

HUNTER RESOURCES PLC

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 30 JUNE 2016**

REPORT OF THE EXECUTIVE CHAIRMAN

Dear Shareholder,

I am pleased to announce the results for Hunter Resources plc ('Hunter' or the 'Company') for the six months ended 30 June 2016.

Hunter Resources plc ("Hunter" or the "Company") is currently suspended on AIM pending the satisfaction of the Rule 9 conditions imposed on the Company by AIM on its re-admission to trading in July 2014. The conditions are that the Company must acquire 51% of its Pampamali gold and base metals project in Peru (details on www.hunter-resources.com). Negotiations to conclude this acquisition and the transfer of the tenements into a new company are at an advanced stage. We anticipate that the Company's shares will return from suspension on completion of the acquisition and the transfer of the tenements. We expect to be able to give an update on this shortly.

The Company announced during the period that it had agreed a new financing facility of £100,000 with Marine Investments (WA) Pty Limited ("Marine"), its largest shareholder, to provide an interim funding facility (the "Facility") to the Company (see Note 4). The Facility came in two parts. The first part of the Facility (the "Initial Facility") involved a loan of £50,000 on terms as announced on 20 June 2016. The second part, which included rolling over the Initial Facility, into a convertible loan note, was subject to the approval by shareholders of certain resolutions relating to the share capital of the Company at the annual general meeting held on 12 July 2016. The terms of the second part of the Facility were also announced on 20 June 2016. As set out in that announcement the Facility is convertible into new ordinary shares in the Company at a price of 0.157 pence per ordinary share (being a 15% discount to the closing mid-market price on 14 June 2016) at any time up until maturity.

As announced the Facility was to satisfy the short-term general working capital requirements of the Company, but the Company will look to raise further capital during 2016. More details on this will be announced shortly.

Simon D Hunt
Executive Chairman
21 September 2016

CONSOLIDATED INCOME STATEMENT

		6 months ended 30 June 2016 (Unaudited)	6 months ended 30 June 2015 (Unaudited)	12 months ended 31 December 2015 (Audited)
	Note	£'000	£'000	£'000
Administrative expenses		(57)	(95)	(213)
Investment revenues		-	-	3
Loss before taxation		(57)	(95)	(210)
Taxation		-	-	-
LOSS FOR THE PERIOD		(57)	(95)	(210)
LOSS PER SHARE				
Basic and diluted loss per share – pence	2	(0.04)	(0.07)	(0.16)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		6 months ended 30 June 2016 (Unaudited)	6 months ended 30 June 2015 (Unaudited)	12 months ended 31 December 2015 (Audited)
		£'000	£'000	£'000
Loss for the period		(57)	(95)	(210)
Items that will be reclassified subsequently to profit or loss:				
Foreign exchange translation differences		(10)	-	(2)
Other comprehensive income for the year		(10)	-	(2)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		(67)	(95)	(212)

All results derive from continuing operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2016 (Unaudited)	30 June 2015 (Unaudited)	31 December 2015 (Audited)
	Note	£'000	£'000	£'000
ASSETS				
Non-current assets				
Exploration and evaluation assets	3	543	436	495
		<u>543</u>	<u>436</u>	<u>495</u>
Current assets				
Prepayments		11	11	7
Other receivables		9	25	6
Cash and cash equivalents		35	272	96
		<u>55</u>	<u>308</u>	<u>109</u>
TOTAL ASSETS		<u>598</u>	<u>744</u>	<u>604</u>
LIABILITIES				
Current liabilities				
Loan notes	4	50	-	-
Trade and other payables		38	50	27
TOTAL LIABILITIES		<u>88</u>	<u>50</u>	<u>27</u>
NET CURRENT (LIABILITIES) / ASSETS		<u>(33)</u>	<u>258</u>	<u>82</u>
NET ASSETS		<u>510</u>	<u>694</u>	<u>577</u>
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
Share capital	5	2,170	2,170	2,170
Share premium		5,406	5,406	5,406
Currency translation reserve		458	470	468
Accumulated losses		(7,524)	(7,352)	(7,467)
		<u>510</u>	<u>694</u>	<u>577</u>

