



# TRITON MINERALS

ACN: 126 042 215

## **Financial Report** **Half year ended 30 June 2018**



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This interim financial report does not include all the notes of the type normally found in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 31 December 2017 and announcements to the Australian Stock Exchange (ASX) made by Triton Minerals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Triton Minerals Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is at Level 1, 34 Colin Street, West Perth, Western Australia. Its shares are listed on the Australian Securities Exchange (ASX Code: TON).

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### Directors

Mr Xingmin (Max) Ji

Mr Patrick Burke

Mr Peter Canterbury

Ms Paula Ferreira

Mr Guanghui (Michael) Ji

Non-Executive Chairman

Non-Executive Deputy Chairman

Managing Director

Non-Executive Director

Non-Executive Director

### COMPANY SECRETARY

Mr David Edwards

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## Directors' Report

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The directors present their report on the consolidated entity consisting of Triton Minerals Limited (Triton or the Company) and the entities it controlled (the Group) for the end of the half year ended 30 June 2018.

### Directors

The following persons were directors of Triton Minerals Limited during the whole of the half year and up to the date of this report:

Mr Xingmin (Max) Ji	Non-Executive Chairman
Mr Patrick Burke	Non-Executive Deputy Chairman
Mr Peter Canterbury	Managing Director
Ms Paula Ferreira	Non-Executive Director
Mr Guanghui (Michael) Ji	Non-Executive Director

### Review and Results of Operations

#### Company Overview

Triton Minerals Limited is an ASX listed mining exploration and development company focussed on graphite projects. Triton, through its 100% owned subsidiaries domiciled in the United Arab Emirates, has, following its recent acquisition of the minority interest, a 100% economic interest in Grafex Limitada (Grafex) (an entity domiciled in Mozambique). Grafex is the registered holder of six exploration licenses (four of which are subject to licence renewal and two are subject to a Mining Concession Application submitted in November 2017, (details in the schedule of tenements) in the Cabo Delgado Province of northern Mozambique. The licenses comprise three project areas; the Ancuabe Project, the Balama North Project and the Balama South Project.

The Ancuabe Graphite Project (Ancuabe) is located approximately 45km due west from the northern Mozambique coastal port of Pemba on the Indian Ocean shoreline. The Project is located within tenements 5380, 5336, 5305 and 5934, which surround the historical AMG Graphit Kropfmühl (GK) Ancuabe Mine.

A Definitive Feasibility Study<sup>1</sup> (DFS) was completed for the Ancuabe Graphite Project in December 2017 and confirmed that Ancuabe is a high quality, long life, high margin graphite project. The DFS was accompanied by the announcement of a Maiden JORC Compliant Ore Reserve of 24.9Mt at 6.2% Total Graphitic Carbon (TGC) at Ancuabe that supported the DFS evaluation period of 27 years at an annual production of approximately 60,000 Tonnes Per Annum (tpa) of graphite concentrate. The Company also announced in December that the total Indicated and Inferred Mineral Resource at the Ancuabe T12 and T16 deposits had increased to 46.1 Mt at an average grade of 6.6% TGC for 3.04 Mt of contained graphite<sup>2</sup>.

The DFS financial outcomes showed an unleveraged pre-tax net present value of US\$298m, unleveraged pre-tax internal rate of return 36.8% and a payback period of 3.8 years based on the annual production of approximately 60,000 tpa of graphite concentrate over the evaluation period of

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<sup>1</sup> See ASX announcement 15 December 2017 'Triton Delivers Robust Ancuabe Definitive Feasibility Study and Declares Maiden Ore Reserve'. Triton is not aware of any new information or data that materially affects the information included in the relevant market announcement, and all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

<sup>2</sup> See ASX Announcement 14 December 2017 'Additional Mineral Resource Upgrade at Ancuabe Graphite Project'. Triton is not aware of any new information or data that materially affects the information included in the relevant market announcement, and all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

## Directors' Report

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27 years. The average annual Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) over the evaluation period was US\$43.6m based on a basket price of US\$1,435 per tonne of graphite concentrate and average operating costs over the evaluation period excluding royalty of US\$634 per tonne (FCA Port of Pemba).

On 31 May 2018, the Triton Board approved the development of the Ancuabe Graphite Project.

The Balama North Projects (Nicanda West Project, Nicanda Hill Project and Cobra Plains Project) are located approximately 230km west of Pemba, in northern Mozambique, in a vicinity of known graphite mineralisation. The Balama North Project currently contains one of the world's largest graphite and vanadium deposits at Nicanda Hill.

The Balama South project is located approximately 35 km south of the Balama township within the same north-east trending geological domain covered by the Balama North project which hosts the Cobra Plains deposit and the Nicanda Hill prospect.

