Plymouth Minerals Limited

AND ITS CONTROLLED ENTITIES
(ABN 52 147 413 956)

HALF YEAR REPORT

for the financial period ended 31 December 2014

CONTENTS

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 Plymouth Minerals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

CORPORATE DIRECTORY

NON-EXECUTIVE CHAIRMAN
Charles Schaus

MANAGING DIRECTOR
Adrian Byass

NON-EXECUTIVE DIRECTORS
Humphrey Hale
Stephen Brockhurst

COMPANY SECRETARY
Robert Orr

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SECURITIES EXCHANGE LISTINGS
Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: PLH

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WEST PERTH WA 6872

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DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on the Consolidated Entity (referred to hereafter as the 'Consolidated Entity') consisting of Plymouth Minerals Limited (referred to hereafter as the 'Company' or 'Parent Entity') and the entities it controlled at the end of the half-year ended 31 December 2014.

1. DIRECTORS

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

Mr Charles Schaus	Non-Executive Chairman
Mr Adrian Byass	Managing Director
Mr Humphrey Hale	Non-Executive Director
Mr Stephen Brockhurst	Non-Executive Director

Directors have held office for the entire period and to the date of this report unless otherwise stated.

2. PRINCIPAL ACTIVITIES

During the half-year the principal activities of the Consolidated Entity consisted of exploration and evaluation of the Consolidated Entity's ground holdings.

3. RESULT OF OPERATION

The Directors of the Company advise the consolidated loss of the Consolidated Entity after providing for income tax for the half-year to 31 December 2014 is $514,465 (2013: $482,621).

4. REVIEW OF OPERATIONS

During the half year period ending 31 December 2014 Plymouth Minerals Limited ("Plymouth") completed the acquisition of the Morille tungsten-tin project in Spain making the final payment on 4 November 2014. Plymouth holds an 80% interest in the Morille project and has the ability to acquire full ownership at Plymouths election for additional payment.

Management values the Morille Project as it offers a low risk opportunity for an exploration company to transition into a tungsten producer. This belief is based on previous mining history and Plymouth's exploration success to date.

The Company strategy for Morille is to convert the current Exploration Target to JORC resources. In order to achieve this goal the Company will need to conduct additional drilling and field work. The Company is assessing options to fund this programme. To advance the drill targeting additional low level field work is ongoing prior to drilling. This programme involves rock chip, soil sampling, mapping and trenching to define additional drill targets and enhance the prospectivity of Morille.

Additional work has been conducted on the tailings located on site. The tailings are considered to have the potential to return a positive cash flow for a small capital outlay. There remains a significant amount of tailings from historical 1970's and 1980's operations within the Project area. To put these tailings into production Plymouth would be required to undergo access / permit processes prior to development. These are being investigated by Plymouth.

Plymouth raised $230,000 in November 2014 in order for the Company to continue exploration of its Morille Project and provide the Company working capital and has a cash position of $694,041 as at 31 December, with no debt.

Competent Person Statement: The information in this report related to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr A Byass, B.Sc Hons (Geol), B.Econ, FSEG, MAIG an employee of Plymouth Minerals Limited. Mr Byass has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 and 2012 Edition of the Australasian Code for Reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves. Mr Byass consents to the inclusion in the report of the matters based on this information in the form and context in which it appear.

Corporate Activities

On 4 November 2014 the Company issued 715,000 shares to Aurum Mining PLC ("Aurum") as per the Morille Project Share Purchase Agreement, as final consideration for the acquisition of the project.

On 24 November 2014, the Company announced that it had issued 3,833,332 shares at an issue price of $0.06 pursuant to a placement of the Company's securities with professional investors. The placement successfully raised $230,000 in order for the Company to continue exploration of its Morille Project and provide the Company working capital.

On 24 December 2014 the Company issued 3,250,000 options exercisable at $0.14 on or before 24 December 2017 to Directors and key personnel, as per shareholder approval and the Company's Employee option plan.

5. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no other significant changes in the state of affairs of the Consolidated Entity during the financial half-year.

