# Okapi Resources Limited

**ABN 21 619 387 085**

# INTERIM FINANCIAL REPORT

## FOR THE HALF-YEAR ENDED

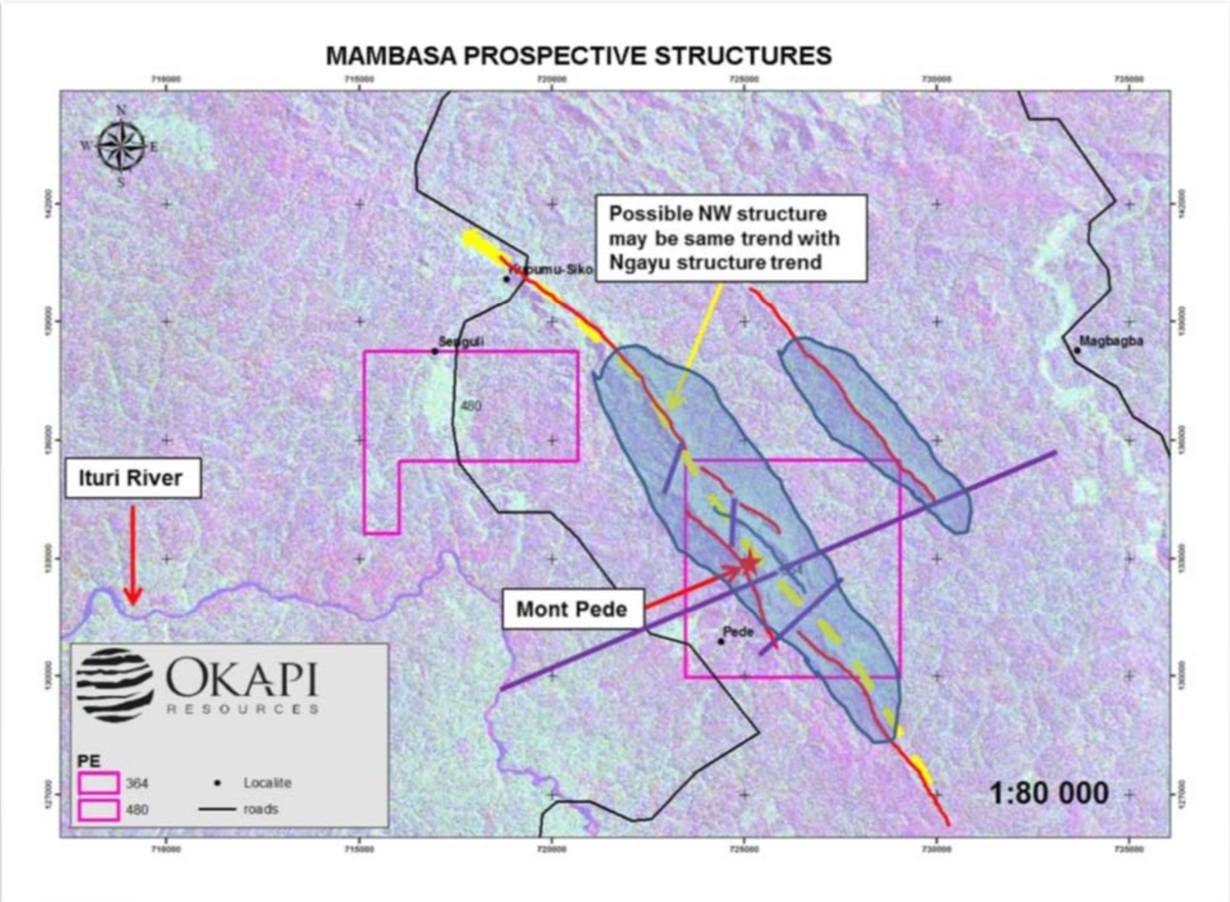
## 31 DECEMBER 2017

### The Mambasa Project (Option to earn in to 70% interest)

***Background***

The Mambasa Gold Project is a brownfields project with several historical colonial gold workings and current artisanal gold activity of covering over a 600m strike length and up to 25m in depth. The Mambasa Project consists of two granted licences, PE364 and PE480, located approximately 18km to the south of the town of Mambasa, in the Mambasa District of Ituri Province in the north-eastern DRC.

These two licences are located in a region with impressive exploration potential within favourable stratigraphic and structural settings, similar to other large-scale gold deposits within the region including AngloGold Ashanti's Geita (20Moz) mine in Tanzania and Loncor Resources Inc's recently defined Makapela (1Moz) and Kilo Gold's Adumbi (1.3Moz) gold projects. **Map 1** shows the Mambasa licences with the interpreted NE trending structural fabric.




**Map 1**: Landsat and DTM image showing NW trending mineralised structure.

***Earn-in Agreement Terms***

The Company executed the Mambasa Joint Venture Agreement with Kalubamba Sarl and Medidoc FZE which granted the right to earn a 70% interest in the Mambasa Project and to act as the manager. The agreement was conditional upon the successful ASX listing of Okapi Resources Limited and which was achieved 28 September 2017.

The Mambasa Joint Venture Agreement provides for an exploration expenditure earn-in by the Company over an approximately 4 year period, with a minimum spend of US$150,000 on exploration work (Phase 1 Assessment) within 12 months of the ASX listing date and before it has the right to withdraw from the joint venture.

***Exploration Activities for the Half-year***

During the half-year and post its successful ASX listing, the Company commenced its Phase 1 Assessment exploration program at Mambasa. A total of 997 soil samples were collected from the licence areas and subsequently submitted to a commercial laboratory for analysis. This work is designed for drill target generation and to facilitate scoping of the next phase of work. These results are expected before the end of the March 2018 quarter and remain pending at the date of this report.

**The Crackerjack Project (100% owned)**

***Background***

The Company's Crackerjack Project is located approximately 85 kilometres south-west of Halls Creek in the Kimberley District of Western Australia.

On 27 September 2017, the Company announced that the conditions precedent under the Share Sale Agreement between the Company and Panex Resources Inc had been satisfied to acquire all of the issued shares in Panex Resources WA Pty Ltd, the 100% holder of exploration licence E 80/4675 ("***Crackerjack Project***")

***Exploration Activities for the Half-year***

During the half-year, the Crackerjack Project was mapped with a focus around the known historic workings. Surface weathering and shearing made the structural mapping difficult however folding of the sediments was evidenced by the strong cleavage noted in less weathered outcrop.

Generally phyllic and propylitic alteration was confirmed along mineralised structures in fine-grained meta-sediments as well as dominantly mafic medium-grained lithologies. The presence of discrete carbonate-rich horizons within the sedimentary sequence is evidence of fumarolic activity and most noted mineralisation is located within or adjacent to these areas. Trace sulphides (Arsenopyrite, Galena, Pyrite and Chalcopyrite) and copper carbonate (Malachite) are confirmed as associated with the historic workings.

