MARINDI METALS LTD

ABN 84 118 522 124

INTERIM REPORT

31 DECEMBER 2015

MARINDI METALS LIMITED

ABN 84 118 522 124

Interim Report for the half-year ended 31 December 2015

Contents

The directors present their report on the consolidated entity consisting of Marindi Metals Limited (previous name Brumby Resources Limited) (the **Company**) and its controlled entity (the **Group**) for the six months ended 31 December 2015 and the auditor's review report thereon:

1. DIRECTORS

The directors of the Company at any time during or since the end of the half-year are:

Name	Period of directorship
Mr Geoffrey Jones *Non-Executive Chairman*	Director since 24 February 2006; Chairman since 24 November 2010
Mr Joseph Treacy *Managing Director*	Director since 6 July 2015
Mr Ross Ashton *Non-Executive Director*	Director since 6 July 2015
Mr John Hutton *Non-Executive Director*	Director since 15 December 2010
Mr Tom Henderson *Non-Executive Director*	Appointed 22 March 2011, resigned 6 July 2015
Mr Drew Totterdell *Non-Executive Director*	Appointed 3 June 2014, resigned 6 July 2015

2. RESULTS

The loss of the consolidated entity for the half-year was $2,092,544 (2014: $179,290).

3. REVIEW OF OPERATIONS

Wolf Prospect

During the period The Company's undertook its maiden drill program at the Newman Base Metal Project primarily at the Wolf Prospect (**Wolf**), located approximately 2km from the Prairie Deposit (**Prairie**).

All four of the successful holes at Wolf intersected thick zones of zinc mineralisation hosted by a zinc-rich chlorite mineral Baileychlore.

Highlights include:

- ***PDD 426*** ***58m at 2.3 % Zn, 0.1 % Pb, 13.0 g/t Ag from 155m, including:***
  - ***8.45m at 5.5% Zn, 0.2% Pb, 32g/t Ag from 195.05m; and***
  - ***1.51m at 9.4% Zn, 0.7% Pb, 141g/t Ag from 200m.***
- ***PDD 424*** ***66.3m at 2.1% Zn, 0.1% Pb, 7g/t Ag from 71.7m, including:***
  - ***3.9m at 4.9% Zn, 0.1% Pb, 3g/t Ag from 128m; and***
- ***PDD 428*** ***45m at 1.7% Zn, 0.1% Pb and 9 g/t Ag from 235m ,including***
  - ***16.4m @ 2.8% Zn, 0.1% Pb and 17 g/t Ag from 259m including***
  - ***1.6m @ 5.2% Zn, 0.1% Pb and 14 g/t Ag from 267.5m***
- ***PDD 425*** ***22.1m at 2.8% Zn, 0.1% Pb, 9g/t Ag from 98.6m.***

The drilling at Wolf outlined a significant body of zinc mineralisation that remains open along strike and down-dip. The mineralisation contains zinc sulphides but is dominated by zinc chlorite and this mineral – where it has been recorded elsewhere – is closely associated with significant zinc sulphide mineralisation.

Zinc-rich hydrothermal solutions are regarded as the principal mechanism of deposition and this occurred in an epithermal (low-temperature) environment and likely remobilised from a sulphide source nearby.

Recent research by the CSIRO (White A.J.R et al in Press) has examined the geochemistry of the mineralising fluid at Wolf as part of the Distal Footprints Research Program. The conclusion of this work was that "The trace metal enrichments associated with mineralization at Prairie Downs (Zn-Pb-Sn-Ag-Ba-Tl-Sb-Ge-U-Th-Cd-Hg-Se-REE), and especially at Wolf, are highly characteristic of sedimentary exhalative (SEDEX) deposits and are particularly comparable to those from the Brooks Range of Alaska".

The Brooks Range of Alaska is best known for hosting the world's largest operating zinc mine, Red Dog. Red Dog has been in production since 1989 and produces over 500,000 tonnes of zinc metal annually with remaining reserves of more than 60 million grading 16% zinc. Although the fluid geochemistry is similar to Red Dog the known geological environment is not; the area south of the Prairie Downs Fault Zone (**PDFZ**) and the Wolf prospect is masked by younger sediments of the Bresnahan and Bangemall Groups and therefore remains effectively unexplored.

