

# **PADBURY MINING LIMITED**

ABN 12 009 076 242

## **HALF-YEAR FINANCIAL REPORT**

**FOR HALF-YEAR ENDED**

**31 DECEMBER 2014**

# **PADBURY MINING LIMITED**

## **HALF-YEAR REPORT**

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# **PADBURY MINING LIMITED**

## **CORPORATE DIRECTORY**

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### **DIRECTORS**

Terrence Quinn (Chairman)  
Gary Stokes (Managing Director)  
William Han (Non-Executive Director)

### **JOINT COMPANY SECRETARIES**

Graham Anderson  
Leonard Math

### **REGISTERED AND PRINCIPAL OFFICE**

100 Colin Street  
West Perth WA 6005

Telephone: (08) 6460 0250  
Facsimile: (08) 6460 0254

### **SHARE REGISTRY**

Automatic Share Registry Services  
Suite 1a, Level 1  
7 Ventnor Avenue  
West Perth WA 6005

Telephone: (08) 9324 2099  
Facsimile: (08) 9321 2337

### **AUDITORS**

RSM Bird Cameron Partners  
8 St Georges Terrace  
Perth WA 6000

### **AUSTRALIAN SECURITIES EXCHANGE**

Padbury Mining Limited shares (PDY) are listed on the  
ASX Limited

## **PADBURY MINING LIMITED**

### **DIRECTORS' REPORT**

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Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2014.

#### **DIRECTORS**

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

Terence Quinn (Chairman)  
Gary Stokes (Managing Director)  
William Han (Non-Executive Director)

#### **REVIEW OF OPERATIONS**

The net loss for the half-year ended 31 December 2014 was \$2,612,447 (31 December 2013 - \$1,570,525).

#### ***Potential Investment***

During the period Management was invited to Hong Kong and to China on several occasions to discuss investment in Padbury given its position in the Midwest and China's continued pursuit of global resources. In particular, China's policy position to shift pollution created by its mining and steel making activities (predominantly coal powered power stations servicing its extensive magnetite beneficiation) back to its source has created an opportunity for magnetite processing in Western Australia.

In addition, China's policy shift towards allowing greater freedom for its State Owned Enterprises to invest in resources has meant a renewed interest in magnetite resources globally.

This has translated into increased interest in Padbury and its magnetite resource.

Negotiations have been proceeding for several months with potential Chinese investors and this is continuing.

In addition, Padbury raised \$1 million from two Chinese sophisticated investors.

#### ***Tenement Acquisitions***

Padbury signed an option agreement to acquire outright Ferrowest Limited's Yogi Mine Project located in the Midwest.

As the Yogi Mine Project was a significant part of Ferrowest's business undertakings, the transaction was conditional on Ferrowest receiving shareholder approval for the sale. This approval was granted on 23 February 2015 and is awaiting settlement.

The Ferrowest Yogi Mine Project aimed to mine magnetite iron ore and concentrate it at site. There is currently a 572.5Mt Inferred Resource (JORC 2004) of magnetite at 27.5% Fe at Yogi.

The Yogi magnetite mineralisation consists of a 30km long strike of magnetite banded iron formation trending north-south, 14km due east of Yalgoo.

The iron mineralisation straddles the Geraldton to Mount Magnet highway and is serviced by excellent existing infrastructure including natural gas, road, water and the existing port.

