



PLATSEARCH NL

ABN 16 003 254 395

**HALF YEAR FINANCIAL REPORT
31 DECEMBER 2011**



Directors' Report	1
Consolidated Statement of Comprehensive Income	4
Consolidated Statement of Financial Position	5
Consolidated Statement of Changes in Equity	6
Consolidated Statement of Cash Flows	7
Notes to the Consolidated Financial Statements.....	8
Directors' Declaration	15
Independent Auditor's Review Report.....	16
Auditor's Independence Declaration	18
Corporate Directory	19





Your Directors submit their report on the Consolidated Entity (the Group) consisting of PlatSearch NL (PTS or the Company) and the entities it controlled at the end of, or during, the half year ended 31 December 2011.

Directors

The names of the Company's Directors in office during the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Patrick Elliott	Non-Executive Chairman
Greg Jones	Managing Director
Kwan Chee Seng	Non-Executive Director
Dr Foo Fatt Kah	Non-Executive Director
Alan Breen	Non-Executive Director (appointed 6 October 2011)
Kantilal Champaklal	Alternate Director for Kwan Chee Seng

Review and results of operations

The net result of operations after applicable income tax expense for the half year was a Group gain of \$2,426,346 (2010: \$1,567,348), which includes the write-off of exploration and business development expenditure in the current half year of \$625,194 (2010: \$296,120).

The principal continuing activity of the PlatSearch Group is the exploration for economic deposits of **zinc, lead, silver, gold, copper, nickel, iron ore, uranium, tin and mineral sands** and investment holdings in mineral exploration companies. The exploration activities are often funded by joint ventures with other resource companies (see table on following page). PlatSearch continues an active program of project generation to identify and acquire prospective areas for its own exploration or farm-out.

Following a review of its corporate objectives, the Company has refocused its efforts into attaining early cash flow through the acquisition of high quality advanced or brownfields mineral deposits within its key regions of interest.

PlatSearch identified a range of advanced and brownfield opportunities within Europe and Africa. In late 2010 it formed a new wholly owned European subsidiary, Variscan Mines SAS, established an office in Orleans, France and employed two senior ex-BRGM geologists to lead the Company's new focus into this well-endowed, but relatively overlooked region.

Variscan is progressing assessment and acquisition activities.

In addition, the Company has recently commenced evaluation of advanced projects within South America.

Activities for the period up to the date of this report included:

Exploration

- ▶ **Thomson Resources Ltd** (ASX Code **TMZ**) continued drilling its key prospects within the Thomson Fold Belt of NSW. Two further deep core holes were completed with drilling at the F3 prospect recording strong alteration and base metal sulphides confirming the presence of a discrete, mineralised, hydrothermal centre.
- ▶ Exploration by **Silver City Minerals Limited** (ASX Code **SCI**) continued over its large tenement holding within the Broken Hill Block with drilling continuing at the Allendale project recording further encouraging intersections including 4m of 2.8% lead, 3.9% zinc and 20 g/t silver from 61m and 5m of 3.5% lead, 5.8% zinc and 37 g/t silver from 85m. Drilling at Silver City's Golden King prospect intersected good copper mineralisation including 22m at 0.61% copper from 85m, 12m at 1.34% copper from 32m, including 4m at 3.37% copper from 33m and 3m at 1.24% copper from 42 m.
- ▶ The **Junction Dam** joint venture with Marmota Energy Limited (ASX Code **MEU**) is exploring for uranium within palaeochannels along strike from the Honeymoon uranium deposit in South Australia. Marmota reported an Inferred Resource estimate of 4.36 million tonnes for the Saffron deposit for a contained 1,510 tonnes of U3O8 (3.33 million pounds). The uranium mineralisation is similar to the nearby Honeymoon uranium mine suggesting potential for in-situ leach extraction. Further drilling is planned to test mineralisation at the Bridget and Yolanda prospects and to attempt to increase the Resource at Saffron. Marmota has earned a 87.3% interest in the uranium rights.
- ▶ **UXA Resources Ltd** (ASX Code **UXA**) is currently earning Teck Australia Pty Ltd's interest (Teck) in the joint venture that covers both the **Junction Dam and Mundi Plains** tenements. UXA commenced an 8 hole programme of follow up drilling to test the west and southeast extensions of a 500m wide zone of high grade mineralisation and to infill around previously recorded high grade intersections.



