ALTURA MINING LIMITED
ABN 39 093 391 774
AND CONTROLLED ENTITIES

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2012

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Corporate Directory

DIRECTORS

James Brown – Managing Director
Paul Mantell – Executive Director
Allan Buckler – Non-Executive Director
Dan O'Neill – Non-Executive Director
Beng Teik Kuan – Non-Executive Director

COMPANY SECRETARIES

Noel Young
Damon Cox

REGISTERED OFFICE

Building 8, 22 Magnolia Drive
BROOKWATER QLD 4300

Telephone: +61 7 3814 6900
Facsimile: +61 7 3814 6911

Email: cosec@alturamining.com
Website: www.alturamining.com

AUDITORS

Crowe Horwath Perth
Level 6, 256 St. Georges Terrace
PERTH WA 6000

SHARE REGISTRY

Link Market Services Limited
Level 15, 324 Queen Street
BRISBANE QLD 4000

AUSTRALIAN SECURITIES EXCHANGE

Code: AJM

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2012

Your directors have pleasure in presenting the annual financial report of Altura Mining Limited ("Altura" or "the Company") and its controlled entities ("the Group") for the financial year ended 30 June 2012.

DIRECTORS

The names of the directors in office at any time during or since the end of the financial year are:

Mr James Brown
Mr Paul Mantell
Mr Allan Buckler
Mr Dan O'Neill
Mr Beng Teik Kuan

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the financial year were:

- Provision of mining services, including drilling and geologging services; and
- Exploration for coal, iron ore, lithium, garnet, uranium and other minerals, principally within Australia and Indonesia.

OPERATING RESULTS

The consolidated entity's operating loss after providing for income tax and minority equity interests for the year ended 30 June 2012 was $1,919,347 (2011: loss $1,773,079).

DIVIDENDS

There were no dividends paid or declared during the year ended 30 June 2012 (2011: Nil).

REVIEW OF OPERATIONS

The prime activities of the consolidated entity during the 2012 financial year were the provision of mining services, and exploration for coal, iron ore, lithium, garnet, uranium and other minerals on its tenements located in Australia and Indonesia.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In July and August 2011, $18.5 million was received by the Company on the exercise of listed 15 cent options that were issued as part of the rights issue in September 2010.

There were no other significant changes in the nature of the consolidated entity's principal activities during the financial year, other than as discussed in the financial report and elsewhere in this Directors Report.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

In August 2012, Altura executed a formal Sale and Purchase Agreement to purchase equity in two further coal projects located in South Kalimantan, Indonesia. Altura had originally signed an agreement in principle to purchase the two Mining Permits in April 2012, and had been working since then to complete the due diligence process and documentation.

No other matters have arisen since the end of the financial year which 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 subsequent financial years.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Group will focus on the development of the Tabalong Coal Project subject to receipt of final approvals, progressing the Mt Webber DSO project (30% owned) to a decision to mine stage in conjunction with Atlas Iron Limited, continued exploration and pre-feasibility of the Pilgangoora Lithium Project and exploration of its tenements in Western Australia and the Northern Territory. Altura will also continue to actively seek out coal and other mineral opportunities in South East Asia including Indonesia.

ENVIRONMENTAL PERFORMANCE

The Group is committed to achieving a high standard of environmental performance. The Board is responsible for regular monitoring of environmental exposures and compliance with environmental regulations. The Group complied with its environmental performance obligations during the year.

INFORMATION ON DIRECTORS

Mr James Brown (Managing Director)

Qualifications
Graduate Diploma in Mining from University of Ballarat

Experience
Mr Brown is a mining engineer with more than 25 years' experience in the coal mining industry in Australia and Indonesia, including 22 years at New Hope Corporation. He was appointed as Managing Director of Altura in September 2010 and was previously Altura's Group General Manager since December 2008. His coal development and operations experience includes the New Acland and Jeebropilly mines in South East Queensland, the Adaro and Multi Harapan Utama operations in Indonesia and Blair Athol in the Bowen Basin in Central Queensland.

Other current directorships in listed entities
None

Former directorships in last 3 years
None

Special responsibilities
None

Interests in shares and options
3,442,262 ordinary shares in Altura Mining Limited
2,000,000 options over ordinary shares in Altura Mining Limited

Mr Paul Mantell (Executive Director)

Qualifications
Bachelor of Commerce from the University of Queensland and a Fellow of CPA Australia

Experience
Mr Mantell is an accountant with more than 30 years corporate experience in the mining and associated industries. He has been involved in all aspects of accounting and finance, financial reporting, taxation and administration, including the responsibilities of an ASX listed entity. His responsibilities have included arranging finance for mining and infrastructure projects both in Australia and Indonesia and for setting up corporate, administrative and financial systems to support new and expanding mining operations. He was appointed a director on 25 May 2009.

Other current directorships in listed entities
None

Former directorships in last 3 years
None

Special responsibilities
None

Interests in shares and options
9,233,083 ordinary shares in Altura Mining Limited
2,000,000 options over ordinary shares in Altura Mining Limited

INFORMATION ON DIRECTORS (continued)

Mr Allan Buckler (Non Executive Director)

Qualifications
Certificate in Mine Surveying and Mining, First Class Mine Managers Certificate and a Mine Surveyor Certificate issued by the Queensland Government's Department of Mines

Experience
Mr Buckler has over 35 years experience in the mining industry and has taken lead roles in the establishment of several leading mining and port operations in both Australia and Indonesia. Significant operations such as PT Adaro Indonesia, PT Indonesia Bulk Terminal and New Hope Coal Australia have been developed under his leadership. Mr Buckler was appointed a director on 18 December 2008.

Other current directorships in listed entities
Interra Resources Limited

Former directorships in last 3 years
None

Special responsibilities
Member of the Audit Committee

Interests in shares and options
82,146,845 ordinary shares in Altura Mining Limited
1,000,000 options over ordinary shares in Altura Mining Limited

Mr Dan O'Neill (Non Executive Director)

Qualifications
Bachelor of Science in geology from the University of Western Australia

Experience
Mr O'Neill was appointed a director on 18 December 2008. He has held positions with a number of Australian and multinational exploration companies and has managed exploration programs in a diverse range of environments and locations including Botswana, North America, South East Asia, North Africa and Australasia. During his 30 years experience he has held executive management positions with ASX listed companies and has worked on a range of commodities including diamonds, gold, base metals, coal, oil and gas.

Other current directorships in listed entities
DiamonEx Limited

Former directorships in last 3 years
Orocobre Limited – resigned 2009

Special responsibilities
Chairman of the Remuneration & Nomination Committee

Interests in shares and options
1,166,668 ordinary shares in Altura Mining Limited
1,000,000 options over ordinary shares in Altura Mining Limited

INFORMATION ON DIRECTORS (continued)

Mr Beng Teik Kuan (Non Executive Director)

Qualifications
Bachelor of Engineering (University of Malaya)

Experience
Mr Kuan is an engineer with considerable experience in bulk handling and terminal operations, including responsibility for the development and management of the Pulau Laut Coal Terminal in South Kalimantan, Indonesia. He also has experience in Indonesia, Malaysia and Singapore with tin dredging operations, managing rubber, palm oil and cocoa processing factories, and managing palm oil bulk terminals. He was appointed a director on 28 November 2007.

Other current directorships in listed entities
None

Former directorships in last 3 years
None

Special responsibilities
Chairman of the Audit Committee
Member of the Remuneration & Nomination Committee

Interests in shares and options
1,882,968 ordinary shares in Altura Mining Limited
1,000,000 options over ordinary shares in Altura Mining Limited

COMPANY SECRETARIES

Mr Noel Young

Mr Young is a Fellow of the Institute of Public Accountants. He has over 25 years experience in the mining industry and holds the dual role of Group Financial Controller and Company Secretary.

Mr Damon Cox

Mr Cox is a Chartered Secretary, a CPA and a Fellow of the Financial Services Institute of Australasia. He has over 20 years experience in various roles including corporate governance, compliance, treasury and strategic policy advice.

REMUNERATION REPORT (Audited)

This report details the nature and amount of remuneration for directors and other key management personnel.

Remuneration Policy

The Company's policy is to remunerate fairly and in line with companies of similar size, operations and in the same industry. Individual remuneration decisions are made by the Remuneration & Nomination Committee taking into account the following factors:

- The responsibility of the role;
- Experience of the employee;
- Past performance and future expectations; and
- Industry conditions and trends.

In order to retain and attract key management personnel of sufficient calibre to facilitate the efficient and effective management of the Company's operations, the Remuneration & Nomination Committee may seek the advice of external advisors in connection with the structure of remuneration packages.

Remuneration packages may contain the following key elements:

a) Primary benefits – salary/fees, bonuses and non monetary benefits including the provision of a motor vehicle;
b) Post-employment benefits – including superannuation and prescribed retirement benefits; and
c) Equity – share options granted under the Employee Share Option Plan as disclosed in Note 22 to the financial statements.

None of the Company's personnel remuneration packages are linked directly to the Company's profitability or other measure of performance. The Company maintains an Employee Share Option Plan under which employees may be granted options which vest subject to service conditions being met. Directors may also be allocated options as an incentive that could be realised if the Company's share price increases.

Performance-based remuneration

The Company currently has no performance based remuneration in place.