6. DIVIDENDS

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

7. AUDITOR'S DECLARATION

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 5 for the half-year ended 31 December 2014.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors.

Adrian Byass
Managing Director
Dated this 9 March 2015

Chartered Accountants & Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF PLYMOUTH MINERALS LIMITED

In relation to our review of the financial report of Plymouth Minerals Limited for the half year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PKF Mack

PKF MACK

SIMON FERMANIS
PARTNER

9 MARCH 2015
WEST PERTH,
WESTERN AUSTRALIA

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Chartered Accountants & Business Advisers

INDEPENDENT AUDITORS' REVIEW REPORT

TO THE MEMBERS OF

PLYMOUTH MINERALS LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Plymouth Minerals Limited (the Company) and controlled entities (consolidated entity) which comprises the condensed consolidated statement of financial position as at 31 December 2014, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at 31 December 2014, or 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 the Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and 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 Corporation Regulations 2001. As the auditor of Plymouth Minerals Limited and the entities it controlled during the half year, 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. In accordance with the Corporations Act 2001, we have given the directors' of the company a written Auditor's Independence Declaration.

PKF MACK

Chartered Accountants & Business Advisers

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 Plymouth Minerals Limited is not in accordance with the Corporations Act 2001 including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 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 the Corporations Regulations 2001.

Emphasis of Matters

Without modifying our opinion, we draw attention to Note 1 in the financial report, which confirmed that the consolidated entity incurred a net loss after tax of $514,465 during the half year ended 31 December 2014. These conditions, along with other matters as set out in Note 1, indicates the existence of a material uncertainty that may cast significant doubt about the company and consolidated entity's ability to continue as a going concern and therefore, the company and consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial report of the consolidated entity and the company does not include any adjustments in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company and/or the consolidated entity not continue as going concerns.

PKF Mack

PKF MACK

SIMON FERMANIS
PARTNER

9 MARCH 2015
WEST PERTH,
WESTERN AUSTRALIA

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the half year ended 31 December 2014

	31-Dec 2014 $	31-Dec 2013 $
Revenue		
Other revenue	4,741	37,048
Expenses		
Administrative expenses	(21,809)	(9,516)
Compliance and regulatory expenses	(46,347)	(154,971)
Consultancy expenses	(92,901)	(18,824)
Directors fees	(121,500)	(82,115)
Employee benefits expense	(22,607)	(11,376)
Equity compensation payment	(101,807)	-
Impairment of exploration expenditure	-	(92,742)
Impairment of loan	-	(50,000)
Insurance expenses	(7,768)	(6,527)
Occupancy expenses	(45,711)	(11,711)
Travel expenses	(58,756)	(81,887)
Loss before income tax expense	(514,465)	(482,621)
Income tax expense	-	-
Loss for the period	**(514,465)**	**(482,621)**
Other comprehensive income		
Items that maybe reclassified subsequently to profit and loss		
Exchange differences arising on translation of foreign operations	18,281	(1,018)
Total comprehensive loss for the period	**496,184**	**(483,639)**
Loss attributable to:		
Owners of the Parent Entity	(502,566)	(476,765)
Non-controlling interests	(11,899)	(5,856)
	(514,465)	(482,621)
Other comprehensive loss attributable to:		
Owners of the Parent Entity	14,675	(955)
Non-controlling interests	3,606	(63)
	18,281	(1,018)
Earnings per share		
Basic and diluted loss per share (cents) calculated on loss for the period	(1.55)	(1.50)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2014

	Note	31-Dec 2014 $	30-Jun 2014 $
CURRENT ASSETS			
Cash and cash equivalents		694,041	1,161,415
Trade and other receivables		111,677	88,795
Other current assets		8,509	8,194
TOTAL CURRENT ASSETS		814,227	1,258,404
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	3	1,372,152	1,196,387
Other assets		31,937	31,881
TOTAL NON-CURRENT ASSETS		1,404,089	1,228,268
TOTAL ASSETS		**2,218,316**	**2,486,672**
CURRENT LIABILITIES			
Trade and other payables		146,472	305,344
Provisions		3,254	5,809
TOTAL CURRENT LIABILITIES		149,726	311,153
TOTAL LIABILITIES		**149,726**	**311,153**
NET ASSETS		**2,068,590**	**2,175,519**
EQUITY			
Issued capital	4	4,083,546	3,796,098
Reserves		261,492	145,010
Accumulated losses		(2,370,952)	(1,868,386)
Equity attributable to owners of the Parent Entity		1,974,086	2,072,722
Non-controlling interest		94,504	102,797
TOTAL EQUITY		**2,068,590**	**2,175,519**

