

ABN 16 152 726 595



INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

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DIRECTORS REPORT

The directors present their report together with the financial report of Shenton Resources Limited for the six months ended 31 December 2013 and the auditor's review report thereon.

DIRECTORS

The following persons were directors of Shenton Resources Limited from the company's incorporation on 17 August 2011 and up to the date of this report.

Jeremy David Shervington (Non-Executive Chairman)
Bradley Gordon John Abbott (Executive Director)
Robert Alastair St John Beack (Non-Executive Director)

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year were the exploration of mineral tenements, known as the Goongarrie Project, prospective for gold in Western Australia and sourcing assessment and evaluation of other mineral exploration projects.

REVIEW OF OPERATIONS

GOONGARRIE PROJECT

The Company has entered into the Goongarrie Agreement pursuant to which the Company has acquired a 100% interest in the Goongarrie Project. The Goongarrie Project comprises Exploration Licence 29/746 covering an area of 144 sq km. It is located, approximately 90km north from Kalgoorlie along the Menzies Highway (Figure 1).

The project lies in the northwest of the Kalgoorlie Terrain, in the northern half of the Menzies-Kambalda region of the Norseman-Wiluna Belt in the Archaean Yilgarn Craton of Western Australia. The project is almost wholly located over gneissic granitoid rocks of the Mt Pleasant-Goongarrie Complex. Mafic and ultramafic rocks possibly occur under cover in the eastern margins of the tenement in the Bardoc Tectonic Zone. Granite rocks themselves are generally not significant host rocks for gold production in the Menzies-Kambalda region, though they are locally significant. The Lady Bountiful gold deposit occurring in the Liberty Granodiorite was mined in the late 1980s. More recently Golden Cities deposits located approximately 40 km north of Kalgoorlie and the adjacent Federal deposit were discovered in the late 1990's, wholly within the Scotia-Kanowna internal granitoid. Nearby to the northeast the Rainbow Dam Granodiorite hosts the new gold discovery of Mt Jewell. Other examples include Comet Vale, Dixie, Missouri and Theil Well deposits (all in the Goongarrie-Mt Pleasant region and all of which have had moderate historical gold production) located in areas where the principal gold-mineralized structures appear to be related to the forceful emplacement of granitoids.

Modern exploration by previous explorers in the Goongarrie Project area has focussed on testing for both the granite-hosted and 'structural-deformation-related-to-granite-emplacement' styles as well as placer style palaeochannel deposits, which could be considered to be locally important.

The Company has completed a heritage survey as part of the statutory requirements over the eastern part of the Goongarrie Project area where a program of aircore drilling is proposed to follow up the historical anomalous 4metre-composite aircore intercepts of 3417ppb Au, 1910 ppb Au and 1621 ppb Au at the transported and saprock interface. 1metre re-samples, using fire assay, had returned a best value of 3m @ 2.75g/t Au, including 1m @ 5.89g/t Au. The program will determine bedrock lithologies, alteration and style of gold mineralisation.

Reprocessing, 3D modelling and interpretation of 50m spaced detailed airborne magnetic data acquired by the Company over the "bulls eye" target area has been completed by a consultant geophysicist. The interpreted fracture/shear zones trend NNE and may be relevant to localisation of gold mineralisation. In addition, the ring-like features identified might represent local intrusive bodies or alteration zones (Figure 2). One of the features corresponds to a pipe-like magnetic zone while the central one relates to a zone of low magnetisation situated on a linear feature. Figure 3 is a view toward the NNE of the 3D model, showing the principal magnetic features, linears extracted from second vertical derivative imagery, and a layout for the proposed geochemical survey comprising approximately 400 samples which covers much of the main massive magnetic zone, one of the stronger NNE lineaments and the two ovoid structures. The geochemical results should indicate if there is gold associated with any of the interpreted structures, and if there is then further programs will be planned to investigate these and explore for repetitions.

