

# **BUXTON RESOURCES LIMITED**

**ABN 86 125 049 550**

## **INTERIM FINANCIAL REPORT**

**FOR THE HALF YEAR ENDED**

**31 DECEMBER 2015**

**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 2015 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 Limited**  
**ABN: 86 125 049 550**

### **Directors**

Seamus Cornelius  
Eamon Hannon  
Anthony Maslin  
Liu Xing Zhou

### **Auditors**

Rothsay Consulting Services Pty Ltd  
Level 1, Lincoln Building  
4 Ventnor Avenue  
West Perth WA 6005

### **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

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Subiaco WA 6008

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### **Share Register**

Computershare Ltd  
Level 11, 172 St Georges Tce  
Perth WA 6000

### **Home Exchange**

ASX Limited  
ASX Code: BUX

# BUXTON RESOURCES LIMITED

## DIRECTORS' REPORT

Your directors are pleased to present their report on Buxton Resources Limited for the half-year ended 31 December 2015.

### DIRECTORS

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

Seamus Cornelius

Anthony Maslin

Liu Xing Zhou

Eamon Hannon (appointed 25 February 2016)

Julian Stephens (resigned 12 August 2015)

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 2015 of \$2,204,956 (2014; \$1,711,566).

At 31 December 2015 the Company held cash and term deposit balances of \$2,057,201 (2014; \$1,919,664).

#### Double Magic Ni & Cu – West Kimberley

During the half year, Buxton announced that final assay results were been received for both diamond core holes sampled as part of Phase 2 drill program at the Double Magic Ni-Cu Project (location in Figure 9). Three separate targets have now returned drillhole intercepts >3% Ni, with results of up to 8.14% Ni in diamond drill core (see Table 1 & 2 below).

The Double Magic Project has been confirmed by drilling as hosting better than economic Ni-Cu grades and thicknesses, marking a historic turning point for mineral exploration in the West Kimberley. Five months after entering the region, Buxton has become the first explorer to detect high grade magmatic sulphides in the Ruins Dolerite, confirming the genetic model, exploration vectors, and potential of the project area to host significant nickel-copper deposits. This success is despite more than 50 years of exploration by other parties, validating Buxton's acquisition of the Double Magic project in late April 2015.

Importantly, all geophysical targets (conductors) drill tested to date have proven to be related to nickel-copper sulphide mineralisation, with no false conductors identified. This is of particular relevance given the number of new VTEM conductors now identified further to the east (Fireant Prospect and elsewhere) where no previous exploration has been undertaken.

Summarising achievements to date, Eamon Hannon, Buxton's CEO said: "Buxton can certainly be pleased with, and proud of, the significant advancements the small team has made at the Double Magic project in the past 5 months. Over this short period of time, the company has proven for the first time the existence of thick and high grade nickel and copper mineralisation within the Ruins Dolerite."

"Buxton has the first mover advantage in what we now consider exceptionally prospective ground, in one of the world's best jurisdictions for exploration."

"The company has immediate follow up drilling targets at Conductors B, C and D and in addition numerous high priority new targets in previously unexplored areas."

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“The Buxton team is greatly buoyed with these results and we are counting down the days until returning to Double Magic for Phase 3 exploration targeting significant nickel-copper accumulations, once weather and access permits.”

### **In-depth Review of Exploration Results**

An in-depth review of results from the Merlin Prospect (area of exploration to date), incorporating structural data from core, full 3D analysis of geology, and a review of geophysical data, has revealed multiple additional drill targets at and around Conductors D and A-B.

Regionally, analysis of finalised VTEM results from the aerial survey flown in October (~55km<sup>2</sup>), combined with data from the regional heli-mapping completed in August, has identified 8 high priority targets within large volumes of completely un-explored Ruins Dolerite to the east (Fireant Prospect). The targets have primarily been identified by strong VTEM conductors which appear much longer and/or larger in area than any previously seen in the region. These outstanding targets will be followed up as soon as weather conditions allow with more detailed geological mapping, rock chip sampling and ground geophysics, to further refine drillhole targeting.

### **Assay Results**

Final assays have been received for both the diamond core holes samples sampled, DMDD0003 at Conductor C and DMDD0004 at Conductor D. Samples are of HQ3 quarter core, 1 metre in length or less as determined by geological logging. Core from the holes drilled as twins of DMRC0003 and DMRC0017 (DMDD0001 and DMDD0002) is being retained intact for ongoing technical studies so has not been sampled.

Assay results have confirmed previously-reported visual assessment of core. Several different styles and types of mineralisation have been confirmed with varying levels and ratios of the main sulphides pyrrhotite, pentlandite, and chalcopyrite. Grades of up to 8.14% Ni have been intersected in core. See Figures 1, 2 and 3 for a section and plan of Conductor D, and a plan of the central area of the Double Magic Project.

See Figures 4 and 5 for core photographs of high-grade mineralisation at Conductors D and C.

A full listing of all >0.25% and >1% Ni intercepts from the two diamond core holes is provided below in Table 1. All Buxton's RC drilling results were previously reported on 2<sup>nd</sup> November 2015. A summary of high grade >3% Ni intersections from all Buxton drilling (RC and diamond core) is provided below in Table 2. Full spatial detail for all Buxton's drillholes is provided in Table 3.

The company reminds readers that mineralised intercepts reported are not to be considered as true thicknesses. At Conductor D, the interpreted general geometry of mineralisation indicates that true thickness of the 17 metre high-grade intersection in discovery hole DMRC0003, is probably around 6-8 metres. True thicknesses elsewhere at Merlin are likely to be between 40% and 100% of the drillhole intersection length. Note that massive sulphide geometries in particular can be very irregular to amorphous, making true thickness estimates difficult.

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### Double Magic - Buxton Diamond Core Drilling

>0.25% Ni intersections, can include up to 1m below 0.25% Ni

>1% Ni intersections highlighted in bold

Hole	Target	Intersection details					
		Depth from (m)	Depth to (m)	Downhole Width (m)	% Ni	% Cu	% Co
DMDD0003	C	41.40	44.40	3.00	0.38	0.13	0.015
		48.00	52.40	4.40	0.30	0.09	0.012
		59.00	60.00	1.00	0.37	0.14	0.015
		142.40	152.00	9.60	0.59	0.21	0.022
		<b>including 143.95</b>	<b>144.15</b>	<b>0.20</b>	<b>6.35</b>	<b>0.14</b>	<b>0.196</b>
		154.00	162.00	8.00	0.32	0.15	0.014
		170.00	177.00	7.00	0.34	0.12	0.014
DMDD0004	D	12.20	13.60	1.40	0.45	0.16	0.017
		44.00	52.50	8.50	1.20	0.31	0.039
		<b>including 46.40</b>	<b>48.50</b>	<b>2.10</b>	<b>2.94</b>	<b>0.59</b>	<b>0.087</b>

Table 1: Significant (>0.25% Ni) intersections for all Buxton diamond core drillholes sampled. Intersects and sub-intersects >1% Ni highlighted in bold font.