As announced to the ASX on December 12, 2015, the Company was successful in applying for funding from the Western Australian Government's Exploration Incentive Scheme (**EIS**) to drill three deep diamond holes into PDFZ between the Wolf prospect and the Prairie Downs base metal sulphide resource.

At Prairie, approximately two kilometres to the grid east along strike from Wolf, zinc mineralisation takes the form of the common zinc sulphide, sphalerite. It occurs as massive veins within a quartz barite filled fault zone that is interpreted to have been remobilised from a larger zinc system in close proximity. The EIS drilling will assist Marindi to improve its understanding of the geological relationship between Wolf, Prairie and the PDFZ.

Prairie Deposit

During the Period, the Company reported high-grade mineralisation intersected in PDD 429, which returned an intersection of 3.7m @ 22.4% Zn, 1.8% Pb and 25 g/t Ag (including 1.24m @ 51.7% Zn, 2.2% Pb, and 39g/t Ag), remains open along strike for approximately 500m and is also open down-dip.

This area has the potential to host a significant extension to the Prairie deposit and will be a key focus for follow-up drilling planned for this year.

Prairie Pup Prospect

Assay results from reverse circulation drilling at Prairie Pup were received during the Period. A zone of highly anomalous zinc mineralisation was intersected in two drill holes at the eastern end of the drill traverse. Both drill holes have highly anomalous zinc in the upper 30m with values to 0.12% zinc, hosted in altered mafic volcanics. The holes are 50m apart and are collared in a sediment and mafic sequence.

The geology suggests that the PDFZ was not tested and the drill traverse will be extended to check this possibility. This anomaly will be followed up during the regional drilling program later in the year.

A strong IP anomaly is located along strike from Prairie Pup which is very similar in character to the anomaly over the Prairie Downs sulphide deposit. Further IP surveying is planned to determine the depth to this anomaly prior to drill testing.

Titan Prospect

Drilling of the Titan anomaly has been jointly funded by the Western Australian Government's EIS and was the subject of a release to the ASX on October 22, 2015. Drill hole PDD 434 was collared in the same position as previous drill hole PDD 145 and drilled to a depth of 700.20m. The hole was designed to test a very large coincident magnetic and gravity anomaly that given its proximity to the PDFZ, and known mineralisation such as the Wolf Prospect and the Prairie Deposit, may be related to the widespread base metal mineralisation along the PDFZ.

The Titan hole was tested for base metal mineralisation using the hand-held XRF gun and, while elevated zinc and lead geochemistry was intersected in the hole, no significant mineralisation was noted. The hole was also sampled for multi-element geochemistry, with the data currently being reviewed by Marindi's geochemical consultant to determine if any alteration indicative of a large mineralising system was intersected.

A revised geophysical interpretation that puts the depth of the anomaly at 1600m precludes further drill testing at this stage.

Regional Exploration

Marindi has a significant tenement holding in the Capricorn Orogen and will be undertaking regional sampling and assessment this year. The Company is also an industry participant in the Distal Footprints Research program, an $18 million collaborative study coordinated by the CSIRO on the Capricorn Orogen.

The Capricorn Orogen lies between the Archean Yilgarn and Pilbara Cratons and faults can extend down into the mantle with the potential to tap mineralising mantle fluids and transport them to surface levels to form ore deposits.

Marindi believes that the PDFZ may have accessed fluids from one of these structures. Prairie Downs, together with several other major deposits, is being studied as part of the Footprints program and the Company believes its involvement will allow it to leverage off the very significant intellectual property of the research organisations participating in this program.

McArthur River Projects, Northern Territory (Marindi 100%)

Marindi's Caranbirini and Yalco Projects overlie Lower Proterozoic sediments which host some of the world's largest zinc-lead-silver deposits, including the McArthur River deposit currently being mined by Glencore. The McArthur River Mine and other smaller mineral occurrences are located within the Batten Trough proximal to the Emu Fault Corridor, which extends through the Company's McArthur River tenements.