# PADBURY MINING LIMITED

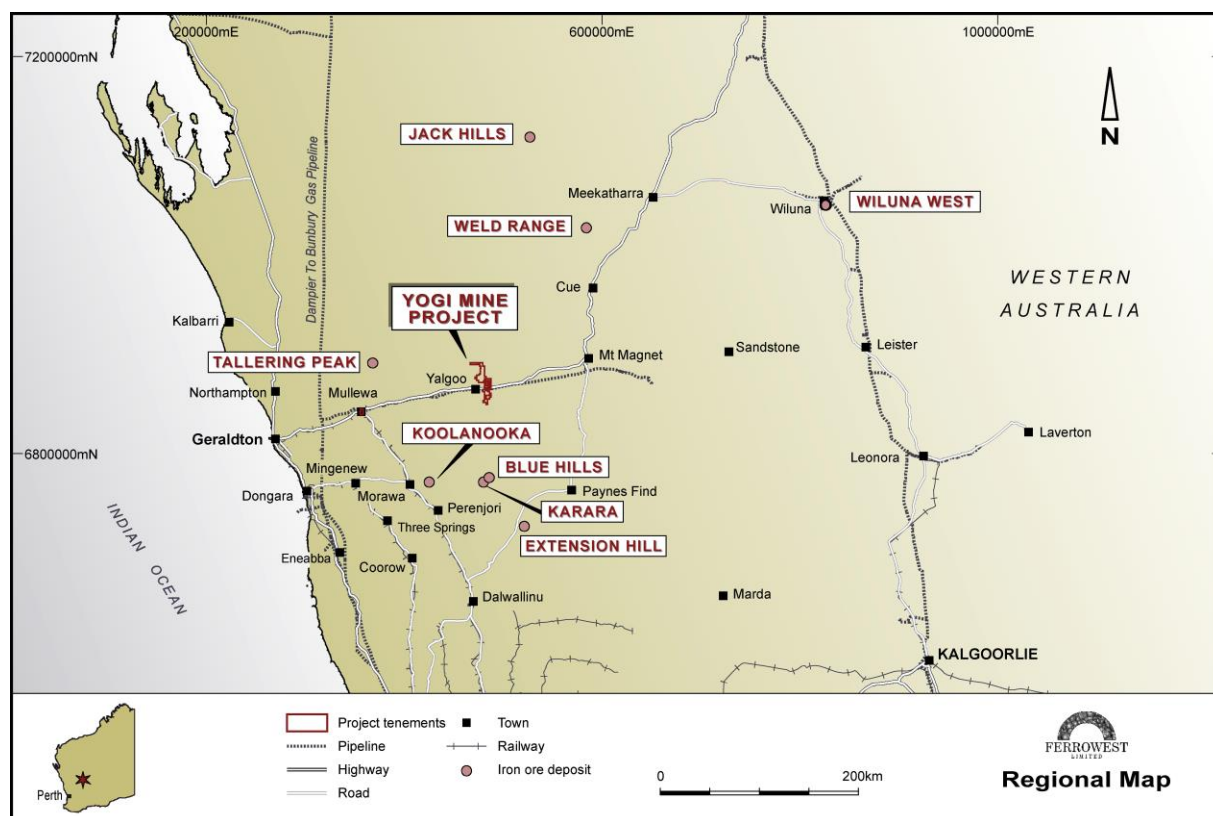
## DIRECTORS' REPORT

A Preliminary Feasibility Study has been completed and some work undertaken on a Bankable Feasibility Study. The majority of the long lead items for the feasibility studies have been completed and Ferrowest has identified no significant issues with flora, fauna or heritage studies undertaken to date. The Yogi mine site is not in an environmentally sensitive area.

The tenements to be acquired are:

- (a) Mining leases 59/525, 59/634, 59/635, 59/636, 59/637 and 59/740
- (b) Exploration licences 59/1348 and 59/1097
- (c) Prospecting licence 59/2028
- (d) Miscellaneous licence 59/119

The total payment for the Yogi Mine Project is \$750,000 plus a non-refundable option fee of \$20,000 which was paid at the time of signing the option.



### Location of Yogi Project

In addition, Padbury signed and exercised an option agreement to acquire Radar Iron's Johnson Range and Die Hardy projects located in the Central Yilgarn.

The Die Hardy project has an Indicated magnetite JORC Resource of 214.9Mt @ 26.7% Fe and an Inferred magnetite JORC Resource of 137.6Mt @ 25.2% Fe. The Johnson Range project has an Inferred Hematite JORC Resource of 2.1Mt @ 57.6% Fe.

The total payment for the two tenement groups is \$500,000 plus a non-refundable option fee of \$10,000 which was paid at the time of signing. Settlement is pending.

## PADBURY MINING LIMITED

### DIRECTORS' REPORT

Padbury will acquire the iron ore rights and the tenements for the Johnston Range hematite deposit:

- E77/1280-1,
- E77/1281-1,
- E1807-1
- E77/1961-1

Padbury will acquire the iron ore rights to the Die Hardy magnetite deposits which are contained within the following tenements which are owned by Southern Cross Goldfields Ltd (E77/1164-1, P77/3461, P77/3462 under pending M77/1264; E77/1164-1, P77/3460, P77/3461, P77/3462, P77/4077 and P77/4078).

