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**BUXTON RESOURCES LIMITED**

**ABN 86 125 049 550**

**INTERIM FINANCIAL REPORT**

**FOR THE HALF YEAR ENDED**

**31 DECEMBER 2012**

**This interim financial report does not include all the notes of the type normally included in an annual financial report. This report is to be read in conjunction with the Annual Report for the year ended 30 June 2012 and any public announcements made by Buxton Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.**

## BUXTON RESOURCES LIMITED

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## BUXTON RESOURCES LIMITED

### CORPORATE INFORMATION

**Buxton Resources Ltd**  
**ABN: 86 125 049 550**

#### **Directors**

Seamus Cornelius  
Anthony Maslin  
Julian Stephens  
Liu Xing Zhou

#### **Auditors**

Rothsay Consulting Services Pty Ltd  
Level 18, Central Park Building  
152-158 St George's Terrace  
Perth WA 6000

#### **Company Secretary**

Sam Wright

#### **Registered office and principal place of business**

Suite 1, 1<sup>st</sup> Floor  
14-16 Rowland Street  
Subiaco WA 6008

PO Box 9028  
Subiaco WA 6008

Ph: 08 9380 6063

Fax: 08 9381 4056

Web: [www.buxtonresources.com.au](http://www.buxtonresources.com.au)

#### **Share Register**

Computershare Ltd  
Level 2, 45 St Georges Terrace  
Perth WA 6000

#### **Home Exchange**

ASX Limited  
ASX Code: BUX, BUXO

DIRECTORS' REPORT

Your directors are pleased to present their report on Buxton Resources Limited for the half-year ended 31 December 2012.

DIRECTORS

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

Seamus Cornelius

Anthony Maslin

Julian Stephens

Liu Xing Zhou (appointed 12 September 2012)

Directors were in office for the entire period unless otherwise stated.

REVIEW AND RESULTS OF OPERATIONS

Operating results

The Company recorded a loss for the period ended 31 December 2012 of \$2,368,661 (2011; \$902,860).

At 31 December 2012 the Company held cash and term deposit balances of \$2,639,405 (2011; \$1,524,142).

EXPLORATION PROJECTS

WIDOWMAKER NICKEL – COPPER PROJECT

E28/2201 (100% Buxton)

The Company completed a HeliVTEM survey in November 2012. The survey has shown at least 14 interpreted bedrock conductors, of which 7 have been defined as priority 1 targets for immediate follow up exploration (Figure 1).

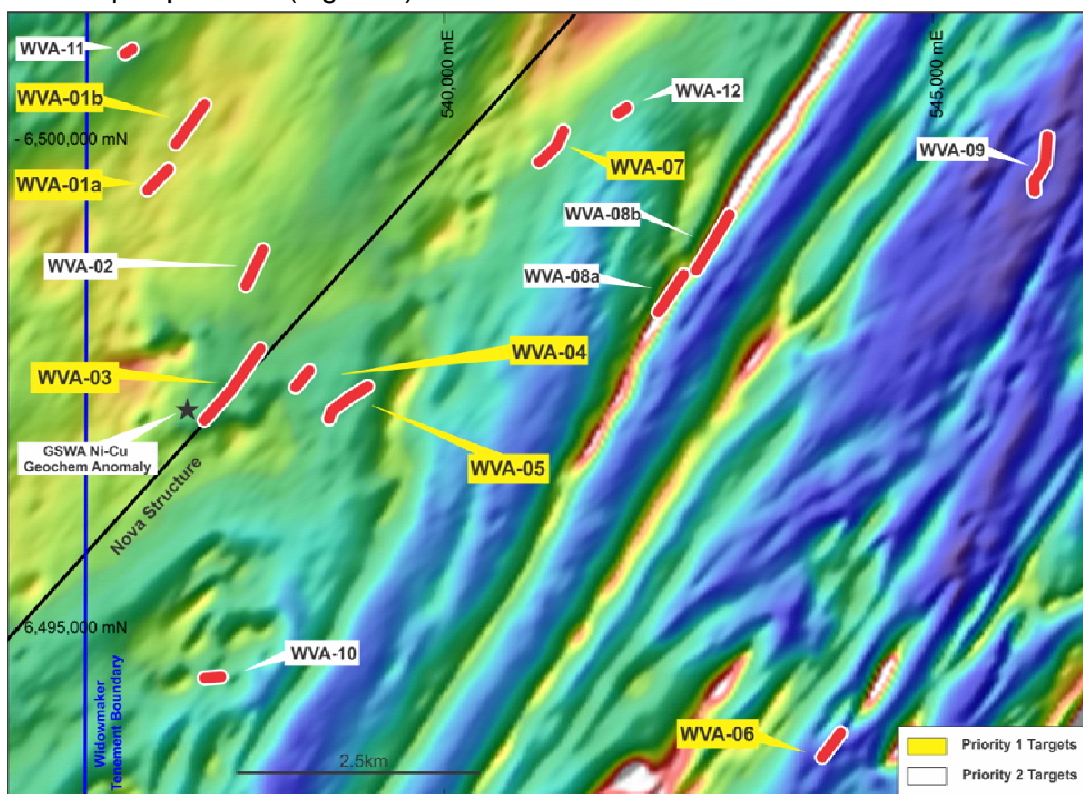


Figure 1: VTEM bedrock conductors over airborne magnetic image

DIRECTORS' REPORT (CONTINUED)

EXPLORATION PROJECTS (CONTINUED)

Survey Results

The survey was flown at 150m line spacing by a helicopter-borne VTEMmax system across the western two thirds of the Widowmaker tenement. This area is directly along strike from Sirius' Nova Ni-Cu discovery, appears to contain the same/similar mafic-ultramafic rock package and is transected by a significant fault/stratigraphic boundary that appears to be important at Nova (Figure 2).

