



NEWPORT MINING LIMITED

**NEWPORT MINING LIMITED**  
**ABN 94 128 256 888**

**Interim Financial Report  
for the Half Year Ended  
31 December 2009**

## CORPORATE DIRECTORY

### Directors

Mr Ian Middlemas – Chairman  
 Mr Simon Taylor – Managing Director  
 Mr Stephen Evans – Non-Executive Director  
 Mr Mark Pearce – Non-Executive Director

### Company Secretary

Mr Mark Pearce

### Registered and Principal Office

Level 9, BGC Centre  
 28 The Esplanade  
 Perth WA 6000

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 Facsimile: +61 8 9322 6558

### Share Registry

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 Level 2  
 45 St George's Terrace  
 Perth WA 6000

Telephone: 1300 55 70 10  
 International: +61 8 9321 2000  
 Facsimile: +61 8 9321 2033

### Solicitors

Hardy Bowen Lawyers

### Auditor

PKF Chartered Accountants & Business Advisors

### Bankers

Australia and New Zealand Banking Group Limited

### Stock Exchange Listing

Australian Securities Exchange  
 ASX Code: NMN

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## DIRECTORS' REPORT



The Board of Directors of Newport Mining Limited present their report on Newport Mining Limited (the **Company**" or "**Newport**") for the half year ended 31 December 2009.

### DIRECTORS

The names of the Directors of Newport in office during the half year and until the date of this report are:

Mr Ian Middlemas	Chairman
Mr Simon Taylor	Managing Director
Mr Stephen Evans	Non-Executive Director
Mr Mark Pearce	Non-Executive Director

Unless otherwise shown, all Directors were in office from the beginning of the half year until the date of this report.

### REVIEW AND RESULTS OF OPERATIONS

#### Review of Operations

During the half year the Company continued its efforts on the identification and acquisition of advanced resource projects.

The Company assessed a number of new opportunities during the half year and as a result, the Company recently entered into a conditional agreement to acquire two highly prospective and potentially large-scale phosphate projects located in Brazil.

In addition, Mr Simon Taylor has been appointed Managing Director of Newport. Mr Taylor is a geologist and a founding Director of Newport. Most recently Mr Taylor was a resource analyst with a major focus on the phosphate sector.

Newport is currently undertaking a comprehensive due diligence process in regards to the acquisition of the Brazilian phosphate projects and expects to issue a Notice of Meeting to shareholders in the coming weeks.

#### Brazilian Phosphate Projects

The Company has entered into a conditional agreement to acquire the Lucena Phosphate Project ("**LPP**") and Mata da Corda Phosphate Project ("**MCP**P") located in Brazil.

Previous exploration activities including drilling and rock chip sampling completed by the National Bureau of Mines ("**DNPM**") in association with the Brazilian Geological Survey ("**CPRM**") will provide a solid platform to compile an initial Mineral Resource estimate that can be reported in accordance with the JORC Code in 2010.

The acquisition of the projects will occur by Newport acquiring a 100% of Agua Metais Ltda. Agua is a 100% owned subsidiary of Falcon Metais Ltda, a private company held within the Forbes & Manhattan Group.

REVIEW AND RESULTS OF OPERATIONS (Continued)

Brazilian Phosphate Projects (Continued)

