

RNS Number : 1144Y  
Natasa Mining Limited  
28 August 2009

**NATASA MINING LTD**  
(the Company')

Natasa Mining Ltd ('Natasa' or the 'Company') the investment company in the mining finance industry with a focus on pre-production emerging resource opportunities announces today its interim results for the six months ended 30 June 2009

(The results are reported in Australian Dollars ('\$') and all references to \$ are to Australian Dollars unless otherwise stated)

			<b>30 June 2009</b>
			\$
Revenue from ordinary activities	unchanged	% to	nil
Profit from ordinary activities after tax attributable to members	down	24% to	7,958,956
Net profit for the period attributable to members	down	24% to	7,958,956
		<b>30 June 2009</b>	<b>31 2008</b>
			<b>December</b>
<b>Net Tangible Assets per security</b>		\$2.60	\$2.19

**Commentary**

The results are discussed in the Directors' Report on pages 3 - 5.

**Dividend**

The Directors recommend that no dividend be paid. No dividends have been paid or declared during the period.

**Directors' Report**

The Directors present their report together with the consolidated financial statements for the six months ended 30 June 2009 and the auditor's review report thereon.

**1. DIRECTORS**

The names of the directors of the Company in office during or since the end of the half-year are:

**John A. Landels, AC, (Chairman), Non-executive Director**

Mr. Landels was Chairman and Chief Executive Officer of the Caltex Group of companies prior to his retirement from that organisation in 1992. He was appointed a Director and Chairman of the Board on 9 July 1996.

**Chrisilios Kyriakou, LLB, Executive Director**

Mr. Kyriakou has extensive business interests including commercial properties, share investments and rural property. He was appointed to the Board on 29 June 1979 and is Chief Executive Officer of the Company.

**Mr. Mark R. Arnesen, CA(SA), Non-executive Director**

Mr Arnesen has extensive experience in the structuring and negotiation of finance for major resource projects. He was employed with the Billiton/Gencor group of companies between 1988 and 1998 and in 2000 he joined Ashanti Goldfields Company Limited as part of the then restructuring of the company. Mr Arnesen is a director of Moto Goldmines Ltd. He was appointed to the Board on 2 November 2006.

**Chev. Sydney J.P. Borg, FAICD, OSJ KC, KGCM, Non-executive Director**

Mr. Borg is the Principal of PCS Australia Pty Ltd, a systems integration company facilitating networks in the corporate and government areas; Grand Prior Australasia of the Order of St John Knights of Malta; President of the Australian Maltese Chamber of Commerce; Patron of the MRLA; Council member Catholic Education Office of Parramatta and CEO of Mobile Entertainment Systems, a distribution company specialising in in-car entertainment systems. Mr Borg was Chairman of Zylotech Ltd until his resignation from that board on 5 September 2006. He was appointed to the Board on 1 July 1999.

**Robert A. Cleary, B.Sc (Tech) Chem Eng, Non-executive Director**

Mr. Cleary was employed for 18 years by the Rio Tinto/North Ltd/Energy Resources Australia Ltd group. His last position with that organisation was Managing Director of Energy Resources of Australia Ltd from July 1999 to January 2004. Mr Cleary is Chairman of Crossland Uranium Mines Ltd. He was appointed to the Board on 16 March 2005.

**Jonathan R. Reynolds B.Com (Hons), CA, F Fin, Finance Director**

Mr. Reynolds has been the Company's Chief Financial Officer since 2001. Prior to that he held the position of chief financial officer with a number of other listed entities and before that was a senior manager with an international firm of chartered accountants. He is a member of the Institute of Chartered Accountants in Australia, a fellow of the Financial Services Institute of Australasia and holds a Bachelor of Commerce (Honours) degree. He was appointed to the Board on 7 June 2006.

**Company Secretary**

Mr John B. Maguire, Company Secretary, has held this position and been involved with the Company for the past 18 years.

**2. CONSOLIDATED RESULTS AND REVIEW OF OPERATIONS**

The net profit after tax of the Group attributable to members for the six months ended 30 June 2009 was \$7,958,956 (30 June 2008: \$10,535,562).

During the period:

- The Group activities concentrated on the proposal to subscribe for equity shares in the capital of African Copper plc and to provide a loan facility of US\$8.5 million to that company secured on its Mowana copper mine, in Botswana. This proposal was subject to approval, by special resolution, at a shareholders meeting of African Copper plc but the resolution failed to achieve the required 75% approval of votes cast. As part of the Group's strategy in seeking to acquire the interest in African Copper plc, a significant investment was made purchasing, at a discount, certain debt instruments in African Copper plc. These debt instruments were redeemed realising a profit, before tax, of \$8,651,012.
- A number of other mineral operations investment opportunities were investigated but did not lead to any positive outcome.
- The Group generated interest income of \$1,523,246.
- Final proceeds due from the sale of the Group's investment in the Berong nickel project, in the sum of US\$2,440,808, were recovered from the escrow bank account (in July 2009) in accordance with the contract of sale. This asset had been fully impaired in the accounts for the year ended 31 December 2008 on the basis that the required Philippine tax clearance certificates had yet to be received. During the half-year ended 30 June 2009, the impairment loss was reversed, giving rise to a gain of \$3,533,826.
- The Group incurred legal fees of \$1,822,927, principally in relation to investigating and pursuing investment opportunities and securing recovery of the escrow bank account funds. Further, the Group incurred travel expenses of \$351,227, principally in relation to investigating and pursuing investment opportunities.
- Recognised a foreign exchange loss of \$1,882,509 following the strengthening of the Australian dollar.
- In respect of the Morondava uranium project in Madagascar (indirect interest 16.6%), the Group advanced \$415,355 (£198,470) to UMC Energy plc (which holds an 80% interest in the project) under loan facility agreements, to assist that company to meet its working capital requirements. The loan bears a 3% drawdown fee, interest at 15% per annum on funds drawn, is secured by a negative pledge over UMC Energy's equity interest in the Morondava uranium project and is repayable within 60 days following a demand by the Group. Limited exploration progress has been achieved since the property was acquired by UMC Energy and as there is currently no clear expectation that the cost of the investment incurred to date will be recouped through the sale or successful development of the project, the directors have impaired this asset, giving rise to an expense during the half-year of \$415,355.

### **3. SUBSEQUENT EVENTS**

Subsequent to 30 June 2009, the Group has :

- Advanced \$2,771,000 (US\$2 million) to Endeavour Financial Corporation under a short-term funded participation agreement; and
- Advanced a further \$22,000 to UMC Energy plc, under the loan agreement entered into with that company.

Other than the matters discussed above, there has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations or the state of affairs

of the consolidated entity, in subsequent financial years.

**4. LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

The lead auditor's independence declaration is set out on page 6 and forms part of the Directors' Report for the half-year ended 30 June 2009.

Dated at Sydney this 28<sup>th</sup> day of August 2009 and signed in accordance with a resolution of the Directors.

**J.A. Landels**

Director

**LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

To : The Directors of Natasa Mining Ltd

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 30 June 2009, there have been :

- a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Shane O'Connor  
Partner

Sydney

28 August 2009

## Condensed Consolidated Interim Income Statement for the six months ended 30 June 2009

	Note	30 June 2009 \$	30 June 2008 \$
Total revenue from services		-	-
Gain on sale of equity and debt instruments		8,652,714	20,553,645
Financial income		1,523,246	424,480
Personnel expenses		(721,962)	(1,200,389)
Audit fees		(37,777)	(111,958)
Depreciation and amortisation		(4,688)	(20,592)
Exploration expenditure		-	(246,661)
Finance expenses		(255,187)	(498,233)
Financial advisory fees		-	(1,294,696)
Foreign exchange losses		(1,882,509)	(1,867,677)
Impairment losses on intangibles		-	(424,758)
Impairment losses on investments in equity accounted associates		-	(3,136,612)
Impairment losses on receivables		(415,355)	(1,182,214)
Reversal of impairment losses on receivables		3,533,826	-
Legal fees		(1,822,927)	(178,301)
Travel expenses		(351,227)	(66,809)
Other administrative expenses		<u>(259,198)</u>	<u>(459,618)</u>
Result from operating activities		7,958,956	10,289,607
Share of net result of associates	4	-	<u>108,425</u>
Profit before tax		7,958,956	10,398,032
Income tax expense		-	-
Profit for the period		<u>7,958,956</u>	<u>10,398,032</u>
Attributable to:			
Equity holders of the Company		7,958,956	10,535,562
Minority interest		-	<u>(137,530)</u>
Profit for the period		<u>7,958,956</u>	<u>10,398,032</u>
		Cents	Cents
Basic earnings per share		41.1	54.2
Diluted earnings per share		31.4	52.0

The above Condensed Consolidated Interim Income Statement should be read in conjunction with the accompanying notes.

