



REDCLIFFE RESOURCES LIMITED

AND CONTROLLED ENTITIES

(Formerly Pacrim Energy Limited)

ABN 63-010-856-014

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 30 JUNE 2012

This interim financial report incorporating Appendix 4D is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3

The information contained in this report is to be read in conjunction with Pacrim Energy Limited's 2011 Annual Report and any announcements to the market by Pacrim Energy Limited during the half-year period ending 30 June 2012

Appendix 4D.1	Current period:	1 January 2012 to 30 June 2012
	Prior Corresponding period:	1 January 2011 to 30 June 2011



RESULTS FOR ANNOUNCEMENT TO THE MARKET

Key Information	Half-year Ended 30 June 2012	Half-year Ended 30 June 2011	% Change
Revenue from ordinary activities	20,030	335,542	-1575.20%
Profit / (Loss) after tax from ordinary activities attributable to members	(473,864)	39,150	108.26%
Profit / (Loss) attributable to members	(551,362)	44,089	108.00%

COMMENTARY ON THE RESULTS FOR THE PERIOD

The commentary on the results for the period is contained in the "Review of Operations" included within the Directors' Report

NET TANGIBLE ASSETS PER SHARE

	Half-year Ended 30 June 2012	Half-year Ended 30 June 2011
Net tangible assets per share	\$ 0.012268	\$ 0.001038

INVESTMENT IN ASSOCIATES AND JOINT VENTURES

Material investments in associates and joint ventures are disclosed in the Directors' Report.



DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 30 JUNE 2012

Your directors submit the financial report of the consolidated group for the half-year ended 30 June 2012.

DIRECTORS

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

Rodney David Foster
Sir Barry Blythe Holloway
Mark William Maine

Review of Operations

During the Half Year, the Company continued to focus on the Redcliffe Gold Project exploration of the 727 and Kelly Gold mineralisation in seeking to expand gold resource estimates. RC drilling at the Kelly North Zone continued to drill-out from the surface to 100m depth to consider open pit potential.

Work included the invigoration of efforts to develop the Golden Terrace South gold deposit through activating an Execution Plan.

JV Partner, Newcrest, continued to explore the Manus Project with considerable enthusiasm having expended approximately \$5Million and is to commit a further \$5Million to end of June 2013.

Redcliffe Gold Project

Redcliffe Resources field work continued at the Redcliffe Gold Project during the first half of 2012. A series of follow-up RC drilling programmes were undertaken in two phases. The objective being to expand the Company's gold resource position (mainly on the large Kelly Prospect gold mineralised system) and to enhance short term opportunity for development by delineating near-surface high grade gold zones at 727 Prospect.

Kelly drilling delivered broad gold intercepts as the Company pursued mineralisation extensions and definition of the northern portion of the prospect.

The geological model of the Kelly Prospect mineralised system shows it remains open to the north and with depth extensions yet to be tested. Kelly remains highly prospective with considerable potential.

Redcliffe Resources continues to progress a strategy of development and production incrementally increasing from a modest operation at 727 Prospect prior to the larger Golden Terrace South resource, potentially to be followed by Kelly development, should exploration lead to favourable resource estimates.

Kelly Prospect

The Kelly Prospect has already been identified as a large gold mineralised system with RC drilling having been undertaken over a strike length of one kilometre and AirCore drilling to the south extending the mineralised zone a further kilometre



DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 30 JUNE 2012

Work for the first half year 2012 has concentrated on the Kelly North Prospect where during the last quarter of 2011, Redcliffe Resources advised the results of an RC drilling programme that was aimed at infilling and extending previously identified zones of gold mineralisation to a vertical depth of approximately 100 metres. Intercepts from single metre sampling included **15m @ 8.04g/t inc. 6m @ 17.3g/t, 15m @ 2.28g/t and 13m @ 2.12g/t**

A further twelve RC holes were drilled to facilitate resource estimation of that portion of the Kelly North mineralised zone. Significant broad zone gold intercepts were indicated by 5 metre composite sampling and included;

- **60m @ 0.96g/t (inc 5m @ 8.34g/t)**
- **82m @ 0.58g/t (inc 5m @ 3.96g/t)**
- **20m @ 0.83g/t (inc 5m @ 2.39g/t)**

Single metre sampling of the mineralised zones was subsequently undertaken and included;

- **5m @ 4.81g/t (inc 2m @ 11.4g/t)**
- **5m @ 2.69g/t (inc 1m @ 12.1g/t)**
- **2m @ 9.65g/t (inc 1m @ 18.1g/t)**
- **7m @ 2.16g/t (inc 1m @ 8.18g/t)**

Additional QAQC sampling of field residue re-splits was conducted at Kelly and leach tests and SG determinations were undertaken.