DIRECTORS REPORT

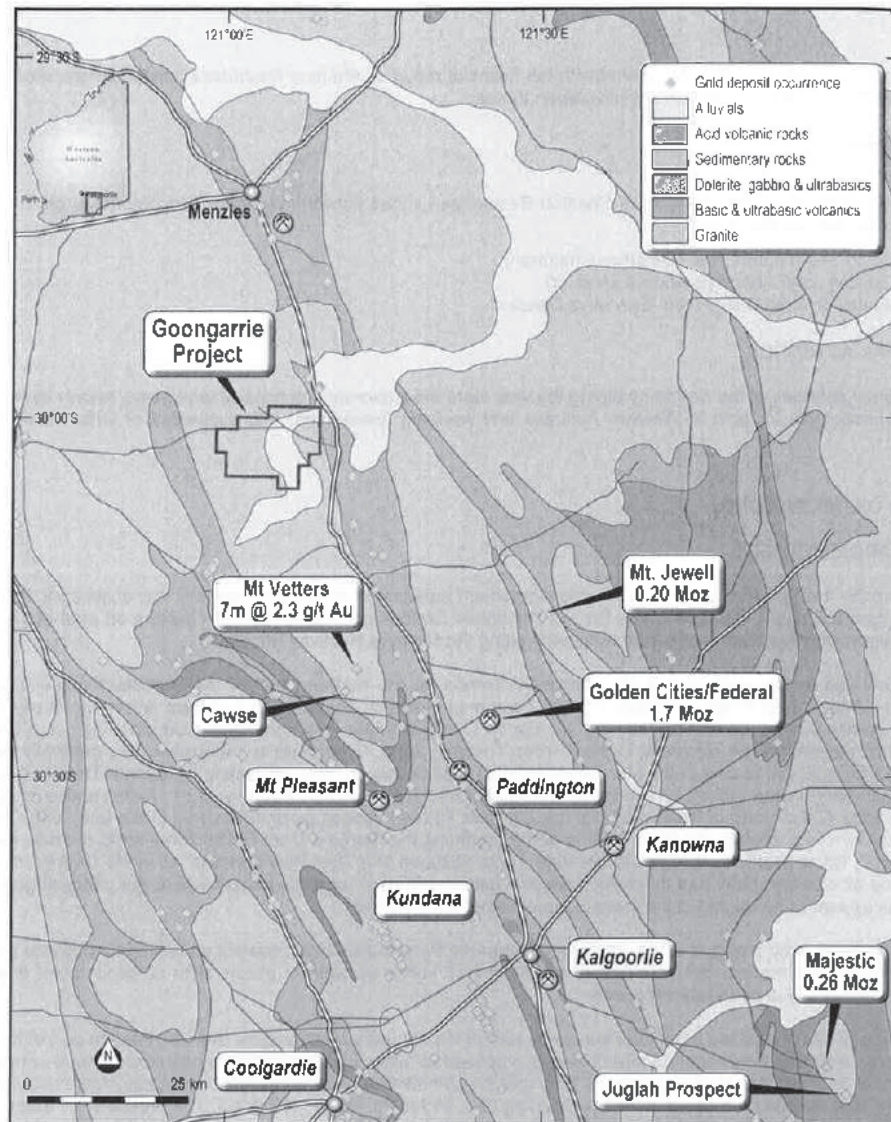


Figure 1: Goongarrie Project location plan showing granite hosted gold deposits in the Kalgoorlie region.

Major NNE trending
fracture zone.

