

**AUSTRALIAN-AMERICAN MINING CORPORATION LTD**

**ACN 073 155 781**



**FULL YEAR STATUTORY ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2013**

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## CORPORATE GOVERNANCE STATEMENT

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

### APPROACH TO CORPORATE GOVERNANCE

Australian-American Mining Corporation Ltd ("AusAmerican" or "the **company**") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 2<sup>nd</sup> edition (**Principles & Recommendations**), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where, the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" regime, where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and an explanation for the adoption of its own practice.

Further information about the Company's corporate governance practices may be found on the Company's website under the section marked "Corporate Governance".

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the 2012/2013 financial year (**Reporting Period**). The Principles & Recommendations were amended in 2010 and these amendments apply to the Company's first financial year commencing on or after 1 January 2011. However, as encouraged by the ASX Corporate Governance Council, the Company has made an early transition to the amended Principles & Recommendations. Accordingly, the report below is made against the Principles & Recommendations as amended in 2010.

### BOARD

#### Roles and Responsibilities of the Board and Senior Executives (Recommendations: 1.1, 1.3)

The Company has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in its Board Charter.

The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives, and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

Senior executives are responsible for supporting and assisting the Managing Director in implementing the running of the general operations and financial business of the Company in accordance with the delegated authority of the Board. Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, directly to the Chairman.

The Company's Board Charter is available on the Company's website.

#### Skills, Experience, Expertise and Period of Office of Each Director (Recommendation: 2.6)

A profile of each Director setting out their skills, experience, expertise and period of office is set out in the Directors' Report.

Currently the Board comprises five directors, being a Chairman, who also serves as Company Secretary, a Managing Director, one Executive Director and two non-executive directors. The directors have a broad mix of skills, experience and knowledge to enable them to effectively and efficiently discharge their responsibilities and duties. The Board considers that the current independent director in the company is appropriate for the effective execution of the Board's responsibilities. The Board considers that all the individuals on the Board can and do make quality and independent judgments in the best interests of the Company and possess the skills and experience suitable for building the Company. The directors periodically monitor the need to appoint additional independent directors.



### **Director Independence** **(Recommendations: 2.1, 2.2, 2.3, 2.6)**

The Board has an appropriate mix of directors who are independent.

The independent directors of the Company are Peter Landau and Don Falconer. These directors are independent as they are non-executive directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement.

The Board considers the independence of directors having regard to the relationships listed in the Principles & Recommendations and the Company's materiality thresholds.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount of over 5% of annual turnover of the company or Group or 5% of the individual directors' net worth is considered material for these purposes. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may impact the shareholders' understanding of the director's performance.

The non-independent directors of the Company are Richard Holmes, Jim Malone and Ben Mead.

The Chairman of the Board is Jim Malone. ASX Corporate Governance Council Recommendation 2.2 requires the Chairman to be an independent director. The Board considers that at this stage of the Company's development, the composition of the Board is appropriate.

### **Independent Professional Advice** **(Recommendation: 2.6)**

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval from the Chair for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.

### **Selection and (Re) Appointment of Directors** **(Recommendation: 2.6)**

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed process whereby it evaluates the mix of skills, experience, expertise and diversity of the existing Board. In particular, the Nomination Committee (or equivalent) is to identify the particular skills and diversity that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors. Potential candidates are identified and, if relevant, the Nomination Committee (or equivalent) recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Each director is required to be re-appointed at each general meeting under the constitution of the company. At each annual general meeting all directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of directors is not automatic.

The Company's Policy and Procedure for the Selection and Reappointment of Directors is available on the Company's website.

## **BOARD COMMITTEES**

### **Nomination Committee** **(Recommendations: 2.4, 2.6)**

The Company has not established a separate Nomination Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of the Nomination Committee. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it carries out those functions which are delegated to it in the Company's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Nomination Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.



The Nomination Committee is not structured in accordance with Recommendation 2.4. Given the current size and composition of the Company, the Board believes that the Company does not have the resources to structure the Nomination Committee in compliance with this Recommendation and that compliance would represent a significant and disproportionate compliance cost for the Company without providing outweighing benefits to the Company.

The full Board carries out the role of the Nomination Committee. The full Board did not officially convene as a Nomination Committee during the Reporting Period; however nomination-related discussions occurred from time to time during the year as required.

#### **Audit & Risk Committee** **(Recommendations: 4.1, 4.2, 4.3, 4.4)**

The Audit & Risk Committee consists of the following directors:

- Don Falconer (Chair)
- Jim Malone

Details of these directors' qualifications and attendance at Audit & Risk Committee meetings are set out in the Directors' Report.

All members of the Audit & Risk Committee are financially literate and have an appropriate understanding of the industries in which the Group operates. One member, Mr Malone, has relevant qualifications and experience by virtue of being a CPA. The Audit & Risk Committee operates in accordance with a charter which is available on the company website.

The main responsibilities of the committee are to:

- review the half yearly and annual financial statements.
- an assessment of whether external financial reporting is consistent with committee member's information and knowledge and is adequate for shareholder's needs.
- receipt of assurances from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that they have provided a declaration in accordance with section 295A of the Corporations Act and that it is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.
- an assessment of the management processes supporting external reporting.
- review and report to the board on the impact of any proposed changes in accounting policies on the financial statements.
- review the appropriateness of the accounting principles adopted by management in the financial reports and the integrity of the Company's financial reporting.
- review the results of the external audits of half yearly and annual financial statements.

The Audit & Risk Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit & Risk Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit & Risk Committee (or its equivalent) and any recommendations are made to the Board. The external auditor will attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

The Company's Audit & Risk Committee Charter and the Company's Procedure for Selection, Appointment and Rotation of External Auditor are available on the Company's website.

#### **Remuneration Committee** **(Recommendations: 8.1, 8.2, 8.3, 8.4)**

The Company has not established a separate Remuneration Committee. Given the current size and composition of the Company, the Board believes that there would be no efficiencies gained by establishing a separate Remuneration Committee. Accordingly, the Board performs the role of Remuneration Committee. Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Remuneration Committee it carries out those functions which are delegated in the Company's Remuneration Committee Charter. The Board deals with any



conflicts of interest that may occur when convening in the capacity of Remuneration Committee by ensuring the director with conflicting interests is not party to the relevant discussions.

The Remuneration Committee is not structured in accordance with Recommendation 8.2. Given the current size and composition of the Company, the Board believes that the Company does not have the resources to structure the Remuneration Committee in compliance with this Recommendation and that compliance would represent a significant and disproportionate compliance cost for the Company without providing outweighing benefits to the Company.

The full Board did not officially convene as a Remuneration Committee during the Reporting Period; however remuneration-related discussions occurred from time to time during the year as required.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Directors' Report. Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to individual performance. Pay and rewards for executive directors and senior executives consists of a base salary and performance incentives. Given the Company is at its early stage of development and the financial restrictions placed on it, the Company may consider it appropriate to issue unlisted options to non-executive Directors, subject to obtaining the relevant approvals. This Policy is subject to annual review. All of the Directors' option holdings are fully disclosed. From time to time the Company may grant options to non-executive Directors. The grant of options is designed to recognise and reward efforts as well as to provide non-executive Directors with additional incentive to continue those efforts for the benefit of the Company. Executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness.

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

The Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes is available on the Company's website.

## PERFORMANCE EVALUATION

### Senior Executives

(Recommendations: 1.2, 1.3)

The Chairman oversees the performance evaluation of the executive team. This evaluation is based on specific criteria, including the business performance of the Company and its subsidiaries, whether strategic objectives are being achieved and the development of management and personnel.

The Company's Procedure for Performance Evaluation is available on the Company's website.

During the Reporting Period an evaluation of senior executives took place in accordance with the process disclosed.

### Board, Its Committees and Individual Directors

(Recommendations: 2.5, 2.6)

The Chairman arranges a performance evaluation of the Board, its Committees and its individual Directors on an annual basis. To assist in this process an independent advisor may be used. The Chairman conducts an annual review of the role of the Board, assesses the performance of the Board over the previous 12 months and examines ways of assisting the Board in performing its duties more effectively. The review includes:

- comparing the performance of the Board with the requirements of its Charter;
- examination of the Board's interaction with management;
- the nature of information provided to the Board by management; and
- management's performance in assisting the Board to meet its objectives.

The Company's Procedure for Performance Evaluation is available on the Company's website.

During the Reporting Period an evaluation of the Board, its Committees and its individual Directors took place in accordance with the process disclosed.

## ETHICAL AND RESPONSIBLE DECISION MAKING

### Code of Conduct

(Recommendations: 3.1, 3.5)

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders, and practices necessary to allocate the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

A summary of the Company's Code of Conduct is available on the Company website.

### Diversity

(Recommendations: 3.2, 3.3, 3.4, 3.5)

The Company has established a Diversity Policy, which includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress towards achieving them.

A summary of the Company's Diversity Policy is available on the Company's website.

The Board has not set measurable objectives for achieving gender diversity. Given the size of the Company and the number of employees it is not considered meaningful to do so.

The proportion of women employees in the whole organisation, women in senior executive positions and women on the Board are set out in the following table:

	Proportion of Women
Whole organisation	3 out of 11 (27.27%)
Senior Executive positions	1 out of 8 (12.5%)
Board	0 out of 5 (0%)

### Continuous Disclosure

(Recommendations: 5.1, 5.2)

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

A summary of the Company's Policy on Continuous Disclosure is available on the Company's website.

### Shareholder Communication

(Recommendations: 6.1, 6.2)

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

A summary of the Company's Shareholder Communication Policy is available on the Company's website.

### Risk Management

(Recommendations: 7.1, 7.2, 7.3, 7.4)

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Audit & Risk Committee is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

The Company's process of risk management and internal compliance and control includes:

- identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks.
- formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls.
- monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.



The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required to assess risk management and associated internal compliance and control procedures and report back at least annually on this specific matter to the Audit & Risk Committee.

The Board reviews assessments of the effectiveness of risk management and internal compliance and control on at least an annual basis. The Board has received a report from management as to the effectiveness of the Company's management of its material business risks.

The Managing Director and the Chairman have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risk.

A summary of the Company's Risk Management Policy is available on the Company's website.

## DIRECTORS' REPORT

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### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

The Directors of Australian-American Mining Corporation Ltd submit herewith the annual financial report for the year ended 30 June 2013. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

#### DIRECTORS

The Directors of the Company in office during or since the end of the financial year are:

Richard Holmes	-	Managing Director
Jim Malone	-	Chairman, Executive Director, Company Secretary and Chief Financial Officer. (appointed Chairman 30 November 2012)
Don Falconer	-	Non-Executive Director
Peter Landau	-	Non-Executive Director (appointed 1 August 2013)
Ben Mead	-	Executive Director (appointed 9 September 2013)
Mark Ceglinski	-	Chairman (retired by rotation 30 November 2012)

All directors held office from the start of the financial year to the date of this report unless otherwise stated.

#### PRINCIPAL ACTIVITIES

The principal activities of the Company and of the Consolidated Entity are:

- (i) Exploration and development of minerals including copper, gold, silver other base metals and uranium.
- (ii) The acquisition and development of mineral tenements.

#### OPERATING RESULTS

The loss of the Consolidated Entity for the year ended 30 June 2013 after income tax was \$5,727,257 (2012: loss \$4,650,512).

#### DIVIDENDS

The Directors recommend that no dividend be paid for the year ended 30 June 2013 nor have any amounts been paid or declared by way of dividend during the year.

#### REVIEW OF OPERATIONS

##### Overview

AusAmerican is a multi-commodity exploration company. All of its projects are currently located in the United States of America ("USA").

The company's copper/gold projects are:

- Bluebell (option to purchase 100%) - Arizona
- De Soto (option to purchase 100%) - Arizona
- San Marcos (100% ; farming out) – Arizona

The company's uranium projects are:

- Rio Puerco (100%) - New Mexico
- Grants Ridge JV (earning 65%) - New Mexico
- Kit Carson (100%) - New Mexico
- Northern project (100%) - New Mexico
- Apex/Lowboy (100%) – Nevada
- Lone Star JV (90%) – Texas

The company's REE/speciality metals projects:

- La Paz - Arizona.

## 1. COPPER/GOLD PROJECTS

### 1.1 The Bluebell and De Soto Mines

The company announced on the 13<sup>th</sup> August 2012 that it had entered into an option agreement to purchase the Bluebell and De Soto projects which are located in Yavapai county, Arizona, USA. The option agreement was finalised and the option fee was paid for and announced to the ASX on 20 September 2012.

The Bluebell Mine was operated from 1906 to 1926 and produced approximately 1.2 million tons at 3.2% copper, 1.7g/t gold and 42g/t silver. The operation had 5 operating shafts with the main shaft sunk to approximately 420m below the surface. Around 9.1km of underground workings were developed. The mining method used was shrink stoping where high grade lenses were selectively mined. Individual high grade lenses were up to 4m wide. The cut-off grade for the mine varied from 2% to 3% copper depending on the price of copper at the time.

The De Soto mine was discovered in 1890 and operated in the early 1900's. Production was approximately 280,000 tons at a grade of 3.7% copper, 1.4g/t gold and 34g/t silver. The mining operation utilised a number of audits and ore was extracted from several small high grade VMS bodies.

#### Regional Geological Setting

The properties are located on the volcanogenic massive sulphide assembly in the Jerome Greenstone Belt of Middle Proterozoic age in Central North Arizona. The ore bodies of this region are hosted in submarine volcanogenic lithostratigraphies which are a steeply dipping rock sequence extending in a north-south direction over a distance of approximately 50km in length and of 2.4km in width.

Numerous ore bodies were mined historically in this region and ranged in size from less than 1 million tons to 25 million tons of high grade sulphide ores. Typically only the high grade copper core (>3.0% Cu) was extracted with gold/silver produced as smelter by-product. All mining ceased in the region during the 1930's.

#### Local Geology and Mineralisation

The ore bodies at both the Bluebell and De Soto mines are hosted in the Yavapai schist; an altered magnesium-chlorite schist with an anastomosing veinlet pattern which suggests a stock work zone. This unit varies in thickness from 30m – 40m and is believed to extend for the length of both properties (~2.7km at both Bluebell and De Soto).

The tabular strata bound high grade massive sulphide bodies are often located at the foot and hanging wall contacts of the Yavapai schist. Seven massive sulphide lenses were mined at the Bluebell and only one lens outcropped. Although the massive sulphide lenses had a relatively short strike (~140m max) they displayed excellent down dip continuity, with some lenses mined to more than 400m below the surface. At least 4 of the massive sulphide lenses are open at depth.

The Yavapai schist is also host to lower grade stock work mineralization containing copper, gold and silver. This unit has significant exploration potential and forms the exploration target below.

During the year, the company completed it's the maiden drilling program at the Blue Bell project. The drilling continued to return copper/zinc/gold/silver intersections, many of them shallow and high grade.