- ▶ PlatSearch completed an initial IP survey over its **Ghostrider** lead-zinc-silver prospect near Cobar NSW. Modelling is underway to assess results.
- ▶ **Eastern Iron Limited** (ASX Code **EFE**) completed a resource estimate at the **Eulogie** iron project, generating an initial Resource of 465 million tonnes at 14.2% iron (10% iron cutoff) to a depth of approximately 200m below surface. Additional metallurgical work at Eulogie indicated that first pass coarse cobbing could substantially reduce gangue material prior to finer grinding and production of a high grade iron/vanadium concentrate.
- ▶ **Eastern Iron Limited** secured an option to purchase 100% of the **Nowa Nowa** iron project, Victoria from Waygara Mines. Eastern Iron exercised the option in December 2011 and subject to Victorian Government approval, expects to complete the transfer of the interest shortly. Results from initial metallurgical studies and the production of a resource estimate are expected in February 2012.
- ▶ **Eastern Iron Limited** reported that joint venture partners 3E Steel have completed drilling of additional palaeochannel areas near Cobar in NSW. The results from this drilling should substantially increase the total resource estimate for the central NSW iron project. 3E have also approved a programme of beneficiation test work at a major Chinese University to be completed over the next six months.
- ▶ **WPG Resources** (ASX Code **WPG**) completed the sale of its iron assets in SA to Onesteel but retains ownership of the Penrhyn and Lochiel North coal projects, its land asset and capacity to develop a bulk export facility at Port Pirie and has re-entered the iron ore business with an agreement to complete a feasibility study on the development of the Giffen Well magnetite deposit.

Investments

PlatSearch maintains a large, strategic investment portfolio in a number of mineral exploration and development companies. It has substantive shareholdings in five listed resource companies, Eastern Iron Limited, WPG Resources Ltd, Silver City Minerals Limited, Thomson Resources Ltd and Agua Resources Limited. Some of these investments are held by PlatSearch's wholly owned subsidiary Bluestone 23 Limited.

These investments originated from PlatSearch project generation activities, where PlatSearch tenements were vended into companies for equity, with subsequent increases in shareholdings through PlatSearch

Joint venture	Region	Funded by
Callabonna	Curnamona Craton, SA	Red Metal
Quinyambie	"	Red Metal
Mundi Plains	Broken Hill, NSW	Teck Australia and UXA
Junction Dam	Curnamona Craton, SA	Teck Australia and UXA
Junction Dam	"	Marmota Energy
Kalabity	"	Crossland Uranium
Hillston	Broken Hill, NSW	Perilya
Eastern Tenement Block	Cobar, NSW	3E Steel
Wynbring	Gawler Craton, SA	Bemax

participation in later fund raisings. This investment strategy by PlatSearch has proven to be very successful, generating total returns on invested capital in excess of 500% over the last few years and establishing a significant cash and liquid asset base for the Company.

Following completion of its iron assets sale to Onesteel Limited, **WPG Resources Ltd** (ASX Code **WPG**) returned \$1.05 per WPG share to its shareholders. PlatSearch holds 10.4 million WPG shares and received \$10.9 million in early November 2011. At 7 March 2012, WPG shares were trading at \$0.088.

PlatSearch holds 31.5 million ordinary shares in **Eastern Iron** (ASX Code **EFE**) (approximately 48.3% of EFE). PlatSearch also holds 5 million \$0.35 options which have an expiry date of 19 December 2012. At 7 March 2012, EFE shares were trading at \$0.075.

PlatSearch holds 18 million fully paid **Thomson Resources** shares, or 25.7% of the company and 5 million options exercisable at 30 cents. As at 7 March 2012, TMZ shares were trading at \$0.075.

PlatSearch holds 14.3 million fully paid **Silver City Minerals** shares, or 14.6% of the company and 4.78 million options exercisable at \$0.25 each. As at 7 March 2012, SCI shares were trading at \$0.125.

PlatSearch holds 1.175 million **Agua Resources Limited** (ASX Code **AGR**) shares and 200,000 options exercisable at \$0.50. Agua has acquired two highly prospective and potentially large scale phosphate projects in Brazil, the Lucena Phosphate Project and the Mata da Corda Phosphate Project.