### Double Magic - High Grade Summary from all Buxton Drilling

>3% Ni intersections

Summary of high-grade results from within previously reported intersections

Hole	Target	Intersection details					
		Depth from (m)	Depth to (m)	Downhole Width (m)	% Ni	% Cu	% Co
DMRC0003	D	41	42	1	3.64	0.75	0.118
		53	55	2	3.50	3.36	0.116
		56	58	2	3.87	1.50	0.121
DMRC0016	D	43	46	3	3.57	1.76	0.112
DMRC0017	D	55	57	2	3.18	0.83	0.101
DMRC0019	D	51	52	1	3.31	0.99	0.090
DMRC0021	D	52	53	1	3.87	0.35	0.112
DMRC0023	B	222	223	1	3.93	1.04	0.100
DMRC0024	D	57	58	1	3.78	1.37	0.106
DMDD0003	C	143.95	144.15	0.20	6.35	0.14	0.196
DMDD0004	D	48.00	48.50	0.50	8.14	0.30	0.236

Table 2: >3% Ni intersections from all Buxton drilling at Double Magic. These are high-grade highlights from RC drilling results previously reported, and high-grade highlights from the diamond core results reported in Table 1 above.

**Interpretative Comments**

An interpretation of mineralisation geometry and genesis at the Merlin Prospect (Double Magic Project) has been developed incorporating all new data collected during the recently completed 2015 field season.

Nickel-copper sulphide mineralisation is interpreted to occur both as primary magmatic accumulations in the original mafic-ultramafic melt, and as structurally remobilised and/or enriched veins or pods. Buxton is the first explorer to detect high grade magmatic sulphides in the Ruins Dolerite of the West Kimberley, confirming the genetic model, exploration vectors, and potential of the project to host significant deposits.

At Conductor D, the high grades, textural characteristics, overall geometry of mineralisation, litho-geochemistry, and juxtaposition of differing rock types suggest that mineralisation represents a primary accumulation of sulphides proximal to a feeder conduit. The feeder conduit or related structural feature was then subsequently stoped out by the later, barren, highly magnetic dolerite dyke identified during mapping in August. Several such dykes have been mapped in the area, generally between 10 and 30 metres thick, dipping approximately at right angles to the interpreted original Ruins Dolerite sill orientation.

Some limited remobilisation of sulphides has also occurred at Conductor D, possibly during later regional tectonism.

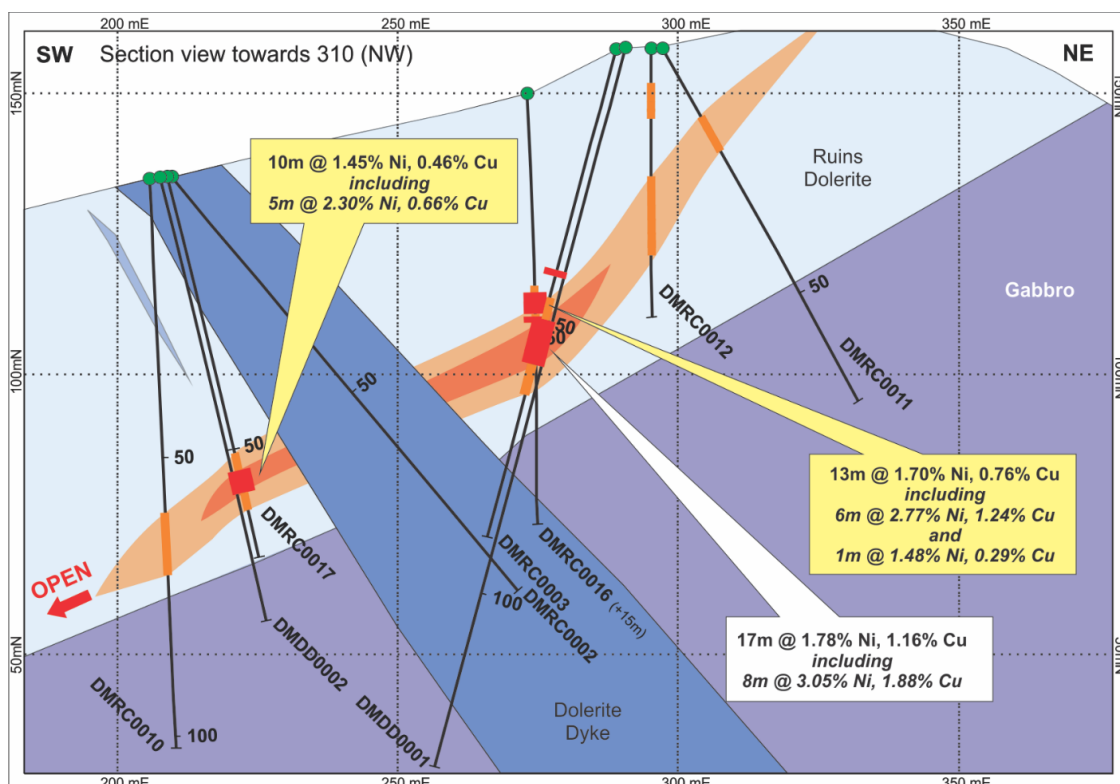


Figure 1 – Schematic cross-section of Conductor D, showing selected drillholes, summarised Ni/Cu assay results, interpreted geology, and interpreted mineralisation extents. Section line below in Figure 2.