## Condensed Consolidated Interim Statement of Comprehensive Income for the six months ended 30 June 2009

	30 June 2009 \$	30 June 2008 \$
<b>Profit for the period</b>	7,958,956	10,535,562
Other comprehensive income:		
Change in fair value of equity securities available for sale, net of tax	-	(7,710,171)
Foreign currency translation differences for foreign operations	-	<u>(318,403)</u>
Other comprehensive income for the period, net of income tax	-	(8,028,574)
<b>Total comprehensive income for the period</b>	<u>7,958,956</u>	<u>2,506,988</u>
Attributable to:		
Equity holders of the Company	7,958,956	2,964,428
Minority interest	-	<u>(457,440)</u>
Total comprehensive income for the period	<u>7,958,956</u>	<u>2,506,988</u>

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

## Condensed Consolidated Statement of Financial Position as at 30 June 2009

	Note	30 June	31 December 2008
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		2009 \$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		53,979,141	47,465,968
Trade and other receivables	5	<u>7,181,851</u>	<u>4,379,338</u>
<b>Total Current Assets</b>		<u>61,160,992</u>	<u>51,845,306</u>
<b>Non-Current Assets</b>			
Plant and equipment		<u>6,039</u>	<u>5,188</u>
<b>Total Non-Current Assets</b>		<u>6,039</u>	<u>5,188</u>
<b>Total Assets</b>		<u>61,167,031</u>	<u>51,850,494</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		1,774,802	417,221
Provisions		<u>2,235</u>	<u>2,235</u>
<b>Total Current Liabilities</b>		<u>1,777,037</u>	<u>419,456</u>
<b>Non-current Liabilities</b>			
Loans and borrowings	6	<u>9,000,000</u>	<u>9,000,000</u>
<b>Total Non-current Liabilities</b>		<u>9,000,000</u>	<u>9,000,000</u>
<b>Total Liabilities</b>		<u>10,777,037</u>	<u>9,419,456</u>
<b>NET ASSETS</b>		<u>50,389,994</u>	<u>42,431,038</u>
<b>EQUITY</b>			
Share capital	8	44,275,558	44,275,558
Reserves		4,542,340	4,542,340
Retained earnings / (accumulated loss)	9	<u>1,572,096</u>	<u>(6,386,860)</u>
<b>TOTAL EQUITY</b>		<u>50,389,994</u>	<u>42,431,038</u>

The above Condensed Consolidated Interim Balance Sheet should be read in conjunction with the accompanying notes.

### Condensed Consolidated Interim Statement of Cash Flows for the six months ended 30 June 2009

	30 June 2009 \$	30 June 2008 \$
<b>Cash Flows Used In Operating Activities</b>		

Receipts in the course of operations	-	-
Cash payments in the course of operations	<u>(1,836,521)</u>	<u>(2,267,074)</u>
Cash used in operations	(1,836,521)	(2,267,074)
Interest received	1,763,950	424,480
Interest paid	<u>(255,187)</u>	<u>(498,233)</u>
Net cash used in operating activities	<u>(327,758)</u>	<u>(2,340,827)</u>
<b>Cash Flows From / (Used In) Investing Activities</b>		
Loan to other entities	(2,194,622)	-
Recovery of loan to other entities	2,194,622	-
Loan to associate	(415,355)	(2,674,832)
Purchase of exploration and evaluation assets	-	(3,804,065)
Purchase of equity investments	-	(728,291)
Purchase of interest in subsidiary	-	(120,178)
Purchase of debt instruments	(20,965,409)	-
Proceeds on sale of debt instruments	29,618,123	-
Payments for purchases of plant and equipment	<u>(5,539)</u>	<u>(20,384)</u>
Net cash from / (used in) investing activities	<u>8,231,821</u>	<u>(7,347,750)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from the issue of share capital	-	12,254,965
Proceeds from the issue of Convertible Note	-	4,900,000
Short-term loans raised	-	60,000
Short-term loan repaid	-	<u>(3,260,000)</u>
Net cash from financing activities	-	<u>13,954,965</u>
<b>Net increase in cash and cash equivalents</b>	7,904,062	4,266,388
<b>Cash at 1 January</b>	47,465,968	3,281,342
Exchange fluctuations	<u>(1,390,890)</u>	<u>(282,200)</u>
<b>Cash at 30 June</b>	<u>53,979,141</u>	<u>7,265,530</u>

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

## 1. Reporting entity

Natasa Mining Ltd (the "Company") is a company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the six months ended 30 June 2009 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities.

The consolidated annual financial report of the Group as at and for the year

ended 31 December 2008 is available upon request from the Company's registered office at Suite 107, 109 Pitt Street Sydney NSW 2000 or at [www.natasamining.com](http://www.natasamining.com).

## 2. Statement of compliance

The condensed consolidated interim financial statements are general purpose financial statements which have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 31 December 2008.

These condensed consolidated interim financial statements were approved by the Board of Directors on 28 August 2009.

## 3. Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2008.

## 4. Investments in associates

	<b>30 June 2009</b>	<b>30 June 2008</b>
UMC Energy plc	20.7%	20.4%
Share of associate's net loss for the period	\$-	\$(103,471)
Berong Nickel Corporation	*	*
Share of associate's net profit for the period	\$-	\$174,947
China Nickel Corporation	*	*
Share of associate's net profit for the period	\$-	\$36,949
Metak Ltd	*	*
Share of associate's net loss for the period	\$-	\$-

\* The Group's interest in Berong Nickel Corporation, China Nickel Corporation and Metak Ltd were disposed of during the period ended 30 June 2008.