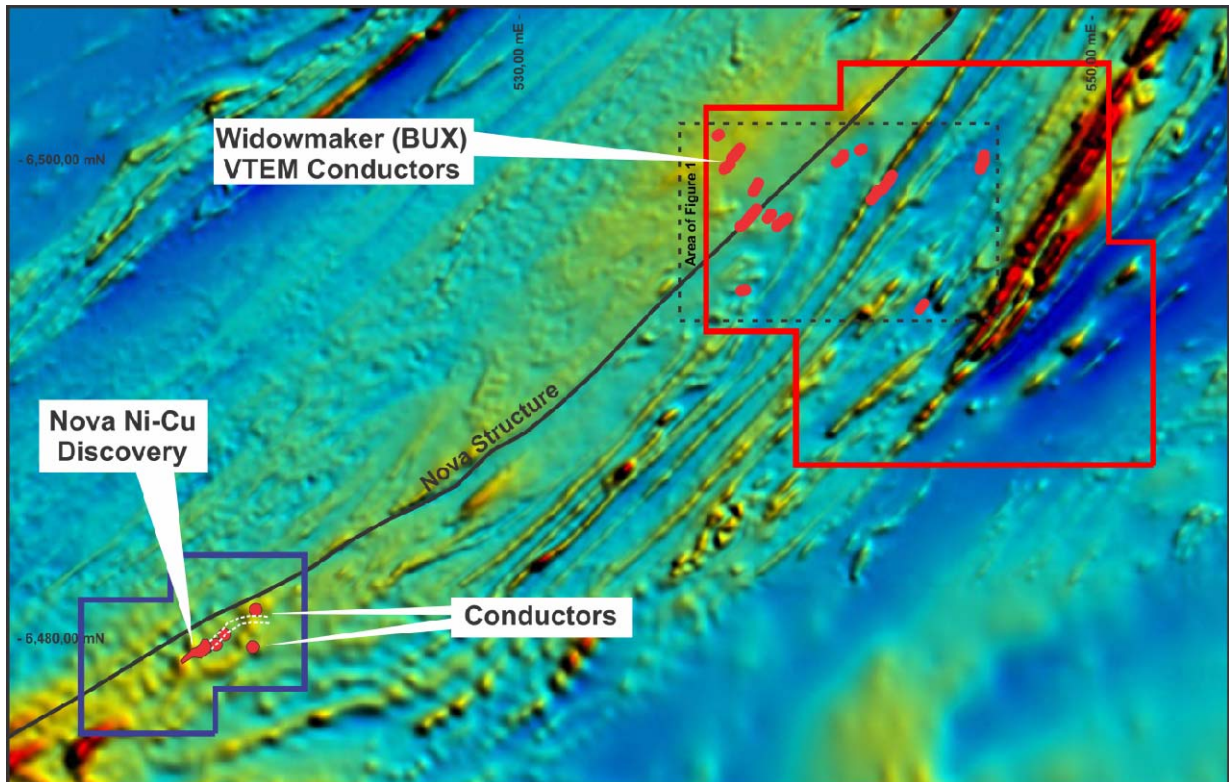


Figure 2: Widowmaker and Nova conductors over magnetic image

Seven of the 14 interpreted bedrock conductors have been classified as priority 1 targets due primarily to their:

- structural location, with particular reference to the interpreted “Nova Structure”
- geometry i.e. relatively discrete conductors with strike lengths generally <1km
- geochemical signature, where the conductors occur coincident to historical, anomalous surface geochemical samples and/or within anomalous trends or corridors
- magnetic features, where subtle magnetic highs may represent mafic-ultramafic rocks such as the “Eye” feature at Nova, or zones of the magnetic sulphide mineral pyrrhotite, which is very common in Ni-Cu deposits of this type

DIRECTORS' REPORT (CONTINUED)

EXPLORATION PROJECTS (CONTINUED)

The seven priority 1 conductors are described below.

Priority 1 Conductors

**WVA-003** The highest priority conductor. Moderate to high amplitude late time EM response 900m in strike length. Located on the “Nova Structure” in an area close to a change in magnetic texture. Some historical GSWA Cu anomalism nearby – 50ppm (Figure 3).

**WVA-004** Moderate to low amplitude late time anomaly. Possibly related to an early time feature. 400m strike length, close to change in magnetic texture and located on/near the “Nova Structure” (Figure 4).

**WVA-005** Moderate to low amplitude late time anomaly. Coincident with a moderate amplitude, broad magnetic zone, adjacent to the “Nova Structure” (Figure 4).

**WVA-001a** Moderate to high amplitude late time anomaly. Coincident with a moderate amplitude broad magnetic anomaly.

**WVA-001b** Moderate to high amplitude late time anomaly. Coincident with a moderate amplitude broad magnetic anomaly (Figure 3).

**WVA-006** Discrete moderate to low amplitude late time anomaly. Along strike from a discrete magnetic anomaly and a surface Cu anomaly (87ppm; one of the highest in the survey area), and within a major geochemical trend (Ni-Cu-Co-Mo-Zn+-As) (Figure 4).

**WVA-007** Discrete moderate to low amplitude late time anomaly. 300-400m strike length, coincident with a moderate amplitude, broad magnetic zone.

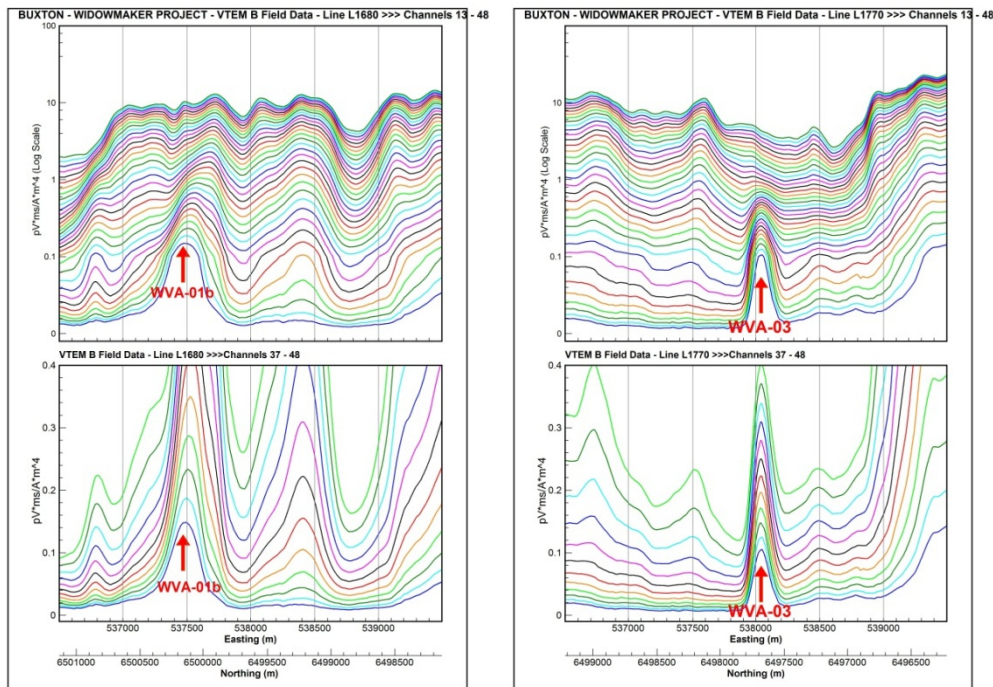


Figure 3: Profiles of higher priority anomalies WVA-01b (left), and WVA-03 (right)

DIRECTORS' REPORT (CONTINUED)

EXPLORATION PROJECTS (CONTINUED)