### Results of operations

The net loss of the Group for the half year to 30 June 2018 was \$2,637,732 (2017: loss of \$1,448,963). The loss for the half year arises primarily from corporate and marketing costs, administrative expenses incurred to support the Company's exploration and development activities in Mozambique. Administrative expenses, corporate and marketing and directors and employee benefits expense totalled \$1,829,608 for the half year to 30 June 2018, compared to \$1,155,262 incurred in the half year to 30 June 2017, an increase of \$674,346.

No dividends were proposed or paid during the period (2017: nil). At 30 June 2018, the Company had cash at bank of \$1,284,145 (31 December 2017: \$5,690,723).

### Review of operations

The Company's activities for the half year ended 30 June 2018 were primarily focussed on the development of the flagship Ancuabe Graphite Project.

### Marketing

During the half year, the Company signed two binding offtake agreements with Qingdao Tianshengda Graphite Co. Ltd (Tianshengda) and Qingdao Chenyang Graphite Co. Ltd (Chenyang) each for up to 16,000 tonnes per annum graphite concentrate from the Ancuabe Graphite Project for an initial period of five years with an option for the Company to extend for a further five years with a minimum quantity of 10,000 tpa.

### Metallurgy

The Company commissioned ALS Metallurgy in Perth to build and operate a pilot plant to process approximately 8.5 tonnes of core from the Ancuabe T12 and T16 deposits to produce graphite concentrate for customer acceptance testing and metallurgical testwork. The results from the pilot plant were in line with those predicted and samples were shipped to various potential customers.

### Permitting

Triton has received a provisional environmental licence from the Ministry of Lands, Environment and Rural Development (**MITADAR**) for the Ancuabe Graphite Project.

Receipt of the provisional environmental licence is the precursor for the receipt of the final environmental licence that completes the environmental approvals process. As the review period for the Environmental, Social and Health Impact Assessment (**ESHIA**) application passed without any objections, there are no anticipated impediments to receiving the final environmental licence.

This approval is the enabler for all construction permits required for construction to be granted.

## Directors' Report

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A mining concession application progressed during the period with the regional technical review of the Mining Concession being completed in Cabo Delgado and the application now being transferred to Maputo for final technical review and Ministerial approval by the National Institute of Mines (INAMI). The application process is underway in line with the normal processing times for mining concessions in Mozambique.

The DUAT (Direito de Uso e Aproveitamento da Terra) process, which permits the use of government land, is in progress and pending the award of the Mining Concession.

### Early Works Activities

Subsequent to the Board's decision to develop Ancuabe, in early June 2018 mobilisation to site commenced with the bulk earthworks, camp, and medical services contractors. Initial works on site comprised preparation of the construction camp and road works to prepare access to the camp and raw water dam areas.

### Corporate

On 21 February 2018, the Company announced it had entered into an agreement with the minority shareholder of Grafex under which the Company agreed to purchase the remaining minority interest in Grafex. On Completion of the purchase Triton's interest in Grafex increased from 80% to 100% and accordingly Triton now has a 100% economic interest in its graphite projects in Mozambique. The acquisition completed in March 2018.

In March 2018, the Company completed a single tranche placement to institutional and professional investors of 12.5 million new fully paid ordinary shares at \$0.08 per share to raise \$1.0 million. The placement was completed under the Company's 7.1 placement capacity. Participants in the placement were issued a free attaching option over new shares issued at an exercise price of \$0.12 and expiring 31 December 2018 on the basis of one new option for every two shares issued.

In May 2018, the Company completed a fully underwritten non-renounceable entitlement issue of one share for every fifteen shares held by eligible shareholders to raise approximately \$4.2 million. Participants in the entitlement offer were issued a free attaching option on the same basis as those issued in the placement.

Included in the financial report for the half year ended 30 June 2018 is an independent auditor's review report which includes an Emphasis of Matter paragraph in regard to the existence of a material uncertainty that may cast doubt about the Company's ability to continue as a going concern. For further information, refer to note 1 to the financial statements, together with the auditor's review report.

The Company has demonstrated a track record in raising capital and the directors are confident that the Group will be able to secure funding sufficient to meet the requirements to continue as a going concern.

### Events since the end of the half year

On 1 August 2018, the Company received a refund of \$673,387 in relation to its qualifying expenditure for the year ended 31 December 2017 under the federal government R&D Tax Incentive program.

On 31 August 2018, the Company announced that it had received a firm commitment from Shandong Tianye Mining to subscribe for 14 million fully paid ordinary shares in the Company at an issue price of \$0.047 per share to raise approximately \$658,000. The Placement has been priced at an 8 percent discount to Triton's 5-day volume weighted average price.

The Company also received firm commitments for an additional placement of 10,638,298 shares at \$0.047 per share to a sophisticated investor on the same terms as those to Shandong Tianye Mining

## Directors' Report

to raise a further \$500,000. The additional placement was completed on 4 September 2018. The Placements are being undertaken pursuant to Triton's issuance capacity under ASX Listing Rule 7.1.

