



**TIETTO MINERALS LIMITED**

*Australian Company Number 143 493 118*

**FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**



# TIETTO MINERALS LIMITED

Australian Company Number 143 493 118

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## CORPORATE DIRECTORY

### Board of Directors

Caigen Wang  
Francis Harper  
Hanjing Xu  
Mark Strizek

### Registered Office

Level 3, 88 William Street  
Perth WA 6000  
Telephone: + 61 8 9486 4036  
Facsimile: +61 8 9486 4799

### Company Secretary

Matthew Foy

Website: [www.tietto.com](http://www.tietto.com)

### Compliance Manager

Minerva Corporate Pty Ltd  
Unit 5, Ground Floor  
1 Centro Avenue  
Subiaco WA 6008

### Share Registry

Automatic Share Registry Pty Ltd  
Level 3, 50 Holt Street Surrey Hills NSW 2010

### Australian Solicitors to the Company

Allion Partners Pty Limited  
Level 9, 863 Hay Street  
Perth WA 6000

### Auditor

BDO Audit (WA) Pty Ltd  
38 Station St  
Subiaco WA 6008

### ASX ticker code

TIE

**TIETTO MINERALS LIMITED**  
**A.C.N. 143 493 118**

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**TIETTO MINERALS LIMITED**  
**A.C.N. 143 493 118**

**DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

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The directors of Tietto Minerals Limited herewith submit the financial report of the Company consisting of Tietto Minerals Limited ("Tietto or the Company") and its controlled entities ("the Group") at the end of, or during, the period of 1 July 2017 to December 2017. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

**DIRECTORS**

The names of the directors of the Company who have held office during and since the end of the half-year period and until the date of this report are noted below. Directors were in office for the entire period unless otherwise noted.

Caigen Wang (appointed on 5 May 2010)  
Francis Harper (appointed 19 July 2017)  
Mark Strizek (appointed 19 July 2017)  
Hanjing Xu (appointed 4 August 2017)  
ChangAn Wu (resigned on 19 July 2017)

**PRINCIPAL ACTIVITIES**

The principal activities of the Group are gold explorations in West Africa, specifically in Cote d'Ivoire and Liberia.

**REVIEW OF OPERATIONS**

**EXPLORATION**

**Abujar Gold Project, Côte d'Ivoire**

Subsequent to 31 December 2017, the Company advised it had commenced an initial 8,000 metre reverse circulation (RC) and diamond (DD) drilling program along 11 continuous kilometres of gold corridor at Tietto's Abujar Project in Côte d'Ivoire, West Africa.

The initial 8,000 metre program is part of an extensive campaign of up to 40,000m of RC and DD drilling planned to test over 70km of substantial artisanal workings and significant gold geochemistry results at the Abujar Project in 2018.

Four deep diamond tails have intercepted visible gold from 2018 drilling, giving us effectively 1,000 metres length where visible gold has been lodged in core (including two diamond tails from 2016 drilling). This suggests the high-grade system at Abujar is lengthening and is open at depth.

Tietto completed drilling design and site preparation during the December 2017 quarter for its aggressive programs for the following drilling targets to be carried out in the March 2018 quarter (see **Figure 1**):

- |  |                            |
|--|----------------------------|
| • Abujar Main deposit depth extension    | • Zoukpangbeu prospect     |
| • Abujar North extension                 | • Vingt-Deux (22) prospect |
| • Mandanou – Abujar Main south extension | • Koflankro prospect       |
| • Pishchon depth and strike extension    |                            |

DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

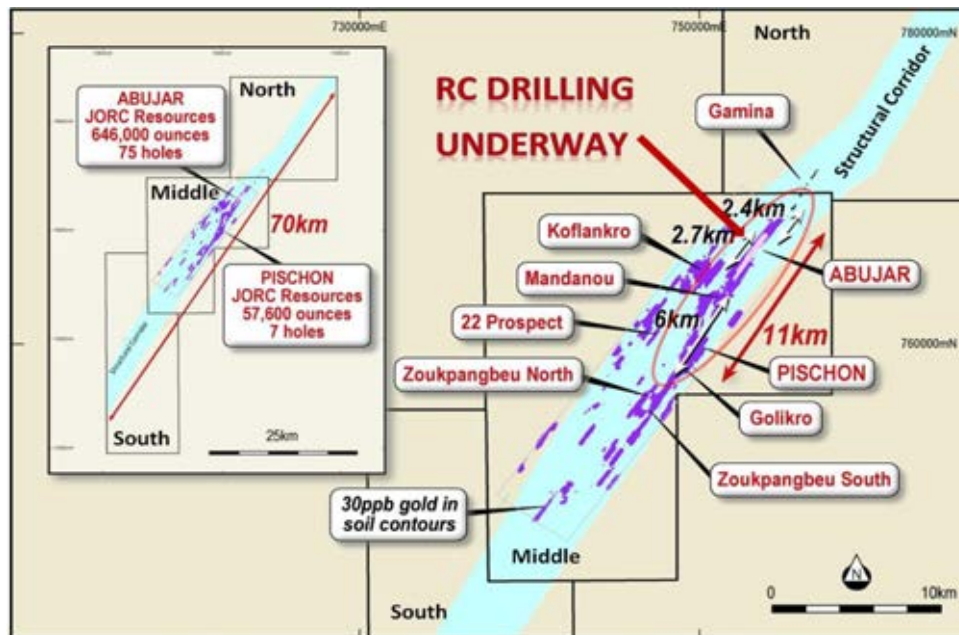


Figure 1: Abujar defined gold deposits vs drilling targets

### 1. Abujar Main resource extension

The first stage of this program will target down-dip extensions of the Abujar Main resource which has been drilled over a strike length of 2.7km and contains an initial JORC 2012 Inferred resource of 646,000 oz gold at 2.1 g/t Au to an average vertical depth of 180m .