Collars from 14 of 26 historic RC drill holes (drilled by Maldon Minerals in 1989) were re-discovered and surveyed. This will allow historic results from these holes to be appropriately modelled and used to optimise follow-up drilling. If possible, previously unreleased original logs and drill chips will be obtained from the historic holes, to assist with the evaluation of the gold mineral systems and enhance the predictive ability of future geochemical work.

**Stream Sediments Sampling**

During the half year, drainage channels on the project were comprehensively sampled. This was done above creek junctions so as to be representative of relatively small drainage areas. Large, coarsely-sieved samples were taken to minimize issues with the expected coarse nature of the gold particles. The detailed stream sediment sampling was intended to confirm areas of known mineralisation and to assist with future targeting. The 72 samples underwent a cyanide leach bottle roll procedure and were assayed for gold (Refer to ***Figure 1***) and a suite of indicator elements.

Best results from the stream sediment sampling program include the following (all results are in parts per billion gold):

95.4 ppb, 98.6 ppb, 100 ppb, 120 ppb, 130 ppb, 142 ppb, 160 ppb, 216 ppb, 244 ppb, 269 ppb, 311 ppb, 403 ppb, 459 ppb, 566 ppb, 1,290 ppb (1.29 ppm Au).

The results have confirmed areas of known gold mineralization, as well as highlighting three areas of unexpected alluvial gold anomalies. These areas will be more closely examined in an attempt to identify the local bedrock sources of gold and to inform on their future exploration potential.

**Rock Chip Sampling**

During the half year, there was a total of 124 rock samples taken as part of the mapping program to test specific locations for gold, several base metals and a suite of associated indicator elements.

The types of rock samples include; channel samples chipped in a representative line across a zone or structure of interest, rock chip samples taken from a point location to sample a specific feature of interest, as well as grab samples of material excavated from historic workings to obtain samples of near-surface bedrock but from an unspecified location.

Best gold assay results (Refer to ***Figure 2***) were from:

- The 'Irish Lass' line of workings - 2.825 g/t, 0.976 g/t and 0.684 g/t Au (Maldon Minerals' historic drilling returned a best intercept of 3m @ 19.2 g/t Au under these workings),

- The 'Crackerjack' group - 10.582 g/t, 2.74 g/t, 1.823 g/t and 0.856 g/t Au (best historic drilling intercepts of 1m @ 5.6 g/t Au and 3m @ 3.99 g/t Au),

- Small pits in 'The Sisters' group of historic workings - 5.327 g/t and 3.099 g/t Au (historic drilling intercept of 3m @ 3.31 g/t Au), and

- An un-named prospect now called 'The Twins' - 18.291 g/t and 9.661 g/t Au.

Gold mineralisation under the Irish Lass line of workings has a target strike length approaching 400m and results from the Crackerjack group provide three targets each around 200m in length.

The Sisters group of workings and the new Twins prospect are hosted in structurally complex areas that will require further examination to determine their full prospectively, although indications from the recent results are very encouraging.

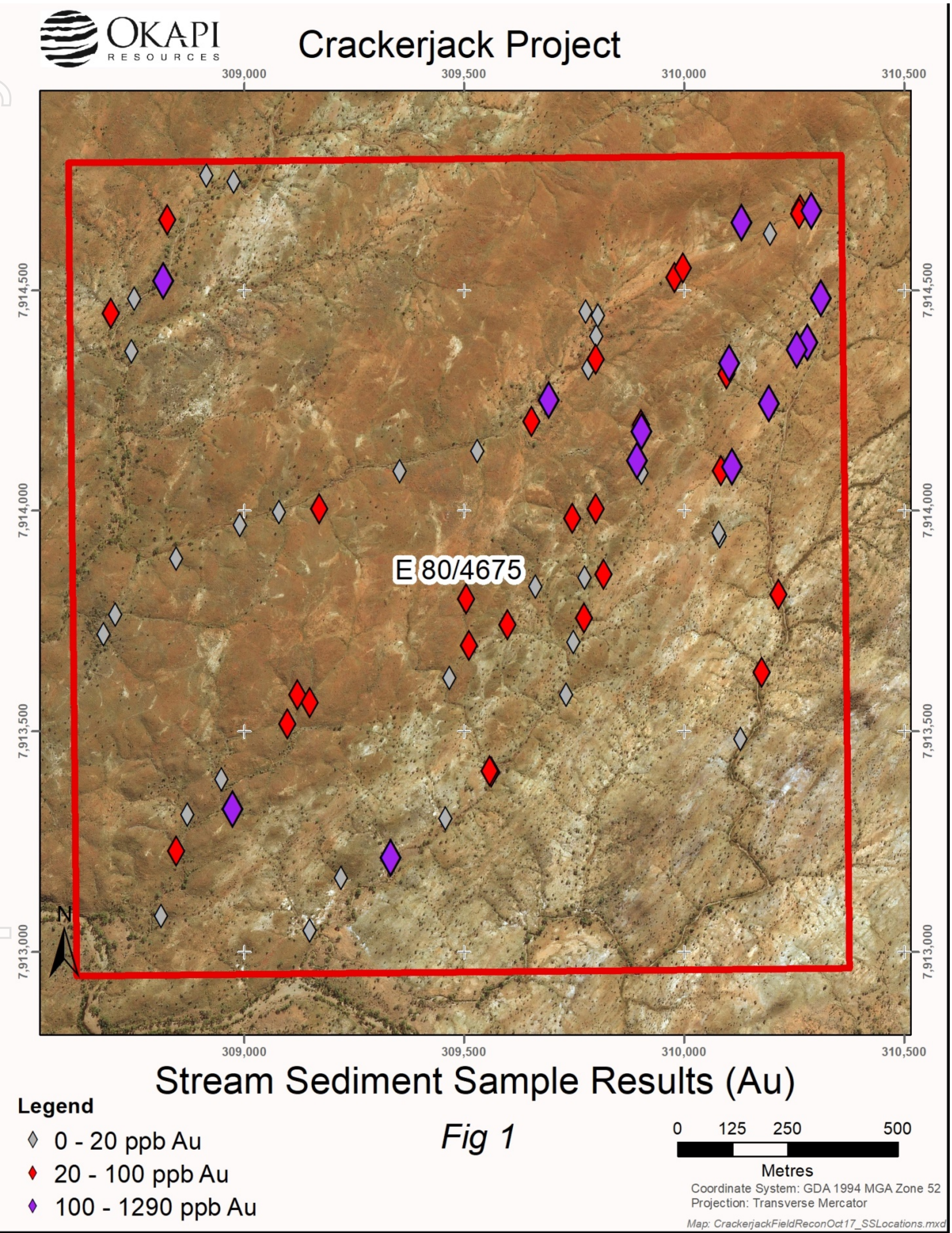
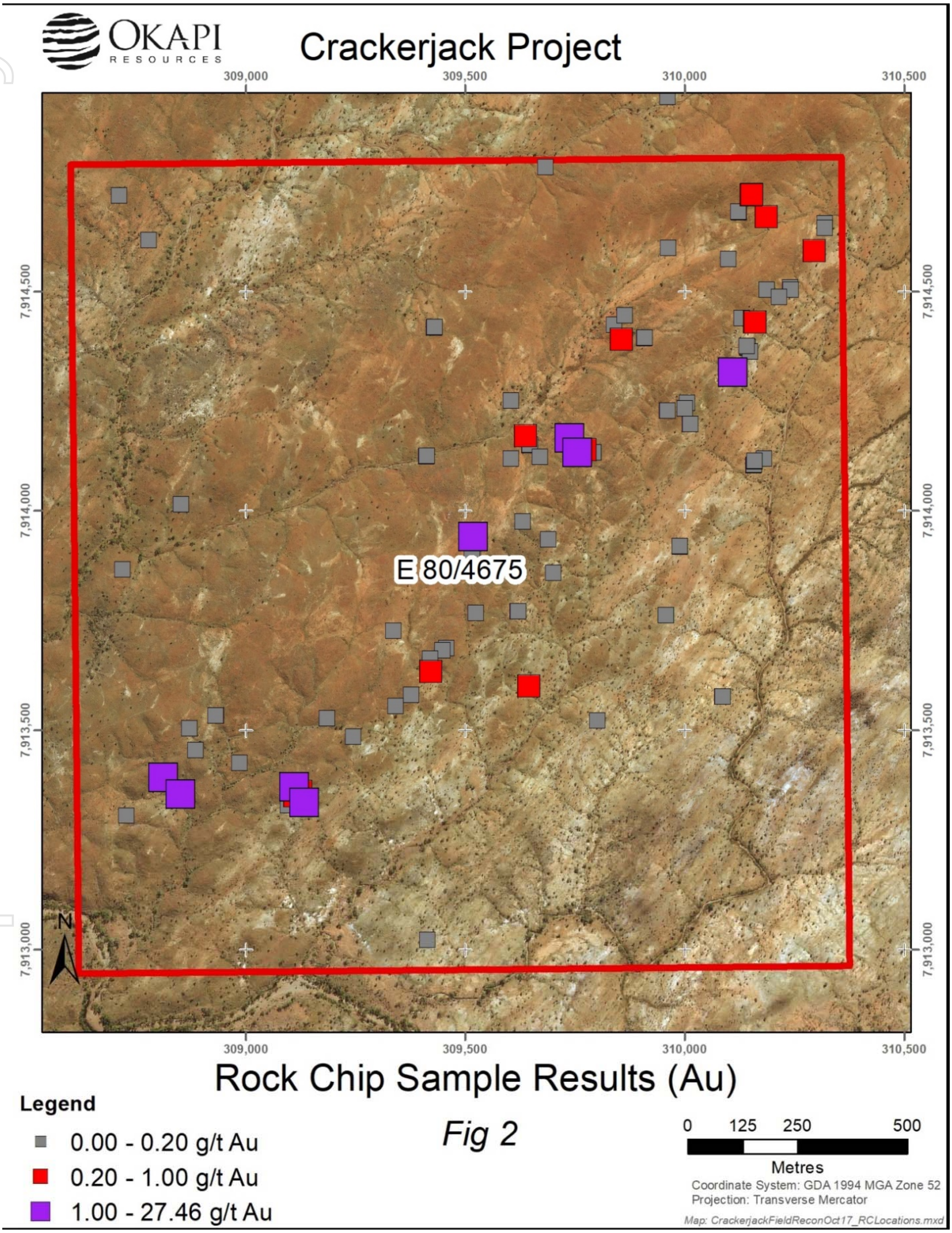