### **TENEMENT MANAGEMENT**

As part of the ongoing development of the Peak Hill Project much preparatory work was undertaken to apply for a Mining Lease over the current mineral deposit areas at Telecom Hill.

Padbury has made considerable advancement on the Project over the last four years. During this time Padbury has completed multiple exploration and evaluation programs, which have included detailed geological mapping, reverse circulation and diamond core drilling, aeromagnetic surveys, heritage surveys and Mineral Resource estimation. This work has seen the project advance from an exploration concept through to a substantial development project.

During this process Padbury has delineated significant JORC mineral deposits at Telecom Hill East, Telecom Hill West for magnetite and a DSO mineral deposit at Telecom Hill East. A summary of the Mineral Resources are provided in Tables 1 & 2 below.

Table 1. Telecom Hill Resource summary

<b>Telecom Hill Mineral Resources</b> <b>Grade Tonnage Reported above a Cut-off Grade of 20% Fe;</b> <b>above 300mRL and below the Bottom of Oxide Surface</b>									
<b>BIF</b>	<b>Category</b>	<b>Million Tonnes</b>	<b>Fe HEAD (%)</b>	<b>SiO<sub>2</sub> HEAD (%)</b>	<b>Al<sub>2</sub>O<sub>3</sub> HEAD (%)</b>	<b>MgO HEAD (%)</b>	<b>P HEAD (%)</b>	<b>S HEAD (%)</b>	<b>LOI HEAD</b>
BIF 1	Indicated	251	29.55	45.72	1.78	2.21	0.18	0.05	5.80
	Inferred	288	27.99	45.93	3.08	2.39	0.16	0.04	6.06
BIF 2	Inferred	197	23.84	49.22	5.70	2.28	0.18	0.03	5.72
BIF 4	Inferred	190	26.47	45.98	4.24	1.75	0.39	0.04	4.55
Total	Indicated	251	29.55	45.72	1.78	2.21	0.18	0.05	5.80
	Inferred	675	26.35	46.90	4.17	2.17	0.23	0.03	5.53
	Total	925	27.22	46.58	3.52	2.18	0.22	0.04	5.61

*Note: These Resources in Table 1 were originally reported under the JORC Code 2004. Padbury is not aware of any new information or data that materially affects the information included in the Announcement to the ASX on the 4<sup>th</sup> October 2012 titled "JORC Upgraded Resource at Peak Hill Iron Project". In the case of the Mineral Resources the company can confirm the assumptions and the technical parameters underpinning the estimates continue to apply and have not materially changed. The form and context of the Competent Person's findings as presented in the announcement have not materially changed.*

# PADBURY MINING LIMITED

## DIRECTORS' REPORT

**Table 2. DSO Mineral Resource Summary**

Telecom Hill East DSO Mineral Resources								
LODE	Category	Tonnes (Mt)	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	P (%)	S (%)	LOI 1000
Total	Inferred	11.5	58.55	9.64	2.29	0.21	0.02	3.12

**Note:** : These Resources were originally reported under the JORC Code 2004. Padbury is not aware of any new information or data that materially affects the information included in the Announcement to the ASX on the 28<sup>th</sup> June 2012 titled "Peak Hill Iron Project – Maiden DSO Inferred Mineral Resource.". In the case of the Mineral Resources the company can confirm the assumptions and the technical parameters underpinning the estimates continue to apply and have not materially changed. The form and context of the Competent Person's findings as presented in the announcement have not materially changed.

In addition to the exploration and evaluation programs Padbury has completed a number of associated studies for base line environmental, metallurgy, mining and Infrastructure. This work has been used to establish the project parameters required for the Mining Lease application. The Mining Lease application covers parts of Exploration Licences 52/1860 and 52/1557 together with Prospecting Licence 52/1329.

### CORPORATE

An ASIC Delegate made a determination pursuant to S713(6) of the *Corporations Act 2001* (the Act) which excludes the company from relying upon S713 of the Act until 1 May 2015.