Company Performance, Shareholder Wealth and Director and Executive Remuneration

The Company has recorded the following earnings over the last five years:

	2012	**2011**	**2010**	**2009**	**2008**
Revenues	10,424,210	9,047,665	10,067,199	14,768,403	10,898,857
EBITDA *	(1,719,227)	(997,721)	835,909	(1,206,055)	(1,598,404)
NPBT *	(1,580,280)	(1,235,695)	(198,719)	(5,062,253)	(1,991,853)
NPAT *	(1,919,347)	(1,773,079)	(914,326)	(5,833,243)	(2,329,547)
Dividends paid	-	-	-	-	-
W. Av. No. of Shares on issue	429,586,620	301,125,914	168,235,764	126,913,765	113,724,652
EPS *	(0.45)	(0.59)	(0.54)	(4.60)	(2.05)

* Definitions: EBITDA = Earnings before interest, tax, depreciation and amortisation
NPBT = Net profit before tax
NPAT = Net profit after tax & minority interest
EPS = Earnings per share (calculated based on the weighted average number of shares on issue)

Key Management Personnel Remuneration Policy

The Remuneration & Nomination Committee reviews the remuneration packages of all directors and key management personnel on an annual basis. Remuneration packages are reviewed and determined with due regard to relevant market conditions and individual's experience and qualification and are benchmarked against comparable industry salaries.

Payment of bonuses and share based compensation benefits is discretionary.

REMUNERATION REPORT (Audited) (continued)

Employment Contracts of Key Management Personnel

Contracts of employment are given to key management personnel at time of employment. Details are as follows:

James Brown, Managing Director - the agreement is of no fixed term and allows for payment of a monthly cash salary in US dollars, reviewed each year. The agreement includes provision of a motor vehicle and other non cash allowances including housing, travel and dependent children's education. Three months notice of termination by either party is required, with a separation allowance equivalent to one year's salary and entitlements to be paid if employment is terminated by the Company.

Paul Mantell, Executive Director - the agreement is of no fixed term and allows for payment of an annual cash salary, reviewed each year, and superannuation. Provision of a motor vehicle or equivalent allowance and other non cash benefits is included. Three months notice of termination by either party is required, with a separation allowance equivalent to one year's gross salary to be paid if employment is terminated by the Company.

Noel Young, Group Financial Controller & Company Secretary - the agreement is of no fixed term and allows for payment of an annual cash salary, reviewed each year, and superannuation. Provision of a motor vehicle is included. One month's notice of termination by either party is required, with a separation allowance equivalent to three month's gross salary to be paid if employment is terminated by the Company.

Damon Cox, Company Secretary - the agreement is of no fixed term and allows for payment of an annual cash salary, reviewed each year, and superannuation. Provision of a motor vehicle is included. One month's notice of termination by either party is required.

Key Management Personnel Remuneration

2012	Short-term benefits			Post employment	Long-term benefits	Share based payments	Termination payments		
Name	**Cash salary and fees $**	**Bonus ** $**	**Non-monetary benefits $**	**Super-annuation $**	**Long service leave $**	**Options $**	**$**	**Total $**	**Options as a percentage of total %**
Non-executive directors									
A Buckler	45,000	-	-	4,050	-	33,610	-	82,660	40.7
D O'Neill	54,000	78,196	-	4,860	-	33,610	-	170,666	19.7
B Kuan	39,000	78,196	-	19,860	-	33,610	-	170,666	19.7
Sub total non-executive directors	138,000	156,392	-	28,770	-	100,830	-	423,992	23.8
Managing directors									
J Brown *	282,319	156,392	69,760	-	-	67,220	-	575,691	11.7
Executive directors									
P Mantell	255,727	117,294	28,298	50,000	-	67,220	-	518,539	13.0
Other key management personnel									
N Young	132,549	39,098	24,011	12,038	-	10,409	-	218,105	4.8
D Cox	122,500	39,098	16,525	11,025	-	10,409	-	199,557	5.2
Total for key management personnel compensation	793,095	351,882	138,594	73,063	-	155,258	-	1,511,892	10.3
Total compensation	**931,095**	**508,274**	**138,594**	**101,833**	**-**	**256,088**	**-**	**1,935,884**	**13.2**

* No superannuation is applicable as Mr Brown is based in Indonesia.
** The bonus was paid by way of the issue of company shares. Details of these transactions are disclosed later in this note.

REMUNERATION REPORT (Audited) (continued)

2011	Short-term benefits			Post employment	Long-term benefits	Share based payments	Termination payments		
Name	**Cash salary and fees $**	**Bonus $**	**Non-monetary benefits $**	**Super-annuation $**	**Long service leave $**	**Options $**	**$**	**Total $**	**Options as a percentage of total %**
Non-executive directors									
A Buckler	36,000	-	-	3,240	-	18,416	-	57,656	31.9
D O'Neill	36,000	-	-	3,240	-	18,416	-	57,656	31.9
B Kuan	36,000	-	-	3,240	-	18,416	-	57,656	31.9
Sub total non-executive directors	108,000	-	-	9,720	-	55,248	-	172,968	31.9
Managing directors									
J Brown *	214,044	-	78,106	-	-	36,833	-	328,983	11.2
Executive directors									
P Mantell	258,700	-	32,024	23,283	-	36,833	-	350,840	10.5
Other key management personnel									
N Young	125,000	-	19,057	11,250	-	7,785	-	163,092	4.8
D Cox	115,000	-	6,145	10,350	-	7,785	-	139,280	5.6
Total for key management personnel compensation	712,744	-	135,332	44,883	-	89,236	-	982,195	9.1
Total compensation	**820,744**	**-**	**135,332**	**54,603**	**-**	**144,484**	**-**	**1,155,163**	**12.5**

*No superannuation is applicable as Mr Brown is based in Indonesia.

Shares

Shares were issued to certain Directors (following approval at the Annual General Meeting in November 2011), key management personnel and other senior staff as part of their remuneration for the year ended 30 June 2012.

The following shares were issued to directors and key management personnel during the year ended 30 June 2012:

	Number issued	**Issue date**	**Value per share at issue date $**
J Brown	1,000,000	16/12/11	0.1564
P Mantell #	750,000	16/12/11	0.1564
D O'Neill	500,000	16/12/11	0.1564
B Kuan	500,000	16/12/11	0.1564
N Young	250,000	16/12/11	0.1564
D Cox	250,000	16/12/11	0.1564
	3,250,000		

Mr Mantell received an offer of 750,000 shares, and assigned 500,000 of the shares to a nominee, in accordance with the resolution approved at the Annual General Meeting in November 2011.

The value per share is calculated from the volume weighted average price (VWAP) for the five trading days preceding 16 December 2011.

REMUNERATION REPORT (Audited) (continued)

Options

There were no new options issued to directors and key management personnel as part of their remuneration for the year ended 30 June 2012.

The following options were on issue to directors and key management personnel as at 30 June 2012:

	Granted number	Grant date	Value per option at grant date $	Vested number	Exercise price $	First exercise date	Last exercise date
J Brown	2,000,000	13/12/10	0.0942	-	0.20	01/10/13	30/09/15
P Mantell	2,000,000	13/12/10	0.0942	-	0.20	01/10/13	30/09/15
A Buckler	1,000,000	13/12/10	0.0942	-	0.20	01/10/13	30/09/15
D O'Neill	1,000,000	13/12/10	0.0942	-	0.20	01/10/13	30/09/15
BT Kuan	1,000,000	13/12/10	0.0942	-	0.20	01/10/13	30/09/15
N Young	350,000	01/10/10	0.0893	-	0.20	01/10/13	30/09/15
D Cox	350,000	01/10/10	0.0893	-	0.20	01/10/13	30/09/15
	7,700,000			Nil			

MEETINGS OF DIRECTORS

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year there were 5 Directors' meetings, 3 Audit Committee meetings and 2 Remuneration and Nomination Committee meetings held.

	Directors' Meetings		Audit Committee		Remuneration & Nomination Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
J Brown	5	5	-	-	-	-
P Mantell	5	5	-	-	-	-
A Buckler	5	5	3	3	-	-
D O'Neill	5	5	-	-	2	2
B Kuan	5	5	3	3	2	2

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into Deeds of Indemnity with all of its directors in accordance with the Company's Constitution. During the financial year the Company paid a premium to insure the directors, officers and managers of the Company and its controlled entities. The insurance contract requires that the amount of the premium paid is kept confidential.

OPTIONS

At the date of signing this report, the unissued ordinary shares of Altura Mining Limited under option are as follows:

Issue Date	Date of Expiry	Exercise Price $	Number under Option
1 October 2010	30 September 2015	0.20	2,900,000
13 December 2010	30 September 2015	0.20	7,000,000
23 December 2011	22 December 2016	0.20	375,000
			10,275,000

OPTIONS (continued)

During the year ended 30 June 2012, the following ordinary shares of Altura Mining Limited were issued on the exercise of options. No amounts are unpaid on any of the shares.

Issue Date	Exercise Price $	Number of Shares Issued
5 August 2011	0.15	2,173,325
15 August 2011	0.15	401,273
19 August 2011	0.15	242,233
26 August 2011	0.15	519,931
2 September 2011	0.15	2,753,213
5 September 2011	0.15	117,532,293
		123,622,268

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not party to any such proceedings during the year.

NON-AUDIT SERVICES

The Company's auditor, Crowe Horwath Perth, did not provide any non-audit services to the Company during the year ended 30 June 2012.

ROUNDING OF AMOUNTS

The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2012 has been received and is included on page 11 of the annual report.

Signed in accordance with a resolution of the directors made pursuant to Section 298(2) of the *Corporations Act 2001*.

On behalf of the Directors,

BT Kuan
Director
Signed at Singapore this 11th day of September 2012

Crowe Horwath™

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Altura Mining Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

Crowe Horwath Perth

CROWE HORWATH PERTH

SEAN MCGURK
Partner

Signed at Perth, 11 September 2012

Corporate Governance Statement

This report sets out the key corporate governance practices of the Company during the Reporting Period, providing disclosure to the extent recommended by the ASX in accordance with its "Corporate Governance Principles and Recommendations 2nd Edition" (the "ASX Principles") issued in August 2007.

