

**ABM RESOURCES NL
AND CONTROLLED ENTITIES**

ABN 58 009 127 020

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2014**



Corporate Directory



ABN 58 009 127 020 ACN 009 127 020

| | |
|--------------------------|--|
| Directors | Dr Michael Etheridge (Chairman) Mr Darren Holden (Managing Director) Mr Graeme Sloan Mr Andrew Ferguson Mr Louis Rozman (resigned 13 October 2014) Dr Helen Garnett (appointed 13 October 2014) Mr Richard Procter (appointed 13 October 2014) |
| Secretary | Ms Jutta Zimmermann |
| Auditors | BDO Audit (WA) Pty Ltd 38 Station Street SUBIACO WA 6008 |
| Bankers | ANZ Banking Group Limited Level 10, 77 St Georges Terrace PERTH WA 6000 |
| Share Registry | Security Transfer Registrars Pty Ltd 770 Canning Highway APPLECROSS WA 6153 Telephone: +61 8 9315 2333 |
| Solicitors | Ward Keller Northern Territory House Level 7, 22 Mitchell Street DARWIN NT 0800 Piper Alderman Level 16, 70 Franklin Street ADELAIDE SA 5000 |
| Stock Exchange | Australian Securities Exchange Limited ASX Code: ABU |
| Registered Office | Level 1, 141 Broadway NEDLANDS WA 6009 |
| Principal Office | Level 1, 141 Broadway NEDLANDS WA 6009 Telephone: +61 8 9423 9777 Fax: + 61 8 9423 9733 Website: www.abmresources.com.au Email: admin@abmresources.com.au |
| Postal Address | Level 1, 141 Broadway NEDLANDS WA 6009 |



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DIRECTORS' REPORT

The Directors of ABM Resources NL present their report on the consolidated entity (Group), consisting of ABM Resources NL and the entities it controlled at the end of, and during, the half-year ended 31 December 2014.

Directors

| | | |
|----------------------|------------------------|---------------------------|
| Dr Michael Etheridge | Non-Executive Chairman | |
| Mr Darren Holden | Managing Director | |
| Mr Graeme Sloan | Non-Executive Director | |
| Mr Andrew Ferguson | Non-Executive Director | |
| Mr Louis Rozman | Non-Executive Director | Resigned 13 October 2014 |
| Dr Helen Garnett | Non-Executive Director | Appointed 13 October 2014 |
| Mr Richard Procter | Non-Executive Director | Appointed 13 October 2014 |

The Directors have been appointed for the whole period unless otherwise disclosed.

Operating Results

The consolidated loss of the Group for the half-year ended 31 December 2014 after providing for income tax amounted to \$5,843,951 (2013: loss of \$1,286,661).

Review of Operations

Achievements accomplished since the start of the 2014/2015 financial year:

- Completion of share and option consolidation on a one for fifteen basis.
- \$19.6 million strategic investment completed by Pacific Road Capital with \$7.745 million Tranche 2 funds received in July 2014.
- Agreement with Tanami Exploration NL signed for a lease and purchase option of the Coyote Gold Processing Plant for treatment of Old Pirate ore.
- Completed grade control, extensional and sterilisation drilling for Old Pirate.
- Updated the resource estimation for the Old Pirate High-Grade Gold Deposit and issued production guidance for the first full year of production.
- Appointed new directors and senior management.
- Received approval of the Mine Management Plan to commence production.
- Completed Coyote Gold Plant engineering inspections to finalise recommissioning plans.
- Continued preparation of mining plans for site establishment and contractor mobilisation.
- Completed first pass drilling (by IGO) at Lake Mackay.

Events Subsequent to the Reporting Date

5,550,000 options were exercised in January 2015 with all other remaining options expiring.

New nickel-copper-cobalt and manganese targets at the Warumpi Margin Project (with IGO).

Selected mining contractor for Old Pirate High-Grade gold deposit.

The Company announced a capital raising on 19 February 2015.

DIRECTORS' REPORT

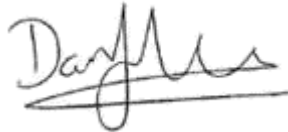
Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of Directors.