These Interim financial statements were approved by the Board of Directors and authorised for issue on 20 September 2016. Signed on behalf of the Board of Directors by:

Simon Hunt
Director and Executive Chairman
21 September 2016

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Currency translation reserve £'000	Accumulated losses £'000	Total £'000
Balance at 1 January 2015 (Audited)	2,170	5,406	470	(7,257)	789
Loss for the period	-	-	-	(95)	(95)
Total comprehensive income for the period	-	-	-	(95)	(95)
Balance at 30 June 2015 (Unaudited)	2,170	5,406	470	(7,352)	694
Loss for the period	-	-	-	(115)	(115)
Other comprehensive income:					
Exchange translation loss on foreign operations	-	-	(2)	-	(2)
Total comprehensive income for the period	-	-	(2)	(115)	(117)
Balance at 31 December 2015 (Audited)	2,170	5,406	468	(7,467)	577
Loss for the period	-	-	-	(57)	(57)
Other comprehensive income:					
Exchange translation loss on foreign operations	-	-	(10)	-	(10)
Total comprehensive income for the period	-	-	(10)	(57)	(67)
Balance as at 30 June 2016 (Unaudited)	2,170	5,406	458	(7,524)	510

CONSOLIDATED CASH FLOW STATEMENT

	6 months ended 30 June 2016 (Unaudited)	6 months ended 30 June 2015 (Unaudited)	12 months ended 31 December 2015 (Audited)
Note	£'000	£'000	£'000
Cash flows from operating activities			
Loss for the period	(57)	(95)	(210)
Adjustments for:			
Investment revenues	-	-	(3)
Foreign exchange (gain) / loss	(42)	5	(13)
Operating cash flows before movements in working capital	(99)	(90)	(226)
(Increase) / decrease in receivables	(8)	3	26
Increase / (decrease) in trade and other payables	11	(31)	(50)
Cash used in operating activities	(96)	(118)	(250)
Cash flows from investing activities			
Acquisition of intangible assets	(16)	(85)	(131)
Net cash used in investing activities	(16)	(85)	(131)
Cash flows from financing activities			
Proceeds from the issue of loan notes	4	50	-
Net cash provided by financing activities	50	-	-
Net decrease in cash and cash equivalents	(62)	(203)	(381)
Effects of exchange rate changes on the balance of cash held in foreign currencies	1	(3)	(1)
Cash and cash equivalents at the beginning of the period	96	478	478
Cash and cash equivalents at the end of the period	35	272	96

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Hunter Resources Plc is a company incorporated and domiciled in the Isle of Man, under the Companies Act 2006, with registered number 011261V.

The Interim financial statements, which are unaudited and have not been reviewed by the Company's auditor, have been prepared in accordance with the IFRS accounting policies adopted by the Group and set out in the 2015 Financial Statements. The Group does not anticipate any change in these accounting policies for the year ended 31 December 2016.

The Interim financial statements have been prepared to comply with the requirements of the AIM Rules. In preparing the Interim financial statements, the Group has adopted the guidance in the AIM Rules for interim accounts which do not require that the Interim financial statements are prepared in accordance with IAS 34, 'Interim financial reporting'. While the financial figures included in this report have been computed in accordance with IFRSs applicable to interim periods, this report does not contain sufficient information to constitute interim financial statements as that term is defined in IFRSs.

The financial information contained in this Interim report also does not constitute statutory accounts under the Isle of Man Companies Acts 1931 to 2004 or the Isle of Man Companies Act 2006. The financial information for the year ended 31 December 2015 is based on the 2015 Financial Statements. The auditors reported on those accounts: while their report was unqualified it included a statement of emphasis of matter regarding the Company and Group's going concern status. Readers are referred to the auditors' report to the 2015 Financial Statements (available at www.hunter-resources.com).

The Interim financial statements have been prepared in accordance with the IFRS principles applicable to a going concern, which contemplate the realisation of assets and liquidation of liabilities during the normal course of operations. Having carried out a going concern review in preparing the Interim financial statements, the Directors have concluded that there is a reasonable basis to adopt the going concern principle.

