

Tychean Resources Limited

Interim Financial Report

For The Half Year Ended 31 December 2015

To be read in conjunction with the 30 June 2015 Annual Report

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Directors' Report For the Half Year Ended 31 December 2015

Your directors present their report on the consolidated entity consisting of Tychean Resources Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2015.

Directors

The following persons were directors of Tychean Resources Limited at any time during the half year and up to the date of this report:

Robert Michael Kennedy (Non-Executive Chairman)
Ewan Vickery (Non-Executive Director)
Kevin John Anson Wills (Non-Executive Director) (Appointed on 1 September 2015)
Joseph Fred Houldsworth (Managing Director)(Resigned on 1 September 2015)

The directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

On 1 September 2015, Justin Nelson resigned as Company Secretary and Kaitlin Smith was appointed as Company Secretary.

Review of operations and financial results

Spargoville Gold Project

- In early July 2015, Tychean completed the Redback RC/Diamond Drilling program which consisted of 9 drill holes for a total of 1,931.80 metres, at the Spargoville Gold Project in the Eastern Goldfields of Western Australia.
- On 6th July 2015, Tychean issued 75,000,000 new shares to Blue Spec Drilling as part consideration for those drilling activities.
- On 5th August 2015, Tychean secured an agreement with Maximus Resources Limited (ASX: MXR, 'Maximus') via which Maximus would fund up to \$1.2 million in exploration and development of the Spargoville Gold Project. Terms of the JV agreement were as follows:
 - Tychean to receive \$200,000 in cash followed by a further equivalent value in Maximus shares upon transfer of 25% interest in the Project; and
 - Maximus to earn up to 90% equity by spending a further \$800,000 in exploration activities within 3 years.
- On 17 November 2015, Maximus achieved its Spargoville Gold project expenditure milestone and earned a 51% equity interest by meeting Stage 1 of the earn-in commitment.
- On 19th February 2016, Maximus moved from 90% equity over Spargoville's gold rights from its previous 51% stake and will hold 100% of the gold rights for the issue of \$50,000 in Maximus shares to Tychean. Terms of the agreement included:
 - Removal of the requirement to spend A\$800,000 in ground to earn 90% equity over the Spargoville gold rights; and
 - Cancellation of the Tychean gold royalty.

Tanami Joint Venture

- In October 2015, Joint Venturer Ramelius Resources (ASX: RMS, 'Ramelius') conducted 1,346 metres of drilling over the priority Suplejack tenement North of NT based Callie Gold mine.
- Ramelius received notice of intention to grant three key exploration licenses within the Tanami Joint Venture Project from the Department of Mines and Energy Northern Territory

Directors' Report For the Half Year Ended 31 December 2015

Tanami Joint Venture - continued

- Ramelius advised Tychean that it had met its earn-in expenditure commitment and had acquired an 85% interest in the Tanami Joint Venture. Tychean retains free carried 15% interest in the Joint Venture through to decision to mine.

Corporate

- Mr Joe Houldsworth retired from the Managing Director position effective 1 September 2015.
- Dr Kevin Wills joined the Board as Non-Executive Director on 1 September 2015.
- A Research & Development claim for the sum of \$48,478 was received by Tychean on 23 September 2015.
- On 4th November 2015, Tychean completed a 1 for 10 share consolidation.
- On 15th December 2015, Tychean announced a placement to sophisticated and professional investors totaling \$135,000 for working capital and due diligence on new opportunities.

Subsequent Events

Except for the below, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

On the 17 February 2016, the Company signed a Sale and Purchase agreement with Maximus Resources Limited under the following terms and conditions:

- Transfer of the previously agreed shares equivalent to the value of \$200,000 immediately upon execution, which was received on 18 February 2016
- Transfer of additional shares equivalent to the value \$50,000 upon conditions being met in accordance with the agreement
- Expenditure commitment of A\$800,000 in ground to earn 90% equity over the Spargoville gold rights was removed; and
- Cancellation of the Tychean gold royalty.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the half year ended 31 December 2015 has been received and can be found on page 5 of the financial report.