In effect the Company will be required to issue a full prospectus for any capital raisings rather than being able to use the short form prospectus under S713 until 1 May 2015.

Terry Quinn was re-elected to the Board at its AGM on 27 November 2014.

The following options lapsed and were announced during the period:

- 11,000,000 unlisted options exercisable at 1.5 cents each expired 30 June 2014;
- 50,000,000 unlisted options exercisable at 2 cents each expired 30 June 2014; and,
- 741,300,000 unlisted options exercisable at 2 cents each expired 30 June 2014.

Padbury established a wholly owned subsidiary in Shanghai, China - Padbury (Shanghai) Enterprise Development Company Limited. The company received its Certificate of Approval from the Chinese authorities for the establishment of enterprises with foreign investment in the People's Republic of China and opened an office in Shanghai located at 16F, Nikos Building, 1605/528 Hongxu Rd, Shanghai. The office will be used as its base in China and is a further step in its partnering with Chinese companies wishing to join Padbury in its ambitions to develop the Midwest iron ore industry.

The office is located in the Min Hang District and is easily accessible for businesses wishing to work with Padbury. Padbury (Shanghai) Enterprise Development Company Limited will be used as a vehicle to progress Padbury's dealings in China.

The company went into voluntary suspension on 19 December 2014 pending the finalisation of a capital raising.

## **PADBURY MINING LIMITED**

### **DIRECTORS' REPORT**

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#### **Competent Persons Statement**

*The Exploration Results and exploration target estimates discussed in this report were prepared under the supervision of Mr Daniel Wholley BAppSc MAIG, who is a Director and full time employee of CSA Global Pty Ltd and is a competent person as defined by the Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2004 Edition. Mr Wholley consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

*The information in this report that relates to Mineral Resources is based on information compiled by Dr Bielin Shi, who is a member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Dr Shi has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Dr Shi consents to the inclusion of such information in this report in the form and context in which it appears.*



## **PADBURY MINING LIMITED**

### **DIRECTORS' REPORT**

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#### **CHANGES IN STATE OF AFFAIRS**

During the half-year ended 31 December 2014 there was no significant change in the entity's state of affairs other than that referred to in the half-year financial statements or notes thereto.

#### **EVENTS SUBSEQUENT TO THE PERIOD**

On 2 February 2015, the Company issued 100 million shares to raise \$1 million for its working capital.

On 23 February 2015, the Company exercised the option to purchase Yogi Tenements Package. On 3 March 2015, the shareholders of the seller, Ferrowest Limited has approved the sale of Yogi Mine Project to the Company. The Company is finalising its proposed additional capital raising with Chinese investors and anticipated an announcement update on or before 18 March 2015.

Other than the above, no matter or circumstance has arisen since the end of the half-year which has significantly affected or may significantly affect the operations of the Company, the results of the Company, or the state of affairs of the Company as reporting for the half-year ended 31 December 2014.

#### **AUDITOR'S DECLARATION OF INDEPENDENCE**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the review for the half-year ended 31 December 2014 is included within this financial report.

Signed in accordance with a resolution of the directors.

On behalf of the Directors



Terence Quinn  
Chairman

Perth, 11 March 2015

**RSM Bird Cameron Partners**  
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### AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Padbury Mining Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

*RSM Bird Cameron Partners.*

RSM BIRD CAMERON PARTNERS



DAVID WALL  
Partner

Perth, WA  
Dated: 11 March 2015

**PADBURY MINING LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
For the half-year ended 31 December 2014

		Consolidated	Consolidated
	Note	31 December 2014 \$	31 December 2013 \$
Revenue	2	40,115	24,741
Depreciation expense		(9,940)	(10,882)
Impairment of exploration assets		(1,888,767)	(563,184)
Exploration and evaluation expenditure		164,280	(414,953)
Administration expenses		(660,088)	(378,050)
Directors fees and benefits		(209,621)	(195,435)
Consulting fees		(48,426)	(32,762)
<b>Loss before income tax expense</b>		<b>(2,612,447)</b>	<b>(1,570,525)</b>
Income tax expense		-	-
<b>Net loss for the period after income tax</b>		<b>(2,612,447)</b>	<b>(1,570,525)</b>
<b>Other comprehensive income, net of tax</b>			
<i>Item that may be reclassified subsequently to operating result</i>			
Foreign currency translation differences		9,521	-
<b>Other comprehensive income for the period</b>		<b>9,521</b>	<b>-</b>
<b>Total comprehensive loss for the period</b>		<b>(2,602,926)</b>	<b>(1,570,525)</b>
Basic and diluted loss per share (cents per share)		(0.08)	(0.05)