Some of the better intersections form the programme included;

- 9 m@ 2.2% Copper equivalent \* (CuEq) (1.8% copper, 0.3 g/t gold and 19.6 g/t silver ) from 8 m
- 8 m @ 0.8 % CuEq (0.7% copper, 0.1% gold and 3.3% silver) from 21 metres
- 40.4 m @ 0.8% CuEq (0.7% copper, 0.1 g/t gold and 5.5 g/t silver) from 14 metres
- 11 m @ 2.3% CuEq (0.3% Cu, 1.6 g/t gold, 39.5 g/t silver) from 283 metres
- 4 metres at 1.5% CuEq (1% copper, 0.2 g/t gold, 17 g/t silver) from 200 metres
- 17 metres @ 4.5 % CuEq (2.1% copper, 2.1 g/t gold, 38 g/t silver and 0.9% zinc) from 239 m
- 9 m@ 0.9% CuEq (0.8% copper, 0.1 g/t gold and 5.3 g/t silver) from 195 m
- 2 m @ 1.0% CuEq (0.7% copper, 0.2 g/t gold and 10.3 g/t silver) from 208 m
- 11 m @ 0.6% CuEq (0.4% copper, 0.1 g/t gold and 6 g/t silver)
- 4 m @ 3.2 % CuEq (0.7% copper, 2.2 g/t gold, 41.5 g/t silver and 1.1% zinc) from 195 m
- 17 m @ 0.9% CuEq (0.8% copper, 0.1 g/t gold and 5.3 g/t silver) from 158 m
- 17m @ 4.6% CuEq (3.3% copper, 1.3g/t gold and 31.2g/t silver) from 216m
- 17m @ 1.3% CuEq (1.0% copper, 0.2g/t gold and 9.9g/t silver) from 192m
- 15m @ 2.2% CuEq (1.9 copper, 0.2g/t gold and 11.0g/t silver) from 213m



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- 10m @ 0.9% CuEq (0.6% copper, 0.2g/t gold and 11.9g/t silver) from 252m
- 12m @ 4.9% Copper Equivalent\* (CuEq) (1.5% copper, 3.0g/t gold, 50.3g/t silver and 1.6% zinc) from 53m
- 7m @ 2.3% Copper Equivalent\* (CuEq) (1.2% copper, 0.7g/t gold, 16.0g/t silver and 1.2% zinc) from 29m
- 8m @ 1.7% Copper Equivalent\* (CuEq) (0.4% copper, 1.0g/t gold, 18.7g/t silver and 1.2% zinc) from 59m

Approximately 5,000 metres was completed and the company drilled 26 holes. The company was delighted with the way in which the drilling program was completed and the performance of the drilling company National EWP. The program was completed on time, within budget and was accident free.

The company is highly encouraged by the results. As was reported throughout the programme, the drilling program has delivered significant high grade massive sulphide Cu/Au/Ag results both close to surface and at depth in 23 of the 26 holes reported to date.

Mineralisation remains open along strike and at depths and there was the discovery of a new high grade lense to the north of the existing mineralisation. The results also returned high precious metal returns of up to 8.8 g/t gold and up to 104 g/t silver.

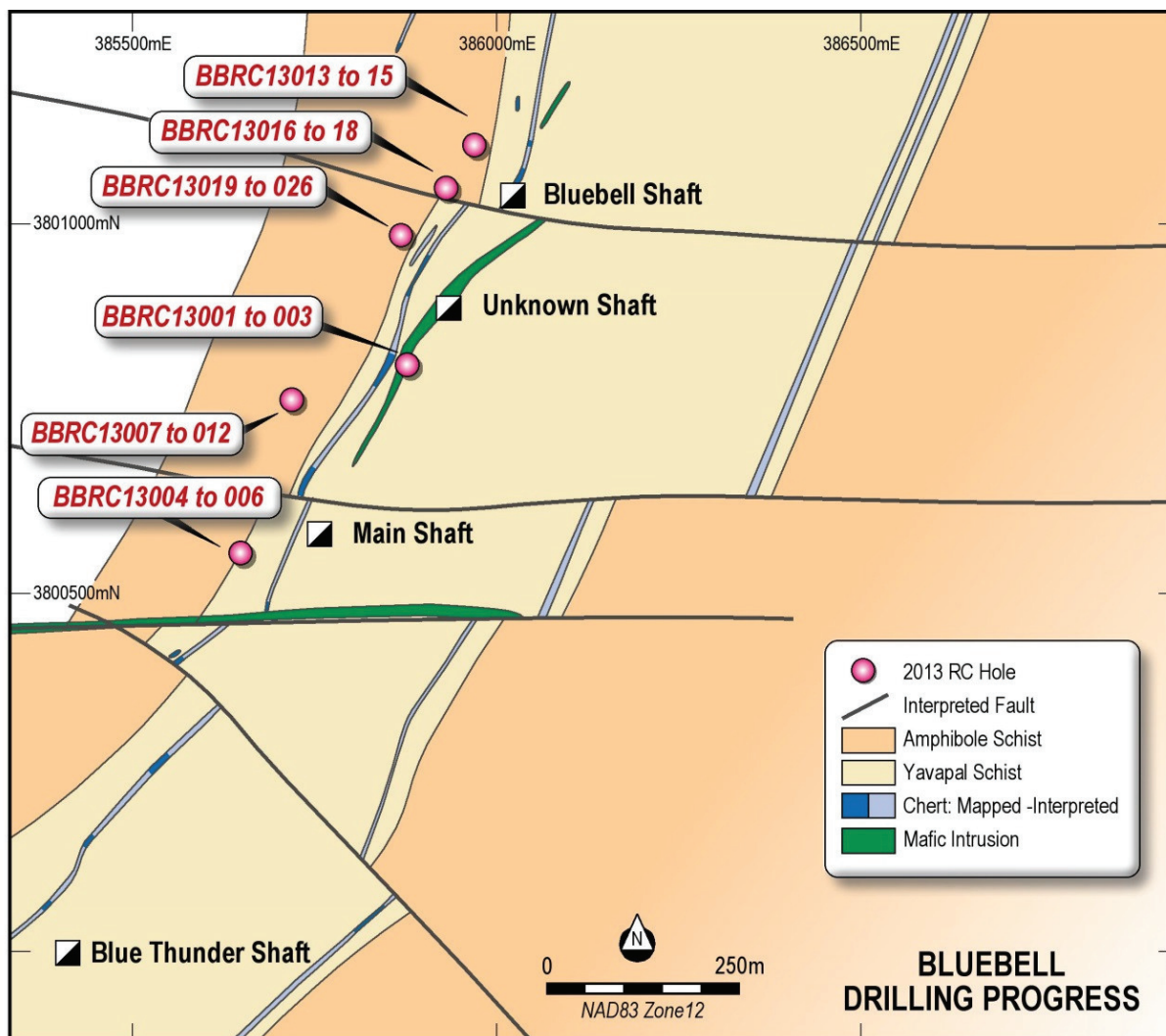


Figure 1: Blue Bell Drill Hole Plan

Drillhole	Easting	Northing	RL	Hole Depth	Azimuth	Dip	From	To	Interval (m)	Cu%	Au g/t	Ag g/t	Zn%	CuEq
BBRC13001	385,883	3,800,807	1,354	60	120	-45	8	17	9	1.8	0.3	19.6	0.0	2.3
including							11	12	1	11.2	0.6	93.2	0.0	13.0
and							21	29	8	0.7	0.1	3.3	0.0	0.8
BBRC13002	385,882	3,800,808	1,354	86	120	-70	10	11	1	1.6	0.2	11.8	0.0	1.9
and							31	38	7	0.4	0.1	2.3	0.0	0.5
BBRC13003	385,881	3,800,808	1,354	120	120	-90	14.4	55	40.6	0.7	0.1	5.5	0.0	0.9
including							16.2	20.7	4.5	2.0	0.3	7.0	0.0	2.3
and							31	34	3	1.4	0.3	19.8	0.0	1.9
and							68	77	9	0.3	0.0	1.1	0.0	0.4
BBRC13004	385,694	3,800,570	1,324	109	120	-45	29	36	7	1.2	0.7	16.0	1.2	2.3
and							53	65	12	1.5	3.0	50.3	1.6	4.9
BBRC13005	385,692	3,800,572	1,324	103	120	-80	59	67	8	0.4	1.0	18.7	1.2	1.7
BBRC13006	385,687	3,800,572	1,324	113	180	-75	No Significant Assays							
BBRC13007	385,720	3,800,760	1,389	258	160	-45	200	204	4	1.0	0.2	17.0	0.0	1.5
BBRC13008	385,720	3,800,760	1,389	231	160	-60	No Significant Assays							
BBRC13009	385,720	3,800,760	1,389	310	160	-80	283	294	11	0.3	1.6	39.5	1.1	2.3
BBRC13010	385,720	3,800,760	1,389	259	90	-65	195	204	9	0.8	0.1	5.3	0.0	0.9
and							208	210	2	0.7	0.2	10.3	0.0	1.0
BBRC13011	385,720	3,800,760	1,389	328	90	-80	239	256	17	2.1	2.1	38	0.9	4.5
including							245	253	8	3.2	3.4	50	0.8	6.6
and							287	295	8	0.4	0	4.8	0.0	0.5
BBRC13012	385,720	3,800,760	1,389	215	90	-45	179	190	11	0.4	0.1	6.0	0.0	0.6
BBRC13013	385,971	3,801,109	1,395	108	120	-50	80	81	1	0	0.4	19.5	0.8	0.8
BBRC13014	385,969	3,801,110	1,395	130	120	-70	106	110	4	1.0	0.4	9.5	0.0	1.4
BBRC13015	385,968	3,801,110	1,395	188	120	-80	126	127	1	0	0.3	14.9	0.0	0.4
BBRC13016	385,934	3,801,053	1,384	136	120	-45	88	90	2	0.4	0	2.2	0.0	0.4
and							119	126	7	0.2	0	1.8	3.2	1.2
BBRC13017	385,932	3,801,054	1,384	160	120	-65	101	108	7	0.4	0	1.3	0.8	0.6
BBRC13018	385,931	3,801,055	1,384	226	0	-90	175	184	9	0.0	0.1	1.3	3.2	1.1
including							179	182	3	0.0	0	0.5	8.3	2.5
BBRC13019	385,870	3,800,980	1,403	193	120	-45	142	146	4	0.8	0.1	5.3	0.0	0.9
BBRC13020	385,868	3,800,989	1,403	253	120	-65	No Significant Assays							
BBRC13021	385,870	3,800,980	1,403	278	120	-75	195	199	4	0.7	2.2	41.5	1.1	3.2
BBRC13022	385,863	3,800,940	1,398	343	185	-70	216	233	17	3.3	1.3	31.2	0	4.6
including							216	225	9	4.5	1.1	43.6	0	6.0
and							240	245	5	0.5	0.1	4.8	0	0.6
BBRC13023	385,870	3,800,980	1,403	238	150	-45	158	175	17	0.8	0.1	4.6	0	0.9
including							167	175	8	1.3	0.1	6.0	0	1.4
BBRC13024	385,863	3,800,989	1,403	273	150	-65	192	209	17	1.0	0.2	9.9	0	1.3
including							200	203	3	2.2	0.3	16.3	0	2.7
BBRC13025	385,861	3,800,989	1,403	269	170	-45	181	190	9	0.6	0.3	8.3	0	0.9
and							201	203	2	0.9	0.5	15.6	0	1.5
and							213	228	15	1.9	0.2	11	0	2.2
including							218	221	3	4.5	0.4	22.6	0	5.1
BBRC13026	385,861	3,800,991	1,403	350	170	-65	244	247	3	0.4	0.2	7.9	0	0.6
and							252	262	10	0.6	0.2	11.9	0	0.9

**Table 1: Drill Hole Intercepts to Date**

During the year the company announced that it had signed a contract with Geotech Ltd (“Geotech”) to undertake VTEM geophysical survey at the Blue Bell and De Soto VMS projects. Geotech are a Canadian based company and are recognised as one of the world leaders in geophysical surveys.

The purpose of the VTEM survey was to identify anomalies at Blue Bell, De Soto and the prospective, but until now, unexplored Gap area, which runs 5 km’s between the two projects. Of the seven high grade lenses that were mined at Blue Bell, only one outcropped, so the company was hopeful that undiscovered lenses exist in the area of the old mines as well as in the Gap.

The VTEM survey outlined 4 conductors at the Blue Bell project. The highest priority is Conductor 1 which is a significant VTEM anomaly with a coincident magnetic high (see figure 2 and 3). The VTEM and magnetic high have excellent definition over a strike length of 900m. Modelling of the conductor by the independent geophysicist indicates that it occurs ~25m below the surface and extends to a depth of least 300m. The dip of the conductor is ~70 degrees towards the west, comparable with mineralisation identified at Blue Bell. The conductor is at its strongest immediately to the north east of the Blue Thunder shaft.

Recent drilling (BBRC13004 and BBRC13005, see figure 4) appears to have tested the very northern weaker portion of Conductor 1 and returned significant copper/gold/silver/zinc results, which were:

- 12m @ 4.9% Copper Equivalent\* (CuEq) (1.5% copper, 3.0g/t gold, 50.3g/t silver and 1.6% zinc) from 53m
- 7m @ 2.3% Copper Equivalent\* (CuEq) (1.2% copper, 0.7g/t gold, 16.0g/t silver and 1.2% zinc) from 29m
- 8m @ 1.7% Copper Equivalent\* (CuEq) (0.4% copper, 1.0g/t gold, 18.7g/t silver and 1.2% zinc) from 59m

Conductor 1 is located in an area that has had minimal underground mining activity; a number of shafts were sunk at Blue Thunder and some underground development/exploration was undertaken. During the 1920's the operators of the Blue Bell mine connected the underground workings at Main Shaft to Blue Thunder via a 500m long tunnel. It was reported that they encountered low grade copper horizons in a pyritic zone. Several underground drill holes were completed from the tunnel and from the workings at Blue Thunder. AusAmerican possesses incomplete records of the workings and underground diamond drill holes.

#### **Conductors 2, 3 and 4**

Conductor 2 is hosted in the mafic sequence and is considered prospective for BIF hosted gold mineralisation. Conductor 3 and 4 are hosted with the Yavapai Schist, the known host of VMS mineralisation. The company intends to undertake follow up work on these conductors to further refine the exploration targets.

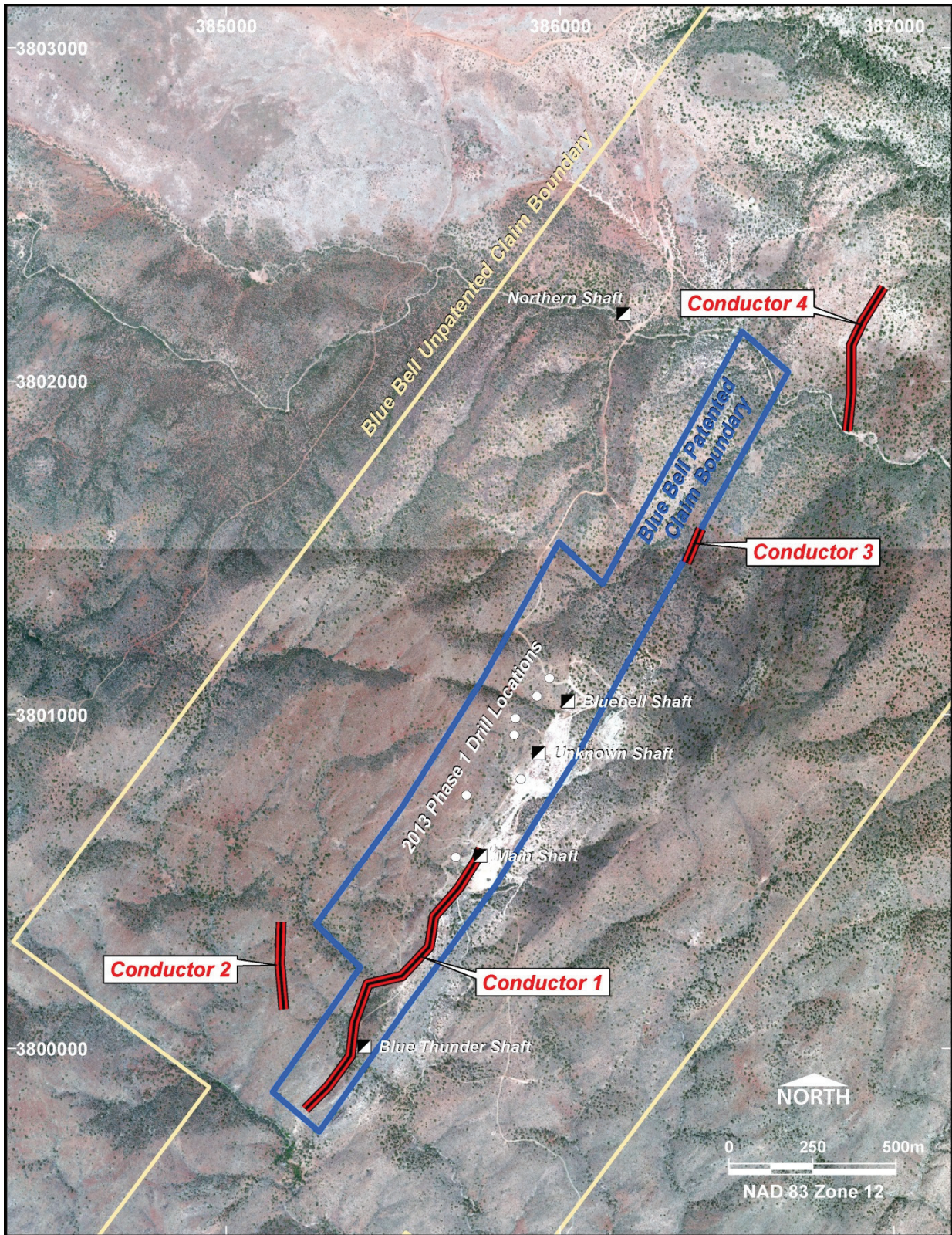


Figure 2: Location of the 4 conductors identified at Blue Bell.

