

For personal use only



Half-Year Financial Report  
31 December 2011

# TUC RESOURCES LTD - HALF YEAR REPORT

## TABLE OF CONTENTS

<b>DIRECTORS' REPORT .....</b>	<b>3</b>
<b>AUDITORS' INDEPENDENCE DECLARATION.....</b>	<b>5</b>
<b>CONDENSED STATEMENT OF COMPREHENSIVE INCOME .....</b>	<b>6</b>
<b>CONDENSED STATEMENT OF FINANCIAL POSITION.....</b>	<b>7</b>
<b>CONDENSED STATEMENT OF CASH FLOWS .....</b>	<b>8</b>
<b>CONDENSED STATEMENT OF CHANGES IN EQUITY .....</b>	<b>9</b>
<b>NOTES TO THE CONDENSED FINANCIAL STATEMENTS.....</b>	<b>10</b>
<b>1. SIGNIFICANT ACCOUNTING POLICIES .....</b>	<b>10</b>
<b>2. OPERATING SEGMENTS .....</b>	<b>11</b>
<b>3. REVENUES AND EXPENSES.....</b>	<b>11</b>
<b>4. CASH AND CASH EQUIVALENTS.....</b>	<b>11</b>
<b>5. DIVIDENDS PAID AND PROPOSED .....</b>	<b>12</b>
<b>6. SHARE BASED PAYMENT PLANS.....</b>	<b>12</b>
<b>7. COMMITMENTS AND CONTINGENCIES .....</b>	<b>12</b>
<b>7. COMMITMENTS AND CONTINGENCIES (CONTINUED).....</b>	<b>13</b>
<b>8. ISSUANCES, REPURCHASES AND REPAYMENTS OF EQUITY SECURITIES.....</b>	<b>13</b>
<b>9. KEY MANAGEMENT PERSONNEL.....</b>	<b>13</b>
<b>10. EVENTS AFTER THE BALANCE SHEET DATE .....</b>	<b>14</b>
<b>DIRECTORS'S DECLARATION.....</b>	<b>15</b>
<b>INDEPENDENT REVIEW REPORT .....</b>	<b>16</b>

# TUC RESOURCES LTD - HALF YEAR REPORT

## DIRECTORS' REPORT

The directors of TUC Resources Ltd submit herewith the financial report of TUC Resources Ltd for the half-year ended 31<sup>st</sup> December, 2011. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

## DIRECTORS

The names of the directors of the company during or since the end of the half-year are:

Mr Peter Harold	Non-Executive Chairman
Mr Ian Bamborough	Managing Director
Mr Ronald Stanley	Non-Executive Director
Mr Michael Britton	Non-Executive Director
Mr Anthony Barton	Non-Executive Director
Mr Leonid Charuckyj	Non-Executive Director

The above named directors held office during and since the end of the half-year except for:

Mr Ronald Stanley – resigned 19<sup>th</sup> December, 2011  
Mr Leonid Charuckyj – appointed 22<sup>nd</sup> December, 2011

## REVIEW AND RESULTS OF OPERATIONS

The Company incurred a loss for the period of \$849,692 (2010: \$668,155) and has cash reserves at 31 December 2011 of \$3,510,206. The operations of the Company have not changed and continue being mineral exploration, mainly rare earths, uranium, gold and base metals.

Exploration for the half year to 31 December 2011 focused primarily on TUC's Stromberg and Quantum rare earth projects at Pine Creek.

### Stromberg Heavy Rare Earth (HREE) Prospect

#### Exciting drill results.

Exciting results confirm high HREE distributions. Multiple near surface intersections averaging 85% HREE/Total rare Earth Oxide (TREO) have been returned. These high value HREE's make new intersections, including 8m @ 0.72% TREO from surface, very significant.

Drilling successfully delineated coherent zones of mineralisation over +2km of prospect strike length and upside is evident by way of multiple stacked lenses of mineralised material.

Mineralisation is situated at or near surface in easily accessible flat tabular bodies.

#### Mineralogy

Additional mineralogical test work confirmed the presence of the important rare earth mineral Xenotime via X-Ray analysis. Xenotime mineralogy theoretically offers a simple processing and development path to production. Further testing is in progress.

#### Exploration Plans

Further drilling is planned throughout 2012 aimed at significant advancement of the Stromberg prospect in terms of resource definition and geo-metallurgical development.

## TUC RESOURCES LTD - HALF YEAR REPORT

### **Scaramanga HREE Prospect**

At the Scaramanga Prospect, some 5km NE of Stromberg, hand held XRF analysis returned Yttrium soil results similar to those previously recorded at Stromberg. Soil results of this magnitude have revealed excellent results once drill tested.