Aguia has also reached conditional agreement to acquire a private mineral exploration company Potassio do Atlantico Ltda with a primary focus on potash exploration and development in the Sergipe Basin, Brazil, one of the largest global potash markets. At 7 March 2012 Aguia shares were trading at \$0.495.

Significant events after the balance date

There were, at the date of this report, no matters or circumstances which have arisen since 31 December 2011 that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Auditor's independence declaration

A copy of the Auditor's Independence Declaration to the Directors as required under section 307C of the *Corporations Act 2001* is set out on page 18.

Signed at Sydney this 14th day of March 2012 in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'Greg Jones', with a stylized flourish at the end.

Greg Jones
Managing Director

Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2011



	Note	31 Dec 2011 \$	31 Dec 2010 \$
Revenue and other income	4	7,254,939	3,969,531
ASX and ASIC fees		(51,778)	(49,208)
Auditors' remuneration		(30,085)	(47,545)
Contract administration services		(103,942)	(173,408)
Depreciation expense		(45,833)	(13,190)
Directors' fees		(147,709)	(82,279)
Exploration and business development expenditure		(625,194)	(296,120)
Insurance		(20,078)	(17,168)
Finance cost		(247,618)	(28,493)
Loss on options		(1,131,160)	(119,800)
Operating lease rental expense		(51,876)	(39,543)
Employee costs net of on-costs recharged to exploration projects		(639,052)	(499,023)
Share of net losses of associate accounted for by the equity method		(101,435)	(97,422)
Share-based compensation		(167,477)	(618,023)
Share registry costs		(22,786)	(24,387)
Singapore listing costs		-	(215,457)
Other expenses from ordinary activities		(257,001)	(209,215)
Profit (loss) before income tax expense		3,611,915	1,439,250
Income tax benefit/(expense)		(1,185,569)	128,098
Profit (loss) after income tax expense		2,426,346	1,567,348
Other comprehensive income			
Net fair value gains (losses) on available-for-sale financial assets		(3,951,897)	426,993
Income tax on items of other comprehensive income		439,958	(128,098)
Other comprehensive income (loss) for the period, net of tax		(3,511,939)	298,895
Total comprehensive income (loss) for the period		(1,085,593)	1,866,243
Profit/(loss) for the period is attributable to:			
Non-controlling interests		(247,886)	(256,235)
Owners of the parent		2,674,232	1,823,583
		2,426,346	1,567,348
Total comprehensive income/(loss) for the period is attributable to:			
Non-controlling interests		(247,886)	(256,235)
Owners of the parent		(837,707)	2,122,478
		(1,085,593)	1,866,243
Earnings per share			
Basic gain/(loss) per share (cents per share)	14	1.53	1.04
Diluted gain/(loss) per share (cents per share)	14	1.53	1.04

The Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position



As at 31 December 2011

	Note	31 Dec 2011 \$	30 Jun 2011 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	14,254,240	6,887,732
Receivables	6	217,446	222,340
Tenement security deposits		12,500	12,500
Total current assets		14,484,186	7,122,572
Non-current assets			
Investments – available for sale	7	3,531,806	11,381,595
Investment in associates	8	1,703,991	1,805,426
Derivative financial instruments	9	222,901	1,398,060
Receivables	6	6,565	-
Tenement security deposits		248,350	235,850
Property, plant and equipment		194,972	221,014
Deferred exploration and evaluation expenditure	10	4,752,874	3,125,172
Total non-current assets		10,661,459	18,167,117
Total assets		25,145,645	25,289,689
LIABILITIES			
Current liabilities			
Trade and other payables		266,261	544,662
Provisions		71,495	55,854
Total current liabilities		337,756	600,516
Non-current liabilities			
Provisions		21,836	17,555
Deferred tax liability		1,310,611	565,000
Derivative liability	16	8,976	300,475
Convertible note	16	1,098,727	951,109
Total non-current liabilities		2,440,150	1,834,139
Total liabilities		2,777,906	2,434,655
Net assets		22,367,739	22,855,034
EQUITY			
Contributed equity	12	14,515,132	14,515,132
Reserves	13	3,742,719	7,212,455
Accumulated losses		(1,536,439)	(4,210,671)
Parent interests		16,721,412	17,516,916
Non-controlling interests		5,646,327	5,338,118
Total equity		22,367,739	22,855,034