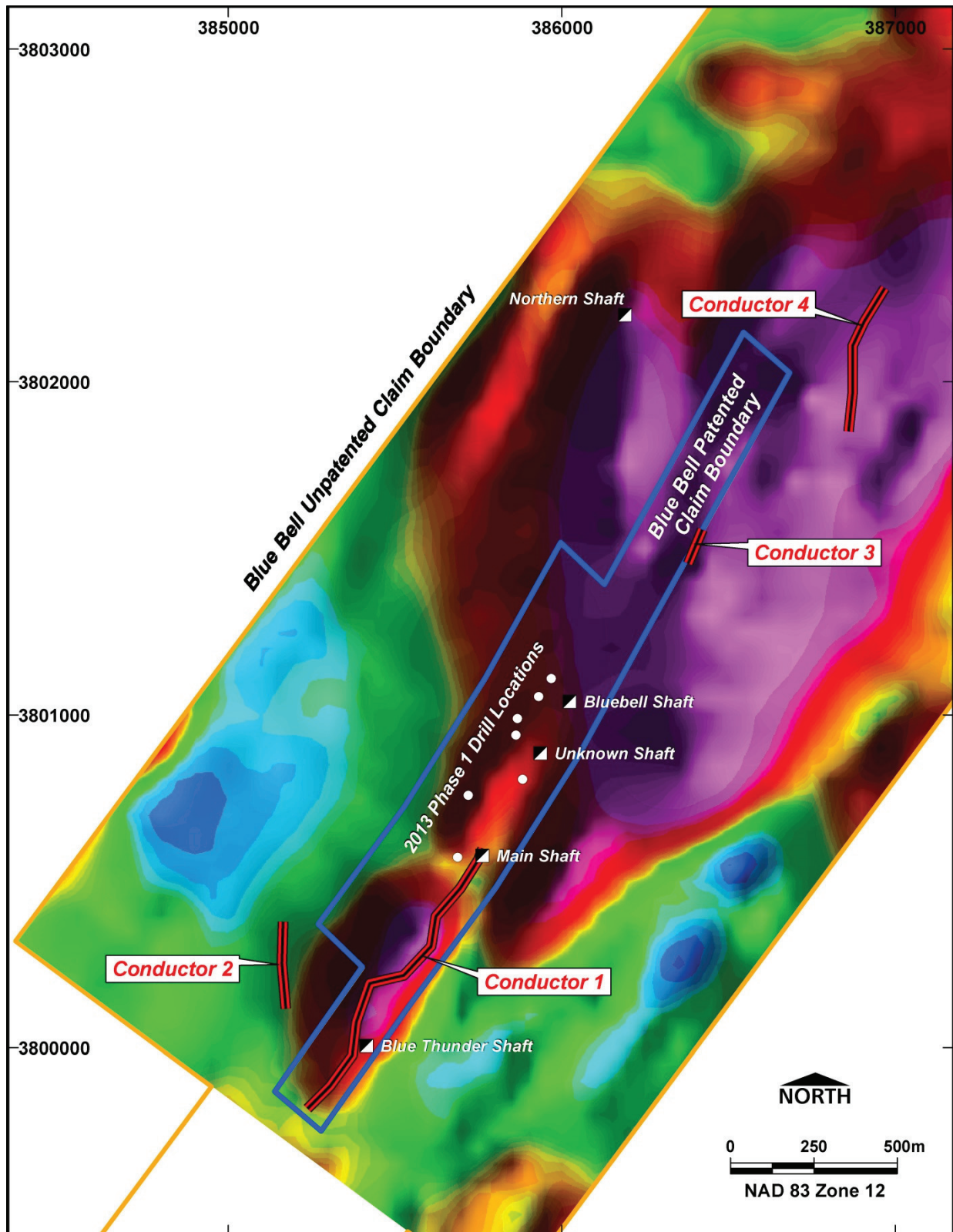


Figure 3: RTP Magnetics and conductors

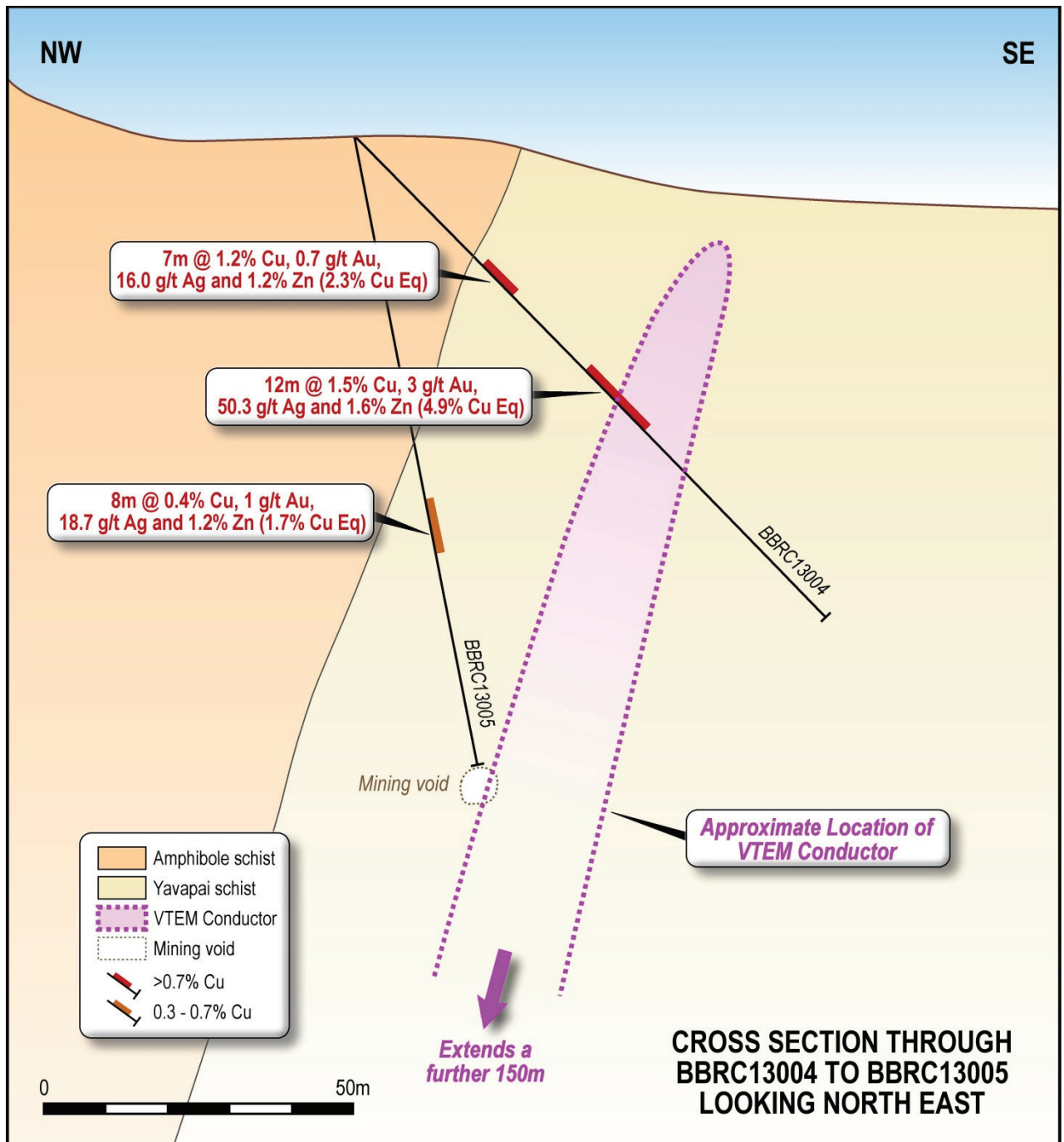


Figure 4: Cross section showing drilling and VTEM conductor

Following the initial drilling program the company was able to announce the maiden JORC compliant resource for the Blue Bell VMS project in Arizona.

Details of the maiden inferred resource are presented below in table 2:

Resource at 0.5% Copper Equivalent Cut Off							
Tonnage	Grade				Metal		
	Cu %	Au g/t	Ag g/t	Cu_Eq*	Cu (T)	Au (oz)	Ag (oz)
<b>6,037,100</b>	0.84	0.41	12.5	1.21	50,500	79,500	2,424,000

NB: Figures rounded to the nearest 100

The initial inferred resource is based upon 26 RC drill holes, for a total of 5,358m. The drilling covers approximately 750m of strike length of the Blue Bell mineralised system; a further 900m remains to be tested (See figure 1). The deposit is drilled on sections with an average of 70 – 100m spacing and each section contains 2 to 3 drill holes.

Due to the success of the initial drilling program and maiden resource at Blue Bell, a revised exploration target for Blue Bell open pit has been estimated. The company believes the project has the potential for an additional 7.5 – 12.5 million tonnes @ 0.7 – 0.9% copper, 0.3 – 0.5g/t gold and 10 – 20 g/t silver.

A separate exploration target has been developed for the underground potential of the Blue Bell project and is 1 – 3 million tonnes @ 2 – 4% copper, 2 – 4 g/t gold and 30 to 60g/t silver. This target is based upon a review of historical mining information and recent drilling results.

*The potential quantities and grades presented are conceptual in nature, there has been insufficient exploration to define an overall Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource*

#### **Due Diligence Option Period for Blue Bell and De Soto Projects Extended**

During the quarter the company announced that had extended the due diligence option period for the Blue Bell a De Soto projects form 12 months to 18 months.

AusAmerican paid the vendor a fee of US\$25,000 to extend the due diligence period by 6 months. The company now has until March 2014 to exercise the option and purchase the project, consideration being a total of US\$2 Million payable in four US\$500,000 instalments over a three year period.

## **1.2 San Marcos Gold Project (Arizona, AIW 100%)**

During the year, the Company agreed to farm its 100% owned San Marcos Gold project, located in Arizona, USA, to ASX listed Pelican Resources. (ASX: PEL).

#### **Option Agreement**

Pursuant to the Option Agreement, AusAmerican has granted to Pelican, an option for a period of up to 60 days from 11 January 2013, to enter, through a US subsidiary (to be established), into a farm-in agreement in relation to the Project.

Upon exercise of the option, Pelican and AusAmerican will enter into a formal farm-in agreement, based on, in addition to customary terms found in farm-in agreements, specific terms agreed upon by the parties in the Option Agreement (**Farm-in Agreement**).

#### **Key Terms of the Farm-In Agreement**

Under the Farm-in Agreement, Pelican will have the sole and exclusive right, but not the obligation, to:

- earn a 30% interest by funding not less than \$75,000 of exploration expenditure within the first 12 months of the date of exercising the option (**Commencement Date**);
- earn a further 21% interest by funding not less than \$75,000 of exploration expenditure within the 12 month period commencing on the date which is 12 months after the Commencement Date; and
- earn a further 29% interest by funding not less than \$250,000 of exploration expenditure within the 12 month period commencing on the date which is 24 months after the Commencement Date.

Any expenditure incurred in an earn-in period in excess of the required amount will be offset against the required expenditure amount in the following earn-in period.

Once Pelican earns an 80% interest, it must elect to either:

- a. earn a further 15% interest by funding not less than \$300,000 of exploration expenditure within the 12 month period commencing on the date of providing notice to AusAmerican of satisfaction in obtaining the 80% interest. Once Pelican earns a 95% interest, AusAmerican's remaining 5% interest will be extinguished and revert to a 2% net smelter return royalty up to a maximum of \$1,000,000; or
- b. form a joint venture with AusAmerican. In this event, Pelican and AusAmerican will form an unincorporated joint venture where initially, Pelican will hold an 80% interest and AusAmerican will hold a 20% interest in the Project.

Pelican and AusAmerican will each have a first right of refusal over the sale or other disposal of all or part of the other party's interest in Project tenements from time to time.

The Farm-in Agreement will otherwise be on terms customary for a transaction of this nature.

### **1.3 Bernard Gold Project (Arizona, AIW 90%)**

This project was dropped during the year

## 2. URANIUM PROJECTS

During the 2012/2013 the uranium industry continued to suffer as a result of the on-going fallout from the Fukushima disaster of March 2011. Furthermore, poor market sentiment towards uranium stocks and the low uranium spot price have also contributed to a subdued market sector. As a result the company did not focus a great deal of time or funding towards our uranium projects.

### 2.1 The Grants Ridge Joint Venture (New Mexico, AIWearing 65%)

No significant work completed during the year

### 2.2 Kit Carson Project (New Mexico, AIW 100%)

No significant work completed during the year

### 2.3 Northern Projects (New Mexico, AIW 100%)

No significant work completed during the year

### 2.4 Rio Puerco project (New Mexico, AIW 100%)

During the year, the company commissioned an independent geological report (NI 43-101).

### 2.5 Apex/Lowboy (Nevada, AIW 100%)

No significant work completed during the year

### 2.6 Lone Star Joint Venture (Texas, AIW 90%)

No significant work completed during the year

### 2.7 Apache Basin Uranium Project (Arizona, AIW 100%)

No work completed during the year

## 3. RARE EARTH PROJECTS

### 3.1 La Paz Rare Earth Elements Project (Arizona, AIW 100%)

No work completed during the year

## 4. SPECIALITY METALS

### 4.1 White Picacho Strategic Metals Project (Arizona, AIW 100%)

This project was dropped during the year

### Competent Persons Statement

The information in this document that relates to exploration results is based on information compiled by Richard Holmes, Managing Director, AusAmerican Mining who is a Member of the Australian Institute of Mining and Metallurgy. Mr Holmes is a full-time employee of AusAmerican Mining and has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which has been undertaken to qualify as a Competent Person as defined by the 2004 edition of the "Australian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Holmes consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Information in this report that relates to Mineral Resource estimates reflects information compiled by Mr Alexey Zharnikov a full time employee of CSA Global Pty Ltd, who is a member of the Australian Institute of Geoscientists (AIG). Mr Zharnikov has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is reporting to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr Zharnikov consents to the inclusion in the report of the matters based on the information compiled by him, in the form and context in which it appears.

### \*Copper Equivalent Calculation

Copper Equivalent (CuEq) represents the total metal value for each metal, multiplied by the conversion factor, summed and expressed as equivalent copper percentage. These results are exploration results and no allowance is made for recovery losses should mining eventually occur. However it is the company's opinion that the elements considered here have reasonable potential to be recovered as evidenced by production records from previous mining activity at the project and comparable polymetallic projects in the region.

Copper Equivalent Formula =  $Cu\% + Au(ppm) \times 0.6076 + Ag(ppm) \times 0.0097 + Zn\% \times 0.3$

Price Assumptions Cu (US\$3/lb), Au (US\$1250/oz), Ag (US\$20/oz), Zn (US\$0.90/lb)

### Appendix 1: Assessment and Reporting Criteria Tables

The following table provides a summary of important criteria related to the assessment and reporting of the Blue Bell Mineral Resource as presented in Table 1 of the Australian code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2004).