Initial drilling will focus on sections of the existing resource where there are cross-cutting faults, as these appear to cause dilation zones which may contain higher average grades and widths of gold mineralisation. This drilling is designed to provide a base for a rapid increase in resources, with an upgrade to the resource estimate anticipated in the second half of CY2018.

### 2. Extension drilling at Pischon deposit

The Pischon deposit lies approximately 4km south of the Abujar Main resource and hosts a JORC 2012 Inferred resource of 57,600 oz gold at 1.7 g/t Au defined over a strike length of 400m down to an average vertical depth of 100m. Drilling is designed to provide a major extension along strike and down the dip of the initially defined Pischon deposit. Drilling will be carried out over well exposed artisanal workings of over 2km strike length. Figure 2 shows artisanal workings in the Pischon resource area.



Figure 2: Artisanal workings in Pischon area to be drilled

**DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

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**3. Scout drilling along 8.4km of gold mineralised structures located directly north and south of the Abujar Main resource and Pischon resource**

Two types of scouting drilling are designed for the massive mineralisation extension along strike located directly north and south of the Abujar Main deposit and Pischon deposit.

- 3.1 A single deep hole through each section underneath major artisanal workings – Abujar Main deposit north extension.

Extending immediately north from the northern end of the Abujar Main deposit to the high-grade sections of the Gamina prospect discovered in 2017 is a 2.4km strike length mineralization corridor with extensive workings as shown in Figure 3. Scouting drilling in these areas will be carried out with a single deep RC hole per section underneath the artisanal workings for every 100 to 200m along strike.



*Figure 3: Extensive artisanal workings at the Abujar North extension*

- 3.2 “Fences” of three to four shallow RC holes in section for an average depth of 50m.

Along up to 6km strike length of mineralization corridor to the south of the Abujar Main deposit there are a number of drilling targets defined by geochem including soil work, trenching and pitting, such as Mandanou (immediately south to the Abujar Main deposit) and the Zoukgpangbeu prospect on the southern side of the Pischon deposit.

**Exploration Timetable**

Tietto has drilled more than 3,600m of an initial 8,000m reverse circulation (RC) and diamond (DD) drilling program along an 11km long gold corridor at its Abujar Project. Tietto has completed 11 RC and RC/DD holes at Abujar Main to date, with assays to be reported as they are received, commencing in March 2018. Tietto plans to aggressively increase drilling at Abujar during 2018 as results are received and evaluated, with up to 40,000m of RC and DD drilling expected in 2018 to test more than 70km of substantial artisanal workings and significant gold geochemistry results. As part of this accelerated work program, Tietto will commence extensive geophysical surveys including high resolution aeromagnetic surveys and Induced Polarisation studies. In 2018 RPM Global has been appointed as technical advisor to independently oversee the drilling design, QAQC and implementation.

**Dube South and Cestos Gold Project, Liberia**

Following the grant of the two fresh new exploration licences, the Dube South and Cestos gold projects, in September 2017 over Tietto Minerals Liberia Limited's two long standing gold projects in Liberia, the Company commenced data compiling and planning for field exploration work to be resumed in the 1<sup>st</sup> quarter of 2018. With the recent smooth and successful presidential election in Liberia, the Company is confident of accelerating the pace of exploration at its gold-prospective Liberian projects.

**TIETTO MINERALS LIMITED**  
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**DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

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**CORPORATE**

During the period the Company closed its initial public offer on 15 December 2017 having raised \$6 million via the issue of 30,000,000 ordinary shares at \$0.20 per share and commenced trading on ASX 18 January 2018.

The updated capital structure of the Company following completion of the Public Offer is set out below:

<b>Ordinary Shares</b>	<b>Securities</b>
Shares on issue as at date of Prospectus	163,093,794
Shares issued pursuant to the Public Offer	30,000,000
<b>Total Fully Paid Ordinary Shares</b>	<b>193,093,794</b>
<hr/>	
Options Exercisable at \$0.20 on or before 31 December 2021	11,750,000
Options Exercisable at \$0.25 on or before 31 December 2021	40,078,830
<b>Total Options</b>	<b>51,828,830</b>
Performance Rights subject to vesting conditions	17,875,000
<b>Total Performance Rights</b>	<b>17,875,000</b>

The transfer of the Abujar Middle licence from B&F Minerals Sarl to Tiebaya Gold Sarl is progressing well through the Côte d'Ivoire Ministry of Mines and Industry. Tietto holds 90% of the issued capital of Tiebaya Gold Sarl.

On 8 March 2018, Tietto has entered into agreement with Hong Kong Ausina Investment Limited ("HKAI"), an entity controlled by geologist Dr Minlu Fu, to place:

- (1) 3.33 million ordinary shares at 21 cents per share to raise \$700,000 to be issued immediately; and
- (2) Up to 25.24 million ordinary shares at the higher of (a) 21 cents per share or (b) the VWAP for the 20 trading days to 30 April 2018 to raise \$5.3 million. The second tranche is conditional on HKAI completing due diligence on Tietto's Abujar project to HKAI's satisfaction.