The Company also announced a non-renounceable fully underwritten Entitlement Issue of one Share for every fourteen shares held by eligible shareholders at \$0.047 per share to raise approximately \$2.9 million (Entitlement Issue).

Participants in the Entitlement Issue will be issued with free attaching options over Shares exercisable at \$0.10 and expiring 30 September 2020 based on one new Option for every one share issued. In addition, Shandong Tianye Mining has agreed to participate in the Entitlement Offer for a further \$343,100.

The total amount of \$4 million raised will be applied towards finalising the Ancuabe Graphite Project funding and other project development activities.

### Schedule of tenements

As at 30 June 2018, the Group held an 100% economic interest in Grafex, the holder of the following interests in exploration tenements:

LICENCE	PROJECT	PROSPECT/ DEPOSIT	LOCATION	STATUS	CHANGE IN QTR	INTEREST
EL5966	Balama Nth	Nicanda Hill	Mozambique	Granted	No change	100%
EL5365	Balama Nth	Cobra Plains	Mozambique	Granted	Note 1	100%
EL5304	Balama Sth	-	Mozambique	Granted	No change	100%
EL5380	Ancuabe	T20	Mozambique	Granted	Note 2	100%
EL5336	Ancuabe	T12, T16	Mozambique	Granted	Note 3	100%
EL5305	Ancuabe	-	Mozambique	Granted	Note 4	100%
EL6537	Ancuabe	T18, T19	Mozambique	Relinquished	Note 5	100%
EL5934	Ancuabe	T10, T11	Mozambique	Approved - Pending grant	Note 6	100%

Notes - All applications are pending a response from the Mozambique mining authority, INAMI

1. Application to renew licence for a further two years submitted in September 2017.
2. Application to renew licence for a further two years submitted in August 2017. Application to modify and reduce the area submitted in November 2017.
3. Application to modify area submitted in September and further modifications submitted in November 2017. Application for a mining licence submitted in November 2017. New number assigned by INAMI: 9132C.
4. Application to modify area submitted in November 2017.
5. Addressed as a change to area in EL5336 submitted in November 2017 in which part of area of EL6537 was added to EL5336. Application for remaining area of EL6537 was relinquished in November 2017.
6. Application to modify area of EL5934 submitted in November 2017.

## Directors' Report

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### Auditor's independence declaration

The auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 7 for the half year ended 30 June 2018 and forms part of this report.

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

A handwritten signature in black ink, appearing to read 'Peter Canterbury', is enclosed in a thin black rectangular border.

**Peter Canterbury**  
**Managing Director**

Perth  
12 September 2018



## *Auditor's Independence Declaration*

As lead auditor for the review of Triton Minerals Limited for the half-year ended 30 June 2018, 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 Triton Minerals Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Ben Gargett', is written in a cursive style.

Ben Gargett  
Partner  
PricewaterhouseCoopers

Perth  
12 September 2018

**Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the half year ended 30 June 2018**

	<b>30 June 2018 \$</b>	<b>30 June 2017 \$</b>
Administration expenses	(174,932)	(216,457)
Corporate and marketing costs	(1,085,631)	(356,766)
Directors and employee benefits expense	(569,045)	(582,039)
Net share-based payment expenses	(782,389)	(280,126)
Depreciation expense	(18,251)	(14,948)
Exploration expenditure written off	(18,717)	(46,618)
Foreign currency (loss)/gain	(8,416)	10,434
<b>Results from operating activities</b>	<b>(2,657,381)</b>	<b>(1,486,520)</b>
Financial income	19,649	37,557
<b>Net financing income</b>	<b>19,649</b>	<b>37,557</b>
<b>Loss before income tax</b>	<b>(2,637,732)</b>	<b>(1,448,963)</b>
Income tax expense	-	-
<b>Net loss for the half year</b>	<b>(2,637,732)</b>	<b>(1,448,963)</b>
<b>Other comprehensive income</b>		
Foreign currency translation	318,895	196,250
<b>Total comprehensive loss for the half year</b>	<b>(2,318,837)</b>	<b>(1,252,713)</b>
<b>Net loss attributable to:</b>		
Owners of Triton Minerals Limited	(2,627,628)	(1,417,199)
Non-Controlling Interest	(10,104)	(31,764)
	<b>(2,637,732)</b>	<b>(1,448,963)</b>
<b>Total comprehensive (loss)/gain attributable to:</b>		
Owners of Triton Minerals Limited	(2,261,956)	(1,260,199)
Non-Controlling Interest	(56,881)	7,486
	<b>(2,318,837)</b>	<b>(1,252,713)</b>
	<b>Cents</b>	<b>Cents</b>
Loss per share attributable to ordinary equity holders – basic and diluted	(0.33)	(0.22)