Criteria	Explanation
<b>Sampling Techniques and Data</b>	
Drilling Techniques	<ul style="list-style-type: none"> <li>26 reverse circulation (RC) for 5,358m were used for geological interpretation.</li> </ul>
Drill sample Recovery	<ul style="list-style-type: none"> <li>RC sample recovery was good with no issues encountered.</li> </ul>
Logging	<ul style="list-style-type: none"> <li>All RC holes were logged at 1m intervals</li> <li>Geological logging of samples recorded lithology, alteration, mineralisation and weathering.</li> </ul>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <li>Rig mounted cyclone and rotary splitter to produce 2 – 4 kg subsample of RC chips.</li> <li>Samples were generally wet and were air dried on site prior to dispatch to the laboratory.</li> <li>At the laboratory samples were crushed (to better than 70% passing a 2mm screen), dried, split and pulverized (to better than 85% passing a 75 micron screen) to produce a sub sample for analysis.</li> </ul>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <li>A program of quality control on RC drilling involving certified reference standards (1:25), field duplicates (1:40) and blanks (1:50) was undertaken to monitor the accuracy and precision of the laboratory data.</li> <li>Analysis of quality control data indicates no issues.</li> <li>The analytical techniques used a four acid digest multi element suite with ICP-AES finish. Gold was analysed using fire assay fusion with an AAS finish. The acids used are hydrofluoric, nitric, perchloric and hydrochloric. The method approaches near total dissolution for most metals.</li> </ul>
Verification of sampling and assaying	<ul style="list-style-type: none"> <li>No umpire assay completed.</li> </ul>
Location of data Points	<ul style="list-style-type: none"> <li>All drill hole collars were surveyed with a differential GPS with better than 1m accuracy.</li> <li>Down hole surveys were undertaken by Geophysical Logging Services using a Mount Sopris gyroscopic survey tool with readings taken at 0.33m intervals.</li> <li>Grid system used is NAD83 Zone 12.</li> <li>An azimuth correction of +11 degrees was applied to all magnetic survey readings.</li> </ul>
Data spacing and distribution	<ul style="list-style-type: none"> <li>Sections were drilled at 70 – 100m intervals (NW-SE) and 40-50m down dip.</li> <li>Each section generally has 2 to 3 drill holes.</li> <li>Drill holes are designed to intersect the mineralisation at 45 - 90 degree angles. The majority of holes (60%) intersected perpendicular to the mineralisation, 30% had intersection angles of between 45 -90 degrees. A small number of holes (10%) had intersection angles of &lt;45 degrees.</li> </ul>

Criteria	Explanation
<b>Estimating and Reporting of Mineral Resources</b>	
Estimation and Modelling techniques	<ul style="list-style-type: none"> <li>• Ordinary Kriging was used to estimate Cu, Au and Ag.</li> </ul>
Moisture	<ul style="list-style-type: none"> <li>• Tonnes have been estimated on a dry basis.</li> </ul>
Cut-off parameters	<ul style="list-style-type: none"> <li>• The mineral resource has been reported inside the mineralisation wireframe which was constructed at a 0.3% Cu equivalent cut-off.</li> <li>• Resource reported above a 0.5% copper equivalent cut-off</li> </ul>
Mining factors or assumptions	<ul style="list-style-type: none"> <li>• No mining assumptions have been built into the resource.</li> </ul>
Metallurgical factors or assumptions	<ul style="list-style-type: none"> <li>• No metallurgical assumptions have been built into the resource.</li> </ul>
Bulk density	<ul style="list-style-type: none"> <li>• No bulk density measurement available therefore estimated from deposits with similar geological characteristics.</li> </ul>
Classification	<ul style="list-style-type: none"> <li>• The mineral resource has been classified on the basis of confidence in the geological and grade continuity using the drilling density and geological model.</li> <li>• The resource was classified as inferred only.</li> </ul>
Block Model Verification	<ul style="list-style-type: none"> <li>• Inverse Distance Squared estimation was run as a further check to the Ordinary Kriged model. The results were within acceptable limits.</li> </ul>
Audits or reviews	<ul style="list-style-type: none"> <li>• None undertaken</li> </ul>

## CHANGES IN THE STATE OF AFFAIRS

During the financial year, there was no significant change in the state of affairs of the Consolidated Entity other than that referred to above or in the financial statements or notes thereto.

## SUBSEQUENT EVENTS

### Victoria

#### Details of the Transaction

On the 9<sup>th</sup> September 2013 AusAmerican has entered into a Letter of Intent with Taylor Western Resources LLC to earn 50% of the project on the following terms:

1. Invest US\$5.5m on mine development and/or regional exploration
2. Option payments of
  - a. US\$0.5m on signing of definitive agreements
  - b. US\$1m on commencement of rehabilitation of the underground workings
  - c. US\$1m on commencement of production
  - d. US\$1m on 12 month anniversary of (c)
3. First right of refusal on the remaining 50% of the project

AusAmerican will manage and operate the Joint Venture.

On 24<sup>th</sup> September 2013 the company announced it has received a letter financing term sheet for \$10 million for the development of the Vitoria Mine from a Utah (USA) based financial institution.

On 26<sup>th</sup> September 2013 the company announced that a letter of intent for an ore purchase agreement has been signed by the Joint Venture partners and KGHM International Limited.

## NEW BOARD APPOINTMENTS

The company is delighted to announce that Mr Ben Mead has joined the company as an Executive Director; effective 9<sup>th</sup> September 2013. Mr Mead has had considerable experience in the management of ASX-listed and private companies in the mineral, energy and aluminium sectors. Mr Mead, who resides in Park City, Utah, in the USA, was instrumental in introducing the transaction to the company and in assisting the company in its negotiations with the project's owners. Mr Mead will continue to assist with the due diligence, development, financing and on-going management of the project in his role as US based Director residing close to the project.

Experienced corporate advisor, mining executive and company director Mr Peter Landau has joined the Board of AIW. Mr Landau brings with him many years of experience in managing resource companies. Especially important for the company is Mr Landau's recent experience in capital raising for and development of, USA silver developer Black Mountain Resources Limited and their New Departure Silver project in Montana. Mr Landau's appointment was effective 1 August 2013.

## FUTURE DEVELOPMENTS

The Consolidated Entity intends to continue its present range of activities during the forthcoming year and, in accordance with its objectives, may participate in new exploration projects. Certain information concerning future activity is set out in the Operations Review Section. Other information on likely developments and the expected results of operations have not been included in this report, because, in the opinion of the Directors, it would prejudice the interests of the Consolidated Entity.

## ENVIRONMENTAL REGULATION

The Consolidated Entity is subject to significant environmental regulations in respect of exploration activity. Approvals, licences, hearings and other regulatory requirements are observed by the Consolidated Entity in respect of each tenement in which the Consolidated Entity conducts exploration activity. At the date of this report, the Consolidated Entity does not have any mines in production or under construction.

In the United States, the operations and proposed activities of the Consolidated Entity are subject to State laws of Arizona, New Mexico and Nevada and any other United States state jurisdiction that that company may operate in as well as the Federal laws of the United States of America, NRC for radiological approvals and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds.

The Consolidated Entity is potentially liable for any environmental damage from its activities, the extent of which cannot presently be quantified and would in any event be reduced by insurance carried by the Consolidated Entity or joint venture operators. As at the date of this report the Company has not been notified of any breach.

## SHARE OPTIONS

Details of share options over ordinary shares issued by the Company during the period together with details of options converted during the period and on issue at 30 June 2013 are set out in Note 24 and 25 to the financial statements and form part of this report.

The holders of share options do not have the right, by virtue of the option, to participate in any share issue or interest issue of any other body corporate or registered scheme.

During the year there were options and performance rights granted to directors or employees of the Group, details of which have been disclosed in Note 24 and 25 of this report.

Details of unissued shares or interests under option at the date of this report are:

ISSUING ENTITY	NUMBER OF SHARES UNDER OPTION	CLASS OF SHARES	EXERCISE PRICE OF OPTION	EXPIRY DATE OF OPTIONS
Australian-American Mining Corporation Limited	61,729	Ordinary	\$0.2105	06 Oct 2013
Australian-American Mining Corporation Limited	37,037	Ordinary	\$0.2105	13 Oct 2013
Australian-American Mining Corporation Limited	55,556	Ordinary	\$0.2105	20 Oct 2013
Australian-American Mining Corporation Limited	60,000	Ordinary	\$0.325	16 Nov 2013
Australian-American Mining Corporation Limited	600,000	Ordinary	\$0.0595	01 Mar 2015
Australian-American Mining Corporation Limited	64,607,338	Ordinary	\$0.09	01 Mar 2015
Australian-American Mining Corporation Limited	300,000	Ordinary	\$0.059	02 July 2015

## INDEMNIFICATION OF OFFICERS AND AUDITORS

During the year, the Company arranged a policy of insurance in respect of directors' and officers' liability. The policy insures persons who are directors or officers of the Company and its controlled entities against certain costs and expenses which may be incurred by them in defending proceedings and against other liabilities which may arise from their positions. The insured directors and officers are the directors, executive officers and secretary of the Company and its controlled entities.

The insurance contract prohibits the disclosure of particulars of the premiums and the nature of the liabilities insurance.

During or since the end of the financial year, the Company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor. In addition, the Company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

## INFORMATION ON DIRECTORS

### **Richard Holmes** **Managing Director**

Mr Holmes has served as Managing Director since 11 March 2012. He is a highly experienced geologist who prior to joining AusAmerican worked for six years in Senior Management Business Development positions for major mining companies Anglo Gold Ashanti and Aditya Birla Limited.

Mr Holmes has an honours degree in geology and geography and a master's degree in applied structural geology from Imperial College London.

### **Jim Malone** **Chairman/ Executive Director/Chief Financial Officer and Company Secretary**

Mr Malone has served as a Director since 30 July 2008. He was appointed Chairman on 29 April 2009 and resigned that position on 11 March 2012 and was appointed Executive Director/Chief Financial Officer and Company Secretary. On 30 November 2012 he was appointed Chairman.

Mr Malone has worked successfully as an accountant, stockbroker, business analyst and CEO of a medium sized business for the past 25 years.

Mr Malone holds a Bachelor of Commerce from the University of Western Australia and is a CPA. Mr Malone has worked for Arthur Anderson accountants, Hartley Poynton stockbrokers, CSFB and Lehman Brothers merchant banks in London and for the West Coast Eagles and Richmond Football Clubs, the latter as CEO from 1994 to 2000.

Since 2000, Mr Malone has worked in the resources industry and has been involved with the start-up, successful listing and ongoing management and development of eight ASX listed and two unlisted resource companies with a diverse range of commodities including gold, base metals, uranium, oil and gas and industrial minerals. These companies have operated projects in Latin America, Europe, Africa, Asia, the US and Australia. In the past 24 years Mr Malone lived and worked in Perth, Melbourne, London, Santiago, Chile and New York City.

Mr Malone is also a Director of the following ASX listed companies;

- Latin Gold Limited
- Mongolian Resources Limited

In the past three years Mr Malone has also served on the board of the following ASX listed companies;

- Richmond Mining Limited
- Forge Resources Limited
- Quest Petroleum N.L
- Exalt Resources Limited; and
- Erin Resources Limited

### **Ben Mead (appointed 9 September 2013)** **Executive Director**

Mr Mead has diverse financial and business development experience in Australia and overseas with a focus on energy, mining and the aluminium industry. Ben's expertise extends to corporate strategy and implementation; business development; project management and implementation; corporate finance including M&A, IPOs, private equity, venture capital, structured and project financing; and all other matters associated with public and private company administration.

Mr Mead is the founder and managing director of Geopower Energy, a global renewable energy developer with offices in Australia and the United States. Geopower focuses on developing, owning and operating a diversified portfolio of low-risk renewable energy projects with an emphasis on fully-commercialised technologies. Project development is driven by investment criteria and project returns rather than specific technologies or ideology.

Prior to this, Mr Mead was a founding director of ASX-listed MHM Metals Limited (ASX:MHM) and played central role in taking MHM from a green fields mineral exploration company into a multinational with operations in the aluminium industry. Prior to his retirement from this role in 2012, Mr Mead served as executive director to MHM Metals Limited and as president of MHM Metals Corporation, its US subsidiary.

Mr Mead resides in Utah, USA and will serve as executive director for Aus-American.

**Don Falconer**  
**Non-Executive Director**

Mr. Falconer is a Non-Executive Director and a member of the Audit & Risk Committee. Mr. Falconer is a uranium veteran and a seasoned senior executive with extensive industry experience in the mining and electric utility sectors, including:

- 34 years in a variety of senior management positions in both the uranium mining and nuclear utility sectors.
- 15 years as a director and corporate secretary of a variety of uranium mining companies.
- In-depth knowledge of the nuclear fuel cycle/uranium market.
- A track record of contributing dedicated effort, skills and experience to assisting the development of start-up and junior mining companies.

Mr. Falconer has previously worked at Fronteer Gold's subsidiary, Aurora Energy Resources, as Vice President-Corporate Development with responsibilities for investor relations, uranium market analysis, uranium marketing and off-take sales and communications, as a Director at Energy Fuels Resources, at Uranium One Inc as VP-Investor Relations and Marketing, as Vice President – Corporate Development, Director, and Corporate Secretary at Southern Cross Resources and prior to that in a number of managerial positions at the corporate and business unit levels in various divisions of Ontario Hydro (now Ontario Power Generation) including as a member of the nuclear executive team working directly with the Managing Director of the nuclear division.

**Mr Peter Landau (appointed 1 August 2013)**  
**Non-Executive Director**

Mr Landau is a Mining and resources specialist with over 20 year experience in the Industry. He is a lawyer by training and has set up, managed and been involved with numerous junior exploration, development and mining companies. Mr Landau is currently on a number of Boards of junior listed resource companies and is the Chairman of Okap Venture Pty Ltd.

**Company Secretary**

Jim Malone: See above

**Directors' Meetings**

DIRECTOR	BOARD MEETINGS		AUDIT & RISK COMMITTEE	
	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED
R Holmes	6	6	0	0
J Malone	6	6	2	2
D Falconer	6	6	2	2
M Ceglinski	2	2	0	0

**DIRECTORS' INTERESTS**

The relevant interest of each director in the share capital of the Company, as notified by the directors to the Australian Securities Exchange in accordance with Section 205G (1) of the Corporations Act 2001, at the date of this Report, is as follows:

DIRECTOR	ORDINARY SHARES	OPTIONS	PERFORMANCE RIGHTS
R Holmes	7,500,000	-	8,000,000
J Malone	2,500,000	-	10,000,000
D Falconer	-	-	4,000,000
M Ceglinski	8,300,000	-	-

Details of directors' interests in contracts during the year are outlined in note 25 to the financial statements.

## REMUNERATION REPORT (AUDITED)

### PRINCIPLES OF COMPENSATION

During the reporting period, following a review of the Australian-American Mining's corporate structure to reflect the Company's financial circumstances, the principles of compensation have been revised for certain key management roles in line with the entity's requirements effective from 31 January 2009.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the consolidated entity. Key management personnel comprise the directors of the Company and executives for the Company and the consolidated entity.

Aside from the Australian-American Mining's corporate re-structuring detailed above, the principles of compensation in place are as follows.

The objective of the Company's remuneration policies is for the Board, executives and staff to be remunerated on terms that are fair and competitive with those offered by entities of a similar size within the same industry. Packages are reviewed annually at full board level. The Board believes that due to the size of the company, individual salary negotiation is more appropriate than formal remuneration policies. The Board reviews market comparisons in determining remunerations and seeks independent external advice as necessary.