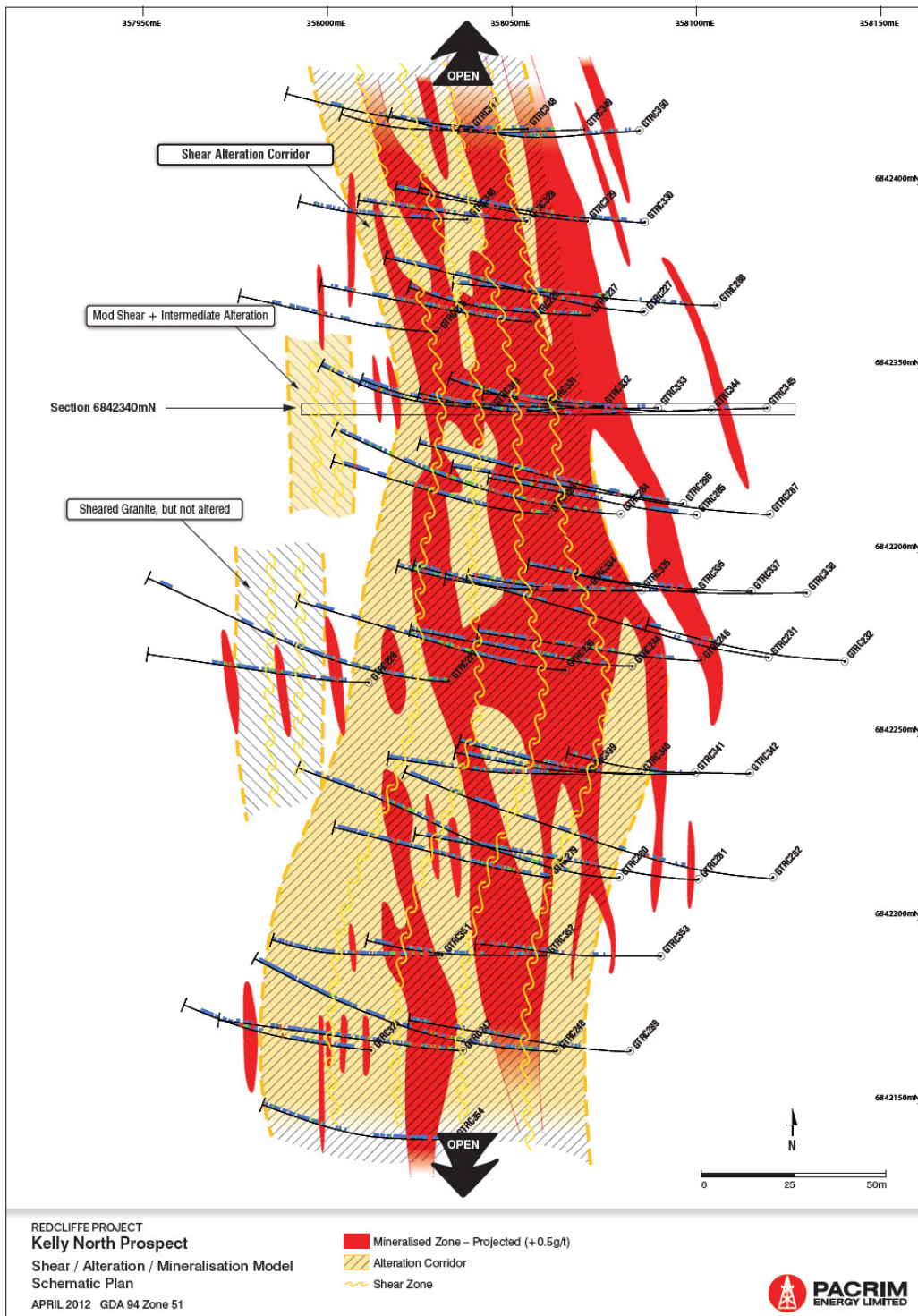
Redcliffe Resources engaged Mr Essam Wahdan, Shear Geological Services, to assist in developing an improved understanding of the structural and mineralisation controls associated with the +2km Kelly Zone to enhance targeting extensions of higher tenor gold mineralisation.