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

**Consolidated Balance Sheet**  
**At 30 June 2018**

	Note	30 June 2018	31 December 2017
		\$	\$
<b>Current Assets</b>			
Cash and cash equivalents		1,284,145	5,690,723
Current receivables		103,547	110,564
Prepayments		27,138	81,865
<b>Total Current Assets</b>		<b>1,414,830</b>	<b>5,883,152</b>
<b>Non-Current Assets</b>			
Financial assets		110,300	110,300
Prepayments		45,834	51,123
Other assets	2	597,238	443,150
Property, plant and equipment		143,734	146,759
Exploration and evaluation assets	3	17,579,954	14,093,032
<b>Total Non-Current Assets</b>		<b>18,477,060</b>	<b>14,844,364</b>
<b>Total Assets</b>		<b>19,891,890</b>	<b>20,727,516</b>
<b>Current Liabilities</b>			
Trade and other payables		1,218,930	1,267,535
Provisions		92,906	55,971
<b>Total Current Liabilities</b>		<b>1,311,836</b>	<b>1,323,506</b>
<b>Non-Current Liabilities</b>			
Provisions		507,928	60,001
<b>Total Non-Current Liabilities</b>		<b>507,928</b>	<b>60,001</b>
<b>Total Liabilities</b>		<b>1,819,764</b>	<b>1,383,507</b>
<b>Net Assets</b>		<b>18,072,126</b>	<b>19,344,009</b>
<b>Equity</b>			
Issued capital	4	83,560,785	79,096,870
Reserves	7	6,988,418	8,625,784
Accumulated losses		(72,477,077)	(69,849,449)
<b>Equity attributable to the owners of the parent entity</b>		<b>18,072,126</b>	<b>17,873,205</b>
Non-controlling interest		-	1,470,804
<b>Total Equity</b>		<b>18,072,126</b>	<b>19,344,009</b>

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

**Consolidated Statement of Changes in Equity  
For the half year ended 30 June 2018**

	Ordinary Share Capital	Fair Value Reserve	Foreign Currency Translation Reserve	Share- based Payment Reserve	Transactions with Non- Controlling Interests	Retained Losses	Non- Controlling Interest	Total
CONSOLIDATED	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 January 2017</b>	<b>73,508,471</b>	<b>56,823</b>	<b>-</b>	<b>6,847,639</b>	<b>-</b>	<b>(66,512,576)</b>	<b>1,502,277</b>	<b>15,402,634</b>
<b>Comprehensive Income:</b>								
Loss for the period	-	-	-	-	-	(1,417,199)	(31,764)	(1,448,963)
Gain on translation of foreign currency subsidiary	-	-	157,000	-	-	-	39,250	196,250
<b>Total comprehensive Income for the period</b>	<b>-</b>	<b>-</b>	<b>157,000</b>	<b>-</b>	<b>-</b>	<b>(1,417,199)</b>	<b>7,486</b>	<b>(1,252,713)</b>
Transactions with owners recorded directly in equity								
Share based payment expense	-	-	-	280,126	-	-	-	280,126
Issue of shares	100	-	-	-	-	-	-	100
<b>Balance at 30 June 2017</b>	<b>73,508,571</b>	<b>56,823</b>	<b>157,000</b>	<b>7,127,765</b>	<b>-</b>	<b>(67,929,775)</b>	<b>1,509,763</b>	<b>14,430,147</b>
Balance at 1 January 2018	79,096,870	56,823	196,642	8,372,319	-	(69,849,449)	1,470,804	19,344,009
<b>Comprehensive Income:</b>								
Loss for the period	-	-	-	-	-	(2,627,628)	(10,104)	(2,637,732)
Gain on translation of foreign currency subsidiary	-	-	365,672	-	-	-	(46,777)	318,895
<b>Total comprehensive Income for the period</b>	<b>-</b>	<b>-</b>	<b>365,672</b>	<b>-</b>	<b>-</b>	<b>(2,627,628)</b>	<b>(56,881)</b>	<b>(2,318,837)</b>
Transactions with owners recorded directly in equity								
Transactions with non-controlling interest	-	-	-	-	(3,046,457)	-	(1,413,923)	(4,460,380)
Share based payment expense	-	-	-	782,389	-	-	-	782,389
Issue of shares and attaching options	4,927,890	-	-	247,198	-	-	-	5,175,088
Share issue costs	(463,975)	-	-	13,832	-	-	-	(450,143)
<b>Balance at 30 June 2018</b>	<b>83,560,785</b>	<b>56,823</b>	<b>562,314</b>	<b>9,415,738</b>	<b>(3,046,457)</b>	<b>(72,477,077)</b>	<b>-</b>	<b>18,072,126</b>