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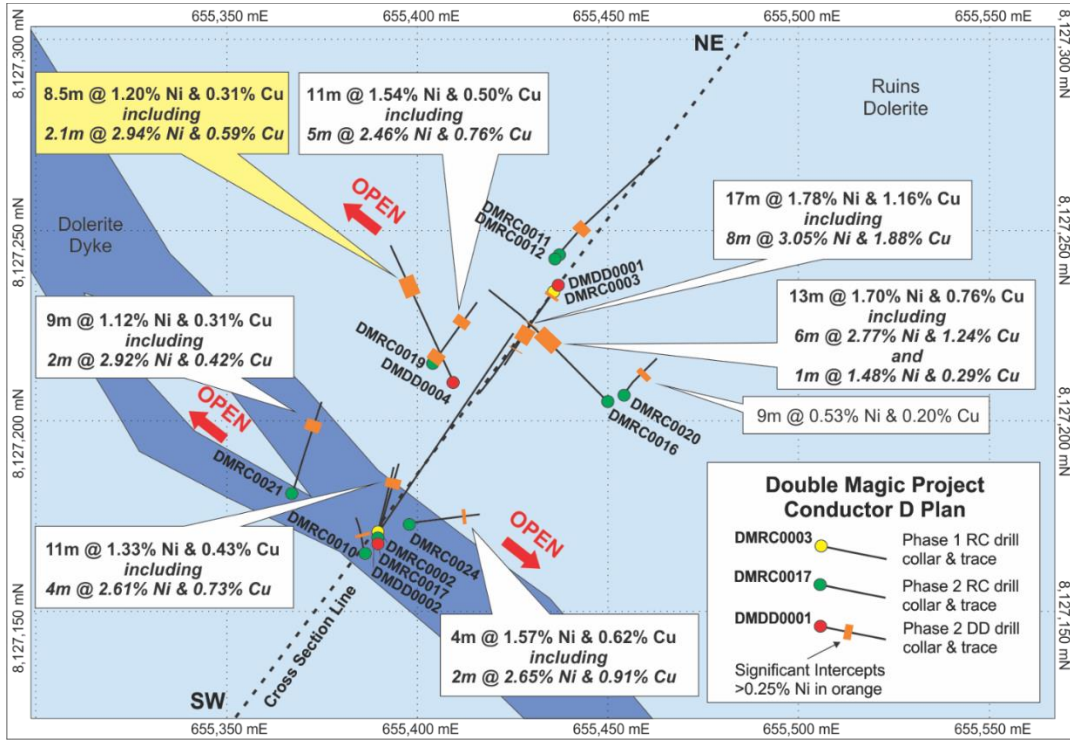
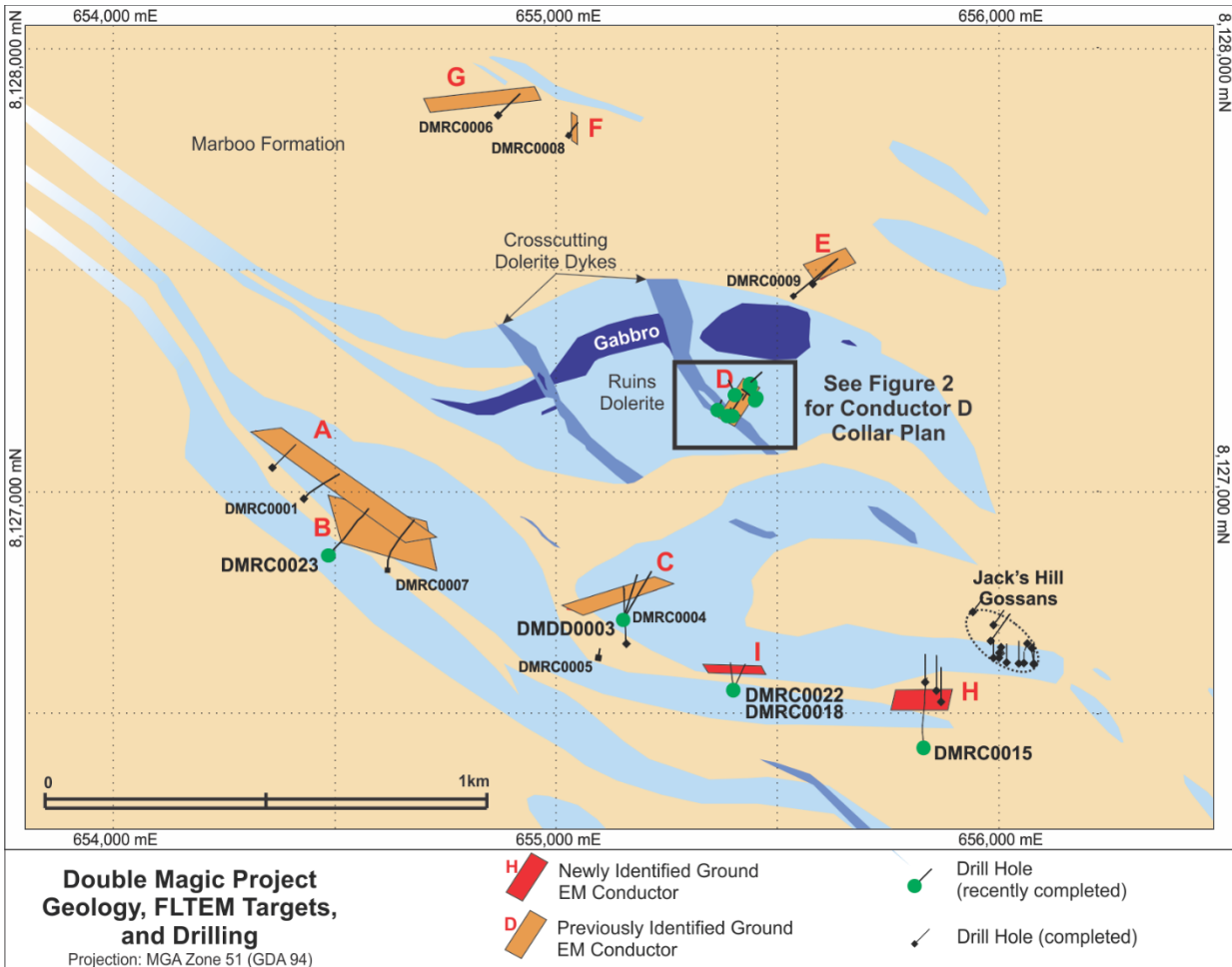


Figure 2 – Conductor D plan view, showing drill hole collars & traces with summarised Ni/Cu assay results, and interpreted geology.





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Figure 3 – General plan view of the central area of the Merlin Prospect at the Double Magic Project, showing conductors, drill hole collars, and interpreted geology.

Mineralisation seen at Conductors A, B, C, H and I (as well as at Jack's Hill) exhibits much greater structural influence, particularly where higher grades occur. However, the enveloping low-grade disseminated sulphide zones may represent primary mineralisation, albeit much more distal from any feeder conduit than Conductor D.



Figure 4 – Close up core photo of massive sulphide intercept in DMDD0003 at Conductor C. Interval (0.2m downhole) assayed 6.35% Ni. Note core is HQ3, with a diameter of ~61.1mm.

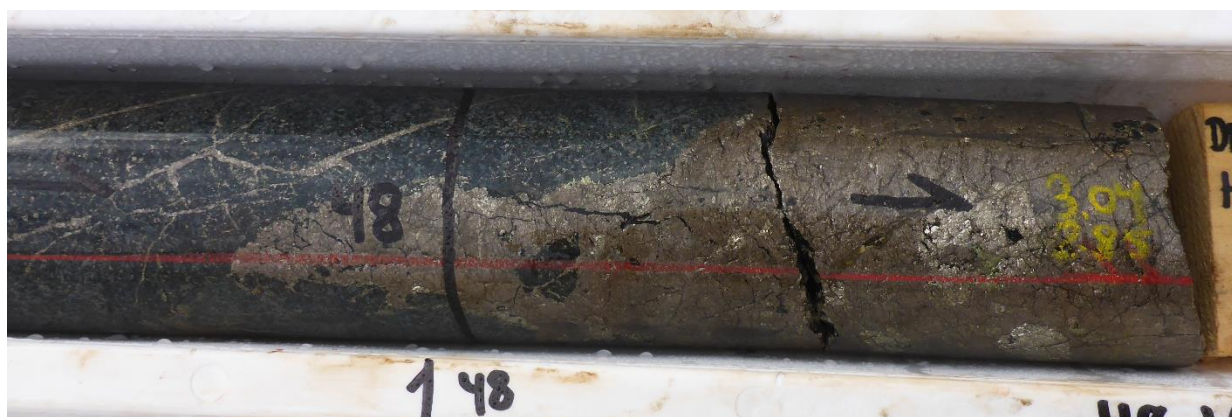


Figure 5 – Close up core photo of irregular top contact of massive sulphide vein in DMDD0004 at Conductor D. Interval (0.5m downhole) assayed 8.14% Ni. Note core is HQ3, with a diameter of ~61.1mm.

