



PILBARA MINERALS
LIMITED

ABN 95 112 425 788

Interim Financial Report
31 December 2012

Contents	Page
Directors' Report	3
Auditor's Independence Declaration	5
Condensed Statement of Comprehensive Income	6
Condensed Statement of Financial Position	7
Condensed Statement of Changes in Equity	8
Condensed Statement of Cash Flows	9
Notes to the Financial Statements	10
Directors' Declaration	13
Independent Auditor's Review Report	14

DIRECTORS' REPORT

Your Directors submit the financial report of the Company for the half-year ended 31 December 2012. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names of Directors who held office during or since the end of the half year and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated.

Gavan Farley	Executive Director
Robert Adamson	Non-Executive Director
Victor Rudenno	Non-Executive Director

Company Secretary

Robert J Waring

Review of Operations

West Pilbara Mineral Tenements (Pilbara 100%)

Pilbara Minerals Limited holds 14 granted exploration licences in the West Pilbara region of north-western Western Australia with total area of approximately 1,260 square kilometres. The project consists of three groups of exploration licences within an area extending from about 70km southwest of Karratha to approximately 110 km southeast of Karratha. New and developing concepts with potential for the discovery of base metals and platinum group metal deposits in the Late Archaean Fortescue Group have been developed by one of the Company's consultants.

Geology

The project area lies within the West Pilbara craton and is broadly aligned along the unconformity between the Archaean granite – greenstone sequence in the north and overlying Fortescue Group sediments and mafic volcanics in the south. The West Pilbara greenstone sequence is characterised by the presence of large layered mafic – ultramafic intrusions. These intrusions host significant PGE-Ni-Cu mineralisation in areas adjacent to some of the tenements. This sequence also hosts significant volcanogenic massive sulphide Cu-Pb-Zn mineralisation. The overlying (younger Archaean) Fortescue Group, is an unmetamorphosed and largely undeformed sequence of basic volcanics and sediments and which hosts a major sill-form intrusion of mafic to ultramafic rocks near the base.

Previous exploration

Largely because of the Fortescue cover, the West Pilbara tenements have not been the subject of systematic exploration in the past. The underlying Archaean greenstones are considered prospective for base metals, particularly copper and nickel, gold and iron ore. A government (BMR) regional aeromagnetic survey in the mid 1980's identified a number of magnetic highs beneath Fortescue Group rocks where the West Pilbara Mineral Tenements are located. Past exploration has generally focussed on these anomalies, however there has been no drilling or modern geophysics completed on the targets.

Exploration by Pilbara Minerals Limited

No field work was carried out during the half year to 31 December 2012. In order to minimise expenditures, exploration activity was restricted to desk studies of geophysical and geological data.

During mid 2010, an extensive programme of airborne VTEM (versatile time domain electromagnetic) surveys and airborne magnetic surveys was carried out across 13 exploration licences.

Preliminary interpretations of the VTEM survey generated 13 primary targets having geophysical ratings indicative of possible sulphide bodies of significant dimensions. Ground geophysical surveys with fixed loop TEM (time domain electromagnetic) were carried out over four of the most promising anomalies during June-July, 2011. Two of the surveys outlined shallowly dipping conductors below Fortescue Group basalts. One lies at a readily drillable depth (150m to 300m) and the other at approximately 400m below surface.

In exploration licence E47/1097, a VTEM anomaly coincides directly with a carbonated, locally banded ultramafic body. It appears to be a tectonically dissected layered intrusion that probably extends at least 2,000m northeastward to VTEM anomaly PMVA 5. Geochemical sampling has not so far provided indications of mineralisation.

Geological interpretation of the remaining preliminary VTEM anomalies indicates strong correlation with an extensive and conductive sediment-volcanic formation identified at the base of the Fortescue Group. As such, these VTEM anomalies are no longer considered prospective.

The Company has developed hypotheses regarding the potential for base and precious metal mineralisation in the Fortescue Group rocks of the Pilbara region. The VTEM survey and the other geophysical data resources acquired by the Company are being geologically evaluated for targets in this setting.