An initial phase of RC drilling to test the Scaramanga Prospect is currently being planned along with reconnaissance work in other areas of identified anomalism

### **Quantum Rare Earth (REE) Prospect**

Detailed geological modelling work commenced on TUC's Quantum Rare Earth Prospect during the term after a successful drilling campaign. This work is aimed at providing an initial assessment of the size and grade potential of this prospect, and highlighting additional targets prior to any further stages of drilling. TUC Resources is also considering a detailed geophysics survey to help guide further drilling at this prospect. Quantum's identified Bastnasite mineralogy and considerable size potential could offer advantages over other light rare earth prospects. Quantum has a similar rare earth mix to Molycorp's Mountain Pass Mine including appreciable levels of the short supply critical metal Neodymium.

### **New Exploration Ground Purchased**

In the September 2011 Quarter, the Company entered a agreement to purchase 330km<sup>2</sup> over tenements in the Pine Creek Region of the NT. The completion of this transaction is expected to be finalised in early 2012. This ground will add to TUC's rare earth and uranium tenement portfolio in the region.

## **AUDITOR'S INDEPENDENCE DECLARATION**

We have obtained an independence declaration from our auditor's, Deloitte Touche Tohmatsu, which is included on page 5.

Signed in accordance with a resolution of the directors



Michael Britton  
Chief Financial Officer  
Dated: 12<sup>th</sup> March, 2012

The Board of Directors  
TUC Resources Limited  
15 Lovegrove Close  
MOUNT CLAREMONT WA 6010

12 March 2012

Dear Board Members

### **TUC 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 TUC Resources Limited.

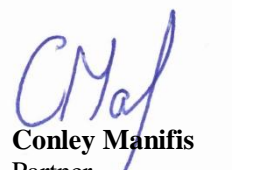
As lead audit partner for the review of the financial statements of TUC Resources Limited for the half-year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (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



DELOITTE TOUCHE TOHMATSU



**Conley Manifis**  
Partner  
Chartered Accountants

# TUC RESOURCES LTD - HALF YEAR REPORT

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Notes	Half-year ended 31 December 2011 \$	31 December 2010 \$
<b>Revenue</b>			
Total Income	3(a)	159,605	52,337
<b>Expenses</b>			
Accounting & Audit costs		44,595	40,932
ASX & Share Registry expenses		33,663	28,588
Depreciation and amortisation expense	3(b)	28,254	18,717
Dues & Subscriptions		10,376	12,435
Travel & Accommodation		55,969	24,759
Employee expenses	3(c)	560,027	394,885
Rent		36,617	23,445
Company Secretarial Services		20,859	13,831
Insurances		25,742	39,877
Shareholder & Public Relations		61,991	15,661
Postage, Printing & Stationary		18,545	13,122
Professional Fees		20,969	220
Motor Vehicle		12,066	24,978
Other expenses from operating activities		79,624	69,042
<b>Loss before income tax</b>		(849,692)	(668,155)
Income tax benefit		174,111	-
<b>Loss for the period</b>		(675,581)	(668,155)
Other Comprehensive Income		-	-
<b>Total comprehensive income for the period</b>		(675,581)	(668,155)
Loss per share			
- Basic (cents per share)		-0.54	-0.79
- Diluted (cents per share)		-0.54	-0.79

The condensed statement of comprehensive income should be read in conjunction with the accompanying note

# TUC RESOURCES LTD - HALF YEAR REPORT

## CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

	Notes	31 Dec 2011 \$	30 June 2011 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	3,510,206	6,397,919
Trade and other receivables		82,812	-
Prepayments		26,190	33,388
<b>Total Current Assets</b>		<b>3,619,208</b>	<b>6,431,307</b>
<b>Non-Current Assets</b>			
Exploration and Evaluation Expenditure		6,273,284	4,500,342
Property, plant and equipment		386,976	355,797
<b>Total Non-Current assets</b>		<b>6,660,260</b>	<b>4,856,139</b>
<b>TOTAL ASSETS</b>		<b>10,279,468</b>	<b>11,287,446</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		323,306	659,510
<b>Total Current Liabilities</b>		<b>323,306</b>	<b>659,510</b>
<b>TOTAL LIABILITIES</b>		<b>323,306</b>	<b>659,510</b>
<b>NET ASSETS</b>		<b>9,956,162</b>	<b>10,627,936</b>
<b>EQUITY</b>			
Issued capital	8	15,547,825	15,547,825
Option Reserve		450,122	446,315
Accumulated losses		(6,041,785)	(5,366,204)
<b>TOTAL EQUITY</b>		<b>9,956,162</b>	<b>10,627,936</b>