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

**Consolidated Statement of Cash Flows**  
**For the half year ended 30 June 2018**

	30 June 2018	30 June 2017
	\$	\$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(2,008,348)	(1,178,075)
<b>Net cash outflow from operating activities</b>	<b>(2,008,348)</b>	<b>(1,178,075)</b>
<b>Cash flows from investing activities</b>		
Payments for acquisition of plant and equipment	(15,226)	(75,443)
Payments for exploration and evaluation expenditure	(3,098,379)	(2,279,890)
Interest received	19,649	37,557
<b>Net cash outflow from investing activities</b>	<b>(3,093,956)</b>	<b>(2,317,776)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital net of costs	4,724,945	100
Transactions with non-controlling interests	(4,012,453)	-
<b>Net cash inflow from financing activities</b>	<b>712,492</b>	<b>100</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(4,389,812)</b>	<b>(3,495,751)</b>
Cash and cash equivalents at the beginning of the period	5,690,723	6,967,605
Net foreign exchange differences	(16,766)	(66,874)
<b>Cash and cash equivalents at the end of the period</b>	<b>1,284,145</b>	<b>3,404,980</b>

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

### 1. BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

#### Basis of Preparation

These condensed consolidated financial statements for the half year to 30 June 2018 comprise Triton Minerals Limited (Triton or the Company) and the entities it controlled at the end of the half year ended 30 June 2018 (the Group).

The financial statements have been prepared in accordance the Corporations Act 2001 and the Australian Accounting Standard AASB 134 Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements.

The financial statements have been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business. For the half year ended 30 June 2018, the Group recorded a loss after tax of \$2,637,732 (2017: Loss of \$1,448,963) and had a net working capital surplus of \$195,900 (31 December 2017: surplus of \$4,615,617). Cash out flows from operational and investing activities were \$5,102,304 (2017: cash out flow of 3,495,851) primarily reflecting corporate, marketing and Ancuabe early works activities.

The Group has prepared a 12-month cash flow forecast for Ancuabe early works, raw water dam construction, completion of detailed processing plant design, securing long lead capital items and construction of the Ancuabe Graphite Project. The forecast demonstrates that there is a need for additional funding over and above the funds that will be received from the strategic capital raising announced to the ASX on 31 August 2018.

Whilst the Company has demonstrated a track record in raising capital and ongoing discussions with financiers indicate that development funding may be made available when required, there exists a material uncertainty that may cast significant doubt on the ability of the Group to continue as a going concern for at least 12 months from the date of this report without additional capital and therefore, whether it is able to realise its assets and discharge its liabilities in the normal course of business.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

The financial statements were approved by the Board of Directors on 12 September 2018.

#### New Standards, Interpretations and Amendments Adopted by the Group

The accounting policies applied by the Group in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2017 except for the adoption of new standards and interpretations effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### AASB 9 Financial Instruments

The Group applies for the first time AASB 9 Financial Instruments and as required by AASB 134 the nature and effect of these changes are discussed below.

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement for annual reporting periods on or after 1 January 2018, bringing together all three aspects of accounting for financial instruments: classification and measurement, impairment and hedge accounting. The hedge accounting changes are not applicable to the Group.

### Classification and Measurement

Under AASB 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Financial assets are then subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVOCI).

On adoption of AASB 9, Triton has reclassified its financial assets as subsequently measured at amortised cost or fair value depending on the business model for those assets and the contractual cash flow characteristics. There was no change in the classification or measurement of financial liabilities. Under AASB 9, the Group's financial assets of cash and cash equivalents and trade and other receivables are classified as 'financial assets at amortised cost'.

At the date of adoption, the Group had two investments that comprised available-for-sale financial assets. The Group has made an irrevocable election to classify and subsequently measure these investments at FVOCI with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to classify upon initial recognition or transition. Equity instruments at FVOCI are not subject to an impairment assessment under AASB 9. At 30 June 2018 and at 31 December 2017, the Group's financial assets comprise investments in quoted equity securities which are measured and carried at fair value and the Group made an irrevocable election on transition to AASB 9 to present subsequent changes in FVOCI as the investments are strategic and long-term in nature. The fair value for these financial assets is calculated on a recurring basis at each balance date with reference to quoted prices (unadjusted) in active markets (Level 1). There were no movements between levels of the fair value hierarchy during the half-year ended 30 June 2018.

In relation to the reclassification and measurement of financial assets and liabilities, there was no impact on the Profit or Loss Statement, Statement of Comprehensive Income, Balance Sheet or Statement of Changes in Equity on adoption of AASB 9. Nor has there been any impact on basic and diluted earnings per share.

### Impairment

The adoption of AASB 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. For trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The adoption of the ECL requirements of AASB 9 has not resulted in the recognition of an impairment allowance for the Group's receivables. Accordingly, there was no impact on the Statement of Comprehensive Income, Statement of Financial Position or Statement of Changes in Equity, nor has there been any impact on basic and diluted earnings per share.

