



NARACOOKA
Resources Ltd

NARACOOKA RESOURCES LTD

ABN 77 143 142 410

**Financial report for the half-year ended
31 December 2012**

CONTENTS

	Page
Corporate Directory	2
Directors' Report	3
Auditor's Independence Declaration	4
Directors' Declaration	5
Independent Review Report	6
Condensed Statement of Profit or Loss and Other Comprehensive Income	8
Condensed Statement of Financial Position	9
Condensed Statement of Changes in Equity	10
Condensed Statement of Cash Flows	11
Condensed Notes to the Financial Statements	12

CORPORATE DIRECTORY

Board of Directors

Non-Executive Director	George Cameron-Dow
Non-Executive Director	Christian Cordier
Non-Executive Director	Gavin Wates
Company Secretary	Josh Puckridge

Principal Office

Level 9, 105 St Georges Terrace
Perth, Western Australia 6000

Registered Office

Level 9, 105 St Georges Terrace
Perth, Western Australia 6000

Postal Address

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Perth, Western Australia 6001

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www.naracoota.com.au
ABN 77 143 142 410

Share Registry

Computershare
Level 2, 45 St George's Terrace
Perth, Western Australia, 6000
1300 557 010 (Telephone)
www.computershare.com.au

Auditors

Stantons International
Level 2, 1 Walker Avenue
West Perth, Western Australia 6005

Lawyers

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth, Western Australia 6000

Directors' Report

The Directors of Naracoota Resources Limited submit herewith the financial report for the half-year ended 31 December 2012. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

The names of the Directors of the Company who have held office during and since the end of the half-year are:

Non-Executive Directors

Mr Steven Crabbe (*Resigned on 23 October 2012*)
Mr Stephen Woods (*Resigned on 22 October 2012*)
Mr Wayne Fernie (*Resigned on 23 October 2012*)
Mr Gavin Wates (*Appointed on 23 October 2012*)
Mr Christian Cordier (*Appointed on 23 October 2012*)
Mr George Cameron-Dow (*Appointed on 23 October 2012*)

Principal activities

The principal activity of the Company during the interim period was exploration and evaluation of mineral interests.

Results

The net profit of the Company for the interim period after income tax credit was \$170,656 (2011: \$ 2,037,462 loss).

Review of operations

Other than exploration and corporate activities as detailed in the reports released to the market, there have been no other significant operations by the Company during the six months to 31 December 2012.

Corporate highlights for the half-year ended 31 December 2012 include a successfully completed rights issue and share placement to raise approximately \$3.2 million before costs from the issue of 90,393,819 ordinary fully paid shares at 0.035 cents each.

The Company restructured its Board of Directors during the period and announced the appointment of Gavin Wates, George Cameron-Dow and Christian Cordier as directors on 23 October 2012.

Auditor's independence declaration

The auditor's independence declaration is included on page 4 and forms part of the Directors' report for the six months ended 31 December 2012.

Signed in accordance with a resolution of directors.

On behalf of the Directors



George Cameron-Dow
Non-Executive Director
27 February 2013

27 February 2013

Board of Directors
Naracoota Resources Limited
Level 9, 105 St Georges Terrace,
PERTH, WA, 6000

Dear Directors

RE: NARACOOTA RESOURCES LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Naracoota Resources Limited.

As Audit Director for the review of the financial statements of Naracoota Resources Limited for the half year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



John P Van Dieren
Director

Directors' declaration

The Directors declare that:

- (a) 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; and
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Australian Accounting Standard AASB 134 Interim Financial Reporting and giving a true and fair view of the financial position and performance of the Company for the half year ended 31 December 2012.

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

On behalf of the Directors



George Cameron-Dow
Non-Executive Director
27 February 2013

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
NARACOOTA RESOURCES LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Naracoota Resources Limited, which comprises the condensed statement of financial position as at 31 December 2012, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity, and condensed 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.