For further information visit [www.tietto.com](http://www.tietto.com) or contact:

**Dr Caigen Wang**  
Managing Director  
Tel: +61 8 9486 4036

**Competent Person Statement**

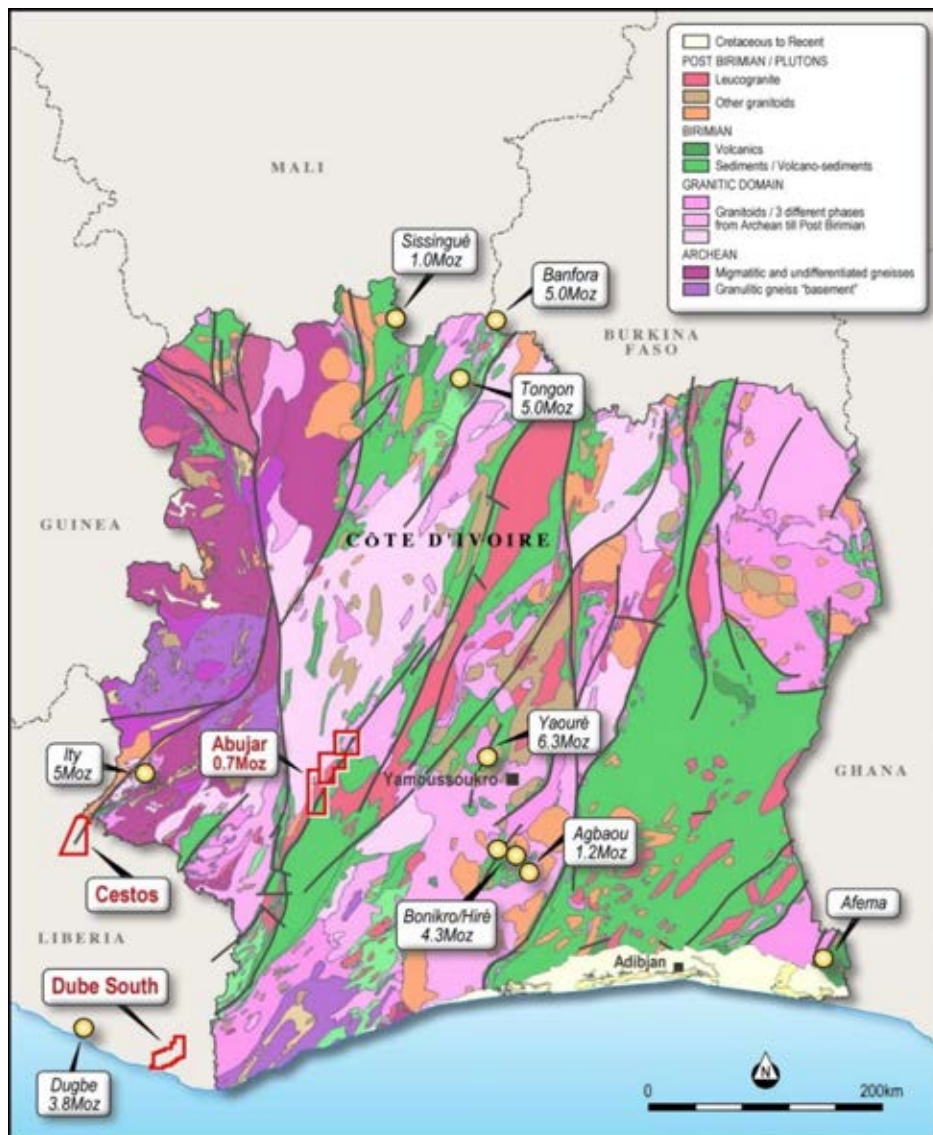
The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Mr Mark Strizek, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Strizek is a non-executive director of the Company. Mr Strizek has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Strizek consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources was first published by RPM Global in the Company's Replacement Prospectus dated 16 November 2017 released on the ASX platform on 16 January 2018. The Company confirms that it is not aware of any new information or data that materially affects the relating to Minerals Resources in this publication. The Company confirms that all material assumptions and technical parameters underpinning the estimates in continue to apply and have not materially changed. The Company confirms that the form and context in which the RPM Global's findings are presented have not been materially modified.



**TIETTO MINERALS LIMITED**  
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**DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**



*Location of Tietto's project in West Africa*

**Maiden JORC 2012 Mineral Resource<sup>2</sup>**

Area	Class	Type	Tonnage Mt	Au (g/t)	Metal Au
Abujar	Inferred	Oxide	0.3	2.1	20,000
		Transition	0.72	1.8	41,000
		Fresh	8.37	2.2	585,000
		<b>Total</b>	<b>9.39</b>	<b>2.1</b>	<b>646,000</b>
Pischoon		Oxide	0.18	1.6	9,100
		Transition	0.11	1.5	5,500
		Fresh	0.74	1.8	43,000
		<b>Total</b>	<b>1.04</b>	<b>1.7</b>	<b>57,600</b>
Grand Total			<b>10.47</b>	<b>2.1</b>	<b>703.600</b>

**Notes:**

- JORC 2012 Mineral Resource independently estimated and classified by Runge Pincock Minarco - RPM) in December 2016.
- Mineral Resources were estimated at Abujar (Main) from 75 holes drilled for 12,171 metres and at Pischoon 7 holes were drilled for 801 metres.