DIRECTORS REPORT

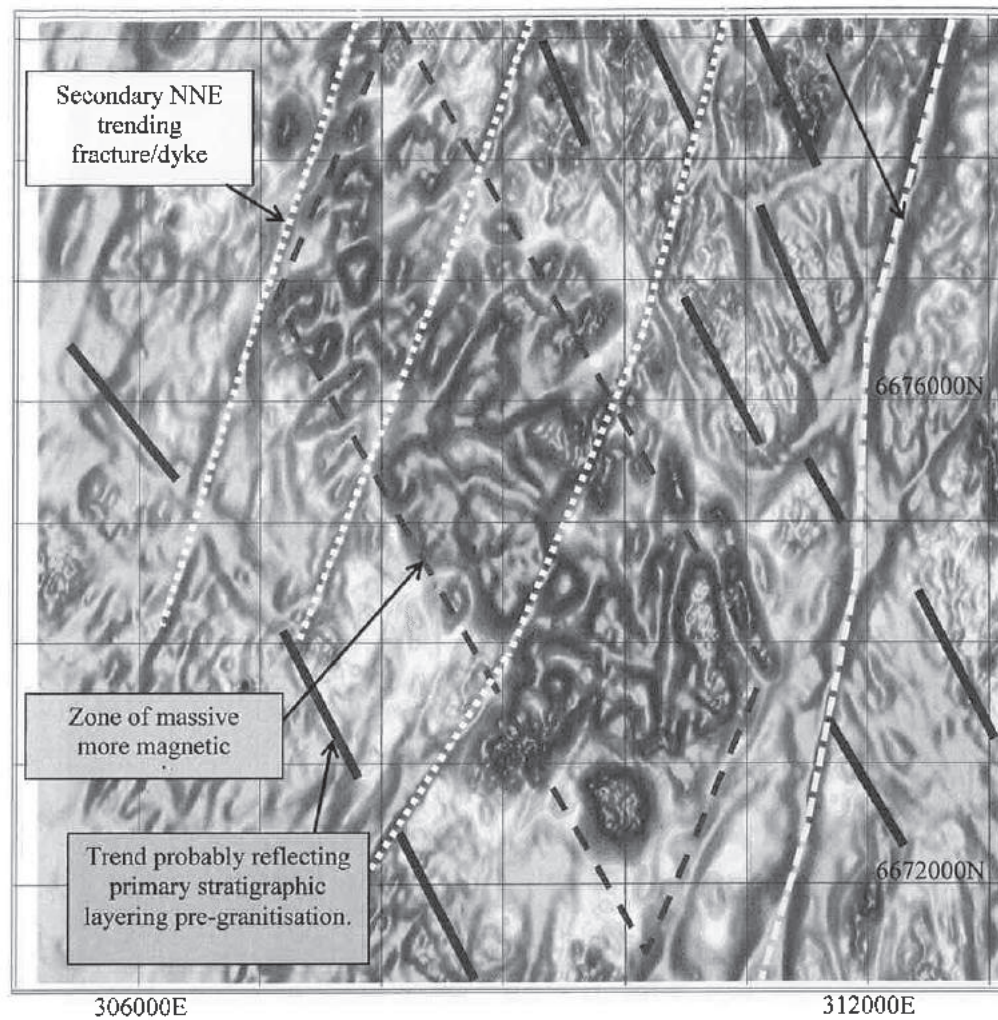


Figure 2: Total magnetic intensity over the "Bulls Eye" target area with lineament patterns/structural features

DIRECTORS REPORT

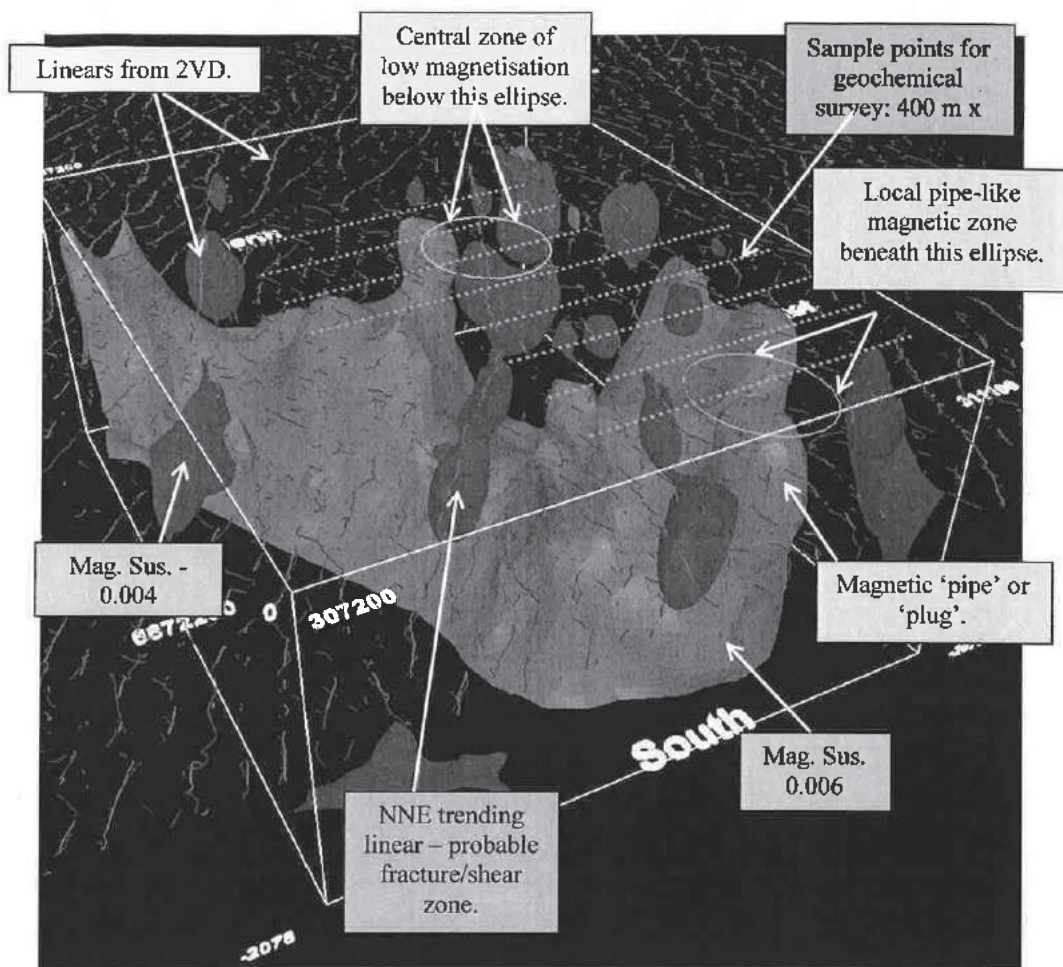


Figure 3: Main massive magnetic zone at the "Bulls Eye" target area, one of the stronger NNE lineaments and proposed soil geochemical sampling survey

