



PACIFIC ORE LIMITED

**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2013**

ABN 68 123 867 765

CORPORATE DIRECTORY

Directors

Mr Ian Middlemas – Chairman
Mr David Parker
Mr Mark Pearce

Company Secretary

Mr Gregory Swan

Registered Office

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Solicitors

Hardy Bowen Lawyers

Auditor

HLB Mann Judd

Bankers

Australia and New Zealand Banking Group Limited

Securities Exchange Listing

Australian Securities Exchange
ASX Code: PSF – Ordinary Shares

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The Board of Directors of Pacific Ore Limited present their report on Pacific Ore Limited ("**Company**" or "**Pacific Ore**") and the entities it controlled during the half year ended 31 December 2013 ("**Group**").

DIRECTORS

The names and details of the Company's directors in office at any time during the half year or since the end of the half year are:

Mr Ian Middlemas	Non-Executive Chairman
Mr David Parker	Non-Executive Director
Mr Mark Pearce	Non-Executive Director

Unless otherwise stated, Directors held their office from 1 July 2013 until the date of this report.

OPERATING AND FINANCIAL REVIEW

Operations

Highlights during the half year and since the end of the half year include:

- (i) Continued review of the Perinvale North Project ("**Project**") located in the Midwest region of Western Australia where the Company is assessing its plans for further exploration work;
- (ii) Continued its efforts on the identification and acquisition of new business opportunities in the resources and other sectors, both domestic and overseas; and
- (iii) Completed a one for one non-renounceable entitlements offer ("**Entitlements Offer**") to raise \$2.7 million (before costs) which will enable the Company to continue exploration activities and to pursue new opportunities in the resources and other sectors.

Perinvale North Project

Pacific Ore has a joint venture with Central Iron Limited ("**CIO**") (TSX-V:CIO) in relation to the Project which is currently 100% owned by CIO. Pacific Ore can earn an interest in the Project as follows:

- Pacific can earn a 51% interest by spending \$1.5 million before 21 June 2014;
- If CIO does not elect to maintain its 49% interest, Pacific can earn an additional 19% by spending a further \$3.5 million within 18 months from the date it earns a 51% interest; and
- If CIO does not elect to maintain its 30% interest, Pacific can earn an additional 20% by spending a further \$10 million within 18 months from the date it earns a 70% interest.

The Project consists of Exploration Licence E57/818 covering an area of 120km² and is located approximately 550km North East of Perth, Western Australia in the Southern Cross Domain of the Yilgarn Craton.

The Project is considered prospective for iron and other minerals including gold and covers part of the Maynard Hills Greenstone Belt which is comprised of amphibolite facies equivalent of the komatitic basalts, sediments volcanics, banded iron formations, quartzites and cherts, and a narrow unit of ultramafics.

The Company has completed a detailed high resolution airborne magnetic survey over the Project which has resulted in the identification of Magnetite BIF and Enriched BIF targets that may warrant further investigation and rock chip sampling completed in April 2012 indicated the presence of goethite enriched BIF mineralisation.

OPERATING AND FINANCIAL REVIEW (Continued)

Perinvale North Project (Continued)

