

PADBURY MINING LIMITED

ABN 12 009 076 242

HALF-YEAR FINANCIAL REPORT

FOR HALF-YEAR ENDED

31 DECEMBER 2013

PADBURY MINING LIMITED

HALF-YEAR REPORT

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PADBURY MINING LIMITED

CORPORATE DIRECTORY

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

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SHARE REGISTRY

Automic Share Registry Services
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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) and options (PDYOB) are listed on the ASX Limited

PADBURY MINING LIMITED

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2013.

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 2013 was \$ 1,570,525 (31 December 2012 - \$1,653,035).

OAKAJEE

During the period Padbury has focused on the port at Oakajee and associated rail network and a considerable number of Non Disclosure Agreements have been signed with companies interested in taking a closer look at Padbury's Intellectual Property (IP) and to get a better understanding of its vision moving forward.

In that context the Company has continued to develop relationships with a number of key companies in the areas of:

- Investment
- Rail operations
- Port operations
- Government – Federal and State
- Environmental service providers
- Potential construction companies
- End users
- Engineering design and construction service providers
- Community stakeholders

The project is a major undertaking and Padbury is getting traction with a number of key entities which have indicated a keen interest in becoming involved with the project, especially now that Oakajee Port & Rail has put its project on hold.

A number of discussions have also been held with parties interested from an investment perspective from China, the Middle East, USA and Europe as well as local entities. This augers well for a positive outcome for all companies with stranded iron ore assets in the Mid West region.

During the period management twice visited Korea to hold discussions with potential EPC contractors and investors including pension funds and government owned investment entities. Keen interest was shown by major pension funds and government investment agencies with over \$400 billion in assets under management. These corporations indicated a preference for investing in projects involving Korean EPC contractors. In addition, Padbury promoted the project to a number of private investment institutions in Korea.

Negotiations are continuing with major Korean EPCs and management expects to be returning to Korea in the very near future.

PADBURY MINING LIMITED

DIRECTORS' REPORT

TENEMENT MANAGEMENT

During the period Padbury received approval for a Program of Work for its tenement, E52/1557. It is currently awaiting the final flora and fauna study for this tenement in order to assess the next steps in its exploration program aimed at expanding its asset base.

GEOLOGICAL UPDATE

A mapping exercise was undertaken on E52/1862 during the period.

In addition, a Program of Work submission has been forwarded to the Department of Mines and Petroleum for its consideration on E52/1557. A flora and fauna study (preliminary) has also been undertaken on that tenement which is a continuation along strike from Padbury's key tenement E52/1860. It is intended to undertake further work on this tenement with a view to expanding Padbury's DSO and magnetite asset base.

PADBURY MINING LIMITED DIRECTORS' REPORT

CHANGES IN STATE OF AFFAIRS

During the half-year ended 31 December 2013 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.

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 2013 is included within this financial report.

Signed in accordance with a resolution of the directors.

On behalf of the Directors



Terence Quinn
Chairman

Perth, 13 March 2014

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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 2013, 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: 13 March 2014

PADBURY MINING LIMITED
STATEMENT OF COMPREHENSIVE INCOME
For the half-year ended 31 December 2013

		Consolidated	Consolidated
	Note	31 December 2013 \$	31 December 2012 \$
Revenue	2	24,741	251,163
Depreciation expense		(10,882)	(9,666)
Impairment of exploration assets		(563,184)	(671,234)
Exploration and evaluation expenditure		(414,953)	(274,737)
Administration expenses		(378,050)	(513,284)
Directors fees and benefits		(195,435)	(325,707)
Consulting fees		(32,762)	(109,570)
Loss before income tax expense		(1,570,525)	(1,653,035)
Income tax expense		-	-
Net loss for the period after income tax		(1,570,525)	(1,653,035)
Other comprehensive income:			
<i>Item that may be reclassified subsequently to operating result</i>			
Net change in fair value of available-for-sale financial assets		-	105,000
Other comprehensive income for the period, net of tax		-	105,000
Total comprehensive loss attributable to members of Padbury Mining Limited		(1,570,525)	(1,548,035)
Basic and diluted loss per share (cents per share)		(0.05)	(0.06)

The accompanying notes form part of these financial statements

PADBURY MINING LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 December 2013