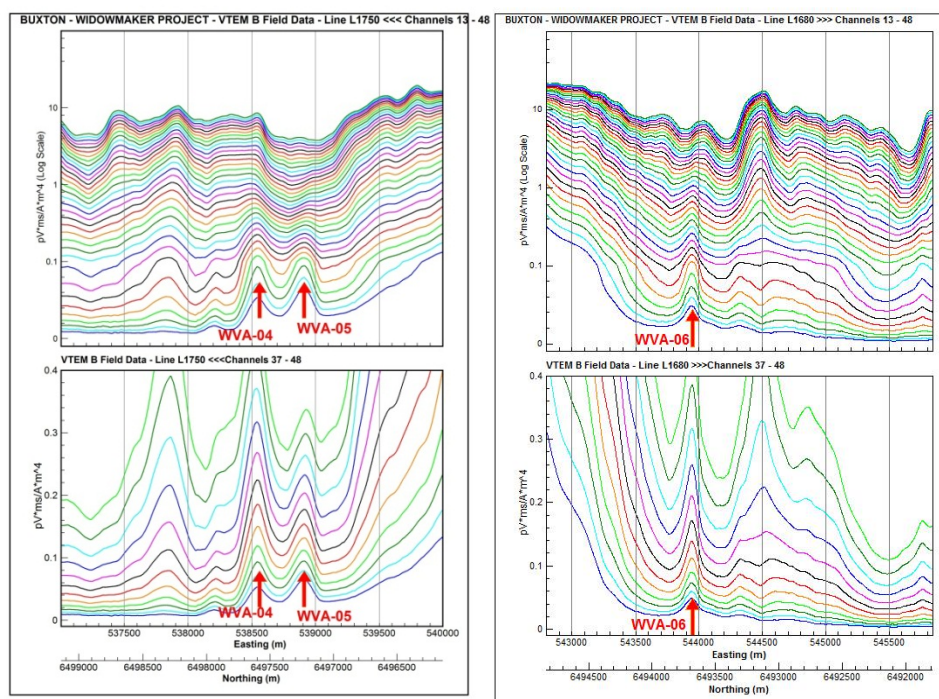


Figure 4: Profiles of higher priority anomalies WVA-04, WVA-05 (left), and WVA-06 (right)

Other Features

Seven other conductors or possible conductors have been classified as priority 2 targets. These are less well-defined anomalies, but may still represent bedrock conductors that warrant ground EM follow-up.

A substantial area to the centre and east of the surveyed block is covered by a highly conductive, near-surface paleochannel. It is unlikely that the VTEM survey will have been effective in testing this area for bedrock targets. Other methods such as ground EM and/or aircore drilling will be required to properly test the bedrock areas covered by paleochannel material.

WA Government Grant

Buxton Resources is also pleased to announce it has been successful in obtaining funding under the WA Government's co-funded Exploration Incentive Drilling Scheme, offered by the Department of Mines and Petroleum. The grant is capped at \$150 000 and will be used by the Company to partially fund a first pass drilling program to test bedrock VTEM/ground EM anomalies for nickel and copper sulphide mineralisation.

Heritage Clearance and Access

During December the Ngadju People completed a heritage survey over the entire Widowmaker tenement. No sites or items of archaeological or Aboriginal interest were located, thus clearing future exploration work programs to go ahead. The Company has also completed over 50 line kilometres of track clearing in order to easily access all of the major VTEM anomalies.

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## **BUXTON RESOURCES LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

#### **EXPLORATION PROJECTS (CONTINUED)**

##### **Events Subsequent to Balance Date**

On 5<sup>th</sup> March 2013, the Company announced that the ground electromagnetic survey being conducted is progressing well, with several bedrock conductors confirmed to date.

Weather permitting, the survey will be completed shortly. Once geophysical assessment and modeling has been completed, the Company plans to immediately drill all significant targets as soon as possible.

All heritage and access issues have been addressed, meaning drilling should be able to proceed as soon as a suitable drill rig has been contracted.

Full details will be provided at the completion of the survey and assessment.

#### **YALBRA GRAPHITE PROJECT**

##### **E09/1986 (85% Buxton), Coordewandy (90% Buxton), Gum Creek Well (100% Buxton)**

Buxton completed a detailed 371 line km HeliVTEM survey over E09/1985 the Yalbra Graphite Project on the 14th October 2012. The survey covered the entire tenement and highlighted very strong conductive responses to the south over previously drilled graphitic zones and the newly identified conductors to the north (Figure 5).



DIRECTORS' REPORT (CONTINUED)

EXPLORATION PROJECTS (CONTINUED)

YALBRA GRAPHITE PROJECT (CONTINUED)

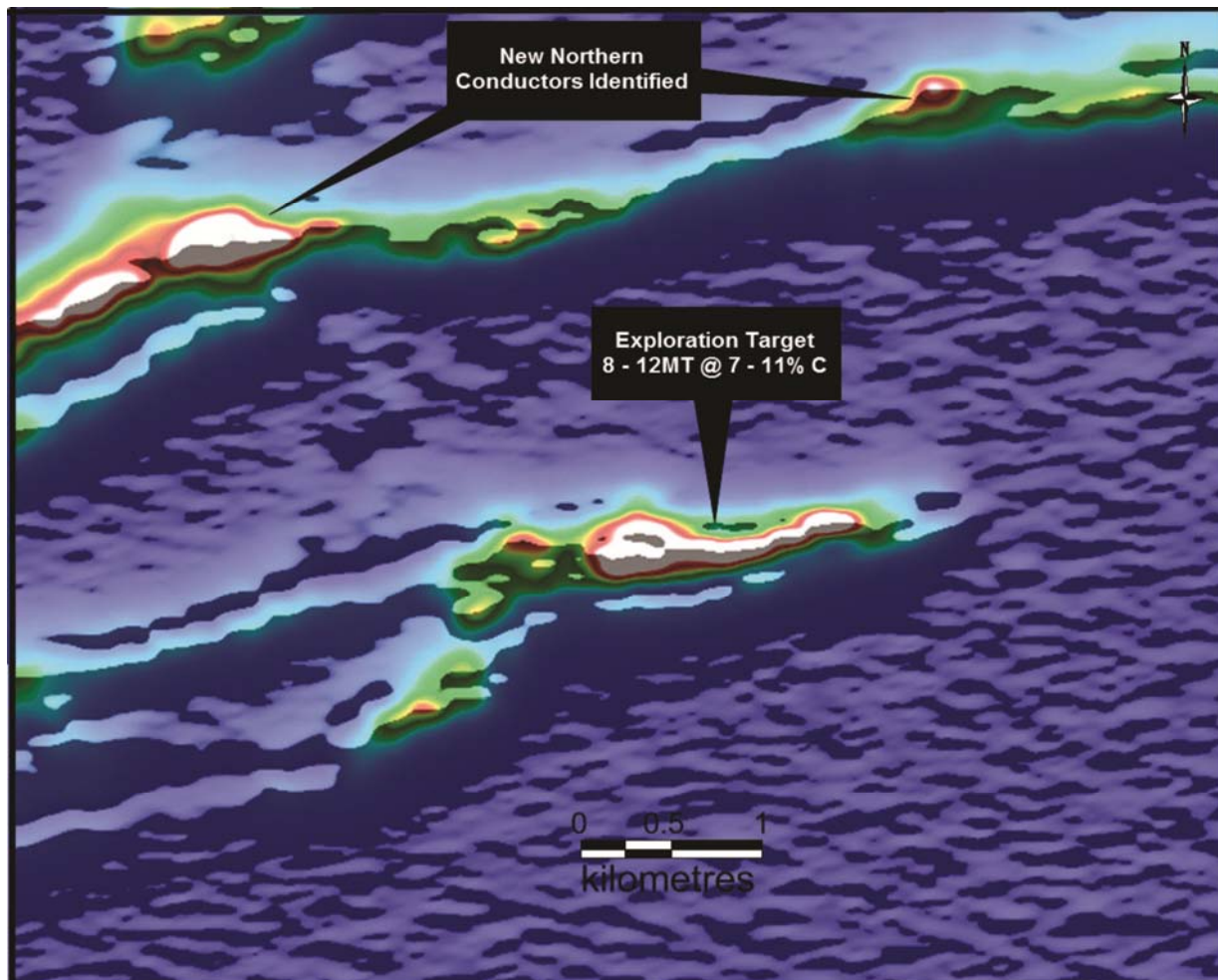


Figure 5: EM response highlighting the exploration target and the newly identified conductors to the north striking over 6km in total

The survey was flown by Geotech Airborne Pty Ltd using a time domain VTEM system that is slung below a helicopter with the system sensor positioned 30 metres above ground surface (Figure 6). The survey, conducted on flight lines spaced 100m apart, has provided high quality mapping of the highly conductive graphitic horizons.