The Company has followed the Recommendations to the extent the board considered was practicable and likely to genuinely improve the Company's internal processes and accountability to external stakeholders.

The Company's practices for each of the ASX principles are discussed in detail below, with any departures from the Recommendations separately reported.

ASX CORPORATE GOVERNANCE PRINCIPLES

Principle 1 Lay solid foundations for management and oversight

The Company has a Statement of Board and Management Functions which sets out the roles and responsibilities of the board, the non-executive directors, the Managing Director and management generally. The Statement also addresses materiality thresholds and the organisation of the board.

It is the role of the board to protect and enhance long-term shareholder value, provide strategic direction for the Company, establish goals for management and monitor the achievement of those goals.

The board's responsibilities include:

- Supervising the Company's framework of control and accountability systems to enable risk to be assessed and managed;
- Ensuring the Company is properly managed;
- Approving of the annual budget, major capital expenditure, capital management, and acquisitions and divestments;
- Monitoring the financial performance of the Company;
- Approving and monitoring financial and other reporting;
- Liaising with the Company's external auditors and Audit Committee; and
- Monitoring the environmental and the occupational health and safety performance of the Company.

In addition, the non-executive directors are responsible for reviewing and challenging executive performance.

The Managing Director is responsible for running the affairs of the Company under delegated authority from the board and to implement the policies and strategy set by the board. The role of management is to support the Managing Director and implement the running of the general operations and financial business of the Company.

The Remuneration & Nomination Committee undertakes an annual review of the performance of senior executive staff.

Principle 2 Structure the board to add value

The Company places a high priority on having the requisite mix of skills and experience amongst its directors to enable it to properly undertake its duties and responsibilities.

The Company considers that it has the necessary collective expertise in exploration, mine development, mine management, infrastructure development and operation, finance and organisational management to enable it to develop projects from exploration through to production.

Details of the skills, experience and term of office of each director are contained in their respective profiles in the Directors' Report.

At this point in the Company's evolution, it is not considered necessary to have a permanent board chairman, with the role at board meetings being rotated between the non-executive directors.

The Company has a Remuneration & Nomination Committee with its own established charter. The Committee undertakes an annual review of the composition and performance of the board prior to the nomination for election of directors at the annual general meeting.

If a director considers it necessary to obtain independent professional advice in order to properly discharge their responsibility as a director then, provided the director first obtains approval for incurring such expense from the other directors, the Company will pay the reasonable expenses associated with obtaining such advice.

Principle 3 Promote ethical and responsible decision making

The Company has a code of conduct designed to promote ethical business conduct, compliance with laws and regulations, high standards of professional behaviour and avoid conflicts of interest.

The code applies to directors, managers and employees. It covers compliance with the law, conflicts of interest, corporate opportunities, confidentiality, intellectual property, safe work practices, alcohol and drug usage, equal opportunity and outside employment.

Whilst there is no separate policy on diversity, the code of conduct recognises the diversity of the Company's workforce and the commitment to equal opportunity for its employees. The code further supports diversity through its statements on discrimination and harassment.

The Company has a total of thirteen (13) employees in Australia, of which four (4) are women. The Company does not currently have any women on the board or in senior executive positions.

In addition to the ASX Corporate Governance requirements, the Company has an Anti Corruption Policy. This policy was developed to promote compliance with the *Criminal Code Amendment (Bribery of Foreign Public Officials) Act 1999*, which creates an offence of bribery.

Principle 4 Safeguard integrity in financial reporting

The Company has an Audit Committee comprising BT Kuan (Chairman) and Allan Buckler. Details on the number of meetings held and the attendance at those meetings can be found in the Directors' Report.

The Audit Committee has a charter which sets out its objectives, composition, responsibilities, functions and powers. The Committee's responsibilities include reviewing and evaluating the external audit function, the Company's financial reporting, the internal control system, the assessment of risk and compliance with legislation.

The Committee has the power to communicate directly with the appointed auditor, the right to meet the auditors without management being present and the authority to take independent professional advice as it considers necessary.

Principle 5 Make timely and balanced disclosure

The Company has an approved Policy for Compliance with Continuous Disclosure Requirements. This policy is supported by internal processes to review information in order to ensure that the Company complies with its continuous disclosure obligations.

Principle 6 Respect the rights of shareholders

The Company has a Corporate Communications Strategy which covers shareholder communications through the publication of ASX announcements and research reports on the Company's website, the provision of an email information update service, participation at annual general meetings and direct mail to shareholders.

The policy also covers the processes for the handling of investor, media and broker communications and other shareholder queries.

Principle 7 Recognise and manage risk

The Company has policies and processes in place to address the material business risks arising from its exploration and mining services operations. The Company also has an appropriate internal control framework to govern the management of financial risk.

The board's Audit Committee has the prime responsibility for the oversight of the risk management and internal control environment.

The board through the Audit Committee has received the written declarations from the Managing Director and the Executive Director under section 295A of the Corporations Act that the Company's financial reports are founded on a sound system of risk management, internal compliance and control, and that the system is operating efficiently and effectively in all material aspects.

Principle 8 Remunerate fairly and responsibly

The Company has a Remuneration & Nomination Committee with its own established charter.

The Committee comprises Dan O'Neill (Chairman) and BT Kuan. Details on the number of meetings held and the attendance at those meetings can be found in the Directors' Report.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Directors' Report.

DEPARTURES FROM BEST PRACTICE RECOMMENDATIONS

As at the end of the Reporting Period, there were seven (7) Recommendations that the Company did not follow during the Reporting Period. These are:

Recommendation 2.1	**A majority of the board shall be independent directors.**
Notification of departure:	During the reporting period two (2) of the five (5) directors were independent, and as such, this does not constitute an absolute majority.
Explanation for departure:	Three (3) of the five (5) current directors are non-executive directors, and the board considers that it has an appropriate balance between executive and non-executive directors as well as a complementary mix of skills and experience.
Recommendation 2.2	**The chair should be an independent director.**
Notification of departure:	The Company does not have a permanent chairman, with the role at board meetings being rotated between the non-executive directors on a meeting by meeting basis.
Explanation for departure:	The board considers that this arrangement is appropriate in the context of the current structure of the board and that the board is able to function effectively and efficiently on this basis.
Recommendation 3.2	**Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress towards achieving them.**
Notification of departure:	The Company has not established a diversity policy.
Explanation for departure:	Given the Company's size and stage of development, the implementation of a specific policy on diversity is not considered appropriate. The Company will continue to recruit and manage employees on the basis of competence and performance, irrespective of their backgrounds and individual circumstances.
Recommendation 3.3	**Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.**
Notification of departure:	The Company has not established a diversity policy.
Explanation for departure:	Given the Company's size and stage of development, the implementation of a specific policy on diversity is not considered appropriate. The Company will continue to recruit and manage employees on the basis of competence and performance, irrespective of their backgrounds and individual circumstances.
Recommendation 4.2	**The audit committee should be structured so that it:** • **consists only of non-executive directors** • **consists of a majority of independent directors** • **is chaired by an independent, who is not chair of the board** • **has at least three members.**
Notification of departure:	The Audit Committee did not meet the requirements for composition during the Reporting Period.
Explanation for departure:	The Committee comprises two (2) non-executive directors of which one (1) is an independent director. Given the current size of the board, it is considered that this arrangement is appropriate.

Recommendation 8.2	**The remuneration committee should be structured so that it:** • **consists of a majority of independent directors** • **is chaired by an independent chair** • **has at least three members.**
Notification of departure:	The Remuneration & Nomination Committee did not meet the requirements for composition during the Reporting Period.
Explanation for departure:	The Committee comprises two (2) non-executive directors, both of whom are independent. Given the current size of the Board, it is considered that this arrangement is appropriate.
Recommendation 8.3	**Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.**
Notification of departure:	The Company has issued shares to directors, with shareholder approval, during the Reporting Period.
Explanation for departure:	The Directors are of the view that at this stage of the Company's development it is far better for Directors of the Company to be compensated by way of securities in the Company, rather than by way of cash.

DISCLOSURE ON COMPANY WEBSITE

The following corporate governance policies can be found on the Company's website at www.alturamining.com

- Audit Committee Charter
- Remuneration & Nomination Committee Charter
- Statement of Board and Management Functions
- Code of Conduct
- Anti Corruption Policy
- Policy on Trading in Company Securities
- Policy for Compliance with Continuous Disclosure Requirements
- Corporate Communication Strategy
- Statement on Risk Management Practices

Consolidated Income Statement

FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $'000	2011 $'000
Continuing operations			
Revenue	5(a)	9,443	7,955
Cost of sales	5(c)	(6,688)	(5,986)
Operating profit		2,755	1,969
Other income	5(b)	982	1,093
Expenses			
Administration costs	5(g)	(2,606)	(1,731)
Employee benefits expense	5(f)	(2,376)	(1,633)
Other expenses	5(d)	(509)	(98)
Foreign exchange movement		216	(631)
Financing costs	5(e)	(42)	(204)
Profit / (loss) before income tax		(1,580)	(1,235)
Income tax expense	7(a)	(255)	(439)
Profit / (loss) for the year		**(1,835)**	**(1,674)**
Profit / (loss) attributable to:			
Members of the parent entity		(1,919)	(1,773)
Non-controlling interest		84	99
		(1,835)	(1,674)

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

Consolidated Statement of Comprehensive Income / (Loss)

FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $'000	2011 $'000
Profit / (loss) for the year		(1,835)	(1,674)
Other comprehensive income / (loss)			
Exchange differences on translation of foreign controlled entities		251	(841)
Other comprehensive income / (loss) for the year, net of tax		251	(841)
Total comprehensive income / (loss) for the year		(1,584)	(2,515)
Total comprehensive income / (loss) attributable to:			
Members of the parent entity		(1,641)	(2,520)
Non-controlling interest		57	5
		(1,584)	(2,515)
Earnings per share for profit / (loss) from continuing operations			
Basic earnings / (loss) per share (cents per share)	6	(0.45)	(0.59)
Diluted earnings / (loss) per share (cents per share)	6	(0.45)	(0.59)

The above Consolidated Statement of Comprehensive Income / (Loss) should be read in conjunction with the accompanying notes.