Directors' Responsibility for the Half-Year Financial Report

The directors of Naracoota Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Naracoota Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Naracoota Resources Limited on 27 February 2013.

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 Naracoota Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) 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
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd


Director

West Perth, Western Australia
27 February 2013

Statement of Profit or Loss and Other Comprehensive Income for the Half-year ended 31 December 2012

	Note	Half-year ended 31 Dec 2012 \$	Half-year ended 31 Dec 2011 \$
Revenue		38,106	67,554
Employee and contractors expenses		(158,428)	(865,487)
Finance costs		(31)	(45)
Depreciation expense		(14,034)	(18,955)
Consultants expenses		(55,087)	(78,386)
Occupancy expenses		(39,539)	(32,423)
Marketing expenses		(1,222)	(24,543)
Exploration and evaluation expenses		(188,716)	(1,017,805)
Other expenses		(193,177)	(67,372)
Loss from continuing operations before income tax expense/benefit		(612,128)	(2,037,462)
Income tax credit (Research and development rebate)		782,784	-
Profit/(loss) from continuing operations attributable to members of the parent entity		170,656	(2,037,462)
Other comprehensive income for the period			
Items that will not be reclassified to profit or loss		-	-
Items that may be subsequently reclassified to profit or loss		-	-
Total comprehensive income/(loss) for the period		170,656	(2,037,462)
Profit/(loss) attributable to owners of the Company		170,656	(2,037,462)
Total comprehensive income/(loss) attributable to owners of the Company		170,656	(2,037,462)
Earnings/(Loss) per share:			
Basic (cents per share)		0.20	(4.29)
Diluted (cents per share)		0.20	(4.29)

The accompanying notes form part of the financial statements

Statement of Financial Position as at 31 December 2012

	Note	31 Dec 2012 \$	30 June 2012 \$
Current assets			
Cash and cash equivalents		4,197,652	1,251,721
Trade and other receivables		38,807	3,066
Total current assets		4,236,459	1,254,787
Non-current assets			
Other financial assets	8	52,000	72,000
Property, plant and equipment	9	73,933	101,439
Mining properties		1,230,333	1,230,333
Total non-current assets		1,356,266	1,403,772
TOTAL ASSETS		5,592,725	2,658,559
Current liabilities			
Trade and other payables		63,944	121,872
Provisions		–	10,537
Total current liabilities		63,944	132,409
TOTAL LIABILITIES		63,944	132,409
NET ASSETS		5,528,781	2,526,150
Equity			
Issued capital	10	8,678,184	5,856,691
Reserves		509,619	499,137
Accumulated losses		(3,659,022)	(3,829,678)
TOTAL EQUITY		5,528,781	2,526,150

The accompanying notes form part of the financial statements

Statement of Changes in Equity for the Half-year ended 31 December 2012

For the half-year ended 31 December 2012	Ordinary Shares \$	Option Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at beginning of period	5,856,691	499,137	(3,829,678)	2,526,150
Total comprehensive income				
Profit for the period	–	–	170,656	170,656
Other comprehensive income for the period	–	–	–	–
Total comprehensive income for the period	–	–	170,656	170,656
Transactions with owners recorded direct to equity				
Issue of shares	3,163,784	–	–	3,163,784
Issue of options	–	10,482	–	10,482
Shares issue expenses	(342,291)	–	–	(342,291)
Total transactions with owners	2,821,493	10,482	–	2,831,975
Balance as at 31 December 2012	8,678,184	509,619	(3,659,022)	5,528,781

For the half-year ended 31 December 2011	Ordinary Shares \$	Option Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at beginning of period	5,859,759	–	(721,657)	5,138,102
Total comprehensive income				
Loss for the period	–	–	(2,037,462)	(2,037,462)
Other comprehensive income for the period	–	–	–	–
Total comprehensive loss for the period	–	–	(2,037,462)	(2,037,462)
Transactions with owners recorded direct to equity				
Issue of shares	–	–	–	–
Issue of options	–	499,137	–	499,137
Shares issue expenses	(3,068)	–	–	(3,068)
Total transactions with owners	(3,068)	499,137	–	496,069
Balance as at 31 December 2011	5,856,691	499,137	(2,759,119)	3,596,709