The resulting review has provided greater insight to the fundamentals of the Kelly mineralised system and established a solid geological, structural, and mineralisation model.

The Mertondale Shear Zone has provided a first order structural setting for major fluid movement. The highly deformed felsic and intermediate lithologies are interpreted as predominantly intrusives, with highly weathered white clays after porphyry near surface and granite at depth to the west, often separated by an intervening intermediate intrusive. The granodiorite is often mylonitised, displaying strong carbonate/silica/ alteration and associated pyrite and gold mineralisation in the shear zones. There are also gold bearing quartz structures and an auriferous quartz stockwork system is hosted within the porphyry at the Kelly Mid Prospect.

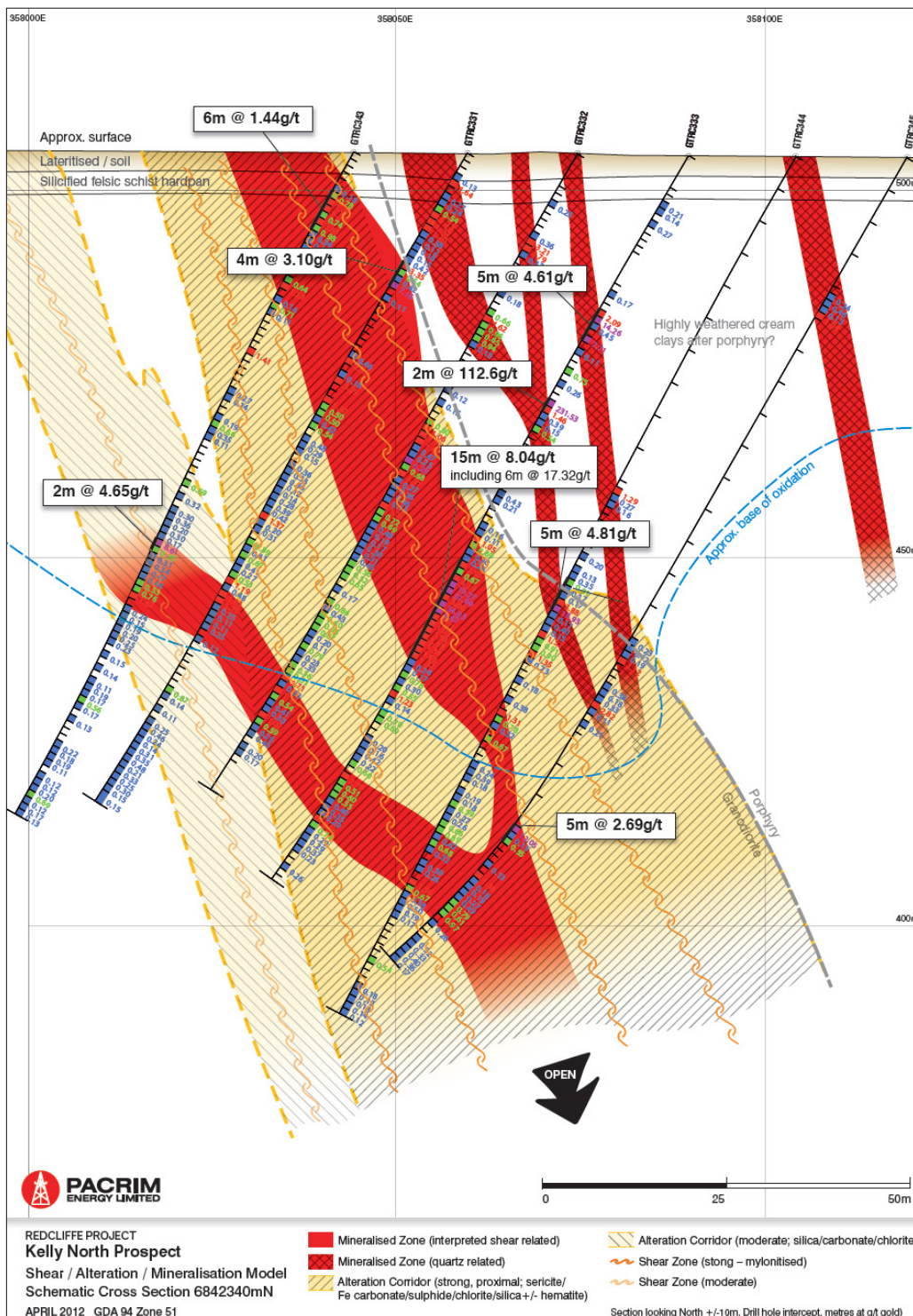


DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 30 JUNE 2012





DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 30 JUNE 2012





DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 30 JUNE 2012

727 PROSPECT

Additional reverse circulation drilling, re-orientated toward 225 degrees, resulted in drill-hole intersections of gold mineralised zones displaying improved continuity between holes and sections with the first eight drill hole programme intersecting high grade gold mineralisation hosted by quartz reefs including significant intercepts five metre composite samples intervals of;

- **10 metres averaging 17.7g/t** (GTRC 357 from 5 to 15m down hole),
- **15 metres averaging 15.3g/t** (GTRC 361 from 30 to 45m down hole), and
- **10 metres averaging 5.25g/t** (GTRC 362 from 30 to 40m down hole).

Single metre assay results (as tabulated below) have been reflective of composite grades having returned intercepts including;

- **8m @ 17.8g/t inc 3m @ 44.1g/t**, and
- **8m @ 18.4g/t inc 2m @ 70.4g/t**.

727 Prospect RC Drilling 2012

DHID	East	North	Area	Az/Dip	From	To	Intercept - g/t gold
GTRC355	359853	6834702	727v	225/-60	6	11	5m @ 1.34
					17	20	3m @ 1.86
GTRC356	359860	6834714	727v	225/-60	19	22	3m @ 1.27
GTRC357	359844	6834707	727v	225/-60	6	14	8m @ 17.8
					9	12	Inc. 3m @ 44.1