The accompanying notes form part of these financial statements

**PADBURY MINING LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
As at 31 December 2014

		Consolidated	Consolidated
		31 December	30 June
	Note	2014	2014
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		223,448	1,064,832
Trade and other receivables		54,017	217,341
Other Assets		143,493	-
<b>Total Current Assets</b>		<b>420,958</b>	<b>1,282,173</b>
<b>Non-Current Assets</b>			
Other assets		108,796	-
Plant and equipment		253,081	52,726
Deferred exploration and evaluation	3	9,852,106	11,740,873
<b>Total Non-Current Assets</b>		<b>10,213,983</b>	<b>11,793,599</b>
<b>Total Assets</b>		<b>10,634,941</b>	<b>13,075,772</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		842,441	980,346
Interest bearing liabilities	4	300,000	-
<b>Total Current Liabilities</b>		<b>1,142,441</b>	<b>980,346</b>
<b>Total Liabilities</b>		<b>1,142,441</b>	<b>980,346</b>
<b>Net Assets</b>		<b>9,492,500</b>	<b>12,095,426</b>
<b>EQUITY</b>			
Issued capital	5	55,135,726	55,135,726
Reserves		6,276,355	6,266,834
Accumulated losses		(51,919,581)	(49,307,134)
<b>Total Equity</b>		<b>9,492,500</b>	<b>12,095,426</b>

The accompanying notes form part of these financial statements

**PADBURY MINING LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
For the half-year ended 31 December 2014

<b>Consolidated</b>	<b>Issued Capital \$</b>	<b>Accumulated Losses \$</b>	<b>Foreign Currency Translation Reserve \$</b>	<b>Option Reserve \$</b>	<b>Total Equity \$</b>
<b>At 1 July 2013</b>	<b>54,817,726</b>	<b>(42,153,129)</b>	<b>-</b>	<b>6,266,834</b>	<b>18,931,431</b>
Loss for the period	-	(1,570,525)	-	-	(1,570,525)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(1,570,525)</b>	<b>-</b>	<b>-</b>	<b>(1,570,525)</b>
<b>At 31 December 2013</b>	<b>54,817,726</b>	<b>(43,723,654)</b>	<b>-</b>	<b>6,266,834</b>	<b>17,360,906</b>
<b>At 1 July 2014</b>	<b>55,135,726</b>	<b>(49,307,134)</b>	<b>-</b>	<b>6,266,834</b>	<b>12,095,426</b>
Loss for the period	-	(2,612,447)	-	-	(2,612,447)
Other comprehensive income	-	-	9,521	-	9,521
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(2,612,447)</b>	<b>9,521</b>	<b>-</b>	<b>(2,602,926)</b>
<b>At 31 December 2014</b>	<b>55,135,726</b>	<b>(51,919,581)</b>	<b>9,521</b>	<b>6,266,834</b>	<b>9,492,500</b>

The accompanying notes form part of these financial statements

**PADBURY MINING LIMITED**  
**STATEMENT OF CASH FLOWS**  
For the half-year ended 31 December 2014

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	<b>Consolidated</b>	<b>Consolidated</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(719,998)	(669,023)
Payments for exploration expenditure	(241,099)	(412,382)
Interest received	7,605	37,660
R& D refund received	34,794	627,960
(Payment for) / refund of GST to/from ATO	(21,911)	35,033
Net cash (used in) operating activities	<u>(940,609)</u>	<u>(380,752)</u>
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	<u>(200,775)</u>	<u>(5,681)</u>
Net cash (used in) investing activities	<u>(200,775)</u>	<u>(5,681)</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	<u>300,000</u>	<u>-</u>
Net cash provided by financing activities	<u>300,000</u>	<u>-</u>
Net (decrease) in cash held	(841,384)	(386,433)
Cash at beginning of the half-year	<u>1,064,832</u>	<u>2,336,163</u>
<b>Cash and cash equivalents at end of the half-year</b>	<u><u>223,448</u></u>	<u><u>1,949,730</u></u>

The accompanying notes form part of these financial statements

**PADBURY MINING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the half-year ended 31 December 2014**

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**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

This general purpose financial report for the half-year reporting period ended 31 December 2014 has been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

This interim financial report does not include full disclosures of the type normally included in an annual report. It is recommended that this financial report to be read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made by Padbury Mining Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies have been consistently applied with those of the previous financial year and corresponding interim reporting period, except in relation to the matters disclosed below.