Non-executive directors are remunerated by way of directors' fees within the limit approved by shareholders. The Board determines fees paid to individual Board members. As an exploration Entity, performance outcomes are uncertain, notwithstanding endeavour. As such, remuneration packages are not linked to profit performance. Present policy is to reward successful performance via incentive options that are priced on market conditions at the time of issue.

Compensation packages include a mix of fixed and equity-based compensation designed to retain suitably qualified executives and to affect the broader outcome of improving the asset value of the consolidated entity. The compensation structures take into account the:

- overall level of compensation for each director and executive;
- ability of the executive to control performance; and
- incentives component of each executive's compensation.

### FIXED COMPENSATION

Fixed compensation consists of base compensation (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles), as well as employer contributions to superannuation funds.

Compensation levels are reviewed annually by the Board to ensure base pay is set to reflect the market for a comparable role and to consider individual performance against goals set at the start of the year.

### EQUITY-BASED COMPENSATION

Executive directors and senior executives may receive options and/or performance rights under the Australian-American Mining Corporation Employee Option and Performance Rights Plans which have already approved by shareholders. Each option converts into one ordinary share of the Company on exercise. No amounts have been paid or are payable by the recipient upon receipt of the options. The options neither carry rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry except to the extent that any terms and conditions imposed in relation to any options granted by the Board at or prior to the time of grant state otherwise.

## KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Consolidated Entity during the year were:

Directors	Position
R Holmes	Managing Director
J Malone	Chairman/Executive Director/Company Secretary (appointed Chairman 30 November 2012)
D Falconer	Non-Executive Director

### Former Directors

M Ceglinski	Chairman (retired by rotation 30 November 2012)
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Details of the nature and amount of each major element of remuneration for each member of the key management personnel of the consolidated group who receive the highest remuneration are detailed below. Other than directors, there are no other key management personnel.

Remuneration packages contain the following key elements:

- Short-term benefits – salary/fees and non-monetary benefits including provision of motor vehicles and health benefits.
- Post-employment benefits – superannuation.
- Share based payments – Share options and performance rights granted as disclosed in Note 24 and 25 of the financial statements.
- Other Benefits.

The following table summarises the remuneration of the key management personnel of the consolidated group for the year ended 30 June 2013:

NAME	SHORT-TERM BENEFITS		POST-EMPLOYMENT BENEFITS			SHARE-BASED PAYMENTS	TOTAL
	SALARY AND FEES \$	OTHER \$	SUPER \$	OTHER LONG-TERM EMPLOYEE BENEFITS \$	TERMINATION BENEFITS \$	OPTIONS/ RIGHTS \$	\$
<b>DIRECTORS</b>							
R Holmes	\$254,679	-	\$16,621	-	-	-	\$271,300
J Malone	\$175,000	\$8,000	\$2,014	-	-	\$327,600	\$512,614
D Falconer	\$33,333	-	-	-	-	\$131,000	\$164,333
<b>FORMER DIRECTORS</b>							
M Ceglinski	\$38,226	-	-	-	-	-	\$38,226
<b>Total</b>	<b>\$501,238</b>	<b>\$8,000</b>	<b>18,635</b>	-	-	<b>\$458,600</b>	<b>\$986,473</b>

The following table summarises the remuneration of the key management personnel of the consolidated group for the year ended 30 June 2012:

<b>DIRECTORS</b>							
R Holmes	\$38,226	-	-	-	-	\$675,000	\$713,226
J Malone	\$166,500	\$10,770	\$15,000	-	-	-	\$192,270
D Falconer	\$33,330	-	-	-	-	\$72,160	\$105,490
M Ceglinski	\$29,348	-	-	-	-	\$675,000	\$704,348
<b>FORMER DIRECTORS</b>							
D Geldard	\$95,000	\$29,215	-	-	-	-	\$124,215
G Barnes	\$23,330	-	-	-	-	-	\$23,330
S Jackson	\$36,667	-	-	-	-	\$72,160	\$108,827
<b>Total</b>	<b>\$422,401</b>	<b>\$39,985</b>	<b>\$15,000</b>	-	-	<b>\$1,494,320</b>	<b>\$1,971,706</b>

## CONTRACTS FOR SERVICES OF KEY MANAGEMENT PERSONNEL

Written contracts in place during the financial year between key management personnel and the Consolidated Entity are as follows:

### R Holmes

Mr Holmes has an agreement with the company commencing 1 January 2013 of a salary of \$280,000 plus superannuation. The agreement can be terminated by the company by giving 6 months written notice. Mr Holmes was granted at a General Meeting of the company held of 28<sup>th</sup> May 2012, a number of Performance rights which can be converted to ordinary shares on the satisfaction of performance hurdles. Additional information has been disclosed in Note 26.

### J Malone

J Malone has a Consultancy Agreement in place dated and commencing 1 January 2013. The Agreement specifies that an amount of \$16,000 per month is payable to J Malone or his nominee. The Agreement can be terminated by the company by giving 6 months written notice.

## END OF REMUNERATION REPORT

### PROCEEDINGS ON BEHALF OF THE COMPANY

At the date of this report the Directors are not aware of any proceedings on behalf of the Entity.

### NON-AUDIT SERVICES

Details of amounts paid or payable to the auditor Grant Thornton Audit Pty Ltd for audit services provided during the year by the auditor are outlined in note 26 to the financial statements.

### AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2013 has been received and can be found on page 28 and forms part of the directors' 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:



Jim Malone

**Chairman**

Perth, 30 September 2013

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**Auditor's Independence Declaration  
To the Directors of Australian-American Mining Corporation Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Australian-American Mining Corporation Limited for the year ended 30 June 2013, 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.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



J W Vibert  
Partner - Audit & Assurance

Perth, 30 September 2013

Grant Thornton Audit Pty Ltd ACN 130 913 594  
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## STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	NOTE	CONSOLIDATED	
		2013 \$	2012 \$
<b>CONTINUING OPERATIONS</b>			
Interest Income		10,431	93,161
Other income		49,791	74,688
Total revenue	4 (a)	60,222	167,849
Exploration and evaluation expenditure	4 (b)	(2,412,041)	(2,404,495)
Finance expenses	4 (c)	(112,545)	58,198
Administration expenses	4 (d)	(3,227,033)	(2,402,152)
Other expenses	4 (e)	(35,860)	(69,912)
<b>Loss before income tax</b>		<b>(5,727,257)</b>	<b>(4,650,512)</b>
Income tax	5	-	-
<b>Loss from continuing operations after tax</b>		<b>(5,727,257)</b>	<b>(4,650,512)</b>
<b>Loss for the year attributable to equity holders of the parent</b>		<b>(5,727,257)</b>	<b>(4,650,512)</b>
<b>Other comprehensive income / (loss) – net of tax</b>			
<b>Items that will not be reclassified subsequently to profit and loss</b>			
Available-for-sale-securities revaluation		(300,000)	(420,000)
<b>Items that will be reclassified subsequently to profit and loss</b>			
Foreign currency translation		385,342	(68,049)
<b>Total other comprehensive income / (loss)</b>		<b>85,342</b>	<b>(488,049)</b>
<b>Total comprehensive income / (loss) for the year</b>		<b>(5,641,915)</b>	<b>(5,138,561)</b>
<b>Loss per share:</b>			
Basic and diluted EPS on loss for the year	16	(3.80)	(6.76)

The accompanying notes form part of these financial statements.

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

		CONSOLIDATED	
	NOTE	2013 \$	2012 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	103,457	226,698
Trade and other receivables	7	35,257	39,074
Other financial assets	8	89,869	923,965
<b>TOTAL CURRENT ASSETS</b>		<b>228,583</b>	<b>1,189,737</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	112,154	73,775
Exploration and evaluation expenditure	10	7,243,302	7,029,887
<b>TOTAL NON-CURRENT ASSETS</b>		<b>7,355,456</b>	<b>7,103,662</b>
<b>TOTAL ASSETS</b>		<b>7,584,039</b>	<b>8,293,399</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	280,803	195,826
Borrowings	12	-	185,000
Provisions	13	34,399	24,122
<b>TOTAL CURRENT LIABILITIES</b>		<b>315,202</b>	<b>404,948</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	14	771,756	771,756
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>771,756</b>	<b>771,756</b>
<b>TOTAL LIABILITIES</b>		<b>1,086,958</b>	<b>1,176,704</b>
<b>NET ASSETS</b>		<b>6,497,081</b>	<b>7,116,695</b>
<b>EQUITY</b>			
Issued capital	15	55,993,353	52,204,708
Reserves	15	4,044,533	2,725,535
Accumulated losses		(53,540,805)	(47,813,548)
<b>TOTAL EQUITY</b>		<b>6,497,081</b>	<b>7,116,695</b>

The accompanying notes form part of the financial statements.

## STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	SHARE CAPITAL	AVAILABLE- FOR-SALE SECURITIES	OPTIONS RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	ACCUMULATED LOSSES	TOTAL
<b>CONSOLIDATED</b>						
Balance at 1 July 2011	<b>52,018,704</b>	<b>720,000</b>	<b>3,193,494</b>	<b>(1,207,707)</b>	<b>(43,163,036)</b>	<b>11,561,455</b>
Translation of foreign controlled entities	-	-	-	(68,049)	-	(68,049)
Available-for-sale securities revaluation	-	(420,000)	-	-	-	(420,000)
Loss for the year	-	-	-	-	(4,650,512)	(4,650,512)
Total comprehensive income/(loss) for the year	-	(420,000)	-	(68,049)	(4,650,512)	(5,138,561)
Shares issued during the year	186,004	-	-	-	-	186,004
Share based payments	-	-	507,797	-	-	507,797
Balance at 30 June 2012	<b>52,204,708</b>	<b>300,000</b>	<b>3,701,291</b>	<b>(1,275,756)</b>	<b>(47,813,548)</b>	<b>7,116,695</b>
Translation of foreign controlled entities	-	-	-	-	-	-
Available-for-sale securities revaluation	-	-	-	-	-	-
Loss for the year	-	-	-	-	(5,727,257)	(5,727,257)
Total comprehensive income/(loss) for the year	-	(300,000)	-	385,342	-	85,342
Shares issued during the year	3,788,645	-	-	-	-	3,788,645
Share based payments	-	-	1,233,657	-	-	1,233,657
Balance at 30 June 2013	<b>55,993,353</b>	<b>-</b>	<b>4,934,948</b>	<b>(890,414)</b>	<b>(53,540,805)</b>	<b>6,497,082</b>

The accompanying notes form part of the financial statements.

## STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	NOTE	CONSOLIDATED	
		2013 \$	2012 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts of other income		26,859	19,684
Exploration and evaluation expenditure		(2,412,041)	(2,404,495)
Payments to suppliers and employees		(1,901,197)	(2,474,658)
<b>Net cash (used in) operating activities</b>	22(b)	<b>(4,286,379)</b>	<b>(4,859,469)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		8,564	93,164
Interest Paid		(73,151)	-
Payment for property, plant, and equipment		(59,443)	(2,352)
Payments for security deposits		-	(7,571)
Payments for other Investments		(226,354)	-
<b>Net cash (used in) investing activities</b>		<b>(350,384)</b>	<b>83,241</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares and other equity securities		4,716,126	623,802
Payment of share issue costs		(277,230)	-
Loans repaid		(750,000)	-
Loans advanced		400,000	-
Proceeds from issue of convertible notes and options		264,349	277,206
<b>Net cash provided by financing activities</b>		<b>4,353,245</b>	<b>901,008</b>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(283,518)</b>	<b>(3,875,220)</b>
Net foreign exchange differences		160,277	(163,160)
Cash and cash equivalents at the beginning of the year		226,698	4,265,078
<b>Cash and cash equivalents at the end of the year</b>	6	<b>103,457</b>	<b>226,698</b>

The accompanying notes form part of the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

### 1. GENERAL INFORMATION

The Financial Report of Australian-American Mining Corporation Limited “the company or AusAmerica and its controlled entities” for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the Directors on 30 September 2013.

AusAmerican is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the ASX.

The nature of the operations and principal activities of the Group are that of a multi-commodity exploration and evaluation company

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of Preparation and Statement of Compliance

The Financial Report is a general purpose Financial Report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The Financial Report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Financial Report has also been prepared on a historical cost basis, except for available-for-sale investments, which have been measured at fair value. Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

The presentation currency of the Group is Australian dollars.

Apart from changes in accounting policies noted below, the accounting policies adopted are consistent with those disclosed in the Financial Report for the year ended 30 June 2012.

#### b) Going Concern

The Financial Report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group incurred a net loss after income tax of \$5,727,257 for the year ended 30 June 2013 (2012: net loss after income tax of \$4,650,512), net operating cash outflows of \$4,286,379 (2012: \$4,859,469) and at balance date has net assets of \$6,497,081 (2012: \$7,116,695). As at 30 June 2013, the Company had cash and cash equivalents of \$103,457 (2012: \$226,698).

The ability of the Group to continue its exploration and evaluation activities is dependent on the Group raising additional funding when required.

In addition, on the 24<sup>th</sup> September 2013 the group received a letter financing term sheet for \$10 million for the development of the Vitoria Mine from a Utah (USA) based financial institution. The group envisages that, if executed, the corporate transaction will provide sufficient cash flows to enable the Group to continue operating on a going concern basis.

On this basis, it is the opinion of the Board of Directors that the Group will be able to continue as a going concern and therefore, the basis of preparation is appropriate.

As a result of the above matters, there is a material uncertainty that the Group will be able to continue as a going concern and that it may have to dispose of assets other than in the normal course of business. No adjustments related to the recoverability and classification of recorded assets or liabilities related to the above have been made in the Financial Report.

### c) New Accounting Standards and Interpretations

The accounting policies adopted in the preparation of the annual consolidated financial statements are consistent with those followed in Group's annual reporting for the year ended 30 June 2012.

The adoption of new and amended Australian Accounting Standards and Interpretations mandatory for periods beginning on or after 1 January 2012 did not result in any significant changes to the Group's accounting policies.

At the date of this annual report the following standards have been issued but are not yet effective:

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 10	Consolidated Financial Statements	AASB 10 establishes a new control model that applies to all entities.	1 January 2013	None	1 July 2013
AASB 11	Joint Arrangements	AASB 11 replaces AASB 131 <i>Interests in Joint Ventures</i> and UIG-113 <i>Jointly- controlled Entities – Non-monetary Contributions by Ventures</i> .	1 January 2013	Currently being assessed	1 July 2013

AASB 12	Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities.	1 January 2013	Currently being assessed	1 July 2013
AASB 13	Fair Value Measurement	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities.	1 January 2013	Currently being assessed	1 July 2013
AASB 119	Employee Benefits	The main change introduced by this standard is to revise the accounting for defined benefit plans.	1 January 2013	None	1 July 2013
Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	This interpretation applies to stripping costs incurred during the production phase of a surface mine.	1 January 2013	None	1 July 2013
Annual Improvements 2009–2011 Cycle ****	Annual Improvements to IFRSs 2009–2011 Cycle	This standard sets out amendments to International Financial Reporting Standards (IFRSs) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process.	1 January 2013	None	1 July 2013
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	This Amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies.	1 July 2013	None	1 July 2013
AASB 1053	Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements	1 July 2013	None	1 July 2013

AASB 2012-2	Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities	AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.	1 January 2013	Currently being assessed	1 July 2013
AASB 2012-4	Amendments to Australian Accounting Standards – Government Loans	AASB 2012-4 adds an exception to the retrospective application of Australian Accounting Standards under AASB 1 First-time Adoption of Australian Accounting Standards to require that first-time adopters apply the requirements in AASB 139 Financial Instruments	1 January 2013	None	1 July 2013
AASB 2012-5	Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle	AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle.	1 January 2013	None	1 July 2013
AASB 2012-3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities;	AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	Currently being assessed	1 July 2015

AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities.	1 January 2015	Currently being assessed	1 July 2015
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#### d) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries ("the group") for the year ended 30 June 2013.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income.

#### e) Significant Accounting Judgements, Estimates and Assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

##### (i) Available-for-Sale Financial Assets

The Group measures the fair value of available-for-sale financial assets by reference to the fair value of the equity instruments at the date at which they are valued.