GTRC358	359851	6834715	727v	225/-60	17	26	9m @ 3.05
GTRC359	359859	6834722	727v	225/-60	34	37	3m @ 6.45
GTRC360	359867	6834730	727v	225/-60	48	49	1m @ 1.55
					51	54	3m @ 3.88
GTRC361	359852	6834730	727v	225/-60	21	26	5m @ 1.22
					34	42	8m @18.4
					34	36	Inc. 2m @ 70.4
GTRC362	359860	6834737	727v	225/-60	33	38	5m @ 4.03
					49	56	7m @ 1.80

Grid GDA 94 Zone51, Assays by Kalassay 50g Fire Assay, Red +19gramme metres. 0.5g/t lower cut, no upper cut, max 1m continuous below cut.

A follow-up nine drill-hole programme of shallow RC drilling was undertaken and has effectively closed off the high grade shoot near surface. Although of limited strike length, interpretation is underway to determine the production potential of this 727 reef zone.

Further drilling will be required to test for potential repetitions and depth extensions of the high grade shoot that remains open down plunge and also to explore additional occurrences of gold mineralisation within the "727 structural corridor".



DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 30 JUNE 2012

Nambi Area, Mesa Prospect

A 5 hole of RC drilling has been carried out in the vicinity of the Mesa Pit where previous mining had focussed on the main high grade zone. Drilling has tested an additional mineralised zone that occurs to the east of this and 5 metre composite samples to hand include an intercept of **15m @ 1.24g/t gold**. Complete results are awaited.

Further exploration is planned in the Nambi South pit area and near the Gully Prospect where Heritage surveys have been undertaken by the Company.

Manus Island Copper Gold Project (PNG – Redcliffe Resources 10%)

Newcrest PNG Exploration Limited (Newcrest), a subsidiary of Newcrest Mining Limited, is manager of the Manus Island Project Joint Venture. Newcrest can earn a participating interest by funding A\$6 million of project expenditure. Redcliffe Resources has a 10% free carried interest to decision to mine.

Three diamond core holes have been completed at the Kisi prospect during the quarter for an aggregate of 798.2 metres. The rig is currently drilling the fourth hole at this prospect. The results for the first two holes at the Kisi prospect have been received.