**New and Revised Accounting Standards**

The consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in a significant or material change to the consolidated entity's accounting policies.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the consolidated entity.

**Going concern basis**

The financial statements have been prepared on a going concern basis, which contemplates the continuity of the normal business activity and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of \$2,612,447 and had net cash outflows from operating and investing activities of \$940,609 and \$200,775 respectively for the half year ended 31 December 2014. As at that date, the consolidated entity has net current liabilities of \$721,483.

These factors indicate significant uncertainty as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Notwithstanding the above, the Directors believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern, after taking into consideration of the following factors:

- The Company plans to issue additional shares in the next 12 months under the *Corporation Act 2001*. This strategy has proven to be successful in the past. As disclosed in Note 10, the Company raised \$1 million subsequent to half year;
- As disclosed in the statement of financial position, the consolidated entity has interest bearing liabilities of \$300,000 which are classified as current as at 31 December 2014. The directors plan to negotiate repayment terms of this loan in the Company's favour, when they become due and payable;

**PADBURY MINING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the half-year ended 31 December 2014

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**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Going concern basis (cont'd)**

- The Company has established a number of strategies to obtain the greatest benefit from its exploration assets, including the potential sale of some of the tenements disclosed in Note 3 to generate cash inflows; and
- The Company plans to scale down its operations during the next 12 months, including corporate overheads, in order to curtail expenditure, in the event insufficient cash is available to meet projected expenditure.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

**2. REVENUE**

	<b>31 December 2014 \$</b>	<b>31 December 2013 \$</b>
<b>Revenue:</b>		
Interest received	5,321	24,741
Other income	34,794	-
	<u>40,115</u>	<u>24,741</u>

**3. DEFERRED EXPLORATION EXPENDITURE**

	<b>31 December 2014 \$</b>	<b>30 June 2014 \$</b>
<b>Deferred exploration and evaluation</b>	<u>11,740,873</u>	<u>13,302,794</u>
<b>Movement</b>		
Balance at beginning of half-year	11,740,873	13,302,794
Acquisition of tenements	-	318,000
Exploration and evaluation expenditure incurred	241,097	1,287,604
Exploration and evaluation expenditure written off	(241,097)	(1,605,604)
Impairment of exploration assets	<u>(1,888,767)</u>	<u>(1,561,921)</u>
Balance at end of half-year	<u><b>9,852,106</b></u>	<u><b>11,740,873</b></u>

Ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation or, alternatively, sale of the relevant areas of interest, at amounts at least equal to book value.



**PADBURY MINING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the half-year ended 31 December 2014

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**4. INTEREST BEARING LIABILITIES**

The loan payable represents advances from one of the Director, Mr Terrence Quinn to the company for working capital purpose. The loan bears an interest of 9% per annum, no security nor loan covenants.

**5. ISSUED CAPITAL**

	<b>31 December 2014 \$</b>	<b>30 June 2014 \$</b>
Ordinary shares – fully paid	55,136,726	55,135,726
		<b>31 December 2014</b>
	<b>Number</b>	<b>\$</b>
Movement in ordinary shares on issue		
Balance at beginning of half-year	3,372,433,650	55,135,726
Issue of shares	-	-
Balance at end of half-year	3,372,433,650	55,135,726

**6. SEGMENT INFORMATION**

The consolidated entity has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board of Directors has considered the business from both a geographic and business segment perspective and has identified one reportable segment. The identifiable reportable segment is mineral exploration within Australia.

**7. CONTINGENT LIABILITIES**

There has been no change in contingent liabilities since the last annual reporting date.

**8. DIVIDENDS**

No dividends have been declared or paid during the half-year ended 31 December 2014 or in the prior period, and the Directors do not recommend the payment of a dividend in respect of the half-year ended 31 December 2014.