The accompanying notes form part of the financial statements

Statement of Cash Flows for the Half-year ended 31 December 2012

Note	Half-year ended 31 Dec 2012 \$	Half-year ended 31 Dec 2011 \$
Cash flows from operating activities		
Payments for exploration and evaluation	(188,287)	(970,387)
Payments to suppliers and employees	(512,565)	(530,806)
Interest received	38,106	56,606
Research and development rebate received	782,784	–
Net cash generated by/(used in) operating activities	120,038	(1,444,587)
Cash flows from investing activities		
Payment for investment securities	–	(15,000)
Payment for property, plant and equipment	–	(95,805)
Proceeds from sale of property, plant and equipment	4,400	–
Net cash generated by/(used in) investing activities	4,400	(110,805)
Cash flows from financing activities		
Proceeds from issues of equity securities	3,163,784	–
Payment for share issue costs	(342,291)	(35,105)
Net cash (used in)/provided by financing activities	2,821,493	(35,105)
Net increase/(decrease) in cash and cash equivalents	2,945,931	(1,590,497)
Cash and cash equivalents at the beginning of the financial period	1,251,721	4,000,012
Cash and cash equivalents at the end of the financial period	4,197,652	2,409,515

The accompanying notes form part of the financial statements

Notes to the Financial Statements for the Half-year ended 31 December 2012

1. Reporting Entity

Naracoota Resources Limited (the Company) is a listed public Company, incorporated in Australia.

The annual financial report of the Company as at and for the year ended 30 June 2012 is available upon request from the Company's registered office at Level 9, 105 St Georges Terrace, Perth, Western Australia 6000 or www.naracoota.com.au

2. Statement of compliance

The interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The condensed interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual financial report of the Company as at and for the year ended 30 June 2012 and any public announcements made by the Company during its interim reporting period.

The interim financial report was approved by the Board of Directors on 27 February 2013.

3. Statement of significant accounting policies

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 2012 annual financial report for the financial year ended 30 June 2012 except as follows:

New Accounting Policies Adopted Effective 1 July 2012

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:

- Amendments to AASB 1, 5, 7, 101, 112, 120, 121, 132, 133 and 134 as a consequence of AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Company's accounting policies and has no effect on the amounts reported for the current or prior half-years. However, the application of AASB 2011-9 has resulted in minor changes to the Company's presentation of, or disclosure in, its half-year financial statements.

AASB 2011-9 introduces new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met.

3. Statement of significant accounting policies (cont'd)

Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

4. Basis of preparation

The interim report has been prepared on the going concern basis. The Directors are of the opinion that the going concern basis is appropriate as the Company expects to be in a position to meet its cash requirements for the next 12 months.

5. Estimates

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial report as at and for the year ended 30 June 2012.

6. Financial risk management

The Company's financial risk management objective and policies are consistent with those disclosed in the financial report as at and for the year ended 30 June 2012.

7. Segment reporting

Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by the Company's chief operating decision maker which, for the Company, is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position.

The Company operates predominantly in the mineral exploration industry in Australia. For management purposes, the Company is organised into one main operating segment which involves the exploration of minerals in Western Australia. All of the Company's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

8. Other financial assets

	31 December 2012	30 June 2012
	\$	\$
Investment in unlisted entity (i)	35,000	35,000
Other receivables – bonds	17,000	37,000
	52,000	72,000

- (i) Investment of 425,000 ordinary fully paid shares in Simba Minerals Ltd.