Statement of Mineral Resources by Deposit as at 6 December 2016 Reported at 0.4 g/t Au cut off within pit shells; and 0.8 g/t Au cut off below the shells to a depth of 180m. 10m of depletion from surface was allowed for artisanal mining.



**TIETTO MINERALS LIMITED**  
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**DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

**Appendix A – Schedule of Tenements as at 31 December 2017**

Tenement ID	Status	Interest at beginning of quarter	Interest acquired or disposed	Interest at end of quarter
<b>Côte d'Ivoire</b>				
Abujar North <sup>1</sup> (Zahibo License)	Granted	100%	-85%	15%
Abujar Middle <sup>2</sup> (Zoukougbeu License)	Granted	50%	0%	50%
Abujar South (Issia License)	Granted	15%	85%	100%
Bongouanou North in Cote D'Ivoire	Granted	0%	50%	50%
Bongouanou South in Cote D'Ivoire	Granted	0%	50%	50%

1. Tietto has the right to acquire up to a 80% interest in the Abujar North Exploration License.
2. Tietto has the right to acquire up to a 90% interest in the Abujar Middle Exploration License

**Liberia**

Dude South	Granted	0%	100%	100%
Cestos Project	Granted	0%	100%	100%

**EVENTS SUBSEQUENT TO REPORTING DATE**

On 18 January 2018, the Company commenced quotation on ASX having raised \$6 million via the issue of 30,000,000 ordinary shares at \$0.20 per share under an initial public offer.

On 8 March 2018, Tietto has entered into agreement with Hong Kong Ausina Investment Limited ("HKAI"), an entity controlled by geologist Dr Minlu Fu, to place:

- (1) 3.33 million ordinary shares at 21 cents per share to raise \$700,000 to be issued immediately; and
- (2) Up to 25.24 million ordinary shares at the higher of (a) 21 cents per share or (b) the VWAP for the 20 trading days to 30 April 2018 to raise \$5.3 million. The second tranche is conditional on HKAI completing due diligence on Tietto's Abujar project to HKAI's satisfaction.

As at the date of this report approximately \$638,000 had been received for shares placement from HKAI.

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

**TIETTO MINERALS LIMITED**  
**A.C.N. 143 493 118**

**DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

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**AUDITOR'S INDEPENDENCE DECLARATION**

Section 307C of the Corporations Act 2001 requires our auditors, BDO Audit (WA) Pty Ltd, to provide the directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence declaration is set out on page 8 and forms part of this directors' report for the half-year ended 31 December 2017.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of Directors



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Caigen Wang  
Director  
Dated at Perth this 16th day of March 2018

## DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF TIETTO MINERALS LIMITED

As lead auditor for the review of Tietto Minerals Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Tietto Minerals Limited and the entities it controlled during the period.



Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 16 March 2018

**TIETTO MINERALS LIMITED**  
A.C.N. 143 493 118

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	Notes	31-Dec-17 \$	31-Dec-16 \$
Other income		-	-
Exploration expenses	3	(1,896,429)	(446,636)
Net foreign exchange losses		(747)	(81,642)
Share based payments	11	(757,743)	-
Other expenses		<u>(849,439)</u>	<u>(95,882)</u>
<b>Loss before tax</b>		(3,504,358)	(624,160)
Income tax benefit		-	-
<b>Loss for the year</b>		<u>(3,504,358)</u>	<u>(624,160)</u>
<b>Other comprehensive income/(loss)</b>			
Items that may be reclassified to profit or loss:			
Revaluation gain of available-for-sale financial assets		120,000	188,162
Foreign currency translation reserve		361,638	(211,813)
Income tax relating to comprehensive income/(loss)		<u>-</u>	<u>-</u>
<b>Total other comprehensive income/(loss)</b>		<u>481,638</u>	<u>(23,651)</u>
<b>Total comprehensive loss for the year</b>		<u>(3,022,720)</u>	<u>(647,811)</u>
<b>Loss for the year is attributable to:</b>			
Owners of the parent		(3,481,268)	(624,160)
Non-controlling interest		<u>(23,090)</u>	<u>-</u>
		<u>(3,504,358)</u>	<u>(624,160)</u>
<b>Total comprehensive loss for the year is attributable to:</b>			
Owners of the parent		(3,027,752)	(647,811)
Non-controlling interest		<u>5,032</u>	<u>-</u>
		<u>(3,022,720)</u>	<u>(647,811)</u>
<b>Loss per share:</b>			
Basic loss per share (cents per share)		(2.51)	(0.82)

The accompanying notes form part of the financial statements.

**TIETTO MINERALS LIMITED**  
A.C.N. 143 493 118

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017**

	Notes	31-Dec-17 \$	30-Jun-17 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		18,224	952,469
Receivables	4	6,094,133	35,421
		<u>6,112,357</u>	<u>987,890</u>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment		70,294	76,926
Available-for-sale financial assets	5	220,000	100,000
		<u>290,294</u>	<u>176,926</u>
<b>TOTAL ASSETS</b>		<u>6,402,651</u>	<u>1,164,816</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	1,222,512	2,264,715
Loan from shareholder	7	30,595	183,899
		<u>1,253,107</u>	<u>2,448,614</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	8	-	-
<b>TOTAL LIABILITIES</b>		<u>1,253,107</u>	<u>2,448,614</u>
<b>NET ASSETS/(LIABILITIES)</b>		<u>5,149,544</u>	<u>(1,283,798)</u>
<b>EQUITY</b>			
Issued capital	9	15,964,145	7,832,135
Reserves	10	1,949,123	148,465
Accumulated losses		<u>(12,797,639)</u>	<u>(9,316,371)</u>
<b>PARENT ENTITY</b>		5,115,629	(1,335,771)
Non-controlling interests		33,915	51,973
<b>TOTAL EQUITY/(DEFICIENCY IN EQUITY)</b>		<u>5,149,544</u>	<u>(1,283,798)</u>

The accompanying notes form part of the financial statements.