The Group's presentation currency is Great British Pounds ('£' or GBP) which is the functional currency of the Company and the currency of the country in which the Company's Ordinary Shares are listed on AIM. Except where otherwise noted, amounts are presented in this Interim report in rounded thousands of £'s.

2. LOSS PER ORDINARY SHARE

There is no difference between the diluted loss per share and the basic loss per share presented as the Group is loss making in all periods presented.

The calculation of basic and diluted loss per share is based on the following data:

	6 months ended 30 June 2016 (Unaudited)	6 months ended 30 June 2015 (Unaudited)	12 months ended 31 December 2015 (Audited)
Loss for the period - £'000	(57)	(95)	(210)
Weighted average number of Ordinary Shares	133,195,035	133,195,035	133,195,035
Basic and diluted loss per Ordinary Share – pence	(0.04)	(0.07)	(0.16)

3. EXPLORATION AND EVALUATION ASSETS

	Intangible assets £'000
COST AND NET BOOK VALUE	
At 1 January 2015 (audited)	353
Additions	85
Foreign exchange loss	(2)
At 30 June 2015 (unaudited)	436
Additions	46
Foreign exchange gain	13
At 31 December 2015 (audited)	495
Additions	16
Foreign exchange gain	32
At 30 June 2016 (unaudited)	543

Exploration and evaluation assets comprise the Group's initial investments to participate in exploration and evaluation projects, including the Pampamali Project and the Prospero Project, related legal and other expenditure, and expenditure incurred by the Group in the initial and ongoing exploration and evaluation of the resource at these projects. Initial exploration and evaluation expenditure includes, *inter alia*, the initial geological assessment and environmental impact assessment of the project, geological analysis, drilling, trenching, sample analysis and similar expenditure. Ongoing exploration and evaluation expenditure is expenditure which is directly attributable to the exploration and evaluation of the Group's license sites, such as geological analysis, drilling, trenching, sample analysis and similar expenditure.

Expenditure incurred in the Group's general administrative activities in Peru is expensed to profit and loss as incurred.

Further details on development of the Group's exploration and evaluation assets is provided in the Report of the Executive Chairman.

4. BORROWINGS

	30 June 2016 (Unaudited)	30 June 2015 (Unaudited)	31 December 2015 (Audited)
Loan from Marine	50	-	-

On 20 June 2016, the Company agreed a new financing facility with Marine, its largest shareholder, to provide an interim funding facility to the Company. The Facility comes in two parts. The terms of the Initial Facility are as follows:

- an initial loan amount of £50,000;
- interest payable at 8% per annum on the amount of the Initial Facility;
- it is unsecured; and
- the Initial Facility is for a term of three months.

The Initial Facility was drawn down in full by the Company during the Period.

The second part of the Facility was subject to the resolution to remove the par value at the 2016 AGM held on 12 July 2016, which was obtained subsequent to the period end. The terms of the Second Facility are as follows:

- a total loan amount of £100,000, including a rolling over of the Initial Facility;
- interest payable at 8% per annum on the full amount of the Facility;
- it is unsecured;
- for a term of two years, with early repayment by mutual consent;
- the Facility is convertible into new Ordinary Shares in the Company at a price of 0.157 pence per Ordinary Share (being a 15% discount to the closing mid-market price on 14 June 2016) at any time up until maturity; and
- warrants to be issued on the basis of one warrant for every two Ordinary Shares issued on conversion. The warrants will entitle Marine to subscribe for new Ordinary Shares in the Company at a price of 0.157 pence per ordinary share for a period of three years following conversion.

The Second Facility was drawn down in full subsequent to the period end.

The Facility is expected to satisfy the short-term general working capital requirements of the Company, but the Company anticipates the need to raise further capital during 2016.