DIRECTORS' REPORT (CONTINUED)

EXPLORATION PROJECTS (CONTINUED)

YALBRA GRAPHITE PROJECT (CONTINUED)



Figure 6: HeliVTEM survey (Photo courtesy of Geotech Airborne Pty Ltd)

Preliminary images from the survey show:

1. Historical drillholes correlate with the highly conductive main zone that remains open along strike in both directions (Figure 7).
2. The newly identified northern zone extends over a 6km strike length representing a larger target area than the southern conductor that hosts the exploration target of 8 – 12 million tonnes @ 7 – 11% C\* (Figure 5).

*\*The potential quality and grade of the Yalbra Exploration Target is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.*

DIRECTORS' REPORT (CONTINUED)

EXPLORATION PROJECTS (CONTINUED)

YALBRA GRAPHITE PROJECT (CONTINUED)

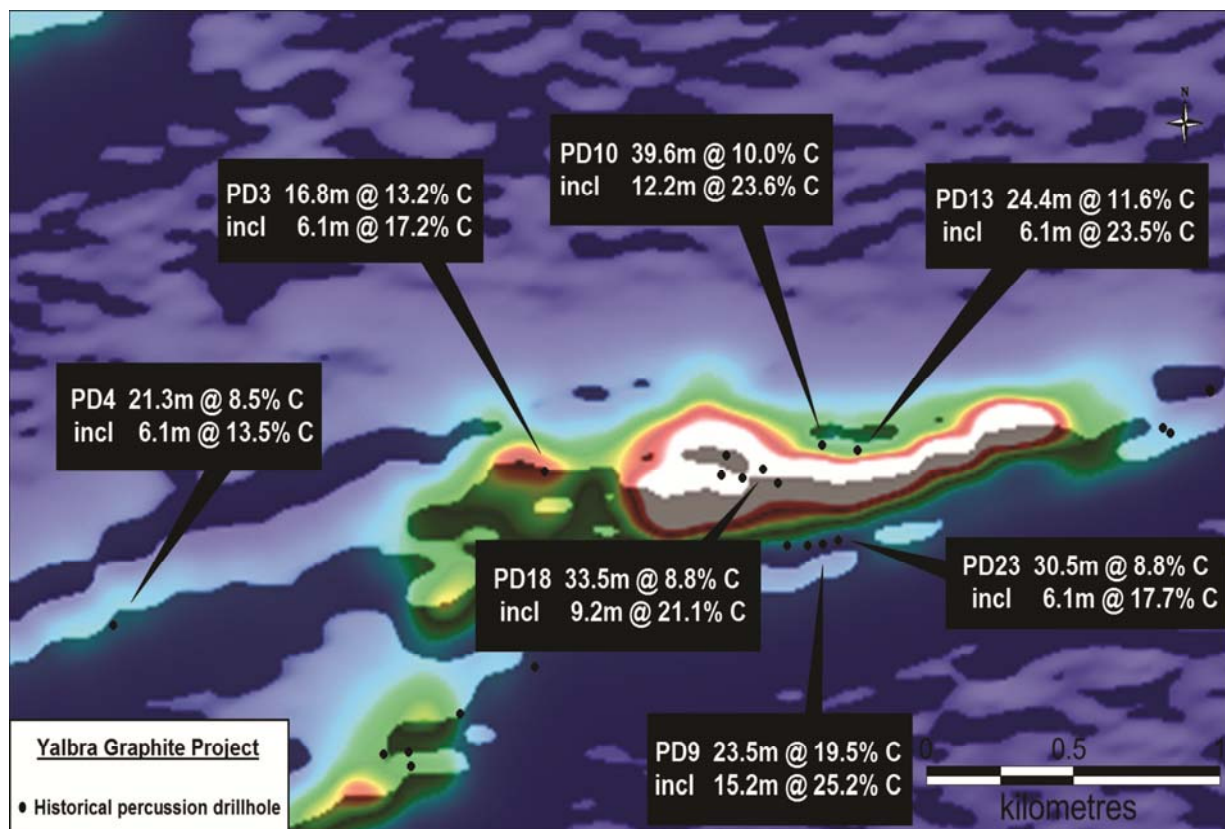


Figure 7: Historical drill holes located at the southern conductor

Processing of the entire EM data set will continue over the coming weeks and will lead to the identification of drill targets for future testing. Drilling is planned to commence during the first half of 2013, upon grant of the tenement.

**Reconnaissance Field Trip**

A field trip to Yalbra was undertaken to identify historical drill collars, outcrop, trenches and gather rock chip samples. Several trenches and outcrop exhibited visible, high grade graphite across the 4km strike length which showed strong spatial correlation with historical graphite drill intercept.

A total of 26 rock chip samples were taken (Table 1 Figure 8) with highlights including:

- Peak result of 34.0% TGC
- Avg (n=26) @ no lower cut = 13.0% TGC
- Avg (n=20) @ 5% TGC lower cut = 16.1% TGC
- Avg (n=15) @ 10% TGC lower cut = 18.9% TGC

DIRECTORS' REPORT (CONTINUED)

EXPLORATION PROJECTS (CONTINUED)

YALBRA GRAPHITE PROJECT (CONTINUED)