Caranbirini, NT (Marindi 100%)

Marindi plans to compile a 3D structural and stratigraphic model of the project area with the aim of identifying prospective targets for follow up in the field season of 2016. Previous drilling by other parties has intersected anomalous base metal mineralisation in the Barney Creek Formation, including very large Teena deposit (Rox Resources) and the world-class McArthur River deposits, both of which lie approximately eight kilometres to the south and are hosted in the Barney Creek Formation.

Yalco (Teck earning 70%)

In May 2014, Marindi announced an Option Agreement with Teck Australia Pty Ltd (Teck), a wholly-owned subsidiary of Canada's largest diversified miner, Teck Resources Limited, whereby Teck may earn up to a 70% interest in the Project by spending $3.5 million by 30 June 2018, subject to a royalty to Marindi.

The majority of the activities planned for the 2015 field season were completed during the period with the principal activities including:

- Soil geochemistry program;
- Ground gravity program;
- Audio magnetotelluric survey;
- Seismic Survey

Soil Geochemistry

A soil program was executed in two areas: (A) in-fill along the Emu Fault corridor; and (B) on the eastern side of EL25467 where host stratigraphy is exposed.

Ground Gravity Survey

A ground gravity survey was undertaken, primarily focusing on the central and eastern portions of the project area, but also in-filling the 2014 helicopter-supported survey along the Emu corridor. A total of 821 stations were collected in 2015 adding to the 458 stations collected in 2014.

Processing, modelling and interpretation will be undertaken over the coming quarters.

Magnetotellurics Survey

Three lines of data were acquired across the Emu Fault corridor, processing will occur in the period.

Seismic Survey

A 2D seismic reflection survey was completed over the high priority Emu Fault Corridor comprising three lines covering approximately 36km,

Interpretation of the final processed images will focus on resolving key stratigraphic packages and faults, with a particular emphasis on identifying possible growth faults and corresponding stratigraphic thickening.

Oakover

The Oakover Manganese Project lies approximately 80km east of Newman in Western Australia's East Pilbara Manganese Province. The Project is situated about 100km south of the Ant Hill manganese deposit owned by Mineral Resources and about 50km from the Nicholas Downs manganese deposit.

A scoping study report on the project was undertaken by GR Engineering Services. A draft of the report was received during the period and is being reviewed and a final report is expected in the March 2016 quarter.

Corporate

The audit was completed and the Annual Report was submitted to the ASX on the 29th September 2015. The Company held its Annual General Meeting of shareholders on 12 November 2015.

The Company also continues to assess other opportunities to create shareholder value with a specific focus on base metals in Australia.

Competent Person Reference

Information in this release that relates to Exploration Results is based on information prepared by Mr Joseph Treacy and who is a Member of the Australian Institute of Geoscientists and the Australasian Institute of Mining and Metallurgy. Mr Treacy is an employee of Marindi Metals Ltd. Mr Treacy has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken 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 Treacy consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.

The company also confirms that The information in this announcement relating to the Minerals Resources within the Prairie Deposit is based on information prepared by Mr Mark Drabble, who is a Member of the Australasian Institution of Mining and Metallurgy. Mr Drabble is an employee of Optiro Pty Ltd. Mr Drabble has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken 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". Details of which were released to the ASX on the 25th May 2015 Marindi confirms that that it is not aware of any new information or data that materially affects the information relating to the Prairie Deposit Mineral Resources included in the 25th May 2015 announcement referred to above. Marindi confirms that all material assumptions and technical parameters underpinning the Mineral Resource estimates in the 25th May 2015 announcement continue to apply and have not materially changed.

4. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

Dated at Perth, Western Australia, this 3rd day of March 2016.

Signed in accordance with a resolution of the directors:

Ross Ashton
Non-Executive Chairman

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

3 March 2016

The Directors

Marindi Metals Limited
PO Box 231,
West Perth, WA, 6872

Dear Sirs

RE: MARINDI METALS LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Marindi Metals Limited.

