

Kin Mining NL

ABN 30 150 597 541

Annual Financial Report

30 June 2014

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CORPORATE INFORMATION

ABN 30 150 597 541

Directors

Terry Grammer
Trevor Dixon
Marvyn (Fritz) Fitton
Giuseppe (Joe) Graziano

Company secretary

Giuseppe (Joe) Graziano

Registered office

Ground Floor
342 Scarborough Beach Road
OSBORNE PARK WA 6017

Principal place of business

Ground Floor
342 Scarborough Beach Road
OSBORNE PARK WA 6017
Tel: (08) 9242 2227

Share register

Advanced Share Registry
PO Box 1156
NEDLANDS WA 6909
Tel: (08) 9389 8033

Solicitors

Thompson Downey Cooper
Level 15/251 Adelaide Terrace
PERTH WA 6000

Auditors

HLB Mann Judd
Level 4, 130 Stirling Street
Perth WA 6000

Securities Exchange Listing

Kin Mining NL shares are listed on the Australian Securities
Exchange (ASX: KIN)

DIRECTORS' REPORT

The directors of Kin Mining NL ("the Company") submit herewith the annual financial report of the company for the financial year ended 30 June 2014. In order to comply with the provisions of the Corporations Act, the directors report as follows:

Directors

The names of the directors in office at any time during or since the end of the year are as follows. Directors were in office for the entire period unless otherwise stated.

- Terrence Ronald Grammer
- Trevor John Dixon
- Marvyn (Fritz) John Fitton
- Giuseppe (Joe) Paolo Graziano

Terrence Ronald Grammer, Non-Executive Chairman

Mr Grammer is a geologist with over 35 years' experience in mining and mineral exploration with extensive experience in Australia, Africa, east Asia & New Zealand. He has been based in Western Australia since 1988 and has extensive professional experience in the exploration of gold, base metals and some industrial minerals. He was a founder and promoter of the successful nickel miner Western Areas NL in 1999, and was the exploration manager of the company from 2000 until retiring in 2004.

Special Responsibilities:

- Nil

Directorships held in other listed companies in the past 3 years:

- Fortis Mining Ltd
- South Boulder Mines Ltd
- Sirius Resources NL
- Stratum Metals Ltd (Appointed February 2013)

Mr Trevor John Dixon, Managing Director

Mr Dixon is a businessman with over 25 years' experience within the mining and exploration industry as an earthmoving contractor to the industry and as a private individual identifying prospective mineral areas and subsequently acquiring project areas of interest. He has been a founding vendor to a number of companies including Jubilee Mines NL (now Xstrata Plc), Terrain Minerals Ltd (ASX:TMX) and Regal Resources Ltd (ASX:RER).

Special Responsibilities:

- Nil

Directorships held in other listed companies in the past 3 years:

- Nil

Marvyn (Fritz) John Fitton, Non-Executive Director

Between 1969 and 1987, Mr Fitton worked as senior geologist for several international mining corporations, and was involved in several world class mineral discoveries. In 1987, Mr Fitton founded a Geological & Mining consulting firm Maprock Pty Ltd based in Perth WA. Since its formation, Maprock has been responsible for the preparation of numerous independent geological reports for inclusion in prospectuses for successful initial public offerings such as Jubilee Mines NL, Berkeley Resources Ltd, Trafford Resources Ltd, Athena Resources Ltd and Scotgold Resources Ltd.

Special Responsibilities:

- Nil

Directorships held in other listed companies in the past 3 years:

- Nil

DIRECTORS' REPORT (continued)

Giuseppe (Joe) Paolo Graziano, Non-Executive Director/Company Secretary

Mr Graziano is a Chartered Accountant with corporate and company secretarial experience. He has experience in capital raisings, ASX compliance and regulatory requirements. Mr Graziano has had 24 years' experience in business, financial and taxation advice to listed and unlisted companies including mining, resources, banking and finance.

Special Responsibilities:

- Nil

Directorships held in other listed companies in the past 3 years:

- Oz Brewing Ltd
- Lithex Resources Ltd

Interests in the shares and options of the Company.

The following relevant interests in shares and options of the Company were held by the directors as at the date of this report.

Directors	Fully paid ordinary shares	Share options
	Number	Number
T Grammer	35,000	17,500
T Dixon	6,602,501	3,301,251
M Fitton	1,000,000	500,000
G Graziano	5,000,001	2,500,001

Principal Activities

The principal activity of the Company during the year was gold and base metals exploration.

Review of operations

The Company listed on the Australian Securities Exchange on 2 October 2013 and subsequently commenced an intensive exploration program on three of its six project areas. Furthermore, in April 2014 the company embarked on a strategy to become a significant gold producer focusing on Australia's prolific Leonora region by executing a binding term sheet to acquire the Leonora Gold Project from the Deed Administrator of Navigator Resources Limited (subject to deed of company arrangement) ("Navigator").

Leonora Gold Project

The project is strategically located in the north-east Goldfields, approximately 35km north-east of Leonora and 700km north-east of Perth, and includes a number of historical gold mines in close proximity to Kin's existing assets. Together these mines boast total historical production of over 316,000oz at an exceptional head grade of 4.92g/t gold.

Navigator completed a pre-feasibility study for the Leonora Gold Project in 2009 based on 97% of the total mineral resource, which demonstrated a robust project with considerable upside. In addition Navigator also completed a successful trial mining campaign at the Bruno and Mertondale 2 pits, which underpinned substantial planning and development work.

Pit optimisation studies have been completed for each of the key deposits, metallurgical testwork has been completed with recoveries of +95%, and potential high grade starter pits were defined to help secure project finance and reduce the capital payback period.

Based on the strength of the work already completed, Kin Mining is targeting near term production from Leonora, with a decision to mine expected in the fourth quarter of 2015.

DIRECTORS' REPORT (continued)

Regional Exploration Activity

Desdemona

- 24km exposure to the Gwalia Shear Zone which hosts 13Moz of gold along 35km of strike to north. Kin Mining has been acquiring strategic tenements in this region as they become available;
- The tenement boundary is only 2.5kms south along strike from the 7Moz Sons of Gwalia Mine;
- Large (1500m x up to 400m) gold in saprock soil anomaly (380ppb Au) at the Pelican Prospect;
 - Best historic drill intercept of 8m @ 22g/t Au
- Magmatic Nickel-Copper-PGE target identified at Kingfisher Prospect – Geophysical survey to commence mid September to test for possible conductors beneath the known mineralisation. Historic drill intercepts include:
 - 0.9m @ 2.0% Ni and 1.5% Cu from 101.2m in HWDD2
 - 1.8m @ 1.55g/t Pt and 6.51g/t Pd in HWDD2
 - 0.3m @ 1.33% Ni and 0.25% Cu from 111.9m in HWDD3