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

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2011



	Note	Contributed equity \$	Accumulated losses \$	Reserves \$	Non-controlling interest \$	Total equity \$
At 1 July 2010		14,515,132	(7,696,672)	4,936,892	4,419,067	16,174,419
Profit/(Loss) for the period		-	1,823,583	-	(256,235)	1,567,348
Other comprehensive income		-	-	298,895	-	298,895
Total comprehensive income for the period		-	1,823,583	298,895	(256,235)	1,866,243
Transactions with owners in their capacity as owners:						
Issue of share capital		-	-	-	1,056,890	1,056,890
Transfer to reserves		-	-	(194,431)	194,431	-
Foreign currency		-	-	(4,480)	-	(4,480)
Share-based payments		-	-	468,088	149,935	618,023
Convertible note option		-	-	1,095,168	-	1,095,168
At 31 December 2010		14,515,132	(5,873,089)	6,600,132	5,564,088	20,806,263

	Note	Contributed equity \$	Accumulated losses \$	Reserves \$	Non-controlling interest \$	Total equity \$
At 1 July 2011		14,515,132	(4,210,671)	7,212,455	5,338,118	22,855,034
Profit/(Loss) for the period		-	2,674,232	-	(247,886)	2,426,346
Other comprehensive income		-	-	(3,511,939)	-	(3,511,939)
Total comprehensive income for the period		-	2,674,232	(3,511,939)	(247,886)	(1,085,593)
Transactions with owners in their capacity as owners:						
Issue of share capital		-	-	-	450,000	450,000
Foreign currency		-	-	(19,179)	-	(19,179)
Share-based payments		-	-	61,382	106,095	167,477
At 31 December 2011		14,515,132	(1,536,439)	3,742,719	5,646,327	22,367,739

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

Consolidated Statement of Cash Flows

For the half year ended 31 December 2011



	Note	31 Dec 2011 \$	31 Dec 2010 \$
Cash flows from operating activities			
Payment to suppliers and employees		(1,478,420)	(1,411,382)
Consultancy fees received		76,316	95,299
Interest received		211,338	147,402
Rental income		26,880	25,440
Dividend income		6,556,937	-
Net cash flows used in operating activities		5,393,051	(1,143,241)
Cash flows from investing activities			
Purchase of plant and equipment		(38,246)	(17,160)
Exploration and business development expenditure expensed		(1,839,688)	(601,230)
Tenement security deposit refunds/(payments)		(10,000)	10,000
Proceeds from sale of investments		-	2,925,726
Purchase of shares - investments		(400,751)	(1,236,120)
Capital return		4,371,292	-
Net cash flows used in investing activities		2,082,607	1,081,216
Cash flows from financing activities			
Proceeds from issue of shares to non-controlling interests		-	1,056,890
Proceeds from convertible note issue	16	-	2,500,000
Convertible note costs		(100,000)	-
Net cash flows from financing activities		(100,000)	3,556,890
Net increase in cash and cash equivalents		7,375,658	3,494,865
Cash and cash equivalents at beginning of period		6,887,732	4,757,247
Net foreign exchange differences		(9,150)	-
Cash and cash equivalents at end of period	5	14,254,240	8,252,112

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

Notes to the Consolidated Financial Statements

For the half year ended 31 December 2011



1. Corporate information

The financial report of PlatSearch NL (PlatSearch or the Company) for the half year ended 31 December 2011 was authorised for issue in accordance with a resolution of the Directors on 14th March 2012. PlatSearch NL (the parent) is a company incorporated in Australia as a No Liability company. PlatSearch shares are publicly traded on the Australia Securities Exchange under ASX Code PTS.

The nature of the operations and principal activities of the Group are described in the Directors' report.

2. Basis of preparation of the half year financial report

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

The half year financial report should be read in conjunction with the annual Financial Report of PlatSearch as at 30 June 2011.

It is also recommended that the half year financial report be considered together with any public announcements made by PlatSearch 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 half year consolidated financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standard AASB 134 *Interim Financial Reporting* and other mandatory professional reporting requirements. The half year financial report has been prepared on a historical cost basis except for Available for Sale Investments and Derivatives, which have been measured at fair value.

For the purpose of preparing the half year financial report, the half year has been treated as a discrete report period.

Significant Accounting Policies

The half year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2011.