MIKE ETHERIDGE
Non-Executive Chairman



DARREN HOLDEN
Managing Director

Dated this 24th day of February 2015
Perth, Western Australia

DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF ABM RESOURCES NL

As lead auditor for the review of ABM Resources NL for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of ABM Resources NL and the entities it controlled during the period.



Brad McVeigh
Director

BDO Audit (WA) Pty Ltd

Perth, 24 February 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

| | | Consolidated | |
|---|----|------------------------|------------------------|
| | | 31 December 2014 | 31 December 2013 |
| | | \$ | \$ |
| Revenue from continuing activities | 3 | 214,150 | 4,313,040 |
| Other income | | 115,719 | 166,281 |
| Employee and Directors benefits expenses | | (1,758,780) | (1,671,549) |
| Lease expenses | | (33,147) | (34,636) |
| Depreciation expenses | | (447,705) | (352,399) |
| Consultancy expenses | | (374,700) | (50,837) |
| Exploration, mining lease and trial mining expenses | | (4,522,787) | (3,335,824) |
| Legal fees | | (34,646) | (59,390) |
| Other expenses | | (530,963) | (261,347) |
| Loss before income tax expense | | (7,372,859) | (1,286,661) |
| Income tax (expense)/benefit | 11 | 1,528,908 | - |
| Loss for the half-year | | (5,843,951) | (1,286,661) |
| Loss attributable to members of ABM Resources NL | | (5,843,951) | (1,286,661) |
| Other comprehensive income | | - | - |
| Total other comprehensive income for the half-year | | - | - |
| Total comprehensive income for the half-year | | (5,843,951) | (1,286,661) |
| Total comprehensive income for the half-year attributable to members of ABM Resources NL | | (5,843,951) | (1,286,661) |
| Basic loss per share attributable to the ordinary equity holders of the Company | | | |
| Basic loss per share (cents per share) ¹⁾ | | (2.15) | (0.59) |
| Diluted earnings per share | | n/a | n/a |

¹⁾ The prior year comparative has been amended to reflect the effect of the 1 for 15 consolidation of share capital as approved by the shareholders on 27 June 2014 and completed on 10 July 2014 (Note 6).

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

| | Notes | Consolidated | |
|---|-------|---------------------------|-----------------------|
| | | 31 December 2014 \$ | 30 June 2014 \$ |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 11,182,522 | 10,199,737 |
| Trade and other receivables | | 1,587,955 | 746,927 |
| Inventories | 5 | 76,899 | 109,569 |
| Other current assets | | 81,764 | 86,458 |
| TOTAL CURRENT ASSETS | | 12,929,140 | 11,142,691 |
| NON-CURRENT ASSETS | | | |
| Trade and other receivables | | 455,086 | 536,086 |
| Property, plant and equipment | 4 | 4,662,964 | 5,082,877 |
| Exploration, evaluation and development expenditure | 7 | 17,617,075 | 17,617,075 |
| TOTAL NON CURRENT ASSETS | | 22,735,125 | 23,236,038 |
| TOTAL ASSETS | | 35,664,265 | 34,378,729 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other liabilities | | 1,160,325 | 1,102,645 |
| Employee benefits | | 434,839 | 408,734 |
| Other current liabilities | 9 | - | 150,000 |
| TOTAL CURRENT LIABILITIES | | 1,595,164 | 1,661,379 |
| NON-CURRENT LIABILITIES | | | |
| Employee benefits | | 168,206 | 145,346 |
| Provisions | | 1,413,266 | 1,397,283 |
| TOTAL NON-CURRENT LIABILITIES | | 1,581,472 | 1,542,629 |
| TOTAL LIABILITIES | | 3,176,636 | 3,204,008 |
| NET ASSETS | | 32,487,629 | 31,174,721 |
| EQUITY | | | |
| Contributed equity | 6 | 150,293,564 | 143,136,705 |
| Reserves | | 8,039,825 | 8,039,825 |
| Accumulated losses | | (125,845,760) | (120,001,809) |
| TOTAL EQUITY | | 32,487,629 | 31,174,721 |