As Audit Director for the review of the financial statements of Marindi Metals Limited for the period ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)

Samir Tirodkar
Director

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the six months ended 31 December 2015

	Note	2015 $	2014 $
Income		38,359	7,958
Exploration and evaluation expenses written off	8	(1,230,859)	(54,481)
Corporate and administrative expenses		(900,044)	(132,767)
Loss before income tax		**(2,092,544)**	**(179,290)**
Income tax		-	-
Net loss for the period		**(2,092,544)**	**(179,290)**
Other comprehensive income			
Items that will not be reclassified to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the period		-	-
Total comprehensive loss for the period		**(2,092,544)**	**(179,290)**
Net loss attributable to the members of parent entity		**(2,092,544)**	**(179,290)**
Total comprehensive loss attributable to the members of parent entity		**(2,092,544)**	**(179,290)**
Basic loss per share			
Ordinary shares (cents)		(0.26)	(0.1)

Diluted loss per share is not shown as all potential ordinary shares on issue would decrease the loss per share and are thus not considered dilutive.

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

Consolidated Statement of Financial Position
as at 31 December 2015

	Note	31 December 2015 $	30 June 2015 $
CURRENT ASSETS			
Cash and cash equivalents		1,840,438	265,658
Trade and other receivables		99,088	33,929
Prepayments		24,413	11,286
Total Current Assets		1,963,939	310,873
NON-CURRENT ASSETS			
Trade and other receivables		44,370	12,500
Property, plant and equipment		49,127	1,604
Exploration and evaluation expenditure	8	3,488,040	688,600
Total Non-Current Assets		3,581,537	702,704
TOTAL ASSETS		**5,545,476**	**1,013,577**
CURRENT LIABILITIES			
Trade and other payables		300,596	48,743
Provisions		6,993	-
TOTAL LIABILITIES		**307,589**	48,743
NET ASSETS		**5,237,887**	**964,834**
EQUITY			
Issued capital	9	25,418,994	19,429,513
Reserves		1,633,552	1,257,436
Accumulated losses		(21,814,659)	(19,722,115)
TOTAL EQUITY		**5,237,887**	**964,834**

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

31 December 2015	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
Balance as at 1 July 2015	**19,429,513**	**1,257,436**	**(19,722,115)**	**964,834**
Net loss for the period	-	-	(2,092,544)	(2,092,544)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(2,092,544)	(2,092,544)
Issue of share capital, net of costs	5,989,481	-	-	5,989,481
Share based payments	-	376,116	-	376,116
Balance as at 31 December 2015	**25,418,994**	**1,633,552**	**(21,814,659)**	**5,237,887**

31 December 2014	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
Balance as at 1 July 2014	**19,429,513**	**1,257,436**	**(19,233,330)**	**1,453,619**
Net loss for the period	-	-	(179,290)	(179,290)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(179,290)	(179,290)
Issue of share capital, net of costs	-	-	-	-
Share based payments	-	-	-	-
Balance as at 31 December 2014	**19,429,513**	**1,257,436**	**(19,412,620)**	**1,274,329**

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

	Note	2015 $	2014 $
Cash flows from operating activities			
Cash receipts in the course of operations		50	-
Cash payments in the course of operations		(1,859,986)	(185,275)
Interest received		13,876	7,394
Net cash used in operating activities		**(1,846,060)**	**(177,881)**
Cash flows from investing activities			
Payments for property, plant and equipment		(46,943)	-
Payments for bonds		(31,870)	-
Refunds of bonds		9,744	-
Cash held by subsidiary at acquisition date		428	-
Net cash used in investing activities		**(68,641)**	**-**
Cash flows from financing activities			
Net proceeds from issue of share capital	9	3,489,481	-
Net cash provided by financing activities		**3,489,481**	**-**
Net increase/ (decrease) in cash and cash equivalents		**1,574,780**	**(177,881)**
Cash and cash equivalents at the beginning of the period		265,658	696,721
Cash and cash equivalents at the end of the period		**1,840,438**	**518,840**

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

1. REPORTING ENTITY

Marindi Metals Limited (previous name Brumby Resources Limited) (the **Company**) is a company domiciled in Australia. The consolidated interim financial report as at and for the six months ended 31 December 2015 covers the consolidated group of Marindi Metals Limited and its subsidiary (**consolidated entity** or **Group**).

The annual financial report of the consolidated entity for the year ended 30 June 2015 is available upon request from the Company's registered office or may be viewed on the Company's website, www.marindi.com.au.

2. STATEMENT OF COMPLIANCE

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The consolidated interim financial report has been prepared on the accruals basis and on an historical cost basis.