There is a significant intercept in KD0001 of 9m @ 0.87 g/t gold and 8.4 g/t silver from 179m including 5.8m @ 1.2 g/t gold & 12 g/t silver from 180.2 metres (>0.1 g/t cut-off).

At the Arie prospect soil sampling has now extended the 200m spaced lines out to 1 km to the WNW and ESE. Results are pending.

The results from the soil and rock float sampling undertaken last quarter along the extension of the Kisi mineralised trend indicate the Kah to Soon_Poet strike length, west of the Kisi anomaly, is a priority drill target with a cluster of rock float +5 g/t Au results peaking at 25 g/t Au within the 500ppb Au soil anomaly.

Newcrest, having expended approximately \$5Million to end June 2012, is to commit approximately \$5Million further to the end of June 2013.

Fosterville Regional Joint Venture (Lockington East EL4552 Victoria, Redcliffe Resources 23%)

No report for the period has been received from the Operator, Timpetra, in respect to exploration of the joint venture area.



DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 30 JUNE 2012

CORPORATE

During the Half Year the Company advised that Mr. Mark Maine had been appointed as an Executive Director to assist in corporate development, facilitate mine development from a Perth base, and assist in seeking new opportunities.

The Company completed a consolidation of capital as approved by resolutions put to Shareholders at the AGM in May 2012. A name change to Redcliffe Resources Limited was also approved and was completed in August 2012.

Rodney Foster
Chairman/CEO

The information in this report, as it relates to Exploration Results and Resource Estimates, is based on information compiled and/or reviewed by Rodney Foster who is a Member of The Australasian Institute of Mining and Metallurgy. Rodney Foster is the CEO and a Director of the Company. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Rodney Foster consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 30 JUNE 2012

Auditor's Declaration

The lead auditor's independence declaration under s 307C of the Corporations Act 2001 is set out on page 11 for the half-year ended 30 June 2012.

This report is signed in accordance with a resolution of the Board of Directors.

Rodney David FOSTER
Chairman / CEO



**AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF REDCLIFFE RESOURCES
LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 30 June 2012 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.

Name of Firm Sinton Spence Chartered Accountants

Address PO Box 6861, Boroko, National Capital District, Papua New Guinea

Name of Partner James Sinton Spence

Date 12 September 2012

Signed



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2012

		CONSOLIDATED GROUP	
		30.06.2012	30.06.2011
	Notes	\$	\$
Revenue			
Interest Income		20,030	19,040
Foreign exchange gain		-	976
Gain on sale of non-current assets		-	315,526
Depreciation and amortisation expense		(13,687)	(15,991)
Other expenses from ordinary activities		(480,207)	(280,401)
		(473,864)	39,150
Profit / (Loss) before Income Tax			
Income tax expense		-	-
		(473,864)	39,150
Profit / (Loss) from continuing operations			
		(473,864)	39,150
Profit / (Loss) for the period			
	2	(473,864)	39,150
Other comprehensive income			
Exchange differences on translating foreign controlled entities		2,502	4,939
Net loss on revaluation of other financial assets		(80,000)	-
		(77,498)	4,939
Total comprehensive income for the period			
		(551,362)	44,089
Profit / (Loss) attributable to:			
Members of the parent entity		(473,864)	39,150
		(473,864)	39,150
Total comprehensive income attributable to:			
Members of the parent entity		(551,362)	44,089
		(551,362)	44,089
Earnings per share			
From continuing and discontinued operations			
Basic earnings per share (cents)		(0.00719)	0.00002
Diluted earnings per share (cents)		(0.00719)	0.00002
From continuing operations			
Basic earnings per share (cents)		(0.00719)	0.00002
Diluted earnings per share (cents)		(0.00719)	0.00002