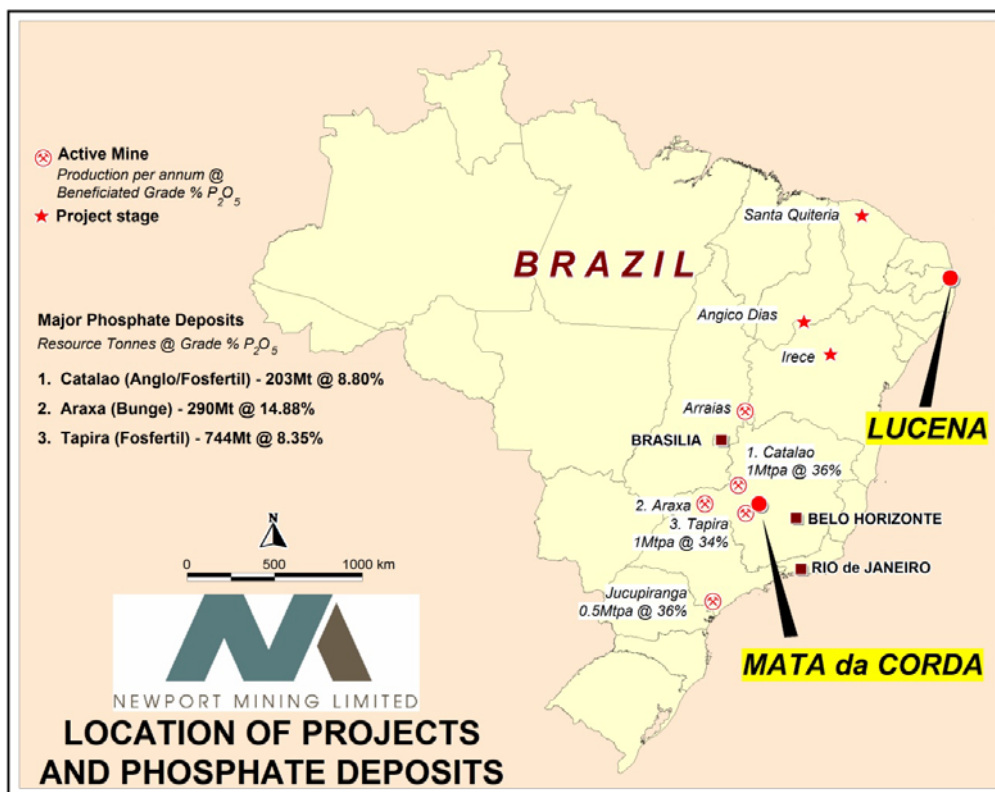


Figure 1: Location of LPP and MCPP

Highlights of the acquisition are as follows:

- The LPP has an initial exploration target of 40 to 50 million tonnes at an average grade of 10% to 14%  $P_2O_5$  based on a compilation of historical drilling by CPRM<sup>1</sup>.
- The MCPP has outcropping mineralisation with historical rock chip results of up to 23.2%  $P_2O_5$  and is ready for drill testing.
- Initial land position of approximately 83,361 hectares with additional areas identified, providing the potential to expand exploration target.
- The projects are located close to existing infrastructure including roads, water, power and ports.
- A highly experienced in-country technical team has been assembled to commence drilling and other exploration activities in the coming weeks.
- Brazil imports 49% of its phosphate needs and both projects are located near potential domestic primary customers and major fertiliser blenders.

<sup>1</sup> The statement referring to the potential quantity and grade of the target is based on the results of historical exploration activities undertaken by CPRM during the 1960's to 1980's, including 47 drill holes of which 22 drill holes within the project and immediate surrounds returned mineralisation. The potential tonnage range and average grade is conceptual in nature and insufficient work has been completed to report a Mineral Resource in accordance with the JORC Code (2004). It is uncertain if further exploration work will result in the determination of a Mineral Resource.

### REVIEW AND RESULTS OF OPERATIONS (Continued)

#### Pathfinder Project

The Pathfinder Project covers an extensive area of over 2,310 square kilometres. Geologically the Project is located at the southern end of the Fowler Domain on the western side of the Gawler Craton in a similar setting to the Thompson Nickel Belt in Canada, which contains some of the world's largest nickel deposits.

The Project is prospective for nickel sulphides, iron oxide associated copper gold mineralisation and heavy mineral sands.

During the half year the Company completed a gravity survey over targeted areas of two of the licenses. Five gravity lines oriented from east south easterly to southerly and comprising 213 stations were surveyed at spacing's varying from 200m (26 line km) to 1,000m (70 line km). The data is currently being interpreted.

#### Norwest Claim

The claim previously made against the Company by Norwest Holding Pte Ltd ("**Norwest**") for not completing the acquisition of a phosphate project located in the Sichuan Province of China was dismissed by the Singapore High Court ("**Court**") in November 2009.

In addition, the Court allowed the Company's counterclaim relating to the recovery of a deposit of S\$102,500 paid by the Company to Norwest upon lodging its bid for the acquisition of the project. The Court also ordered Norwest to pay the Company's costs in relation to the matter, the quantum of which will be fixed at a later date by an Assistant Registrar of the Court.

Norwest has since filed an appeal to the Court's decision to find in favour of Newport. As a procedural requirement to assist the Company during the appeal process, the Company has also filed a cross appeal. The Company will make further announcements to the market as the appeal progresses.

#### Operating Results

The net operating loss after tax for the half year ended 31 December 2009 was \$598,228 (31 December 2008: \$232,991).

The Company has maintained a healthy cash position during the half year and at 31 December 2009 the Company had cash reserves of over \$3.8 million.