During the half year, the Company commenced discussions with Fox Resources Ltd (ASX: FXR) with a view to seeking a farm-in agreement and joint venture to develop 10 of Pilbara's 14 exploration tenements in the West Pilbara region. As outlined in the Subsequent Events Note below, the Company signed a non-binding Memorandum of Understanding with FXR to develop these tenements in January 2013.

New Projects

Proposed acquisition of Sturt Resources Ltd

As announced to the Australian Securities Exchange on 30 October 2012, the Company has agreed to acquire Sturt Resources Ltd, an unlisted public company, which has a portfolio of large-scale gold and copper-gold projects in the world-class highland region of Papua New Guinea. The Company has entered into an agreement to acquire 100% of the share capital of Sturt Resources Ltd for a consideration of 162,000,000 ordinary shares of the Company subject to shareholder approval by both Pilbara and Sturt shareholders, regulatory approvals if required, legal and financial due diligence and the Company raising a minimum of \$800,000. Two (2) Sturt directors and two (2) Pilbara directors will form the board of Pilbara and all of the shares issued to Sturt in consideration for the transaction will be subject to an ASX mandated escrow for twelve (12) months.

Sturt's flagship asset is the Malaumanda Gold and Copper Project in PNG which comprises one (1) exploration licence and three (3) exploration licence applications covering an area of 4,600 km² in the Orogenic Copper-Gold Belt. The other key project is the Tamo Placer Gold Project which offers near-term, low-cost production and cash flow potential.

Corporate and Cash at Bank

During the half year the Company completed a placement to sophisticated and professional investors of 8,321,250 ordinary shares at \$0.025 each which raised \$208,031. The Company has 63,796,250 fully paid ordinary shares and 1,000,000 Options (exercisable at 25 cents and expiring on 23 November 2013) at 31 December 2012. Cash and Cash equivalents held by the Company at the end of the half year was \$258,030.

Events Subsequent to the End of the Half Year

Sturt Resources Acquisition Progress

The agreement to acquire Sturt Resources has progressed and on 6 March 2013 a full Deed of Implementation was signed between the two parties. The agreement has been modified from the Heads of Agreement to allow for the hold back of 32,400,000 shares from the total of 162,000,000 shares pending the renewal of the EL1453.

Joint Venture with Fox Resources Ltd on Pilbara tenements

As announced to the Australian Securities Exchange on 15 January 2013, the Company has signed a non-binding Memorandum of Understanding with Fox Resources Ltd (ASX: FXR) in relation to the development of 10 of Pilbara's 14 exploration tenements in the West Pilbara region of Western Australia. Under the proposed farm-in agreement and joint venture, Fox Resources Ltd will acquire up to 80% interest in the tenements in return for carrying out extensive exploration activity over a three (3) year period.

No other subsequent events occurred after the end of the half year.

Other Activities and Company Strategy

The Company continues to focus on the completion of the transactions with Sturt Resources and Fox Resources as outline above as well as monitoring resource exploration opportunities both locally and internationally.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 5 and forms part of this Directors' report for the half-year ended 31 December 2012.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



Gavan Farley
Executive Director
14th March 2013

Competent Person

The information pertaining to the technical content of this Operations Report has been compiled by Robert (Bob) Adamson, B.Sc., M.Sc. (Hons Geol), MAusIMM, CP (Geo). Mr Adamson is the principal of Robert G Adamson Consultants and a Director of Pilbara Minerals Limited. He has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activity that he is undertaking to qualify as a Competent Person as defined in the December 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (The JORC Code). Mr Adamson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.



Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Pilbara Minerals Limited for the half-year ended 31 December 2012, 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.

A handwritten signature in blue ink, appearing to read 'Norman G. Neill'.

Perth, Western Australia
14 March 2013

N G Neill
Partner, HLB Mann Judd

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

	31 Dec 2012	31 Dec 2011
	\$	\$
Interest Revenue	1,331	12,542
Other Income	-	30,940
Directors' Fees	(62,700)	(66,000)
Audit fees	(10,100)	(5,000)
Professional costs	(85,744)	(44,212)
Legal fees	(44,742)	(3,210)
Share registry	(15,036)	(6,757)
Other expenses	(15,329)	(25,067)
Loss before income tax expense	(232,320)	(106,764)
Income tax expense	-	-
Net loss for the period	(232,320)	(106,764)
Other comprehensive income	-	-
Total comprehensive loss for the period	(232,320)	(106,764)
Basic loss per share (cents per share)	(0.42)	(0.19)