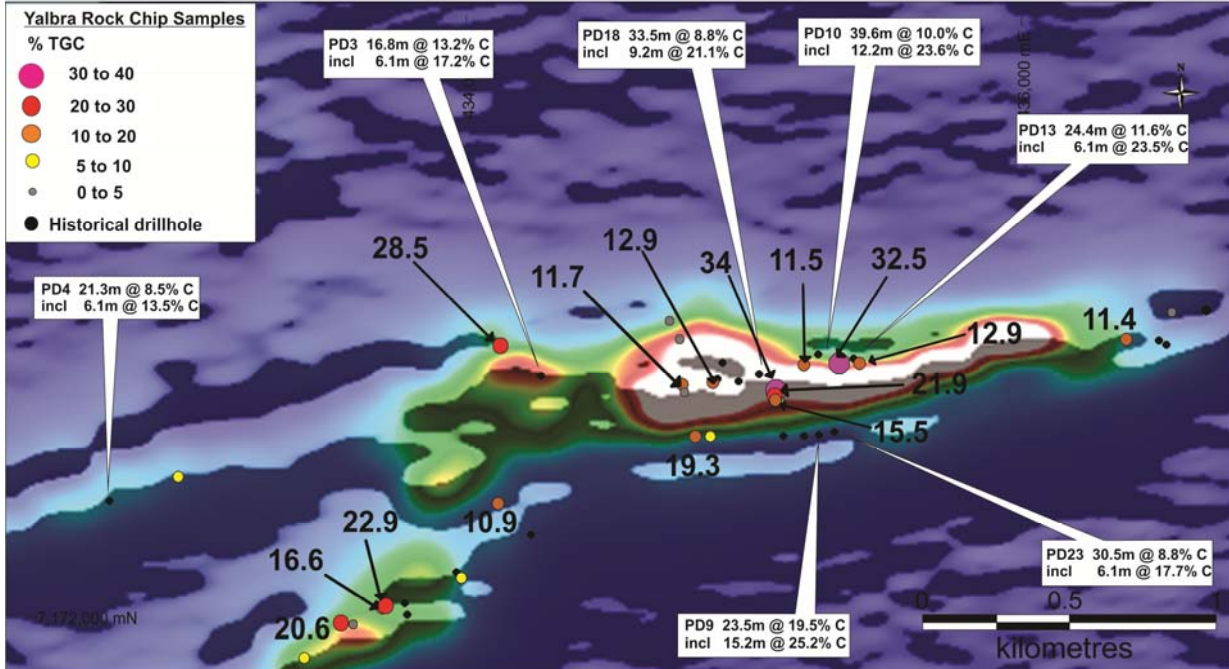


Figure 8: 2012 rock-chip sampling and historical drilling results over recent HeliVTEM image at Yalbra Main Zone

Graphite mineralisation at Yalbra generally occurs in fine-grained form within schists. However, high grade areas commonly exhibit coarse-grained flake graphite in vein form (Figure 9).



Figure 9: Coarse flake graphite vein hosted within high-grade, fine grained graphite rock.

**BUXTON RESOURCES LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

**EXPLORATION PROJECTS (CONTINUED)**

**YALBRA GRAPHITE PROJECT (CONTINUED)**

<b>Sample ID</b>	<b>Easting</b>	<b>Northing</b>	<b>% TGC</b>
YRO1	434846	7172597	<b>19.3</b>
YRO2	434846	7172597	<b>8</b>
YRO3	434094	7172371	<b>10.9</b>
YRO4	434114	7172921	<b>28.5</b>
YRO5	434759	7172942	<b>2.5</b>
YRO6	434721	7173006	<b>2.4</b>
YRO7	434877	7172792	<b>7.4</b>
YRO8	434877	7172793	<b>12.9</b>
YR10	435105	7172767	<b>34</b>
YR11	435101	7172746	<b>21.9</b>
YR12	435104	7172731	<b>15.5</b>
YR13	434769	7172786	<b>11.7</b>
YR14	434776	7172764	<b>2.8</b>
YR15	434776	7172759	<b>2</b>
YR16	433963	7172126	<b>5.1</b>
YR17	433688	7172010	<b>16.6</b>
YR18	433700	7172019	<b>22.9</b>
YR19	433583	7171955	<b>3.2</b>
YR20	433540	7171960	<b>20.6</b>
YR21	433406	7171842	<b>9.5</b>
YR22	432742	7172484	<b>8.3</b>
YR23	436530	7173035	<b>3.9</b>
YR24	436366	7172943	<b>11.4</b>
YR25	435405	7172859	<b>12.9</b>
YR26	435333	7172858	<b>32.5</b>
YR27	435206	7172854	<b>11.5</b>

**Table1: Yalbra Graphite Project: rock – chip sampling results, November 2012.**

**DIRECTORS' REPORT (CONTINUED)**

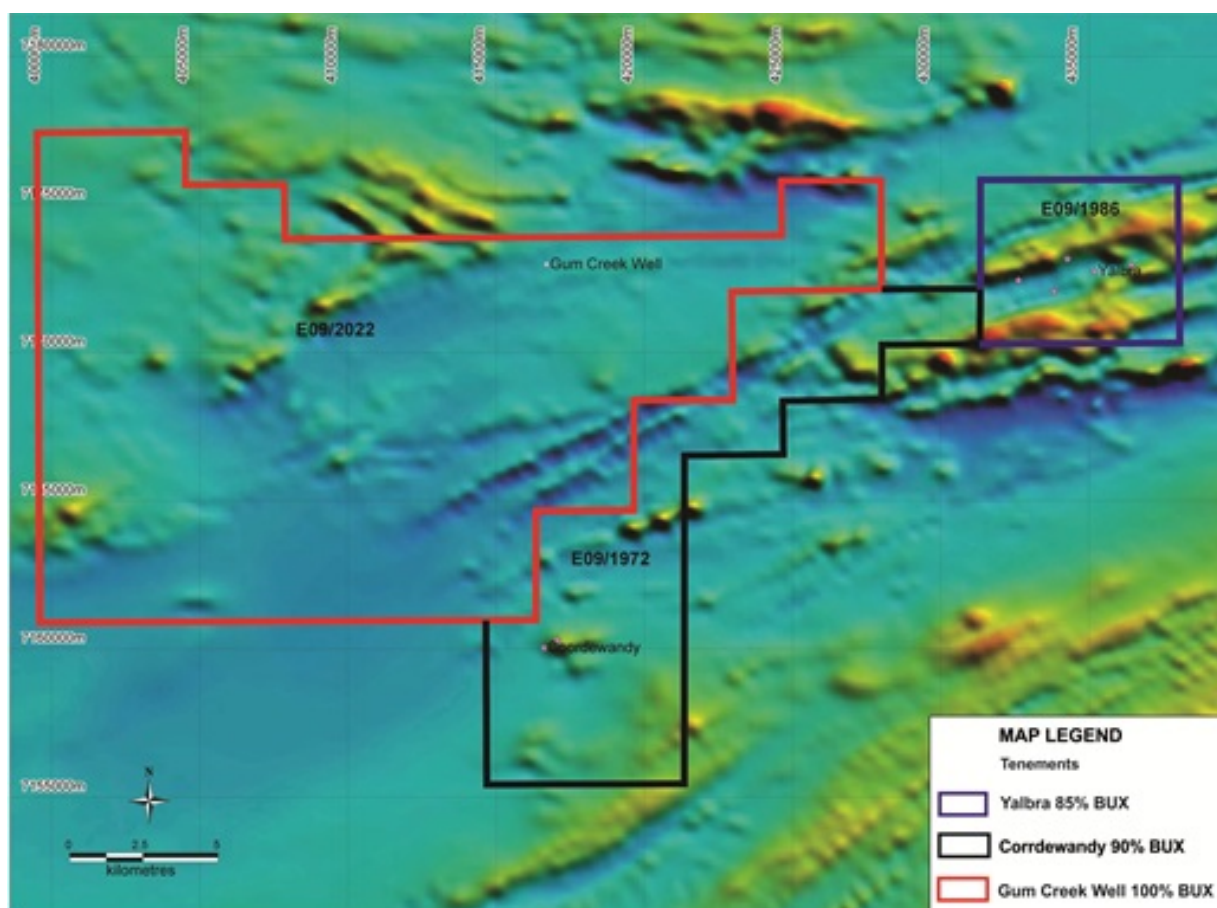
**EXPLORATION PROJECTS (CONTINUED)**

**Acquisition of Additional Tenements**

The Company has acquired substantial additional, strategic ground around Yalbra, being the Coordewandy and Gum Creek tenement applications (Figure 10).