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



Robert Michael Kennedy
Non-Executive Chairman

Dated this 8th March 2016

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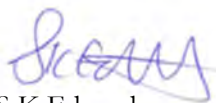
**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF TYCHEAN RESOURCES LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Tychean Resources Limited for the half-year ended 31 December 2015, 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.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



S K Edwards
Partner – Audit & Assurance

Adelaide, 8 March 2016

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**Statement of Profit or Loss and Other Comprehensive Income
For The Half Year Ended 31 December 2015**

	Consolidated	
	Dec-15	Dec-14
	\$	\$
Other income	13,840	12,679
Administration expenses	(198,896)	(361,107)
General exploration written off	-	(4,145)
Impairment of exploration expenditure	(2,974,323)	-
Loss before income tax	(3,159,379)	(352,573)
Income tax expense	47,294	(16,065)
Loss from continuing operations	(3,112,085)	(368,638)
Loss for the half year	(3,112,085)	(368,638)
Other comprehensive income, net of income tax	-	-
Items that will not be reclassified subsequently to profit or loss	-	-
Items that will be reclassified to profit or loss	-	-
Total comprehensive loss for the year	(3,112,085)	(368,638)
Loss attributable to:		
Members of the parent entity	(3,112,085)	(368,638)
Total comprehensive loss attributable to:		
Members of the parent entity	(3,112,085)	(368,638)
Earnings per share (Pre Consolidation)	Cents	Cents
From continuing and discontinued operations:		
Basic earnings per share (cents)	(0.01)	(0.02)
Diluted earnings per share (cents)	(0.01)	(0.02)
Earnings per share (Post Consolidation)	Cents	Cents
From continuing and discontinued operations:		
Basic earnings per share (cents)	(1.25)	(0.31)
Diluted earnings per share (cents)	(1.25)	(0.31)

**Statement of Financial Position
As At 31 December 2015**

		Consolidated	
	Note	Dec-15	Jun-15
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		67,177	102,522
Trade and other receivables		204,350	36,294
Other assets		10,178	10,838
TOTAL CURRENT ASSETS		281,705	149,654
NON-CURRENT ASSETS			
Property, plant and equipment		8,214	10,124
Exploration, evaluation and development assets	5	824,830	4,096,218
TOTAL NON-CURRENT ASSETS		833,044	4,106,342
TOTAL ASSETS		1,114,749	4,255,996
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		87,098	381,720
Employee benefits		-	17,139
TOTAL CURRENT LIABILITIES		87,098	398,859
NON-CURRENT LIABILITIES			
TOTAL LIABILITIES		87,098	398,859
NET ASSETS		1,027,651	3,857,137
EQUITY			
Issued capital	2	37,324,653	37,042,054
Reserves		1,083,478	1,083,478
Accumulated Losses		(37,380,480)	(34,268,395)
TOTAL EQUITY		1,027,651	3,857,137

**Statement of Changes in Equity
For the Half Year Ended 31 December 2015**

Dec-15	Note	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total \$
Balance at 1 July 2015		37,042,054	(34,268,395)	1,083,478	3,857,137
Comprehensive loss					
Loss for period		-	(3,112,085)	-	(3,112,085)
Total comprehensive loss for the period		-	(37,380,480)	-	745,052
Transactions with owners, in their capacity as owners, and other transfers					
Transaction costs		(3,947)	-	-	(3,947)
Tax effect on transactions costs		1,184	-	-	1,184
Shares issued during the year		285,362	-	-	285,362
Total transactions with owners and other transfers		282,599	-	-	282,599
Balance at 31 December 2015		37,324,653	(37,380,480)	1,083,478	1,027,651
Dec-14					
Dec-14	Note	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total \$
Balance at 1 July 2014		35,437,223	(33,587,247)	1,083,478	2,933,454
Comprehensive loss					
Loss for period		-	(368,638)	-	(368,638)
Total comprehensive loss for the period		-	(368,638)	-	(368,638)
Transactions with owners, in their capacity as owners, and other transfers					
Transaction costs		(53,550)	-	-	(53,550)
Tax effect on transactions costs		16,065	-	-	16,065
Shares issued during the year		882,749	-	-	882,749
Total transactions with owners and other transfers		845,264	-	-	845,264
Balance at 31 December 2014		36,282,487	(33,955,885)	1,083,478	3,410,080