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012**

	Notes	31 December 2012 \$	30 June 2012 \$
Assets			
Current Assets			
Cash and cash equivalents		258,030	163,839
Other assets		18,970	43,086
Total Current Assets		277,000	206,926
Non-Current Assets			
Deferred exploration and evaluation expenditure	2	1,837,971	1,766,912
Total Non-Current Assets		1,837,971	1,766,912
Total Assets		2,114,971	1,973,838
Liabilities			
Current Liabilities			
Trade and other payables		234,913	69,491
Total Current Liabilities		234,913	69,491
Total Liabilities		234,913	69,491
Net Assets		1,880,058	1,904,347
Equity			
Issued capital	4	11,649,317	11,441,286
Reserves	5	25,000	1,580,535
Accumulated Losses		(9,794,259)	(11,117,474)
Total Equity		1,880,058	1,904,347

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

	Issued Capital	Accumulated Losses	Option Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2011	11,441,286	(9,036,954)	1,580,535	3,984,867
Net loss for the period	-	(106,764)	-	(106,764)
Balance at 31 December 2011	11,441,286	(9,143,718)	1,580,535	3,878,103
Balance at 1 July 2012	11,441,286	(11,117,474)	1,580,535	1,904,347
Net loss for the period	-	(232,320)	-	(232,320)
Transfer of expired options	-	1,555,535	(1,555,535)	-
Shares issued during the half year	208,031	-	-	208,031
Balance at 31 December 2012	11,649,317	(9,794,259)	25,000	1,880,058

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

	31 Dec 2012	31 Dec 2011
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(71,026)	(388,516)
Interest received	1,331	12,542
GST refunds	41,960	55,971
Net cash used in operating activities	(27,735)	(320,003)
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(86,105)	(90,108)
Net cash used in investing activities	(86,105)	(90,108)
Cash flows from financing activities		
Proceeds from issue of shares	208,031	-
Net cash provided by financing activities	208,031	-
Net (decrease) in cash held	94,191	(410,111)
Cash and cash equivalents at the beginning of the period	163,839	792,204
Cash and cash equivalents at the end of the period	258,030	392,093

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These interim financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

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

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2012 and any public announcements made by Pilbara Minerals Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted. For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Significant accounting judgements and key 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, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgements made by management in applying the company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2012.

Going concern

The financial statements have been prepared on the going concern basis. The Company's existing projections show that further funds will be required to be generated, either by capital raisings, sales of assets or other initiatives, to enable the Company to fund its currently planned activities for at least the next twelve months from the date of signing these financial statements. Should new opportunities present that require additional funds the Directors will take action to reprioritise activities, dispose of assets and or raise further funds. Should these equity raisings or other sources of funding not be completed, there is a material uncertainty that may cast significant doubt as to whether the Company will be able to realise its assets and extinguish its liabilities in the normal course of business, and at the amounts stated in the Statement of Financial Position.

Notwithstanding this issue, the Directors have prepared the financial statements of the Company on a going concern basis. In arriving at this position, the Directors have considered the following pertinent matter:

- Australian Accounting Standard, AASB 101 "Accounting Policies", states that an entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

In the Directors' opinion, at the date of signing the financial report, there are reasonable grounds to believe that the matters set out above will be achieved and therefore the financial statements have been prepared on a going concern basis.

Segment Reporting

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 Board of Pilbara Minerals Limited.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2012, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company's operations and effective for annual reporting periods beginning on or after 1 July 2012.

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

The Directors have also reviewed all new standards and interpretations that have been raised but are not yet effective for the half year ended 31 December 2012. 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 the Company and, therefore, no change necessary to the company accounting policies.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2012

NOTE 2: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	SIX MONTHS TO 31 December 2012	YEAR TO 30 June 2012
	\$	\$
Balance at beginning of period	1,766,912	3,415,769
Expenditure incurred	71,059	186,920
Exploration Written off	-	(1,835,777)
Balance at end of period	<u>1,837,971</u>	<u>1,766,912</u>

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases are dependent on the successful development and commercial exploitation or sale of the respective areas.