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

| | Consolidated | |
|---|---------------------------|---------------------------|
| | 31 December 2014 \$ | 31 December 2013 \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipt from gold and silver sales | - | 4,229,351 |
| Payments to suppliers and employees | (1,217,679) | (883,184) |
| Interest received | 227,310 | 126,460 |
| Payments for exploration, mining lease and trial mining | (5,483,882) | (5,488,671) |
| Net cash outflow from operating activities | <u>(6,474,251)</u> | <u>(2,016,044)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (31,384) | (2,824,609) |
| Proceeds from bond deposit refund | 181,509 | 1,294,813 |
| Proceeds from sale of property, plant and equipment | 5,454 | - |
| Proceeds from sale of other financial assets | - | 45,750 |
| Proceeds from sale of exploration interest | - | 250,000 |
| Net cash flow on divestment of subsidiary | 15 (118,000) | - |
| Net cash outflow from investing activities | <u>37,579</u> | <u>(1,234,046)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of shares | 7,745,467 | - |
| Share issue costs | (326,010) | - |
| Net cash inflow from financing activities | <u>7,419,457</u> | <u>-</u> |
| Net increase/(decrease) in cash and cash equivalents | 982,785 | (3,250,090) |
| Cash and cash equivalents at beginning of reporting period | 10,199,737 | 8,344,284 |
| Cash and cash equivalents at end of reporting period | <u>11,182,522</u> | <u>5,094,194</u> |

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

| | Notes | Contributed Equity \$ | Available- for-Sale Financial Asset Reserve \$ | Share-based Payment Reserve \$ | Employee Options Reserve \$ | Retained Earnings \$ | Total \$ |
|--|-------|-----------------------------|---|---|--------------------------------------|----------------------------|-------------|
| Balance at 1 July 2013 | | 131,415,533 | 30,000 | 7,587,378 | 937,639 | (112,378,769) | 27,591,781 |
| Comprehensive income for the half-year | | | | | | | |
| Loss for the half-year | | - | - | - | - | (1,286,661) | (1,286,661) |
| Total comprehensive income for the half-year | | - | - | - | - | (1,286,661) | (1,286,661) |
| Transaction with owners in their capacity as owners: | | | | | | | |
| Recognition of treasury shares | 6 | 32,880 | - | - | - | - | 32,880 |
| Transfer of reserve on sale of available-for-sale financial assets | | - | (30,000) | - | - | 30,000 | - |
| Transfer of reserve on vested shares issued to employee | | - | - | - | (19,811) | 19,811 | - |
| Total transactions with owners | | 32,880 | (30,000) | - | (19,811) | 49,811 | 32,880 |
| Balance at 31 December 2013 | | 131,448,413 | - | 7,587,378 | 917,828 | (113,615,619) | 26,338,000 |
| Balance at 1 July 2014 | | 143,136,705 | - | 7,260,409 | 779,416 | (120,001,809) | 31,174,721 |
| Comprehensive income for the half-year | | | | | | | |
| Loss for the half-year | | - | - | - | - | (5,843,951) | (5,843,951) |
| Total comprehensive income for the half-year | | - | - | - | - | (5,843,951) | (5,843,951) |
| Transaction with owners in their capacity as owners: | | | | | | | |
| Shares issued | | 7,745,467 | - | - | - | - | 7,745,467 |
| Transaction costs | | (326,010) | - | - | - | - | (326,010) |
| Employee shares bought-back | | (262,598) | - | - | - | - | (262,598) |
| Total transactions with owners | | 7,156,859 | - | - | - | - | 7,156,859 |
| Balance at 31 December 2014 | | 150,293,564 | - | 7,260,409 | 779,416 | (125,845,760) | 32,487,629 |

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

This general purpose interim financial report for the half-year reporting period ended 31 December 2014 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* 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 for the year ended 30 June 2014 and any public announcements made by ABM Resources NL during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period except for: AASB 2 *Share-Based Payments* – There is no impact on the financial statements because they apply prospectively to share-based payment transactions for which the grant date is on or after 1 July 2014; AASB 8 *Operating Segment* – There is no impact on the financial statements because this is a disclosure standard only; AASB 124 *Related Party Disclosure* – There is no impact on the financial statements because this is a disclosure standard only.

(b) Estimates

The preparation of the half-year financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these consolidated half-year financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2014.