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	CONSOLIDATED GROUP	
	30.06.2012	31.12.2011
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	615,768	870,376
Trade and other receivables	31,065	18,827
TOTAL CURRENT ASSETS	646,833	889,203
NON-CURRENT ASSETS		
Investments in public companies	240,000	320,000
Property, plant & equipment	132,980	133,307
Other including ongoing exploration	8,810,160	8,606,925
TOTAL NON-CURRENT ASSETS	9,183,140	9,060,232
TOTAL ASSETS	9,829,973	9,949,435
CURRENT LIABILITIES		
Trade and other payables	78,973	83,482
TOTAL CURRENT LIABILITIES	78,973	83,482
NON-CURRENT LIABILITIES	-	-
TOTAL NON-CURRENT LIABILITIES	-	-
TOTAL LIABILITIES	78,973	83,482
NET ASSETS	9,751,000	9,865,954
EQUITY		
Issued Capital	32,416,795	31,980,387
Reserves	361,116	438,614
Retained earnings	(23,026,911)	(22,553,047)
Parent entity interest	9,751,000	9,865,954
TOTAL EQUITY	9,751,000	9,865,954



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2012

Consolidated Group	Ordinary Share Capital \$	Retained Earnings \$	Other Reserves \$	Total Equity \$
At 1 January 2011	30,864,281	(22,440,919)	838,696	9,262,059
Comprehensive income				
Profit for the period	-	39,150	-	39,150
Other comprehensive income for the period	-	4,939		4,939
Total comprehensive income for the period	-	44,089	-	44,089
Transactions with owners, in their capacity as owners, and other transfers				
Prior period share issue cost adjustment	(6,426)			(6,426)
Shares issued during the period	1,200,000	-	-	1,200,000
Share issue costs	(78,204)	-	-	(78,204)
Balance at 30 June 2011	31,979,651	(22,396,830)	838,696	10,421,516
Balance at 1 January 2012	31,980,387	(22,553,047)	438,614	9,865,954
Comprehensive income				
Profit for the period	-	(473,864)	-	(473,864)
Other comprehensive income for the period	-	(77,498)	-	-
Market revaluation of other financial assets	-	80,000	(80,000)	-
Unrealised foreign currency loss	-	(2,502)	2,502	-
Total comprehensive income for the half year	-	(473,864)	(77,498)	(551,362)
Transactions with owners, in their capacity as owners, and other transfers				
Shares issued during the period	485,512	-	-	485,512
Share issue costs	(49,104)	-	-	(49,104)
Total transactions with owners and other transfers	436,408	-	-	436,408
At 30 June 2012	32,416,795	(23,026,911)	361,116	9,751,000



CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 JUNE 2012

	CONSOLIDATED GROUP	
	30.06.2012	30.06.2011
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(271,851)	(240,919)
Interest received	20,030	19,040
Net cash (used in) provided by operating activities	(251,821)	(221,879)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of non-current assets	-	20,000
Purchase of non-current assets	(13,360)	(796)
Payments for exploration activities	(427,153)	(321,954)
Net cash used in investing activities	(440,513)	(302,750)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	485,512	1,200,000
Cost of issuing shares	(49,104)	(78,204)
Net cash used in (provided by) financing activities	436,408	1,121,796
NET INCREASE/(DECREASE) IN CASH HELD	(255,926)	597,166
Cash and cash equivalents at beginning of period	870,376	790,976
Effect of exchange rates on cash holdings in foreign currencies	1,318	(955)
Cash and cash equivalents at end of period	615,768	1,387,187



NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2012

Note 1: Summary of Significant Accounting Policies

These general purpose interim financial statements for the half-year reporting period ended 30 June 2012 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards AASB 134: Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Redcliffe Resources Limited and its controlled entities (referred to as the Consolidated Group or the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2011, together with any public announcements made during the following half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to the matters discussed below.

New and Revised Accounting Requirements Applicable to the Current Half-Year Reporting Period.

For the half-year reporting period to 30 June 2012, a number of new and revised accounting standard requirements became mandatory for the first time. A discussion of these new and revised requirements and their impact on the Group is provided below.

- **AASB 124: Related Party**

AASB 124 (December 2009) introduces a number of changes to the accounting treatment of related parties compared to AASB 124 (December 2005, as amended) including the following:

- The definition of a "related party" is simplified, clarifying its intended meaning and eliminating inconsistencies from the definition, including:
 - the definition now identifies a subsidiary and an associate with the same investor as related parties of each other;
 - entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other;
 - the definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other; and
 - the definition now clarifies that a post-employment benefit plan and an employer sponsor of such a plan are related parties of each other.
- A partial exemption is provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.

Application of AASB 124 (December 2009) did not have a significant impact on the financial statements of the group.

