

BULLETIN RESOURCES LIMITED

ACN 144 590 858

**HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2013**

BULLETIN RESOURCES LIMITED
ACN 144 590 858

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**BULLETIN RESOURCES LIMITED
ACN 144 590 858**

COMPANY DIRECTORY

CORPORATE INFORMATION

DIRECTORS

Frank Sibbel	(Director , Chairman)
Andrew Beckwith	(Director)
Mick Fitzgerald	(Director)

COMPANY SECRETARY

Craig Nelmes

REGISTERED OFFICE

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55 Salvado Road
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POSTAL ADDRESS

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SUBIACO WA 6904

AUDITORS

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

BANKERS

Westpac Banking Corporation
130 Rokeby Road
SUBIACO WA 6008

SOLICITORS

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
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SHARE REGISTRY

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Level 2, 45 St Georges Terrace
PERTH WA 6000

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STOCK EXCHANGE LISTING

Bulletin Resources Limited's ordinary shares are listed on the Australian Securities Exchange Limited (ASX code: BNR).

DIRECTORS' REPORT
For the Half Year Ended 31 December 2013

Your Directors submit the financial report of the Company for the half-year ended 31 December 2013.

DIRECTORS

The names of the Directors of the Company in office during the half year and to the date of this report are:-

Frank Sibbel	appointed 13 August 2013
Andrew Beckwith	appointed 13 August 2013
Mick Fitzgerald	appointed 13 August 2013
Philip Retter	resigned 13 August 2013
Martin Phillips	removed as a director on 13 August 2013
Stephen Robinson	resigned 13 August 2013

RESULT

The loss after tax for the half-year ended 31 December 2013 was \$822,161 and for the half year ended 31 December 2012 was \$2,226,864.

REVIEW OF OPERATIONS

On 25 July 2013, the Company completed a non-renounceable pro-rata entitlement offer (Rights Issue) to existing shareholders, raising a total of \$516,416.97 (before costs), via the issue of 17,213,899 new shares.

On 13 August 2013, at an extraordinary shareholder meeting, three new board members were elected to the board, one previous board member was not re-elected and the remaining two previous board members resigned. The resultant new board now comprises Frank Sibbel (Chairman), Mick Fitzgerald and Andrew Beckwith.

The immediate primary focus of the incoming board was to minimise cash outgoings and the assessment to the viability of the 2012 Feasibility Study on the Lamboo Gold Project. Accordingly, the gold project near Halls Creek was placed on care and maintenance while the review was completed and a number of other cash conserving initiatives were actioned, including the sub-leasing of its former principal place of business and relocating to shared offices at Level 1, Suite 5, 55 Salvado Rd, Subiaco Western Australia.

The feasibility study review concluded the project economics and overall financial returns are insufficient and too great of a risk to satisfy an investment decision to put the project into production at the current gold prices, which are significantly lower than when the feasibility study was completed.

In the Board's view, the best options to improve the likelihood of a positive development scenario going forward include;

- find additional shallow, lower strip ratio and lower cost, open pit ore sources that significantly improve the early stage cash-flow estimates and reduce operating cash costs
- reduce a large portion of the currently proposed high cost, high strip ratio open pits and develop a greater reliance on a more integrated underground high grade narrow mining strategy

To achieve the above outlined milestones, the project requires a concerted exploration effort to discover the new additional resources both along strike and at depth together with a renewed alternative mine plan scenario. This assessment is also supported by the fact the project had been unable to attract either debt or equity funding at the higher gold prices of around \$1700 per ounce previously.

DIRECTORS' REPORT
For the Half Year Ended 31 December 2013

On the 17 December 2013, the board signed a binding Sale and Joint Venture Term Sheet on the Halls Creek Gold Projects (Lamboob and Biscay) with Matsa Resources Limited (ASX: MAT, Matsa), Bulletin's largest shareholder. Matsa's intention was to initially undertake exploration activities to increase resources prior to assessing possible mining options.

Importantly, in subsequent events after 31 December 2013, the Company received an alternative offer from Pacific Niugini Limited (PNR) for the partial sale and joint venture of the Halls Creek Gold Projects and the Board assessed the offer to be bone fide and superior to the Matsa offer and subsequently accepted the offer, subject to Matsa's right to match the new PNR terms.

On the 10 February 2014, the Company announced it was proceeding with the new Pacific Niugini offer (PNR transaction). Pacific Niugini's stated intention is to rapidly advance planning for a strategy, which minimises upfront capital, and operating costs through the development of an underground mining operation with processing of ore at the existing capacity of 120,000tonnes of ore per annum.