Altura Mining Limited and Controlled Entities

Consolidated Balance Sheet

AS AT 30 JUNE 2012

	Note	2012 $'000	2011 $'000
Current assets			
Cash and cash equivalents	8	17,221	5,455
Trade and other receivables	9	2,797	1,875
Held to maturity investments	11	6,375	8,750
Inventories	10	8	-
Current tax prepaid	19(b)	-	195
Other current assets	12	457	491
Total current assets		26,858	16,766
Non-current assets			
Property, plant and equipment	13	3,409	3,633
Exploration and evaluation	14	27,276	19,991
Intangible assets	15	4,529	4,529
Deferred tax asset	19(b)	8,052	5,860
Total non-current assets		43,266	34,013
Total assets		**70,124**	**50,779**
Current liabilities			
Trade and other payables	16	3,004	1,387
Interest bearing liabilities	17	69	2,186
Current tax payable	19(a)	53	-
Short term provisions	18	485	442
Total current liabilities		3,611	4,015
Non-current liabilities			
Interest bearing liabilities	20	21	46
Deferred tax liability	19(a)	7,772	5,816
Total non-current liabilities		7,793	5,862
Total liabilities		**11,404**	**9,877**
Net assets		**58,720**	**40,902**
Equity			
Contributed equity	21	74,517	55,239
Option reserve		518	308
Foreign currency translation reserve		(716)	(967)
Accumulated losses		(15,874)	(14,069)
Parent interest		58,445	40,511
Non-controlling interest		275	391
Total equity		**58,720**	**40,902**

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

Altura Mining Limited and Controlled Entities

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2012

	Contributed Equity	**Accumulated Losses**	**Option reserve**	**Foreign Currency Translation reserve**	**Non-controlling interests**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance as at 30 June 2010	**38,781**	**(12,339)**	**135**	**(126)**	**292**	**26,743**
Total comprehensive income for the year	**-**	**(1,773)**	**-**	**(841)**	**99**	**(2,515)**
Transactions with owners in their capacity as owners:						
Issue of shares on exercise of options	95	-	-	-	-	95
Issue of shares	16,363	-	-	-	-	16,363
Option reserve on recognition of bonus element of options	-	-	216	-	-	216
Transfer from option reserve on expiry of options	-	43	(43)	-	-	-
Sub-Total	16,458	(1,730)	173	(841)	99	14,159
Balance as at 30 June 2011	**55,239**	**(14,069)**	**308**	**(967)**	**391**	**40,902**
Balance as at 30 June 2011	**55,239**	**(14,069)**	**308**	**(967)**	**391**	**40,902**
Total comprehensive income for the year	**-**	**(1,920)**	**-**	**251**	**85**	**(1,584)**
Transactions with owners in their capacity as owners:						
Issue of shares	19,278	-	-	-	-	19,278
Dividend paid to minority shareholder from subsidiary	-	-	-	-	(201)	(201)
Option reserve on recognition of bonus element of options	-	-	325	-	-	325
Transfer from option reserve on expiry of options	-	115	(115)	-	-	-
Sub-Total	19,278	(1,805)	210	251	(116)	17,818
Balance as at 30 June 2012	**74,517**	**(15,874)**	**518**	**(716)**	**275**	**58,720**

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

Altura Mining Limited and Controlled Entities

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $'000	2011 $'000
Cash flows from operating activities			
Receipts from customers		8,640	8,058
Sundry income		57	75
Interest received		948	532
Interest paid		(42)	(204)
Payments to suppliers and employees		(10,312)	(8,539)
Income tax		(344)	(602)
Net cash provided by (used in) operating activities	26(b)	(1,053)	(680)
Cash flows from investing activities			
Expenditure on exploration and evaluation		(6,007)	(2,697)
Expenditure on property, plant and equipment		(426)	(545)
Proceeds from / (payments for) held to maturity investments		2,375	(8,750)
Proceeds from sale of property, plant and equipment		52	-
Net cash provided by (used in) investing activities		(4,006)	(11,992)
Cash flows from financing activities			
Issue of shares		18,544	17,030
Payments for issue of equity securities		-	(572)
Proceeds from hire purchase liabilities		63	50
Payment of hire purchase liabilities		(204)	(119)
Dividend paid to minority		(200)	-
Loans funds repaid		(2,000)	-
Reduction / (increase) in performance bond		-	29
Net cash provided by (used in) financing activities		16,203	16,418
Net increase / (decrease) in cash and cash equivalents held		11,144	3,746
Cash and cash equivalents at the beginning of year		5,455	1,873
Effect of exchange rates on cash holdings in foreign currencies		622	(164)
Cash and cash equivalents at the end of year	26(a)	**17,221**	**5,455**

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

This financial report includes the consolidated financial statements and notes of Altura Mining Limited and controlled entities ('Consolidated Group' or 'Group'). Altura Mining Limited is a company limited by shares, incorporated and domiciled in Australia, whose shares are publically traded on the Australian Securities Exchange Limited.

The separate financial statements of the parent entity, Altura Mining Limited, have not been presented within this financial report as permitted by amendments made to the *Corporations Act 2001*.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001.*

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The following is a summary of the material accounting policies adopted by the Consolidated Group in the preparation of the financial report. The financial report has been prepared on an accruals basis. The accounting policies have been consistently applied, unless otherwise stated.

Accounting policies

a. Principles of consolidation

A controlled entity is any entity Altura Mining Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 25 to the financial statements. All Australian controlled entities have a June financial year-end and all other controlled entities have a December financial year-end.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

Non-controlling interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the Group, are shown separately within the equity section of the Consolidated Balance Sheet and in the Consolidated Income Statement.

b. Business combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method.

The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Income tax

The charge for current income tax expense is based on the result for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Altura Mining Limited and some of its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2005. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

d. Segment reporting

The Group has applied AASB 8 Operating Segments from 1 July 2009. AASB 8 requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision-maker, which in the Group's case is the Board of Directors.

e. Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are measured on the cost basis.

The carrying amount of land and buildings is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Each year the difference between depreciation based on the re-valued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	5-50%
Leased plant and equipment	5-33%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

f. Exploration and evaluation expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against the result in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the Consolidated Group entity, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

h. Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being in the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

i. Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(h) for further discussion on the determination of impairment losses.

j. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

The amount recognised is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Equity-settled compensation

The Group operates an employee share ownership plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

l. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

m. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

n. Revenue

Revenue is measured at the fair value of consideration received or receivable, the Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and the specific criteria below have been met.

Revenue from the sale of goods is recognised upon the delivery of goods to the customer.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

All revenue is stated net of the amount of goods and services tax (GST).

o. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such times as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p. Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

q. Foreign operations

The financial performance and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at balance sheet date; and
- income and expenses are translated at monthly average exchange rates for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve as a separate component of equity. These differences are recognised in the income statement upon disposal of the foreign operation.

r. **Foreign currency transactions and balances**

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

s. Financial instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and the ability to hold to maturity. Held to maturity investments are carried at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets that are not financial assets at fair value through profit or loss, held to maturity or loans and receivables. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

t. Goodwill and intangibles

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to an entity sold.

u. Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

v. Inventories

Inventories of consumable supplies and spare parts expected to be used in the supply of services are valued at cost.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

w. New Accounting Standards for Application in the Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

(i) *AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applicable for annual reporting periods commencing on or after 1 January 2013).*

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- Simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- Simplifying the requirements for embedded derivatives
- Removing the tainting rules associated with held-to-maturity assets;
- Removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- Allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- Requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows;
- Requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The Group has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

(ii) *AASB 2010–8: Amendments to Australian Accounting Standards: Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012)***.**

This Standard makes amendments to AASB 112: Income Taxes and incorporates Interpretation 121: Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments are not expected to significantly impact the Group.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(iii) *AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009–11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (applicable for annual reporting periods commencing on or after 1 January 2013).*

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Group has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Group.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. The Group has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

(iv) AASB *13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009–11, 2010–7, 101, 102, 108, 110, 116, 17, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013).*

A*ASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.*

AASB 13 requires:

- Inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy;
- Enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

(v) *AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).*

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Group.

2. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise receivables, payables, loans, finance leases, cash and short term deposits. These activities expose the Group to a variety of financial risks: market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group manages these risks in accordance with the Group's financial risk management policy. The Group uses different methods and assumptions to measure and manage different types of risks to which it is exposed at each balance date.

The Board reviews and approves policies for managing each of the Group's financial risk areas. The Group holds the following financial instruments:

	2012 $'000	2011 $'000
FINANCIAL ASSETS		
Cash and cash equivalents	17,221	5,455
Trade and other receivables	2,797	1,875
Other current assets	382	491
Held to maturity investments	6,375	8,750
	26,775	16,571
FINANCIAL LIABILITIES		
Trade and other payables	3,004	864
Interest bearing liabilities	90	2,232
	3,094	3,096

a. Market risk

(i) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily in respect to the US dollar.