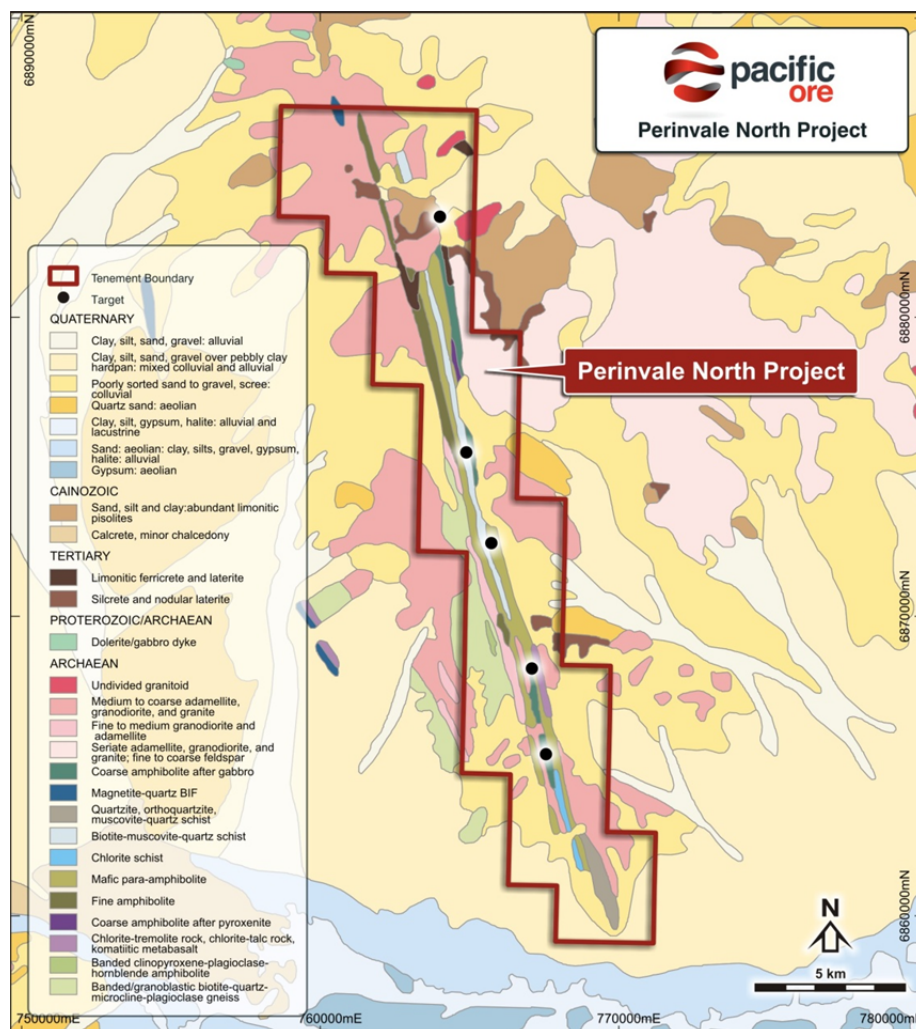


Figure 1: Perinvale North Project Geology

Corporate

During the half year the Company continued its efforts on the identification and acquisition of advanced resource projects and other business opportunities. In this regard, the Company assessed a number of opportunities and will make announcements to the market as appropriate should an acquisition occur.

During the half year, the Company undertook a one for one non-renounceable entitlements offer ("**Entitlements Offer**") to raise \$2.7 million (before costs) through the issue of 273.4 million new ordinary shares at an issue price of \$0.01 each, of which \$1.4 million (before costs) relating to the shortfall component of the Entitlements Offer was raised subsequent to the end of the half year.

Funds raised from the Entitlements Offer will enable the Company to continue exploration activities and to pursue new opportunities in the resources and other sectors, and follows a cost cutting exercise which has significantly reduced the Company's overhead expenses.

OPERATING AND FINANCIAL REVIEW (Continued)

Results of Operations

Net operating loss after tax for the half year ended 31 December 2013 was \$434,265 (31 December 2012: \$902,173). This loss is partly attributable to business development expenditure of \$140,854 (31 December 2012: \$388,353) incurred in respect of business development activities conducted by the Group during the half year.

Financial Position

At 31 December 2013, the Company had cash reserves of \$1,285,404 (30 June 2013: \$431,256) and net assets of \$1,160,424 (30 June 2013: \$302,344).

Subsequent to the end of the half year, the Company raised an additional \$1.4 million (before costs) through the shortfall component of its Entitlements Offer which will enable the Company to continue exploration activities and to pursue new opportunities in the resources and other sectors.

SIGNIFICANT POST BALANCE DATE EVENTS

- (i) On 13 February 2014, the Company completed the shortfall component of its Entitlements Offer to raise an additional \$1.4 million (before costs) through the issue of 143 million shares at \$0.01 each.

Other than as disclosed above, at the date of this report there were no significant events occurring after balance date requiring disclosure.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of Pacific Ore Limited with an Independence Declaration in relation to the review of the half year financial report. This Independence Declaration is attached to and forms part of this Directors' Report.

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'M Pearce'.

MARK PEARCE
Director

5 March 2014

Competent Persons Statement

The information in this report that relates to Exploration Results was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The information in this report that relates to Exploration Results is based on information compiled by Mr Peter Woodman, who is a member of the Australian Institute of Mining and Metallurgy. Mr Woodman is a consultant to Pacific Ore Limited. Mr Woodman has sufficient experience, which is relevant to the styles of mineralisation and types 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'. Mr Woodman consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

DIRECTORS' DECLARATION



In accordance with a resolution of the Directors of Pacific Ore 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);
 - (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.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'M Pearce'.

MARK PEARCE
Director

5 March 2014

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT
OR LOSS AND OTHER COMPREHENSIVE INCOME**
FOR THE HALF YEAR ENDED 31 DECEMBER 2013



		31 December 2013	31 December 2012
	Notes	\$	\$
Continuing Operations			
Revenue	3(a)	4,423	8,940
Exploration expenses		(50,769)	(175,727)
Business development expenses		(140,854)	(388,353)
Corporate expenses		(108,735)	(139,772)
Administrative expenses		(138,330)	(207,261)
Loss before income tax		(434,265)	(902,173)
Income tax expense		-	-
Net loss for the period		(434,265)	(902,173)
Net loss attributable to members of the Parent		(434,265)	(900,195)
Net loss attributable to non-controlling interests		-	(1,978)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		27,696	11,196
Other comprehensive income for the period, net of tax		27,696	11,196
Total comprehensive loss for the period		(406,569)	(890,977)
Total comprehensive loss attributable to members of the Parent		(406,569)	(889,082)
Total comprehensive loss attributable to non-controlling interests		-	(1,895)
Loss per Share			
Basic loss per share (cents per share)		(0.15)	(0.33)
Diluted loss per share (cents per share)		(0.15)	(0.33)

The above Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes.

**CONDENSED CONSOLIDATED
STATEMENT OF FINANCIAL POSITION**
AS AT 31 DECEMBER 2013



	Notes	31 December 2013 \$	30 June 2013 \$
ASSETS			
Current Assets			
Cash and cash equivalents		1,285,404	431,256
Trade and other receivables		27,761	5,394
Total Current Assets		1,313,165	436,650
Non-Current Assets			
Property, plant and equipment		-	9,659
Total Non-Current Assets		-	9,659
TOTAL ASSETS		1,313,165	446,309
LIABILITIES			
Current Liabilities			
Trade and other payables		152,741	134,871
Employee entitlements		-	9,094
Total Current Liabilities		152,741	143,965
TOTAL LIABILITIES		152,741	143,965
NET ASSETS		1,160,424	302,344
EQUITY			
Contributed Equity	4	23,046,596	21,805,533
Reserves	5	95,003	76,136
Accumulated losses		(21,981,175)	(21,562,910)
Equity attributable to owners of the Company		1,160,424	318,759
Non-controlling interests		-	(16,415)
TOTAL EQUITY		1,160,424	302,344

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

**CONDENSED CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

	Attributable to members of the Company				Non-Controlling interests	Total Equity
	Contributed Equity	Share-Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses		
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2013	21,805,533	59,152	16,984	(21,562,910)	(16,415)	302,344
Net loss for the period	-	-	-	(434,265)	-	(434,265)
Exchange differences on translation of foreign operations	-	-	27,518	-	178	27,696
Total comprehensive loss for the period	-	-	27,518	(434,265)	178	(406,569)
Transactions with owners, recorded directly in equity						
Entitlements Offer	1,303,300	-	-	-	-	1,303,300
Share issue costs	(62,237)	-	-	-	-	(62,237)
Expiry of incentive options	-	(16,000)	-	16,000	-	-
Share-based payments expense	-	7,349	-	-	-	7,349
Disposal of non-controlling interest	-	-	-	-	16,237	16,237
Balance at 31 December 2013	23,046,596	50,501	44,502	(21,981,175)	-	1,160,424
Balance at 1 July 2012	20,548,360	198,175	(1,928)	(20,184,745)	13,387	573,249
Net loss for the period	-	-	-	(900,195)	(1,978)	(902,173)
Exchange differences on translation of foreign operations	-	-	11,113	-	83	11,196
Total comprehensive loss for the period	-	-	11,113	(900,195)	(1,895)	(890,977)
Transactions with owners, recorded directly in equity						
Share placements	1,257,173	-	-	-	-	1,257,173
Expiry of incentive options	-	(118,900)	-	29,000	-	(89,900)
Share-based payments expense	-	57,066	-	-	-	57,066
Balance at 31 December 2012	21,805,533	136,341	9,185	(21,055,940)	11,492	906,611

