

Sinovus Mining Limited
ABN 46 121 081 105 and Controlled Entities

Interim Financial Report for the Half-Year Ended 31 December 2014

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DIRECTORS' REPORT

The Directors' submit the financial report of the Consolidated Entity for the half-year ended 31 December 2014.

1. DIRECTORS

The names of the Directors' who held office during or since the end of the half-year are:

David H Sutton	-	Non-Executive Chairman
Lisa Fu	-	Non-Executive Director
Darrel Causbrook	-	Non-Executive Director

Unless otherwise stated all Directors have been in office for the whole of the period.

2. REVIEW OF OPERATIONS

The consolidated loss of the group for the half-year after providing for income tax loss was \$279,766 (December 2013: profit \$38,471).

3. Exploration and Development of Mineral Resources Projects

Laogouxi Gold Project

The CJV is considering its available options and the Company will advise shareholders accordingly.

4. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 4 for the half-year ended 31 December 2014 and forms part of this report.

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



David Sutton
Director

Dated at Sydney 16th day of March 2015

Level 6, 350 Kent Street
Sydney NSW 2000

87- 89 Lyons Road
Drummoyne NSW 2047

KS Black & Co

Chartered Accountants

ABN: 57 446 398 808

20 Grose Street
North Parramatta NSW 2151

PO Box 2210
Parramatta NSW 1750

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF SINOVUS MINING LIMITED**

I declare that, to the best of my knowledge and belief during the half-year ended 31 December, 2014 there have been:

- (a) No contraventions of the auditor independence requirements as set out in 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.

**K.S. Black & Co
Chartered Accountants**



**Sam Danieli
Partner**

Sydney, 16 March 2015

Sinovus Mining Limited
ABN 46 121 081 105 and Controlled Entities

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	Consolidated Group	
		For the 6 Months to 31 December 2014	For the 6 Months to 31 December 2013
		\$	\$
Revenue			
Income from option expired		-	296,079
Interest received		472	5,308
Foreign exchange gain		153,000	-
Other income		-	-
Employee benefits expense		(175,200)	(158,000)
Depreciation and amortisation expense		-	-
Impairment loss on investments		-	-
Finance costs		(125)	(74)
Exploration expenditure		-	-
Other expenses		(257,913)	(104,841)
Loss before income tax		(279,766)	38,471
Income tax expense		-	-
Profit/(Loss) attributable after tax	2	(279,766)	38,471
Profit/(Loss) attributable to members of the parent entity		(279,766)	38,471
Profit/(Loss) attributable to minority equity interest		-	-
Overall Operations			
Basic earnings per share (cents per share)		(0.0006)	0.0001
Diluted earnings per share (cents per share)		(0.0004)	0.0001

These financial statements should be read in conjunction with the accompanying notes.

Sinovus Mining Limited
ABN 46 121 081 105 and Controlled Entities

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	Consolidated Group	
		31 December	30 June
		2014	2014
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		20,275	70,003
Trade and other receivables		19,679	32,372
TOTAL CURRENT ASSETS		<u>39,954</u>	<u>102,375</u>
NON-CURRENT ASSETS			
Financial assets	3	1,869,509	1,874,395
TOTAL NON-CURRENT ASSETS		<u>1,869,509</u>	<u>1,874,395</u>
TOTAL ASSETS		<u>1,909,463</u>	<u>1,976,770</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		130,967	49,148
Other payables - employees		169,825	39,185
TOTAL CURRENT LIABILITIES		<u>300,792</u>	<u>88,333</u>
TOTAL LIABILITIES		<u>300,792</u>	<u>88,333</u>
NET ASSETS		<u>1,608,671</u>	<u>1,888,437</u>
EQUITY			
Issued capital		20,220,664	20,220,664
Reserves		306,435	306,435
Accumulated losses		(18,934,610)	(18,654,844)
Parent interest		1,592,489	1,872,255
Minority equity interest		16,182	16,182
TOTAL EQUITY		<u>1,608,671</u>	<u>1,888,437</u>

These financial statements should be read in conjunction with the accompanying notes.

Sinovus Mining Limited
ABN 46 121 081 105 and Controlled Entities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Share Capital					Total
	Issued Capital Ordinary	Accumulated Losses	Options Issued	Foreign Exchange Fluctuation Reserve	Minority Interest	
	\$	\$	\$	\$	\$	
Balance at 1 July 2013						
Shares issued during the period	20,220,664	(18,437,530)	310,478	298,825	16,182	2,408,619
Transaction cost of rights issue						-
Option expired during the year	-	-	(296,079)	-	-	(296,079)
Transfer from options reserve						
Profit/(Loss) attributable to members of parent entity	-	38,471	-	-	-	38,471
Loss attributable to minority shareholders	-	-	-	-	-	-
Total recognised income and expenses for the period	-	38,471	(296,079)	-	-	(257,608)
Adjustments from translation of foreign controlled entities	-	-	-	-	-	-
Adjustments for non-controlling interest	-	-	-	-	-	-
Transfer form option reserve						
Balance at 31 December 2013	20,220,664	(18,399,059)	14,400	298,825	16,182	2,151,012
Balance at 1 July 2014						
Shares issued during the period	20,220,664	(18,654,844)	-	306,435	16,182	1,888,437
Transaction cost of rights issue						-
Option expired during the year	-	-	-	-	-	-
Transfer from options reserve						
Profit/(Loss) attributable to members of parent entity	-	(279,766)	-	-	-	(279,766)
Loss attributable to minority shareholders	-	-	-	-	-	-
Total recognised income and expenses for the period	-	(279,766)	-	-	-	(279,766)
Adjustments from translation of foreign controlled entities	-	-	-	-	-	-
Adjustments for non-controlling interest	-	-	-	-	-	-
Transfer form option reserve						
Balance at 31 December 2014	20,220,664	(18,934,610)	-	306,435	16,182	1,608,671

These financial statements should be read in conjunction with the accompanying notes.