**Statement of Cash Flows
For the Half Year Ended 31 December 2015**

	Consolidated	
	Dec-15	Dec-14
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	12,810	-
Payments to suppliers and employees	(483,197)	(415,844)
Research and development tax received	48,478	
Interest received	530	12,679
Net cash used in operating activities	(421,379)	(403,165)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Receipt from sale of interest in exploration assets	200,000	-
Purchase of property, plant and equipment	500	(10,348)
Payments for exploration assets	(97,065)	(1,281,176)
Net cash provided/(used in) by investing activities	103,435	(1,291,524)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	286,546	811,748
Payments for capital raising costs	(3,947)	(77,699)
Net cash provided by financing activities	282,599	734,049
Net decrease in cash and cash equivalents held	(35,345)	(960,640)
Cash and cash equivalents at beginning of half year	102,522	1,099,286
Cash and cash equivalents at end of the half year	67,177	138,646

Notes to the Financial Statements For the Half Year Ended 31 December 2015

1 Basis of Preparation

This condensed consolidated interim financial report for the reporting period ending 31 December 2015 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Tychean Resources Limited and controlled entities (the Group). As such it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. This condensed consolidated financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2015, together with any public announcements made during the half year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

a) Key estimates

The preparation of the consolidated financial statements requires management to make estimates and judgments. These estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Estimated impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(ii) Exploration and evaluation

The Group policy for exploration and evaluation is discussed in note 1 (s) of the June 2015 Annual Report. The application of this policy requires management to make certain assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sale or exploration, then the relevant capitalised amount will be written off through the statement of profit or loss. The related carrying amounts are disclosed in note 5.

2 Issued Capital

	Consolidated	
	Dec-15	Jun-15
	\$	\$
(a) Share capital	37,324,653	37,042,054
284,408,766 (June 2015: 2,431,492,488) fully paid ordinary shares		

Notes to the Financial Statements

For the Half Year Ended 31 December 2015

2 Issued Capital - continued

			Consolidated	
			Dec-15	Jun-15
			\$	\$
(b) Movements in ordinary share capital				
Date	Details	No.	Issue Price (\$)	\$
01/07/2015	Opening Balance	2,431,492,488	-	37,042,054
02/07/2015	Options Exercise	1,135	0.004	4
06/07/2015	Issued to Blue Spec Drilling	75,000,000	0.002	150,000
09/07/2015	Options Exercise	2,225	0.004	7
24/07/2015	Options Exercise	78,705	0.004	313
03/08/2015	Options Exercise	7,965	0.004	31
16/09/2015	Options Exercise	1,920	0.004	7
4/11/2015	1 for 10 Consolidation	(2,255,925,672)		-
23/12/2015	Placement	33,750,000	0.004	135,000
		<u>284,408,766</u>		<u>37,327,416</u>
	Less: transactions costs arising on share issue (net of tax effect)			(2,763)
31/12/2015	Closing Balance	<u>284,408,766</u>		<u>37,324,653</u>

(c) Performance Rights

The Group granted an employee 10,000,000 performance rights on 18 December 2014. The rights lapsed on 17 August 2015 due to the cessation of employment.

3 Operating Segments

a) Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of geographical area of interest as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- geographical and geological styles; and;
- any external regulatory requirements.

Basis of accounting for purposes of reporting by operating segments

Unless stated below, all amounts reported to the Board of Directors, being the chief operating decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

**Notes to the Financial Statements
For the Half Year Ended 31 December 2015**

3 Operating Segments continued

b) Segment Assets

	Suplejack		Spargoville		Valley Floor		Other		Total	
	Dec-15	Jun-15	Dec-15	Jun-15	Dec-15	Jun-15	Dec-15	Jun-15	Dec-15	Jun-15
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Segment assets	252,520	251,044	50,000	3,334,063	514,369	511,111	7,941	-	824,830	4,096,218
- Acquisitions of tenements	-	-	-	-	-	-	-	-	-	-
- Tenements disposal	-	-	(400,000)	-	-	-	-	-	(400,000)	-
- Capital Expenditure	1,476	17,918	90,260	1,956,703	3,258	129,219	7,941	-	102,935	2,103,840
- Capital Expenditure Impaired	-	-	(2,974,323)	-	-	-	-	-	(2,974,323)	-
Total Movement	1,476	17,918	(3,284,063)	1,956,703	3,258	129,219	7,941	-	(3,271,388)	2,103,840