**TIETTO MINERALS LIMITED**  
**A.C.N. 143 493 118**

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

	Issued capital \$	Revaluation reserve \$	Foreign exchange reserve \$	Options reserve \$	Accumulated losses \$	Owners of the parent \$	Non- controlling interest \$	Total \$
<b>At 1 July 2017</b>	7,832,135	46,000	102,465	-	(9,316,371)	(1,335,771)	51,973	(1,283,798)
Net loss for the half-year	-	-	-	-	(3,481,268)	(3,481,268)	(23,090)	(3,504,358)
Other comprehensive income for the year	-	120,000	356,606	-	-	476,606	5,032	481,638
Total comprehensive loss	-	120,000	356,606	-	(3,481,268)	(3,004,662)	(18,058)	(3,022,720)
Transactions with equity owners:								
Issue of share capital (net of costs)	8,132,010	-	-	-	-	8,132,010	-	8,132,010
Issue of share options	-	-	-	1,324,052	-	1,324,052	-	1,324,052
	8,132,010	-	-	1,324,052	-	9,456,062	-	9,456,062
<b>At 31 December 2017</b>	15,964,145	166,000	459,071	1,324,052	(12,797,639)	5,115,629	33,915	5,149,544
<b>At 1 July 2016</b>	7,839,493	5,669	238,126	-	(8,221,363)	(138,075)	-	(138,075)
Net loss for the half-year	-	-	-	-	(624,160)	(624,160)	-	(624,160)
Other comprehensive income/(loss) for the period	-	188,162	(211,813)	-	-	(23,651)	-	(23,651)
Total comprehensive loss	-	188,162	(211,813)	-	(624,160)	(647,811)	-	(647,811)
<b>At 31 December 2016</b>	7,839,493	193,831	26,313	-	(8,845,523)	(785,886)	-	(785,886)

The accompanying notes form part of the financial statements.



**TIETTO MINERALS LIMITED**  
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**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	Half-year to 31 Dec 2017 \$	Half-year to 31 Dec 2016 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(984,971)	(131,713)
Payments for exploration expenses	(1,449,447)	(1,357,961)
Net cash used in operating activities	<u>(2,434,418)</u>	<u>(1,489,674)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for assets	(8,225)	-
Net cash used in investing activities	<u>(8,225)</u>	<u>-</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of share capital (net of costs)	1,300,081	-
Repayment of loan	(183,899)	-
Proceed from loans	30,595	-
Net cash generated from financing activities	<u>1,146,777</u>	<u>-</u>
Net decrease in cash and cash equivalents	(1,295,866)	(1,489,674)
Cash and cash equivalents at beginning of half-year	952,469	1,792,353
Effect of foreign exchange	361,621	(291,070)
Cash and cash equivalents at end of half-year	<u>18,224</u>	<u>11,609</u>

The accompanying notes form part of the financial statements.

**TIETTO MINERALS LIMITED**  
**A.C.N. 143 493 118**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

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**1. General information**

The financial report covers Tietto Minerals Limited as a consolidated entity consisting of Tietto Minerals Limited and the entities it controlled during the period ("the Group"). The financial report consists of the financial statements, notes to the financial statements and the directors' declaration. Tietto Minerals Limited is a listed public company limited by shares, incorporated and domiciled in Australia. The Company was listed on the Australian Securities Exchange on 18 January 2018.

**2. Significant accounting policies**

**Statement of compliance**

These general purpose consolidated financial statements for the half-year reporting period ended 31 December 2017 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 consolidated general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report. It is recommended that these financial statements be read in conjunction with the financial report for the year ended 30 June 2017 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 and the ASX Listing Rules.

**Basis of preparation**

The half-year financial report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

For the purposes of preparing the report, the half-year has been treated as a discrete reporting period.

**Accounting policies and methods of computation**

The accounting policies and methods of computation are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

**Share-based payments**

Equity-settled share-based payments to directors, employees, consultants and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed immediately where they vest immediately or on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. For options with non-market based vesting conditions, at each reporting date, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the option reserve.

**TIETTO MINERALS LIMITED**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

**2. Significant accounting policies (Continued)**

**Significant accounting judgments and key estimates**

The preparation of half-year financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing this half-year financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2017 and the probability of achieving milestones related to the performance rights as discussed in Note 11.

**Standards and Interpretations applicable to 31 December 2017**

The Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

**Standards and Interpretations in issue not yet adopted**

The Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company, and, therefore, no change is necessary to Group accounting policies.