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

**CONDENSED CONSOLIDATED
STATEMENT OF CASH FLOWS**
FOR THE HALF YEAR ENDED 31 DECEMBER 2013



	31 December 2013 \$	31 December 2012 \$
Cash flows from operating activities		
Payments to suppliers and employees	(396,961)	(1,088,509)
Interest received	2,285	8,940
Interest paid	-	(587)
Net cash outflow from operating activities	(394,676)	(1,080,156)
Cash flows from investing activities		
Payments for property, plant and equipment	-	(264)
Net cash outflow from investing activities	-	(264)
Cash flows from financing activities		
Proceeds from issue of shares	1,303,300	1,257,173
Payments for share issue costs	(54,476)	-
Net cash inflow from financing activities	1,248,824	1,257,173
Net increase in cash and cash equivalents held	854,148	176,753
Net foreign exchange differences	-	2,037
Cash and cash equivalents at the beginning of the half year	431,256	773,296
Cash and cash equivalents at the end of the half year	1,285,404	952,086

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

The interim condensed consolidated financial statements of the Group for the half year ended 31 December 2013 were authorised for issue in accordance with the resolution of the directors on 4 March 2014.

The interim condensed consolidated financial statements for the half year reporting period ended 31 December 2013 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This half year 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 Pacific Ore Limited for the year ended 30 June 2013 and any public announcements made by Pacific Ore Limited and its controlled entities during the half year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(b) Basis of Preparation of Half Year Financial Report

The interim condensed consolidated financial statements have been prepared on the basis of historical cost. 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 annual financial report for the year ended 30 June 2013, other than as detailed below.

(c) New Accounting Standards

In the current reporting period, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2013. The adoption of these new and revised standards has not resulted in any significant changes to the Group's accounting policies or to the amounts reported for the current or prior periods.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Directors have reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2013. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

2. SEGMENT INFORMATION

The Group operates in one operating segment, being exploration for mineral resources. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013
(Continued)



3. REVENUE AND EXPENSES

	31 December 2013 \$	31 December 2012 \$
(a) Revenue		
Interest revenue	4,423	8,940
(b) Depreciation and Amortisation		
Depreciation and Amortisation Included in Statement of Profit or Loss and other Comprehensive Income	(9,659)	(11,198)

4. CONTRIBUTED EQUITY

	31 December 2013 \$	30 June 2013 \$
(a) Share Capital		
403,718,404 (30 June 2013: 273,388,440) Ordinary Shares	23,046,596	21,805,533
	23,046,596	21,805,533

(b) Movement in Share Capital during the past six months

		Number of Ordinary Shares	Issue Price \$	\$
01-Jul-13	Opening Balance	273,388,440	-	21,805,533
09-Dec-13	Entitlements Offer	130,329,964	\$0.01	1,303,300
Jul-13 to Dec-13	Share issue costs	-	-	(62,237)
31-Dec-13	Closing balance	403,718,404		23,046,596

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013
(Continued)



5. RESERVES

	Notes	31 December 2013 \$	30 June 2013 \$
Share-based payment reserve	5(a)	50,501	59,152
Foreign currency translation reserve		44,502	16,984
		95,003	76,136

(a) Movement in share-based payment reserve during the past six months

		Number of Incentive Options	\$
01-Jul-13	Opening Balance	2,000,000	59,152
31-Dec-13	Expiry of incentive options	(500,000)	(16,000)
Jul-13 to Dec-13	Share-based payment expense	-	7,349
31-Dec-13	Closing balance	1,500,000	50,501

6. COMMITMENTS AND CONTINGENCIES

There have been no changes to the commitments or contingencies disclosed in the most recent annual financial report of the Company.

7. DIVIDENDS PAID OR PROVIDED FOR

No dividend has been paid or provided for during the half year (31 December 2012: nil).

8. FINANCIAL INSTRUMENTS

(a) Fair Value Measurement

At 31 December 2013 the Group had no material financial assets and liabilities that are measured on a recurring basis and at 31 December 2013, the carrying amount of financial assets and financial liabilities for the Group is considered to approximate their fair values.

9. SUBSEQUENT EVENTS AFTER BALANCE DATE

- (i) On 13 February 2014, the Company completed the shortfall component of its Entitlements Offer to raise an additional \$1.4 million (before costs) through the issue of 143 million shares at \$0.01 each.

Other than as disclosed above, at the date of this report there were no significant events occurring after balance date requiring disclosure.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Pacific Ore Limited for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.



Perth, Western Australia
5 March 2014

M R W Ohm
Partner

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pacific Ore Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Pacific Ore Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2013, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes 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 2013 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 the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an 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*.

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 Pacific Ore Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants



M R W Ohm
Partner

Perth, Western Australia
5 March 2014