Basis of Consolidation

The half year consolidated financial statements comprise the financial statements of PlatSearch NL and its subsidiaries (the Group). The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. The subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. The Group includes PlatSearch NL and its wholly owned subsidiaries.

3. Segment information

The operating segments identified by management are as follows:

- (a) Exploration projects funded directly by PlatSearch ("Exploration") and;
- (b) Investments in other companies ("Investing").

Regarding the Exploration segment, the Chief Operating Decision Maker (the Board of Directors) receives information on the exploration expenditure incurred. This information is disclosed in Note 10 of the half year financial report. No segment revenues are disclosed as each exploration tenement is not at a stage where revenues have been earned.

Notes to the Consolidated Financial Statements



For the half year ended 31 December 2011

Furthermore, no segment costs are disclosed as all segment expenditure is capitalised, with the exception of expenditure written off which is disclosed in Note 10.

Regarding the Investing segment, the Chief Operating Decision Maker reviews the value of investments and derivatives held in other exploration companies. The changes in the value of investments and derivatives are disclosed in Notes 7, 8 and 9 of the half year financial report. Segment revenues are disclosed in the statement of comprehensive income as 'Gain/(loss) on options'.

Financial information about each of these tenements is reported to the Managing Director on an ongoing basis. Corporate office activities are not allocated to operating segments as they are not considered part of the core operations of any segment and comprise of the following:

- ▶ Interest revenue
- ▶ Corporate costs
- ▶ Depreciation and amortisation of non-project specific property, plant and equipment

The Group's accounting policy for reporting segments is consistent with that disclosed in Note 2.

4. Revenue and other income

	31 Dec 2011 \$	31 Dec 2010 \$
Revenue		
Interest received – other persons/corporations	255,637	125,188
Rental income	23,340	21,200
Consulting fees	98,876	106,549
Other Income		
Gain on sale of shares	-	2,466,193
Gain on options	28,650	755,513
Dividend income	6,556,937	-
Gain on derivatives	291,499	-
Gain on deemed disposal of investment in an associate	-	494,888
	7,254,939	3,969,531

5. Cash and cash equivalents

	31 Dec 2011 \$	30 Jun 2011 \$
Cash at bank and in hand	398,829	411,309
Short-term deposits	13,855,411	6,476,423
	14,254,240	6,887,732

Notes to the Consolidated Financial Statements

For the half year ended 31 December 2011



6. Receivables

	31 Dec 2011 \$	30 Jun 2011 \$
Current		
Trade receivables	24,277	33,596
GST receivable	26,259	53,645
Interest receivable	130,191	85,893
Prepayments	36,719	40,062
Other debtors	-	9,144
Total current receivables	217,446	222,340
Non-current		
Other debtors	6,565	-

7. Investments – available for sale

	31 Dec 2011 \$	30 Jun 2011 \$
Investments – WPG (a)	801,404	8,378,309
Investments – AGR (b)	581,625	138,250
Investments – SCI (c)	2,148,777	2,865,036
	3,531,806	11,381,595

- (a) During the period the Company received \$10,928,229 from WPG Resources Ltd (WPG) in the form of a capital return and a franked dividend being proceeds to shareholders for the sale of its iron ore assets to a subsidiary of OneSteel Limited. The market value on ASX of PlatSearch's 10,407,837 shares in WPG at 31 December 2011 was \$801,404 (\$0.077 per share) and on 7 March 2012 it was \$915,890 (\$0.088 per share).
- (b) In December 2011 the Group exercised its 1,000,000 options in Agua at an exercise price of \$0.35 bringing the total shareholding in AGR to 1,175,000. The market value on ASX of the Group's 1,175,000 shares in Agua Resources Limited (AGR) at 31 December 2011 was \$581,625 (\$0.495 per share) and on 7 March 2012 was \$581,625 (\$0.495 per share).
- (c) The market value on ASX of the Group's 14,325,182 shares in Silver City Minerals Limited (SCI) at 31 December 2011 was \$2,148,777 (\$0.15 per share) and on 7 March 2012 was \$1,790,648 (\$0.125 per share).

8. Investment in associates

	31 Dec 2011 \$	30 Jun 2011 \$
Investment in TMZ - accounted for using the equity method	1,703,991	1,805,426

The Group's interest in the above investments in associates has been brought to account as an investment in an equity accounted associate in accordance with Australian Accounting Standard AASB 128 Investments in Associates as the Directors consider that significant influence exists.