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

# TUC RESOURCES LTD - HALF YEAR REPORT

## CONDENSED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Notes	31 December 2011 \$	31 December 2010 \$
<b>Cash flows from operating activities</b>			
Interest received		141,866	45,966
Other income		17,739	6,371
Research and development tax credit		174,111	-
Payments to suppliers and employees		(1,389,054)	(873,909)
<b>Net cash flows (used in) operating activities</b>		<b>(1,055,338)</b>	<b>(821,572)</b>
<b>Cash flows from investing activities</b>			
Sale of tenements		-	-
Purchase of property, plant and equipment		(59,433)	(24,672)
Payment for Exploration & Evaluation Expenditure		(1,772,942)	(849,366)
<b>Net cash flows (used in) investing activities</b>		<b>(1,832,375)</b>	<b>(874,038)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	1,840,000
Costs related to capital raisings		-	(110,400)
<b>Net cash flows from financing activities</b>		<b>-</b>	<b>1,729,600</b>
Net decrease in cash and cash equivalents		(2,887,713)	33,990
Cash and cash equivalents at beginning of period		6,397,919	2,284,710
<b>Cash and cash equivalents at end of period</b>	4	<b>3,510,206</b>	<b>2,318,700</b>

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

For personal use only



## TUC RESOURCES LTD - HALF YEAR REPORT

### CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Ordinary shares \$	Options \$	Accumulated Losses \$	Total Equity \$
<b>At 1 July 2010</b>	<u>7,412,305</u>	<u>420,861</u>	<u>(4,113,051)</u>	<u>3,720,116</u>
Comprehensive Income for the period	-	-	(668,155)	(668,155)
Shares issued – net of capital raising costs	1,729,600	-	-	1,729,600
Expense for options issued prior to 1 July 2009	-	15,647	-	15,647
<b>At 31 December 2010</b>	<u>9,141,905</u>	<u>436,508</u>	<u>(4,781,206)</u>	<u>4,797,207</u>
<b>At 1 July 2011</b>	<u>15,547,825</u>	<u>446,315</u>	<u>(5,366,204)</u>	<u>10,627,936</u>
Comprehensive Income for the period	-	-	(675,581)	(675,581)
Shares issued – net of capital raising costs	-	-	-	-
Expense for options issued prior to 1 July 2010	-	3,807	-	3,807
<b>At 31 December 2011</b>	<u>15,547,825</u>	<u>450,122</u>	<u>(6,041,785)</u>	<u>9,956,162</u>

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

# TUC RESOURCES LTD - HALF YEAR REPORT

## Notes to the condensed financial statements

### 1. Significant accounting policies

#### Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 134 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

It is also recommended that the half-year financial report be considered together with any public announcements made by TUC Resources Limited during the half-year ended 31 December 2011 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

#### Basis of Preparation

The condensed financial statements have been prepared on the basis of historical cost, except where indicated. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

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 2011 annual financial report for the financial year ended 30 June 2011. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and are effective for the current financial reporting period.

There are no new and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the Company.

The adoption of these amendments have not resulted in any changes to the Company's accounting policies and have no affect on the amounts reported for the current or prior periods. The new and revised Standards and Interpretations has not had a material impact and not resulted in changes to the Company's presentation of, or disclosure in, its half-year financial statements.

# TUC RESOURCES LTD - HALF YEAR REPORT

## Notes to the Financial Statements (continued)

### 2. OPERATING SEGMENTS

The Company operates solely in the mineral resources exploration industry in the Northern Territory of Australia.

	31 December 2011 \$	31 December 2010 \$
--	------------------------------	------------------------------

### 3. REVENUES AND EXPENSES

#### (a) Income

Bank Interest receivable	141,866	45,966
Other Income	17,739	6,371
Total Income	<u>159,605</u>	<u>52,337</u>

#### (b) Depreciation included in income statement

Depreciation	<u>28,254</u>	<u>18,717</u>
--------------	---------------	---------------

#### (c) Employee expenses

Wages and Salaries	473,863	323,325
Superannuation expenses	40,586	34,051
Expenses of Share-based payments	3,807	15,647
Long service leave provision	21,755	-
Other allowances/benefits	20,016	21,862
	<u>560,027</u>	<u>394,885</u>

### 4. CASH AND CASH EQUIVALENTS

For the purposes of the half-year condensed cash flow statement, cash and cash equivalents are comprised of the following:

	31 December 2011 \$	30 June 2011 \$
Cash at bank and in hand	<u>3,510,206</u>	<u>6,397,919</u>
	<u>3,510,206</u>	<u>6,397,919</u>

## TUC RESOURCES LTD - HALF YEAR REPORT

### Notes to the Financial Statements (continued)

#### 5. DIVIDENDS PAID AND PROPOSED

No dividends have been paid or proposed.