##### (ii) Deferred Tax Assets and Liabilities

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining deferred tax assets and liabilities. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

##### (iii) Carrying Value of Exploration and Evaluation Expenditure

The Group reviews the carrying value of exploration and evaluation expenditure at each reporting date. This requires judgement as to the status of the individual projects and their future economic value.

##### (iv) Share-Based Payment Transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Black-Scholes valuation model or Monte-Carlo simulation model as appropriate.

## **f) Segment Reporting**

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the Group's executive management team (the chief operating decision makers) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Management will also consider other factors in determining operating segments such as the level of segment information presented to the executive management team.

Operating segments have been identified based on the information provided to the chief operating decision makers, being the executive management team.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements. The Company has identified its operating segments to be Australia and the United States of America on the basis of their geographical location and different regulatory environments.

## **g) Foreign Currency Translation**

The Group's consolidated financial statements are presented in Australian dollars, which is also the parent company's functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date.

All differences arising on settlement or translation of monetary items are taken to the income statement with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed, at which time, the cumulative amount is reclassified to the income statement. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

## **h) Revenue Recognition**

### **Interest income**

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

## **i) Taxes**

### **Current Income Tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

## Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill.

## Tax Consolidation

The Company and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The Group notified the Tax Office that it had formed an income tax consolidated group to apply from 1 July 2008. The tax consolidated group has entered a tax funding arrangement whereby each company in the Group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

## j) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the lease incentive liability on a straight line basis over the period of the lease.

#### **k) Business Combinations and Goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

#### **l) Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

#### **m) Trade and Other Receivables**

Trade receivables, which generally have 30 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the group will not be able to collect the debt. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment.

#### **n) Joint Ventures**

##### **Jointly Controlled Assets and Operations**

Interests in jointly controlled assets and operations are reported in the financial statements by including the Entity's share of assets employed in the joint ventures, the share of liabilities incurred in relation to the joint ventures and the share of any expenses incurred in relation to the joint ventures in their respective classification categories.

### Jointly Controlled Entities

The interest in a joint venture entity is accounted for in the financial statements using the equity method and is carried at cost by the parent entity. Under the equity method, the share of the profits or losses of the entity is recognised in the profit and loss, and the share of movements in reserves is recognised in reserves in the statement of financial position.

Profits or losses on transactions establishing a joint venture entity and transactions with the joint venture entity are eliminated to the extent of the Entity's ownership interest until such time as they are realised by the joint venture on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

### o) Property, Plant and Equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition. 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 Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

All tangible assets have limited useful lives and are depreciated/amortised using the diminishing balance method over their estimated useful lives, taking into account estimated residual values, with the exception of carried forward development expenditure in the production phase which is amortised on a units of production method based on the ratio of actual production to remaining proved reserves as estimated by independent experts, and finance lease assets which are amortised over the term of the relevant lease, or where it is likely the Entity will obtain ownership of the asset, the life of the asset.

Depreciation is calculated on the diminishing balance method as follows:

- Motor vehicles	22.5%
- Computer hardware	40%
- Computer software	40%
- Website development	40%
- Office Furniture and Equipment	20%
- Telephones	30%
- Field Equipment	30%

The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period and adjusted if appropriate.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

### p) Exploration and Evaluation Costs

Costs related to the acquisition of properties that contain Mineral Resources are allocated separately to specific areas of interest.

Subsequent exploration and evaluation expenditure is written – off as incurred.

Acquisition of mineral properties is capitalised is included as part of cash flows from investing activities whereas exploration and evaluation expenditure that is expensed is included as part of cash flows from operating activities.

When a decision to proceed to development is made the acquisition costs for that area are transferred to mine development. All costs subsequently incurred to develop a mine prior to the start of mining operations within the area of interest are capitalised and carried at cost. These costs include expenditure incurred to develop new ore bodies within the area of interest, to define further mineralisation in existing areas of interest, to expand the capacity of a mine and to maintain production.

An area of interest may be written down to its recoverable amount if the area of interest's carrying amount is greater than its estimated recoverable amount.

## **q) Financial Instruments**

### **Financial Assets**

#### *Initial Recognition and Measurement*

Financial assets within the scope of AASB 139 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, quoted and unquoted financial instruments and derivative financial instruments.

#### *Subsequent Measurement*

The subsequent measurement of financial assets depends on their classification as described below:

#### *Financial Assets at Fair Value Through Profit or Loss*

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by AASB 139.

Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with net changes in fair value recognised in finance costs in the income statement.

Financial assets designated upon initial recognition at fair value through profit and loss are designated at their initial recognition date and only if the criteria under AASB 139 are satisfied. The Group has not designated any financial assets at fair value through profit or loss.

The Group evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When in rare circumstances the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, these instruments cannot be reclassified after initial recognition.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

#### *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs for loans and in cost of sales or other operating expenses for receivables.

#### *Held-to-Maturity Investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral

part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs. The Group did not have any held-to-maturity investments during the years ended 30 June 2013 and 2012.

#### *Available-for-Sale Financial Investments*

Available-for-sale financial investments include equity investments and debt securities. Equity investments classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to the income statement in finance costs. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

#### *Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - a) the Group has transferred substantially all the risks and rewards of the asset, or
  - b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### **r) Impairment of Financial Assets**

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

### Financial Assets Carried at Amortised Cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

### Available-for-Sale Financial Investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

## s) Financial liabilities

### Initial Recognition and Measurement

Financial liabilities within the scope of AASB 139 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, financial guarantee contracts, and derivative financial instruments.

### Subsequent Measurement

The measurement of financial liabilities depends on their classification as described below:

### Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the income statement.

Financial liabilities designated upon initial recognition at fair value through profit and loss so designated at the initial date of recognition, and only if criteria of AASB 139 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

### Loans and Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

### Financial Guarantee Contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

#### (i) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts; and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### (ii) Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 23.

### t) Derivative Financial Instruments

The Group does not presently hold derivatives.

### u) Trade and Other Payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes

obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

#### **v) Employee Benefits**

##### **(i) Wages and Salaries, Annual Leave and Sick Leave**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave due to be settled within 12 months of the reporting date are recognised as a current liability in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

##### **(ii) Long Service Leave**

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

##### **(iii) Employee Share Options and Performance Rights**

Equity-settled share-based payments granted are measured at fair value at the date of grant. Fair value is measured by the use of a binomial model or a Monte Carlo simulation, for market based conditions. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed at the date of issue. For cash settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

#### **w) Share-Based Payment Transactions**

Employees (including senior executives) of the Group may receive incentives in the form of share-based payment transactions.

##### **Equity-Settled Transactions**

The cost of equity-settled transactions is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions, for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

##### **Cash-Settled Transactions**

The cost of cash-settled transactions is measured initially at fair value at the grant date using a binomial model, further details of which are given in Note 25. This fair value is expensed over the period until the vesting date with

recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense.

#### x) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### y) Earnings Per Share

##### (i) Basic Earnings Per Share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares outstanding during the period.

##### (ii) Diluted Earnings Per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### 3. SEGMENT INFORMATION

#### Identification of Reportable Segments

The Group has identified its operating segments to be Australia and the United States of America "USA", on the basis of geographical location and different regulatory environments. The main segment activity in the USA is exploration and evaluation located in this geographic region.

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 2 above and in the prior period.

2013	AUSTRALIA \$	UNITED STATES \$	TOTAL \$
<b>REVENUE</b>			
Interest income	9,798	632	10,430
Other income	22,933	1,858	24,791
Joint venture contribution	25,000	-	25,000
Total segment revenue	<b>57,731</b>	<b>2,490</b>	<b>60,221</b>
Reportable segment gain/(loss) before tax	<b>(3,671,142)</b>	<b>(2,056,115)</b>	<b>(5,727,257)</b>
Segment assets	<b>181,816</b>	<b>7,402,224</b>	<b>7,584,040</b>
Segment liabilities	<b>1,019,163</b>	<b>67,795</b>	<b>1,086,958</b>

2012	AUSTRALIA \$	UNITED STATES \$	TOTAL \$
<b>REVENUE</b>			
Interest income	42,319	50,845	93,164
Other income	55,003	19,684	74,687
Total segment revenue	<b>97,322</b>	<b>70,529</b>	<b>167,851</b>
Reportable segment gain/(loss) before tax	<b>(1,692,343)</b>	<b>(2,654,530)</b>	<b>(4,346,873)</b>
Segment assets	<b>1,167,655</b>	<b>7,125,744</b>	<b>8,293,399</b>
Segment liabilities	<b>1,133,830</b>	<b>42,874</b>	<b>1,176,704</b>

#### 4. Operating Loss Before Taxation

The Group operating loss from continuing operations before taxation is stated after (charging) crediting:

##### (a) Revenue

	CONSOLIDATED	
	2013 \$	2012 \$
<b>Revenue</b>		
Interest revenue – bank deposits	10,431	93,161
Other	49,791	74,688
	<u>60,222</u>	<u>167,849</u>

##### (b) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure expensed	<u>(2,412,041)</u>	<u>(2,404,495)</u>
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##### (c) Finance Expenses

Finance costs	(35,651)	(22,794)
Interest paid	(73,150)	-
Unrealised foreign exchange gain/(loss)	(3,744)	80,992
	<u>(112,545)</u>	<u>58,198</u>

#### (d) Administration Expenses

	CONSOLIDATED	
	2013	2012
	\$	\$
Wages and salaries	(671,631)	(450,554)
Share based payments	(1,233,657)	(507,797)
Bad and doubtful debts	-	(2,610)
Travel, marketing and promotion	(371,571)	(297,710)
Insurance	(44,334)	-
Occupancy and administration expenses	(439,901)	(388,816)
Legal and professional	(465,939)	(754,665)
	<u>(3,227,033)</u>	<u>(2,402,152)</u>

#### (e) Other Expenses

Depreciation and amortisation	(28,970)	(69,912)
Other from ordinary activities	(6,890)	-
	<u>(35,860)</u>	<u>(69,912)</u>

### 5. Income Taxes

#### a) Income Tax Recognised in Profit or Loss

The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

Loss before income tax expense	(5,727,257)	(4,650,512)
Prima facie tax payable on profit/(loss) at 30%	(1,718,177)	(1,395,154)
Foreign tax rate differential	-	(237,625)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses	10,718	4,143
Unrecognised temporary differences	303,173	21,127
Tax effect of current year tax losses for which no deferred tax asset has been recognised	1,404,286	1,607,508
Income tax	<u>-</u>	<u>-</u>

#### b) Income Tax Recognised Directly in Equity

There were no current and deferred amounts charged directly to equity during the period.

#### c) Deferred Tax Assets

Prepayments	-	13,172
Accrued expenses	405	23,817
Provisions	58,719	9,324
Capital raising costs	141,209	64,691
Business capital costs	91,699	110,037
Carry forward tax losses	11,431,288	10,814,273
Total	<u>11,723,320</u>	<u>11,035,314</u>

#### d) Deferred Tax Liabilities

Investments	-	90,000
Total	<u>-</u>	<u>90,000</u>

The above deferred tax assets and liabilities have not been brought to account as assets and liabilities.

The gross carried forward tax losses used in the determination of the net unrecognised deferred tax asset disclosures above are as follows:

Tax losses in Australia (net)	(23,174,579)	(20,183,478)
Tax losses in Foreign countries (net)	(14,929,715)	(13,257,171)
Total	<u>(38,104,294)</u>	<u>(33,440,649)</u>

## 6. Cash and Cash Equivalents

	CONSOLIDATED	
	2013	2012
	\$	\$
Cash at bank and on hand	103,457	226,698
Total	<u>103,457</u>	<u>226,698</u>

## 7. Trade and Other Receivables

Prepayments	24,087	-
Other receivables	11,170	39,074
Total	<u>35,257</u>	<u>39,074</u>

## 8. Other Financial Assets

Available for sale investments – at fair value	-	900,000
Security deposits	89,869	23,965
Total	<u>89,869</u>	<u>923,965</u>

As at 30 June 2012, the Group held 3,000,000 fully paid ordinary shares in Forge Resources Limited (ASX: FRG and "Forge"). The 3,000,000 shares were escrowed for a period of two years from the date of Forge's listing on the ASX, 23 September 2010. All of the securities held at 30 June 2012 were sold during the 2013 financial year.

## 9. Property, Plant and Equipment

	PLANT AND EQUIPMENT \$	TOTAL \$
<b>Gross Carrying Amount</b>		
Balance at 1 July 2011	275,392	275,392
Additions	2,352	2,352
Disposals/write off	(66,386)	(66,386)
Net foreign currency exchange differences	(28,214)	(28,214)
Balance at 30 June 2012	<u>183,144</u>	<u>183,144</u>
Additions	166,534	166,534
Disposals/write off	-	-
Net foreign currency exchange differences	9,353	9,353
<b>Balance at 30 June 2013</b>	<u><b>359,031</b></u>	<u><b>359,031</b></u>
<b>Accumulated Depreciation /amortisation and impairment</b>		
<b>Balance at 1 July 2011</b>	<b>155,503</b>	<b>155,503</b>
Disposals/write off	(24,929)	(24,929)
Depreciation expense	28,454	28,454
Net foreign currency exchange differences	(49,659)	(49,659)
<b>Balance at 30 June 2012</b>	<u><b>109,369</b></u>	<u><b>109,369</b></u>
Disposals/write off	-	-
Depreciation expense	28,970	28,970
Additions	107,091	107,091
Net foreign currency exchange differences	1,447	1,447
<b>Balance at 30 June 2013</b>	<u><b>246,877</b></u>	<u><b>246,877</b></u>
<b>Net Book Value</b>		
<b>30 June 2012</b>	<u><b>73,775</b></u>	<u><b>73,775</b></u>
<b>30 June 2013</b>	<u><b>112,154</b></u>	<u><b>112,154</b></u>

## 10. Exploration and Evaluation

	CONSOLIDATED 2013 \$	2012 \$
<b>Non-producing properties</b>		
<b>Exploration and evaluation expenditure:</b>		
Balance at 1 July 2012	7,029,887	6,853,784
Net foreign currency exchange differences	213,415	176,103
Balance at 30 June 2013	<u>7,243,302</u>	<u>7,029,887</u>

## 11. Trade and Other Payables

Trade payables	189,555	59,356
Accruals	91,248	136,470
	<u>280,803</u>	<u>195,826</u>

## 12. Borrowings

Unsecured convertible notes	-	185,000
	<u>-</u>	<u>185,000</u>

These notes were fully converted to ordinary shares during the year. Refer to note 15.

### 13. Provisions

Employee benefits	34,399	24,122
	<u>34,399</u>	<u>24,122</u>

### 14. Deferred Tax Liability

Deferred tax liability related to assets acquired through business combination in prior years	771,756	6,458,314
Less: Tax effect of impairment of assets acquired	-	(5,686,558)
Net deferred tax liability	<u>771,756</u>	<u>771,756</u>

### 15. Issued Capital and Reserves

	CONSOLIDATED	
	2013	2012
	\$	\$
221,798,811 fully paid ordinary shares (2012:75,767,021)	57,766,484	53,700,609
Share issue expenses	(1,773,131)	(1,495,901)
	<u>55,993,353</u>	<u>52,204,708</u>

The company does not have a limited amount of authorised capital and issued shares do not have a par value.

	CONSOLIDATED AND COMPANY			
	2013	2013	2012	2012
	NUMBER	\$	NUMBER	\$
<b>Fully paid ordinary shares</b>				
Balance at beginning of financial year	75,767,021	52,204,706	336,709,607	52,018,704
Consolidation of shares		-	(269,367,279)	-
Shares issued during the year	146,031,790	4,065,877	8,424,695	186,002
Share issue costs	-	(277,230)	-	-
<b>Ordinary fully paid shares at end of year</b>	<u>221,798,811</u>	<u>55,993,353</u>	<u>75,767,021</u>	<u>52,204,706</u>

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Partly paid ordinary shares entitle the holder to vote, participate in dividends and proceeds on a winding up in proportion to the number of and amounts paid on the shares held.