## 2. OTHER ASSETS

	30 June 2018	31 December 2017
	\$	\$
Mozambique sales tax	597,238	443,150
<b>Total other assets</b>	<b>597,238</b>	<b>443,150</b>

Mozambique sales tax incurred is expected to be recovered by offsetting future sales tax payable on sales of graphite concentrate once the Company achieves commercial production that is anticipated in the first half year of 2020.

## 3. EXPLORATION AND EVALUATION ASSETS

	30 June 2018	31 December 2017
	\$	\$
Balance at the beginning of the period	14,093,032	7,579,945
Additions	3,145,966	6,175,978
Movement in the rehabilitation provision	-	(56,787)
Foreign exchange translation	340,956	393,895
<b>Balance at the end of the period</b>	<b>17,579,954</b>	<b>14,093,032</b>

Recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation or sale of the areas of interest. Management reassess the carrying value of the Group's tenements at each half year, or at a period other than that should there be an indication of impairment.

In November 2017, Grafex submitted a mining concession application to National Institute of Mines (INAMI). The application is for a modified area that primarily covers tenement 5336. Grafex has processes in place to renew the remaining tenements (except 6537 that has been relinquished as part of the mining concession application) and has met all its obligations in respect of the renewal process. These applications will not be granted until the mining concession is granted. INAMI has not advised Grafex of any concerns with these tenement application processes and Grafex therefore retains tenure over the tenements. The Mining Concession application is in its final stages and the application has been transferred to Maputo for final technical review and Ministerial approval.

## 4. ISSUED CAPITAL

### a. Ordinary Shares

	30 June 2018	31 December 2017
	\$	\$
Ordinary shares issued and fully paid	83,560,785	79,096,870

  

	30 June 2018	31 December 2017
	Number	Number
Ordinary shares issued and fully paid	834,544,284	768,864,149

## Notes to the Financial Statements

Fully paid ordinary shares carry one vote per share and carry the rights to dividends

### b. Movements in ordinary shares issued

		Number	\$
<b>1 January 2018</b>		<b>768,864,149</b>	<b>79,096,870</b>
11 January 2018	Exercise of options	8,750	963
18 January 2018	Conversion of performance rights	1,000,000	-
27 February 2018	Exercise of options	287	32
21 March 2018	Exercise of options	801	88
22 March 2018	Placement	12,500,000	1,000,000
23 April 2018	Exercise of options	2,947	324
4 May 2018	Entitlements offer – eligible shareholders	11,653,227	932,258
8 May 2018	Entitlements offer – shortfall allocation	40,506,776	3,240,542
28 June 2018	Exercise of options	7,347	881
	Issue of attaching options		(247,198)
	Transaction costs		(463,975)
<b>30 June 2018</b>		<b>834,544,284</b>	<b>83,560,785</b>

### c. Movements in Listed Options

		Number of Options	Exercise price \$
<b>1 January 2018</b>		<b>87,429,350</b>	
11 January 2018	Exercise of options	(8,750)	\$0.11
27 February 2018	Issue of options	12,000,000	\$0.11
27 February 2018	Exercise of options	(287)	\$0.11
21 March 2018	Exercise of options	(801)	\$0.11
22 March 2018	Issue of attaching options	6,250,000	\$0.12
23 April 2018	Exercise of options	(2,947)	\$0.11
4 May 2018	Issue of attaching options	5,826,678	\$0.12
8 May 2018	Issue of attaching options	20,253,393	\$0.12
8 May 2018	Issue of underwriter options	2,000,000	\$0.12
28 June 2018	Exercise of options	(7,347)	\$0.12
<b>30 June 2018</b>		<b>133,739,289</b>	

The maximum terms of listed options granted during the year are as follows:

- On 27 February 2018, 10,000,000 listed options were granted pursuant to a cooperation deed entered into between the Company and the former minority shareholder of Grafex), whereby the minority shareholder agreed to assist the Company in relation to certain matters in Mozambique. Each listed option has an exercise price of \$0.11 and expiry date of 30 November 2018 (Minority Options).

## Notes to the Financial Statements

- On 27 February 2018, 2,000,000 listed options were granted pursuant to a consultancy agreement for investor relations and marketing services. Each listed option has an exercise price of \$0.11 and expiry date of 30 November 2018 (Consultant Options).
- On 22 March 2018, listed options were issued to sophisticated investors on the basis of one attaching option for every two shares issued as part of a private placement of 12,500,000 shares at an issue price of \$0.08 per share. Each option has an exercise price of \$0.12 and expire on 31 December 2018 (Placement Options).
- On 4 May and 8 May 2018, listed options were issued to eligible shareholders on the basis of one attaching option for every two shares issued as part of a non-renounceable entitlement offer of 52,160,003 shares at an issue price of \$0.08 per share on the basis of 1 share for every 15 shares held. Each option has an exercise price of \$0.12 and expire on 31 December 2018. On 4 May 2018, 5,826,678 listed options were granted to eligible shareholders who participated in the offer and on 8 May 2018, 20,253,393 listed options were granted to shareholders who participated in the allocation of shortfall shares (Entitlement Options).
- On 8 May 2018, 2,000,000 listed options issued granted to the underwriter pursuant to the underwriting agreement for the non-renounceable entitlement offer of 52,160,003 shares at an issue price of \$0.08 per share on the basis of 1 share for every 15 shares held. Each option has an exercise price of \$0.12 and expire on 31 December 2018 (Underwriter Options).

