able to manage its cash resources appropriately without negatively impacting upon planned activities. On this basis the directors consider that the company remains a going concern and these financial statements have been prepared on this basis.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

**Note 3. Operating segments**

The consolidated entity is organised into one operating segment which consists of exploration for minerals and in particular graphite around the world. This operating segment is based on internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining allocation of resources.

**Note 4. Non-current assets - exploration and evaluation**

	<b>Consolidated</b>	
	<b>31 December 2016</b>	<b>30 June 2016</b>
	<b>\$</b>	<b>\$</b>
Exploration and evaluation - at cost	<u>2,989,599</u>	<u>2,445,469</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial period are set out below:

<b>Consolidated</b>	<b>Exploration &amp; Evaluation</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
Balance at 1 July 2016	2,445,469	2,445,469
Additions	544,130	544,130
Balance at 31 December 2016	<u>2,989,599</u>	<u>2,989,599</u>

**Note 5. Equity - issued capital**

	<b>Consolidated</b>			
	<b>31 December 2016</b>	<b>30 June 2016</b>	<b>31 December 2016</b>	<b>30 June 2016</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	<u>73,071,471</u>	<u>64,880,674</u>	<u>4,032,072</u>	<u>3,256,146</u>

**Consolidated Africa Limited**  
**Notes to the financial statements**  
**31 December 2016**

**Note 5. Equity - issued capital (continued)**

*Movements in ordinary share capital*

Details	Date	Shares	Issue price	\$
Balance	1 July 2016	64,880,674		3,256,146
Placement	22 July 2016	750,000	\$0.100	75,000
Placement	10 August 2016	335,000	\$0.100	33,500
Issue of shares	12 September 2016	3,484,174	\$0.100	348,417
Placement	12 September 2016	210,000	\$0.100	21,000
Share based payment for the settlement of liabilities	14 September 2016	116,900	\$0.100	11,690
Placement	17 September 2016	370,000	\$0.100	37,000
Share based payment	17 November 2016	1,859,418	\$0.100	185,942
Conversion of unlisted options	17 November 2016	623,267	\$0.050	31,163
Share based payment for the settlement of liabilities	29 November 2016	442,038	\$0.100	44,204
Cost of capital		-	-	(11,990)
Balance	31 December 2016	<u>73,071,471</u>		<u>4,032,072</u>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Share buy-back*

There is no current on-market share buy-back.

**Note 6. Equity - dividends**

There were no dividends paid, recommended or declared during the current or previous financial period.

**Note 7. Contingent liabilities**

There are no contingent liabilities as at 31 December 2016.

**Note 8. Events after the reporting period**

On 24 February 2017, the Company issued 2,863,480 fully paid ordinary shares at an issue price of \$0.10 (10 cents) per share to Directors and consultants of the Company in satisfaction for outstanding Director's and consulting fees payable.

No other matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Consolidated Africa Limited**  
**Notes to the financial statements**  
**31 December 2016**

**Note 9. Earnings per share**

	<b>Consolidated</b>	
	<b>31 December 2016</b>	<b>31 December 2015</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the owners of Consolidated Africa Limited	<u>(666,565)</u>	<u>(413,695)</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.97)	(1.72)
Diluted earnings per share	(0.97)	(1.72)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>68,859,104</u>	<u>24,039,832</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>68,859,104</u>	<u>24,039,832</u>

**Consolidated Africa Limited**  
**Directors' declaration**  
**31 December 2016**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Mr Philip Lindsay  
Non-Executive Chairman

17 March 2017



Level 13,  
636 St Kilda Road,  
Melbourne.  
VIC 3004  
Tel: +613 8508 7800  
Web:  
[www.connectaudit.com.au](http://www.connectaudit.com.au)

## INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF CONSOLIDATED AFRICA LIMITED

### Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Consolidated Africa Limited and its controlled entities, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### 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 Consolidated Africa Limited and its controlled entities' 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 Consolidated Africa Limited and its controlled entities, 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 Acts 2001*, which has been given to the directors of Consolidated Africa Limited and its controlled entities, would be in the same terms if given to the directors as at the time of this auditor's 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 Consolidated Africa Limited and its controlled entities is not in accordance with the *Corporations Act 2001* including:

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

**Material Uncertainty Related to Going Concern**

Without modifying our conclusion, we draw attention to note 2 in the half year financial report which indicates the existence of material uncertainty which may cast a significant doubt on the consolidated entity's ability to continue as a going concern. Therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business at the amounts stated in the half year financial report.

A handwritten signature in dark ink, appearing to be 'G. Georgiou', with a stylized flourish at the end.

George Georgiou FCA  
Registered Company Auditor  
ASIC Registration: 10310  
Date: 17 March 2017  
Melbourne, Victoria