Detailed review of ground and aerial geophysical results in conjunction with geological and structural interpretations indicate substantial un-tested potential exists at Conductors D, A-B, and possibly C. High grade mineralisation at Conductor D itself remains open along strike in both directions to the north-west and south-east, as well as down-plunge to the south-west.

The potential for additional separate, fault-dislocated high-grade pods, particularly to the west of Conductor D and/or at depth, is also considered to be excellent. Fault displacements of between 20 to 200m are documented at Panoramic Resources' Sally Malay deposit in the East Kimberley (Savannah Operations), considered the most relevant model for mineralisation at Double Magic and Merlin. These faults are often low-angle (flat) and therefore difficult to detect with geophysical methods. Several un-explained diffuse VTEM anomalies exist at interpreted structural intersections, these may indicate the presence of deeper, fault-displaced conductors which have yet to be drill-tested.

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### Geophysics

Processing and evaluation of geophysical data has been completed. These datasets include the down-hole TEM logging of 15 selected drillholes, the high power large fixed loop TEM survey, and the regional heli-borne VTEM<sub>max</sub> survey over the balance of Buxton's tenements, coverage as depicted in Figure 6 below.

Preliminary DHTEM and FLTEM results were fully utilized during the field season to target drill holes. Finalisation of data processing, interpretation and full reporting of these surveys has now further assisted Buxton during development of mineralization and exploration models for Double Magic.

The 2015 VTEM survey completed over previously un-explored ground yielded outstanding results. Numerous long, large and strong VTEM anomalies occur at the Fireant Prospect within areas mapped as Ruins Dolerite approximately 10-15km to the east of the Merlin Prospect which has been the focus of exploration up until now.

Additionally, many smaller discrete VTEM anomalies have also been identified of similar or larger size to those initially identifying Conductors A-B and D in 2013. From this total of 22 newly identified VTEM targets, eight have been selected for immediate on-ground follow-up as soon as access is possible at the end of the northern wet season. This ground follow-up will include more detailed geological mapping, rock-chip sampling and ground geochemical traverses, as well as ground geophysics, to refine drill targets.

The 2015 VTEM survey was flown on north-south, 100 metre spaced flight lines, identical with the 2013 survey specifications. Refer to Figures 6, 7 & 8 for survey coverage areas and locations of areas of interest.

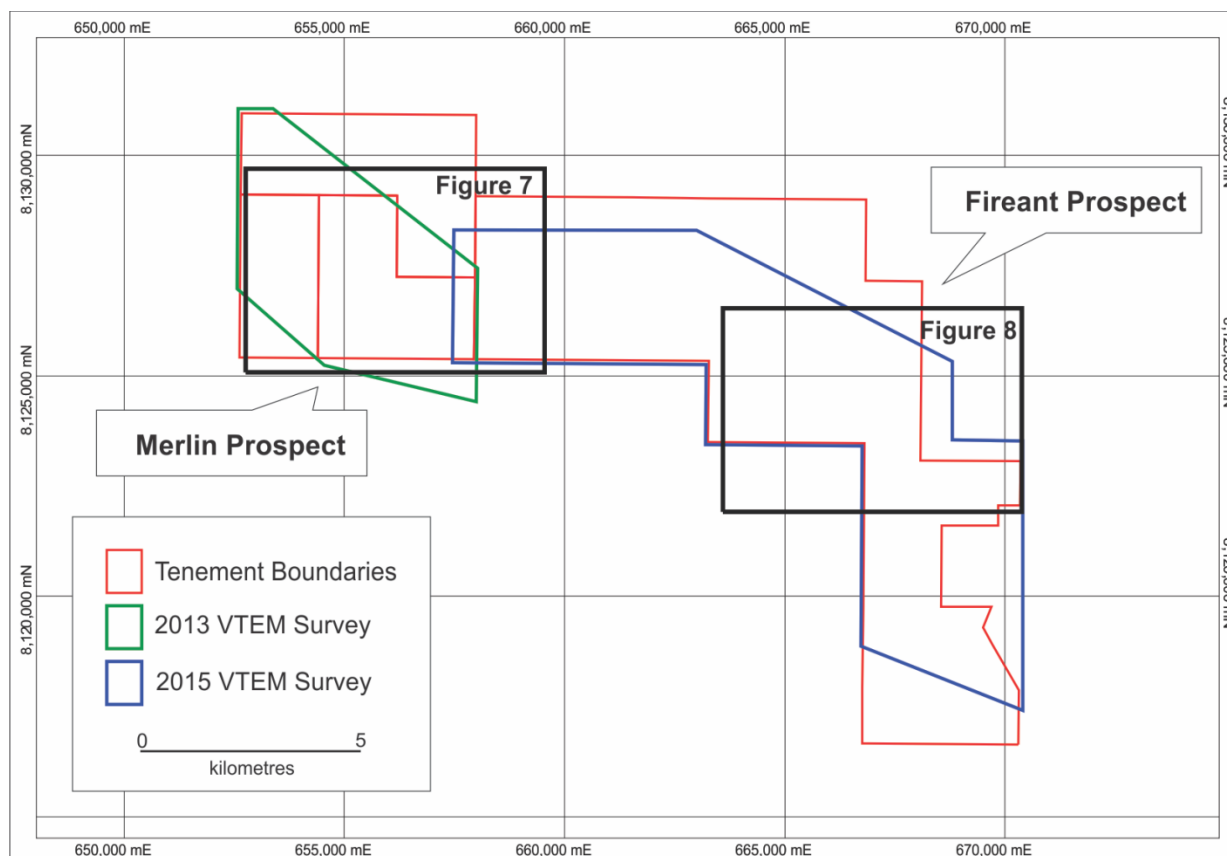


Figure 6 – Map of Buxton's Double Magic tenement package, showing tenements, prospect areas, survey coverage from previous (2013) and new (2015) VTEM surveys and boxes showing the extent of Figures 7 and 8.