**PADBURY MINING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the half-year ended 31 December 2014

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**9. COMMITMENTS**

**Exploration commitments**

There has been no significant change to exploration commitments since the last annual reporting date.

**Operating lease commitments**

In addition to the lease commitments disclosed during the last annual reporting date, during the half year, an agreement with a five year lease of office premise in Shanghai was entered into. The lease commitments are as follows:

	<b>31 December 2014</b>
	<b>\$</b>
Within a year	12,969
Year 2 to 5	53,637
Total commitment	<u>66,606</u>

**Tenements purchase commitments**

During the half year, the Company has signed two option agreements to purchase mining tenements with 2 sellers.

	<b>31 December 2014</b>
	<b>\$</b>
Total tenements purchase commitments	<u>1,220,000</u>

**10. EVENTS SUBSEQUENT TO REPORTING DATE**

On 2 February 2015, the Company issued 100 million shares to raise \$1 million for its working capital.

On 23 February 2015, the Company exercised the option to purchase Yogi Tenements Package. On 3 March 2015, the shareholders of the seller, Ferrowest Limited has approved the sale of Yogi Mine Project to the Company. The Company is finalising its proposed additional capital raising with Chinese investors and anticipated an announcement update on or before 18 March 2015.

Other than the above, no matter or circumstance has arisen since the end of the half-year which has significantly affected or may significantly affect the operations of the Company, the results of the Company, or the state of affairs of the Company as reporting for the half-year ended 31 December 2014.

**11. RELATED PARTY DISCLOSURE**

During the half year, the Company obtained a loan from one of its Directors, Mr Terrence Quinn amounted to \$300,000. The total amount due to the director as at balance sheet date is \$300,000. (Refer to Note 4)

Other than the above, there has been no change in related party disclosure since the last annual reporting date.

**PADBURY MINING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the half-year ended 31 December 2014

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**12. CONTROLLED ENTITIES**

The consolidated financial statements include the financial statements of Padbury Mining Limited and the subsidiaries listed in the following table.

	County of Incorporation	% Equity Interest	
		31 December 2014	30 June 2014
<b>At cost</b>		<b>%</b>	<b>%</b>
Desert Resources Pty Ltd	Australia	100	100
Prescingot Pty Ltd	Australia	100	100
Apogei Pty Ltd	Australia	80	80
Midwest Infrastructure Pty Ltd	Australia	100	100
Aurium Resources Limited	Australia	100	100
Padbury (Shanghai) Enterprise Development Company Limited*	China	100	-
Subsidiaries of Aurium Resources Limited:			
Haven Resources Pty Ltd**	Australia	-	100
Jarra Resources Pty Ltd**	Australia	-	100
Murraba Resources Pty Ltd**	Australia	-	100

\*Newly incorporated.

\*\* De-registered.

# **PADBURY MINING LIMITED**

## **DIRECTORS' DECLARATION**

In the opinion of the directors of Padbury Mining Limited ('the company'):

1. The financial statements and notes thereto of the consolidated entity, as set out within this financial report, are in accordance with the *Corporations Act 2001* including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year then ended.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Terence Quinn  
Chairman

Perth, 11 March 2015

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**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
PADBURY MINING LIMITED**

We have reviewed the accompanying half-year financial report of Padbury Mining Limited which comprises the statement of financial position as at 31 December 2014 and the statement of comprehensive income, the statement of changes in equity and the 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 of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

*Directors' Responsibility for the Half-Year Financial Report*

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

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 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 Padbury Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Independence*

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

### *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 Padbury Mining Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

### *Emphasis of Matter*

Without qualifying our conclusion, we draw attention to Note 1 in the financial report, which indicates that the consolidated entity incurred a net loss of \$2,612,447 and had net cash outflows from operating and investing activities of \$940,609 and \$200,775 respectively during the half-year ended 31 December 2014. As of that date, the consolidated entity had net current liabilities of \$721,483.

These conditions, along with other matters as set forth in Note 1, 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.

*RSM Bird Cameron Partners.*

RSM BIRD CAMERON PARTNERS



DAVID WALL  
Partner

Perth, WA  
Dated: 11 March 2015