The fair value of the unlisted options granted are valued on the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the performance rights were granted.

The following table lists the inputs to the model used for the half year ended 30 June 2018.

	Minority Options	Consultant Options	Placement Options	Entitlement Options	Underwriter Options
Number of listed options	10,000,000	2,000,000	6,250,000	26,080,071	2,000,000
Grant date	27 February 2018	27 February 2018	23 March 2018	4 May and 8 May 2018	8 May 2018
Expiry date	30 Nov 2018	30 Nov 2018	31 Dec 2018	31 Dec 2018	31 Dec 2018
Share price at grant date	\$0.095	\$0.095	\$0.078	\$0.069 and \$0.071	\$0.071
Fair value of unlisted option	\$0.0213	\$0.0213	\$0.0111	\$0.0064 and \$0.0069	\$0.0069
Expected volatility	80%	80%	80%	80%	80%
Risk-free interest rate	1.5%	1.5%	1.5%	1.5%	1.5%
<b>Valuation</b>	<b>\$213,355</b>	<b>\$42,671</b>	<b>\$69,658</b>	<b>\$177,539</b>	<b>\$13,832</b>

## Notes to the Financial Statements

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### d. Movements in Unlisted Options

		Number of Options	Exercise price \$
<b>1 January 2018</b>		<b>54,548,763</b>	
11 January 2018	Issue of options	9,500,000	\$0.11
23 January 2018	Expiry of options	(4,548,763)	\$0.28
30 June 2018	Expiry of options	(50,000,000)	\$0.10
<b>30 June 2018</b>		<b>9,500,000</b>	

On 9 January 2018, Shareholders at a general meeting passed resolutions to issue unlisted options to non-executive directors (or their nominees) as follows: Xingmin (Max) Ji, 3,000,000 unlisted options, Patrick Burke, 2,500,000 unlisted options; Guanghui (Michael) Ji, 2,000,000 unlisted options; Paula Ferreira, 2,000,000 unlisted options. The options were issued for no consideration have an exercise price of \$0.11, a vesting date of 9 January 2019 and an expiry date of 9 January 2020.

The fair value of the unlisted options granted are valued on the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the performance rights were granted.

The following table lists the inputs to the model used for the half year ended 30 June 2018.

	<b>Unlisted Options</b>
Number of unlisted options	9,500,000
Grant date	11 January 2018
Expiry date	9 January 2020
Share price at grant date	\$0.10
Fair value of unlisted option	\$0.0409
Expected volatility	80%
Risk-free interest rate	1.50%
Valuation	\$388,738

## Notes to the Financial Statements

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### e. Movements in Performance Rights

		<b>Number of Performance Rights</b>
<b>1 January 2018</b>		<b>20,000,000</b>
11 January 2018	Vesting of performance rights	(1,000,000)
<hr/>		
<b>30 June 2018</b>		<b>19,000,000</b>

## 5. SUBSEQUENT EVENTS

On 1 August 2018, the Company received a refund of \$673,387 in relation to its qualifying expenditure for the year ended 31 December 2017 under the federal government R&D Tax Incentive program.

On 31 August 2018, the Company announced that it had received a firm commitment from Shandong Tianye Mining to subscribe for 14 million fully paid ordinary shares in the Company (Shares) at an issue price of \$0.047 per share to raise approximately \$658,000. The strategic placement has been priced at an 8 percent discount to Triton's 5-day volume weighted average price.

The Company also received firm commitments for an additional placement of 10,638,298 shares at \$0.047 per share to a sophisticated investor on the same terms as those to Shandong Tianye Mining to raise a further \$500,000. This Placement was completed on 3 September 2018. The placements are being undertaken pursuant to Triton's issuance capacity under ASX Listing Rule 7.1.

The Company also announced a non-renounceable Entitlement Issue of one Share for every fourteen shares held by eligible shareholders at \$0.047 per share to raise approximately \$2.9 million (Entitlement Issue).

Participants in the Entitlement Issue will be issued with attaching options over Shares exercisable at \$0.10 and expiring 30 September 2020 based on one new Option for every one share issued. In addition, Shandong Tianye Mining has agreed to participate in the Entitlement Offer for a further \$343,100.