The Group's overseas subsidiaries have a US dollar functional currency. This exposes the Group to foreign exchange fluctuations upon conversion to AUD.

At 30 June 2012, the Group held funds in foreign currency amounting to US$13.2 million (2011: US$2.7million).

The Group does not enter into any hedging arrangements.

Foreign currency risk sensitivity analysis

At 30 June 2012, the effect on profit and equity as a result of changes in the value of the Australian Dollar to the US Dollar that management considers to be reasonably possible, with all other variables remaining constant is as follows:

	2012 $'000	2011 $'000
Change in profit		
— Improvement in AUD to USD by 11%	(121)	(89)
— Decline in AUD to USD by 11%	121	89
Change in equity		
— Improvement in AUD to USD by 11%	121	(89)
— Decline in AUD to USD by 11%	(121)	89

(ii) Price risk

The Group has no current exposure to commodity and equity securities.

2. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Interest rate risk

At balance date the Group's debt was fixed rate. For further details on interest rate risk refer to Note 2e.

Interest rate sensitivity analysis

At 30 June 2012, the effect on profit and equity as a result of changes in the interest rate that management considers to be reasonably possible, with all other variables remaining constant would be as follows:

	2012 $'000	**2011 $'000**
Change in profit		
— Increase in interest rate by 1%	236	142
— Decrease in interest rate by 1%	(107)	(117)
Change in equity		
— Increase in interest rate by 1%	236	142
— Decrease in interest rate by 1%	(107)	(117)

Term deposits have been treated as a floating rate due to the short term nature of the deposits.

b. Credit risk

Credit risk refers to the risk that a third party will default on its contractual obligations resulting in financial loss to the Consolidated Group. The Consolidated Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Company's maximum exposure to credit risk.

c. Liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

d. Fair value estimation

The carrying amounts of financial assets and liabilities equal their estimated net fair value.

e. Financial instrument composition and maturity analysis

The tables on the next page reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations for the settlement period for all other financial instruments. As such the amounts may not reconcile to the balance sheet.

2. FINANCIAL RISK MANAGEMENT (Continued)

Consolidated Group

	Weighted average effective interest rate		Floating interest rate		Fixed interest rate maturing: Within 1 year		Fixed interest rate maturing: 1 to 5 years		Fixed interest rate maturing: Over 5 years		Non-interest bearing		Total	
	2012 %	2011 %	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Financial assets:														
Cash & cash equivalents	1.03	4.04	14,721	4,955	2,500	6,500	-	-	-	-	-	-	17,221	11,455
Trade and other Receivables	-	-	-	-	-	-	-	-	-	-	2,797	1,875	2,797	1,875
Investments	5.24	6.00	-	-	6,375	2,750	-	-	-	-	382	491	6,757	3,241
Total financial assets			14,721	4,955	8,875	9,250	-	-	-	-	3,179	2,366	26,775	16,571
Financial liabilities:														
Trade & sundry payables	-	-	-	-		-	-	-	-	-	3,004	864	3,004	864
Lease liabilities	10.25	9.02	-	-	69	186	21	46	-	-	-	-	90	232
Related party loan	-	8.75	-	-	-	2,000	-	-	-	-	-	-	-	2,000
Total financial liabilities			-	-	69	2,186	21	46	-	-	3,004	864	3,094	3,096

Trade and sundry payables are expected to be paid as follows:

	2012 $'000	2011 $'000
Less than 6 months	3,004	864
6 months to 1 year	-	-
1 - 5 years	-	-
Over 5 years	-	-
	3,004	864

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Management has identified the following significant accounting policies for which significant judgements, estimates and assumptions are made.

a. Significant accounting estimates and assumptions

Share-based payment transactions

From time to time the Company has issued options to directors and employees. The Company measures fair value of share-based payments using the Black-Scholes Pricing Model, using the assumptions detailed in note 22. This formula takes into account the terms and conditions under which the instruments were granted.

Impairment of goodwill and productive assets

The Group tests goodwill and productive assets for impairment annually. Goodwill is allocated to cash generating units and the carrying value of goodwill and productive assets is assessed based on budgeted cash flows over a five year period, discounted at a rate of 17%, taking into account risks associated with each unit. No impairment has been recognised in respect of goodwill at the end of the reporting period.

b. Significant accounting judgements

Taxation

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the balance sheet. Deferred tax assets are only recognised where it is considered more likely than not that they will be recovered through the utilisation of future tax losses.

Exploration expenditure

During the year the Group capitalised various items of expenditure to the exploration and evaluation expenditure asset account. The relevant items of expenditure were deemed to be part of the capital cost of developing future mining operations, which would then be amortised over the useful life of the mine. The key judgement applied in considering whether the costs should be capitalised, is whether costs are expected to be recovered through either successful development of the project or sale of the relevant mining interests. Such judgements are undertaken by appropriately qualified persons and are based on estimates of commodity prices, foreign exchange rates, capital requirements, production costs and geological assumptions and judgements in estimating the size and grade of the ore body. Capitalised exploration expenditure of $27 million was carried forward at the end of the reporting period.

4. SEGMENT INFORMATION

The Group reports the following operating segments to the chief operating decision maker, being the Board of Directors of Altura Mining Limited, in assessing performance and determining the allocation of resources.

Unless otherwise stated, all amounts reported to the Board are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

	Services $'000	Minerals $'000	Eliminations $'000	Total $'000
2012				
Revenue				
External sales	8,680	763	-	9,443
Other income	101	881	-	982
Other segments	1,263	1,486	(2,749)	-
Total segment revenue	10,044	3,130	(2,749)	10,425
Unallocated revenue				-
Total consolidated revenue				10,425
Segment result				
Other segments	1,537	(3,075)	-	(1,538)
Unallocated expenses net of unallocated revenue	-	-	-	-
Profit / (loss) before income tax and finance costs				(1,538)
Finance costs				(42)
Share of profit of non-controlling interest				(84)
Profit / (loss) before income tax				(1,664)
Income tax expense				(255)
Net profit / (loss) for the year				(1,919)
Assets and Liabilities				
Segment assets	14,919	47,153	-	62,072
Unallocated assets	-	-	-	8,052
Total assets				70,124
Segment liabilities	1,378	2,254	-	3,632
Unallocated liabilities	-	-	-	7,772
Total liabilities				11,404
Other segment information				
Capital expenditure	354	73	-	427
Exploration expenditure	-	7,285	-	7,285
Impairment of exploration expenditure	-	373	-	373
Depreciation and amortisation	(624)	(67)	-	(691)
Cash flow information				
Net cash flow from operating activities	(103)	(950)	-	(1,053)
Net cash flow from investing activities	(354)	(3,652)	-	(4,006)
Net cash flow from financing activities	(404)	16,607	-	16,203

4. SEGMENT INFORMATION (Continued)

	Services $'000	Minerals $'000	Eliminations $'000	Total $'000
2011				
Revenue				
External sales	7,702	254	-	7,956
Other income	419	673	-	1,092
Other segments	435	210	(645)	-
Total segment revenue	8,556	1,137	(645)	9,048
Unallocated revenue				-
Total consolidated revenue				9,048
Segment result	1,250	(2,281)	-	(1,031)
Other segments	-	-	-	-
Unallocated expenses net of unallocated revenue				-
Profit / (loss) before income tax and finance costs				(1,031)
Finance costs				(204)
Share of profit of non-controlling interest				(99)
Profit / (loss) before income tax				(1,334)
Income tax expense				(439)
Net profit / (loss) for the year				(1,773)
Assets and Liabilities				
Segment assets	10,063	34,856		44,919
Unallocated assets				5,860
Total assets				50,779
Segment liabilities	1,218	2,843		4,061
Unallocated liabilities				5,816
Total liabilities				9,877
Other segment information				
Capital expenditure	482	63		545
Exploration expenditure	-	3,049		3,049
Depreciation and amortisation	633	72		705
Cash flow information				
Net cash flow from operating activities	49	(729)		(680)
Net cash flow from investing activities	(482)	(5,510)		(5,992)
Net cash flow from financing activities	(57)	16,475		16,418

4. SEGMENT INFORMATION (Continued)

Geographical segments

The Group's geographical segments are determined based on the location of the Group's assets.

	Australia $'000	Indonesia $'000	Other $'000	Eliminations $'000	Total $'000
2012					
Revenue					
External sales	-	9,443	-	-	9,443
Other income	930	34	18	-	982
Other segments	1,486	1,263	-	(2,749)	-
Total segment revenue	2,416	10,740	18	(2,749)	10,425
Unallocated revenue					-
Total revenue					10,425
Segment assets	44,422	11,118	6,532	-	62,072
Unallocated assets	-	-	-	-	8,052
Total assets					70,124
Capital expenditure	72	355	-	-	427
Exploration expenditure	6,633	652	-	-	7,285
2011					
Revenue					
External sales	53	7,903	-	-	7,956
Other income	732	360	-	-	1,092
Other segments	-	-	-	-	-
Total segment revenue	785	8,263	-	-	9,048
Unallocated revenue					-
Total revenue					9,048
Segment assets	33,041	11,878	-	-	44,919
Unallocated assets					5,860
Total assets					50,779
Capital expenditure	173	372	-	-	545
Exploration expenditure	3,049	-	-	-	3,049

The Group has a number of customers to whom it provides services. The Group supplies three external customers in the services segment who account for 26% ($2,539,000), 25% ($2,455,000) and 11% ($1,060,000) of external revenue (2011: 79%).