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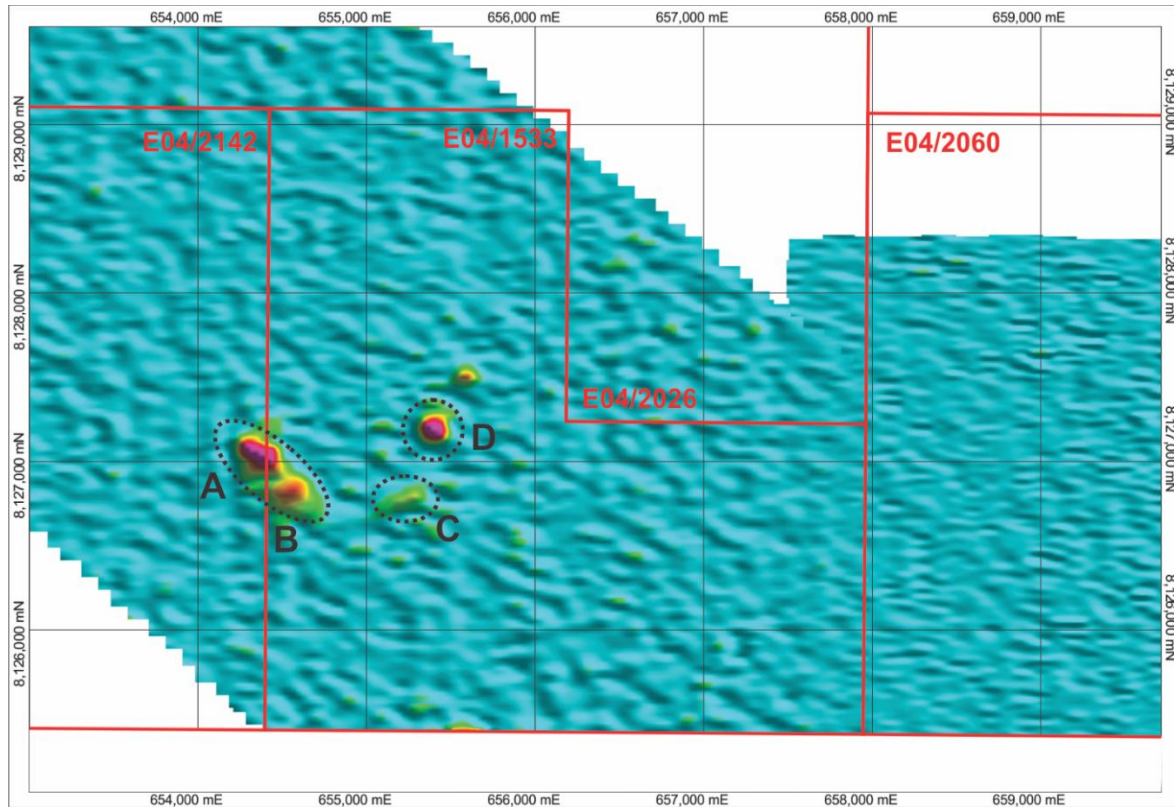


Figure 7 – Map of Buxton’s 2015 field season area of focus at the Merlin Prospect, highlighting Conductors A-D (all now known to be related to Ni-Cu mineralisation), over a merged image of the 2013 & 2015 VTEM survey data (latest VTEM channel - CH48BZ).

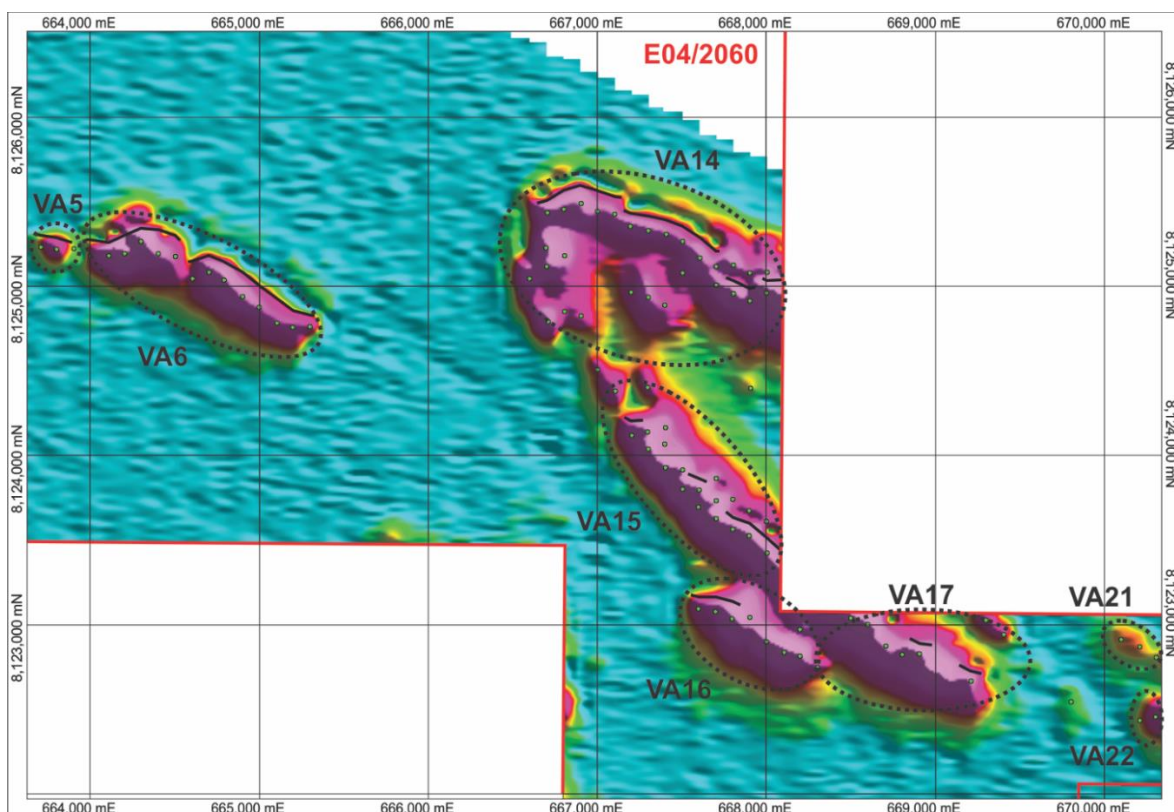


Figure 8 – Map of Buxton’s new Fireant prospect, showing 8 new priority VTEM anomalies to be followed up as soon as weather permits, over an image of the 2015 VTEM survey data (latest VTEM channel - CH48BZ).