**3. EXPLORATION EXPENSES**

	<b>31-Dec-17</b>	<b>31-Dec-16</b>
	<b>\$</b>	<b>\$</b>
Exploration expenses - Liberia	106,862	44,260
Exploration expenses - Cote d'Ivoire	1,659,978	2,398,274
Exploration expenses - Others	129,589	25,962
Gain on derecognition of a loan payable	-	(2,021,860)
	<u>1,896,429</u>	<u>446,636</u>

**4. RECEIVABLES**

	<b>31-Dec-17</b>	<b>30-Jun-17</b>
	<b>\$</b>	<b>\$</b>
Shares placement receivable held in trust	6,000,000	-
Other debtors and advances	51,021	21,007
GST paid	43,112	14,414
	<u>6,094,133</u>	<u>35,421</u>

**5. AVAILABLE-FOR-SALE FINANCIAL ASSETS**

	<b>31-Dec-17</b>	<b>30-Jun-17</b>
	<b>\$</b>	<b>\$</b>
Shares in Taruga Gold Limited (at cost)	250,000	250,000
Less: Impairment loss	(30,000)	(150,000)
	<u>220,000</u>	<u>100,000</u>

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**6. TRADE AND OTHER PAYABLES**

	<b>31-Dec-17</b>	<b>30-Jun-17</b>
	<b>\$</b>	<b>\$</b>
Trade payables	61,076	132,654
Accrued expenses	460,172	19,369
Accrued drilling expenses	701,264	714,454
Deposit on application of shares	-	1,398,238
	<u>1,222,512</u>	<u>2,264,715</u>

**7. LOAN FROM A SHAREHOLDER**

	<b>31-Dec-17</b>	<b>30-Jun-17</b>
	<b>\$</b>	<b>\$</b>
Loan payable to a shareholder	<u>30,595</u>	<u>183,899</u>

The loan at 31 December 2017 was interest free and was paid back in January 2018. The loan at 30 June 2017 was paid back with a 5.6% interest per annum on 31 July 2017.

**8. BORROWINGS**

	<b>31-Dec-17</b>	<b>30-Jun-17</b>
	<b>\$</b>	<b>\$</b>
Loan payable	<u>-</u>	<u>-</u>

On 18 April 2016, the Group entered into an interest-free loan agreement with LGL Australian Holdings Pty Ltd ("LGL") to borrow US\$1,500,000 as consideration for LGL and the Group to execute a farm-in agreement for the Abujar project. Based on the terms of the agreement, should the farm-in agreement not be executed, the Group has the election to repay the loan within 12 months from the commencement of commercial production of the Abujar project or the lender may require the outstanding balance to be converted into such numbers of fully paid ordinary shares in the capital of the Tietto Minerals Pty Ltd at the same value of shares as the most recent equity raising as the date of the election by the Tietto Minerals Pty Ltd. At 30 June 2016, as the number of shares which may be issued was variable, the loan was classified as a liability.

On 22 November 2016, the farm-in agreement was not executed and LGL Australian Holdings Pty Ltd terminated its loan agreement with the Group. Under the termination agreement, the Group will only be required to settle the US\$1,500,000 within 12 months from the commencement of commercial production from any part of the area underlying the relevant licence under the agreement. The Group consequently derecognised the liability from its statement of financial position against Exploration Expenses in profit or loss as the substance of the loan was to fund the exploration activities. Given that the repayment of the loan is contingent upon the Group commencing commercial production of areas specifically under the licence area, it recognised a contingent liability on the outstanding balance.

**9. ISSUED CAPITAL**

	<b>31-Dec-17</b>	<b>30-Jun-17</b>	<b>31-Dec-17</b>	<b>30-Jun-17</b>
	<b>Number</b>	<b>Number</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	<u>193,093,794</u>	<u>75,820,617</u>	17,427,887	7,839,493
Less: Capital raising costs			<u>(1,463,742)</u>	<u>(7,358)</u>
			<u>15,964,145</u>	<u>7,832,135</u>

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**9. ISSUED CAPITAL (CONTINUED)**

<b>Movements in fully paid ordinary shares:</b>	<b>Number</b>	<b>\$</b>
<b>On issue at 30 June 2017</b>	<b>75,820,617</b>	<b>7,832,135</b>
Share split - 20/10/2017	123,208,514	-
Issue of shares in lieu of services - 29/8/2017	716,918	66,177
Issue of shares in lieu of fees - 19/10/2017	1,831,591	172,820
Top up shares issued for nil consideration - 19/10/2017	996,775	-
Shares issued in consideration for exploration expenditure - 29/12/2017	4,166,669	386,910
Issue of shares for prepaid Capital Raising - 19/10/2017	9,321,587	1,398,238
Issue of shares under the First Seed Raising - 19/10/2017	12,195,822	714,764
Issue of shares under the Second Seed Raising - 19/10/2017	7,210,143	711,458
Issue of shares under the Third Seed Raising - 19/10/2017	1,575,005	145,385
Cost of the First Seed Raising - 19/10/2017	1,373,451	-
Cost of the Second Seed Raising - 19/10/2017	497,319	-
IPO - 29/12/2017	30,000,000	6,000,000
<b>On issue at 31 December 2017</b>	<b>193,093,794</b>	<b>17,427,887</b>
Less: Capital raising costs	-	(1,463,742)
<b>Issued capital at 31 December 2017</b>	<b>193,093,794</b>	<b>15,964,145</b>

Ordinary shares carry one vote per share and participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

On 20 October 2017, the Company obtained shareholder approval to split all of its shares on the basis that every one share be divided into 1.625 shares in anticipation of the proposed listing of the Company's securities on the ASX.