#### SIGNIFICANT POST BALANCE DATE EVENTS

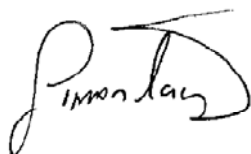
- (i) On 25 February 2010, the Company announced that it had entered into a conditional agreement to acquire the Lucena Phosphate Project and Mata da Corda Phosphate Project located in Brazil.
- (ii) On 25 February 2010, Mr Simon Taylor was appointed Managing Director of Newport. Mr Taylor is a geologist and a founding Director of Newport.
- (iii) On 25 February 2010, the Company announced that it intends, subject to shareholder approval, to undertake a placement of 10,000,000 ordinary shares each at an issue price of \$0.15 to raise \$1,500,000 to fund initial working capital on the Brazilian phosphate projects.

Other than as disclosed above, at the date of this report there were no significant events that have occurred after balance date that require disclosure.

### AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, PKF Chartered Accountants and Advisors, to provide the directors of Newport Mining Limited with an Independence Declaration in relation to the review of the half year financial report. This Independence Declaration is on page 13 and forms part of this Directors' Report.

Signed in accordance with a resolution of Directors.



**SIMON TAYLOR**  
Managing Director

5 March 2010

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Simon Taylor, who is a member of the Australian Institute of Geoscientists. Mr Taylor is a full-time employee of Newport Mining Limited. Mr Taylor has sufficient experience which is 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 Exploration Results, Mineral Resources and Ore Reserves ("JORC Code")'. Mr Taylor consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

## DIRECTORS' DECLARATION



In accordance with a resolution of the Directors of Newport Mining Limited, I state that:

In the opinion of the Directors:

- (a) the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including:
  - (i) section 304 (compliance with accounting standards and Corporations Regulations 2001); and
  - (ii) section 305 (true and fair view); and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'Simon Taylor'.

**SIMON TAYLOR**  
Managing Director

5 March 2010

**CONDENSED STATEMENT OF COMPREHENSIVE  
INCOME**  
FOR THE HALF YEAR ENDED 31 DECEMBER 2009



	Half Year Ended 31 December 2009 \$	Half Year Ended 31 December 2008 \$
<b>Interest revenue</b>	<b>65,110</b>	131,452
Administration costs	<b>(27,009)</b>	(78,318)
Corporate costs	<b>(204,183)</b>	(113,207)
Exploration costs	<b>(26,060)</b>	(77,708)
Business development costs	<b>(96,456)</b>	(95,210)
Litigation costs	<b>(309,630)</b>	-
<b>Loss before income tax</b>	<b>(598,228)</b>	(232,991)
Income tax expense	-	-
<b>Loss for the period</b>	<b>(598,228)</b>	(232,991)
<b>Other comprehensive income</b>	-	-
Income tax on other comprehensive income	-	-
<b>Other comprehensive income for the period</b>	-	-
<b>Total comprehensive loss for the period</b>	<b>(598,228)</b>	(232,991)
<b>Loss attributable to members of Newport Mining Limited</b>	<b>(598,228)</b>	(232,991)
<b>Total comprehensive loss attributable to members Newport Mining Limited</b>	<b>(598,228)</b>	(232,991)
<b>Earnings per share</b>		
Basic loss per share (cents per share)	<b>(1.83)</b>	(0.74)
Diluted loss per share (cents per share)	<b>(1.83)</b>	(0.74)

The above Condensed Statement of Comprehensive Income should be read in conjunction with the accompanying notes.



**INTERIM STATEMENT OF FINANCIAL  
POSITION**  
AS AT 31 DECEMBER 2009



	Note	31 December 2009 \$	30 June 2009 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		3,831,991	4,467,041
Trade and other receivables		19,339	23,194
Other assets		47,853	39,657
<b>Total Current Assets</b>		<b>3,899,183</b>	<b>4,529,892</b>
<b>Non-current Assets</b>			
Exploration and evaluation assets		69,833	48,316
<b>Total Non-current Assets</b>		<b>69,833</b>	<b>48,316</b>
<b>TOTAL ASSETS</b>		<b>3,969,016</b>	<b>4,578,208</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		107,852	154,937
<b>Total Current Liabilities</b>		<b>107,852</b>	<b>154,937</b>
<b>TOTAL LIABILITIES</b>		<b>107,852</b>	<b>154,937</b>
<b>NET ASSETS</b>		<b>3,861,164</b>	<b>4,423,271</b>
<b>EQUITY</b>			
Issued capital	3	5,094,783	5,094,783
Reserves	3	184,200	148,079
Accumulated losses		(1,417,819)	(819,591)
<b>TOTAL EQUITY</b>		<b>3,861,164</b>	<b>4,423,271</b>

The above Condensed Statement of Financial Position should be read in conjunction with the accompanying notes.

## INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Ordinary Shares	Option Premium Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$
<b>Balance at 1 July 2008</b>	4,690,415	53,645	(206,391)	4,537,669
Net loss for the period	-	-	(232,991)	(232,991)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	(232,991)	(232,991)
<b>Transactions with owners recorded directly in equity</b>				
Issue of shares	450,000	-	-	450,000
Share issue costs	(45,632)	-	-	(45,632)
Share-based payments expense	-	49,027	-	49,027
<b>Balance at 31 December 2008</b>	<b>5,094,783</b>	<b>102,672</b>	<b>(439,382)</b>	<b>4,758,073</b>
<b>Balance at 1 July 2009</b>	<b>5,094,783</b>	<b>148,079</b>	<b>(819,591)</b>	<b>4,423,271</b>
Net loss for the period	-	-	(598,228)	(598,228)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	<b>(598,228)</b>	<b>(598,228)</b>
<b>Transactions with owners recorded directly in equity</b>				
Share-based payments expense	-	36,121	-	36,121
<b>Balance at 31 December 2009</b>	<b>5,094,783</b>	<b>184,200</b>	<b>(1,417,819)</b>	<b>3,861,164</b>

The above Condensed Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**INTERIM STATEMENT OF CASH FLOWS**  
FOR THE HALF YEAR ENDED 31 DECEMBER 2009



	Half Year Ended 31 December 2009 \$	Half Year Ended 31 December 2008 \$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(699,945)	(118,279)
Interest received	64,895	131,452
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(635,050)</b>	13,173
<b>Cash flows from investing activities</b>		
Payments for exploration activities	-	(27,648)
<b>Net cash outflow from investing activities</b>	<b>-</b>	(27,648)
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	450,000
Transaction costs from issue of shares	-	(43,622)
<b>Net cash inflow from financing activities</b>	<b>-</b>	406,378
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(635,050)</b>	391,903
Cash and cash equivalents at the beginning of the period	4,467,041	4,385,846
<b>Cash and cash equivalents at the end of the half year</b>	<b>3,831,991</b>	4,777,749

The above Condensed Statement of Cash Flows should be read in conjunction with the accompanying notes.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2009



### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report for the interim half year reporting period ended 31 December 2009 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting, Australian Accounting Interpretations* and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of Newport Mining Limited for the period ended 30 June 2009 and any public announcements made by Newport Mining Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

#### (a) Basis of Preparation of Half Year Financial Report

The condensed financial statements have been prepared on an accruals basis and is based on historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Company's 2009 annual financial report for the period ended 30 June 2009, other than the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2009. The adoption of these new and revised standards has not resulted in any significant changes to the Company's accounting policies or to the amounts reported for the current or prior periods.

A range of amendments to Standards and Interpretations have been made which are available for early adoption for financial reporting periods beginning on or after 1 July 2009. The Company has decided not to early adopt these amendments and they are not expected to have a significant impact on the financial report of Newport Mining Limited.

### 2. SEGMENT INFORMATION

The Company operates predominantly in one industry, the mineral exploration industry, and in one geographic location, namely Australia.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2009**  
(Continued)



**3. EQUITY SECURITIES ISSUED**

	31 December 2009 \$	30 June 2009 \$
<b>(a) Issued Capital</b>		
32,750,001 (30 June 2009: 32,750,001) fully paid ordinary shares	<b>5,094,783</b>	5,094,783
<b>(b) Options</b>		
1,600,000 (30 June 2009: 1,600,000) \$0.25 unlisted options expiring 31 December 2011	<b>57,600</b>	47,480
1,200,000 (30 June 2009: 1,200,000) \$0.35 unlisted options expiring 31 December 2011	<b>15,600</b>	15,600
3,000,000 (30 June 2009: 3,000,000) \$0.25 unlisted options expiring 31 January 2012	<b>111,000</b>	84,999
1,000,000 (30 June 2009: 1,000,000) \$0.25 unlisted options expiring 31 January 2012	-	-
	<b>184,200</b>	148,079

**(c) Movements in Ordinary Shares During the Past Six Months Were as Follows:**

There were no movements in issued capital during the past six months.