The interim financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the interim financial report be read in conjunction with the annual report for the year ended 30 June 2015 and considered together with any public announcements made by Marindi Metals Limited during the half-year ended 31 December 2015 in accordance with the continuous disclosure obligations of the *ASX listing rules*.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Group's 2015 annual financial report for the financial year ended 30 June 2015. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards. The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (**the AASB**) that are relevant to their operations and effective for the current half year.

This consolidated interim financial report was approved by the Board of Directors on 3 March 2016.

3. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Marindi Metals Limited) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 12.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

4. GOING CONCERN

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

The Directors believe this to be appropriate for the following reasons:

- The Group has net working capital of $1.66M including cash reserves of $1.84M at 31 December 2015;
- The Group has no loans of borrowings;
- The Group has the ability to adjust its exploration expenditure subject to results of its exploration activities and the Group's funding position; and
- The Group continues to monitor opportunities to raise further equity from interested investors.

5. ESTIMATES

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

In preparing this consolidated interim financial report, the significant judgments made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2015.

6. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2015.

7. SEGMENT REPORTING

The consolidated entity operates predominantly in the mineral exploration industry in Australia.

8. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2015 $	30 June 2015 $
Exploration and evaluation costs carried forward in respect of areas of interest (net of amounts written off) (a)	**3,488,040**	**688,600**

Reconciliation	6 months to 31 December 2015 $	12 months to 30 June 2015 $
Carrying amount at beginning of period	688,600	688,600
Expenditure during the period – exploration	1,230,859	175,003
Expenditure during the period – acquisitions	2,799,440	-
Expenditure written off	(1,230,859)	(175,003)
Carrying amount at end of period	**3,488,040**	**688,600**

(a) The ultimate recoupment of exploration and evaluation expenditure is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas. During the six months ended 31 December 2015 the consolidated entity wrote off expenditure totalling $1,230,859 (six months ended 31 December 2014: $54,481).

9. ISSUED CAPITAL

	31 December 2015 $	30 June 2015 $
876,868,084 (30 June 2015: 251,245,389) fully paid ordinary shares	**25,418,994**	**19,429,513**

The following movements in issued capital occurred during the six months ended 31 December:

	Shares		Consolidated	
	31 December 2015 No.	31 December 2014 No.	31 December 2015 $	31 December 2014 $
Balance at beginning of year	251,245,389	251,245,389	19,429,513	19,429,513
Issue of shares at $0.01 each in consideration for the acquisition of Marindi Metals Pty Ltd	250,000,000	-	2,500,000	-
Issue of shares at $0.01 each for cash pursuant to a share placement	125,000,000	-	1,250,000	-
Issue of shares at $0.01 each for cash pursuant to an entitlements issue	176,076,773	-	1,760,768	-
Issue of shares at $0.01 each for cash pursuant to an entitlements issue shortfall	74,545,922	-	745,459	-
Share issue costs	-	-	(266,746)	-
Balance at end of year	876,868,084	251,245,389	25,418,994	19,429,513

Options

The following options to subscribe for ordinary fully paid shares were outstanding at the end of the period:

Class	Expiry Date	Exercise Price	Number of Options
Listed options	31 December 2016	$0.020	236,811,325
Unlisted options	31 December 2019	$0.025	62,000,000

The following options to subscribe for ordinary fully paid shares were granted during the half-year:

Class	Expiry Date	Exercise Price	Number of Options
Listed options	31 December 2016	$0.020	236,811,325
Unlisted options	31 December 2019	$0.025	62,000,000

No options were exercised or expired during the half year.

10. SHARE BASED PAYMENTS

Director and Officer Options

On 6 July 2015 the Company granted 60,000,000 options to directors and officers. The options are exercisable at $0.025 each on or before 31 December 2019 with varying vesting conditions.