5. PROFIT / (LOSS) FROM ORDINARY ACTIVITIES

		2012 $'000	2011 $'000
(a)	**Revenue**		
	Revenue from sales	9,443	7,955
	Total sales revenues from ordinary activities	9,443	7,955
(b)	**Other revenues**		
	Interest received from other corporations	872	670
	Profit / (loss) on sale of assets	17	-
	Other revenue	93	423
	Total other revenues from ordinary activities	982	1,093
	Total revenue	10,425	9,048
(c)	**Cost of sales**		
	Drilling costs	6,097	5,380
	Depreciation - plant & equipment	550	606
	Depreciation - plant & equipment leased	41	-
	Total cost of sales	6,688	5,986
(d)	**Other expenses**		
	Depreciation - plant & equipment	99	98
	Exploration – expensed	37	-
	Exploration – written off	373	-
	Total other expenses from ordinary activities	509	98
(e)	**Financing costs**		
	Hire purchase interest expense	7	22
	Interest expense	35	182
	Total borrowing costs	42	204
(f)	**Employee benefits expense**		
	Employee share scheme expense	325	216
	Bonus paid by way of issue of shares to Directors and staff	735	-
	Other employee benefits expense	1,316	1,417
	Total employee benefits expense	2,376	1,633
(g)	**Administration costs**	2,606	1,731

Administration costs in 2012 includes Philippines corporate establishment costs,and application fees for three coal tenements in the Philippines of $409,752 (2011: nil).

6. EARNINGS / (LOSS) PER SHARE

	2012 cents per share	2011 cents per share
Basic earnings / (loss) per share	(0.45)	(0.59)

Basic earnings per share:
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2012 $'000	2011 $'000
Earnings (a)	(1,919)	(1,773)

	2012 number	2011 number
Weighted average number of ordinary shares (b)	429,586,620	301,125,914

(a) Earnings used in the calculation of basic earnings per share reconciles to net profit in the income statement as follows:

	2012 $'000	2011 $'000
Net profit / (loss)	(1,919)	(1,773)
Earnings used in the calculation of basic EPS	(1,919)	(1,773)

(b) As at 30 June 2012, Management options on issue had an exercise price in excess of the market price and are therefore anti-dilutive. There were 10,275,000 share options outstanding at the end of the year, these potential ordinary shares would reduce the loss per share from continuing ordinary operations on conversion, and hence these potential ordinary shares are not dilutive.

(c) As at 30 June 2012, there were no listed share options outstanding.

7. INCOME TAX EXPENSE

	2012 $'000	2011 $'000
(a) The components of tax expense comprise:		
Current Tax		
Current Year	400	198
Adjustments in respect of prior periods	92	131
Deferred Tax		
Current year deferred tax	(237)	110
Adjustments in respect of prior periods	-	-
Total income tax expense per income statement	255	439

(b) The prima facie tax on profit / (loss) before income tax is reconciled to the income tax as follows:

	2012 $'000	2011 $'000
Profit / (loss) before tax	(1,580)	(1,235)
Income tax calculated at the Australian rate of 30%	(474)	(370)
Increase in income tax due to:		
Non-deductible expenses	355	93
Share compensation costs	318	65
Effect of current year tax losses derecognised	433	649
Effect of prior year tax losses derecognised	(155)	(56)
Under / (over) provision in prior year	92	131
Difference in overseas tax rates	(43)	(73)
Recognition of previously unrecognised deferred tax assets	(271)	-
Income tax expense	255	439

Deferred tax assets arising from tax losses are only recognised to the extent that there are equivalent deferred tax liabilities. The remaining tax losses have not been recognised as an asset because recovery of the losses is not regarded as probable:

	2012 $'000	2011 $'000
Tax losses not recognised - revenue	4,022	4,148

(c) Tax effects relating to each component of other comprehensive income

	2012 Before tax Amount $000	2012 Tax (Expense) Benefit $000	2012 Net of tax Amount $000	2011 Before tax Amount $000	2011 Tax (Expense) Benefit $000	2011 Net of tax Amount $000
Exchange differences on translating foreign controlled entities	359	(108)	251	(1,201)	360	(841)
Non-controlling interests	120	(36)	84	141	(42)	99
	479	**(144)**	**335**	(1,060)	318	(742)

7. INCOME TAX EXPENSE (Continued)

(d) Tax consolidation system

Legislation to allow groups, comprising a parent entity and its Australian resident wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002.

Altura Mining Limited and certain of its wholly-owned Australian subsidiaries are eligible to consolidate for tax purposes and have elected to form an income tax group under the Tax Consolidation Regime effective 1 July 2005. The implementation of the tax consolidation group was formally recognised by the ATO on 22 July 2005 with start date for income tax consolidation 1 July 2005 and Altura Mining Limited as the head entity of the group.

Entities within the tax-consolidated group have entered into a tax-sharing agreement with the head entity. Under the terms of this agreement, Altura Mining Limited and each of the entities in the tax consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on standalone tax payer basis. Such amounts are reflected in amounts receivable from or payable to other entities in the tax consolidated group.

8. CASH AND CASH EQUIVALENTS

	2012 $'000	2011 $'000
Cash at bank and on hand	17,221	5,455

Reconciliation to Statement of Cash Flows

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following at 30 June:

	2012 $'000	2011 $'000
Cash at bank and on hand	14,721	4,780
Deposits held in trust *	-	175
Short-term deposits	2,500	500
Cash at bank and on hand	17,221	5,455

* The Group was in the process of incorporating a subsidiary in the Philippines in the 2011 financial year and these funds were held in trust until incorporation was completed and the banking facility was established.

9. CURRENT TRADE & OTHER RECEIVABLES

	2012 $'000	2011 $'000
Trade and other receivables	2,797	1,875
	2,797	1,875

At 30 June, the ageing analysis of trade receivables is as follows:

	0-30 days $000	31-60 days $000	61-90 days $000	90+ days $000
2012 Consolidated	2,056	403	334	4
2011 Consolidated	1,473	307	31	64

Trade debtors are non-interest bearing and generally on 30 day terms.

10. INVENTORIES

	2012 $'000	2011 $'000
Consumables and stores – at cost	8	-
	8	-

11. HELD TO MATURITY INVESTMENTS

	2012 $'000	2011 $'000
Term deposits	6,375	8,750
	6,375	8,750

The term deposits are held to their maturity of less than one year and carry a weighted average fixed interest rate of 5.24% (2011 6.00%). Due to their short term nature their carrying value is assumed to approximate their fair value. Information about the Group's exposure to credit risk is disclosed in note 2.

12. OTHER CURRENT ASSETS

	2012 $'000	2011 $'000
Financial assets (security deposits)	75	226
Prepayments	382	265
	457	491

13. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles $'000	Office equipment $'000	Plant and equipment $'000	Land $'000	Exploration $'000	Plant and equipment under lease $'000	Total $'000
2012							
Gross carrying amount							
Balance at 30 June 2011	673	406	4,828	640	138	723	7,408
Additions	63	42	258	-	-	63	426
Transfer	(218)	-	218	-	-	-	-
Exchange difference	36	22	169	1	-	-	228
Disposals	(43)	(16)	-	-	-	(46)	(105)
Balance at 30 June 2012	511	454	5,473	641	138	740	7,957
Accumulated depreciation							
Balance at 30 June 2011	434	219	2,690	-	87	345	3,775
Depreciation expense	49	63	558	-	14	5	689
Transfer	(199)	-	199	-	-	-	-
Exchange difference	20	2	98	-	-	-	120
Disposals	(7)	(14)	-	-	-	(15)	(36)
Balance at 30 June 2012	297	270	3,545	-	101	335	4,548
Net book value as at 30 June 2012	**214**	**184**	**1,928**	**641**	**37**	**405**	**3,409**

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Motor vehicles	Office equipment	Plant and equipment	Land	Exploration	Plant and equipment under lease	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2011							
Gross carrying amount							
Balance at 30 June 2010	625	343	5,382	643	131	790	7,914
Additions	210	81	247	-	7	-	545
Exchange difference	(126)	(17)	(792)	(3)	-	(9)	(947)
Disposals	(36)	(1)	(9)	-	-	(58)	(104)
Balance at 30 June 2011	673	406	4,828	640	138	723	7,408
Accumulated depreciation							
Balance at 30 June 2010	503	169	2,600	-	65	286	3,623
Depreciation expense	62	57	494	-	22	70	705
Exchange difference	(96)	(6)	(402)	-	-	-	(504)
Disposals	(35)	(1)	(2)	-	-	(11)	(49)
Balance at 30 June 2011	434	219	2,690	-	87	345	3,775
Net book value as at 30 June 2011	**239**	**187**	**2,138**	**640**	**51**	**378**	**3,633**

14. EXPLORATION and EVALUATION

	2012 $'000	2011 $'000
Exploration and evaluation expenditure at cost:		
Carried forward from previous year	19,991	16,942
Incurred during the year	7,658	3,049
Disposed during year	-	-
	27,649	19,991
Written off during the year	(373)	-
Total exploration expenditure	27,276	19,991

The recovery of expenditure carried forward is dependent upon the discovery of commercially viable mineral and other natural resource deposits, their development and exploitation, or alternatively their sale.

The Company's title to certain mining tenements is subject to Ministerial approval and may be subject to successful outcomes of native title issues.

During the 2012 year, previously capitalised exploration costs relating to the Groups Finniss Range tenements were written off, and the tenements have since been surrendered.

15. INTANGIBLE ASSETS

	2012 $'000	2011 $'000
Goodwill		
Cost	4,529	4,529
Accumulated impairment loss	-	-
	4,529	4,529
Goodwill		
Balance at beginning of year	4,529	4,529
Additions	-	-
Disposals	-	-
Impaired losses	-	-
Closing balance at end of year	4,529	4,529

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is allocated at recognition to its associated cash generating units. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment. (Refer Note 3(a)).