The Coordewandy Project has a number of known graphite occurrences and historical EM anomalies. The tenement has an area of 93km<sup>2</sup> and is located south west of and along strike from, the Yalbra "Main Zone" exploration target. Buxton has entered into a joint venture agreement with the holder of the Coordewandy tenement application E09/1972 to acquire 90% of the project for the issue of 225,000 Buxton shares. The licence is due to be granted in the first quarter of 2013.

Buxton has also applied for the Gum Creek Well licence E09/2022. The Gum Creek Well Project covers 344 km<sup>2</sup> and together with Coordewandy represents a strategic landholding along strike from both the Yalbra Main Zone and the newly discovered Northern Zone.



**Figure 10: Map showing Yalbra, Coordewandy and Gum Creek Well tenements over regional magnetic image. All tenements are applications.**

DIRECTORS' REPORT (CONTINUED)

EXPLORATION PROJECTS (CONTINUED)

ZANTHUS PROJECT

E28/1959 (100% Buxton) E28/2201 (100% Buxton)



Figure 13: The Zanthus Project is located 200km east of Kalgoorlie, WA

PROJECT LOCATION

The Zanthus Project is located 200 kms East of Kalgoorlie, 25 kms South of the Trans Australian Railway (1), and 35 kms South South East of the existing Zanthus rail siding (2), (Figure 13).

Buxton commissioned Runge Ltd to undertake a high level Scoping Study to investigate the potential economic viability of the Zanthus Magnetite Project. The scope of work includes design of a preliminary optimised pit shell, processing, infrastructure, transport and an initial economic model.

The study has provided encouraging results which Buxton believes enhance the potential for Zanthus to be a strongly viable large scale magnetite operation.

**DIRECTORS' REPORT**

**EXPLORATION PROJECTS (CONTINUED)**

**YILGARN IRON PRODUCERS ASSOCIATION (YIPA)**

During the half year, Buxton joined the YIPA Association. The YIPA Association is a registered Not-for-Profit Association under the division of Consumer Protection, Department of Commerce, Western Australia. It promotes sustainable development in the Yilgarn Iron Province and works to promote co-operation on rail, ports and other infrastructure.

Membership of the association is another step forward for Buxton, as it will facilitate relationships with Esperance Port and provide infrastructure upgrade information that will in turn, help progress the company's Zanthus magnetite project in the future.

**DUNDAS PROJECT & NORTHAMPTON BASE METALS PROJECT**

During the half year the Company acquired two additional tenements, the Dundas Project and the Northampton Base Metals Project.

The Dundas tenement application E63/1596 is 202km<sup>2</sup> and is located 95km southwest of Sirius' Nova discovery bordering the Albany – Fraser Orogen. This takes the company's landholding in and around the Fraser Range Complex up to 1,527km<sup>2</sup> (Figure 11).

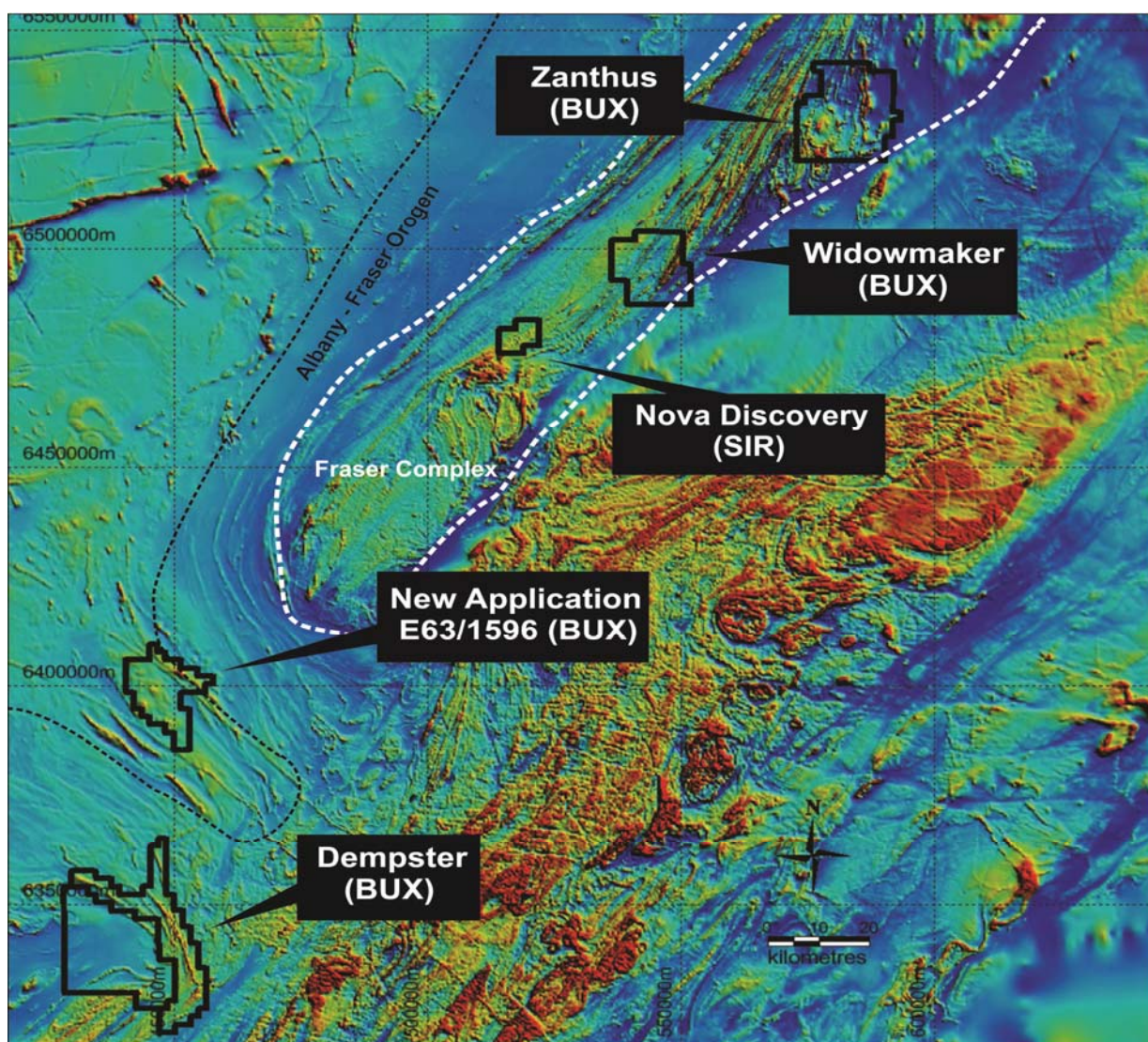


Figure 11: Location of new application Dundas E63/1596 over regional magnetic image.