Sinovus Mining Limited
ABN 46 121 081 105 and Controlled Entities

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Consolidated Group	
	For the 6 Months to 31 December 2014	For the 6 Months to 31 December 2013
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	12,693	-
Payments to suppliers and employees	(62,768)	(297,848)
Foreign exchange gain/ loss	-	-
Interest received	472	4,092
Finance costs	(125)	(74)
Payment for exploration & evaluation	-	-
Net cash used in operating activities	(49,728)	(293,829)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current assets	-	-
Exploration and resource capital expenditure	-	-
Loss on non controlling interesting entity	-	-
Purchase of investment	-	-
Net cash (used in) / provided by investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from redemption of promissory note	-	-
Receipts from rights issue	-	-
Costs of raising equity	-	-
Net cash (used in) / provided by financing activities	-	-
Net (decrease) / increase in cash and cash equivalents held	(49,728)	(293,829)
Cash and cash equivalents at beginning of period	70,003	510,066
Effect of exchange rates on cash holdings in foreign currencies	-	-
Cash and cash equivalents at end of reporting period	20,275	216,236

These financial statements should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made by Sinovus Mining Ltd and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the June 2014 financial report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Going Concern

The financial statements have been prepared on a going concern basis, the validity of which depends upon the positive cash position.

The Company's existing projections show that further funds will be required to be generated, either by capital raising, sales of assets, or other initiatives to, enable the Company to fund its currently planned activities for at least the next twelve months from the date of signing these financial statements. Should new opportunities present, that require additional funds, the directors will take action to re-priorities activities, dispose of assets and/or raise further funds. The directors are currently exploring new opportunities that will strengthen the groups cash flow.

Notwithstanding this issue, accordingly, the directors have prepared the financial statements of the Company on a going concern basis.

Sinovus Mining Limited
ABN 46 121 081 105 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 2: LOSS FOR THE PERIOD

	Consolidated Group	
	For the 6 Months to 31 December 2014	For the 6 Months to 31 December 2013
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
Depreciation of property, plant and equipment	-	-
Australian Stock Exchange Listing Fees	(12,500)	(10,500)

NOTE 3: FINANCIAL ASSETS

NON CURRENT

	Consolidated Group	
	31 December 2014	30 June 2014
Available – for – sale financial assets		
- 15% interest in Hebei Sinovus Mining Co Ltd	833,387	833,387
- Less: Provision for Diminution	(833,387)	(833,387)
- Shares in Paltar Petroleum Ltd	1,777,057	1,777,057
- Shares in High Peak Royalties Ltd	34,903	34,903
- Less: Provision for Diminution	(17,452)	(12,565)
- Shares in Ignite Energy Resources Ltd	75,000	75,000
Total	1,869,508	1,874,395

NOTE 4: SEGMENT INFORMATION

The consolidated entity has one business segment being exploration and mining in China which is supported by an administration office in Sydney.

NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE

There are no other events subsequent to balance date.

**Sinovus Mining Limited
ABN 46 121 081 105 and Controlled Entities**

**DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 10:
 - a) comply with Accounting Standards AASB 134: Interim Financial Reporting and the Corporation Regulations; and
 - b) give a true and fair view of the economic entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date.
2. In the director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



David Sutton
Director

Dated at Sydney 16th day of March 2015

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
SINOVUS MINING LTD A.B.N. 46 121 081 105
AND CONTROLLED ENTITIES**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year consolidated financial report of Sinovus Mining Limited and controlled entities (the consolidated entity) which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, the accounting policies and other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-year Financial Report

The Directors of Sinovus Mining Limited (the company) are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

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 an Interim 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 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 Sinovus Mining Limited and controlled entities, 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 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.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This review report relates to the financial report of the consolidated entity for the half-year ended 31 December 2014 included on the website of Sinovus Mining Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on the company's website.

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, provided to the directors of Sinovus Mining Limited and controlled entities on 16 March 2015, would be in the same terms if provided to the directors as at the date of this auditor's review report.

Conclusions

Emphasis of matter continuing as a going concern

Without qualifying our opinion, we draw attention to Note 1: Going concern in the financial report. The group incurred a net loss of \$279,766 during the period ended 31 December 2014 and as of that date the group had current assets of \$39,954 and current liabilities of \$300,792. These conditions indicate the existence of a material uncertainty which may cast doubt on the groups ability to continue as a going concern.

Based on our review, which is not an audit, we have not become aware of any matter other than as noted above that makes us believe that the half-year financial report of Sinovus Mining Limited and controlled entities 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 of its performance for the half-year ended on that date; and
- complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

K.S. Black & Co
Chartered Accountants



Sam Danieli
Partner

Sydney, 16 March 2015