16. TRADE AND OTHER PAYABLES

	2012 $'000	2011 $'000
Trade payables	3,004	1,376
Goods and services tax payable	-	11
	3,004	1,387

17. CURRENT INTEREST BEARING LIABILITIES

	2012 $'000	2011 $'000
Hire purchase liabilities (Note 31)	69	186
Related party loan (Note 25)	-	2,000
Total interest bearing liabilities	69	2,186

Hire purchase liabilities are effectively secured as the rights to the assets revert to the owner in the event of default.

18. CURRENT PROVISIONS

	2012 $'000	2011 $'000
Employee benefits	485	442
	485	442
Movements in Provisions		
Short term employee benefits		
Opening balance	442	524
Additional provision	165	98
Expense incurred	(122)	(180)
Balance at year end	485	442

The aggregate employee entitlement liability recognised and included in the financial statements is as follows:

	2012 $'000	2011 $'000
Provision for employee entitlements:		
Current	485	442
Total	485	442

19. CURRENT TAXATION & DEFERRED TAX LIABILITIES & ASSETS

	2012 $'000	2011 $'000
(a) Liabilities		
Current		
Income tax payable	(53)	-
Non-Current		
Deferred tax liability comprises:		
Unrealised foreign exchange gain	42	-
Tax allowances relating to exploration	7,730	5,816
	7,772	5,816
(b) Assets		
Current		
Income tax refundable	-	195
Non-Current		
Deferred assets comprises:		
Provisions	310	319
Revenue losses	11,357	9,524
Revenue losses not recognised	(4,022)	(4,148)
Property, plant and equipment	-	-
Prepayments	77	-
Other	330	165
	8,052	5,860
(c) Reconciliation of:		
Gross movements		
The overall movement in the deferred tax account is as follows:		
Opening balance – net deferred taxes	44	154
(Charge) / credit to income statement	237	(110)
Closing balance – net deferred taxes	281	44

Net deferred tax assets for the Indonesian entities are carried forward as it is probable that future tax profits will be available against which temporary differences can be utilised.

20. NON-CURRENT INTEREST BEARING LIABILITIES

	2012 $'000	2011 $'000
Hire purchase liabilities (Note 31)	21	46
	21	46

Hire purchase liabilities are effectively secured as the rights to the assets revert to the owner in the event of default.

21. CONTRIBUTED EQUITY

Issued capital

	2012 $'000	2011 $'000
2012: 454,272,181 (2011: 326,249,913) ordinary shares issued and fully paid	74,517	55,239

	2012 Number	2012 $'000	2011 Number	2011 $'000
Fully paid ordinary shares				
Balance at the beginning of the financial year	326,249,913	55,239	195,351,787	38,781
Share issue costs		(1)		(572)
Rights issue	-	-	82,391,322	10,711
Issue as private placement	-	-	47,843,201	6,219
Issue on exercise of options	123,622,268	18,543	663,603	100
Issue of shares to Directors and staff #	4,400,000	736	-	-
Balance at the end of the financial year	454,272,181	74,517	326,249,913	55,239

3,250,000 shares were issued to key management personnel.
Fully paid ordinary shares carry one vote per share and carry the rights to dividends. Ordinary shares have no par value.

Reserves

Option reserve
The option reserve records items recognised as expenses on the valuation of share options.

Foreign currency translation reserve
The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. There were no changes to the consolidated entity's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. The Board effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels and by share issues.

22. SHARE BASED PAYMENTS

Options

The Company has in place an Employee Share Option Plan (ESOP) under which employees and directors of the Consolidated Group may be issued on a discretionary basis with options over ordinary shares of Altura Mining Limited.

The purpose of this plan is to:

- recognise the ability and efforts of employees and directors of the Company who have contributed to the success of the Company;
- provide an incentive to employees and directors to achieve the long term objectives of the Company and improve the performance of the Company; and
- attract persons of experience and ability to the Company and foster and promote loyalty between the Company and its employees.

The options automatically lapse if they are not exercised before the expiry date, or when employment ceases with Altura Mining Limited.

22. SHARE BASED PAYMENTS (continued)

The employee share options expiring on 30 September 2015 and 22 December 2016 were issued for no consideration. Under the rules of the ESOP there is a three-year vesting period from the issue date before they can be exercised.

All options subject to the carry no rights to dividends and no voting rights, until converted into ordinary shares.

Historical volatility has been used as the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate.

The Company had the following options on issue under the employee share option plan as at 30 June 2012:

Number	Issue date	Exercise price	Expiry date
2,900,000	1 October 2010	$0.20	30 September 2015
7,000,000	13 December 2010	$0.20	30 September 2015
375,000	23 December 2011	$0.20	22 December 2016

	2012		2011	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Outstanding at the beginning of the year	11,250,000	0.23	1,550,000	0.48
Granted	375,000	0.20	11,050,000	0.20
Forfeited / expired	(1,350,000)	0.42	(1,350,000)	0.31
Exercised	-	-	-	-
Outstanding at year-end	10,275,000	0.20	11,250,000	0.23
Exercisable at year-end	-	-	1,150,000	0.46

During the year ended 30 June 2012, a total of 375,000 options were issued to senior staff on 23 December 2011 under the Company's ESOP.

The options have an exercise price of $0.20 with an expiry date of 22 December 2016. The options have a vesting date of 23 December 2014 and are designed as a long-term incentive to reward performance.

<u>Options</u>

When options are issued, they are valued at grant date using a Black-Scholes option pricing model. The inputs and assumptions for options currently on issue at 30 June 2012 were:

	Granted on 1 Oct 2010	Granted on 13 Dec 2010	Granted on 23 Dec 2011
Option exercise price ($)	$0.20	$0.20	$0.20
Expected volatility (%)	105.66%	105.66%	87.3%
Dividend yield (%)	0%	0%	0%
Risk-free interest rate (%)	4.95%	5.42%	3.32%
Expected life of option (years)	5	5	5
Weighted average fair value at grant date	$0.0893	$0.0942	$0.0755

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were $325,242 (2011: $215,579).

23. AUDITORS' REMUNERATION

	2012 $'000	2011 $'000
Amount paid or payable for the audit or review of the financial report	104	134
	104	134

24. KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Names and positions held of key management personnel in office at any time during the financial year are:

Directors

James Brown	Managing Director
Paul Mantell	Executive Director
Allan Buckler	Non-Executive Director
Dan O'Neill	Non-Executive Director
BT Kuan	Non-Executive Director

Key Management Personnel

Noel Young	Group Financial Controller and Company Secretary
Damon Cox	Company Secretary

(b) Key management personnel remuneration

	2012 $'000	2011 $'000
Short-term employee benefits	1,577,963	956,076
Long-term employee benefits	-	-
Post employment benefits	101,833	54,603
Termination benefits	-	-
Share based payments	256,088	144,484
	1,935,884	1,155,163

(c) Option holdings

Number of options held by key management personnel

2012	Balance at the start of the year	Granted as compen-sation	Exercised / lapsed	Purchased in rights issue	Balance at end of the year	Vested and exercisable	Unvested
J Brown	2,600,000	-	600,000	-	2,000,000	-	2,000,000
P Mantell	5,423,738	-	3,423,738	-	2,000,000	-	2,000,000
A Buckler	28,613,384	-	27,613,384	-	1,000,000	-	1,000,000
D O'Neill	1,333,334	-	333,334	-	1,000,000	-	1,000,000
B Kuan	1,395,134	-	395,134	-	1,000,000	-	1,000,000
N Young	859,832	-	509,832	-	350,000	-	350,000
D Cox	450,000	-	100,000	-	350,000	-	350,000

Details of options granted as compensation and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the Directors' Report and under Note 22.

24. KEY MANAGEMENT PERSONNEL COMPENSATION (Continued)

2011	Balance at the start of the year	Granted as compen-sation	Exercised / lapsed	Purchased in rights issue	Balance at end of the year	Vested and exercisable	Unvested
J Brown	200,000	2,000,000	-	400,000	2,600,000	600,000	2,000,000
P Mantell	-	2,000,000	-	3,423,738	5,423,738	3,423,738	2,000,000
A Buckler	-	1,000,000	-	27,613,384	28,613,384	27,613,384	1,000,000
D O'Neill	-	1,000,000	-	333,334	1,333,334	333,334	1,000,000
B Kuan	250,000	1,000,000	(250,000)	395,134	1,395,134	395,134	1,000,000
N Young	-	350,000	-	509,832	859,832	509,832	350,000
D Cox	100,000	350,000	-	-	450,000	100,000	350,000

(d) Share holdings

Number of shares held by key management personnel
The number of shares in the Company held during the financial year by each director of Altura Mining Limited and other key management personnel of the Group, including their personally related parties, are set out below. Other changes during the year include the bonus issue of shares to directors (following approval at the 2011 AGM) and other key management personnel.