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**DIRECTORS' REPORT (CONTINUED)**

**EXPLORATION PROJECTS (CONTINUED)**

The Northampton Base Metals Project is located 50km north of Geraldton, Western Australia (Figure 12). The area hosts numerous small Pb-Zn-Ag and Cu deposits which have been intermittently mined since the 1850's. The tenement applications E66/85 and E66/86 have a combined area of 744km<sup>2</sup>.



**Figure 12: Northampton Base Metal Project located 50km north of Geraldton, Western Australia**

## BUXTON RESOURCES LIMITED

### DIRECTORS' REPORT (CONTINUED)

#### COMPETENT PERSONS STATEMENT

The information in this report that relates to Exploration Results is based on information compiled and/or reviewed by Dr Julian Stephens, Member of the Australian Institute of Geoscientists and Non-Executive Director for Buxton Resources Limited. Dr Stephens has sufficient experience which is relevant to the activity being undertaken 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 and consents to the inclusion in this report of the matters reviewed by him in the form and context in which they appear.

#### CORPORATE

During the period the Company raised an amount of \$1,254,432 before issue costs through the issue of 5,017,728 shares at an issue price of 25 cents. The Company also raised the sum of \$287,500 through the issue of 1,150,000 shares to National Business Holdings ("NBH"), a private investment company based in China. The shares are subject to escrow for a period of six months.

The Company also entered into an exclusive marketing agreement with NBH for the Zanthus Magnetite project over 15 months earning a license fee of \$600,000.

As part of the transaction with NBH the Company welcomed Mr Liu Xing Zhou to the Board as a Non-Executive Director.

The Company issued 4,500,000 unlisted options to Hong Kong based broker Chancellor Zeuspac and other promoters in recognition of their services to the Company. The options have an exercise price of 50 cents and expire 15 November 2016.

The Company issued 2,885,000 unlisted options to Directors and consultants during the period with an exercise price of 63 cents and an expiry date of 15 November 2017.

Buxton has entered into an exclusive marketing agreement with NBH for the Zanthus Magnetite Project, whereby Buxton grants NBH the exclusive right to market (and invest in) the project to potential purchasers or partners over the next 15 months. The agreement covers the iron ore minerals within the tenements E28/1959 and E28/2201 (subject to grant). In return, NBH has agreed to pay Buxton a non-refundable license fee of \$600,000.

#### ANNUAL GENERAL MEETING

Buxton held its Annual General Meeting of Shareholders on 23 November 2012 at The Suite on 210 Nicholson Road, Subiaco, Western Australia and all resolutions that were put were unanimously passed on a show of hands.

#### SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the balance date the Company issued 225,000 shares for the acquisition of the Coordewandy Graphite project as announced on 21 November 2012.

On 12<sup>th</sup> March the Company announced that it has raised \$2,300,000 before costs, by way of a placement of 5,000,000 shares at \$0.46 per share. The shares have been placed to (1) Buxton's major shareholder, NBH Group; (2) a Hong Kong based resources fund; (3) a private equity fund; and (4) institutional and sophisticated clients of Mac Equity Partners Pty Ltd.

Subsequent to the balance date no matter or circumstance, other than the above, has arisen which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

## BUXTON RESOURCES LIMITED

### 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 the following page.

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



**Anthony Maslin**  
Managing Director  
Perth, 13 March 2013

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# ROTHSAY

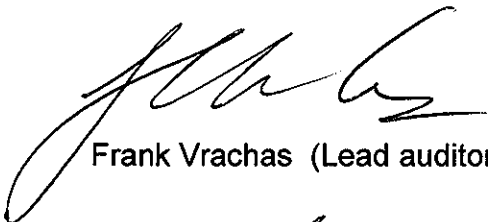
Level 18, Central Park Building, 152-158 St Georges Terrace, Perth WA 6000  
P.O. Box 8716, Perth Business Centre WA 6849  
Phone (08) 6364 5076 www.rothsay.com.au

The Directors  
Buxton Resources Limited  
PO Box 9028  
Subiaco WA 6904

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit review of the 31 December 2012 interim financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

  
Frank Vrachas (Lead auditor)

  
Rothsay Chartered Accountants

Dated 13/03/2013



Chartered Accountants

Liability limited by the Accountants Scheme, approved  
under the Professional Standards Act 1994 (NSW).

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**BUXTON RESOURCES LIMITED**

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	Half-year	
	2012	2011
	\$	\$
<b>Revenue from continuing operations</b>	189,411	209
Depreciation expense	(5,027)	(5,108)
Salaries and employee benefits expense	(173,712)	(197,909)
Share based payment expense	(1,731,482)	-
Exploration and evaluation expense	(522,271)	(637,849)
Corporate expense	(107,725)	(67,808)
Administration expense	(60,151)	(44,835)
<b>Loss from operating activities</b>	<u>(2,410,957)</u>	<u>(953,300)</u>
Finance income	42,296	50,649
Finance cost	-	(209)
Net finance income	<u>42,296</u>	<u>50,440</u>
<b>Loss before income tax</b>	(2,368,661)	(902,860)
Income tax expense	-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<u><u>(2,368,661)</u></u>	<u><u>(902,860)</u></u>
Basic and diluted loss per share (cents)	(5.05)	(2.25)

The above condensed statement of comprehensive income should be read in conjunction with the accompanying notes.

**BUXTON RESOURCES LIMITED**

**CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2012**

	Note	31 December 2012 \$	30 June 2012 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		2,639,405	1,231,766
Trade and other receivables		72,068	87,893
Other current assets		30,054	2,808
<b>TOTAL CURRENT ASSETS</b>		<u>2,741,527</u>	<u>1,322,467</u>
<b>NON-CURRENT ASSETS</b>			
Deferred exploration expenditure		135,000	135,000
Plant and equipment		26,296	18,190
<b>TOTAL NON-CURRENT ASSETS</b>		<u>161,296</u>	<u>153,190</u>
<b>TOTAL ASSETS</b>		<u>2,902,823</u>	<u>1,475,657</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		163,615	77,762
Unearned income	3	238,158	-
Provisions		9,222	8,454
<b>TOTAL CURRENT LIABILITIES</b>		<u>410,995</u>	<u>86,216</u>
<b>NON-CURRENT LIABILITIES</b>			
Unearned income	3	205,263	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>205,263</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		<u>616,258</u>	<u>86,216</u>
<b>NET ASSETS</b>		<u>2,286,565</u>	<u>1,389,441</u>
<b>EQUITY</b>			
Issued capital	4	6,953,103	5,418,800
Reserve	5	2,345,291	613,809
Accumulated losses		(7,011,829)	(4,643,168)
<b>TOTAL EQUITY</b>		<u>2,286,565</u>	<u>1,389,441</u>

The above condensed statement of financial position should be read in conjunction with the accompanying notes.