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the half year ended 31 December 2014

	31-Dec-14 $	31-Dec-13 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(402,633)	(295,287)
Payments for exploration and evaluation	-	(99,728)
Interest received	5,501	40,458
NET CASH USED IN OPERATING ACTIVITIES	**(397,132)**	**(354,557)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation	(291,970)	-
Payments for loan to related party	(1,342)	-
Acquisition of subsidiary, net of cash acquired	-	(378,938)
NET CASH USED IN INVESTING ACTIVITIES	**(293,312)**	**(378,938)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue option shares	230,000	28,150
Payment for costs of issue of option shares	(7,301)	(8,928)
NET CASH FROM FINANCING ACTIVITIES	**222,699**	**19,222**
Net increase/(decrease) in cash and cash equivalents	(467,745)	(714,273)
Effect of exchange rate changes on cash	371	228
Cash and cash equivalents at the beginning of the reporting period	1,161,415	2,658,047
Cash and cash equivalents at the end of the reporting period	**694,041**	**1,944,002**

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the half year ended 31 December 2014

	Issued Capital	Option Reserve	Share Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Attributable to Owners of Parent	Non-Controlling Interest	Total
	$	$	$	$	$	$	$	$
Balance at 1 July 2014	3,796,098	44,655	93,933	6,422	(1,868,386)	2,072,722	102,797	2,175,519
Loss for the period	-	-	-	-	(502,566)	(502,566)	(11,899)	(514,465)
Other Comprehensive Income								
Exchange differences arising on translation of foreign operations	-	-	-	14,675	-	14,675	3,606	18,281
Total comprehensive income for the period	-	-	-	14,675	(502,566)	(487,891)	(8,293)	(496,184)
Transactions with owners, recorded directly in equity								
Issue of shares	301,500	-	-	-	-	301,500	-	301,500
Costs of issuing shares	(14,052)	-	-	-	-	(14,052)	-	(14,052)
Share based payments	-	-	101,807	-	-	101,807	-	101,807
Total transactions with owners	287,448	-	101,807	-	-	389,255	-	389,255
Balance at 31 December 2014	4,083,546	44,655	195,740	21,097	(2,370,952)	1,974,086	94,504	2,068,590

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the half year ended 31 December 2014 (continued)

	Issued Capital	Option Reserves	Foreign Currency Translation Reserve	Accumulated Losses	Attributable to owners of Parent	Non-controlling interest	Total
	$	$	$	$	$	$	$
Balance at 1 July 2013	3,796,098	25,433	-	(1,102,609)	2,718,922	-	2,718,922
Loss for the period	-	-	-	(476,765)	(476,765)	(5,856)	(482,621)
Other Comprehensive Income							
Exchange differences arising on translation of foreign operations	-	-	(955)	-	(955)	(63)	(1,018)
Total comprehensive income for the period	-	25,433	(955)	(476,765)	(477,720)	(5,919)	(483,639)
Transactions with owners, recorded directly in equity							
Issue of share options	-	28,150	-	-	28,150	-	28,150
Costs of raising capital	-	(8,928)	-	-	(8,928)	-	(8,928)
Non-controlling interests arising on the acquisition of Castilla Mining S.L.U	-	-	-	-	-	107,565	107,565
Total transactions with owners		19,222	-	-	19,222	107,565	126,787
Balance at 31 December 2013	3,796,098	44,655	(955)	(1,579,374)	2,260,424	101,646	2,362,070

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

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
for the half year ended 31 December 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

Plymouth Minerals Limited (the Company) is a public company, limited by shares, domiciled and incorporated in Australia and listed on the Australian Securities Exchange. The half-year consolidated financial report of the Company for the six months ended 31 December 2014, comprise the Company and its subsidiaries (the "Consolidated Entity" or "Group").