**(d) Movements in Options During the Past Six Months Were as Follows:**

Date	Details	Number of Options	\$
<b>1 July 2009</b>	<b>Opening Balance</b>	<b>6,800,000</b>	<b>148,079</b>
1 July 2009 to 31 December 2009	Share-based payments expense	-	36,121
<b>31 December 2009</b>	<b>Closing Balance</b>	<b>6,800,000</b>	<b>184,200</b>

#### **4. CONTINGENT ASSETS AND LIABILITIES**

##### **Norwest Claim**

The trial in relation to the claim made against the Company by Norwest Holding Pte Ltd (“**Norwest**”) for not completing the acquisition of a phosphate project located in the Sichuan Province of China was heard during the half year in the Singapore High Court (“**Court**”). The Court found in favour of Newport and the claim was dismissed.

In addition, the Court allowed the Company’s counterclaim relating to the recovery of a deposit of S\$102,500 paid by the Company to Norwest upon lodging its bid for the acquisition of the phosphate project. The Court also ordered Norwest to pay the Company’s costs in relation to the matter, the quantum of which will be fixed at a later date by an Assistant Registrar of the Court.

Norwest has since filed an appeal to the Court’s decision. The amount of the liability, should the appeal by Norwest be successful, is S\$5,647,500, together with any additional costs that the Court may order the Company to pay towards Norwest’s legal costs (the quantum of these costs, if any, is unknown).

The amount of the asset, should the appeal by Norwest be unsuccessful, is S\$102,500, together with any amount that the Court may order Norwest to pay towards the Company’s legal costs (the amount to be recouped, if any, is unknown).

The Company has been advised that, whilst either outcome from the appeal is possible, the probability of the appeal being either successful or unsuccessful cannot be reliably determined in this case. Accordingly, no liability or asset has been recognised in these financial statements.

#### **5. DIVIDENDS PAID OR PROVIDED FOR**

No dividend has been paid or provided for during the half year (31 December 2008: nil).

#### **6. SUBSEQUENT EVENTS AFTER BALANCE DATE**

- (i) On 25 February 2010, the Company announced that it had entered into a conditional agreement to acquire the Lucena Phosphate Project and Mata da Corda Phosphate Project located in Brazil.

The acquisition of the projects will occur by Newport acquiring a 100% of Aguia Metais Ltda. Aguia is a 100% owned subsidiary of Falcon Metais Ltda, a private company held within the Forbes & Manhattan Group.

The commercial terms of the acquisition, which is subject to approval by Newport shareholders, include the issue of 10,000,000 ordinary shares at settlement, with further ordinary shares to be issued upon achievement of milestones involving independent delineation, classification and reporting of mineral resources in accordance with the JORC Code and/or NI 43-101 guidelines (see ASX released dated 25 February 2010 for further details).

- (ii) On 25 February 2010, Mr Simon Taylor was appointed Managing Director of Newport. Mr Taylor is a geologist and a founding Director of Newport.
- (iii) On 25 February 2010, the Company announced that it intends, subject to shareholder approval, to undertake a placement of 10,000,000 ordinary shares each at an issue price of \$0.15 to raise \$1,500,000 to fund initial working capital on the Brazilian phosphate projects.

Other than as disclosed above, at the date of this report there were no significant events that have occurred after balance date that require disclosure.

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of Newport Mining Limited for the half year ended 31 December 2009, 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.



**PKF**  
Chartered Accountants



**Conley Manifis**  
Partner

Dated at Perth, Western Australia on this 5<sup>th</sup> day of March 2010.

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

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Newport Mining Limited, which comprises the condensed statement of financial position as at 31 December 2009, and the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration.

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

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the 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 company's financial position as at 31 December 2009 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 Newport 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*.

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*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 Newport Mining Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

*Significant uncertainty regarding litigation*

Without qualification to the conclusion expressed above, we draw attention to Note 4 to the financial statements.

During the half year, the Singapore High Court ('Court') dismissed Norwest Holding Pte Ltd's (in liquidation) ('Norwest') claim of \$5,647,500 against Newport Mining Limited for not completing the acquisition of a phosphate project in the Sichuan Province of China.

Norwest has since filed an appeal to the Courts decision.

At the date of this report, the court hearing relating to this appeal has not yet taken place.

The ultimate outcome of the matter cannot presently be determined, and no provision for any liability that may result has been made in the financial report.



**PKF**  
Chartered Accountants



**Conley Manifis**  
Partner

Dated in Perth, Western Australia on this 5<sup>th</sup> day of March 2010.