Grant date	Number of options	Exercise price	Expiry date of options	Vesting conditions
6 July 2015	30,000,000	$0.025	31 December 2019	Vested immediately
6 July 2015	10,000,000	$0.025	31 December 2019	Market based*
6 July 2015	10,000,000	$0.025	31 December 2019	Market based**
6 July 2015	10,000,000	$0.025	31 December 2019	Market based***

10. SHARE BASED PAYMENTS (CONTINUED)

The fair value of options granted to directors and officers was calculated at the date of grant using the Black-Scholes option-pricing model. The options which vested immediately have been allocated to the present reporting period. The following table gives the assumptions made in determining the fair value of options on grant date:

Vesting conditions	Immediately	Market based*	Market based**	Market based***
Fair value per option	$0.008787	$0.004833	$0.002197	$0.000879
Grant date	6 July 2015	6 July 2015	6 July 2015	6 July 2015
Number of options	30,000,000	10,000,000	10,000,000	10,000,000
Expiry date	31 December 2019	31 December 2019	31 December 2019	31 December 2019
Exercise price	$0.025	$0.025	$0.025	$0.025
Price of shares on grant date	$0.017	$0.017	$0.017	$0.017
Estimated volatility	75%	75%	75%	75%
Risk-free interest rate	2.80%	2.80%	2.80%	2.80%
Dividend yield	0%	0%	0%	0%

* Options to vest on the Company's share price closing above $0.04 for 10 consecutive trading days
** Options to vest on the Company's share price closing above $0.08 for 10 consecutive trading days
*** Options to vest on the Company's share price closing above $0.12 for 10 consecutive trading days

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

Total expense recognised as director and officer costs in the period was $272,191 (2014: $nil).

Employee Options

On 6 August 2015 the Company granted 2,000,000 options to employees under the Company's Employee and Consultant Share Option Plan (**ESOP**). The options are exercisable at $0.025 each on or before 31 December 2019 with varying vesting conditions.

Grant date	Number of options	Exercise price	Expiry date of options	Vesting conditions
6 August 2015	500,000	$0.025	31 December 2019	Vested immediately
6 August 2015	500,000	$0.025	31 December 2019	Market based*
6 August 2015	500,000	$0.025	31 December 2019	Market based**
6 August 2015	500,000	$0.025	31 December 2019	Market based***

The fair value of options granted to employees was calculated at the date of grant using the Black-Scholes option-pricing model. The options which vested immediately have been allocated to the present reporting period. The following table gives the assumptions made in determining the fair value of options on grant date:

Vesting conditions	Immediately	Market based*	Market based**	Market based***
Fair value per option	$0.007255	$0.003990	$0.001814	$0.000725
Grant date	6 August 2015	6 August 2015	6 August 2015	6 August 2015
Number of options	500,000	500,000	500,000	500,000
Expiry date	31 December 2019	31 December 2019	31 December 2019	31 December 2019
Exercise price	$0.025	$0.025	$0.025	$0.025
Price of shares on grant date	$0.015	$0.015	$0.015	$0.015
Estimated volatility	75%	75%	75%	75%
Risk-free interest rate	2.80%	2.80%	2.80%	2.80%
Dividend yield	0%	0%	0%	0%

* Options to vest on the Company's share price closing above $0.04 for 10 consecutive trading days
** Options to vest on the Company's share price closing above $0.08 for 10 consecutive trading days
*** Options to vest on the Company's share price closing above $0.12 for 10 consecutive trading days

10. SHARE BASED PAYMENTS (CONTINUED)

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

Total expense recognised as employee costs in the period was $3,925 (2014: $nil).

11. COMMITMENTS AND CONTINGENCIES

The changes to the commitments and contingencies disclosed in the most recent annual report are specified below.

Exploration commitments

The Group has certain obligations to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the Group's exploration programme and priorities. These obligations are also subject to variations by negotiation, joint venturing or relinquishing some of the relevant tenements. As at balance date, total exploration expenditure commitments of the Group which have not been provided for in the financial statements amount to $987,500 per annum.

Project commitments

McArthur River Project

In May 2014, Marindi entered into an earn-in option arrangement with Teck Australia Pty Ltd ("Teck"), a wholly-owned subsidiary of Canadian miner Teck Resources Limited, to explore for zinc on Marindi's McArthur River tenements (EL 25467 and EL29021) in the Northern Territory. Under the agreement, Teck may earn up to a 70% interest in the McArthur River Project by spending a minimum of $3.5 million on exploration expenditure before 30 June 2018.