Crackerjack Project
OKAPI RESOURCES
309,000
309,500
310,000
310,500
7,914,500
7,914,000
7,913,500
7,913,000
E 80/4675
N
Stream Sediment Sample Results (Au)
Legend
0 - 20 ppb Au
20 - 100 ppb Au
100 - 1290 ppb Au
0 125 250 500
Metres
Coordinate System: GDA 1994 MGA Zone 52
Projection: Transverse Mercator
Map: CrackerjackFieldReconOct17_SSLocations.mxd

*Fig 1*


OKAPI
RESOURCES
Crackerjack Project
309,000
309,500
310,000
310,500
7,914,500
7,914,000
7,913,500
7,913,000
E 80/4675
N
Rock Chip Sample Results (Au)
Legend
0.00 - 0.20 g/t Au
0.20 - 1.00 g/t Au
1.00 - 27.46 g/t Au
Fig 2
0 125 250 500
Metres
Coordinate System: GDA 1994 MGA Zone 52
Projection: Transverse Mercator
Map: CrackerjackFieldReconOct17_RCLocations.mxd

**New Prospects Identified**

An additional two prospects were identified with 0.5 – 0.8 g/t Au rock chip results that correspond with the new areas identified by the stream sediment sampling – now called 'Nicola' and 'Louise'.

Strong weathering in the Kimberley region tends to actively leach gold from the near-surface environment, so the returned gold results are very encouraging in terms of surface samples.

Extensive strike lengths of copper and lead-rich horizons were also observed and sampled. Results from these include: 1.67 % Cu and 3.07 % Pb, 15.62 % Pb, 3.60 % Pb, 2.05 % Cu and 2.31 % Pb.

The base metal zones are relatively thin and hence are not expected to develop into economic targets in their own right, but they are strong indicators of mineralisation activity related to observed carbonate-rich horizons. Increasing the Company's understanding of their formation is expected to assist with the targeting of gold on the Project.

Considerable exploration potential has been determined by the encouraging results from this initial period of fieldwork. Several of the surface samples that returned economic grades of gold correlate with historic drilling, which confirms the potential of larger gold systems than have been expected on the project.

After modelling of the local geology at several prospects, the Company intends to design follow-up RC drill holes on a number of target zones (shown in Figure 3) and the two other new prospects will be examined in further detail to determine their possible potential.

Other future work will include obtaining Maldon's historic drilling data for Crackerjack if still available, especially geological logs and drill chips. By using multi-element (ME) analysis on available historic drill chips the Company may be able to characterize the proximal alteration signature of gold mineralisation on the Project. Similar ME information from the Company's hard rock fieldwork samples will also be used for future drill hole planning.

The geological setting of the Crackerjack deposits has similarities with the 'Saddle Reef' and 'Bedded Leg Reef' deposits of the Victorian Bendigo goldfields, which hosts relatively small but very rich gold deposits (averaging around 15 g/t Au).

Future work comparing any mineralogical, sedimentary, structural and genetic relationships relevant to gold mineralisation will be undertaken, so as to assist with modification of existing geological modeling and targets.