Terms of the PNG Transaction

Initial project acquisition for 49% equity for:

- \$1.5 million cash payment
- Minimum \$1.3 million value of shares in Pacific Niugini with potential for greater value based on minimum of 15.0 M shares

Expenditure to earn additional project equity of up to 80%

- Mandatory \$1.2M expenditure in first 12 month for additional 16% to increase PNR equity to 65%
- Optional \$1.2M expenditure in second 12 months for additional 15%
- Mandatory \$1.0M expenditure to keep the tenements in good financial standing for three years after the first year (4years total within minimum expenditure of \$2.2M over 4 years)
- Bulletin free carried for a total expenditure of \$4.0M over 4 years before having to elect on whether Bulletin must elect to co-fund going forward on an 20% equity basis or elect to divest to Pacific Niugini under the buyout clause

Buyout clause, at Bulletin's election

Assuming Pacific Niugini achieve the 80% project equity level, then at the point of co-funding, Bulletin may elect to co-fund based on its 20% project equity level or divest its 20% project equity on the following terms:

- \$2.0M cash or shares, or
- 1% Net Smelter Royalty capped at \$4.0M total either are at PNR's election

Loan

The Offer allows for the deposit of \$0.6M to be converted into a loan repayable over 12 months, at industry standard terms for a transaction of this type, if the Transaction does not reach completion. The loan will be secured by a mortgage over the Bulletin's tenements.

DIRECTORS' REPORT
For the Half Year Ended 31 December 2013

EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the half year which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods, except as described in the Review of Operations and the Notes to the Financial Statements (Note 7).

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 7 for the half year ended 31 December 2013.

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



Frank Sibbel
Chairman

Dated this 11th day of March 2014

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF BULLETIN RESOURCES LIMITED

As lead auditor for the review of Bulletin Resource Limited for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Bulletin Resources Limited.



Phillip Murdoch

Director

Perth, 11th March 2014

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Half-Year ended 31 December 2013

	Note	31 December 2013 \$	31 December 2012 \$
Revenue	2	61,399	40,770
Operating Expenses			
Listing and share registry expense		(15,453)	(92,432)
Depreciation	2	(55,216)	(72,724)
Professional fees		(60,717)	(74,308)
Director fees		(148,551)	(355,594)
Director termination payment		(98,377)	-
Exploration expenditure	2	(272,815)	(1,145,745)
Legal fees		(40,595)	(13,753)
Administration expenses		(69,606)	(128,709)
Employee benefit expense		(112,423)	(369,243)
Audit fees		(9,806)	(15,126)
Expenses from operations		(883,559)	(2,267,634)
Loss from operations before income tax expense		(822,160)	(2,226,864)
Income tax expense		-	-
Loss after income tax expense for the half-year		(822,160)	(2,226,864)
Total other comprehensive income/(loss) for the period		-	-
Total comprehensive income/(loss) for the half-year		(822,160)	(2,226,864)
Total comprehensive income/(loss) attributable to members of Bulletin Resources Limited		(822,160)	(2,226,864)
Basic loss per share (cents per share)		(0.0065)	(0.027)

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

STATEMENT OF FINANCIAL POSITION
As at 31 December 2013

	Note	31 December 2013 \$	30 June 2013 \$
Current Assets			
Cash and cash equivalents		234,048	279,150
Trade and other receivables		46,890	3,623
Total Current Assets		280,938	282,773
Non-Current Assets			
Other non-current assets		-	153,142
Plant & equipment		501,923	557,139
Exploration expenditure capitalised		509,089	506,889
Total Non-Current Assets		1,011,012	1,217,170
Total Assets		1,291,950	1,499,943
Current Liabilities			
Trade and other payables		455,130	342,513
Total Current Liabilities		455,130	342,513
Non-Current Liabilities			
Provisions		135,000	135,000
Total Non-Current Liabilities		135,000	135,000
Total Liabilities		590,130	477,513
Net Assets		701,820	1,022,430
Equity			
Issued capital	3	13,849,255	13,347,704
Reserves		390,250	390,250
Accumulated losses		(13,537,685)	(12,715,524)
Total Equity		701,820	1,022,430

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

STATEMENT OF CHANGES IN EQUITY
For the Half-Year ended 31 December 2013

	Share Capital \$	Option Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2012	11,080,817	381,500	(8,883,680)	2,578,637
Loss for period attributable to members	-	-	(2,226,864)	(2,226,864)
Total comprehensive loss for the period	-	-	(2,226,864)	(2,226,864)
Issue of shares	1,062,932	-	-	1,062,932
Share based payments	-	8750	-	8,750
Share issue cost	(97,127)	-	-	(97,127)
Balance at 31 December 2012	12,046,622	390,250	(11,110,544)	1,326,328
	Share Capital \$	Option Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2013	13,347,704	390,250	(12,715,524)	1,022,430
Loss for period attributable to members	-	-	(822,161)	(822,161)
Total comprehensive loss for the period	-	-	-	-
Issue of shares	516,417	-	-	516,417
Share issue cost	(14,866)	-	-	(14,866)
Balance at 31 December 2013	13,849,255	390,250	(13,537,865)	701,820