- **AASB 2010-4: Further Amendments to Australian Accounting arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and interpretation 13]**
This Standard details numerous non-urgent but necessary changes to Australian Standards arising from the IASB's annual improvements project. Key changes include:



NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2012

Note 1: Summary of Significant Accounting Policies (Continued)

- Clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;
- Adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the qualitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- Amending AASB 101 to clarify that disaggregation of changes in each component of equity arising from transactions recognized in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- Adding a number of examples to the list of events and transactions that require disclosure under AASB 134; and
- Making sundry editorial amendments to various Standards and Interpretations.

Application of the amendments in AASB 2010-4 did not have a significant impact on the financial statements of the group.

- AASB 1054: Australian Additional Disclosures and AASB 2011-1: Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113]

AASB 1054 sets out the Australian-specific disclosures that are additional to IFRS disclosure requirements. The disclosure requirements in AASB 1054 were previously located in other Australian Accounting Standards.

The application of AASB 1054 did not have a significant impact on the financial statements of the Group.



NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2012

CONSOLIDATED GROUP	
30.06.2012	30.06.2011
\$	\$

2) PROFIT FOR THE PERIOD

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

Write-off capitalised exploration expenditure on areas of interest abandoned during the period:

(223,919)	(3,566)
<u>(223,919)</u>	<u>(3,566)</u>

3) DIVIDENDS

No dividend was proposed or paid during the half-year ended 30 June 2012.

4) EVENTS AFTER THE END OF THE INTERIM PERIOD

No significant events occurred after the end of the interim period

5) CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting period.



DIRECTORS' DECLARATION

The Papua New Guinea Companies Act does not require the preparation of Half-yearly accounts. These consolidated accounts for the six-month period ended 30 June 2012 have been prepared in accordance with the Australian Accounting Standards for the purpose of lodgment with the Australian Securities & Investments Commission and the Australian Stock Exchange Limited. They have been prepared in the Company's usual manner, with internal checks and verifications normally applied. However, to minimize cost, the accounts have not been subjected to a full external audit. The auditors have carried out a review of the accounts and have been requested to pay particular attention to the areas that the directors consider appropriate.

The directors of the company declare that:

- (i) The financial statements and notes, as set out on pages 12 to 18 are in accordance with the Corporations Act 2001, including:
 - a. Complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. Giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the half-year ended on that date.
- (ii) In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director

Rodney David FOSTER
CEO / Chairman

Dated 12th day of September 2012



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF REDCLIFFE RESOURCES LIMITED AND CONTROLLED ENTITIES

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Redcliffe Resources Limited and controlled entities (the consolidated entity) which comprises the consolidated condensed statement of financial position as at 30 June 2012, the consolidated condensed statement of comprehensive income, consolidated condensed statement of changes in equity, consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-year Financial Report

The directors of Redcliffe Resources Limited (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 (including Australian Accounting Interpretations) 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 an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of Redcliffe Resources Limited and its controlled entities' financial position as at 30 June 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 Redcliffe Resources Limited and its controlled entities, 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 enquires, primarily of persons responsible for financial and accounting matters, and applying analytical and 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. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Redcliffe Resources Limited and controlled entities, would be in the same terms if provided to the directors as at the time of this auditor's review report.

Qualification

In accordance with the company's accounting policy, exploration expenditure of \$8,810,160 (December 2011: \$8,606,925) has been included in the financial statements as non-current assets. The recoverability of the capitalised exploration expenditure and the ability of the company to meet its debts as and when they fall due are dependent upon the success of future exploration or realisation of the exploration assets. Significant exploration and development activities can only continue if the company is successful in raising additional funds, either through the establishment of joint ventures, sale of investments or the raising of additional equity from its shareholders and/or new investors.



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF REDCLIFFE RESOURCES LIMITED AND CONTROLLED ENTITIES

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 Redcliffe Resources Limited and controlled entities is not in accordance with the Corporations Act 2001 including:

- (i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the half-year ended on that date; and
- (ii) Complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Name of firm: Sinton Spence Chartered Accountants

Name of Partner: James Sinton Spence

Address: PO Box 6861, Boroko, National Capital District, Papua New Guinea

Dated this 12th day of September 2012

Signed: