

BUXTON RESOURCES LIMITED

ABN 86 125 049 550

**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2011**

This interim financial report does not include all the notes of the type normally included in an annual financial report. This report is to be read in conjunction with the Annual Report for the year ended 30 June 2011 and any public announcements made by Buxton Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*

BUXTON RESOURCES LIMITED

31 DECEMBER 2011

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BUXTON RESOURCES LIMITED

31 DECEMBER 2011

CORPORATE INFORMATION

Buxton Resources Ltd
ABN; 86 125 049 550

Directors

Anthony Maslin
Seamus Cornelius
Julian Stephens

Auditors

Rothsay Consulting Services Pty Ltd
GPO Box 2759
Sydney NSW 2001

Joint Company Secretaries

Sam Wright
Jodi Haslinger

Registered office and principal place of business

50 Derby Road
Subiaco WA 6008

PO Box 9028
Subiaco WA 6008

Ph; 08 9380 6063

Fax; 08 9381 4056

Web; www.buxtonresources.com.au

Share Register

Computershare Ltd
Level 2, 45 St Georges Terrace
Perth WA 6000

Home Exchange

ASX Limited
ASX Code; BUX, BUXO

BUXTON RESOURCES LIMITED

31 DECEMBER 2011

DIRECTORS' REPORT

Your directors are pleased to present their report on Buxton Resources Limited for the half-year ended 31 December 2011.

DIRECTORS

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

Anthony Maslin

Seamus Cornelius

Sam Wright (resigned 1 September 2011)

Julian Stephens (appointed 1 September 2011)

Directors were in office for the entire period unless otherwise stated.

REVIEW AND RESULTS OF OPERATIONS

Operating results

The Company recorded a loss for the period ended 31 December 2011 of \$902,860 (2010; \$493,748).

At 31 December 2011 the Company held cash balances of \$1,524,142 (2010; \$1,405,021).

Review of operations – Exploration

During the reporting period, excellent drilling results substantially upgraded the Zanthus Magnetite Project and confirmed mineralisation over >4km of strike at the Cohen prospect.

Results included;

- ZRC020: 112m @ 32.8% Fe (from 32m)
 Inc 80m @ 36.2 Fe
 Inc 28m @ 42.2% Fe

Additional magnetite mineralisation was discovered at the Joplin Prospect with best results including;

- ZRC070: 56m @ 30.8% Fe (from 86m)
 Inc 14m @33.2% Fe

BUXTON RESOURCES LIMITED

31 DECEMBER 2011

DIRECTORS' REPORT (CONTINUED)

Resource represents initial confirmation of potential for the Zanthus projects 0.7 – 1.3 billion tonnes exploration target @ 22% - 32% Fe *.

Maiden inferred JORC resource at Cohen deposit of 103.6 million tonnes at 26.5% Fe.

Premium metallurgical characteristics were confirmed at Zanthus during the reporting period. The Cohen deposit Davis Tube testing confirmed 66.4% average iron product delivered at 150_(p80) micron grind size with very low silica content. These are amongst the best coarse grind magnetite results in Australia. Coarse grind is a major factor in delivering low capital & operational costs.

**The potential quality and grade of the Zanthus Exploration Target(s) is conceptual nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.*

Competent Person: *The information in this report that relates to Exploration Results and Exploration Targets is based on information compiled by Dr Julian Stephens, Member of the Australian Institute of Geoscientists and Non-Executive Director for Buxton Resources Limited. Dr Stephens has sufficient experience which is relevant to the activity being undertaken to qualify as a "Competent Person", as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and consents to the inclusion in this report of the matters reviewed by him in the form and context in which they appear.*

Competent Person: *The information in this report that relates to the Mineral Resources for the Cohen Deposit is based on information compiled by Mr Kevin Lowe (MAusIMM) under the supervision and guidance of Mr Trevor Stevenson (FAusIMM (CP)), who are both full-time employees of Runge Ltd., Trevor Stevenson has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC, 2004). Trevor Stevenson consents to the inclusion in this report of the matters based on the information in the form and context that the information appears.*

Corporate

The board underwent a change during the period, with Dr Julian Stephens joining the board and Sam Wright retiring.

SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING DATE

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

This report is made in accordance with a resolution of directors.



Anthony Maslin

Managing Director

Perth, 13 March 2012

BUXTON RESOURCES LIMITED

31 DECEMBER 2011



Level 18, Central Park Building, 152-158 St Georges Terrace, Perth WA 6000
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 6364 5076 www.rothsay.com.au

The Directors
Buxton Resources Limited
50 Derby Rd
Subiaco WA 6008

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit review of the 31 December 2011 interim financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Frank Vrachas'.

Frank Vrachas (Lead auditor)

A handwritten signature in black ink, appearing to read 'Rothsay'.

Rothsay Chartered Accountants

Dated 13th March 2012



Chartered Accountants

Liability limited by the Accountants Scheme, approved
under the Professional Standards Act 1994 (NSW).

BUXTON RESOURCES LIMITED**31 DECEMBER 2011****CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	Half-year	
	2011	2010
	\$	\$
REVENUE FROM CONTINUING OPERATIONS		
Other income	209	-
EXPENDITURE		
Depreciation expense	(5,108)	(3,878)
Salaries and employee benefits expense	(197,909)	(36,559)
Exploration expenses	(637,849)	(321,556)
Corporate expenses	(67,808)	(126,571)
Administration expenses	(44,835)	(48,101)
	<hr/>	<hr/>
	(953,300)	(536,665)
Financial income	50,649	42,917
Financial expense	(209)	-
	<hr/>	<hr/>
	50,440	42,917
LOSS BEFORE INCOME TAX	(902,860)	(493,748)
Income tax expense	-	-
	<hr/>	<hr/>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(902,860)	(493,748)
Basic and diluted loss per share (cents)	(2.25)	(1.50)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

BUXTON RESOURCES LIMITED**31 DECEMBER 2011****CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011**

	31 December 2011 \$	30 June 2011 \$
CURRENT ASSETS		
Cash and cash equivalents	1,524,142	2,620,917
Trade and other receivables	85,915	32,676
Other current assets	27,177	12,121
TOTAL CURRENT ASSETS	<u>1,637,234</u>	<u>2,698,144</u>
NON-CURRENT ASSETS		
Plant and equipment	22,485	13,052
TOTAL NON-CURRENT ASSETS	<u>22,485</u>	<u>13,052</u>
TOTAL ASSETS	<u>1,659,719</u>	<u>2,711,196</u>
CURRENT LIABILITIES		
Trade and other payables	74,757	223,374
Provisions	5,225	5,225
TOTAL CURRENT LIABILITIES	<u>79,982</u>	<u>228,599</u>
TOTAL LIABILITIES	<u>79,982</u>	<u>228,599</u>
NET ASSETS	<u>1,579,737</u>	<u>2,482,597</u>
EQUITY		
Issued capital	5,288,800	5,288,800
Reserve	613,809	613,809
Accumulated losses	(4,322,872)	(3,420,012)
TOTAL EQUITY	<u>1,579,737</u>	<u>2,482,597</u>

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

BUXTON RESOURCES LIMITED**31 DECEMBER 2011****CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	Issued capital	Accumulated losses	Option reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2010	3,652,447	(1,806,668)	-	1,845,779
Total comprehensive income for the period	-	(493,748)	-	(493,748)
Balance at 31 December 2010	<u>3,652,447</u>	<u>(2,300,416)</u>	<u>-</u>	<u>1,352,031</u>
Balance at 1 July 2011	5,288,800	(3,420,012)	613,809	2,482,597
Total comprehensive income for the period	-	(902,860)	-	(902,860)
Balance at 31 December 2011	<u>5,288,800</u>	<u>(4,322,872)</u>	<u>613,809</u>	<u>1,579,737</u>