On 29 December 2017, the Company issued 40,078,830 free-attaching options exercisable at \$0.25 on or before 31 December 2021 to its existing shareholders. These options were valued at nil.

**10. RESERVES**

	<b>31-Dec-17</b>	<b>30-Jun-17</b>
	<b>\$</b>	<b>\$</b>
Revaluation reserve for available-for-sale financial assets	166,000	46,000
Foreign exchange reserve	459,071	102,465
Options reserve	1,324,052	-
	<b>1,949,123</b>	<b>148,465</b>

**11. SHARE-BASED PAYMENTS**

**Ordinary shares**

During the half-year, the Company settled payments for certain expenses, consulting services received and capital raising fee through the issue of ordinary shares.

The Company issued 716,918 ordinary shares on 29 August 2018 in lieu of cash payments for certain services rendered to the Group. The shares were issued at the share price of 15c before the share split. The shares were issued at the share price of 15c before the share split. Expenses of \$66,176 were recognised in the statement of profit or loss and other comprehensive income.

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**11. SHARE-BASED PAYMENTS (CONTINUED)**

**Ordinary shares (continued)**

On 19 October 2017, the Company issued 1,831,591 ordinary shares in lieu of cash payments for certain consulting services rendered to the Group. The share-based payments were valued at the fair value of the services received. The shares were issued at the share price of 15c before the share split. Expenses of \$172,820 were recognised in the statement of profit or loss and other comprehensive income.

On 29 December 2017, the Company issued 4,166,669 ordinary shares in lieu of cash payments for certain exploration expenditure incurred by the Group. The share-based payments were valued at the fair value of the goods and services received. The shares were issued at the share price of 15c before the share split. Expenses of \$386,910 were recognised in the statement of profit or loss and other comprehensive income.

The Company issued 1,870,770 ordinary shares during the period in lieu of cash payments for capital raising fee. 1,870,770 shares were issued on 19 October 2017. The share-based payments were valued at the fair value of the services received. All shares were issued at the share price of 15c before the share split. Capital raising costs of \$172,686 were recognised in equity.

**Unlisted options**

On 29 December 2017, the Company issued 5,000,000 unlisted options to Blackwood Capital as capital raising fee. The options hold no voting rights and are not transferable.

The fair value of the options issued is determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at valuation date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. These options vest immediately and the value of the options of \$566,309 is recognised as capital raising costs in equity.

**Long Term Incentive Plan**

On 31 October 2017, the Company approved the issue of 6,750,000 options and 17,875,000 performance rights to directors under the Company's Long Term Incentive Plan. Each option and performance right issued under the plan converts into one ordinary share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option and performance right. Options and performance rights neither carry rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. The performance rights are subject to various vesting conditions.

The fair value of the 6,750,000 options issued is determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at valuation date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. These options vest immediately and the value of the options of \$757,743 is recognised as share-based payment in the statement of profit or loss and comprehensive income.

The 17,875,000 performance rights were issued in three tranches and subject to the following vesting conditions:

- 9,750,000 Tranche A Performance Rights, upon achieving in respect of the Projects, an aggregate of at least 1.5M oz with cut-off grade of at least 0.4g/t within pit shell and at least 0.8g/t beyond pit shell;
- 3,087,500 Tranche B Performance Rights, upon achieving in respect of the Projects, an aggregate of at least 2.0M oz with cut-off grade of at least 0.4g/t within pit shell and at least 0.8g/t beyond pit shell;
- 5,037,500 Tranche C Performance Rights, upon achieving in respect of the Projects, an aggregate of at least 3.0M oz with cut-off grade of at least 0.4g/t within pit shell and at least 0.8g/t beyond pit shell;



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**11. SHARE-BASED PAYMENTS (CONTINUED)**

**Long Term Incentive Plan (Continued)**

The 17,875,000 performance rights were issued to the following directors:

	<b>Francis Harper</b>	<b>Caigen Wang</b>	<b>Hanjing Xu</b>	<b>Mark Strizek</b>
Tranche A Performance Rights	1,625,000	6,500,000	812,500	812,500
Tranche B Performance Rights	650,000	1,625,000	406,250	406,250
Tranche C Performance Rights	812,500	3,250,000	487,500	487,500
	<u>3,087,500</u>	<u>11,375,000</u>	<u>1,706,250</u>	<u>1,706,250</u>

The fair value per performance right is \$0.25 which is the fair value of shares at grant date. No expense has been recognised during the half-year as the probability of achieving the milestones is nil at 31 December 2017. The probability is reassessed at each reporting date. The performance rights lapse if the directors leave the Company (subject to good leaver/bad leaver provisions).

**Share based payment arrangements in existence during the half-year**

The following share-based payment arrangements were in existence during the current period:

<b>Number</b>	<b>Type</b>	<b>Grant date</b>	<b>Expiry date</b>	<b>Exercise price \$</b>	<b>Fair value at grant date \$</b>
5,000,000	Options	29 Dec 17	31/12/2021	0.2	0.113
6,750,000	Options	31 Oct 17	31/12/2021	0.2	0.112
17,875,000	Performance Rights	31 Oct 17	18/01/2022	-	0.25

The table below summarises the model inputs for the options granted during the period and valued using the Black-Scholes option pricing models:

	<b>5,000,000 options</b>	<b>6,750,000 options</b>
<b>Inputs into the model</b>		
Grant date share price (cents)	15 cents	15 cents
Exercise price (cents)	20 cents	20 cents
Expected volatility	120%	120%
Option life	4 years	4.2 years
Dividend yield	-	-
Risk-free interest rate	1.97%	2.34%

**12. CONTINGENT LIABILITIES**

The Group had contingent liability of \$1,921,390 (USD \$1,500,000) at 31 December 2017 ( \$1,957,535 (USD \$1,500,000) at 30 June 2017. Please refer to Note 8 for more details.