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

STATEMENT OF CASH FLOWS
For the Half Year Ended 31 December 2013

	31 December 2013	31 December 2012
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(538,236)	(2,200,401)
Interest received	4,373	14,603
Refund of rehabilitation bonds	153,142	-
Other Income	50,997	26,167
Net cash used in operating activities	(329,724)	(2,159,631)
Cash flows from investing activities		
Payments for exploration expenditure	(466,929)	(3,627)
Payments for plant and equipment	-	(3,909)
Net cash used in investing activities	(466,929)	(7,536)
Cash flows from financing activities		
Net proceeds from issues of shares, net of share issue cost	501,551	965,805
Deposit from partial sale and joint venture	250,000	-
Net cash from financing activities	751,551	965,805
Net decrease in cash and cash equivalents held	(45,102)	(1,201,362)
Cash and cash equivalents at the beginning of the period	279,150	1,693,585
Cash and cash equivalents at the end of the period	234,048	492,223

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

NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2013

1. BASIS OF PREPARATION

- (a) The half year financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 134 Interim Financial Reporting, applicable accounting standards and other mandatory professional reporting requirements.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2013 and any public announcements made by Bulletin Resources Limited during the half-year in accordance with the continuous disclosure requirements arising under the Corporations Act 2001.

The half year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the entity as in the full financial report.

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 annual financial report for the financial year ended 30 June 2013.

In the half year ended 31 December 2013, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2014.

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

(b) Going Concern

At 31 December 2013, Bulletin Resources Limited has cash and cash equivalent assets of \$234,048 (30 June 2013: \$279,150). It incurred an operating loss of \$822,161 for the 6 months to 31 December 2013 (period ended 31 December 2012: \$2,226,864) and had a working capital deficiency of \$174,192 (30 June 2013: \$59,740).

As at 31 December 2013, the Company had entered into an agreement with Matsa Resources Limited ("Matsa Transaction") for the partial sale and joint venture of its Halls Creek Gold Projects.

Subsequent to 31 December 2013, the following events have occurred;

- (i) the Company received an additional \$250,000 from Matsa Resources Limited as the 2nd tranche and final payment of an aggregate \$500,000 deposit. \$250,000 comprising the 1st tranche of the deposit and received prior to the balance date is recorded as a current liability at 31 December 2013, thus contributing significantly to the working capital deficiency referred to above;
- (ii) in January 2014, the Company entered into an alternate binding agreement with Pacific Niugini Limited (PNR Transaction) for the partial sale and joint venture of the Halls Creek Gold Projects and terminated the Matsa Transaction;
- (iii) Under the terms of the PNR transaction, sale consideration for the initial 49% is \$2.8 Million, of which \$1.5 Million is in cash and balance in PNR shares; and
- (iv) in February 2014, the Company received a cash deposit for \$600,000 with respect to the PNR Transaction, enabling it to repay the \$500,000 deposit to Matsa Resources as well as \$100,000 break fee as required under the terms of the Matsa agreement.

Based on the above analysis and, in particular the fact that as at the date of the report, further consideration of \$0.9 Million in cash and \$1.3 Million in PNR shares is receivable under the terms of the PNR transaction, the preparation of these financial statements on a going concern basis is appropriate.

NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2013

Should the transaction not proceed the company will be required to raise additional finance through debt or equity. If the Company is unable to do so it may cast doubt on the company's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in these half-year financial statements.

	31 December 2013	31 December 2012
	\$	\$
2. OPERATING LOSS		
Operating loss before income tax has been determined after:		
(a) Revenue:		
Interest received	4,373	14,603
Other credits	57,026	26,167
(b) Expense:		
Depreciation	55,216	72,724
Exploration expenditure	272,815	1,145,745

	31 December 2013	30 June 2013
	\$	\$
3. TRADE AND OTHER PAYABLES (CURRENT)		
Trade & other payables	192,130	261,586
Accruals	12,000	80,927
Deposit Held (i)	250,000	
	455,130	342,513

(i) The deposit held represents the 1st tranche deposit received with respect to entering into of the Matsa agreement on 17 December 2013. The second tranche deposit of \$250,000 was subsequently received in January 2014. The full \$500,000 deposit was subsequently repaid of termination of the agreement in February 2014 and acceptance of the alternate PNR transaction offer (Note 7).

NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2013

	31 December 2013	30 June 2013
	\$	\$
4. ISSUED CAPITAL		
Ordinary shares issued & fully paid:	<u>13,849,255</u>	<u>13,347,704</u>

Movements in ordinary share capital of the company during the past six months were as follows:

Date	Details	No.	Issue Price \$	\$
1-Jul-2013	Opening balance	111,353,862		13,347,704
2-Aug-2013	Share issue	17,213,899	0.03	516,417
	Share issue costs			(14,866)
	TOTAL	<u>128,567,761</u>		<u>13,849,255</u>

No dividends have been paid or declared since the start of the financial period, and none are recommended.

5. SEGMENT REPORTING

The Company operates 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 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.

6. CONTINGENT ASSETS AND LIABILITIES

In the opinion of the directors, there are no further contingent assets or liabilities as at 31 December 2013 and no changes in the interval between 31 December 2013 and the date of this report.

7. EVENTS SUBSEQUENT TO REPORTING DATE

Partial Sale and Joint Venture of the Halls Creek Gold Projects

On 24 January 2014, the Company advised that it had received, what the board considered was a superior, alternative non-related third party offer (Offer) for the Halls Creek Gold Projects (Lambooo and Biscay), from ASX listed Pacific Niugini Limited (ASX: PNR, Pacific Niugini).

Under the terms of the Matsa agreement, there was provision for Bulletin to accept a superior offer, subject to Matsa being able to match the new "superior" offer at Matsa's election within 14 days of being notified and a break fee (\$100,000).

NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2013

On 10 February 2014, the Company advised that it was proceeding with the Pacific Niugini Offer in relation to the partial sale and joint venture on the Halls Creek Gold Projects. It also advised that Matsa had not matched the PNR offer in the required timeframe, as per the Matsa agreement, and as such Bulletin has notified Matsa of Bulletin's termination of the Matsa agreement.

The Pacific Niugini Offer terms are summarised as follows:

Initial project acquisition for 49% equity for:

- \$1.5 million cash payment
- Minimum \$1.3 million value of shares in Pacific Niugini with potential for greater value based on minimum of 15.0 M shares

Expenditure to earn additional project equity of up to 80%

- Mandatory \$1.2M expenditure in first 12 month for additional 16% to increase PNR equity to 65%
- Optional \$1.2M expenditure in second 12 months for additional 15%
- Bulletin free carried for a total expenditure of \$4.0M or 4 years, whichever is the earliest, before having to elect on whether Bulletin must elect to co-fund going forward on a 20% equity basis or elect to divest to Pacific Niugini under the buyout clause

Buyout clause, at Bulletin's election

Assuming Pacific Niugini achieve the 80% project equity level, then at the point of co-funding, Bulletin may elect to co-fund based on its 20% project equity level or divest its 20% project equity on the following terms:

- \$2.0M in cash or PNR shares or
- 1% Net Smelter Royalty capped at \$4.0M total, either are at PNR's election

Deposit

In February 2014, the Company received the \$600,000 deposit from Pacific Niugini and those funds were utilised to repay the \$500,000 Matsa agreement deposit, as well as the \$100,000 break fee.

This deposit will be converted into a loan repayable over 12 months, at industry standard terms for a transaction of this type, if the Transaction does not reach completion, and will be secured by a mortgage over the Bulletin's tenements.

Completion

At the date of this report, the Company was finalising the necessary documentation for the timely completion of this transaction.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 12 to 18, are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standards AASB134 Interim Financial Reporting, the Corporations Regulations 2001; and other mandatory professional reporting requirements
 - (b) giving a true and fair view of the Company's financial position as at 31 December 2013 and of its performance for the half-year ended on that date
2. In the directors' opinion there are reasonable grounds to believe that Bulletin Resources Limited 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.

Dated at Perth this 11th day of March 2014



Frank Sibbel
Chairman

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Bulletin Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Bulletin Resources Limited, which comprises the statement of financial position as at 31 December 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2013 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 Bulletin 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Bulletin Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Bulletin 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 2013 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*

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 1 (b) in the half-year financial report, which indicates that the ability of the company to continue as a going concern is dependent upon the completion of the partial sale of its Halls Creek Gold Project and/or raising of additional funds either through debt or equity. These conditions, along with other matters as set out in Note 1(b), indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO Audit (WA) Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'P. Murdoch', written over a horizontal line.

Phillip Murdoch

Director

Perth, 11th March 2014