Murrin Murrin

- RC drilling by Kin at the Eastern Gabbro Prospect returned significant results during the drilling campaign as follows:
 - 31m @ 4.29g/t Au (64-95m) incl. 5m @ 17.20g/t Au (87-92m) incl. 2m @ 34.23g/t Au (+1oz Au) (87-89m) in MM13RC013;
 - 8m @ 3.52g/t Au from 28m (supergene zone) incl. 2m @ 12.94g/t Au from 29m in MM13RC17
- Historic drilling by Ashton Mining at the Eastern Gabbro Prospect in the early 1990's returned best results of:
 - 9m @ 3.95g/t Au from 25m;
 - 10m @ 2.34g/t Au from 35m;
 - 6m @ 3.42g/t Au from 34m

Iron King

- Several high grade historic gold mines represent immediate walk up drill targets. Recent sampling of the Mullock dumps at the Reeds United workings returned up to 25.73g/t Au;
- Crystal Ridge Prospect presents a walk up drill target;
 - Best Historic drill intercept of 46m @ 1.83g/t Au
- Twelve gold and base metals prospects delineated within the project area

Recastle

- Eight groups of historic hard rock workings including Bellbird, which returned a recent rock chip sample of 5.29g/t Au and 0.62% Cu.
- Numerous metal detecting patches have produced some significant alluvial gold nuggets;
- Best Historic drill intercept of 2m @ 15.3g/t Au from 20m.

Mt Flora and Randwick

- Greenfields projects located close to Murrin Murrin with gold and base metal potential.
- Recent rock chip sampling at Mt Flora returned up to 115.98g/t Au, 50g/t Ag and 0.68% Pb.
- Approval for reconnaissance drilling has been received from the Department of Mines and Petroleum.

Operating results for the year

The net loss for the year after providing for income tax amounted to \$615,749 (2013: \$97,424).

Review of financial conditions

Risk management

The Directors identify and manage risk and consider the business of mineral exploration, by its nature, contains elements of risk, with no guarantees of success.

DIRECTORS' REPORT (continued)

The success of these activities is, amongst other things, dependent upon:

- The discovery and/or acquisition of economically recoverable reserves;
- Access to adequate capital;
- Securing and maintaining title to interests;
- Obtaining consents and approvals to undertake exploration and associated activities; and
- Access to appropriately qualified and experienced operational management, contractors and other personnel.

The Directors have identified and disclosed specific risks related to the Leonora Gold Project acquisition in the Non-Renounceable Rights Issue Prospectus as announced on 10 June 2014 and the Supplementary Prospectus as announced on 9 September 2014.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Company during the financial year were as follows:

- The Company listed on the Australian Securities Exchange on 2 October 2013;
- The Company acquired six projects from various vendors as part of the Initial Public Offering;
- On 2 April 2014, 6,120,000 fully paid ordinary shares were released from voluntary escrow;
- On 8 April 2014, the Company announced that it had executed a binding term sheet with the Administrator of Navigator Resources Limited (subject to deed of company arrangement) to acquire the Leonora Gold Project for \$2.7m subject to the satisfaction of certain conditions;
- On 28 April 2014, Kin Mining successfully completed financial and legal due diligence on the Leonora Gold Project and paid the Deed administrator a non-refundable deposit of \$200,000.
- On 27 May 2014, the Company entered into a share sale agreement with Navigator Resources Limited (subject to a deed of Company arrangement), to purchase all of the shares of Navigator Mining Pty Ltd (subject to a deed of company arrangement). Completion under the share sale agreement remains conditional upon shareholder approval being obtained and the Company raising up to \$5,000,000, the latter condition being able to be waived at Kin's discretion.
- On 10 June 2014, Kin Mining announced a Non-Renounceable Rights Issue to shareholders to raise up to \$5.8m to assist the company with the acquisition of the Leonora Gold Project and working capital to progress the project into production.

Significant events after balance date

- At a general meeting of shareholders on 4 July 2014, the company received approval to a "change of scale of activities" from shareholders in accordance with the proposed acquisition of the Leonora Gold Project from the Deed Administrator of Navigator Resources Limited (subject to deed of company arrangement).
- On 21 July 2014, the company announced that it had secured \$3m from a cornerstone investor enabling the company to complete the acquisition of the Leonora Gold Project. The Company entered into a Share Subscription Agreement, subject to certain conditions precedent as announced.
- On 8 September 2014, the share sale agreement was varied by deed of variation to extend the date for satisfaction of the conditions precedent to 31 October 2014. In consideration for the extension, the Company has agreed to issue Waterton Global Value L.P., the secured creditor of Navigator Mining Pty Ltd (subject to deed of company arrangement), 1,500,000 fully paid ordinary shares in Kin Mining.
- On 9 September 2014, the Company issued a supplementary prospectus revising the terms of the Non-Renounceable Rights Issue to shareholders.

Options

Details of unissued ordinary shares in the Company under options as at the date of this report are as follows:

	<u>No.</u>	<u>Exercise price</u>	<u>Expiry date</u>
Bonus Options (unlisted)	19,326,512	\$0.30	31/01/2015

Likely developments and expected results

Disclosure of information regarding likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Therefore, this information has not been presented in this report.

Environmental legislation

The Company is not subject to any significant environmental legislation.

DIRECTORS' REPORT (continued)

Dividends

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company paid a premium in respect of a contract insuring the directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Remuneration report (audited)

This report, which forms part of the directors' report, outlines the remuneration arrangements in place for the key management personnel ("KMP") of Kin Mining NL for the financial year ended 30 June 2014. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Key Management Personnel

The directors and other key management personnel of the Company during or since the end of the financial year were:

Directors:

T Grammer	Chairman (non-executive)
T Dixon	Managing Director
M Fitton	Non-executive Director
G Graziano	Non-executive Director/Company Secretary

Except as noted, the named persons held their current positions for the whole of the financial year.

Remuneration philosophy

The performance of the Company depends upon the quality of the directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration governance

The Company has not formed a remuneration committee. The role of a remuneration committee is instead carried out by the full Board in accordance with the Nomination and Remuneration Committee charter.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the Company. An additional fee is also paid for each Board committee on which a director sits. The payment of additional fees for serving on a committee recognises the additional time commitment required by directors who serve on one or more sub committees.

DIRECTORS' REPORT (continued)

Remuneration report (continued)

Fixed Remuneration

Fixed remuneration is reviewed annually by the Remuneration Committee. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Committee has access to external, independent advice where necessary.

Employment Contracts

Details of employment contracts currently in place with respect to directors' employment with the company are as follows:

Trevor Dixon, Managing Director

- Term of employment agreement is unlimited from the date Kin Mining NL is listed on the official list of ASX Limited, unless otherwise terminated in accordance with the agreement.
- Annual salary of \$120,000 plus statutory superannuation and a director's fee of \$36,000 per annum.
- The Company may terminate the agreement without cause by providing the Director with ninety days' notice, while the Director may terminate the agreement without cause by providing the Company with sixty days' notice.

Marvyn (Fritz) Fitton, Non- Executive Director

- Term of consultancy agreement is unlimited from the date Kin Mining NL is listed on the official list of ASX Limited, unless otherwise terminated in accordance with the agreement.
- Daily rate of \$750 excluding GST plus a reasonable vehicle allowance.
- Either party may terminate the agreement without cause by providing the other party with one months' notice in writing. Upon termination of this agreement by either party, the Consultant is entitled to the service fees payable to the Consultant for work in progress up to and including the date of termination.
- The Consultant is not entitled to claim any compensation or damages from the Company in relation to that termination.

Remuneration of Key Management Personnel

Key Management Personnel remuneration for the years ended 30 June 2014 and 30 June 2013:

	Short-term employee benefits				Post-employment benefits	Equity	
	Salary & fees	Consulting	Non-monetary benefits	Other	Superannuation	Share options	Total
30 June 2014	\$	\$	\$	\$	\$	\$	\$
Directors							
T Grammer	37,500	-	-	-	3,468	-	40,968
T Dixon	110,500	-	-	24,303*	10,221	-	145,024
M Fitton	27,000	54,093**	-	-	2,497	-	83,590
G Graziano	-	99,550***	-	-	-	-	99,550
	175,000	153,643	-	24,303	16,186	-	369,132

* Mr T Dixon received \$24,303 for equipment hire (GST inclusive).

** Consulting fees paid to Mr M Fitton were paid to Maprock Pty Ltd for geological consulting services during the period. Mr Fitton is the sole director and shareholder of Maprock Pty Ltd (GST inclusive).

*** Consulting services rendered by Mr Graziano were via Crowe Horwath Perth and Pathways Corporate Pty Ltd for Company Secretarial, Accounting and Taxation services during the period (GST inclusive).

DIRECTORS' REPORT (continued) **Remuneration report (continued)**

30 June 2013	Short-term employee benefits				Post-employment benefits	Equity	Total
	Salary & fees	Consulting	Non-monetary benefits	Other	Superannuation	Share options	
	\$	\$	\$	\$	\$	\$	\$
Directors							
T Grammer	-	-	-	-	-	-	-
T Dixon	4,500	-	-	-	-	-	4,500
M Fitton	-	5,000*	-	-	-	-	5,000
G Graziano	-	10,230**	-	-	-	-	10,230
	4,500	15,230	-	-	-	-	19,730

* Consulting fees paid to Mr M Fitton were paid to Maprock Pty Ltd for geological consulting services during the period. Mr Fitton is the sole director and shareholder of Maprock Pty Ltd.

** Consulting services rendered by Mr Graziano were via Crowe Horwath Perth for Accounting and Taxation services during the period.

Shareholdings of key management personnel

2014	Balance at 01/07/13	Shares Purchased	Shares Transferred In	Shares Vendor Acquisition	Shares Disposed	Balance at 30/06/14
	No.	No.	No.	No.	No.	No.
Directors						
T Grammer	-	35,000	-	-	-	35,000
T Dixon	2,000,001	10,000	-	4,592,500	-	6,602,501
M Fitton	1,000,000	-	-	-	-	1,000,000
G Graziano	5,000,001	-	-	-	-	5,000,001
	8,000,002	45,000	-	4,592,500	-	12,637,502
2013	Balance at 01/07/12	Shares Purchased	Shares Issued	Shares Vendor Acquisition	Shares Disposed	Balance at 30/06/13
	No.	No.	No.	No.	No.	No.
Directors						
T Grammer	-	-	-	-	-	-
T Dixon	2,000,001	-	-	-	-	2,000,001
M Fitton	1,000,000	-	-	-	-	1,000,000
G Graziano	5,000,001	-	-	-	-	5,000,001
	8,000,002	-	-	-	-	8,000,002

Options on issue

2014	Balance at 01/07/13	Options Purchased	Options Disposed	Options Issued	Options Expired	Balance at 30/06/14
	No.	No.	No.	No.	No.	No.
Directors						
T Grammer	-	-	-	17,500	-	17,500
T Dixon	-	-	-	3,301,251	-	3,301,251
M Fitton	-	-	-	500,000	-	500,000
G Graziano	-	-	-	2,500,001	-	2,500,001
	-	-	-	6,318,752	-	6,318,752

There were no option holdings held by KMP during the 30 June 2013 financial year.

DIRECTORS' REPORT (continued)**Remuneration report (continued)**

No member of key management personnel appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

No cash bonuses were granted during 2014 or 2013.

No share based payments were granted as compensation during the reporting period.

No amounts were unpaid on options exercised during the year.

Share options

No share options were granted to Directors as compensation or remuneration during the period.

Other transactions with Key Management Personnel

During the year, the Company acquired various interests in mining tenements from a director, Mr Trevor Dixon (or his related entities), for the following consideration

	2014	2013
	\$	\$
- Issue of vendor shares (i)	918,500	-
- Cash	26,500	-
	<u>945,000</u>	<u>-</u>

(i) 4,592,500 shares at the IPO issue price of 20c per share.

END OF REMUNERATION REPORT**Directors' Meetings**

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Directors' meetings
Number of meetings held:	<u>5</u>
Number of meetings attended:	
T Grammer	4
T Dixon	5
M Fitton	5
G Graziano	5

Proceedings on behalf of the Company

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

Non-Audit Services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 14 to the financial statements. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the impartiality and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110: *Code of Ethics for Professional Accountants* issued by the Accounting Professional & Ethical Standards Board.

DIRECTORS' REPORT (continued)**Auditor Independence and Non-Audit Services**

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 15 and forms part of this directors' report for the year ended 30 June 2014.

Signed in accordance with a resolution of the directors.



Giuseppe Paolo Graziano
Director
PERTH, WESTERN AUSTRALIA
30 September 2014

CORPORATE GOVERNANCE STATEMENT

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. To the extent they are applicable, the Company has adopted the Eight Essential Corporate Governance Principles and Best Practice Recommendations ("Recommendations") as published by ASX Corporate Governance Council.

The Company's Corporate Governance policies and its Securities Trading Policy are available on the Company's website. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be given further consideration.

Principle 1 – Lay solid foundations for management and oversight

The Board and management have formalised their respective roles and responsibilities and the functions reserved to the Board and management. The Board has established and adopted a Board Charter for this purpose.

The Board is responsible for oversight of the management and the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of those goals with a view to optimising company performance and the protection and enhancement of long-term shareholder value.

The Board has also established a Nomination and Remuneration Committee Charter which, amongst other functions, guides the Board in its evaluation of the performance of senior executives and encourages an appropriate mix of skills, experience, expertise and diversity on the Board.

The role of management is the efficient and effective operation of the activities of the Company in accordance with the objectives, strategies and policies determined by the Board. The performance of senior management is reviewed annually in a formal process with the executive's performance assessed against the company and personal benchmarks. Benchmarks are agreed with the executives and reviews are based upon the degree of achievement against those benchmarks.

Principle 2 – Structure the Board to add value

The Board has been formed such that it has effective composition, size and commitment to adequately discharge its responsibilities and duties. Directors are appointed based on the specific skills required by the Company and on their experience, decision-making and judgement skills.

The Company has adopted a Nomination and Remuneration Committee Charter which encourages a transparent Board selection process in searching for and selecting new directors to the Board and having regard to any gaps in the skills and experience of the directors of the Board and ensuring that a diverse range of candidates is considered. The Board composition is reviewed on an ongoing basis with regard to the activities of the Company and the skills sets required to support those activities.

A separate nomination committee has not been formed. The role of the nomination committee is carried out by the full Board in accordance with the Nomination and Remuneration Committee Charter. The Board considers that at this stage, no efficiencies or other benefits would be gained by establishing a separate committee.

The composition of the Board is determined using the following principles:

- A minimum of three directors, with a broad range of expertise
- Directors should bring characteristics which allow a mix of qualifications, skills, experience, expertise and diversity to the Board

The skills, experience, expertise and tenure of each director are disclosed in the Directors' Report within this Annual Report.

In assessing the independence of directors, the Board follows the ASX guidelines and will consider whether the director:

- Is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company
- Is employed, or has previously been employed in executive capacity by the Company or another group member, and there has not been a period of at least three years between ceasing such employment and serving the on board
- Has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another group member, or an employee materially associated with the service provided
- Is a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer
- Has a material contractual relationship with the Company or another group member other than as director of the Company

CORPORATE GOVERNANCE STATEMENT (continued)

The Board does not have a majority of independent directors. It is comprised of three non-executive directors and the Board is confident that each non-executive director brings independent judgement to the Board's decisions. The Board considers

the existing structure and skill sets of the directors' appropriate given the small scale of the Company's enterprise and the associated economic restrictions the scale of operations places on the Company. The existing structure is aimed at maximising the financial position of the Company by keeping its operating costs to a minimum.

Where additional skills are considered necessary for specific purposes, access is made to independent professional advice at the expense of the Company.

Principle 3 – Promote ethical and responsible decision making

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. The Board has established a Code of Conduct to guide the Directors, managers, employees and officers of the Company with respect to matters relevant to the Company's legal and ethical obligations and the expectations of stakeholders.

The Code of Conduct requires officers and employees to avoid or ensure proper management of conflicts of interest, to not use confidential information for personal gain and to act in fair, honest and respectful manner. The Board has procedures in place for reporting any matters that give rise to unethical practices or conflicts between the interests of a director or senior executive and those of the Company.

Securities Trading Policy

The Board encourages directors and employees to hold shares in the Company to align their interest with the interests of all Shareholders. The Company has adopted a Securities Trading Policy which guides directors, employees or contractors in trading the Company's securities in accordance with ASX Listing Rules. Trading the Company's shares is prohibited under certain circumstances and a director, employee or contractor must not deal in the Company's securities at any time when he or she is in possession of information which, if generally available, may affect the price of the Company's shares.

The Policy sets out the following information:

- (a) closed periods in which directors, employees and contractors of the Company must not deal in the Company's securities;
- (b) trading in the Company's securities which is not subject to the Company's Trading Policy; and
- (c) the procedures for obtaining written clearance for trading in exceptional circumstances.

Principle 4 – Safeguard integrity in financial reporting

The Directors require the Managing Director and external company auditors to state in writing to the Board, that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

A separate audit committee has not been formed. However, the Company has adopted an Audit Committee Charter. The role of the audit committee is carried out by the full Board in accordance with the Audit Committee Charter. The Board considers that given its size, no efficiencies or other benefits would be gained by establishing a separate audit committee.

Principle 5 – Make timely and balanced disclosure

The Directors are committed to keeping the market fully informed of material developments to ensure compliance with the ASX Listing Rules and the Corporations Act. The Directors have established a written policy and procedure to ensure compliance with the disclosure requirements of the ASX Listing Rules. At each meeting of the directors, consideration is given as to whether notice of material information concerning the Company, including its financial position, performance, ownership and governance has been made to all investors.

Under the policy the Company's employees and contractors must disclose any relevant information which comes to their attention and is believed to potentially be material to the Company Secretary or Executive Director.

Principle 6 – Respect the rights of Shareholders

The Directors have established a communications strategy to promote effective communication with Shareholders and encourage effective participation at general meetings. As well as ensuring timely and appropriate access to information for all investors via announcements to the ASX, the Company will also ensure that all relevant documents are released on the Company's website.

Communication with Shareholders is achieved through the distribution of the following information:

- The Annual Report is distributed to Shareholders;
- The Half Yearly Report is available on the Company's website

CORPORATE GOVERNANCE STATEMENT (continued)

- Regular reports and announcements are released through the ASX
- The Annual General Meeting and other meetings called by the Company to obtain Shareholder approval as appropriate
- Investor information released through the Company's website

Principle 7 – Recognise and manage risk

The Board is responsible for overseeing the risk management function and ensuring that risks and opportunities are identified on a timely basis. The Directors have established a Risk Management Policy regarding the oversight and management of material business risks.

Responsibility for the control and risk management is delegated to the appropriate level of management within the Company, with the Executive Director having ultimate responsibility to the Board for monitoring the risk management and control framework. Risk analysis and evaluation occurs on an ongoing basis in the course of the activities of the Company. Management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies.

The Executive Director reports on a regular basis to the Board on the areas of their responsibility, including material business risks and provides an annual written report to the Board summarising the effectiveness of the Company's management of material business risks.

Principle 8 – Remunerate fairly and responsibly

A separate remuneration committee has not been formed. However, the Company has adopted a Nomination and Remuneration Committee Charter. The role of the remuneration committee is carried out by the full Board in accordance with the Nomination and Remuneration Committee charter. The charter details how the Board fulfils its duties in regards to the Company's remuneration plans, policies and practices, including the compensation of non-executive directors, executive directors and management. The Board considers that at this stage, no efficiencies or other benefits would be gained by establishing a separate committee.

The Board has provided disclosure within this Annual Report in relation to Directors' remuneration and remuneration policies in accordance with the ASX Listing Rules and the Corporations Act. There are no retirement schemes or retirement benefits other than statutory benefits for non-executive directors.

The Company has a policy to prohibit its directors and employees, who participate in an equity-based incentive plan of the Company, from entering into transactions which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested entitlement in the Company's securities. Directors and employees are encouraged to take sufficient professional advice in relation to their individual financial position.

The payment of bonuses, options and other incentive payments are reviewed by the Board annually as part of the review of executive remuneration. All bonuses, options and incentives must be linked to predetermined performance criteria. The Board can exercise its discretion in relation to approving incentives, bonuses and options, given they are justified by reference to measurable performance criteria.

The Company's Share Trading Policy is available on its website.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Kin Mining NL for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.



**Perth, Western Australia
30 September 2014**

**L Di Giallonardo
Partner**

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 \$	2013 \$
Continuing operations			
Revenue			
Interest income		38,984	10,271
Other income	2	34,974	14,213
Depreciation expense	2	(10,826)	(2,463)
Administration expenses		(141,560)	(90,433)
Consultant expenses and professional costs		(197,300)	(5,250)
Employment expenses		(277,840)	-
Occupancy expenses		(41,416)	(23,762)
Travel expenses		(20,765)	-
Loss before income tax expense		(615,749)	(97,424)
Income benefit	3	-	-
Loss after tax from continuing operations		(615,749)	(97,424)
Loss for the year		(615,749)	(97,424)
Other comprehensive income, net of income tax		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(615,749)	(97,424)
 Basic loss per share (cents per share)	4	 (1.79)	 (0.051)

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Notes	2014 \$	2013 \$
Assets			
Current assets			
Cash and cash equivalents	5	173,355	155,306
Trade and other receivables	6	77,377	14,247
Prepaid IPO costs		-	197,827
Other	7	90,475	-
Total current assets		341,207	367,380
Non-current assets			
Property, plant and equipment	8	39,629	8,081
Capitalised exploration and evaluation expenditure	9	2,993,636	314,592
Investments		226,053	-
Total non-current assets		3,259,318	322,673
Total assets		3,600,525	690,053
Liabilities			
Current liabilities			
Trade and other payables	10	190,250	30,996
Total current liabilities		190,250	30,996
Total Liabilities		190,250	190,250
Net assets		3,410,275	659,057
Equity			
Issued capital	11	4,145,082	778,115
Accumulated losses		(734,807)	(119,058)
Total equity		3,410,275	659,057

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Issued capital	Accumulated losses	Total equity
	\$	\$	\$
Balance at 1 July 2012	809,719	(21,634)	788,085
Loss for the year	-	(97,424)	(97,424)
Total comprehensive loss for the year	-	(97,424)	(97,424)
Shares issued during the year	-	-	-
Share issue costs	(31,604)	-	(31,604)
Balance as at 30 June 2013	778,115	(119,058)	659,057
Balance at 1 July 2013	778,115	(119,058)	659,057
Loss for the year	-	(615,749)	(615,749)
Total comprehensive loss for the year	-	(615,749)	(615,749)
Shares issued during the year	3,940,600	-	3,940,600
Share issue costs	(573,633)	-	(573,633)
Balance as at 30 June 2014	4,145,082	(734,807)	3,410,275

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 \$	2013 \$
Cash flows from operating activities			
Receipts from customers		34,974	14,213
Payments to suppliers and employees		(493,905)	(318,533)
Interest received		38,984	10,271
Net cash (outflows) from operating activities	5	(419,947)	(294,049)
Cash flows from investing activities			
Payments for property, plant and equipment		(42,374)	(7,086)
Payments for exploration and evaluation expenditure		(1,184,576)	(124,260)
Payments for acquisition of investment and related costs		(542,848)	-
Net cash (outflows) from investing activities		(1,769,798)	(131,346)
Cash flows from financing activities			
Proceeds from issue of shares		2,583,600	-
Payments for share issue costs		(375,806)	(3,604)
Capitalised IPO costs		-	(28,000)
Net cash inflows/(outflows) from financing activities		2,207,794	(31,604)
Net increase/(decrease) in cash and cash equivalents		18,049	(456,999)
Cash and cash equivalents at the beginning of the year		155,306	612,305
Cash and cash equivalents at the end of the year	5	173,355	155,306

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and comply with other requirements of the law.

The financial statements comprise the financial statements of Kin Mining NL. For the purposes of preparing the financial statements, the Company is a for-profit entity.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated.

The financial statements have been prepared on a historical cost basis. Historical cost is based on the fair values of the consideration given in exchange for goods and services.

The financial statements are presented in Australian dollars

The Company is a listed public Company, incorporated in Australia and operating in Australia. The Company's principal activity is gold and base metals exploration.

(b) Adoption of new and revised standards

Standards and Interpretations applicable to 30 June 2014

In the year ended 30 June 2014, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

As a result of this review, the directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Company accounting policies.

Standards and Interpretations in issue not yet adopted

The directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2014. As a result of this review the directors have determined that there is no material impact, of the new and revised Standards and Interpretations on the Company and, therefore, no change is necessary to Company accounting policies.

(c) Statement of compliance

The financial report was authorised for issue on 30 September 2014.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences when management considers that it is probable that sufficient future tax profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Going concern

The Company has a working capital surplus at balance date of \$150,957, including a cash balance of \$173,355.

Subsequent to year end, the Company announced that it had secured a \$3m cornerstone investment which would assist it in completing the acquisition of the Leonora Gold Project. The investment is subject to shareholder approval and is also conditional upon the company raising a minimum of \$1m via the current non-renounceable rights issue. These funds will enable the Company to meet the balance of the acquisition cost of the Leonora Gold Project, namely \$2.5m, and for working capital. The Company is seeking to raise a maximum of \$5.8m via the rights issue.

The Company is dependent on the rights issue being successful to the extent of raising the minimum amount required to secure the cornerstone investment and for required working capital to fund ongoing exploration expenditure and general overheads. The Company is confident that this will be achieved.

Should the required funds not be raised to the extent necessary, there is a material uncertainty that may cast significant doubt as to whether the Company will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

(f) Segment reporting

Operating segments are identified on the basis of internal reports about components of the Company that are reviewed by the chief operating decision maker (deemed to be the Board of Directors) in order to allocate resources to the segment and assess its performance. During the year, the Company operated predominantly in one business and geographical segment being mineral exploration in Australia. Accordingly, under the "management approach" outlined, only one operating segment has been identified and no further disclosure is required in the notes.

(g) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be reliably measured. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable

(h) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of assets are deducted from the carrying amount of that asset.

(i) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods 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 by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax (continued)

Deferred income tax liabilities are recognised for all taxable temporary differences except:

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

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, 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 income 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; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance 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 balance 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.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to 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 balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

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

(j) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment of tangible and intangible assets other than goodwill

The Company assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or the company's assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(l) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(m) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 30 days to 60 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Company in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Company. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

If the Company were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

(o) Derecognition of financial assets and financial liabilities

Financial assets

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

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Derecognition of financial assets and financial liabilities (continued)

Financial assets

- has transferred substantially all the risks and rewards of the asset, or
- has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. 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 received that the Company could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash-settled option or similar

Derecognition of financial assets and financial liabilities (continued)

provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(p) Impairment of financial assets

The Company assesses at each balance date whether a financial asset or group of financial assets is impaired.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost 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 credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed 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, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, 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, discounted at the current market rate of return for a similar financial asset. Such impairment loss shall not be reversed in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Impairment of financial assets

Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(q) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Land and buildings are measured at fair value less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation.

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their useful lives to the Company commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Office equipment	10% to 50%
Motor vehicles	25% to 30%

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Impairment

The carrying values of plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to approximate fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of comprehensive income in a separate line item.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(r) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Employee leave benefits

Wages, salaries, annual leave and long service leave

Liabilities accruing to employees in respect of wages and salaries, annual leave and long service leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date. They 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 are measured at the rates paid or payable.

Liabilities accruing to employees in respect of wages and salaries, annual leave and long service leave not expected to be settled within 12 months of the balance date are recognised in non-current other payables in respect of employees' services up to the balance date. They are measured as the present value of the estimated future outflows to be made by the Company.

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 balance date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(t) Issued capital

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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

(u) Earnings/loss per share

Basic earnings/loss per share is calculated as net profit/loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings/loss per share is calculated as net profit/loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(v) Provision for restoration and rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning sites, removing facilities and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the balance date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each balance date.

The initial estimate of the restoration and rehabilitation provision is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Exploration and evaluation expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:
 - the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

NOTE 2: REVENUE AND EXPENSES

	2014	2013
	\$	\$
<i>Revenue</i>		
Other income		
• Rental revenue	4,400	7,400
• Secretarial	985	6,813
• Other income	29,589	-
	34,974	14,213
<i>Expenses</i>		
• Depreciation of plant and equipment	7,360	2,463
• Depreciation of motor vehicle	3,466	-
	10,826	2,463

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 3: INCOME TAX

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

	2014 \$	2013 \$
Accounting loss from continuing operations	(615,749)	(97,424)
Income tax expense calculated at 30% (2013: 30%)	184,725	29,227
• Effect of expenses that are not deductible in determining taxable profit	(37,944)	(300)
• Effect of unused tax losses and tax offsets not recognised as deferred tax assets	(146,781)	(28,927)
Income tax benefit reported in the statement of comprehensive income	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in this tax rate since the previous reporting period.

The Company's tax benefit from losses arising in Australia of \$275,076 (2013: \$128,295) are available indefinitely for offset against future taxable profits.

NOTE 4: LOSS PER SHARE

Basic loss per share

	2014 Cents per share	2013 Cents per share
Continuing operations	(1.79)	(0.51)
Total basic loss per share	(1.79)	(0.51)

The weighted average number of ordinary shares used in the calculation of basic loss per share is as follows:

	2014 No.	2013 No.
Weighted average number of ordinary shares for the purpose of basic loss per share	34,368,143	18,950,003

NOTE 5: CASH AND CASH EQUIVALENTS

	2014 \$	2013 \$
Cash at bank	173,313	155,037
Cash on hand	42	269
	173,355	155,306

Cash at bank earns interest at floating rates based on daily bank deposit rates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 5: CASH AND CASH EQUIVALENTS (continued)

Reconciliation to the Statement of Cash Flows:

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts.

Cash and cash equivalents as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2014	2013
	\$	\$
Cash and cash equivalents	173,355	155,306
	<u>173,355</u>	<u>155,306</u>

Reconciliation of loss for the year to net cash flows from operating activities

	2014	2013
	\$	\$
Loss for the year	(615,749)	(97,424)
Depreciation	10,826	2,463
(Increase)/decrease in assets:		
Trade and other receivables	44,222	(180,176)
Increase/(decrease) in liabilities:		
Trade and other payables	131,020	(18,912)
Provisions	9,734	-
Net cash from operating activities	<u>(419,947)</u>	<u>(294,049)</u>

Non-cash financing and investing activities:

Acquisition of exploration assets via issue of vendor shares	1,357,000	-
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Note 6: Trade and Other Receivables

	2014	2013
	\$	\$
Trade receivables (i)	32,350	3,220
Other debtors (GST and fuel credit refundable)	37,760	6,312
Other debtor (ATO receivable)	7,267	4,212
Other debtor (credit card)	-	503
	<u>77,377</u>	<u>14,247</u>

(i) the average credit period on rendering of services and reimbursements is 7 days

Ageing of past due but not impaired

There are no past due amounts at balance date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 7: OTHER ASSETS

	2014 \$	2013 \$
<u>Current</u>		
Prepayment – drilling	87,379	-
Prepayment – insurance	3,096	-
	<u>90,475</u>	<u>-</u>
<u>Non-Current (i)</u>		
Non-refundable deposit paid on acquisition of Navigator Mining Pty Ltd (subject to deed of company arrangement)	200,000	-
Other expenses relating to the Leonora Gold Project	26,053	-
	<u>226,053</u>	<u>-</u>

- (i) On successful completion of the acquisition of Navigator Mining Pty Ltd (subject to deed of company arrangement), this expenditure will be reclassified to capitalised exploration and evaluation expenditure.

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	Office equipment \$	Motor Vehicles \$	Total \$
<i>Opening net book value</i>			
Balance at 1 July 2012	3,458	-	3,458
Additions	7,086	-	7,086
Disposals	-	-	-
Profit/ (loss) on sale	-	-	-
Depreciation charge for the year	(2,463)	-	(2,463)
<i>Balance at 30 June 2013</i>	<u>8,081</u>	<u>-</u>	<u>8,081</u>
<i>Opening net book value</i>			
Balance at 1 July 2013	8,081	-	8,081
Additions	20,012	22,362	42,374
Disposals	-	-	-
Profit/ (loss) on sale	-	-	-
Depreciation charge for the year	(7,360)	(3,466)	(10,826)
<i>Balance at 30 June 2014</i>	<u>20,733</u>	<u>18,896</u>	<u>39,629</u>

NOTE 9: CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE

	2014 \$	2013 \$
Costs carried forward in respect of areas of interest in the following phases:		
<i>Exploration and evaluation phase – at cost</i>		
Opening balance	314,592	190,053
Current year expenditure – cash	1,322,044	107,180
– issue of vendor shares	1,357,000	-
Closing balance – tenement acquisitions	<u>2,993,636</u>	<u>314,592</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 9: CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE COSTS (continued)

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

NOTE 10: TRADE AND OTHER PAYABLES

	2014	2013
	\$	\$
Trade payables (i)	75,415	24,004
Other payables and accrued expenses	105,101	6,992
Annual leave	9,734	-
	<u>190,250</u>	<u>30,996</u>

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms.

NOTE 11: ISSUED CAPITAL

	2014	2013
	\$	\$
Ordinary shares issued and fully paid	<u>4,145,082</u>	<u>778,115</u>

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Movement in ordinary shares on issue

	2014		2013	
	No.	\$	No.	\$
<i>Movements in ordinary shares</i>				
Balance at beginning of year	18,950,003	778,115	18,950,003	809,719
Issue of shares	12,918,000	2,583,600	-	-
Issue vendor shares	6,785,000	1,357,000	-	-
Share issue costs	-	(573,633)	-	(31,604)
Balance at end of year	<u>38,653,003</u>	<u>4,145,082</u>	<u>18,950,003</u>	<u>778,115</u>

Movement in options on issue

	2014	2013
	No.	No.
Balance at the beginning of the year	-	-
Bonus options issued on 28/02/14	<u>19,326,512</u>	-
Balance at the end of the year	<u>19,326,512</u>	-

The unlisted options are exercisable at \$0.30 on or before 31 January 2015.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 12: FINANCIAL INSTRUMENTS

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company's overall strategy remains unchanged from 2013.

The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as general administrative outgoings.

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

Categories of financial instruments

	2014 \$	2013 \$
<u>Financial assets</u>		
Cash and cash equivalents	173,355	155,306
Other	167,852	212,074
	<u>341,207</u>	<u>367,380</u>
<u>Financial liabilities</u>		
Trade and other payables	190,250	30,996
	<u>190,250</u>	<u>30,996</u>

The fair values of the Company's financial assets and liabilities approximate their carrying values

Financial risk management objectives

The Company is exposed to market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Company seeks to minimise the effect of these risks, by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by management on a continuous basis. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

Interest rate risk management

The Company's exposures to interest rate on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Equity price risk

The Company is not exposed to any equity price risk as it has no investments in such assets.

Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses publicly available financial information and its own trading record to rate its major customers.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Note 12: Financial Instruments (continued)

Credit risk management

The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Company does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities

The following table details the Company's and the Company's expected contractual maturity for its non-derivative financial liabilities. These have been drawn up based on undiscounted contractual maturities of the financial liabilities based on the earliest date the Company can be required to repay. The tables include both interest and principal cash flows.

	Weighted average interest rate %	Less than 1 month \$	1 – 3 months \$	3 months – 1 year \$	1 – 5 years \$	5+ years \$
30 June 2014						
Variable interest rate instruments	2.0		-	173,355	-	-
		-	-	173,355	-	-

	Weighted average interest rate %	Less than 1 month \$	1 – 3 months \$	3 months – 1 year \$	1 – 5 years \$	5+ years \$
30 June 2013						
Variable interest rate instruments	2.5	-	-	156,306	-	-
		-	-	156,306	-	-

NOTE 13: COMMITMENTS AND CONTINGENCIES

Exploration expenditure commitments

The Company has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments are as follows:

	2014 \$	2013 \$
Within one year	720,402	567,620
After one year but not more than five years	42,481	78,507
More than five years	-	-
	762,883	646,127

The Company has no contingent liabilities at the date of this report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 14: AUDITOR'S REMUNERATION

The auditor of Kin Mining NL is HLB Mann Judd.

	2014 \$	2013 \$
Audit or review of the financial statements	18,200	6,500
IPO and ASX reporting	7,475	10,000
	<u>25,675</u>	<u>16,500</u>

NOTE 15: KEY MANAGEMENT PERSONNEL DISCLOSURES

The aggregate remuneration paid to directors and other key management personnel of the Company is set out below:

	2014 \$	2013 \$
Short-term employee benefits	352,946	19,730
Post-employment benefits	16,186	-
	<u>369,132</u>	<u>19,730</u>

NOTE 16: SIGNIFICANT EVENTS AFTER BALANCE DATE

- At a general meeting of shareholders on 4 July 2014, the company received approval to a "change of scale of activities" from shareholders in accordance with the proposed acquisition of the Leonora Gold Project from the Deed Administrator of Navigator Resources Limited (subject to deed of company arrangement).
- On 21 July 2014, the company announced that it had secured \$3m from a cornerstone investor enabling the company to complete the acquisition of the Leonora Gold Project. The Company entered into a Share Subscription Agreement, subject to certain conditions precedent as announced.
- On 8 September 2014, the share sale agreement was varied by deed of variation to extend the date for satisfaction of the conditions precedent to 31 October 2014. In consideration for the extension, the Company has agreed to issue Waterton Global Value L.P., the secured creditor of Navigator Mining Pty Ltd (subject to deed of company arrangement), 1,500,000 fully paid ordinary shares in Kin Mining.
- On 9 September 2014, the Company issued a supplementary prospectus revising the terms of the Non-Renounceable Rights Issue to shareholders.

NOTE 17: RELATED PARTY DISCLOSURE

During the year, the Company acquired various interests in mining tenements from a director, Mr Trevor Dixon (or his related entities), for the following consideration

	2014 \$	2013 \$
- Issue of vendor shares (i)	918,500	-
- Cash	26,500	-
	<u>945,000</u>	<u>-</u>

- (i) 4,592,500 shares at the IPO issue price of 20c per share.

DIRECTORS' DECLARATION

1. In the opinion of the directors of Kin Mining NL (the 'Company'):
 - a. the accompanying financial statements and notes 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 2014 and of its performance for the year then ended; and
 - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
 - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. 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 ended 30 June 2014.

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

Giuseppe Paolo Graziano
Director



Dated this 30th day of September 2014

INDEPENDENT AUDITOR'S REPORT

To the members of Kin Mining NL

Report on the Financial Report

We have audited the accompanying financial report of Kin Mining NL ("the company"), which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, the statement of changes in equity and the 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 for Kin Mining NL.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report 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 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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 Kin Mining NL is 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 2014 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 Note 1(c).

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1(e) to the financial report which states that the Company is dependent on the success of the current capital raising to raise the required funds in order to secure the cornerstone investment and for required working capital to fund ongoing exploration expenditure and general overheads. Should this capital raising not be successful in raising the required funds, there is a material uncertainty that may cast significant doubt as to whether the Company will continue as a going concern and, therefore, whether it will realise its assets and extinguish 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 the directors' report for the year ended 30 June 2014. 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

In our opinion the remuneration report of Kin Mining NL for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.



HLB Mann Judd
Chartered Accountants



L Di Giallonardo
Partner

Perth, Western Australia
30 September 2014

ADDITIONAL SECURITIES EXCHANGE INFORMATION**(a) Distribution schedule and number of holders of equity securities at 22 September 2014**

	1 -1,000	1,001 - 5,000	5,001 – 10,000	10,001 – 100,000	100,001 and over	Total
Fully Paid Ordinary Shares (KIN)	107	34	135	171	56	503
Unlisted Options – 30c 31/1/2015	114	149	47	119	41	470

The number of holders holding less than a marketable parcel of fully paid ordinary shares at 22 September 2014 is 128.

(b) 20 largest holders of quoted equity securities as at 22 September 2014

The names of the twenty largest holders of fully paid ordinary shares (ASX Code: KIN) as at 22 September 2014 are:

Rank	Name	Number	Percentage
1	Trevor Dixon	6,602,501	17.081%
2	Giuseppe Graziano <The Cygnet A/C>	5,000,001	12.936%
3	V M Drilling PTY LTD <V M Drilling Unit A/C>	1,060,687	2.744%
4	Marvyn Fitton	1,000,000	2.587%
5	Harmanis Holdings <The Harman Family A/C>	1,000,000	2.587%
6	Botsis Holdings PTY LTD	1,000,000	2.587%
7	Partners & Friends PTY LTD <Personal Partners A/C>	964,468	2.495%
8	Jim Moore	797,250	2.063%
9	Ross Crew	608,750	1.575%
10	Troca Enterprises PTY LTD <Coulson Super A/C>	500,000	1.294%
11	Chin Nominees PTY LTD <Chin Super A/C>	500,000	1.294%
12	A & A Cannavo Nominees PTY LTD <Anthony Meats Super Fund A/C>	500,000	1.294%
13	Rogue Investments PTY LTD	500,000	1.294%
14	Siat Yoon Chin	500,000	1.294%
15	Chemco Superannuation Fund PTY LTD <Chemco Super Fund No 2 A/C>	500,000	1.294%
16	Katherine Moya	480,000	1.242%
17	Kailis Consolidated PTY LTD	450,182	1.165%
18	Goldfire Enterprises PTY LTD	406,702	1.052%
19	Shelley Tanner <Tanner Family Account>	375,000	0.970%
20	CJC (QLD) PTY LTD < CJC Property A/C>	375,000	0.970%
Total		23,120,541	59.816%

ADDITONAL SECURITIES EXCHANGE INFORMATION**(c) Substantial Shareholders**

	Holder	Shares	Percent
1	Trevor Dixon	6,602,501	17.081%
2	Giuseppe Graziano <The Cygnet A/C>	5,000,001	12.936%

(d) Unquoted Securities

The number of unquoted securities on issue at 22 September 2014:

Unquoted Securities	Number on Issue	Exercise Price	Expiry Date
Unquoted Options	19,326,612	30c	31/01/2015

(e) Restricted Securities as at 22 September 2014

	Holder	Restriction Period	Shares	Release Date
1	Trevor Dixon	24 Months	6,572,500	02/10/2015
2	Giuseppe Graziano <The Cygnet A/C>	24 Months	4,850,000	02/10/2015
3	Maryvn Fitton	24 Months	950,000	02/10/2015
4	Saruman Holdings PTY LTD <The Galopoulos Family A/C>	24 Months	475,000	02/10/2015
5	A & A Cannavo Nominees PTY LTD <Anthony Meats Super Fund A/C>	24 Months	375,000	02/10/2015
Total			13,222,500	

(f) Tenement Schedule

Tenement information as required by listing rule 5.3.3

DESDEMONA - 20 Kms South of Leonora Townsite		
Tenement ID	Ownership Interest	Status
E37/1152	100%	GRANTED
E37/1156	100%	GRANTED
E40/283	100%	GRANTED
E40/285	100%	GRANTED
E40/320	100%	GRANTED
E40/323	100%	GRANTED
M40/330	100%	GRANTED
P37/8350	100%	GRANTED
P37/8390	100%	GRANTED
P37/8439 (Application)	0%	WITHDRAWN
P37/8504 (Application)	0%	
P40/1263	100%	GRANTED
P40/1283	100%	GRANTED
P40/1284	100%	GRANTED
P40/1285	100%	GRANTED
P40/1286	100%	GRANTED
P40/1287	100%	GRANTED

IRON KING / VICTORY - 45 Kms North North West of Leonora		
Tenement ID	Ownership Interest	Status
P37/7175	100%	GRANTED
P37/7176	100%	GRANTED
P37/7177	100%	GRANTED
P37/7194	100%	GRANTED
P37/7195	100%	GRANTED
P37/7196	100%	GRANTED
P37/7197	100%	GRANTED
P37/7198	100%	GRANTED
P37/8455 (Application)	0%	
P37/8458 (Application)	0%	
P37/8459 (Application)	0%	
P37/8460 (Application)	0%	
P37/8461 (Application)	0%	
MURRIN MURRIN - 50 Kms East of Leonora		
Tenement ID	Ownership Interest	Status
M39/279	66.66%	GRANTED
P39/4913	100%	GRANTED
P39/4914	100%	GRANTED
P39/4915	100%	GRANTED
P39/4916	100%	GRANTED
P39/4980	100%	GRANTED
P39/5112	100%	GRANTED
P39/5113	100%	GRANTED
P39/5164	100%	GRANTED
P39/5165	100%	GRANTED
P39/5176	100%	GRANTED
P39/5177	100%	GRANTED
P39/5178	100%	GRANTED
P39/5179	100%	GRANTED
P39/5180	100%	GRANTED
REDCASTLE - 65 Kms South West of Laverton		
Tenement ID	Ownership Interest	Status
P39/4528	100%	GRANTED
P39/4550	100%	GRANTED
P39/4593	100%	GRANTED
P39/4834	100%	GRANTED
P39/4839	100%	GRANTED
P39/4930	100%	GRANTED
P39/5097	100%	GRANTED
P39/5098	100%	GRANTED
P39/5099	100%	GRANTED
P39/5100	100%	GRANTED
P39/5101	100%	GRANTED
P39/5102	100%	GRANTED
P39/5103	100%	GRANTED
P39/5105	100%	GRANTED
P39/5267	100%	GRANTED

MT FLORA - 45 Kms East North East of Leonora		
Tenement ID	Ownership Interest	Status
P39/4617	100%	GRANTED
P39/4618	100%	GRANTED
P39/4619	100%	GRANTED
P39/4620	100%	GRANTED
P39/4621	100%	GRANTED
P39/4912	100%	GRANTED
P39/4960	100%	GRANTED
P39/4961	100%	GRANTED
P39/5181	100%	GRANTED
P39/5182	100%	GRANTED
P39/5183	100%	GRANTED
P39/5185	100%	GRANTED
P39/5463	100%	GRANTED
RANDWICK - 45 Kms North East of Leonora		
Tenement ID	Ownership Interest	Status
P37/7283	100%	GRANTED
P37/7284	100%	GRANTED
P37/7806	100%	GRANTED
P37/7995	100%	GRANTED
P37/7996	100%	GRANTED
P37/7997	100%	GRANTED
P37/7998	100%	GRANTED
P37/7999	100%	GRANTED
P37/8000	100%	GRANTED
P37/8001	100%	GRANTED