The total amount of \$4 million raised will be applied towards finalising the Ancuabe Graphite Project funding and other project development activities.

## 6. SEGMENT REPORTING

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The segments during the half year are consistent with the internal management reporting information that is regularly reviewed by the chief operating decision maker, being the Managing Director. Comparative segment information has been reclassified to conform to the current presentation.

The reportable segments are based on aggregated operating segments determined by the similarity of economic characteristics, the nature of the activities and the regulatory environment in which those segments operate.

## Notes to the Financial Statements

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The consolidated entity has one reportable segment based on the Company's exploration and development activities in Mozambique. Unallocated results, assets and liabilities represent corporate amounts that are not core to the reportable segment.

<b>i) Segment Performance</b>	<b>30 June 2018</b>	<b>30 June 2017</b>
	\$	\$
Segment result	(107,967)	(158,819)
<b>Unallocated items</b>		
Other corporate income	19,649	37,557
Other corporate expenses	(2,549,414)	(1,327,701)
<b>Net loss before tax</b>	<b>(2,637,732)</b>	<b>(1,448,963)</b>

<b>ii) Segment Assets</b>	<b>30 June 2018</b>	<b>31 December 2017</b>
	\$	\$
Cash and cash equivalents	90,494	133,751
Exploration and evaluation expenditure	17,579,954	14,093,032
Other assets	751,310	554,742
<b>Total segment assets</b>	<b>18,421,758</b>	<b>14,781,525</b>

Reconciliation of segment assets to group assets:

Other corporate assets	1,470,132	5,945,991
<b>Total assets</b>	<b>19,891,890</b>	<b>20,727,516</b>

<b>iii) Segment Liabilities</b>	<b>30 June 2018</b>	<b>31 December 2017</b>
	\$	\$
Trade and other payables	230,325	151,700
Provisions	8,928	8,507
<b>Total segment liabilities</b>	<b>239,253</b>	<b>160,207</b>

Reconciliation of segment assets to group assets:

Other corporate liabilities	1,580,511	1,223,300
<b>Total liabilities</b>	<b>1,819,764</b>	<b>1,383,507</b>

## 7. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On 21 February 2018, the Company announced it had entered into an agreement with the minority shareholder of Grafex under which the Company agreed to purchase the remaining minority interest. In addition, the Company entered into an agreement with the minority shareholder to vary certain rights attaching to the shares held by the minority interest. The cost of these transactions including transaction costs and a provision for capital gains tax that may arise on the transaction was \$4,460,380.

On completion of the purchase, Triton's economic interest in Grafex increased from 80% to 100%. The acquisition completed in March 2018.

## Notes to the Financial Statements

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Immediately prior to these transactions, the carrying amount of the 20% non-controlling interest acquired was \$1,413,923. The Group recognised a decrease in non-controlling interests of \$1,413,923 and a decrease in equity attributable to the owners of the parent of \$3,046,457.

The effect on the equity attributable to the owners of Triton during the half year is summarised as follows.

	<b>30 June 2018</b>	<b>31 December 2017</b>
	\$	\$
Carrying amount of non-controlling interests acquired	1,413,923	-
Consideration for non-controlling interests acquired	(2,549,125)	-
Consideration paid for agreement to vary certain rights attaching to shares acquired	(1,911,255)	-
<b>Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity</b>	<b>(3,046,457)</b>	-

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There were no transactions with non-controlling interests in 2017.

## Directors' Declaration

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The Directors of the Company declare that:

1. The financial statements and notes of the consolidated entity for the half year ended 30 June 2018 are in accordance with the *Corporations Act 2001*, including
  - (a) complying with Accounting Standards the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (b) giving a true and fair view of the Group's financial position as at 30 June 2018 and its performance for the half year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe that the Group 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.



**Peter Canterbury**  
**Managing Director**

Perth  
12 September 2018



## **Independent auditor's review report to the members of Triton Minerals Limited**

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

We have reviewed the accompanying half-year financial report of Triton Minerals Limited (the Company), which comprises the consolidated balance sheet as at 30 June 2018, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Triton Minerals Limited. The group comprises the Company and the entities it controlled during that half-year.

### ***Directors' responsibility for the half-year financial report***

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

### ***Auditor's responsibility***

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian 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 30 June 2018 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 Triton Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### ***Independence***

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

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### **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 Triton Minerals Limited is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the group's financial position as at 30 June 2018 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 1 in the half-year financial report, which indicates that the Group incurred a net loss after tax of \$2,637,732 and a net cash outflow from operating and investing activities of \$5,102,304 for the half-year ended 30 June 2018 and highlights that in order to meet its forecast expenditure it needs to continue to raise additional capital. These conditions, along with other matters set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in cursive script that reads 'Ben Gargett'.

Ben Gargett  
Partner

Perth  
12 September 2018