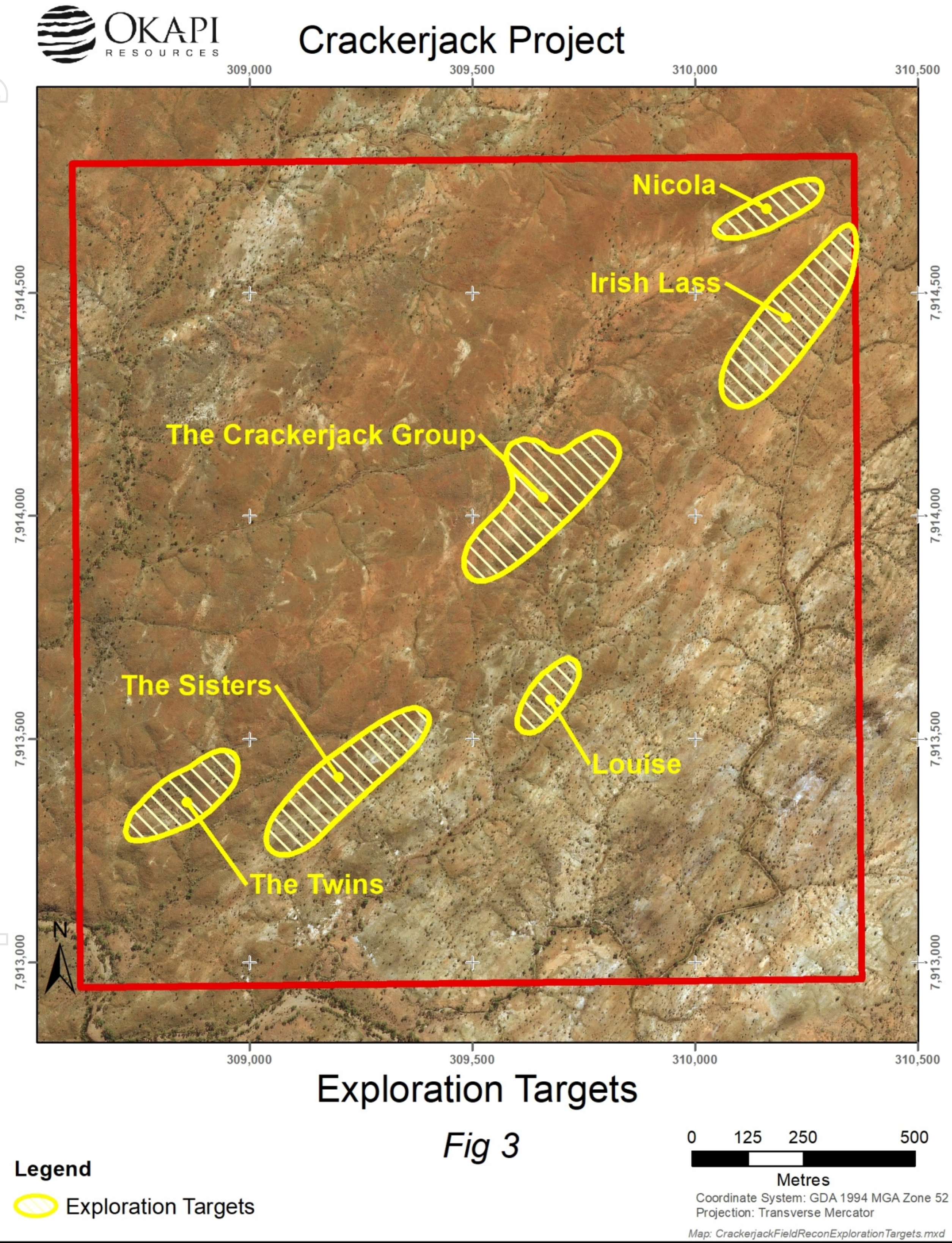

OKAPI RESOURCES
Crackerjack Project
309,000
309,500
310,000
310,500
7,914,500
7,914,000
7,913,500
7,913,000
Nicola
Irish Lass
The Crackerjack Group
The Sisters
Louise
The Twins
N
Exploration Targets
Legend
Exploration Targets
0 125 250 500
Metres
Coordinate System: GDA 1994 MGA Zone 52
Projection: Transverse Mercator
Map: CrackerjackFieldReconExplorationTargets.mxd

*Fig 3*

## Katanga Copper-Cobalt Project - Project Acquisition (Earn up to 70%)

### Background

On 25 January 2018, subsequent to the reporting date, Okapi executed an Option Agreement with local vendor, Rubamin FZC to earn up to a 70% equity right in up to three mineral exploration licences (*referred to as **Research Permits – PR's***) located in the Democratic Republic of Congo ("DRC") (Refer to ***Map 1***) and referred to as the Katanga Copper-Cobalt Project. Rubamin is the current 100% owner of Research Permits:

- PR-4981, "Luisha Project" covering an area of approximately 48km2;
- PR-5468, the "Tenke Project" covering and area of approximately 151km$^2$; and
- PR=13380, the "Ntondo Project", covering an area of approximately of 48km$^2$.

The Option Agreement grants Okapi rights to invest in the respective licences by satisfying obligations to sole fund exploration and earn the Project Interest. Subject to meeting the Exploration earn in obligations and delivering a pre-feasibility study, Okapi will earn the Project Interest which equals 70% of the overall Project for each Licence.

The Company has commenced full technical and legal due diligence of the licences over the first 90 day period as allowed under the agreement and remained in progress at the date of this report. *Refer to Section Subsequent events for Earn-in agreement key terms and conditions.*

***The Tenke Project - PR5468***

The Tenke Project is in close proximity to many deposits renowned for copper and cobalt deposits and mines including such as the significant Tenke Fungurume mining operation hosting one of the world's largest known copper and cobalt deposits; the Fwaulu deposit; Kansalawile deposit; Kwatebala deposit; Pumpi and Mambilimba deposits.

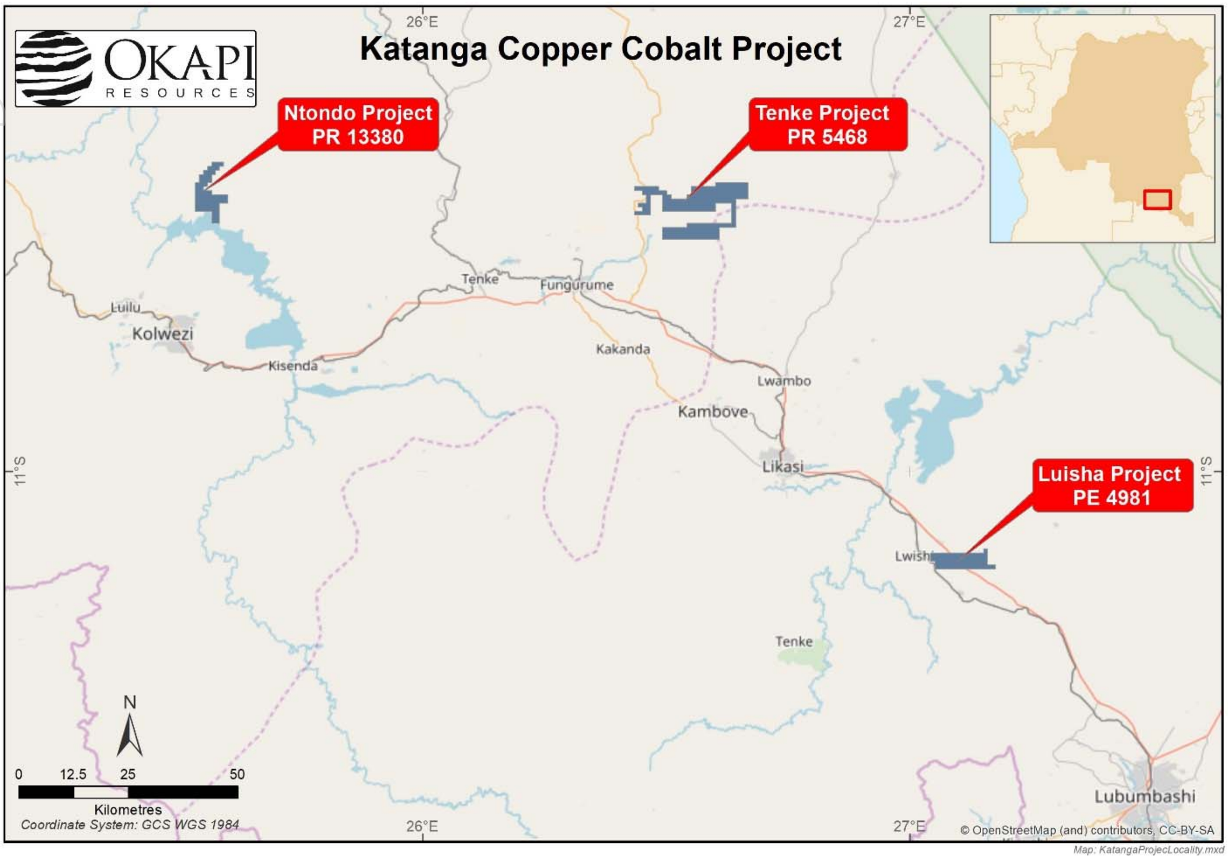
This Project is considered the highest priority of the three licences given its geological setting; "blind" Mine Group sequence units and significant mineralisation defined within a 50km radius of the licence.

***Ntondo Project - PR13380***

The Ntondo project covers an area with a structurally controlled NNE trending fault zone which is potentially mineralised and dips shallowly to the east. The fault has deformed prospective Roan rocks up against the overlying sequence of Grand Conglomerate and Kibarian Formation rocks.

These other units were not previously thought to be prospective until the blind, Kamoa Copper project deposit was discovered in Grand Conglomerate host rocks. This fault zone continues into the neighbouring tenement owned by GICC Sarl where the fault has been explored with 26 diamond drill holes and been shown to be mineralised with the best result reported at 39.6m @ 0.86% Cu.

Okapi considers the licence to hold excellent potential for blind and structurally controlled copper cobalt deposits.




**Map 1- Katanga Copper Cobalt Project**

***Luisha Project - PR4981***

The Luisha project covers a series of conceptual structural targets based on an interpretation of a local airborne geophysical survey, mapping of nearby geological structures, the likelihood of underlying Roan Formation sedimentary rocks under surficial cover and the presence of large copper cobalt mines nearby.

Tigers Resources Limited's Kipoi Cu/Co Project, lies to the south-east of the project area. This Project was selected on the basis of management's geological understanding of the area is that significant grades of cobalt and copper exist within structurally controlled units of the Mine sequence. Filed teams will investigate this potential over the next month and report back to the Company.

At the date of this report, Okapi has mobilised field personnel to undertake technical due diligence activities on each of the three licences and where possible their surrounding areas.

## CORPORATE

On 27 September 2017, the Company announced that all conditions precedent under the Share Sale Agreement between the Company and Panex Resources Inc, dated 16 June 2017, have been satisfied to acquire all of the issued shares in Panex Resources WA Pty Ltd, the holder of exploration licence E 80/4675 ("Crackerjack project"), for a consideration of $30,000.

On 27 September 2017, the Company announced that the conditions precedent under the Mambasa Joint Venture Agreement between the Company, Kalubamba SARL and Medidoc FZE (jointly referred to as the "Vendors"), dated 8 June 2017, have been satisfied. 1,000,000 ordinary fully paid shares have been issued to each of the vendors and authority given to execute a cash payment to Kalubamba SARL of USD$50,000 on confirmation of their international bank account instruction.

On 28 September 2017, the Company was Officially Admitted to the ASX and commenced trading under the ASX ticker code "OKR" and the Company also issued 1,699,999 class A performance rights, 1,699,999 class B performance rights and 1,700,002 class C performance rights, and with an effective date of the commencement of official quotation, being 28 September 2017.

On 26 October 2017, the Company announced the appointment of Mr. Raymond (Jinyu) Liu to the Board of Directors as well as the retirement of Mr. Leonard Math whom was not going to seek re-election at the 2017 AGM due to other growing corporate commitments. Mt. Liu is a qualified mining engineer (*member of AusIMM*) whom received his degree in Mining Engineering from University of Western Australia. Mr. Liu has also completed a Master of Mineral Economics from Curtin University and holds a Certificate of Western Australia Unrestricted Quarry Manager's licence. Mr Liu's appointment provides the board with complementary skills management and professional experience.

Mr Liu is also the founding managing partner in Havelock Mining Investment, a Hong Kong investment company and oversees all aspects of management activities. Havelock Mining Investment holds a 13.98% interest in the ordinary shares of Okapi Resources Ltd.

*The information in this report that relates to Exploration Results is based on and fairly represents information and supporting documentation compiled by Mr. Nigel Ferguson, a Competent Person whom is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM). Mr. Ferguson is a full-time employee of Ridgeback Holdings Pty Ltd and Director of Okapi Resources Limited. Mr Ferguson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity 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 Ferguson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

Your directors submit their report on the consolidated financial statements of Okapi Resources Limited ("Okapi" or the "Company") and the entities it controlled (the "Group") at the end of, or during, the half-year ended 31 December 2017.

## DIRECTORS

The following persons were directors of the Company during the whole of the financial period and up to the date of this report unless otherwise indicated:

Klaus Eckhof – Non-executive Chairman
Nigel M Ferguson – Managing Director
Raymond Liu (appointed 26 October 2017) – Non-executive Director
Leonard Math (resigned 26 October 2017) - Non-executive Director

## COMPANY SECRETARY

Craig Nelmes – Company Secretary

## PRINCIPAL ACTIVITIES

The Company is in the business of mineral exploration with a specific focus on gold exploration. The Company's primary aim in the near-term is to explore for, discover and develop gold deposits on the mineral exploration projects within Australia and the Democratic Republic of Congo ("DRC") it has acquired subsequent to the reporting date.

The Group's Mineral Exploration Projects are prospective for gold and/or base metals. They range from early-stage exploration over areas that have not been subject to significant exploration such as the Crackerjack Project, Australia, to more advanced exploration within the Democratic Republic of Congo ("DRC") in areas that have recorded historical mining activity and current artisanal activity at the Mambasa Project, as well as the Katanga Cobalt/Copper project it has secured an option over and currently subject to due diligence (refer to Subsequent Events commentary on page 13 of this Directors' Report).

The Group will also be actively reviewing additional projects that would create wealth for the Group and its shareholders.

## FINANCIAL REVIEW

The result of the Group for the financial period ended 31 December 2017 was a loss after tax of $666,320 (2016: N/A).

## EARNINGS PER SHARE

The basic loss per share for the period ended 30 June 2017 was 3.2 cents.

## LIKELY DEVELOPMENTS

Okapi's focus over the next financial year will be carry out early stage exploration works on its mineral resource projects and to review additional projects that may be presented to the Group.

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial period, other than the Company having completed its initial public offer ("IPO") and the subsequent ASX listing on ASX 28 September 2017.

## SUBSEQUENT EVENTS

Since the end of the financial period and to the date of this report, no matter or circumstance has arisen which 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 the subsequent financial year, except for the following:

1. On 21 January 2018, Okapi has executed an Option Agreement ("***Agreement***") with Rubamin FZC ("***Vendor***") to earn a 70% equity right in mineral licences numbered PR5468; PE4981 and PR13380 located in the Democratic Republic of Congo ("DRC"). The Option Agreement grants Okapi rights to invest in the respective licences by satisfying obligations to sole fund exploration and earn the Project Interest. Subject to meeting the Exploration earn in obligations and delivering a pre-feasibility study, Okapi will earn the Project Interest which equals 70% of the overall Project for each Licence.

   Okapi has an Exclusivity Period of up to 90 Business Days from within which to complete technical, legal and corporate due diligence and that process is continuing at the date of this report. On the decision to proceed past the due diligence phase, the key financial terms and conditions of the Agreement are as follows:

   (a) An option fee of US$25,000 per Licence is payable on the granting Okapi the Option to acquire the Project Interest and following the payment of the Option Price, Okapi will be appointed as Manager and is solely responsible for maintaining the Project, contracting, compliance with DRC Mining Laws and possession and control of Project assets;
   (b) The funding obligations for each licence over a planned three-year period post the DD phase totals US$3 million for Okapi to earn its full 70% interest;
   (c) If Okapi withdraws after meeting the Year 2 funding obligations, they have an election right to assign to a third party that portion of the earned Project Interest (subject to Rubamin's first right of refusal);
   (d) If Okapi withdraws from further funding of all Licences, then it surrenders all earned Project Interest
   (e) If Okapi decides to only put one Licence into Development, then the Project Interest will be reduced to 60% of that licence;
   (f) Okapi has the right to buy back the surrendered 10% to return to the full 70%Project Interest at the agreed price with the safeguard of independent valuation; and
   (g) Okapi is required to meet the cost of the pre-feasibility study and deliver a report in accordance with Good Industry Practice.

2. On 25 January 2018, the Company announce its decision to complete a $1.5 Million placement (before costs) to sophisticated and professional clients of Peak Asset Management Pty Ltd. On 5 February 2018, the Company issued 2,142,857 fully paid ordinary shares at an issue price of 70 cents each, from its existing ASX Listing Rule 7.1 placement capacity.

**AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration for the period ended 30 June 2017 has been received and forms part of the Directors' report and can be found on page 15 of the financial report.

Signed in accordance with a resolution of the directors made pursuant to s 298(2) of the Corporations Act 2001.

On behalf of the Directors.

**Nigel M Ferguson**
**Director**

15 March 2018
Perth, Western Australia

BUTLER SETTINERI
Real People. Better Business

**AUDITOR'S INDEPENDENCE DECLARATION**

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

a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Okapi Resources Limited and the entities it controlled during the half year ended 31 December 2017.

BUTLER SETTINERI (AUDIT) PTY LTD

MARIUS VAN DER MERWE CA
Director

Perth
Date: 15 March 2018



Unit 16, First Floor
Spectrum Offices
100 Railway Road
(Cnr Hay Street)
Subiaco WA 6008

Tel : (08) 6389 5222
Fax : (08) 6389 5255
mail@butlersettineri.com.au
www.butlersettineri.com.au

Locked Bag 18
Subiaco WA 6904
Australia

Butler Settineri (Audit) Pty Ltd
RCA No. 289109 ABN 61 112 942 373

| | Note | 31 Dec 2017 $ |
|---|---|---|
| **Revenue** | | |
| Interest income | | **14,144** |
| | | |
| **Expenditure** | | |
| Audit fees | | **7,576** |
| Compliance expenses | | **37,031** |
| Corporate expenses | | **53,858** |
| Director fees | | **108,436** |
| Employees & consultants | | **34,573** |
| Share based payments | | **364,277** |
| Promotional & website | | **47,971** |
| Administration | | **26,742** |
| Loss before income tax | | **666,320** |
| Income tax expense | | **-** |
| **Loss after income tax from continuing operations** | | **666,320** |
| | | |
| **Other Comprehensive income/(loss)** | | |
| *Items that may be reclassified to profit or loss* | | **-** |
| **Total comprehensive loss for the year** | | **666,320** |
| Basic and diluted loss per share attributable to the ordinary security holders of the Company (cents per share) | | **3.2** |

*The accompanying notes form part of these consolidated financial statements*

| | Note | 31 Dec 2017<br>$ | 30 June 2017<br>$ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | **4,035,266** | **19,062** |
| Trade and other receivables | | **103,129** | **25,224** |
| Other assets | | **14,940** | **-** |
| **Total current assets** | | **4,153,335** | **44,286** |
| | | | |
| **Non-current assets** | | | |
| Property, plant & equipment | | **29,940** | **-** |
| Deferred exploration & evaluation | **2** | **409,148** | **-** |
| Other assets | | **-** | **65,032** |
| | | **439,088** | **65,032** |
| | | | |
| **Total assets** | | **4,592,423** | **109,318** |
| | | | |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | | **106,017** | **35,300** |
| **Total current liabilities** | | **106,017** | **35,300** |
| | | | |
| **Total liabilities** | | **106,017** | **35,300** |
| | | | |
| **Net assets** | | **4,486,406** | **74,018** |
| | | | |
| **Equity** | | | |
| Issued capital | **4(a)** | **4,815,911** | **101,480** |
| Reserves | **5** | **364,277** | |
| Accumulated losses | | **(693,782)** | **(27,462)** |
| **Total equity** | | **4,486,406** | **74,018** |

*The accompanying notes form part of these consolidated financial statements*

| **2017** | **Issued Capital** | **Share-based Payments Reserve** | **Accumulated Losses** | **Total** |
|---|---|---|---|---|
| | **$** | **$** | **$** | **$** |
| *Opening Balance – 1 July 2017* | **101,480** | | (27,462) | 74,018 |
| Loss for the period | **-** | - | (666,320) | (666,320) |
| *Total comprehensive loss for the period* | **-** | | (666,320) | (666,320) |
| Shares issued during the period (Note 4(b)) | 5,100,000 | - | - | 5,100,000 |
| Share based payments – performance rights issued | - | 364,277 | - | 364,277 |
| Share issue costs | (385,569) | | - | (385,569) |
| *Balance as at 31 Dec 2017* | **4,815,911** | **364,277** | **(693,782)** | **4,486,406** |

*The accompanying notes form part of these consolidated financial statements*

| | Notes | 31 Dec 2017 $ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Interest received | | **14,144** |
| Payments for exploration & evaluation | | **(236,708)** |
| Payments to suppliers and employees | | **(290,040)** |
| **Net cash outflows from operating activities** | | **(512,604)** |
| **Cash flows from investing activities** | | |
| Payments for purchase of minerals tenements | | **(113,215)** |
| Payments for plant & equipment | | **(29,940)** |
| **Net cash outflows from investing activities** | | **(143,155)** |
| **Cash flows from financing activities** | | |
| Proceeds from share issue | **4(b)** | **5,000,000** |
| Share issue (including IPO) costs | | **(328,038)** |
| **Net cash inflows from financing activities** | | **4,671,963** |
| **Net increase in cash and cash equivalents held** | | **4,016,204** |
| Cash and cash equivalents at the beginning of the period | | **19,062** |
| **Cash and cash equivalents at the end of the period** | 4 | **4,035,266** |

*The accompanying notes form part of these consolidated financial statements*

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Statement of Compliance***

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. 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 this financial report be read in conjunction with the annual financial report for the year ended 30 June 2017 and any public announcements made by Okapi Resources Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

***Basis of preparation***

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted. For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

***Comparatives***

Okapi Resources Limited was incorporated on 27 May 2017 and as such, there exists no comparative information with respect to the prior period (31 December 2016) Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows.

***Significant accounting judgements and key estimates***

The preparation of interim financial reports requires management to make judgements, 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 interim report, the significant judgements 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.

**Accounting policies and methods of computation**

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period, except that on 13 September 2017, the Company completed the acquisition on Panex Resources (WA) Pty Ltd and as such became a Consolidated Group, and as such have now adopted the following Accounting policies:

**Principles of consolidation**

***(i) Subsidiaries***

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Okapi Resources Limited ("company" or "parent entity") as at 31 December 2017 and the results of all subsidiaries for the period. Okapi Resources Mining Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are entities the parent controls 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.

***(i) Subsidiaries (continued)***

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

***(ii) Changes in ownership interests***

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Okapi Resources Limited.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly controlled entity or associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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

In the half-year ended 31 December 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 July 2017.

As a result of this review, 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 also reviewed all of the new and revised Standards and Interpretations on issue not yet adopted that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 January 2018.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations in issue not ye adopted on the Company and therefore no material change is necessary to Group accounting policies.

## 2. DEFERRED EXPLORATION & EVALUATION

| | 31 December 2017 $ |
|---|---|
| **Non-current** | |
| ***Deferred exploration & evaluation – at cost*** | |
| Beginning of financial period | - |
| Tenement acquisition costs – issue of shares to vendors | 100,000 |
| Tenement acquisition costs – other | 145,266 |
| Exploration and evaluation costs for the period (i) | 163,882 |
| | **409,148** |

(i) This represents the exploration and evaluation activities from the ASX listing of the Group of 27 September 2017 until end of the financial period.

## 3. OTHER ASSETS

| | 31 December 2017 $ | 30 June 2017 $ |
|---|---|---|
| Non-current | | |
| Beginning of financial period | 65,032 | - |
| IPO costs incurred during the period (i) | 320,537 | 65,032 |
| Transferred to Issued Capital | (385,569) | - |
| | - | 65,032 |

(i) Represents IPO costs incurred and in relation to the prospectus, dated 28 June 2017. These costs form part of the total capital raising costs associated with the $5M raising completed and allotted on 13 September 2017 (**Note 4**).

## 4. ISSUED CAPITAL

| | 31 December 2017 $ | 30 June 2017 $ |
|---|---|---|
| **(a) Share capital** | | |
| 32,200,010 ordinary fully paid shares (June 2017: 5,200,010) | **4,815,911** | 101,480 |

| | 31 December 2017 | |
|---|---|---|
| | Number of shares | $ |
| **(b) Movements in share capital for the financial period** | | |
| *Beginning of the financial period* | 5,200,010 | 101,480 |
| *Issued during the year:* | | |
| Share issue – IPO raising @ 20 cents each | 25,000,000 | 5,000,000 |
| Share issue – IPO vendor @ 5 cents each (non-cash) | 2,000,000 | 100,000 |
| Share issue costs (**Note 3**) | - | (385,569) |
| *Balance at end of year – 30 June 2017* | **32,200,010** | **4,815,911** |

### (c) Ordinary Performance rights on issue for the half-year

During the financial period 6,700,000 unlisted Performance Rights were issued to directors, employees and/or key consultants of the Group, and for which there exists three Class each with specific performance hurdles:

| | Class A No. | Class B No. | Class C No. | Total No. |
|---|---|---|---|---|
| Opening – 1 July 2017 | - | - | - | - |
| 28 Sep 2017 - performance rights issued on ASX listing (d) | 1,699,999 | 1,699,999 | 1,700,002 | 5,100,000 |
| 21 Dec 2017 – performance rights issued under plan (d) (e) | - | 450,000 | 450,000 | 900,000 |
| Closing – 31 December 2017 | **1,699,999** | **2,149,999** | **2,150,002** | **6,000,000** |

### (d) Performance rights – Vesting Conditions

The Performance Rights shall vest upon satisfaction of the following milestones:

***Class A*** - the Company achieving and maintaining a market capitalisation of $12m or more for a continuous period of 30 days on or before 31 December 2021, and the vesting condition was met on 14 December 2017. No exercise of these performance rights has been received as at the date of this report.
***Class B*** - the Company achieving and maintaining a market capitalisation of $18m or more for a continuous period of 30 days on or before 31 December 2021.
***Class C*** - the Company achieving and maintaining a market capitalisation of $24m or more for a continuous period of 30 days on or before 31 December 2021

### (e) Performance Rights Plan

The Incentive Performance Rights Plan, was approved by shareholders at the 2017 AGM.

## 5. RESERVES

| | 31 December 2017 $ |
|---|---|
| **(a) Reserves** | |
| Share-based payments reserve | 364,277 |
| | **364,277** |
| **(b) Movements:** | |
| Balance at beginning of period | - |
| Share based payments expense – performance rights (**Note 5(c)**) | 364,277 |
| Balance at end of period | **364,277** |

### (c) Share based payments – performance rights expense for the period

| | Class A | Class B | Class B | Class C | Class C |
|---|---|---|---|---|---|
| Number Issued (No.) | 1,699,999 | 1,699,999 | 450,000 | 1,700,002 | 450,000 |
| Grant Date | 28-Sep-2017 | 28-Sep-2017 | 21-Dec-2017 | 28-Sep-2017 | 21-Dec-2017 |
| Expiry/Amortisation Date | 14-Dec-2017[1] | 31-Dec-2021 | 31-Dec-2021 | 31-Dec-2021 | 31-Dec-2021 |
| Volatility percentage (%) | 100% | 100% | 100% | 100% | 100% |
| Risk free rate (%) | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% |
| Underlying Fair Value on Grant ($) | $0.20 | $0.1112 | $0.3187 | $0.1007 | $0.2958 |
| Total Fair Value ($) – Life of Right | $340,000 | $189,040 | $143,415 | $171,190 | $133,110 |
| Total Fair Value ($) – Expensed 31 December 2017 | $340,000 | $11,656 | $1,072 | $10,555 | $994 |
| | | | | | **$364,277** |

[1] The vesting condition achieved on 14 December 2017 (**Note 4(d)**)

## 6. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. For management purposes, the Group has identified two reportable segments being exploration activities undertaken in the Australasian and African geographical regions.

Each segment includes the activities associated with the determination and assessment of the existence of commercial economic reserves from the Group's interest (including where an interest is being contractually earned) in mineral assets.

Segment performance is evaluated based on the operating profit or loss and cash flows and is measured in accordance with the Group's accounting policies.

| | **Australasia** | **Africa** | **Consolidated Total** |
|---|---|---|---|
| | **31 Dec 2017** | **31 Dec 2017** | **31 Dec 2017** |
| | **$** | **$** | **$** |
| Segment revenue | - | - | - |
| Reconciliation of segment revenue to total revenue before tax: | | | |
| Interest revenue | | | **14,144** |
| Other revenue | | | - |
| **Total revenue** | | | **14,144** |
| Segment result | **(29,975)** | **(19,983)** | **(49,958)** |
| Reconciliation of segment result to net loss before tax: | | | |
| Share based payments – performance rights and options | | | **(364,277)** |
| Other corporate and administration | | | **(252,086)** |
| **Net loss before tax** | | | **(666,320)** |

| | **31 Dec 2017** | 30 Jun 2017 | **31 Dec 2017** | 30 Jun 2017 | **31 Dec 2017** | 30 Jun 2017 |
|---|---|---|---|---|---|---|
| | **$** | $ | **$** | $ | **$** | $ |
| Segment operating assets | **175,164** | - | **252,127** | - | **427,292** | - |
| Reconciliation of segment operating assets to total assets: | | | | | | |
| Other corporate and administration assets | | | | | **4,165,131** | 109,318 |
| **Total assets** | | | | | **4,592,423** | 109,318 |
| Segment operating liabilties | **(20,034)** | (45,408) | | | **(65,442)** | - |
| Reconciliation of segment operating liabilities to total liabilities: | | | | | | |
| Other corporate and administration liabilities | | | | | **(40,575)** | (35,300) |
| **Total liabilities** | | | | | **(106,017)** | (35,300) |

## 7. LOSS PER SHARE

| | **December 2017 $** |
|---|---|
| *(a) Reconciliation of earnings used in calculating loss per share* | |
| Loss attributable to the owners of the company used in calculating basic and diluted loss per share | 666,320 |
| *(b) Weighted average number of shares used as the denominator* | |
| Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share | 21,102,713 |
| Basic and diluted loss per share attributable to the ordinary security holders of the Company (cents per share) | **3.2** |

## 8. SUBSEQUENT EVENTS

Since the end of the financial period and to the date of this report, no matter or circumstance has arisen which has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in the subsequent financial year, except for the following:

1. On 21 January 2018, the Company has executed an Option Agreement ("***Agreement***") with Rubamin FZC ("***Vendor"***) to earn a 70% equity right in mineral licences numbered PR5468; PE4981 and PR13380 located in the Democratic Republic of Congo ("DRC"). The Option Agreement grants Okapi rights to invest in the respective licences by satisfying obligations to sole fund exploration and earn the Project Interest. Subject to meeting the Exploration earn in obligations and delivering a pre-feasibility study, Okapi will earn the Project Interest which equals 70% of the overall Project for each Licence.

   Okapi has an Exclusivity Period of up to 90 Business Days from within which to complete technical, legal and corporate due diligence and that process is continuing at the date of this report. On the decision to proceed past the due diligence phase, the key financial terms and conditions of the Agreement are as follows:

   (a) An option fee of US$25,000 per Licence is payable on the granting Okapi the Option to acquire the Project Interest and following the payment of the Option Price, Okapi will be appointed as Manager and is solely responsible for maintaining the Project, contracting, compliance with DRC Mining Laws and possession and control of Project assets;
   (b) The funding obligations for each licence over a planned three-year period post the DD phase totals US$3 million for Okapi to earn its full 70% interest;
   (c) If Okapi withdraws after meeting the Year 2 funding obligations, they have an election right to assign to a third party that portion of the earned Project Interest (subject to Rubamin's first right of refusal);
   (d) If Okapi withdraws from further funding of all Licences, then it surrenders all earned Project Interest
   (e) If Okapi decides to only put one Licence into Development, then the Project Interest will be reduced to 60% of that licence;
   (f) Okapi has the right to buy back the surrendered 10% to return to the full 70%Project Interest at the agreed price with the safeguard of independent valuation; and
   (g) Okapi is required to meet the cost of the pre-feasibility study and deliver a report in accordance with Good Industry Practice.

2. On 25 January 2018, the Company announce its decision to complete a $1.5 Million placement (before costs) to sophisticated and professional clients of Peak Asset Management Pty Ltd. On 5 February 2018, the Company issued 2,142,857 fully paid ordinary shares at an issue price of 70 cents each, from its existing ASX Listing Rule 7.1 placement capacity.

In the directors' opinion:

1. the financial statements and notes set out on pages 16 to 25 are in accordance with the Corporations Act 2001, including:

    (a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

    (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and

2. there are reasonable grounds to believe that Okapi Resources Limited 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 directors.

On behalf of the Board.

**Nigel M Ferguson**
**Director**

15 March 2018
Perth, Western Australia

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

## Report on the half year financial report

## Conclusion

We have reviewed the accompanying half year financial report of Okapi Resources Limited ("the Company") and its controlled entities ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 31 December 2017 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of the Consolidated Entity is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the consolidated financial position of the Consolidated Entity as at 31 December 2017 and of its consolidated financial performance for the half year ended on that date; and

b) 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 the 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 gives a true and fair view and 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 Engagement 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, anything has come to our attention that causes us to 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 consolidated financial position as at 31 December 2017 and its consolidated 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.*



Unit 16, First Floor
Spectrum Offices
100 Railway Road
(Cnr Hay Street)
Subiaco WA 6008

Tel : (08) 6389 5222
Fax : (08) 6389 5255
mail@butlersettineri.com.au
www.butlersettineri.com.au

Locked Bag 18
Subiaco WA 6904
Australia

Butler Settineri (Audit) Pty Ltd
RCA No. 289109 ABN 61 112 942 373

As the auditor of the Company, 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 audited 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*.

BUTLER SETTINERI (AUDIT) PTY LTD

MARIUS VAN DER MERWE CA
Director

Perth
Date: 15 March 2018