#### 6. SHARE BASED PAYMENT PLANS

##### Employee share options

During the period, no new options were granted under this plan.

#### 7. COMMITMENTS AND CONTINGENCIES

##### Operating lease commitments - Company as lessee

The Company has a commercial lease on office and warehouse space in Darwin where it is not in the best interest of the Company to purchase these assets. The lease is for 3 years with renewal terms included in the contract. Renewals are at the option of the specific entity that holds the lease. As of 1<sup>st</sup> June, 2010 the Company exercised its first 3 year option to renew the lease over the Darwin office. The lease was reviewed by an independent valuation expert appointed by the Company and rental payments are in line with market conditions.

The Company also has a commercial lease on office space located in Perth. This lease has been renewed for a further 6 months from 1<sup>st</sup> February, 2012. Renewal terms are included in the contract. Renewals are, again, at the option of the specific entity that holds the lease.

There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	2012	2011
	\$	\$
Within one year	52,894	55,994
After one year but not more than five years	43,720	67,567
More than five years	-	-
	<u>96,614</u>	<u>123,561</u>

## TUC RESOURCES LTD - HALF YEAR REPORT

### Notes to the Financial Statements (continued)

#### 7. COMMITMENTS AND CONTINGENCIES (continued)

##### Tenement commitments

At 31 December 2011 the Company has minimum expenditure commitments of \$434,193 per annum relating to existing granted tenements. There is a further \$777,850 per annum in minimum expenditure on tenements applied for, but not yet granted. The timing of the granting of these tenements is unknown and will vary significantly depending on native title meetings.

The commitments contracted for at reporting date, but not provided for:

	<i>31 December</i> 2011 \$	<i>30 June</i> 2011 \$
Within one year		
- Exploration Licences (granted)	434,193	532,470
- Exploration Licence Applications (not granted)	777,850	697,300
After one year but not more than five years		
- Exploration Licences (granted)	434,193	532,470
- Exploration Licence Applications (not granted)	777,850	697,300
Longer than five years	-	-
	<u>2,424,086</u>	<u>2,459,540</u>

The Company's mining tenements may be subject to native title applications in the future. At this stage it is not possible to quantify the impact (if any) that native title may have on the operations of the Company. Other than those mentioned in the Company's Annual Report as at 30 June, 2011, the Directors of TUC Resources Ltd consider that there are no other material changes to contingencies or commitments outstanding as at 31 December, 2011.

#### 8. ISSUANCES, REPURCHASES AND REPAYMENTS OF EQUITY SECURITIES

Issued capital as at 31 December, 2011 amounted to \$15,547,825 (2010: \$9,141,905) representing 124,396,647 (2010: 101,831,873) ordinary shares. There were no other movements in the ordinary share capital or other issued share capital of the Company in the half-year reporting period. For details of the employee options, please refer to the Company's Annual Report as at 30 June, 2011.

#### 9. KEY MANAGEMENT PERSONNEL

Remuneration arrangements of key management personnel are disclosed in the annual financial report. In addition, during the interim period, Mr Bamborough's salary was increased to \$280,200 plus \$25,000 in superannuation contributions. This increase was to reward Mr Bamborough for his performance and to keep his package competitive by market standards. Mr Bamborough's contract was renewed on the 30<sup>th</sup> November, 2011 for a further 3 years.

## TUC RESOURCES LTD - HALF YEAR REPORT

### Notes to the Financial Statements (continued)

#### 10. EVENTS AFTER THE BALANCE SHEET DATE

There have been no other events subsequent to the balance sheet date which are sufficiently material to warrant disclosure.

For personal use only

# TUC RESOURCES LTD - HALF YEAR REPORT

## DIRECTORS'S 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 accounting standards and giving a true and fair view of the financial position and performance of the company.

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

On behalf of the Directors



Michael Britton  
Chief Financial Officer

Perth, 12<sup>th</sup> March 2012

For personal use only

## Independent Auditor's Review Report to the Members of TUC Resources Limited

### *Report on the Half-Year Financial Report*

We have reviewed the accompanying half-year financial report of TUC Resources Limited, which comprises the condensed statement of financial position as at 31 December 2011, and the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration as set out on pages 6 to 15.

### *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 2011 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 TUC 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.

### *Auditor's Independence Declaration*

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 TUC 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 TUC 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 2011 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*.



DELOITTE TOUCHE TOHMATSU



**Conley Manifis**  
Partner  
Chartered Accountants  
Perth, 12 March 2012

For personal use only