**BUXTON RESOURCES LIMITED**

**CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	Issued capital	Accumulated losses	Option reserve	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2011</b>	5,288,800	(3,420,012)	613,809	2,482,597
Total comprehensive income for the period	-	(902,860)	-	(902,860)
<b>Balance at 31 December 2011</b>	5,288,800	(4,322,872)	613,809	1,579,737
<b>Balance at 1 July 2012</b>	5,418,800	(4,643,168)	613,809	1,389,441
Total comprehensive income for the period	-	(2,368,661)	-	(2,368,661)
Shares issued for cash	1,541,932	-	-	1,541,932
Shares issued on conversion of options	105,060	-	-	105,060
Share issue costs	(112,689)	-	-	(112,689)
Share based payments	-	-	1,731,482	1,731,482
<b>Balance at 31 December 2012</b>	6,953,103	(7,011,829)	2,345,291	2,286,565

The above condensed statement of changes in equity should be read in conjunction with the accompanying notes.

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**BUXTON RESOURCES LIMITED**

**CONDENSED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	Half-year	
	2012	2011
	\$	\$
<b>Cashflows from operating activities</b>		
Cash receipts from customers	645,968	-
Payments for exploration and evaluation	(468,682)	(898,324)
Payments to suppliers and employees	(335,674)	(264,464)
Interest received	44,025	66,013
<b>Net cash inflow/(outflow) from operating activities</b>	<u>(114,363)</u>	<u>(1,096,775)</u>
<b>Cashflows from investing activities</b>		
Proceeds from sale of plant and equipment	1,554	-
Payment for plant and equipment	(13,855)	-
<b>Net cash outflow from investing activities</b>	<u>(12,301)</u>	<u>-</u>
<b>Cashflows from financing activities</b>		
Proceeds from the issue of shares	1,541,932	-
Proceeds from the conversion of options	105,060	-
Payments for share issue costs	(112,689)	-
<b>Net cash inflow from financing activities</b>	<u>1,534,303</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	1,407,639	(1,096,775)
Cash and cash equivalents at the beginning of the period	1,231,766	2,620,917
<b>Cash and cash equivalents at the end of the period</b>	<u><u>2,639,405</u></u>	<u><u>1,524,142</u></u>

The above condensed statement of cash flows should be read in conjunction with the accompanying notes.



**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**NOTE 1: BASIS OF PREPARATION OF THE INTERIM FINANCIAL REPORT**

This general purpose financial report for the interim half-year reporting period ended 31 December 2012 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 2012 and any public announcements made by Buxton Resources Limited during the interim 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 as set out below.

**Adoption of new and revised Accounting Standards**

In the half-year ended 31 December 2012, the Company has reviewed all of 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 2012.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2012. Management is in the process of assessing the impact of the adoption of these standards and interpretations on the Company.

**Segment reporting**

The Company has applied AASB 8 *Operating Segments* from 1 July 2011. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. There has been no change to the reportable segments required to meet the new standard.

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the full Board of Directors.

**NOTE 2: SEGMENT INFORMATION**

The Company operates in predominantly one business and geographical segment, being mineral exploration in Australia.

**BUXTON RESOURCES LIMITED**

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)**

**NOTE 3: DEFERRED REVENUE**

On 3 September 2012 the Company entered into a marketing agreement deriving license fee revenue of \$600,000 over a term of 15 months. Payment has been received in full.

	<b>31 December 2012</b>	<b>30 June 2012</b>
	<b>\$</b>	<b>\$</b>
Arising from licence fee		
Current	238,158	-
Non-current	205,263	-
	<u>443,421</u>	<u>-</u>

**NOTE 4: ISSUED CAPITAL**

	<b>31 December 2012</b>	<b>30 June 2012</b>
	<b>\$</b>	<b>\$</b>
<i>Issued and paid up capital</i>		
Fully paid ordinary shares	6,953,103	5,418,800

	<b>31 December 2012 Number</b>	<b>31 December 2012 \$</b>
<i>Movements in fully paid shares on issue</i>		
At beginning of period	41,118,194	5,418,800
Issue of shares for cash	6,167,728	1,541,932
Conversion of options for shares	300,201	105,060
Share issue costs		(112,689)
Conversion of performance rights	1,200,000	-
Issued under Employee Plan	245,000	-
Balance at end of period	<u>49,031,123</u>	<u>6,953,103</u>

**NOTE 5: RESERVES**

	<b>31 December 2012</b>	<b>31 December 2011</b>
	<b>\$</b>	<b>\$</b>
Option premium reserve		
Balance at beginning of period	613,809	613,809
Issue of options to Company promoters	1,039,295	-
Issue of options to employees and contractors	692,187	-
Balance at end of period	<u>2,345,291</u>	<u>613,809</u>

**NOTE 6: CONTINGENCIES**

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

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## BUXTON RESOURCES LIMITED

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

#### NOTE 7: SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the balance date the Company issued 225,000 shares for the acquisition of the Coordewandy Graphite project as announced on 21 November 2012.

On 12<sup>th</sup> March the Company announced that it has raised \$2,300,000 before costs, by way of a placement of 5,000,000 shares at \$0.46 per share. The shares have been placed to (1) Buxton's major shareholder, NBH Group; (2) a Hong Kong based resources fund; (3) a private equity fund; and (4) institutional and sophisticated clients of Mac Equity Partners Pty Ltd.

Subsequent to the balance date no matter or circumstance, other than the above, has arisen which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

#### NOTE 8: COMMITMENTS

Exploration commitments

In order to maintain current rights of tenure to mining tenements and permits, the Company has the following discretionary exploration expenditure requirements up until expiry of leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable:

	31 December 2012	30 June 2012
	\$	\$
Within one year	253,000	127,000
Later than one year but not later than 5 years	1,012,000	508,000
	<u>1,265,000</u>	<u>635,000</u>

If the Company decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the statement of financial position may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

## BUXTON RESOURCES LIMITED

### DIRECTORS' DECLARATION

In the directors' opinion:

1. the financial statements and notes set out in this report are in accordance with the *Corporations Act 2001*, including:
  - (a) complying with Accounting Standards, AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
  - (b) giving a true and fair view of the Company's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that Buxton Resources Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s303(5) of the Corporations Act 2001.



**Anthony Maslin**  
Managing Director  
Perth, 13<sup>th</sup> March 2012

# ROTHSAY

Level 18, Central Park Building, 152-158 St Georges Terrace, Perth WA 6000  
P.O. Box 8716, Perth Business Centre WA 6849  
Phone (08) 6364 5076 www.rothsay.com.au

## Independent Review Report to the Members of Buxton Resources Ltd

### The financial report and directors' responsibility

The interim financial report comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for Buxton Resources Ltd for the period ended 31 December 2012.

The Company's directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

### Review approach

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 interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the financial position as at 31 December 2012 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Buxton Resources LTD, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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 interim financial report of Buxton Resources Ltd is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the financial position of the company as at 31 December 2012 and of its performance for the period ended on that date; and
- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Rothsay

Frank Vrachas  
Partner

Dated 13/03/2013



Chartered Accountants

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under the Professional Standards Act 1994 (NSW).

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