2012	Balance at the start of the year	Purchased / (sold)	Purchased in rights issue	Received on the exercise of options	Other changes	Balance at the end of the year
J Brown	2,012,262	30,000	-	400,000	1,000,000	3,442,262
P Mantell	5,559,345	-	-	3,423,738	250,000	9,233,083
A Buckler	55,533,460	(1,000,000)	-	27,613,385	-	82,146,845
D O'Neill	533,334	-	-	133,334	500,000	1,166,668
B Kuan	987,834	-	-	395,134	500,000	1,882,968
N Young	824,579	-	-	509,832	250,000	1,584,411
D Cox	-	-	-	-	250,000	250,000

2011	Balance at the start of the year	Purchased / (sold)	Purchased in rights issue	Received on the exercise of options	Other changes	Balance at the end of the year
J Brown	1,612,262	-	400,000	-	-	2,012,262
P Mantell	2,135,607	-	3,423,738	-	-	5,559,345
A Buckler	27,645,752	274,324	27,613,384	-	-	55,533,460
D O'Neill	200,000	-	333,334	-	-	533,334
B Kuan	592,700	-	395,134	-	-	987,834
N Young	314,747	-	509,832	-	-	824,579
D Cox	-	-	-	-	-	-

25. RELATED PARTY DISCLOSURE

Name of entity	Country of incorporation	Ownership interest 2012 %	2011 %
Parent entity			
Altura Mining Limited			
Controlled entities			
Altura Exploration Pty Ltd	Australia	100	100
Australian Garnet Pty Ltd	Australia	100	100
Altura Drilling Pty Ltd	Australia	100	100
Altura Lithium Pty Ltd	Australia	100	-
Minvest Australia Pty Ltd	Australia	100	100
Minvest International Corporation	Mauritius	100	100
Altura Asia Pte. Ltd.	Singapore	100	100
Altura Mining Philippines Inc. *	Philippines	40	-
PT Asiadrill Bara Utama	Indonesia	100	100
PT Velseis Indonesia	Indonesia	50	50
PT Altura Indonesia (formerly PT Minvest Trinusa Utama)	Indonesia	100	100
PT Minvest Mitra Pembangunan	Indonesia	100	100
PT Jasa Tambang Pratama	Indonesia	100	100
PT Cakrawala Jasa Pratama	Indonesia	100	100
PT Minvest Jasatama Teknik	Indonesia	100	100
PT Cybertek Global Utama	Indonesia	100	100

Altura Mining Limited, Altura Exploration Pty Ltd and Australian Garnet Pty Ltd are included within the tax consolidation group.

* Altura Mining Limited through its wholly owned subsidiary, Altura Asia Pte. Ltd holds 40% direct equity in Altura Mining Philippines Inc. This entity is considered a subsidiary as the Company has full economic and management rights.

Transactions within the wholly-owned group

The wholly-owned group includes:

- the ultimate parent entity in the wholly-owned group; and
- wholly-owned controlled entities.

The ultimate parent entity in the wholly-owned Group is Altura Mining Limited.

During the year the parent entity provided financial assistance to its wholly owned controlled entities by way of intercompany loans. The loans are unsecured, interest free and have no fixed term of repayment. Sales and purchases between related parties within the Group have been eliminated upon consolidation. There were no further sales or purchases from related parties during the financial year.

Transactions with directors

At the commencement of financial year the parent entity maintained a loan from Hartco Nominees Pty Ltd (a nominee service company owned by an unrelated company). The loan was unsecured with interest being payable monthly at a commercial interest rate. On 31st August 2011 the balance of $2,000,000 (2011: $2,000,000) was repaid in full and the facility was closed. Allan Buckler, a Director of Altura, holds shares in Altura through Hartco Nominees Pty Ltd. Total interest paid to Hartco during the year was $14,863 (2011: $175,000).

26. NOTES TO STATEMENT OF CASH FLOWS

(a) For the purpose of the statement of cash flows, cash includes cash on hand and in banks, and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the balance sheet as follows:

	2012 $'000	2011 $'000
Cash at bank and on hand (Note 8)	17,221	5,455
Cash per statement of cash flows	17,221	5,455

(b) Reconciliation of operating profit / (loss) after income tax to net cash used in operating activities

	2012 $'000	2011 $'000
Operating profit / (loss) after income tax	(1,835)	(1,674)
Adjustments for non-cash income and expense items:		
Option and share pricing	325	216
Bonus paid in shares	735	-
Net gain on debt defeasance	-	(293)
Depreciation of property, plant and equipment	691	705
Exploration expenditure written off	374	-
Foreign currency exchange rate movement	(159)	439
(Increase) /decrease in current tax liability	(248)	(166)
Increase / (decrease) in deferred tax balances	(237)	(110)
Changes in assets and liabilities:		
(Increase) / decrease in receivables	(919)	490
(Decrease) / increase in other creditors and accruals	236	(155)
(Increase) / decrease in inventories	(8)	-
(Increase) / decrease in deposits and prepayments	34	(50)
Increase / (decrease) in current provisions	(42)	(82)
Net cash provided by (used in) operating activities	(1,053)	(680)

(c) Acquisition of entities

No cash was outlaid for acquisitions.

(d) Non-cash financing and investing activities

There were no non-cash financing and investing activities during the year.

27. PARENT ENTITY DISCLOSURE

	Parent 2012 $'000	2011 $'000
(a) Summary of financial information		
The individual financial statements for the parent entity show the following aggregate amounts:		
Balance sheet		
Current assets	16,553	11,931
Total assets	66,954	51,563
Current liabilities	351	321
Total liabilities	351	2,321
Net assets	66,603	49,242
Equity		
Contributed equity	74,517	55,239
Reserves	518	308
Retained profits / (accumulated losses)	(8,432)	(6,305)
Total shareholder equity	66,603	49,242
Profit / (loss) for the year	(2,241)	(2,246)
Total comprehensive income / (loss) for the year	(2,241)	(2,246)

(b) Contingent liabilities

Contingent liabilities are disclosed in note 29.

(c) Contractual commitments

	2012 $'000	2011 $'000
No later than one year	274	310
Later than one year and not later than five years	439	713
Later than five years	-	-
	713	1,023

28. SUBSEQUENT EVENTS

In August 2012, Altura executed a formal Sale and Purchase Agreement to purchase equity in two further coal projects located in South Kalimantan, Indonesia. Altura had originally signed an agreement in principle to purchase the two Mining Permits in April 2012, and had been working since then to complete the due diligence process and documentation.

No other matters have arisen since the end of the financial year which 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 subsequent financial years.

29. CONTINGENT LIABILITIES

Details and estimates of maximum amounts of contingent liabilities for which no provision is included in the financial statements are as follows:

	2012 $'000	2011 $'000
The bankers of the Consolidated Group and parent entity have issued undertakings and guarantees to the Department of Mines and Energy and various other entities.	245	251

No losses are anticipated in respect of any of the above contingent liabilities.

30. COMMITMENTS FOR EXPENDITURE

In order to maintain an interest in the mining and exploration tenements in which the Consolidated Group is involved, the Consolidated Group is committed to meet the conditions under which the tenements were granted and the obligations of any joint venture agreements. The timing and amount of exploration expenditure commitments and obligations of the Consolidated Group are subject to the minimum expenditure commitments required by the relevant State Departments of Minerals and Energy, and may vary significantly from the forecast based upon the results of the work performed which will determine the prospectivity of the relevant area of interest.

(a) Exploration work

The Company has certain obligations to perform minimum exploration work and expend minimum amounts on its mining tenements. Obligations for the next 12 months are expected to amount to $438,120 (2011: $509,703). No estimate has been given of expenditure commitments beyond 12 months as this is dependent on the directors' ongoing assessment of operations and, in certain instances, native title negotiations.

(b) Asset acquisitions

The Consolidated Group has no commitments for asset acquisitions at 30 June 2012.

(c) Operating lease

The Consolidated Group has entered into operating leases for office premises at Brookwater in Qld, at Subiaco in WA, at Jakarta and Balikpapan in Indonesia. The Consolidated Group also has leases in relation to vehicles and office equipment.

The commitment in respect of these leases is:

	2012 $'000	2011 $'000
No later than one year	410	491
Later than one year and not later than five years	440	837
Later than five years	-	-
	850	1,328

31. HIRE PURCHASE COMMITMENTS

Hire purchase agreements
The consolidated entity will acquire the plant and equipment at the conclusion of the respective agreements.

	2012 $'000	2011 $'000
No later than one year	69	186
Later than one year and not later than five years	21	46
Later than five years	-	-
	90	232
Included in the financial statements as:		
Current hire purchase liabilities (Note 17)	69	186
Non-current hire purchase liabilities (Note 20)	21	46
	90	232

32. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. However, the adoption of AASB 1054 Australian Additional Disclosures and AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project enabled the removal of certain disclosures in relation to commitments and the franking of dividends.

Directors' Declaration

In the directors' opinion:

(a) The financial statements and notes are in accordance with the *Corporations Act 2001* and:

a. comply with Accounting Standards and the Corporations Regulations 2001; and
b. give a true and fair view of the consolidated entity's financial position as at 30 June 2012 and its performance for the financial year ended on that date;

(b) the financial statements and notes also comply with International Financial Reporting Standards as set out in note 1;

(c) the remuneration disclosures that are contained in the remuneration report in the Directors' report comply with Australian Accounting Standard AASB 124 Related Party Disclosures, the *Corporations Act 2001* and the Corporations Regulations 2001; and

(d) there are reasonable grounds to believe that the Company will be able to pay its debt as and when they become due and payable.

The directors have been given the declarations by the Chief Executive Officer and the Chief Financial Officer required under section 295A of the *Corporations Act 2001*.

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

BT Kuan
Director

Signed at Singapore this 11th day of September 2012

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Report
We have audited the accompanying financial report of Altura Mining Limited, which comprises the consolidated balance sheet as at 30 June 2012, and the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report
The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements* that the financial statements comply with International Financial Reporting Standards

Auditor's Responsibility
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Auditor's Opinion
In our opinion, the financial report of Altura Mining Limited is in accordance with the Corporations Act 2001 including:

(a) (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 year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 9 of the directors' report for the year ended 30 June 2012. The directors are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Altura Mining Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001.*

Crowe Horwath Perth

CROWE HORWATH PERTH

SEAN MCGURK
Partner

Signed at Perth, 11 September 2012