Notes to the Consolidated Financial Statements



For the half year ended 31 December 2011

Thomson Resources Ltd

In July 2009 Thomson Resources Limited (TMZ) was incorporated. On incorporation, the Group acquired a 50% interest in TMZ via the purchase of 250,000 shares in TMZ for \$10,000. During the six month period TMZ raised additional capital totalling \$2,562,000 issuing an additional 31,320,000 shares of which the Group acquired an additional 4,750,000 shares for \$190,000. In November 2009 PlatSearch acquired an additional 10,500,000 share as consideration for the sale of 13 tenements. The sale of the tenements resulted in the Group recognising a gain of \$120,804. As a result of the capital raising during the six months ended 31 December 2009, the Group's investment in TMZ was diluted from 50% to 32.76% which resulted in a gain of \$393,446 which was recognised on the 'deemed disposal' of the 17.24% interest. This gain has been recognised against the carrying value of the investment.

In December 2010 Thomson Resources successfully completed a \$4.6 million IPO issuing an additional 22,859,500 shares at \$0.20 which diluted the Groups shareholding in TMZ from 32.76% to 25.65%. Bluestone 23 Limited contributed \$500,000 and was issued with 2,500,000 shares. As a result of the dilution a gain of \$494,888 was recognised on the 'deemed disposal' of the 7.11% interest. The gain has been recognised against the carrying value of the investment. As at 31 December 2011 the Group holds a total of 18,000,000 shares in Thomson Resources representing a shareholding of 25.65%.

9. Derivative financial instruments

	31 Dec 2011	30 Jun 2011
	\$	\$
Share options – AGR	(a) 36,300	592,360
Share options – SCI	(b) 143,601	287,700
Share options – TMZ	(c) 43,000	518,000
	222,901	1,398,060

(a) The PlatSearch Group exercised its 1,000,000 unlisted options in Aguia Resources Limited (AGR). The options had an exercise price of \$0.35 and an expiry date of 31 December 2011. The PlatSearch Group holds an additional 200,000 unlisted options with an exercise price of \$0.50 and an expiry date of 31 December 2014. A valuation of these options has been obtained using a Black Scholes with binomial variation model and the following assumptions: expected volatility of 57.2824%, risk-free interest rate of 4.75%, dividend yield nil and an option life of 3 years. This results in a fair value of \$36,300 at 31 December 2011.

(b) PlatSearch holds 3,000,000 unlisted options in Silver City Minerals Limited (SCI) with an exercise price of \$0.35 and an expiry date of 1 July 2013. A valuation of these options has been obtained using a Black Scholes with binomial variation model and the following assumptions: expected volatility of 85.5612%, risk-free interest rate of 4.75%, dividend yield nil and an option life of 1.5 years. This results in a fair value of \$67,200 at 31 December 2011.

In November 2011 SCI announced a non-renounceable rights issue to issue one option for every three shares held at an issue price of \$0.01 per option. The PlatSearch Group purchased 4,775,061 listed options in December 2011 for \$47,750.61. The options have an exercise price of \$0.25 and an expiry date of 19 December 2014. The market value on ASX of the Group's 4,775,061 options in Silver City Minerals Limited (SCI) at 31 December 2011 was \$76,401 (\$0.016 per option).

(c) PlatSearch holds 5,000,000 unlisted options in Thomson Resources Limited (TMZ) with an exercise price of \$0.30 and an expiry date of 11 December 2014. A valuation of these options has been obtained using a Black Scholes with binomial variation model and the following assumptions: expected volatility of 57.2605%, risk-free interest rate of 4.75%, dividend yield nil and an option life of 2.95 years. This results in a fair value of \$43,000 at 31 December 2011.

Notes to the Consolidated Financial Statements

For the half year ended 31 December 2011



10. Deferred exploration and evaluation expenditure

	31 Dec 2011 \$	30 Jun 2011 \$
Costs brought forward	3,125,172	2,163,797
Expenditure incurred during the period	1,802,896	1,754,105
Acquisition of tenements	450,000	-
Expenditure written off during the period	(625,194)	(792,730)
Costs carried forward	4,752,874	3,125,172

In accordance with Note 2, the Directors write off exploration expenditure where they assess that the asset is impaired. Exploration expenditure is written off either by a reassessment by the Group that has reduced the interpreted potential of the licence for mineral deposits and, or a joint venture partner has withdrawn from a project.