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### Phase 1 RC Drilling

Hole ID	Target	East	North	RL	Az	Dip	EOH
DMRC0001	A	654,428	8,126,983	95	040	-65	192
DMRC0002	D	655,389	8,127,171	130	032	-50	96
DMRC0003	D	655,436	8,127,234	151	212	-75	90
DMRC0004	C	655,150	8,126,711	117	018	-55	186
DMRC0005*	C	655,098	8,126,625	98	006	-55	37
DMRC0006	G	654,871	8,127,848	84	038	-60	120
DMRC0007	B	654,625	8,126,822	96	358	-70	330
DMRC0008	F	655,033	8,127,804	86	018	-65	78
DMRC0009	E	655,537	8,127,440	94	045	-55	204
<i>*Hole abandoned due to excessive deviation</i>							1,333

### Phase 2 RC Drilling

DMRC0010	D	655,386	8,127,165	129	352	-86	102
DMRC0011	D	655,437	8,127,244	152	040	-60	72
DMRC0012	D	655,436	8,127,243	152	002	-90	48
DMRC0013	V7	653,791	8,130,253	82	010	-55	78
DMRC0014	V6	656,505	8,128,172	89	030	-60	150
DMRC0015	H	655,831	8,126,420	99	352	-60	286
DMRC0016	D	655,450	8,127,205	137	314	-60	88
DMRC0017	D	655,389	8,127,170	130	014	-75	70
DMRC0018	I	655,401	8,126,549	99	020	-70	172
DMRC0019	D	655,403	8,127,216	147	035	-75	80
DMRC0020	D	655,454	8,127,207	138	035	-80	64
DMRC0021	D	655,367	8,127,181	134	015	-70	70
DMRC0022	I	655,403	8,126,553	99	350	-70	160
DMRC0023	B	654,484	8,126,854	93	035	-65	280
DMRC0024	D	655,398	8,127,173	131	080	-75	70
							<b>1,790</b>

### Phase 2 Diamond Drilling

DMDD0001	D	655,437	8,127,236	151	214	-75	134.6
DMDD0002	D	655,389	8,127,168	130	014	-75	81.3
DMDD0003	C	655,146	8,126,706	117	030	-52	204.2
DMDD0004	D	655,409	8,127,210	147	337	-60	75.2
							<b>495.3</b>

Table 3 – Buxton's completed drilling at the Merlin Prospect, Double Magic Project. Coordinates are MGA Zone 51 (GDA94)

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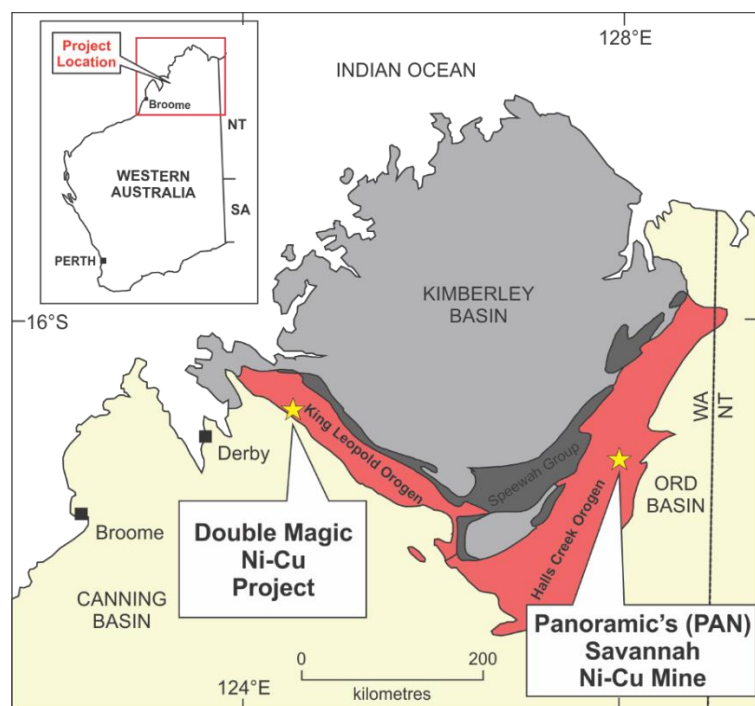


Figure 9 – Location of the Double Magic Ni-Cu Project in Western Australia. Also shown is the location of Panoramic's Savannah Ni-Cu Mine.

### **Zanthus Ni & Cu – Fraser Range**

The Company's 100% owned, highly prospective Zanthus Ni-Cu Project is located 60km along strike from Sirius Resources' Nova-Bollinger Ni-Cu discovery in the Fraser Range Nickel province, Western Australia.

The Company's drilling program targeted two conductors, ZM02 and ZM07. Hole ZRC095 on conductor ZM02 was completed at 306m with a zone of disseminated pyrrhotite and minor chalcopyrite in gneiss over 20m explaining the conductor. No significant Ni-Cu mineralization was encountered.

Zanthus hole ZRC096 targeting the large ZM07 conductor at ~700m depth has been temporarily suspended at 256m due to technical difficulties associated with running sands in the top 40m of the hole. Additionally, the drilling contractor has undertaken to re-mobilise to Zanthus and re-enter (or re-drill to the previously reached depth) ZRC096 at no cost to Buxton.

### **Yalbra Graphite – Gascoyne Region**

Buxton reported initial flotation and acid purification test-work results for its high-grade Yalbra Graphite Project in Western Australia.

Flotation batch test results from a representative fresh rock diamond drill sample grading 20.0% C(t) returned a concentrate grade of 91% C(t). This concentrate showed a good proportion of medium to coarse flake material with 30% falling into categories above +149 microns in size (Table 1). The overall recovery of graphite was 80%, although this should be improved in future locked cycle tests. The process involved a primary grind, a rougher flotation stage, 2 stages of polishing grind and 5 cleaner flotation stages.

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A final leaching stage using a combined H<sub>2</sub>SO<sub>4</sub>/HF solution to upgrade the concentrate was also completed and showed that a final concentrate grading 99.5% C(t) could be achieved, with the coarser size fractions grading as high as 99.7% C(t).

Yalbra is Australia's highest reported grade graphite resource at 4.0Mt @ 16.2% TGC (Inferred) and has considerable potential to be expanded along strike, and for discovery of additional resources. Additionally, Buxton has shown commercial products can be produced from its very high grade Yalbra Graphite Project. As such, the Company is now in a position to seek a development and/or offtake partner to assist in commercialising the project.

*Table 1. Flotation and purification results for the Yalbra Graphite Project.*

<i>Size</i>	<i>Size</i>	<i>Assays</i>	<i>Assays</i>	<i>Distribution</i>
		<i>Flotation Conc.</i>	<i>Purified Conc.</i>	
<i>Microns (µm)</i>	<i>Tyler Mesh</i>	<i>C (t) %</i>	<i>C (t) %</i>	<i>C (t) %</i>
+297 µm	+48 mesh	91.8	99.7	6.6
+149 µm	+100 mesh	90.6	99.7	22.8
+74 µm	+200 mesh	90.0	99.5	31.2
-74 µm	-200 mesh	91.7	99.1	39.5
<b><u>Weighted Avg.</u></b>		<b><u>90.9</u></b>	<b><u>99.5</u></b>	<b><u>100.0</u></b>