The following shares were issued during the reporting period:

- (i) On 9 July 2012, 1,658,720 fully paid shares were issued; 408,720 in lieu of a \$15,000 fee and 1,250,000 at \$0.04 per share;
- (ii) On 9 October 2012, 65,498,476 fully paid shares were issued; 52,613,861 as part of a placement at \$0.03 and 2,884,615 at \$0.026 as a result of the conversion of convertible securities;
- (iii) On 15 October 1,000,000 fully paid shares were issued for nil consideration in return for a data package.
- (iv) On 7 November 2012, 2,307,693 fully paid shares were issued at \$0.026 as a result of the conversion of convertible securities;
- (v) On 12 December 2012, 15,000,000 fully paid shares were issued at \$0.03 per share as part of a placement;
- (vi) On 9 January 2013, 2,226 fully paid shares were issued as a result of the conversion of 50 cent options before they expired on 31 December 2012
- (vii) On 15 February 2013, 21,558,533 fully paid shares were issued at \$0.042 cents as part of a placement;
- (viii) On 6 May 2013, 39,006,143 fully paid ordinary shares were issued at \$0.028 cents as part of a placement.

Information relating to the company's employee option plan, including details of options issued, exercised and lapsed during the financial year is set out in note 24.

Information relating to share options and performance rights issued to key management personnel during the financial year are set out in note 25.

<b>Reserves</b>	CONSOLIDATED	
	2013 \$	2012 \$
Option reserve – listed	766,900	766,900
Option reserve – unlisted	4,168,048	2,934,391
Total option reserve	4,934,948	3,701,291
Foreign currency translation	(890,414)	(1,275,756)
Available-for-sale securities	-	300,000
	4,044,534	2,725,535

The Options reserve records items recognised as expenses on the issue of employee share options.

The Foreign Currency Translation Reserve records exchange differences arising on the translation of foreign controlled subsidiaries. These differences are book entries only resulting from differences between exchange rates at the beginning and end of the period and the resulting change in value of assets and do not represent realised exchange gains or losses.

The available for sale securities reserve records the fair value changes on the available for sale financial asset as set out in Note 8 Other Financial Assets.

**(i) Option reserve – unlisted**

Opening balance	2,934,391	2,426,594
Options allotted	1,233,657	507,797
<b>Balance at end of year</b>	4,168,048	2,934,391

**(ii) Option reserve –listed**

Opening balance	766,900	766,900
Options allotted	-	-
<b>Balance at end of year</b>	766,900	766,900

**(iii) Foreign currency translation reserve**

	CONSOLIDATED	
	2013 \$	2012 \$
Balance at beginning of the year	(1,275,756)	(1,207,707)
(Loss)/Gain on translation of overseas controlled entities	385,342	(68,049)
<b>Balance at the end of financial year</b>	(890,414)	(1,275,756)

**(iv) Available-for-sale securities reserve**

Balance at beginning of the year	300,000	720,000
(Loss)/Gain on revaluation of available-for-sale securities	(300,000)	(420,000)
<b>Balance at the end of financial year</b>	-	300,000

**16. Earnings Per Share**

	2013 CENTS PER SHARE	2012 CENTS PER SHARE
Basic earnings/(loss) per share from continued operations	(3.80)	(6.76)
Diluted earnings/(loss) per share from continued operations	(3.80)	(6.76)

The following reflects the income and share data used in the calculations of the basic and diluted earnings per share:

	2013 \$	2012 \$
<b>Earnings reconciliation</b>		
Net loss for the year – continued operations	(5,727,257)	(4,650,512)
Weighted average number of ordinary shares used as the denominator in calculating basic and dilutive earnings per share	150,763,069	68,785,408

## 17. Commitments for Expenditure

### Mineral Properties

Not later than 1 year	181,957	163,380
Between 1 year and 5 years	727,828	653,520
	<u>909,785</u>	<u>816,900</u>

The exploration commitments reflect the minimum expenditure to meet the conditions under which the properties are granted or such greater amounts that have been contractually committed. These commitments may vary from time to time, subject to approval by the grantor of titles or by variation of contractual agreements. The expenditure represents potential expenditure which may be reduced by entering into sale, joint venture or relinquishment of the interests and may vary depending upon the results of exploration. Should expenditure not reach the required level in respect of each area of interest, the Groups interest could be either reduced or forfeited.

## 18. Leases

### Operating Leases

#### Leasing Arrangements

Operating lease relates to office facilities with lease terms of 2 to 5 years. Contingent rental provisions within the lease agreement require the minimum lease payment shall be increased to market value in the final year.

	CONSOLIDATED	
	2013 \$	2012 \$
<b>Non-cancellable operating lease payments</b>		
- Not later than 1 year	37,362	36,455
- Between 1 year and 5 years	149,447	145,820
	<u>186,809</u>	<u>182,275</u>

## 19. Contingent Liabilities and Contingent Assets

- (i) The Rio Puerco, Apex, Lowboy and Church Rocks projects areas carry a yellow cake royalty, to a maximum equivalent of a 5% on a claim by claim basis. In all cases the royalty does not exceed 5% over any project.

## 20. Interests In Joint Venture Operations and Projects

The Group has an interest in the following material joint venture operations whose principal activities are mineral exploration and development.

NAME OF VENTURE	NOTES	PRINCIPAL ACTIVITY
Cristol Enterprises LLC	i)	Exploration – gold, manganese and uranium
Lone Star LLC	ii)	Exploration - uranium
San Marcos JV	iii)	Exploration- gold

## Notes

### (i) Cristol Enterprises LLC

The Company's wholly owned subsidiary Uranium Company of Arizona LLC ("UCA") executed a Heads of Agreement with Cristol Enterprises LLC ("Cristol"), an exploration company based in Nevada, USA on 24 June 2009. The agreement covers the Bernard gold, uranium and manganese project located in La Paz County, Arizona which has been secured by UCA and covers 212 claims for an aggregate area of approximately 11km<sup>2</sup>. The agreement is subject to the following basic conditions, viz:

- UCA and Cristol will create a new limited liability company into which the Bernard claims will be transferred. Initial equity in the new company will be 100% UCA;
- Cristol is to expend a total of \$5.1M in stages to earn a 49% interest in the new company;
- Thereafter, further funding of the project will be on a pro-rata basis, subject to an industry standard dilution clause;
- The first stage will entail expenditures of \$475,000 and involve a comprehensive drilling program; and
- UCA is the project manager.

### (ii) Lone Star

In April 2011 the Company's executed a JV agreement with Lone Star LLC ('Lone Star') which involved the acquisition, exploration and development of a number of uranium properties in the State of Texas in the USA. Under the JV agreement Uranium Company of Texas ("UCT") has been established as a 90% owned subsidiary of the Company and Lone Star will be free carried to the remaining 10%. The Company is the Manager of the JV. Lone Star personnel will work for the JV and will be responsible for identifying and acquiring leasehold properties with a track record of being drilled out and with historic drilling results. Under the JV agreement Lone Star receives shares in the Company based on the acquisition of these projects and on proving up JORC/NI 43-101 resources at the various uranium projects under the JV. As consideration for entering into the JV agreement, Lone Star was issued 5 million shares in the Company. These shares were escrowed for a period of 6 months.

### (iii) San Marcos

During the year, the Company farmed this project out to ASX listed Pelican Resources. (ASX: PEL) to farm into the company's 100% owned San Marcos Gold project in Arizona, USA.

Pursuant to which Pelican has been granted an option to enter into a farm-in agreement (Option Agreement) with AusAmerican allowing Pelican to earn up to a 100% interest in the San Marcos Gold Project located in Arizona, USA (Project).

#### Option Agreement

Pursuant to the Option Agreement, AusAmerican has granted to Pelican, an option for a period of up to 60 days from 11 January 2013, to enter, through a US subsidiary (to be established), into a farm-in agreement in relation to the Project.

Pelican is able to exercise the option at any time during the 60 day period by providing notice, and a payment of \$25,000, to AusAmerican.

Upon exercise of the option, Pelican and AusAmerican will enter into a formal farm-in agreement, based on, in addition to customary terms found in farm-in agreements, specific terms agreed upon by the parties in the Option Agreement (**Farm-in Agreement**).

#### Key Terms of the Farm-In Agreement

Under the Farm-in Agreement, Pelican will have the sole and exclusive right, but not the obligation, to:

- d. earn a 30% interest by funding not less than \$75,000 of exploration expenditure within the first 12 months of the date of exercising the option (**Commencement Date**);
- e. earn a further 21% interest by funding not less than \$75,000 of exploration expenditure within the 12 month period commencing on the date which is 12 months after the Commencement Date; and
- f. earn a further 29% interest by funding not less than \$250,000 of exploration expenditure within the 12 month period commencing on the date which is 24 months after the Commencement Date.

Any expenditure incurred in an earn-in period in excess of the required amount will be offset against the required expenditure amount in the following earn-in period.

Once Pelican earns an 80% interest, it must elect to either:

- c. Earn a further 15% interest by funding not less than \$300,000 of exploration expenditure within the 12 month period commencing on the date of providing notice to AusAmerican of satisfaction in obtaining the 80% interest. Once Pelican earns a 95% interest, AusAmerican's remaining 5% interest will be extinguished and revert to a 2% net smelter return royalty up to a maximum of \$1,000,000; or
- d. Form a joint venture with AusAmerican. In this event, Pelican and AusAmerican will form an unincorporated joint venture where initially, Pelican will hold an 80% interest and AusAmerican will hold a 20% interest in the Project.

Pelican and AusAmerican will each have a first right of refusal over the sale or other disposal of all or part of the other party's interest in Project tenements from time to time.

The Farm-in Agreement will otherwise be on terms customary for a transaction of this nature.

## 21. Controlled Entities

NAME OF ENTITY	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
		2013 %	2012 %
<b>Parent Entity</b>			
Australian-American Mining Corporation Ltd	Australia	100	100
<b>Subsidiaries</b>			
Uranium King Pty Ltd	Australia	100	100
Uranium King Corporation	USA	100	100
Uranium Company of Nevada LLC	USA	100	100
Uranium Company of New Mexico	USA	100	100
Uranium Company of Arizona LLC	USA	100	100
Buckskins Mountains Mining Company LLC	USA	90	90
Uranium Company of Texas LLC	USA	90	90
New Mexico Investment Limited	St Lucia	100	100
Grant Ridge Corporation	USA	100	100

Australian-American Mining Corporation Ltd is the Head Entity within the Tax Consolidated Group that includes Uranium King Pty Ltd.

## 22. Notes to the Cash Flow Statement

### (a) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

### (b) Reconciliation of net loss for the period to net cash outflow from operating activities

Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:

	CONSOLIDATED	
	2013	2012
	\$	\$
Loss for the year	(5,727,257)	(4,650,512)
Depreciation and amortisation of non-current assets	28,970	28,454
Foreign exchange (gain)/loss – net	3,744	56,173
Bad and doubtful debts	-	2,610
Share-based payment expense	1,233,657	507,797
Finance costs	108,802	22,794
Interest income received	(10,431)	(93,164)
Loss on sale of property, plant and equipment	-	41,458
Gain on sale of available for sale assets	(22,932)	-
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:		
(Increase)/decrease in assets	3,816	(558,848)
Decrease in liabilities		
Decrease in liabilities	95,252	(216,231)
Net cash (used in) operating activities	(4,286,379)	(4,859,469)

There are no restrictions on cash balances at the reporting date.

## 23. Financial Instruments

### Financial Risk Management Policies

The Groups principal financial liabilities, other than derivatives, comprise accounts payable, bank loans and overdrafts, and debentures. The main purpose of these financial instruments is to manage short term cash flow and raise finance for the Group's capital expenditure program. The Group has various financial assets such as trade and other receivables and cash and short-term deposits, which arise directly from its operations.

### Risk exposures and responses

The Group manages its exposure to key financial risks in accordance with its financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security. The main risks that could adversely affect the Group's financial assets, liabilities or future cash flows are: market risks, cash flow interest rate risk and foreign currency risk; and liquidity risk and credit risk. Management reviews and agrees policies for managing each of these risks which are summarised below.

The Group's senior management oversees the management of financial risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken. At this stage, the Group does not currently apply any form of hedge accounting.

The Board of Directors reviews and agrees policies for managing these risks which are summarised below.

## Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: commodity price risk, interest rate risk and currency risk. Financial instruments affected by market risk include: loans and borrowings; deposits; trade receivables; trade payables; accrued liabilities; and derivative financial instruments.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed-to floating interest rates on the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant. The sensitivity analysis is intended to illustrate the sensitivity to changes in market variables on the Group's financial instruments and show the impact on profit or loss and shareholders' equity, where applicable.

The analyses exclude the impact of movements in market variables on the carrying value of pension and other post-retirement obligations and provisions.

The following assumptions have been made in calculating the sensitivity analysis:

- The statement of financial position sensitivity relates to derivatives and euro denominated accounts receivables;
- The sensitivity of the relevant profit before tax item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 30 June 2013 and 30 June 2012; and
- The impact on equity is the same as the impact on profit before tax.

### (i) Treasury Risk Management

Due to the size of the company, a separate finance committee does not exist. The full Board considers credit risk policies and future cash flow requirements as required.

The board's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

### (ii) Financial Risk Exposures and Management

The main risks the Company and the Consolidated Entity are exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk credit risk and price risk.

## Interest Rate Risk

The Groups exposure to the risks of changes in market interest rates relates primarily to the company's short-term deposits with a floating interest rate. These financial assets with variable rates expose the company to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing.

## Foreign Currency Risk

The Group has exploration activities overseas and in Australia. While most funds have been held in Australian dollars, some deposits are held in foreign currency for working capital purposes. The Group is exposed to fluctuations in foreign currencies arising from the purchase of goods and services in currencies other than the group's measurement currency. The Group is mainly exposed to fluctuations in US dollars.

## Liquidity Risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities as required are maintained. The Groups operations require it to raise capital on an on-going basis to fund its planned exploration program and to commercialise its tenement assets. If the Group does not raise capital in the short term, it can continue as a going concern by reducing planned but not committed exploration expenditure until funding is available and/or entering into joint venture arrangements where exploration is funded by the joint venture partner.

## Credit Risk

Credit risk is managed on a group basis and refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group as well as through deposits with financial institutions. The Group has adopted a policy of only dealing with credit worthy counterparties obtaining sufficient collateral or other security where appropriate as means of mitigating the risk of financial loss from defaults and only banks and financial institutions with an 'A' rating are utilised. The group measures risk on a fair value basis.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. There are no collateral held as security at 30 June 2013.

The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group. The credit risk on liquid funds and financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

### Price Risk

The Group does not derive revenue from sale of products therefore, the effect on profit and equity as a result of changes in the price risk is not considered material. The fair value of the mineral projects will be impacted by commodity price changes (predominantly uranium) and could impact future revenues once operational. However, management monitors current and projected commodity prices.

The Group is mainly exposed to mining services price risk. The management does constantly monitor price movements and seeks ways to minimise the cost on mining activities.

#### (iii) Financial Instruments

The Groups exposure to interest rate risk and effective weighted average interest rate for financial assets and liabilities is set out below.

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments.

All cash balances have maturity of less than 3 months.

All trade payables are on normal 30 day terms.

2013	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	VARIABLE INTEREST RATE \$	NON INTEREST BEARING \$	TOTAL \$
<b>Financial assets</b>				
Cash and cash equivalents	2.23	92,400	11,057	103,457
Trade and other receivables			11,171	11,171
Other financial assets	0.65	18,547	95,409	113,956
Investments		-	-	-
		<b>110,947</b>	<b>117,637</b>	<b>228,584</b>
<b>Financial liabilities</b>				
Trade and other payables		-	315,203	315,203
		-	<b>315,203</b>	<b>315,203</b>
<b>2012</b>				
<b>Financial assets</b>				
Cash and cash equivalents	2.91	188,384	38,314	226,698
Trade and other receivables		-	39,074	39,074
Other financial assets	3.24	16,680	7,285	23,965
Investments		-	900,000	900,000
		<b>205,064</b>	<b>984,673</b>	<b>1,189,737</b>
<b>Financial liabilities</b>				
Trade and other payables		-	372,074	372,074
		-	<b>372,074</b>	<b>372,074</b>

#### (iv) Net Fair Values

The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values (2012: net fair value).

#### (v) Sensitivity Analysis

##### **Interest Rate Risk, Foreign Currency Risk and Price Risk**

The group has performed sensitivity analysis relating to its exposure to interest rate risk, foreign currency risk and price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

##### **Interest Rate Sensitivity Analysis**

At 30 June 2013, the effect on loss and equity as a result of fluctuations in the interest rate, with all other variables remaining constant has been considered. For the purpose of this exercise, a 2% increase in the interest results in a decrease in loss by \$2,808 (2012: \$15,697) and an increase in equity by \$2,808 (2012: \$15,697).

##### **Foreign Currency Risk Sensitivity Analysis**

At 30 June 2013, the effect on loss and equity as a result of 5% improvement in the value of the Australian Dollar to the US Dollar/Euros, with all other variables remaining constant would result in an increase in the loss by approximately \$100,629 (2012: \$133,244) and an decrease in equity by approximately \$100,629 (2012: \$133,244).

##### **Price Risk Sensitivity Analysis**

As the company does not derive revenue from sale of products, the effect on profit and equity as a result of changes in the price risk is not considered material. The fair value of the mining projects will be impacted by commodity price changes (predominantly uranium and gold) and could impact future revenues once operational. However, management monitors current and projected commodity prices.

##### **Employee Share Option Plan**

An Incentive Option Scheme was approved by shareholders at a General Meeting held on 11 January 2006. This Scheme was replaced with a new incentive plan called the Australian-American Mining Corporation Employee Option Plan 2008 and was approved by shareholders at the Annual General Meeting held on 26 November 2008 pursuant to which, certain share options have been granted to executives. Each option converts into one ordinary share of the Company on exercise. No amounts have been paid or are payable by the recipient upon receipt of the options. The options neither carry rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry except to the extent that any terms and conditions imposed in relation to any options granted by the Board at or prior to the time of grant state otherwise. The option valuation amounts shown below have been calculated using the Binomial Tree Option Calculator. There are no longer any options outstanding issued under this scheme.

A new Employee Share Option Plan was approved by shareholders at a General Meeting held on 9 September 2011 to comply with TSX Venture Exchange requirements. To date no issues have been made under this plan.

## **24. Share Based Payments**

##### **Employee Performance Share Rights Plan**

The general terms and conditions of the PRP were set out in the Explanatory Statement issued by the Company in relation to the 2009 AGM.

The Rights Plan is a long-term incentive plan aimed at advancing the interests of the Company by creating a stronger link between employee performance and reward and increasing shareholder value by enabling participants to have a greater involvement with, and share in the future growth and profitability of the Company. It is an important tool to assist in attracting and retaining talented people.

Share Rights are granted under the plan for no consideration. Share Rights are rights to receive fully paid ordinary shares in the capital of the Company (Shares) in the future if certain individual and/or corporate performance metrics (Performance Conditions) are met in the measurement period.

The Board is cognisant of general shareholder concern that long-term equity based reward for staff should be linked to the achievement by the Company of a performance condition. Share Rights granted under the Rights Plan are subject to performance conditions as determined by the Board from time to time.

The current Share Rights issued to executives are subject to a combination of Performance Conditions as listed below:

Performance Hurdle
On joining the Board of AusAmerican
On finalisation of an agreement to bring in a new project to AusAmerican
On the AusAmerican share price trading at greater than 20 cents per share for more than five consecutive days
On the AusAmerican share price trading at greater than 25 cents per share for more than five consecutive days

EMPLOYEE SHARE OPTION PLAN	2013 NUMBER OF OPTIONS	2012 NUMBER OF OPTIONS
Balance at beginning of the financial year	-	-
Expired during the financial year	-	-
Issued during the financial year	6,950,000	-
Balance at end of the financial year	6,950,000	-

(a) Balance at beginning of the financial year

	2013 No.	2013 WAEP A\$	2012 No.	2012 WAEP A\$
Outstanding at the beginning of the year	72,769,572	0.25	76,921,605	0.11
Granted during the year	69,532,338	0.07	41,600,000	0.03
Consolidation	-	-	(45,572,033)	0.50
Exercised during the year	(10,002,226)	-	-	-
Expired during the year	(43,353,024)	0.41	(180,000)	3.78
Exercisable at the end of the year	88,946,660	0.043	72,769,572	0.25

The following share-based payment arrangements were in existence during the reporting period:

DATE OPTIONS GRANTED	EXERCISABLE	EXPIRY DATE	EXERCISE PRICE(ii)	QUANTITY
(i)	(i)	15 September 2013	\$0.231	1,600,000
(i)	(i)	06 October 2013	\$0.2105	61,729
(i)	(i)	13 October 2013	\$0.2105	37,037
(i)	(i)	20 October 2013	\$0.2105	55,556
(i)	(i)	16 November 2013	\$0.325	60,000
02 February 2012	02 February 2012	01 March 2015	\$0.595	600,000
05 June 2012	05 June 2012	01 March 2015	\$0.09	9,000,000
05 June 2012	Performance Rights	28 May 2015	\$0.00	8,000,000
02 July 2012	02 July 2012	02 July 2015	0.595	300,000
15 October 2012	15 October 2012	01 March 2015	\$0.09	4,000,000
15 March 2013	15 March 2013	01 March 2015	\$0.09	11,000,000
17 March 2013	17 March 2013	01 March 2015	\$0.09	10,779,267
29 October 2012	29 October 2012	01 March 2015	\$0.09	6,350,000
03 December 2012	Performance Rights	03 December 2017	\$0.00	14,000,000
02 April 2013	02 April 2013	01 March 2015	\$0.09	600,000
27 June 2013	27 June 2013	01 March 2015	\$0.09	19,503,071
27 June 2013	27 June 2013	01 March 2015	\$0.09	3,000,000
				88,946,660

## 25. Key Management Personnel Compensation

The key management personnel of the Consolidated Entity during the year were:

### (a) Details of Key Management Personnel

Directors	Position
R Holmes	Managing Director (appointed 11 March 2012)
J Malone	Chairman, Executive Director, Company Secretary and Chief Financial Officer (appointed a Director 30 July 2008, appointed Executive Chairman 29 April 2009, resigned as Executive Chairman and appointed Executive Director 11 March 2012, appointed Chairman 30 November 2012)
D Falconer	Non-Executive Director (appointed 28 February 2011)
M Ceglinski	Non-executive Chairman (appointed 11 March 2012, retired by rotation 30 November 2012)

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

### (b) Key Management Personnel Compensation

The aggregate compensation of the key management personnel of the Consolidated Entity and the Company is set out below:

	CONSOLIDATED	
	2013	2012
	\$	\$
Short-term employee benefits	501,238	422,401
Other	8,000	39,985
Post-employment benefits	18,635	15,000
Share-based payment	458,600	1,494,320
<b>Total</b>	<b>986,473</b>	<b>1,971,706</b>

### (c) Key Management Personnel Shareholdings

#### Fully Paid Ordinary Shares

2013	BALANCE 1 JULY 2012	NET OTHER CHANGE	ON EXERCISE OF OPTIONS	BALANCE AT DATE OF CESSATION	BALANCE 30 JUNE 2013
<b>Directors</b>					
J Malone	458,993	2,041,007	-	-	2,500,000
Richard Holmes	2,000,000	500,000	5,000,000	-	7,500,000
Don Falconer	-	-	-	-	-
Mark Ceglinski	2,300,000	1,000,000	5,000,000	8,300,000	8,300,000

2012	BALANCE 1 JULY 2011	NET OTHER CHANGE	ON EXERCISE OF OPTIONS	BALANCE AT DATE OF CESSATION	BALANCE 30 JUNE 2012
<b>Directors</b>					
J Malone	2,294,962	(1,835,969)	-	-	458,993
Richard Holmes	-	-	2,000,000	-	2,000,000
Mark Ceglinski	-	300,000	2,000,000	-	2,300,000
D Geldard	1,030,000	(743,779)	-	286,221	286,221
G Barns	172,600	(138,080)	-	34,520	34,520
S Jackson	150,000	(120,000)	-	30,000	30,000

- i. Denis Geldard retired as director and CEO on 11 March 2012.
- ii. Greg Barns resigned as Non-Executive Director on 03 February 2012.
- iii. Simon Jackson resigned as Non-Executive Director on 03 February 2012.
- iv. Mark Ceglinski retired by rotation as chairman on 30 November 2012

### Share Options/Performance Rights

2013	1 JULY 2012	GRANTED AS REMUNE- RATION	EXERCISED	NET CHANGE OTHER*	30 JUNE 2013	VESTED/ EXERCIS- ABLE	NOT VESTED/ NOT EXERCIS- ABLE
<b>Directors</b>							
J Malone	1,533,334	10,000,000	-	(1,533,334)	10,000,000	-	10,000,000
M Ceglinski	14,722,000	-	(5,000,000)	(9,722,000)	-	5,000,000	-
R Holmes	13,000,000	-	(5,000,000)	-	8,000,000	5,000,000	8,000,000
Don Falconer	200,000	4,000,000	-	(200,000)	4,000,000	-	4,000,000

2012	1 JULY 2011	GRANTED AS REMUNE- RATION	EXERCISED	NET CHANGE OTHER	30 JUNE 2012	VESTED/ EXERCIS- ABLE	NOT VESTED/ NOT EXERCIS- ABLE
<b>Directors</b>							
J Malone	7,666,667	-	-	(6,133,333)	1,533,334	1,533,334	-
M Ceglinski	1,722,000 <sup>^</sup>	15,000,000	(2,000,000)	-	13,000,000	2,000,000	14,722,000
R Holmes	-	15,000,000	(2,000,000)	-	13,000,000	2,000,000	13,000,000
D Geldard	7,500,000	-	-	(6,000,000)	1,500,000	1,500,000	-
G Barns	1,000,000	-	-	(800,000)	200,000	200,000	-
S Jackson	-	1,000,000	-	(800,000)	200,000	200,000	-
D Falconer	-	1,000,000	-	(800,000)	200,000	200,000	-

\* On 26 September 2011 a consolidation of the number of Shares and Options on issue on a 1 for 5 basis was completed.

<sup>^</sup> Prior to Mark Ceglinski's appointment to the board on 11 March 2012, he previously held options for services rendered to the Group

## Rights Pricing Model

The fair value of the equity settled share rights granted under the plan is estimated as at the date of the grant using either the Black-Scholes valuation model for rights with non-market based performance conditions or the Monte-Carlo simulation model for rights that contained a market based performance condition.

The following table lists the inputs to the models used for the years ended 30 June 2013 and 30 June 2012.

	2013	2012
Dividend yield (%)	0%	0%
Expected volatility (%)	140%	150%
Risk-free interest rate (%)	2.70%	2.19%
Expected life of right (years)	5.00	2.98
Value per right (\$)	\$0.033 - \$0.0326	\$0.036 - \$0.053
Closing share price at grant date (\$)	\$0.035	\$0.053

## (d) Other Transactions With Key Management Personnel

There were no other transactions with key management personnel of the Group.

## 26. Remuneration Of Auditors

	CONSOLIDATED	
	2013	2012
	\$	\$
Amounts received or due and receivable by Grant Thornton Audit Pty Ltd: Audit or review of the financial report of the Group	64,779	56,675
Total	64,779	56,675

## 27. Subsequent Events

### Letter of intent signed for the Victoria Copper Mine

AusAmerican has entered into a Letter of Intent with Taylor Western Resources LLC to earn 50% of the project on the following terms:

4. Invest US\$5.5m on mine development and/or regional exploration
5. Option payments of
  - a. US\$0.5m on signing of definitive agreements
  - b. US\$1m on commencement of rehabilitation of the underground workings
  - c. US\$1m on commencement of production
  - d. US\$1m on 12 month anniversary of (c)
6. First right of refusal on the remaining 50% of the project

AusAmerican will manage and operate the Joint Venture.

The company announced Mr Ben Mead will join the company as an Executive Director; effective immediately. Mr Mead has had considerable experience in the management of ASX-listed and private companies in the mineral, energy and aluminium sectors. Mr Mead, who resides in Park City, Utah, in the USA, was instrumental in introducing the transaction to the company and in assisting the company in its negotiations with the project's owners. Mr Mead will continue to assist with the due diligence, development, financing and on-going management of the project in his role as US based Director residing close to the project.

Experienced corporate advisor, mining executive and company director Mr Peter Landau has agreed to join the Board of AIW. Mr Landau brings with him many years of experience in managing resource companies. Especially

important for the company is Mr Landau's recent experience in capital raising for and development of, USA silver developer Black Mountain Resources Limited and their New Departure Silver project in Montana. Mr Landau will be a non-executive Director, effective 1 August 2013.

## 28. Parent Entity Disclosures

	2013 \$	2012 \$
Parent entity		
Assets		
Current assets	101,612	1,151,738
Non-current assets	9,873,609	7,715,917
Total assets	<u>9,975,221</u>	<u>8,867,655</u>
Liabilities		
Current liabilities	247,407	353,321
Non-current liabilities	1,672,328	1,672,327
Total liabilities	<u>1,919,735</u>	<u>2,025,648</u>
Equity		
Issued capital	56,155,670	52,204,706
Accumulated losses	(53,035,132)	(49,049,052)
Reserves	4,934,948	3,686,354
Total equity	<u>8,055,486</u>	<u>6,842,008</u>
Financial performance		
Loss for the year	(3,671,142)	(9,246,973)
Other comprehensive income	(300,000)	(420,000)
Total comprehensive income	<u>(3,971,142)</u>	<u>(9,666,973)</u>
Contingent liabilities	-	-
Contractual commitments:		
Operating lease	37,362	36,455

## **DIRECTORS' DECLARATION**

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In accordance with a resolution of the Directors of Australian American Mining Corporation Limited, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the Company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- (b) the financial statements and notes also comply with International Financial Reporting Standards;
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable subject to the matters mentioned in note 1(a); and
- (d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2013.

On behalf of the Board

A black and white image of a handwritten signature in cursive script, appearing to read 'Jim Malone', on a dark background.

Mr Jim Malone

**Chairman**

30 September 2013

**Independent Auditor's Report  
To the Members of Australian-American Mining Corporation Limited**

**Report on the financial report**

We have audited the accompanying financial report of Australian-American Mining Corporation Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, 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. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, 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 us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

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In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company'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:

- a the financial report of Australian-American Mining Corporation Limited is in accordance with the Corporations Act 2001, including:
  - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 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 financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

**Emphasis of Matter**

Without qualifying our opinion, we draw attention to Note 2 in the financial report which indicates that the consolidated entity incurred a net loss after tax of \$5,727,257 during the year ended 30 June 2013 and, net operating cash outflows from operations of \$4,286,379. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

**Report on the remuneration report**

We have audited the remuneration report included in pages 25 to 27 of the directors' report for the year ended 30 June 2013. The Directors of the Company 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 on the remuneration report**

In our opinion, the remuneration report of Australian-American Mining Corporation Limited for the year ended 30 June 2013, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



J W Vibert  
Partner - Audit & Assurance

Perth, 30 September 2013

## CORPORATE DIRECTORY

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### Directors

Richard Holmes (Managing Director)  
Jim Malone (Executive Director)  
Ben Mead (Executive Director)  
Don Falconer (Non-Executive Director)  
Peter Landau (Non-Executive Director)

### Company Secretary

Jim Malone

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### Stock Exchange Listings

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