		Consolidated	Consolidated
		31 December	30 June
	Note	2013	2013
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		1,949,730	2,336,163
Trade and other receivables		112,656	767,731
Total Current Assets		<u>2,062,386</u>	<u>3,103,894</u>
Non-Current Assets			
Plant and equipment		61,947	67,148
Deferred exploration and evaluation	3	12,739,610	13,302,794
Intangible assets		2,560,000	2,560,000
Total Non-Current Assets		<u>15,361,557</u>	<u>15,929,942</u>
Total Assets		<u>17,423,943</u>	<u>19,033,836</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		63,037	102,405
Total Current Liabilities		<u>63,037</u>	<u>102,405</u>
Total Liabilities		<u>63,037</u>	<u>102,405</u>
Net Assets		<u>17,360,906</u>	<u>18,931,431</u>
EQUITY			
Issued capital	4	54,817,726	54,817,726
Reserves		6,266,834	6,266,834
Accumulated losses		(43,723,654)	(42,153,129)
Total Equity		<u>17,360,906</u>	<u>18,931,431</u>

The accompanying notes form part of these financial statements

PADBURY MINING LIMITED
STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2013

Consolidated	Issued Capital \$	Accumulated Losses \$	Financial Asset Reserve \$	Option Reserve \$	Total Equity \$
At 1 July 2012	51,136,126	(39,592,456)	(105,000)	6,075,504	17,514,174
Loss for the period	-	(1,653,035)	-	-	(1,653,035)
Net change in fair value of other financial assets	-	-	105,000	-	105,000
Total comprehensive loss for the period	-	(1,653,035)	105,000	-	(1,548,035)
Transactions with owners in their capacity as owners:					
Listed options issued during the period	-	-	-	125,330	125,330
Securities issued during the period	3,361,600	-	-	-	3,361,600
At 31 December 2012	54,497,726	(41,245,491)	-	6,200,834	19,453,069
At 1 July 2013	54,817,726	(42,153,129)	-	6,266,834	18,931,431
Loss for the period	-	(1,570,525)	-	-	(1,570,525)
Total comprehensive loss for the period	-	(1,570,525)	-	-	(1,570,525)
At 31 December 2013	54,817,726	(43,723,654)	-	6,266,834	17,360,906

The accompanying notes form part of these financial statements

PADBURY MINING LIMITED
STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2013

	Consolidated	Consolidated
	31 December	31 December
	2013	2012
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(669,023)	(1,069,720)
Payments for exploration expenditure	(412,382)	(448,259)
Interest received	37,660	60,559
Research and Development tax refund received	627,960	132,039
Refund of / (payment for) GST to ATO	35,033	(54,854)
Net cash (used in) operating activities	<u>(380,752)</u>	<u>(1,380,235)</u>
Cash flows from investing activities		
Purchase of fixed assets	(5,681)	(1,822)
Receipt of cash from acquisition of subsidiary	-	947,686
Net cash received (used in)/ from investing activities	<u>(5,681)</u>	<u>945,864</u>
Net (decrease) in cash held	(386,433)	(434,371)
Cash at beginning of the half-year	<u>2,336,163</u>	<u>3,476,038</u>
Cash at end of the half-year	<u>1,949,730</u>	<u>3,041,667</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 2013

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report for the half-year reporting period ended 31 December 2013 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.

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 2013 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.

2. REVENUE

	31 December 2013 \$	31 December 2012 \$
Revenue:		
Interest received	24,741	84,124
Gain on disposal of other financial assets	-	35,000
Research and Development tax refund	-	132,039
	24,741	251,163

PADBURY MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2013

3. DEFERRED EXPLORATION EXPENDITURE

	31 December 2013	30 June 2013
	\$	\$
Costs carried forward in respect of areas of interest in the following phases:		
Deferred exploration and evaluation	12,739,610	13,302,794
Movement		
Balance at beginning of half-year	13,302,794	
Exploration and evaluation expenditure incurred	414,953	
Exploration and evaluation expenditure written off	(414,953)	
Impairment of exploration assets	(563,184)	
Balance at end of half-year	12,739,610	

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.

4. ISSUED CAPITAL

Ordinary shares – fully paid	54,817,726	54,817,726
		31 December 2013
Movement in ordinary shares on issue	Number	\$
Balance at beginning of half-year	3,319,433,650	54,817,726
Issue of shares	-	-
Balance at end of half-year	3,319,433,650	54,817,726

5. 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.

6. CONTINGENT LIABILITIES

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

7. DIVIDENDS

No dividends have been declared or paid during the half-year ended 31 December 2013 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 2013.

PADBURY MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2013

8. EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the half-year which have 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 reported for the half-year ended 31 December 2013.

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 2013 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, 13 March 2014

**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 2013 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 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 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.

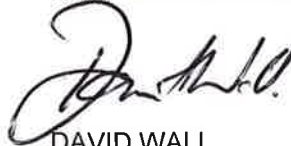
Conclusion

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 2013 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*.

RSM Bird Cameron Partners.

RSM BIRD CAMERON PARTNERS



DAVID WALL
Partner

Perth, WA
Dated: 13 March 2014