### Competent Persons

*The information in this report that relates to exploration results and geology for the Double Magic Project is based on information previously reported under the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves based on information compiled by Mr Rolf Forster, Member of the Australasian Institute of Mining and Metallurgy, and Mr Derek Marshall, Member of the Australian Institute of Geoscientists. Mr Forster is an Independent Consultant to Buxton Resources Limited and Mr Marshall is a full-time employee. Mr Forster and Mr Marshall have sufficient experience which is relevant to the activity being undertaken to qualify as a "Competent Person", as defined in the 2012 edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Forster and Mr Marshall consent to the inclusion in this report of the matters based on the information in the form and context in which it appears.*

*The information in this report that relates to exploration results and geology for the Yalbra and Zanthus projects is based on information previously reported under the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves based on information compiled and/or reviewed by Mr Eamon Hannon, Fellow of the Australian Institute of Mining and Metallurgy and Managing Director at Buxton Resources Limited. No material changes have occurred to this information. Mr Hannon has sufficient experience which is relevant to the activity being undertaken to qualify as a "Competent Person", as defined in the 2012 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. There have been no material changes to the information reported in the previous report.*

*The information in this report that relates to in-situ Mineral Resources is based on information compiled by David Williams of CSA Global Pty Ltd and previously reported 25/2/2014. David Williams is a Member of the Australasian Institute of Mining and Metallurgy, and a Member of the Australian Institute of Geoscientists and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he has undertaken, to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2012 Edition). David Williams previously consented to the inclusion of such information in the previous report in the form and context in which it appeared. There have been no material changes to the information reported in the previous report.*

## BUXTON RESOURCES LIMITED

### VTEM Survey Parameters

*Helicopter-borne Time Domain Electromagnetic Survey*

*VTEM max system – UTS Geophysics Pty Ltd*

*Flight line specifications – Line Spacing 100m, Line Direction 0-180, Line Kilometres 557*

*Optimum terrain clearances – Helicopter 90m, EM sensor 35m, Magnetic sensor 75m*

*Airspeed/data collection – Normal airspeed approx. 90km/hr, data-recording rate 10 points per second, geophysical measurements acquired approx. every 2m along survey lines*

*VTEM max Configuration – Transmitter loop diameter 36m, Peak dipole moment 865,000 NIA, Transmitter Pulse Width 5ms, VTEM receiver Z,X coils*

*Real time GPS – Novatel WAAS OEM4-G2-3151W, position accuracy (CEP) is 1.8m, with WAAS on 1.2m*

*Altimeter system – ground clearance recorded to an accuracy of approx. 1m. Output repetition rate of 0.5sec.*

### CORPORATE

During the period the Completed raised \$2,000,700 before issue costs through the issue of 10,260,000 shares at an issue price of 19.5 cents. A further \$25,000 was raised through the issue of 250,000 shares at an issue price of 10 cents.

During the period the Company issued 7,350,000 unlisted options to Directors, employees and consultants. The options have an exercise price of 12 cents and an expiry date on 30 November 2019.

### ANNUAL GENERAL MEETING

Buxton held its Annual General Meeting of Shareholders on 30 November 2015 at Steve's Wine Cellar, 30 The Avenue, Nedlands, Western Australia and all resolutions that were put were unanimously passed on a show of hands.

### SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING DATE

On 25<sup>th</sup> February 2016, Buxton announced the appointment of Eamon Hannon as Managing Director.

Mr Hannon, a geologist and Fellow of the AusIMM, has a wealth of experience within the minerals industry from grass roots exploration through to project development., Having previously worked for Fortescue Metals Group (ASX: FMG) from early 2004 to late 2012 in the role of Director, Exploration and Evaluation, he lead the teams to delineate in excess of 10 billion tons of iron ore resources and greater than 1 billion tons of iron ore reserves.

Since his appointment as Buxton CEO in October 2014, Mr Hannon has overseen the acquisition of the 100% interest in the Double Magic Nickel Project in the Kimberley region of Western Australia and has further advanced the Company's highly prospective nickel-copper projects in the Fraser Range, as well as the Company's very high grade Yalbra Graphite Project.

Buxton Resources Chairman, Seamus Cornelius, commented:

"We are delighted to have Mr Hannon join the Buxton Board. His experience and capabilities, both from an exploration, mine development and corporate leadership standpoint, are an asset to Buxton."

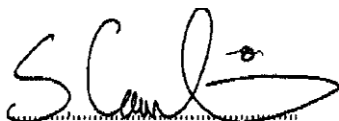
Subsequent to the balance date no matter or circumstance, other than the above, has arisen which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

## **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.

A handwritten signature in black ink, appearing to read 'Seamus Cornelius', with a horizontal dotted line underneath it.

**Seamus Cornelius**

Director

Perth, 15<sup>th</sup> March 2016





Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005  
P.O. Box 8716, Perth Business Centre WA 6849  
Phone 9486 7094 www.rothsayresources.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 2015.

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 2015 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 2015 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 Auditing**

**Graham R Swan**  
Partner

Dated 15 March 2016



Chartered Accountants

## BUXTON RESOURCES LIMITED

### CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Half-year ended	
	31 Dec 2015	31 Dec 2014
	\$	\$
<b>Revenue from continuing operations</b>	7,845	5,534
Depreciation expense	(8,884)	(12,161)
Salaries and employee benefits expense	(275,105)	(377,948)
Share based payment expense	(324,883)	(465,395)
Exploration and evaluation expense	(1,432,311)	(657,942)
Corporate expense	(116,571)	(149,412)
Administration expense	(67,518)	(75,472)
<b>Loss from operating activities</b>	<u>(2,217,427)</u>	<u>(1,732,796)</u>
Finance income	12,471	21,230
Finance cost	-	-
Net finance income	<u>12,471</u>	<u>21,230</u>
<b>Loss before income tax</b>	(2,204,956)	(1,711,566)
Income tax expense	-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<u><u>(2,204,956)</u></u>	<u><u>(1,711,566)</u></u>
Basic and diluted loss per share (cents)	(2.50)	(2.82)

The above condensed statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

## BUXTON RESOURCES LIMITED

### CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Note	31 December 2015 \$	30 June 2015 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		2,057,201	1,954,686
Trade and other receivables		56,387	111,309
Other current assets		21,573	141,352
<b>TOTAL CURRENT ASSETS</b>		2,135,161	2,207,347
<b>NON-CURRENT ASSETS</b>			
Deferred exploration expenditure		486,046	427,210
Plant and equipment		49,142	58,025
<b>TOTAL NON-CURRENT ASSETS</b>		535,188	485,235
<b>TOTAL ASSETS</b>		2,670,349	2,692,582
<b>CURRENT LIABILITIES</b>			
Trade and other payables		83,043	177,691
<b>TOTAL CURRENT LIABILITIES</b>		83,043	177,691
<b>TOTAL LIABILITIES</b>		83,043	177,691
<b>NET ASSETS</b>		2,587,306	2,514,891
<b>EQUITY</b>			
Issued capital	3	14,884,485	12,931,994
Reserve	5	1,800,837	1,475,954
Accumulated losses		(14,098,013)	(11,893,057)
<b>TOTAL EQUITY</b>		2,587,309	2,514,891