Prairie Downs Farm-In Agreement

On the 8th April 2015, Marindi Metals Pty Ltd entered into an agreement with Prairie Mining Ltd whereby it can earn an 100% interest in tenements E52/1758 and E52/1926 by making an initial payment of $500,000 and issuing a further $1,000,000 in cash or shares, at Marindi Metals Pty Ltd election, by September 2016. The payment of $500,000 was paid in June 2015.

12. SUBSIDIARIES

	Class of shares	Beneficial interest 31 December 2015	Beneficial interest 31 December 2014
Shares in controlled entity:			
Brumby Creek Pty Ltd (incorporated in WA)	Ordinary	100%	100%
Marindi Metals Operations Pty Ltd (formerly Marindi Metals Pty Ltd) (incorporated in WA)	Ordinary	100%	Nil

13. ASSET ACQUISITION

On 6 July 2015, Marindi Metals Limited (previously Brumby Resources Limited) (**the Company**) acquired Marindi Metals Operations Pty Ltd (formerly Marindi Metals Pty Ltd) (ACN 166 203 578) (**MMO**). As consideration, the Company issued 250 million shares at a deemed issue price of $0.01 each per share and 25 million options exercisable at $0.02 each on or before 31 December 2016 to the vendors of MMO.

For accounting purposes, the transaction is not considered to be a business combination, as the Company's acquired assets did not meet the definition of a "business" as defined in the Australian Accounting Standards. The substance and intent of the transaction was for the Company to acquire the exploration and evaluation assets at MMO's Newman Zinc Project in the Pilbara region of Western Australia, which includes the Prairie Downs base metal deposit and the highly prospective Wolf prospect. After assessment of MMO it has been concluded that the business contains mining exploration tenement assets, with no reserves and it remains uncertain as to whether the assets will reach development stage. Therefore, this transaction has been accounted for as an asset acquisition.

The fair value of the assets acquired at the date of acquisition and share based payments are outlined as follows:

	Fair value $
Exploration and evaluation expenditure	500,000
Property, plant and equipment	9,525
Trade and other receivables	34,069
Cash and cash equivalents	428
	544,022
Trade and other payables	243,462
Net assets acquired	300,560
Intangible asset – Exploration and evaluation asset	2,299,440
Acquisition-date fair value of the total consideration transferred	2,600,000
Consideration transferred	
Equity instruments issued (250,000,000 fully paid ordinary shares)	2,500,000
Equity instruments issued (25,000,000 options exercisable at $0.02 each before 31 December 2016)	100,000
	2,600,000

Equity instruments issued

The fair value of the fully paid ordinary shares issued was based on the deemed issue price of $0.01 each per share.

For the Options granted as part consideration, these are Listed Options trading on ASX under the ticker code MZNO. The first traded date for the Options was 17 August 2015 at a traded value of $0.004 per security. The directors believe this to be a reasonable basis for valuation of the Options. The lowest/highest trading point reached is $0.002/$0.006 per security further supporting the $0.004 valuation as the midpoint.

The issue of shares and options was approved by shareholders at the Company's general meeting held 6 July 2015.

The Company had incurred acquisition related costs of $134,846 since March 2015, which has not been included in the consideration.

14. EVENTS SUBSEQUENT TO REPORTING DATE

On 4 January 2016 the Company incorporated a new entity Forrestania Pty Ltd ACN 610 035 535 ("Forrestania"). Forrestania is 100% owned by Marindi Metals Limited.

DIRECTORS' DECLARATION

In the opinion of the directors of Marindi Metals Limited:

1. the consolidated financial statements and notes, set out on pages 8 to 17, are in accordance with the Corporations Act 2001, including:

    (a) comply with Accounting Standards AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and

    (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Perth, Western Australia this 3rd day of March 2016

Signed in accordance with a resolution of the Directors.

Ross Ashton
Non-Executive Chairman

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
Marindi Metals Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Marindi Metals Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Marindi Metals Limited. The consolidated entity comprises both Marindi Metals Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Marindi Metals Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) 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 consolidated entity's financial position as at 31 December 2015 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 Marindi Metals 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.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

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*, has been provided to the directors of Marindi Metals Limited on 3 March 2016.

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 Marindi Metals Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd

Director

West Perth, Western Australia
3 March 2016