The half-year consolidated financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting* as appropriate for for-profit orientated entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The half-year consolidated financial report does not include full disclosures of the type normally included in an annual financial report. Accordingly, it is recommended that this interim financial report be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Plymouth Minerals Limited and its controlled entities during the interim reporting period in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001*.

These consolidated half-year financial statements were authorised for issue in accordance with a resolution of the directors on 9 March 2015.

Basis of Preparation

The half-year consolidated financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. The presentation and functional currency is Australian Dollars.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2014 annual financial report for the financial year ended 30 June 2014. Those accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New, revised or amending Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS
for the half year ended 31 December 2014 (cont)

The following Accounting Standards and Interpretations are most relevant to the Consolidated Entity:

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
The Consolidated Entity has applied AASB 2013-3 from 1 July 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.

AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)
The Consolidated Entity has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the Entity or its Parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

<u>New standards and interpretations not yet adopted</u>

The following Australian Accounting Standards have been issued or amended and are applicable to the annual financial statements of the Group but are not yet effective. This assumes the following have not been adopted in preparation of the financial statements at the reporting date.

AASB No.	**Title**	**Application date of standard**	**Issue date**
AASB 9	Financial Instruments	1-Jan-18	Dec-10
AASB 2013-9	Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments Part C - Financial Instruments	Part C - 1 January 2015	Dec-13
AASB 2014-1	Amendments to Australian Accounting Standards Part D - Consequential Amendments arising from AASB 14 Regulatory Deferral Accounts Part E - Financial Instruments	Part D - 1 January 2016 Part E - 1 January 2018	Jun-14
AASB 2014-3	Amendments to Australian Accounting Standard – Accounting for Acquisition of Interest in Joint Operations	1-Jan-16	Aug-14
AASB 2014-4	Amendments to Australian Accounting Standard - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	1-Jan-16	Aug-14
AASB 2014-5	Amendments to Australian Accounting Standard Arising From AASB 15	1-Jan-17	Dec-14

NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS
for the half year ended 31 December 2014 (cont)

AASB No.	Title	Application date of standard	Issue date
AASB 2014-7 AASB 2014-8	Amendments to Australian Accounting Standard Arising From AASB 9	1-Jan-18	Dec-14
AASB 2014-9	Amendments to Australian Accounting Standard - Equity Method in Separate Financial Statements	1-Jan-16	Jan-15
AASB 2014-10	Amendments to Australian Accounting Standard - Sale of Contribution of Assets Between Investors and its Associates or Joint Venture	1-Jan-16	Jan-15
AASB 2015-5	Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception	1-Jan-16	Jan-15
AASB 14	Regulatory Deferral Account	1-Jan-16	Jun-14
AASB 15	Revenues from Contracts with Customers	1-Jan-17	Dec-14

Going Concern Basis
The financial statements have been prepared on the going concern basis. As at 31 December 2014 the Consolidated Entity had net assets of $2,068,590 (30 June 2014: $2,175,519) and continues to incur expenditure on its exploration tenements drawing on its cash balances. As at 31 December 2014 the Consolidated Entity had $694,041 (30 June 2014: $1,161,415) in cash and cash equivalents.

The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective areas of interest. Ultimate exploitation of the assets will depend on raising necessary funding in the future. As at 31 December 2014 there has been no adjustment in the financial report relating to the recoverability and classification of the asset carrying amounts, or the amounts and classification of liabilities that might be necessary, should the Consolidated Entity be unable to raise capital as and when required, and the exploitation of the areas of interest not be successful, or the Consolidated Entity not continue as a going concern.

Significant accounting estimates, judgments and assumptions
The preparation of financial statements requires management to make judgments and estimates relating to the carrying amounts of certain assets and liabilities. Actual results may differ from the estimates made. Estimates and assumptions are reviewed on an ongoing basis.

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next accounting period are:

(i) *Share based payment transactions*

The Consolidated Entity measures the cost of equity settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of share options is determined by an external valuer using an appropriate valuation model.