5. SHARE CAPITAL AND SHARE PREMIUM

The authorised share capital of the Company is comprised of the following at all balance sheet dates presented:

	No.	£
Ordinary Shares of £0.01 each	300,000,000	3,000,000
Deferred Shares of £0.09 each	20,000,000	1,800,000
	320,000,000	4,800,000

The Company's Ordinary Shares carry no right to fixed income. Each Ordinary Share carries the right to one vote at the general meetings of the Company. The Company's Deferred Shares do not carry voting rights or a right to receive a dividend. The holders of Deferred Shares do not have the right to receive notice of any general meeting of the Company, nor have any right to attend, speak or vote at any such meeting. In addition, holders of Deferred Shares will only be entitled to a payment on a return of capital or on a winding up of the Company after each of the holders of Ordinary Shares has received a payment of £100,000 in respect of each Ordinary Share. Accordingly, the Deferred Shares have no economic value. The Deferred Shares are not admitted to trading on any stock exchange.

No new Ordinary Shares were issued in any period presented. In all periods presented, the issued share capital of the Company comprised:

	Number of Ordinary Shares Issued and Fully Paid	Number of Deferred Shares Issued and Fully Paid	Share capital £'000	Share premium £'000
Balance at 31 December 2014, 30 June 2015, 31 December 2015 and 30 June 2016	133,195,035	9,316,483	2,170	5,406

Subsequent to the period end, at the 2016 AGM held on 12 July 2016, the Shareholders approved the removal of the par value of the Company's Ordinary Shares. Accordingly, the Company's Ordinary Shares were re-designated as Ordinary Shares of no par value with effect from that date.

6. ULTIMATE CONTROLLING PARTY

As at the date of this report, the Directors are of the opinion that there is no ultimate controlling party of the Company.

7. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

7.1. Drawdown on the Second Facility

As announced on 27 July 2016, the Company completed the drawdown of the Second Facility subsequent to the period end. Further details on the Second Facility are provided in note 4.

7.2. Removal of the par value of the Company's Ordinary Shares

As more fully described in note 5, the Company's Ordinary Shares were re-designated as ordinary shares of no par value at the 2016 AGM following the removal of the par value of this class of shares. The removal of the par value and re-designation was completed to permit the Company to issue new Ordinary Shares.

TERMS USED IN THIS REPORT

'2015 Financial Statements'	the Group and Company audited financial statements for the year ended 31 December 2015 available at the Company's website, www.hunter-resources.com ;
'2016 AGM'	The Annual General Meeting of Shareholders of the Company held on 12 July 2016.
'AIM'	the market of that name operated by the London Stock Exchange;
'AIM Rules'	the rules which set out the obligations and responsibilities in relation to companies whose shares are admitted to AIM as published and amended from time to time by the London Stock Exchange;
'Board' or 'Directors'	the directors of the Company;
'Company' or 'Hunter'	Hunter Resources plc;
'Deferred Shares'	Deferred shares of £0.09 each in the share capital of the Company;
'Facility'	the £100,000 interim funding facility provided to the Company by Marine, as more fully described in note 4.
'Gold Hunter'	Gold Hunter S.A.C., a company incorporated in Peru with certificate number 13164856;
'Group'	the Company and its subsidiary undertakings;
'Initial Facility'	the initial £50,000 made available to the Company under the Facility and drawn down by the Company in the Period;
'Interim financial statements'	the condensed consolidated financial statements of the Group for the six months ended 30 June 2016;
'Interim report'	the Interim financial statements, collectively with the Report of the Executive Chairman;
'Marine'	Marine Investments (WA) Pty Limited, a company incorporated in Western Australia, with ABN number 57 315 206 483;
'Ordinary Shares'	ordinary shares of £0.01 each in the share capital of the Company until the 2016 AGM and ordinary shares of no par value subsequent to the 2016 AGM;
'Pampamali Project'	the 8 Pampamali mineral exploration concessions located in central Peru in the department of Huancavelica;
'Period'	the six-month period ended 30 June 2016;
'Propsero Project'	tenements comprising 5,000 hectares to the North West of the Pampamali Project;
'Second Facility'	the second part of the Facility, drawn down by the Company subsequent to the period end;
'Shareholders'	holders of the Company's Ordinary Shares and / or Deferred Shares;