## 5. Trade and other receivables

	<b>30 June 2009</b>	<b>31 December 2008</b>
Current	\$	\$
Advances to other entities	67,500	67,500

Less : Impairment	(67,500)	(67,500)
Proceeds due from sale of investments	3,042,207	
Interest receivable	34,777	275,477
Convertible note receivable	4,100,000	4,100,000
Other debtors	<u>4,877</u>	<u>3,867</u>
	<u>7,181,857</u>	<u>4,379,337</u>
<p>Final proceeds due from the sale of the Group's investment in the Berong nickel project, in the sum of US\$2,440,808, were recovered from the escrow bank account in July 2009, in accordance with the contract of sale. The carrying amount is net of \$491,620 of foreign exchange losses recognised between transaction closing date and balance date.</p>		
Non-current		
Advances to associates	2,414,302	1,998,947
Less : Impairment	<u>(2,414,302)</u>	<u>1,998,947</u>
	—	—

## 6. Loans and borrowings

In January 2008, the Company issued a Convertible Note to raise \$9 million to Capma Pty Ltd, a company in which a Director, Mr. Kyriakou, has an interest. The Note expires on 16 January 2012 and at that time, or if exercised earlier (but not before 16 January 2010) under the terms of the Note, must be exercised into fully paid Ordinary Shares in the Company at the lower of \$5.50 or 80% of the weighted average market price at the conversion date. During the period, the Group recognised interest charges of \$255,187 on the Note. As at 30 June 2009, the Group had drawn down \$4.9 million of the Note, leaving a facility available of \$4.1 million.

## 7. Commitments and contingent liabilities

The Group has no commitments for capital or revenue purchases other than those entered into in the ordinary course of business.

The Group has no commitments under non-cancellable leases.

The Group has no contingent liabilities.

## 8. Share capital

	30 June 2009 \$	31 December 2008 \$
Issued and paid up capital		
19,373,530 (31 December 2008 : 19,373,530) ordinary shares, fully paid	<u>44,275,558</u>	<u>44,275,558</u>

## Reconciliation of issued capital

	30 June 2009 Number	30 June 2008 Number
Balance at beginning of half-year	19,373,530	16,351,696
Placement at \$4.30 per share	-	3,000,000
To acquire shares in Tarquin Resources plc	<u>-</u>	<u>21,834</u>
Balance at 30 June	<u>19,373,530</u>	<u>19,373,530</u>

## 9. Retained earnings

	30 June 2009 \$	30 June 2008 \$
Opening balance of retained earnings	(6,386,860)	(1,782,793)
Profit for the period	<u>7,958,956</u>	<u>10,535,562</u>
Closing balance of retained earnings	<u>1,572,096</u>	<u>8,752,769</u>

## 10. Segment information

	Mining \$	Investment Services \$	Total \$
<b>2009</b>			
Segment revenue	-	-	-
Segment result	-	7,958,956	7,958,956
<b>2008</b>			
Segment revenue	-	-	-
Segment result	(9,954,792)	20,490,353	10,535,561

## 11. Subsequent events

Subsequent to 30 June 2009, the Group has:

- Advanced \$2,771,000 (US\$2 million) to Endeavour Financial Corporation under a short-term funded participation agreement; and
- Advanced a further \$22,000 to UMC Energy plc, under the loan agreement entered into with that company.

Other than the matters discussed above, there has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity, in subsequent financial years.

# Natasa Mining Ltd and its Controlled Entities

## Directors' Declaration

In the opinion of the Directors of Natasa Mining Ltd:

- (a) the financial statements and notes as set out on pages 7 to 13 are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of the Group as at 30 June 2009 and of its performance for the half-year ended on that date;  
and
  - (ii) complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

J.A. Landels  
Director

Sydney  
28 August 2009

## Independent auditor's review report to the members of Natasa Mining Ltd

### Report on the financial report

We have reviewed the accompanying half-year financial report of Natasa Mining Ltd, which comprises the consolidated interim statement of financial position as at 30 June 2009, condensed income statement, statement of comprehensive income and cash flow statement for the half-year ended on that date, a statement of accounting policies and other explanatory notes 1 to 11 and the directors' declaration set out on page 14 of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

*Directors' responsibility for the financial report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standard (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*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 Interim and Other Financial Reports 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 Group's financial position as at 30 June 2009 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Natasa Mining Ltd, 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.

*Independence*

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

*Conclusion*

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

- a) giving a true and fair view of the Group's financial position as at 30 June 2009 and of its performance for the half-year ended on that date; and
- b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

Shane O'Connor

*Partner*

Sydney

28 August 2009

Enquires to:

Chrisilios Kyriakou, Chief Executive Officer  
Natasa Mining Limited

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