(ii) *Income tax expenses*

Judgement is required in assessing whether deferred tax assets and liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from temporary differences, are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised.

NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS
for the half year ended 31 December 2014 (cont)

(iii) *Impairment of exploration and evaluation assets*

The ultimate recoupment of the value of exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale, of the exploration and evaluation assets.

Impairment tests are carried out on a regular basis to identify whether the asset carrying values exceed their recoverable amounts. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

The key areas of judgement and estimation include:

- Recent exploration and evaluation results and resource estimates;
- Environmental issues that may impact on the underlying tenements;
- Fundamental economic factors that have an impact on the operations and carrying values of assets and liabilities.

NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS
for the half year ended 31 December 2014 (cont)

2. OPERATING SEGMENTS

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision maker to make decisions about resources to be allocated to the segments and assess their performance.

Operating segments are identified by Management based on the mineral resource and exploration activities in Australia and Spain. Discrete financial information about each project is reported to the chief operating decision maker on a regular basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the economic characteristics, the nature of the activities and the regulatory environment in which those segments operate.

The Group has two reportable segments based on the geographical areas of the mineral resource and exploration activities in Australia and Spain. Unallocated results, assets and liabilities represent corporate amounts that are not core to the reportable segments.

2014		Australia	Spain	Total
		$	$	$
(i)	**Segment performance**			
	Revenue			
	Unallocated items:			
	Interest revenue			4,741
	Total segment revenue			4,741
	Reconciliation of segment result to group net profit/(loss) before tax			
	Unallocated items			
	Amounts not included in segment result but reviewed by the Board:			
	- Other expenses			(519,206)
	Net loss before tax			(514,465)
(ii)	**Segment assets**			
	Segment assets at 1 July 2014	-	1,196,387	1,196,387
	Segment asset increase for the period:			
	Exploration expenditure	-	175,765	175,765
		-	1,372,152	1,372,152
	Unallocated assets			
	Cash and cash equivalents			694,041
	Trade and other receivables			111,677
	Other assets			40,446
	Total group assets			2,218,316
(iii)	**Segment liabilities**			
	Reconciliation of segment liabilities to group liabilities			
	Segment liabilities at 1 July 2014	-	(227,452)	(227,452)
	Deferred consideration for subsidiary acquisition	-	72,395	72,395
	Trade creditors	-	130,638	130,638
		-	(24,419)	(24,419)
	Reconciliation of segment liabilities to group assets			
	Unallocated liabilities			
	Other liabilities			(125,307)
	Total group liabilities			(149,726)

NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS
for the half year ended 31 December 2014 (cont)

2013		**Australia**	**Spain**	**Total**
		$	**$**	**$**
(iv)	**Segment performance**			
	Revenue			
	Unallocated items:			
	Interest revenue			37,048
	Total segment revenue			37,048
	Reconciliation of segment result to group net profit/(loss) before tax			
	- Subsidiary acquisition cost		(30,393)	(30,393)
	- Exploration expense	-	(92,742)	(92,742)
		-	(123,725)	(123,725)
	Unallocated items			
	Amounts not included in segment result but reviewed by the Board:			
	- Other expenses			(395,944)
	Net loss before tax			(482,621)
(v)	**Segment assets**			
	Segment assets at 1 July 2013	-	-	-
	Segment asset increase for the period:			
	Exploration mining projects acquired	-	531,243	531,243
	Exploration expenditure	-	6,986	6,986
		-	538,229	538,229
	Reconciliation of segment assets to group assets			
	Unallocated assets			
	Cash and cash equivalents			1,944,002
	Trade and other receivables			26,713
	Other assets			39,208
	Total group assets			2,548,152
(vi)	**Segment liabilities**			
	Reconciliation of segment liabilities to group liabilities			
	Segment liabilities at 1 July 2013	-	-	-
	Deferred consideration for subsidiary acquisition	-	(72,395)	(72,395)
		-	(72,395)	(72,395)
	Reconciliation of segment liabilities to group assets			
	Unallocated liabilities			
	Other liabilities			(113,687)
	Total group liabilities			(186,082)

NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS
for the half year ended 31 December 2014 (cont)

3. EXPLORATION EXPENDITURE

	31 Dec 2014 $	30 June 2014 $
Exploration expenditure capitalised - exploration and evaluation phases	1,372,152	1,196,387

A reconciliation of the carrying amount of exploration and evaluation expenditure is set out below:		
Carrying amount at beginning of the period	1,196,387	-
Exploration assets acquired via acquisition of Castilla Mining S.L.	-	531,243
Additional costs capitalised during period	175,765	757,886
Impairment on exploration expenditure	-	(92,742)
Carrying amount at end of the period	1,372,152	1,196,387

The value of the Consolidated Entity's exploration expenditure is dependent upon:

– The continuance of the rights to tenure of the areas of interest;
– The results of future exploration; and
– The recoupment of costs through successful development and exploitation of the areas of interest or alternatively by their sale.

4. ISSUED CAPITAL

	31-Dec 2014 $	30-Jun 2014 $
(a) Issued and fully paid shares		
Fully paid ordinary shares	4,370,900	4,069,400
Less: capital issue costs net of tax	(287,354)	(273,302)
	4,083,546	3,796,098

	Number of shares	$
(b) Movements in issued and fully paid shares		
Balance at the beginning of the period	32,150,000	3,796,098
Shares issued	4,548,332	301,500
Less: capital issue costs	-	(14,052)
Balance at the end of the period	36,698,332	4,083,546

NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS
for the half year ended 31 December 2014 (cont)

5. SHARE BASED PAYMENT RESERVE

	31-Dec 2014 $	30-Jun 2014 $
Share based payment reserve	195,740	93,933

	Number of options	$	Weighted average exercise price
Movements in share options			
Balance at the beginning of the period	1,000,000	93,933	$0.20
Options issued			
- Directors option issue 20 November 2014 (a)	2,750,000	86,144	$0.14
- Staff option issue 20 November 2014 (a)	500,000	15,663	$0.14
Balance at the end of the period	4,250,000	195,740	$0.154

The options outstanding at balance date had a weighted average exercise price of $0.154 and a weighted average remaining contractual life of 2.79 years.

All options on issue are ordinary shares in the Company, which confer a right of one ordinary share for every option held. During the period there was no share issues as a result of exercise of options and no lapse of options due to expiry.

(a) On 24 December 2014 the Company issued to the Company's Directors, Officers and Employees in accordance with shareholder approval and the Company's Employee Share Plan: 3,250,000 options with an exercise price of $0.14 and expiry of 24 December 2017.

The fair value of these options granted is $0.0240 per option with a total allotment value of $101,807. In valuing these options the Company used the following inputs in the Black Scholes option valuation model.

Inputs into the Model	
Grant date share price	$0.08
Exercise price	$0.14
Expected volatility	80%
Option life	3 years
Risk-free interest rate	2.265%

6. FAIR VALUE MEASUREMENT

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS
for the half year ended 31 December 2014 (cont)

7. COMMITMENTS

The Consolidated Entity does not have any material financial commitments and is not committed to any minimum exploration expenditure in order to maintain rights of tenure of its Morille Project as the current expenditure requirements have been met and the tenements are in good standing.

8. CONTINGENT LIABILITIES

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

9. DIVIDENDS

No dividends have been declared or paid during the half-year ended 31 December 2014.

10. KEY MANAGEMENT PERSONNEL

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

11. EVENTS SUBSEQUENT TO REPORTING DATE

No matter or circumstance has arisen subsequent to 31 December 2014 that has significantly affected, or may significantly affect, the state of affairs or operations of the reporting Consolidated Entity in future financial periods.

DIRECTOR'S DECLARATION

The Directors of the Company declare that:-

1. The financial statements and notes, as set out on pages 8 to 21 are in accordance with the Corporations Act 2001, including:

   (a) complying with Accounting Standard AASB 134: Interim Financial Reporting, and Corporations Regulations 2001; and

   (b) 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.

2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

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Adrian Byass
Managing Director

Dated this day 9 March 2015