In August 2011 Eastern Iron Limited issued 2,500,000 fully paid ordinary shares as consideration for the acquisition of the Eulogie Park Project at a deemed value of \$450,000

11. Contingent liabilities

The Group has provided guarantees totalling \$260,850 (30 Jun 2011: \$248,350) in respect of exploration tenements in NSW and Queensland. These guarantees in respect of exploration tenements are secured against deposits with NSW Minerals and Energy, DERM Queensland and the Commonwealth Bank. Rugby Mining has been reimbursed \$850 by the Company for Eastern Iron's share of the security deposit on EPM 17099 in Queensland. The Group does not expect to incur any material liability in respect of the guarantees.

12. Contributed equity

	31 Dec 2011 \$	30 Jun 2011 \$
Share capital		
175,287,592 ordinary shares fully paid (June 2011 : 175,287,592)	14,510,632	14,510,632
450,000 ordinary shares paid to \$0.01 with \$0.24 unpaid (June 2011 : 450,000)	4,500	4,500
	14,515,132	14,515,132

13. Reserves

	31 Dec 2011 \$	30 Jun 2011 \$
Share-based compensation reserve (a)	1,609,490	1,548,108
General reserve (b)	(229,108)	(229,108)
Investment revaluation reserve (c)	1,292,272	4,804,212
Foreign currency translation reserve (d)	(25,103)	(5,925)
Convertible note option reserve (e)	1,095,168	1,095,168
	3,742,719	7,212,455

- (a) The share-based compensation reserve is used to recognise the fair value of options issued but not exercised.
- (b) The general reserve represents the change in the value of non-controlling interests resulting in the exercise of Eastern Iron Limited options during the financial period.
- (c) The investment revaluation reserve arises in connection with the accounting for investments as per Note 7.
- (d) The foreign currency translation reserve arises from the translation of foreign currency subsidiaries.
- (e) The convertible note option reserve is used to record the fixed equity component of the convertible notes issued in December 2010. Refer to Note 16.

Notes to the Consolidated Financial Statements

For the half year ended 31 December 2011



14. Earnings per share

	31 Dec 2011	31 Dec 2010
	\$	\$
Net profit used in calculating basic and diluted gain per share	2,674,232	1,823,583
	Number	Number
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	175,305,592	175,305,592
	Cents per share	Cents per share
Basic earnings per share	1.53	1.04
Diluted earnings per share	1.53	1.04

The number of potential ordinary shares that are dilutive and included in determining diluted EPS are nil (2010: nil) relating to share options issued. There are no instruments excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are antidilutive for all of the periods presented.

Conversion, call, subscription or issue after 31 December 2011: Since the end of the financial half year there have been no other conversions to, call of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of these financial statements.

15. Related party disclosures

Subsidiaries

The consolidated financial statements include the financial statements of PlatSearch NL (the Parent Entity) and the following subsidiaries:

Name	Country of incorporation	% Equity interest		\$ Investment	
		31 Dec 2011	30 Jun 2011	31 Dec 2011	30 Jun 2011
Bluestone 23 Pty Ltd	Australia	100	100	5,000	5,000
Eastern Iron Limited	Australia	46.45	48.26	1,950,385	1,950,385
Variscan Mine SAS	France	100	100	1,478	1,478

Transactions with Directors

The Company has an agreement with Luminor Capital Pte Ltd which is entitled to a cash fee of 6% of equity funds raised by Luminor Capital and other parties. Dr Foo, a Director of PlatSearch, has an interest in Luminor Capital. No fees have been paid to date.

Services provided by Director-related entities were under normal commercial terms and conditions. There are no long term service agreements and hence no liabilities will arise from termination of such agreements. No other benefits have been received or are receivable by Directors, other than those already disclosed in the notes to the accounts.

Transactions with Associated Companies

During the half year the Company provided technical and administrative support services to its associated company Thomson Resources Limited (TMZ). Services provided to TMZ \$40,731 (2010: \$67,523) consisting of payments received for consulting, use of office space and office services.

16. Convertible note

The Company completed a capital raising in December 2010 via a private placement of 16,666,667 convertible notes at 15 cents each which raised \$2,500,000 in additional working capital for the Company.