Based on exploration by previous explorers and the work completed by the Company, the Goongarrie Project is prospective for discovery of granite hosted gold deposits similar to the Golden Cities, 'structural- deformation-related-to-granite-emplacment' styles and also the placer style palaeochannel, which may be locally important.

The Board considers the Goongarrie Project to be prospective for gold mineralisation and will seek further capital in due course to explore the Project in a comprehensive way.

FINANCIAL POSITION

For the six months ended 31 December 2013, the company recorded a loss of \$4,194 and had a working capital surplus of \$297,683. The company had cash assets of \$298,837.

Based on minimal expenditure expected over the next 6 month period, the directors are satisfied that the going concern basis of preparation is appropriate.

DIRECTORS REPORT

EVENTS SUBSEQUENT TO REPORTING DATE

Other than the above, there has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 6 and forms part of the directors' report for the six months ended 31 December 2013.

This report is made with a resolution of the directors:

A handwritten signature in black ink, appearing to read 'Beeck', with a long, sweeping horizontal stroke extending to the right.

Robert Beeck - Director

16 May 2014



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Chartered Accountants (Audit)
Business Consulting
Financial Advisors

Auditor's Independence Declaration

To those charged with the governance of Shenton Resources Limited

As auditor for the audit of Shenton Resources Limited for the period ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Somes Cooke

Somes Cooke

Nicholas Hollens

Nicholas Hollens
Partner

Perth

16 May 2014

**INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013**

	NOTE	31 Dec 2013 \$	31 Dec 2012 \$
Revenue	2	5,350	7,287
Other expenses		(9,544)	(26,267)
Loss before income tax		(4,194)	(18,980)
Income tax expense		-	-
Loss after income tax for the year		(4,194)	(18,980)
Other comprehensive income		-	-
Total other comprehensive income for the year		-	-
Total comprehensive income for the period attributable to members of the Company		(4,194)	(18,980)
Earnings (loss) per share			
Basic earnings (loss) per share (cents)		(0.03)	(0.15)
Diluted earnings (loss) per share (cents)		(0.03)	(0.15)

The interim statement of comprehensive income is to be read in conjunction with the accompanying notes.

**INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013**

	Note	31 Dec 2013 \$	30 June 2013 \$
Assets			
Cash and cash equivalents	3	298,837	324,908
Trade and other receivables		1,401	1,957
Total current assets		300,238	326,865
Mining properties	4	481,674	465,330
Total non-current assets		481,674	465,330
Total assets		781,912	792,195
Liabilities			
Trade and other payables	5	2,555	8,644
Total current liabilities		2,555	8,644
Total liabilities		2,555	8,644
Net assets		779,357	783,551
Equity			
Contributed equity	7	815,111	815,111
Reserves		7,500	7,500
Accumulated losses		(43,254)	(39,060)
Total Equity		779,357	783,551

The interim statement of financial position is to be read in conjunction with the accompanying notes.

**INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013**

	Note	Contributed Equity (net of costs)	Other Reserves	Accumulated losses	Total
For the six months ended 31 December 2013					
Opening balance at 1 July 2013	7	815,111	7,500	(39,060)	783,551
Total comprehensive income of the period					
Loss for the period		-	-	(4,194)	(4,194)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		815,111	7,500	(43,254)	(779,357)
Transactions with owners in their capacity as owners					
Issue of share capital		-	-	-	-
Share issue expenses		-	-	-	-
Expiry of options		-	-	-	-
Share based payments – issue of options		-	-	-	-
Balance as at 31 December 2013		815,111	7,500	(43,254)	779,357
For the period ended 31 December 2012					
Opening balance at 1 July 2012		815,111	7,500	(8,534)	814,077
Total comprehensive income of the period					
Loss for the period		-	-	(18,980)	(18,980)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		815,111	7,500	(27,514)	795,097
Transactions with owners in their capacity as owners					
Issue of share capital	7	-	-	-	-
Share issue expenses		-	-	-	-
Issue of options		-	-	-	-
Share based payments – issue of options		-	-	-	-
Balance as at 31 December 2012		815,111	7,500	(27,514)	795,097

The interim statement of changes in equity is to be read in conjunction with the accompanying notes.

**INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013**

	Note	31 Dec 2013 \$	31 Dec 2012 \$
Cash flows from operating activities			
Cash paid to suppliers and employees		(15,016)	(26,233)
Interest received		5,290	7,291
Net cash (outflow) from operating activities		(9,726)	(18,942)
Cash flows from investing activities			
Payments for exploration and evaluation assets		(16,345)	(30,899)
Net cash (outflow) from investing activities		(16,345)	(30,899)
Cash flows from financing activities			
Proceeds from issue of share capital	7	-	-
Share issue costs		-	-
Net cash inflow from financing activities		-	-
Net (decrease) in cash and cash equivalents		(26,071)	(49,841)
Cash and cash equivalents at the beginning of the period		324,908	394,078
Cash and cash equivalents at the end of the period		298,837	344,237

The interim statement of cash flows is to be read in conjunction with the accompanying notes.

CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

1. (a) Reporting entity

SHENTON RESOURCES LIMITED is a company domiciled and incorporated in Australia. The address of the Company's registered office is 813 Wellington Street, West Perth WA 6005. The interim financial report of the Company as at and for the six months ended 31 December 2013. The Company is primarily involved in the exploration of mineral tenements, known as the Goongarrie Project, prospective for gold in Western Australia.

(b) 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 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 and for the year ended 30 June 2013.

This interim financial report was approved by the Board of Directors on 15 May 2014.

(c) Significant accounting policies

The accounting policies applied by the Company in this interim financial report are the same as those applied by the Company in its financial report as at and for the year ended 30 June 2013.

Certain comparative amounts have been reclassified to conform with the current period's presentation.

(d) Estimates

The preparation of interim financial reports requires management to make judgements, 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 judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial report as at and for the year ended 30 June 2013.

(e) Going concern

For the six months ended 31 December 2013, the company recorded a loss of \$4,194 and had a working capital surplus of \$297,683. The company had cash assets of \$298,837. Based on minimal expenditure expected over the next 6 month period, the directors are satisfied that the going concern basis of preparation is appropriate.

**CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013**

2. Revenue

	31 December 2013	31 December 2012
	\$	\$
Interest	5,350	7,287

3. Cash & Cash Equivalents

	31 December 2013	30 June 2013
	\$	\$
Cheque account	(1,163)	24,908
Term deposits	300,000	300,000
	<u>298,837</u>	<u>324,908</u>

4. Deferred exploration costs

	31 December 2013
Cost	\$
Balance at beginning of period	465,330
Exploration costs incurred in the period	16,344
Balance at end of period	<u>481,674</u>

Recovery of the carrying amount is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective area of interest.

5. Trade and Other payables

	31 December 2013	30 June 2013
	\$	\$
Trade creditors	55	644
Accrued charges	2,500	8,000
	<u>2,555</u>	<u>8,644</u>

**CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013**

6. Segment reporting

The Company determines and presents operating segments based on the information that internally is provided to the CEO, who is the Company's chief operating decision maker.

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are regularly reviewed by the Company's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company engages in business activities within one segment, being the exploration and evaluation of mineral projects in Australia. The Company maintains an administrative office in Perth, Western Australia to support its activities.

7. Issued capital

Movement in ordinary shares

	Ordinary shares		\$	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
On issue at beginning of period	13,087,500	13,087,500	815,111	864,000
Issue of shares	-	-	-	-
Transaction costs	-	-	-	(48,889)
On issue at end of period	13,087,500	13,087,500	815,111	815,111

8. Events subsequent to reporting date

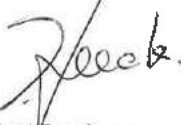
Other than the above, there has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

DIRECTORS DECLARATION

In the opinion of the directors of SHENTON RESOURCES LIMITED ("the Company");

1. the financial statements and notes as set out on pages 7 to 13 , are 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 interim period ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Robert Beeck - Director

16 May 2014

Independent Auditor's Report To the members of Shenton Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Shenton 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 period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

- (a) the financial report of Shenton Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the entity's financial position as at 31 December 2013 and of its performance for the period ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Somes Cooke

Somes Cooke

Nicholas Hollens

Nicholas Hollens
16 May 2014
Perth

CORPORATE INFORMATION

DIRECTORS

Jeremy David Shervington (Non-Executive Chairman)
Bradley Gordon John Abbott (Executive Director)
Robert Alastair St John Beeck (Non-Executive Director)

COMPANY SECRETARY

Bradley Gordon John Abbott

REGISTERED OFFICE

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