The investment in the unlisted entity is classified as a Tier 2 financial asset (available-for-sale) as follows:

Unlisted investment, at cost:

- Shares in other corporations, at cost

Total available-for-sale financial assets

	35,000	35,000
	35,000	35,000

The directors have determined that the fair value of the available-for-sale financial asset carried at cost cannot be reliably measured, as variability in the range of reasonable fair value estimates is significant. Consequently, the asset is recognised at cost. There is no active market for the investment and there is no present intention to dispose of the investment.

Mr Stockley is a director of Simba Minerals Ltd and was a Non-Executive Director of the Company when the investment above was made.

9. Property, plant and equipment

During the six months ended 31 December 2012 the Company disposed of and wrote off assets with a net book value of \$13,472 (period ended 31 December 2011: \$Nil).

10. Issued capital

Fully paid ordinary shares

137,930,495 fully paid ordinary shares
(30 June 2012: 47,536,676)

	31 December 2012	30 June 2012
	\$	\$
	8,678,184	5,856,691

Movements in ordinary share capital

	31 December 2012		30 June 2012	
	No.	\$	No.	\$
Beginning of financial period	47,536,676	5,856,691	47,536,676	5,859,759
Rights issue	47,536,676	1,663,784	–	–
Share placement	42,857,143	1,500,000	–	–
Share issue costs	–	(342,291)	–	(3,068)
Balance at end of financial period	137,930,495	8,678,184	47,536,676	5,856,691

10. Issued capital (cont'd)

Options

As at 31 December 2012, the Company has issued the following options:

Date options issued	Vesting date	Expiry date	Exercise price (cents)	Number of options
3 August 2011	3 August 2011	2 August 2016	30	1,000,000
20 October 2011	20 October 2011	19 October 2016	30	4,000,000
23 August 2012	23 August 2012	23 August 2017	7.5	500,000
5 October 2012	5 October 2012	30 September 2015	9	47,536,676
Total Number of Options				53,036,676

Each option issued converts into one ordinary share of Naracoota Resources Limited on exercise. Options neither carry rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

No options were exercised, expired or lapsed during the half-year.

11. Share based payments

(a) Recognised share based payment expense

	31 December 2012	31 December 2011
	\$	\$
Options issued to directors and employees as part of: Share based payment expense	<u>10,482</u>	<u>499,137</u>

(b) Employee share options

On 23 August 2012, the Company issued 500,000 options to the Acting Chief Executive Officer, Mr Martin Dormer pursuant to the Company's Employee Incentive Option Plan. The options are exercisable at 7.5 cents each and expire on 23 August 2017 with a fair value at grant date of 2.10 cents each.

(c) Option Model

The value of options granted during the period was calculated using the Black-Scholes Option Pricing Model. The values and inputs were as follows:

Option Series	23 August 2017
Grant date share price	\$0.04
Exercise price	\$0.075
Expected volatility	115%
Option life	60 Months
Dividend yield	Nil
Risk-free interest rate	2.69%

(d) Balance at end of the half-year

The share options outstanding at the end of the half-year had a weighted average exercise price of \$0.28 (2011: \$0.30) and the weighted average remaining contractual life of the share options as at 31 December 2012 is 3.84 years (2011: 4.70 years).

12. Dividends

No dividends were paid or proposed during the period.

13. Contingencies

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

14. Subsequent events

On 20th February 2013 the Company settled the sale agreement entered into with Elizabeth Strowger (as executor/administrator of the estate of John Edward Coumbe) acquiring the remaining beneficial interest in Prospecting Licenses P52/1257, P52/1259, P52/1239 and P52/1213 and the gold rights on Exploration License E52/1561 and Mining Lease M52/1048 held by the late Mr John Coumbe. Final settlement consideration consisted of a cash payment of \$40,000 and the issue of 333,334 ordinary shares (not subject to restriction) as per the agreement outlined in the Company's Prospectus dated 21st April 2011.

No other matters or circumstances have arisen since 31 December 2012 that may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.