NOTE 2: SEGMENT INFORMATION

Following the NT Department of Mines and Energy approval of the Mine Management Plan for the Old Pirate Gold Project and commencement of trial mining in the prior year, the full Board of Directors, who are the chief operating decision makers, identified two reportable segments from the Group's main activities, being the Mining Lease, Trial Mining and Development segment and Exploration segment. In the previous period, reportable segments were identified from a geographical perspective with the mineral exploration segments being, the Northern Territory and Other segment. The prior period comparative has been amended to reflect these changes.

Management assesses the performance of the operating segments based on a measure of exploration and evaluation expenditure for each activity. The measure excludes items such as the effects of share based payments expenses, interest income and corporate expenses as these activities are centralised.

| | Mining Lease, Trial Mining & Development \$ | Exploration \$ | Total \$ |
|---|--|-------------------|-------------|
| Half-year ended 31 December 2014 | | | |
| Segment revenue | - | - | - |
| Segment other income | 24,928 | 81,000 | 105,928 |
| Segment loss | | | |
| Total segment loss | (2,844,090) | (1,349,358) | (4,193,448) |
| Inter-segment loss | - | - | - |
| Net segment loss | (2,844,090) | (1,349,358) | (4,193,448) |
| Total segment assets | | | |
| 31 December 2014 | 4,730,488 | 17,985,961 | 22,716,449 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 2: SEGMENT INFORMATION cont'd

| | Mining Lease, Trial Mining & Development \$ | Exploration \$ | Total \$ |
|--|--|-------------------|-------------|
| Half-year ended 31 December 2013 (restated) | | | |
| Segment revenue | 4,229,351 | - | 4,229,351 |
| Segment other income | 71,908 | 88,623 | 160,531 |
| Segment loss | | | |
| Total segment profit/(loss) | 614,936 | (1,091,196) | (476,260) |
| Inter-segment loss | - | - | - |
| Net segment loss | 614,936 | (1,091,196) | (476,260) |
| Total segment assets | | | |
| 30 June 2014 | 5,179,801 | 18,254,298 | 23,434,099 |

Reconciliation of segment result to Group net profit/(loss) before tax is provided as follows:

| | Consolidated | |
|--|---------------------------|---------------------------|
| | 31 December 2014 \$ | 31 December 2013 \$ |
| Net segment loss | (4,193,448) | (476,260) |
| Corporate items: | | |
| Interest revenue | 214,150 | 83,689 |
| Other revenue | 4,337 | 5,750 |
| Employee and Directors' benefits expense | (741,468) | (576,443) |
| Other expenses | (1,127,522) | (323,397) |
| Net loss before tax from continuing operations | (5,843,951) | (1,286,661) |

Segment assets reconcile to total assets as follows:

| | Consolidated | |
|--|---------------------------|-----------------------|
| | 31 December 2014 \$ | 30 June 2014 \$ |
| Segment assets | 22,716,449 | 23,434,099 |
| Cash and cash equivalents | 11,182,522 | 10,199,737 |
| Trade and other receivables | 1,587,955 | 558,743 |
| Other current assets | 39,754 | 57,540 |
| Trade and other receivables – non-current | 105,086 | 105,086 |
| Property, plant and equipment | 32,499 | 23,524 |
| Total assets per statement of financial position | 35,664,265 | 34,378,729 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 2: SEGMENT INFORMATION cont'd

Segment revenue reconciles to total revenue from continuing operations as follows:

| | Consolidated | |
|--|---------------------|---------------------|
| | 31 December 2014 | 31 December 2013 |
| | \$ | \$ |
| Segment revenue | - | 4,229,351 |
| Interest received | 214,150 | 83,689 |
| Total revenue from continuing operations | 214,150 | 4,313,040 |

NOTE 3: REVENUE

| | Consolidated | |
|-----------------------|---------------------|---------------------|
| | 31 December 2014 | 31 December 2013 |
| | \$ | \$ |
| Gold and silver sales | - | 4,229,351 |
| Interest received | 214,150 | 83,689 |
| | 214,150 | 4,313,040 |

NOTE 4: PROPERTY, PLANT AND EQUIPMENT

| | Infrastructure \$ | Plant and Equipment \$ | Total \$ |
|---|----------------------|------------------------------|-------------|
| At 30 June 2014 | | | |
| Cost | 188,949 | 6,831,094 | 7,020,043 |
| Accumulated depreciation | (32,458) | (1,904,708) | (1,937,166) |
| Net book value | 156,491 | 4,926,386 | 5,082,877 |
| Half-year ended 31 December 2014 | | | |
| Opening net book value | 156,491 | 4,926,386 | 5,082,877 |
| Additions | - | 27,793 | 27,793 |
| Disposals | - | (1) | (1) |
| Transfers | - | - | - |
| Depreciation expense | (9,447) | (438,258) | (447,705) |
| Closing net book value | 147,044 | 4,515,920 | 4,662,964 |
| At 31 December 2014 | | | |
| Cost | 188,949 | 6,816,114 | 7,005,063 |
| Accumulated depreciation | (41,905) | (2,300,194) | (2,342,099) |
| Net book value | 147,044 | 4,515,920 | 4,662,964 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 5: INVENTORIES

| | Consolidated | |
|-----------------------|---------------------------|-----------------------|
| | 31 December 2014 \$ | 30 June 2014 \$ |
| Diesel fuel – at cost | 76,899 | 109,569 |
| | <u>76,899</u> | <u>109,569</u> |

NOTE 6: CONTRIBUTED EQUITY

| Details | Date | Number of Shares | Issue Price \$ | Value \$ |
|--|------------------|----------------------|-------------------|--------------------|
| Opening balance at the beginning of reporting period | 1 July 2013 | 3,282,925,631 | | 131,415,533 |
| Recognition of treasury shares ¹⁾ | | | | 32,880 |
| Closing balance | 31 December 2013 | <u>3,282,925,631</u> | | <u>131,448,413</u> |
| Opening balance at the beginning of reporting period ²⁾ | 1 July 2014 | 252,459,502 | | 143,136,705 |
| Share placement | 11 July 2014 | 21,515,188 | 0.360 | 7,745,468 |
| Employee shares bought-back | 25 July 2014 | (654,048) | 0.401 | (262,599) |
| Transaction costs relating to share issues | | | | (326,010) |
| Closing balance | 31 December 2014 | <u>273,320,642</u> | | <u>150,293,564</u> |

¹⁾ Director and employee loans have been derecognised in the prior period to take into account the treasury share nature of the underlying securities. The total number of treasury shares as at 31 December 2014 was 53,899,000 (2013: 63,470,600). An amount of \$262,599 in relation to the Directors and employees share loans has been reversed following the completion of employee shares bought-back. The remaining balances have not been repaid.

²⁾ At a general meeting held on 27 June 2014 shareholders approved an issued capital consolidation where every fifteen shares were consolidated into one share and every fifteen options were consolidated into one option. All fractional entitlements were rounded up. The last day of trading on a pre-consolidation basis was 30 June 2014 and the first day of trading on a post-consolidation and deferred settlement basis was 1 July 2014. The Company commenced normal T+3 trading on 11 July 2014.

NOTE 7: EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

| | Consolidated | |
|--|---------------------------|-----------------------|
| | 31 December 2014 \$ | 30 June 2014 \$ |
| Carrying amount at the beginning of financial period | 17,617,075 | 17,617,075 |
| Exploration interest acquired | - | 100,000 |
| Less: Impairment | - | (100,000) |
| Carrying amount at the end of financial period | <u>17,617,075</u> | <u>17,617,075</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 8: DIVIDENDS

No dividends were paid or declared during the half-year.

NOTE 9: OTHER CURRENT LIABILITIES

| | Consolidated | |
|---|---------------------|-----------------|
| | 31 December 2014 | 30 June 2014 |
| | \$ | \$ |
| Option signing fee – Clancy Exploration Ltd | - | 150,000 |

ABM had reached an agreement with Clancy Exploration Ltd (ASX: CLY) (“Clancy”) whereby Clancy had the option to acquire 100% of ABM’s interests in the North Arunta Regional Projects (“Projects”). In prior financial period Clancy paid a \$250,000 option fee and a \$150,000 exercise fee. Subsequent to the end of financial year Clancy announced that it had been unable to fulfil the last condition precedent and the agreement terminated.

NOTE 10: FAIR VALUES OF FINANCIAL INSTRUMENTS

(a) Recurring fair value measurements

The Group does not have any financial instruments that are subject to recurring or non-recurring fair value measurements.