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**13. SEGMENT INFORMATION**

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker has been identified as the Board of Directors of Tietto Minerals Limited.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics. The Group operates as three segments which is mineral exploration within Australia, Liberia and Cote D'Ivoire. The Group is domiciled in Australia.

The following table presents the revenue and results information regarding the segment information provided to the Board of Directors for the half-year ended 31 December 2017.

**Continuing Operations**

	<b>Exploration Australia \$</b>	<b>Exploration Liberia \$</b>	<b>Exploration Cote D'Ivoire \$</b>	<b>Intersegment Eliminations \$</b>	<b>Total \$</b>
<b>Six months to 31 December 2017</b>					
Segment revenue	-	-	-	-	-
Segment expenditure	(2,733,696)	(114,918)	(1,880,810)	1,225,066	(3,504,358)
Net loss after tax	(2,733,696)	(114,918)	(1,880,810)	1,225,066	(3,504,358)
Depreciation	-	-	(14,127)	-	(14,127)
Exploration expenditure	(129,589)	(106,862)	(1,659,978)	-	(1,896,429)
<b>As at 31 December 2017</b>					
Non-current assets	220,100	-	70,294	(100)	290,294
Segment assets	6,322,221	12	80,518	(100)	6,402,651
Segment liabilities	(1,259,718)	(2,243,443)	(6,168,493)	8,418,547	(1,253,107)

**Continuing Operations**

	<b>Exploration Australia \$</b>	<b>Exploration Liberia \$</b>	<b>Exploration Cote D'Ivoire \$</b>	<b>Intersegment Eliminations \$</b>	<b>Total \$</b>
<b>Six months to 31 December 2016</b>					
Segment revenue	-	-	-	-	-
Segment expenditure	(254,600)	(45,510)	(1,352,187)	1,028,137	(624,160)
Net loss after tax	(254,600)	(45,510)	(1,352,187)	1,028,137	(624,160)
Exploration expenditure	1,995,898	(44,260)	(2,398,274)	-	(446,636)
<b>As at 30 June 2017</b>					
Non-current assets	100,100	-	76,926	(100)	176,926
Segment assets	1,072,207	(132)	93,637	(896)	1,164,816
Segment liabilities	(2,465,160)	(2,159,625)	(4,787,013)	6,963,184	(2,448,614)

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**14. COMMITMENTS**

There are no contracted capital commitments for acquisition for property, plant and equipment at 31 December 2017.

There are no other new commitments, other than the commitments that existed as at 30 June 2017 that the Group has entered into during the period under review.

**15. RELATED PARTIES**

The Company paid \$109,000 to Multiple Resources Pty Ltd for Caigen Wang's director's fees (half-year for 2016: \$72,667). As at 31 December 2017, nil was outstanding (30 June 2017: Nil).

During the half-year ended 31 December 2017, Caigen Wang advanced \$30,595 to the Company for working capital purposes and was paid back in January 2018. In January 2017, Caigen Wang made a loan to the Company of \$179,817. The loan was paid back with a 5.6% interest per annum on 31 July 2017.

During the half-year ended 31 December 2017, Blackwood Capital, a company associated with the Company's chairman, Mr Francis Harper, was issued 1,650,000 ordinary shares at 15c each before the share split and 5,000,000 unlisted options valued at \$566,309 as capital raising fee. Subsequent to 31 December 2017, Blackwood Capital received cash payment of \$430,672 for capital raising fee rendered during the half-year.

**16. EVENTS SUBSEQUENT TO REPORTING DATE**

On 18 January 2018, the Company commenced quotation on ASX having raised \$6 million via the issue of 30,000,000 ordinary shares at \$0.20 per share under an initial public offer.

On 8 March 2018, Tietto has entered into agreement with Hong Kong Ausina Investment Limited ("HKAI"), an entity controlled by geologist Dr Minlu Fu, to place:

- (1) 3.33 million ordinary shares at 21 cents per share to raise \$700,000 to be issued immediately; and
- (2) Up to 25.24 million ordinary shares at the higher of (a) 21 cents per share or (b) the VWAP for the 20 trading days to 30 April 2018 to raise \$5.3 million. The second tranche is conditional on HKAI completing due diligence on Tietto's Abujar project to HKAI's satisfaction.

As at the date of this report approximately \$638,000 had been received for shares placement from HKAI.

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

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**DIRECTORS' DECLARATION**

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The directors of the Company declare that:

1. the attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
  - a) complying with Australian 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 31 December 2017 and of its performance for the financial half-year on that date; and
2. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
3. the interim financial statements and notes thereto are in accordance with Accounting Standard AASB 134 which complies with Interim Financial Reporting Standards issued by the International Accounting Standards Board.

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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Caigen Wang  
Director

Dated at Perth this 16th day of March 2018

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Tietto Minerals Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Tietto Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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 the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Directors' responsibility for the Half-Year Financial Report

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

#### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial 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 Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.



A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Independence

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

BDO Audit (WA) Pty Ltd

BDO

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

Phillip Murdoch

Director

Perth, 16 March 2018