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 2015

	Issued capital	Accumulated losses	Option reserve	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2014</b>	9,836,381	(9,367,384)	1,052,053	1,521,050
Total comprehensive income for the period	-	(1,711,566)	-	(1,711,566)
Shares issued for cash	1,800,400	-	-	1,800,400
Shares issued on conversion of options	56,000	-	-	56,000
Shares issued to corporate advisor	34,000	-	-	34,000
Share issue costs	(106,424)	-	-	(106,424)
Share option payments	-	-	431,395	431,395
<b>Balance at 31 December 2014</b>	<b>11,620,357</b>	<b>(11,078,950)</b>	<b>1,483,448</b>	<b>2,024,855</b>
<b>Balance at 1 July 2015</b>	<b>12,931,994</b>	<b>(11,893,057)</b>	<b>1,475,954</b>	<b>2,514,891</b>
Total comprehensive income for the period	-	(2,204,956)	-	(2,204,956)
Shares issued for cash	2,025,700	-	-	2,025,700
Shares issued under exploration agreements	58,837	-	-	58,837
Share issue costs	(132,046)	-	-	(132,046)
Share option payments	-	-	324,883	324,883
<b>Balance at 31 December 2015</b>	<b>14,884,485</b>	<b>(14,098,013)</b>	<b>1,800,837</b>	<b>2,587,309</b>

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

## BUXTON RESOURCES LIMITED

### CONDENSED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Half-year ended	
	31 Dec 2015	31 Dec 2014
	\$	\$
<b>Cashflows from operating activities</b>		
Cash receipts from customers	7,845	3,114
Payments for exploration and evaluation	(1,493,598)	(486,818)
Payments to suppliers and employees	(450,890)	(636,298)
Interest received	17,504	16,973
Interest paid	-	-
<b>Net cash inflow/(outflow) from operating activities</b>	<b>1,919,139</b>	<b>(1,103,029)</b>
<b>Cashflows from investing activities</b>		
Transfers from term deposits	128,000	-
Payment for plant and equipment	-	(11,038)
<b>Net cash outflow from investing activities</b>	<b>128,000</b>	<b>(11,038)</b>
<b>Cashflows from financing activities</b>		
Proceeds from the issue of shares	2,025,700	1,800,400
Proceeds from the conversion of options	-	56,000
Payments for share issue costs	(132,046)	(106,424)
<b>Net cash inflow from financing activities</b>	<b>1,893,654</b>	<b>1,749,976</b>
Net increase/(decrease) in cash and cash equivalents	102,515	635,909
Cash and cash equivalents at the beginning of the period	1,954,686	1,283,756
<b>Cash and cash equivalents at the end of the period</b>	<b>2,057,201</b>	<b>1,919,665</b>

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

## BUXTON RESOURCES LIMITED

### 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 2015 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 2015 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.

#### **Amendments to AASBs and the new Interpretation that are mandatory for the current reporting period**

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Company include:

New or revised requirement	When effective	Applicability to 31 December 2015 half years
<b>AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality</b>  Completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn.	Applicable to annual reporting periods beginning on or after 1 July 2015	Mandatory

The application of these amendments does not have any material impact on the disclosures in the Group's condensed consolidated financial statements.

## BUXTON RESOURCES LIMITED

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

#### NOTE 1: BASIS OF PREPARATION OF THE INTERIM FINANCIAL REPORT (CONTINUED)

##### 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.

#### NOTE 3: ISSUED CAPITAL

	<b>31 December 2015</b>	<b>30 June 2015</b>
	\$	\$
<i>Issued and paid up capital</i>		
Fully paid ordinary shares	14,884,484	12,931,994
	<b>Six months to 31 December 2015 Number</b>	<b>Year to 30 June 2015 Number</b>
<i>Movements in fully paid shares on issue</i>		
At beginning of period	77,525,121	54,516,455
Share-based payment	-	100,000
Issued under exploration agreements	427,800	1,666,666
Issued on conversion of options	-	200,000
Issued for cash	10,510,000	21,042,000
Balance at end of period	88,462,921	77,525,121

#### NOTE 4: OPTIONS

	<b>Six months to 31 December 2015</b>	<b>Year to 30 June 2015</b>
	\$	\$
<i>Movements in options over ordinary shares on issue</i>		
Unlisted		
Balance at beginning of period	19,150,000	14,430,000
Issue of unlisted options during the period	7,350,000	4,920,000
Exercise of options during the period	-	(200,000)
Balance at end of period	26,500,000	19,150,000

## BUXTON RESOURCES LIMITED

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

#### NOTE 4: OPTIONS (CONTINUED)

	Six months to 31 December 2015	Year to 30 June 2015
	\$	\$
<i>Movements in options over ordinary shares on issue</i>		
Listed		
Balance at beginning of period	4,194,450	4,194,450
Issue of unlisted options during the period	-	-
Exercise of options during the period	-	-
Balance at end of period	4,194,450	4,194,450

#### NOTE 5: RESERVES

	Six months to 31 December 2015	Year to 30 June 2015
	\$	\$
Option premium reserve		
Balance at beginning of period	1,475,954	1,052,053
Issue of unlisted options during the period	324,883	423,901
Balance at end of period	1,800,837	1,475,954

#### NOTE 6: CONTINGENCIES

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

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

Subsequent to the balance date ...

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

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

#### 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:

	<b>31 December</b>	<b>30 June</b>
	<b>2015</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Within one year	1,010,000	775,000
Later than one year but not later than 5 years	4,040,000	2,041,625
	<hr/> 5,050,000	<hr/> 2,816,625

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.

##### Operating lease commitments

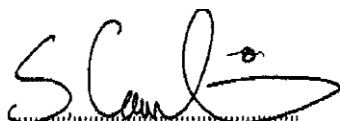
	<b>31 December</b>	<b>30 June</b>
	<b>2015</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Within one year	26,323	45,125
Later than one year but not later than 5 years	-	3,760
	<hr/> 26,323	<hr/> 48,885

## BUXTON RESOURCES LIMITED

### DIRECTORS' DECLARATION

1. In the opinion of the directors of Buxton Resources Limited (the 'Company'):
  - (a) the accompanying financial statements and notes are 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 2015 and of its performance for the period then ended; and
    - ii) complying with Australian Accounting Standards and Corporations Regulations 2001 professional reporting requirements and other mandatory requirements;
  - (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; and
  - (c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial period ended 31 December 2015.

This declaration is signed in accordance with a resolution of the Board of Directors.



**Seamus Cornelius**

Director

Perth, 15<sup>th</sup> March 2016



Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005  
P.O. Box 8716, Perth Business Centre WA 6849  
Phone 9486 7094 www.rothsayresources.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 2015 interim financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham R Swan (Lead auditor)

Rothsay Auditing

Dated 15 March 2016



Chartered Accountants