(b) Fair values of financial instruments not measured at fair value

The following instruments are not measured at fair value in the statement of financial position. These had the following fair values at 31 December 2014:

| | Carrying Amount | Fair Value |
|-----------------------------|--------------------|---------------|
| | \$ | \$ |
| Current Assets | | |
| Trade and other receivables | 1,587,955 | 1,587,955 |
| Current Liabilities | | |
| Trade and other payables | 455,086 | 455,086 |

Due to their short-term nature, the carrying amounts of current receivables and current trade and other payables is assumed to equal their fair value.

NOTE 11: R&D UPLIFT REFUND

The income tax benefit of \$1,528,908 (2013: nil) represents an R&D uplift refund relating to the financial year ended 30 June 2013.

NOTE 12: COMMITMENTS

Since the start of the financial year, ABM has signed an agreement with Tanami Exploration NL for a lease and purchase option of the Coyote Gold Processing Plant (Coyote). Until completion of the due diligence period and the commencement date of the lease which is yet to be determined, ABM has committed to paying the care and maintenance cost for Coyote to a monthly maximum amount of \$150,000. On commencement of the lease a \$2,000,000 payment for the first year lease will fall due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 13: CONTINGENCIES

(a) Environmental

The Group provides for all known environmental liabilities. While the Directors believe that, based upon current information, its current provisions for the environmental rehabilitation are adequate, there can be no assurance that material new provisions will not be required as a result of new information or regulatory requirements with respect to known sites or identification of new remedial obligations at other sites. Rehabilitation provisions amounting to \$1,413,266 have been accounted for to the level that ground disturbance has occurred to 31 December 2014.

Bank guarantees totalling \$3,854,734 (2013: \$1,637,190) have been provided. Term deposits of \$350,000 (2013: \$431,000) secure these guarantees. The remaining \$3,504,734 are non-cash backed performance bonds under a performance bond facility with ANZ Banking Group Limited, which under certain circumstances may require cash-backing.

(b) Bank Guarantee – Other

Estimates of the potential financial effect of contingent liabilities that may become payable:

| | Consolidated | |
|---|---------------------|---------------------|
| | 31 December 2014 | 31 December 2013 |
| | \$ | \$ |
| The Parent Entity has provided a bank guarantee to a third party in relation to the Business Card facility. A term deposit of the same amount secures this guarantee. | 70,000 | 70,000 |
| The Parent Entity has provided a bank guarantee to the lessor of the Nedlands premises. A term deposit of the same amount secures this guarantee. | 35,086 | 35,086 |

NOTE 14: RELATED PARTY TRANSACTIONS

Transactions between related parties occur on normal commercial terms and conditions and are no more favourable than those available to other parties unless otherwise stated. During the year loan transactions occurred between the Parent Entity and its wholly owned subsidiaries.

The terms and conditions of the transactions with Directors, other key management personnel and their related parties and entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions with non-Director related parties and entities on an arm's length basis.

NOTE 15: SUBSIDIARIES

ABM divested its subsidiary, ABM Resources Operations Pty Ltd, which holds the closed Dalgaranga Tantalum Mine in the Murchison of Western Australia. The Company sold the subsidiary to Pangaea Metals Limited for the sum of \$1 and provided \$118,000 as contribution for future mine site rehabilitation. ABM's ongoing liability on this project has ceased.

NOTE 16: EVENTS OCCURRING AFTER THE REPORTING PERIOD

5,550,000 options were exercised in January 2015 with all other remaining options expiring.

Selected mining contractor for Old Pirate High-Grade gold deposit.

The Company announced a capital raising on 19 February 2015.

DIRECTORS' DECLARATION

The Directors of the Group declare that:

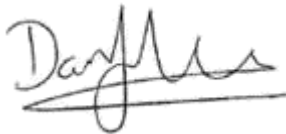
- (a) the financial statements and notes set out on pages 6 to 15 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that ABM Resources NL 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.

Dated this 24th day of February 2015



MIKE ETHERIDGE
Non-Executive Chairman



DARREN HOLDEN
Managing Director

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of ABM Resources NL

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of ABM Resources NL, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of 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's 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 ABM Resources NL, 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 ABM Resources NL, 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 ABM Resources NL 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 2014 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*

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'BDO' on the top line and 'BMcV' on the bottom line, followed by a large, stylized flourish.

Brad McVeigh

Director

Perth, 24 February 2015