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

BUXTON RESOURCES LIMITED**31 DECEMBER 2011****CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	Half-year	
	2011	2010
	\$	\$
Cashflows from operating activities		
Expenditure on mining interests	(898,324)	(283,092)
Payments to suppliers and employees	(264,464)	(216,443)
Interest received	66,013	49,265
Net cash outflow from operating activities	<u>(1,096,775)</u>	<u>(450,259)</u>
Cashflows from investing activities		
Payment for plant and equipment	-	(9,091)
Net cash outflow from investing activities	<u>-</u>	<u>(9,091)</u>
Cashflows from financing activities		
Net cash inflow from financing activities	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents	(1,096,775)	(459,350)
Cash and cash equivalents at the beginning of the period	2,620,917	1,864,371
Cash and cash equivalents at the end of the period	<u>1,524,142</u>	<u>1,405,021</u>

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

BUXTON RESOURCES LIMITED

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION OF THE INTERIM FINANCIAL REPORT

This general purpose financial report for the interim half-year reporting period ended 31 December 2011 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by Buxton Resources Limited during the interim period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below.

Adoption of new and revised Accounting Standards

The Company has reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2011. The Company has decided against early adoption of any new Standards and Interpretations except amendments resulting from AASB 2009-5. As a result of this review the Directors have determined 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 Company accounting policies.

Business combinations

AASB 3 (revised) continues to apply the acquisition method to business combinations, but with some significant changes.

All payments to purchase a business are now recorded at fair value at the acquisition date, with contingent payments classified as debt and subsequently remeasured through the income statement. Under the Company's previous policy, contingent payments were only recognised when the payments were probable and could be measured reliably and were accounted for as an adjustment to the cost of acquisition.

Acquisition-related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and therefore included in goodwill.

If the Company recognises acquired deferred tax assets after the initial acquisition accounting there will no longer be any adjustment to goodwill. As a consequence, the recognition of the deferred tax asset will increase the Company's net profit after tax.

The changes were implemented prospectively from 1 July 2011. There has been no impact on the current period as there were no acquisitions by the Company during the period.

Segment reporting

The Company has applied AASB 8 *Operating Segments* from 1 July 2011. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. There has been no change to the reportable segments required to meet the new standard.

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the full Board of Directors.

BUXTON RESOURCES LIMITED

31 DECEMBER 2011

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 2: SEGMENT INFORMATION

The Company operates in predominantly one business and geographical segment, being mineral exploration in Australia.

NOTE 3: CONTINGENCIES

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

NOTE 4: SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING DATE

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

NOTE 5: EXPLORATION COMMITMENTS

The Company has certain commitments to meet minimum expenditure requirements on the mining exploration assets it has an interest in. Outstanding exploration commitments totalling \$372,634 will be required in the next 12 months.

BUXTON RESOURCES LIMITED

31 DECEMBER 2011

DIRECTORS' DECLARATION

In the directors' opinion:

1. the financial statements and notes set out in this report are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the company's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that Buxton 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.



Anthony Maslin

Managing Director

Perth, 13th March 2012

BUXTON RESOURCES LIMITED

31 DECEMBER 2011



Level 18, Central Park Building, 152-158 St Georges Terrace, Perth WA 6000
P.O. Box 5716, Perth Business Centre WA 6849
Phone (08) 6354 5075 www.rothsay.com.au

Independent Review Report to the Members of Buxton Resources Ltd

The financial report and directors' responsibility

The interim financial report comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for Buxton Resources Ltd for the period ended 31 December 2011.

The Company's directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the financial position as at 31 December 2011 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Buxton Resources LTD, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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


Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Buxton Resources Ltd is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the financial position of the company as at 31 December 2011 and of its performance for the period ended on that date; and
- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.


Rothsay
Frank Vrachas
Partner

Date: 13 March 2012



Chartered Accountants

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