Segment assets	824,830	4,096,218
Unallocated assets	289,919	159,778
Total assets	1,114,749	4,255,996
Segment liabilities	-	278,986
Unallocated liabilities	87,098	119,873
Total liabilities	87,098	398,859

Notes to the Financial Statements For the Half Year Ended 31 December 2015

4 Subsidiaries

The consolidated financial statements include the financial statements of Tychean Resources Ltd and the following subsidiaries:

Name of subsidiary	% ownership interest	% ownership interest
	Dec-15	Jun-15
Tychean Tanami Pty Ltd (previously ERO Metals Pty Ltd)	100.0	100.0
Valley Floor Resources Pty Ltd	100.0	100.0

5 Exploration & Evaluation Expenditure

	Consolidated	
	Dec-15	Jun-15
	\$	\$
Exploration and evaluation expenditure		
Exploration assets at cost	824,830	4,096,218
Reconciliation		
Balance at beginning of financial year	4,096,218	1,992,378
Acquisition costs	-	-
Tenements disposal	(400,000)	-
Expenditure incurred	102,935	2,103,840
Exploration expenditure impairment	(2,974,323)	-
Total exploration and evaluation expenditure	824,830	4,096,218

6 Events Occurring After the Reporting Date

Except for the below, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

On the 17 February 2016, the Company signed a Sale and Purchase agreement with Maximus Resources Limited under the following terms and conditions:

- Transfer of the previously agreed shares equivalent to the value of \$200,000 immediately upon execution, which was received on 18 February 2016
- Transfer of additional shares equivalent to the value \$50,000 upon conditions being met in accordance with the agreement
- Expenditure commitment of A\$800,000 in ground to earn 90% equity over the Spargoville gold rights was removed; and
- Cancellation of the Tychean gold royalty.

**Notes to the Financial Statements
For the Half Year Ended 31 December 2015**

7 Going Concern

The financial report has been prepared on the basis of going concern.

The cash flow projections of the Group indicate that it will require positive cash flows from additional capital for continued operations. The Group incurred a loss of \$3,112,085 for the half year and a net cash outflow from operating and investing activities of \$317,944.

The Group is currently meeting minimum cash commitments and the Group is actively seeking joint venturers to achieve a minimum cash outlay. Expenditure will increase in the event that positive exploration results are received; in this event, the Group will seek to raise capital based on positive exploration results.

The Group is also currently seeking new opportunities.

The Group's ability to continue as a going concern is contingent on obtaining additional capital. If additional capital is not obtained, the going concern basis may not be appropriate, with the result that the consolidated entity may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and in amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

8 Company Details

The registered office and principal place of business of the company is:

Tychean Resources Limited
Level 3
100 Pirie Street
Adelaide SA 5000

Tychean Resources Limited

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 15 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) give a true and fair view of the consolidated group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Robert Michael Kennedy
Non-executive Chairman

Dated this 8th Day of March 2016

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TYCHEAN RESOURCES LIMITED

We have reviewed the accompanying half-year financial report of Tychean Resources Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of Tychean Resources 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 and the Corporations Act 2001 and for such controls 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 consolidated half-year financial report based on our review. We conducted our review in accordance with the 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 Tychean Resources Limited 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 Tychean Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

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 complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Tychean Resources 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 Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material uncertainty regarding going concern

Without qualification to the conclusion expressed above, we draw attention to Note 7 to the financial statements. The consolidated entity incurred a net loss of \$3,112,085 and a net cash outflow of \$317,944 from operating and investing activities during the half year ended 31 December 2015. These conditions, along with other matters identified in Note 7, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Sheenagh Edwards

Sheenagh Edwards
Partner - Audit & Assurance

Adelaide, 8 March 2016