Notes to the Consolidated Financial Statements



For the half year ended 31 December 2011

The general terms of the issue are:

- (a) Convertible notes with a conversion price of 15 cents per share and a maturity date of 9 December 2013;
- (b) The Company may redeem the notes at any stage and must redeem all convertible notes on the maturity date or upon an event of default;
- (c) Each convertible note will accrue interest at 8% per annum to be paid each half year in arrears in cash, the first instalment to be paid on 30 April 2011; and
- (d) Noteholders will receive one share option for every two convertible notes they subscribe to, providing the notes are converted into ordinary shares and at the time of conversion. The share options will have an exercise price of 25 cents and an expiry of 9 December 2014.

In accordance with requirements of the relevant Australian Accounting Standards and International Financial Reporting Standards based on the accounting policy described in Note 2 the proceeds have been initially accounted for as follows:

	\$
Gross proceeds	2,500,000
Less issue costs	(150,000)
Net Allocation	2,350,000
Allocated as follows:	
Convertible note liability	744,587
Derivative liability (1)	510,245
Equity (2)	1,095,168
	2,350,000

(1) Represents the valuation of the option entitlement per (d) above.

(2) Represents the value of the conversion function per (a) above.

The balances and movements of the convertible note and derivative liability components are as follows:

	31 Dec 2011 \$	30 Jun 2011 \$
Convertible Note Liability		
Opening balance	951,109	744,587
Add interest expense	247,618	276,111
Less interest paid	(100,000)	(69,589)
Closing balance	1,098,727	951,109
Derivative Liability		
Opening balance	300,475	510,245
Revaluation adjustment	(291,499)	(209,770)
Closing balance	8,976	300,475

17. Events after the balance sheet date

There were, at the date of this report, no matters or circumstances which have arisen since 31 December 2011 that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Directors' Declaration



In accordance with a resolution of the Directors of PlatSearch NL, I state that:

In the opinion of the Directors:

- (a) The financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half year ended on that date of the consolidated entity; and
 - (ii) Complying with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- (b) There are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Greg Jones
Managing Director

Sydney, 14th March 2012



Accountants | Business and Financial Advisers

PLATSEARCH NL

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of PlatSearch NL

We have reviewed the accompanying half-year financial report of PlatSearch NL ("the Company") which comprises the consolidated statement of financial position as at 31 December 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

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 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 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 PlatSearch NL, 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.

While 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 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*, which has been given to the directors of PlatSearch NL, would be in the same terms if given to the directors as at the time of this auditor's report.

HLB Mann Judd (NSW Partnership) ABN 34 482 821 289

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PLATSEARCH NL

INDEPENDENT AUDITOR'S REVIEW REPORT (continued)

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 PlatSearch NL is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity'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*.

HLB MANN JUDD
Chartered Accountants

M D Muller
Partner

Sydney
14 March 2012



Accountants | Business and Financial Advisers

PLATSEARCH NL

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of PlatSearch NL:

As lead auditor for the review of the financial report of PlatSearch NL 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:

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

This declaration is in respect of PlatSearch NL and the entities it controlled during the period.

M D Muller
Partner

Sydney
12 March 2012

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Platsearch NL

ABN 16 003 254 395

Directors

Patrick Elliott	Non-Executive Chairman
Greg Jones	Non-Executive Director
Kwan Chee Seng	Non-Executive Director
Dr Foo Fatt Kah	Non-Executive Director
Alan Breen	Non-Executive Director (appointed 6 October 2011)
Kantilal Champkaplal	Alternate to Kwan Chee Seng

Company Secretary

Ivo Polovineo

Registered and Administration Office

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St Leonards, NSW 2065
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NSW 1585 Australia

Telephone: +61 2 9906 5220
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E-mail: pts@platsearch.com.au
Website: www.platsearch.com.au

Share Register

Boardroom Pty Limited
GPO Box 3993
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Telephone: +61 2 9290 9600
Facsimile: +61 2 9279 0664
Website: www.boardroomlimited.com.au

Auditors

HLB Mann Judd
Level 19, 207 Kent St, Sydney, NSW 2000

Stock Exchange

Listed on the Australian Securities Exchange
ASX Code: PTS

Share Capital

At 31 December 2011, 175,287,592 fully paid ordinary shares, 450,000 partly paid shares to 1 cent (24 cents payable), 23,890,000 options on issue and 16,666,667 convertible notes.