NOTE 3: SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Pilbara Minerals Limited.

The Company operated principally in one business segment being mineral exploration.

NOTE 4: ISSUED CAPITAL

	31 December 2012	30 June 2012
	\$	\$
<i>Ordinary shares</i> Issued and fully paid	<u>11,649,317</u>	<u>11,441,286</u>

	SIX MONTHS TO 31 December 2012		YEAR TO 30 June 2012	
	No.	\$	No.	\$
<i>Movements in ordinary shares on issue</i>				
At beginning of period	55,475,000	11,441,286	55,475,000	11,441,286
Ordinary shares issued during the period	8,321,250	208,031	-	-
At end of period	<u>63,796,250</u>	<u>11,649,317</u>	<u>55,475,000</u>	<u>11,441,286</u>

NOTE 5: SHARE OPTIONS AND RESERVES

	SIX MONTHS TO 31 December 2012		YEAR TO 30 June 2012	
	No.	\$	No.	\$
<i>Movements in options over ordinary shares on issue</i>				
At beginning of period	34,000,000	1,580,535	34,550,000	1,580,353
Options Issued during the period	-	-	-	-
Options Expired during the period	(33,000,000)	(1,555,535)	(550,000)	-
At end of period	<u>1,000,000</u>	<u>25,000</u>	<u>34,000,000</u>	<u>1,580,353</u>

NOTE 6: DIVIDENDS

The Directors of the Company have not declared an interim dividend.

NOTE 7: CONTINGENT LIABILITIES

There have been no changes in the commitments or contingencies as outlined in the 30 June 2012 annual report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2012

NOTE 8: SUBSEQUENT EVENTS

Progress on Agreement to Acquire Sturt Resources Ltd

The agreement to acquire Sturt Resources has progressed and on 6 March 2013 a full Deed of Implementation was signed between the two parties. The agreement has been modified from the Heads of Agreement to allow for the hold back of 32,400,000 shares from the total of 162,000,000 shares pending the renewal of the EL1453.

MOU for Farm out of 10 Pilbara Tenements

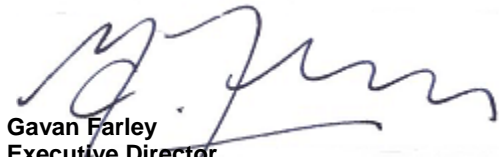
As announced to the Australian Securities Exchange on 15 January 2013, the Company has signed a non-binding Memorandum of Understanding with Fox Resources Ltd (ASX: FXR) in relation to the development of 10 of Pilbara's 14 exploration tenements in the West Pilbara region of Western Australia. Under the proposed farm-in agreement and joint venture, Fox Resources Ltd will acquire up to 80% interest in the tenements in return for carrying out extensive exploration activity over a three (3) year period.

DIRECTORS' DECLARATION

In the opinion of the Directors of Pilbara Minerals Limited ('the Company'):

1. The financial statements and notes thereto, as set out on pages 6 to 12, are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting, 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 2012 and of its performance for the half-year then ended.
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.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303 (5) of the Corporations Act 2001.



Gavan Farley
Executive Director
14th March 2013



Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pilbara Minerals Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Pilbara Minerals Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2012, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the company at the half-year end.

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 2012 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 the company, 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.



Accountants | Business and Financial Advisers

Independence

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

Matters relating to the electronic presentation of the reviewed half-year financial report

This review report relates to the half-year financial report of the company for the half-year ended 31 December 2012 included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of this website. The review report refers only to the half-year financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the half-year financial report. If users of the half-year financial report are concerned with the inherent risks arising from publication on a website they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information contained in this website version of the half-year financial 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 Pilbara Minerals 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 2012 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*.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that further funds will be required, to enable the Company to fund its currently planned activities for at least the next twelve months from the date of signing these financials statements. If the Company is unsuccessful in securing this Funding, there is a material uncertainty that may cast significant doubt as to whether the company will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amount stated in the Statement of Financial Position.

A handwritten signature in blue ink that reads 'Norman Neill'.

HLB MANN JUDD
Chartered Accountants

A handwritten signature in blue ink that reads 'Norman Neill'.

N G NEILL
Partner

Perth, Western Australia
14 March 2013