



blackmountain
resources limited

AND CONTROLLED ENTITIES
ABN 55 147 106 974

ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2012

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Corporate Information

This financial report includes the consolidated financial statements of Black Mountain Resources Limited and controlled entities ('Group'). The Group's functional presentation currency is AUD (\$).

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the Director's Report.

Directors

Mr Peter Landau – Executive Chairman
Mr John Ryan – Executive Director
Mr Jason Brewer – Non-Executive Director

Company Secretaries

Ms Shannon Robinson
Ms Rebecca Sandford

Registered Office

Ground Floor, 1 Havelock Street
West Perth WA 6005

Share Registry

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Level 2/45 St Georges Tce
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Website

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Auditors

RSM Bird Cameron Partners
8 St Georges Terrace
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Solicitors

Steinepreis Paganin
Level 4, 16 Milligan Street
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Australian Securities Exchange
Exchange Plaza
2 The Esplanade
Perth WA 6000

ASX Code: BMZ

London Stock Exchange plc (AIM)
10 Paternoster Square
London EC4M 7LS

AIM Code: BMZ

Letter to Shareholders

Dear Shareholder

This has been a transformational year for Black Mountain with the acquisition of a 70% interest in 3 silver / gold projects in the north-west USA.

The projects acquired; Conjecture, New Departure and Tabor, each have historic mines with previous production over the last 100 years. As a result each of the projects has significant identified historical blocks and resources potential.

The Company has repositioned itself as a silver focused production and exploration company. Significant progress has been made since the acquisition in February 2012 with maiden drill programs and mine development undertaken at both the Conjecture Silver Project and the New Departure Silver Project.

Just as importantly, the Company has added to its strong technical team headed by CEO John Ryan with key appointments including mining veteran Terry Tew who has over 35 years' experience in mine production and operations, John Reynolds as our consultant geophysicist (40 years' experience) and Richard Morris, consulting geologist. Significantly Richard was the author of the last reserve report completed for the Conjecture Mine back in 1981.

Black Mountain recently listed on the Alternative Investment Market in London (AIM) and the Board believes there are significant benefits in being listed on both the ASX and AIM given the current forecast silver market and Black Mountain's exciting production and exploration program for FY2013.

On behalf of the Board of Directors of Black Mountain, I would like to thank you for your support as a shareholder of the Company, and we look forward to a successful future for the Company.

Yours faithfully

A handwritten signature in black ink, consisting of several overlapping loops and strokes, enclosed within a hand-drawn oval.

Peter Landau
Executive Chairman

Directors' Report

Your Directors present the following report on Black Mountain Resources Limited and its controlled entities (referred to hereafter as "the Group") for the year ended 30 June 2012.

Directors

The names of the Directors in office during the year and until the date of this report are as follows. All Directors were in office for the entire period unless otherwise stated:

Mr Peter Landau (Executive Director)¹

Mr John Ryan (Executive Director)²

Mr Jason Brewer (Non Executive Director)³

Mr Stephen Anastos (former Non Executive Chairman)⁴

Mr David Morris (former Non Executive Director)⁵

Mr Jeremy Bond (former Non Executive Director)⁶

Note:

1. Mr Landau was appointed Executive Director effective 23 August 2011.
2. Mr Ryan was appointed as Executive Director effective 3 February 2012.
3. Mr Brewer was appointed as a Non Executive Director effective 3 February 2012.
4. Mr Anastos resigned as Non-Executive Chairman effective 3 February 2012.
5. Mr Morris resigned as Non-Executive Director effective 3 February 2012.
6. Mr Bond resigned as Non-Executive Director effective 23 August 2011.

Principal Activities

The principal activity of the Group for the year ended 30 June 2012 was silver and resource mineral exploration.

Dividends

No dividend has been paid or recommended by the Directors since the commencement of the financial year.

Review of Operations

The consolidated statement of comprehensive income shows a consolidated net loss for the year ended 30 June 2012 to members of \$1,354,005 (2011: net loss of \$167,870).

During the year, Black Mountain Resources Limited entered into an agreement to acquire a 70% interest in 3 silver and gold projects which are highly prospective former producing mines in north-western USA (**Projects**).

In February 2012 the Company sought shareholder approval for the acquisition of the Projects and also to re-comply with Chapters 1 and 2 of the ASX listing rules.

Figure 1: Project Location Map

Directors Report (continued)

Review of Operations (Cont')

Conjecture Silver Project – Lakeview Mining District, Idaho

The Conjecture Silver Project consists of 39 patented and unpatented mining claims covering 300 hectares in the Lakeview Mining District, a prolific silver region.

The property has a history of production and development going back over 100 years, although there has been no significant activity since the 1970s. The producing rocks belong to the same group which host the major ore deposits of the Coeur d'Alene District some 35 miles to the east of the Conjecture mine. The Coeur d'Alene District has the distinction of being the most prolific silver district in North America having produced in excess of 1.2 billion ounces of silver since 1885 to the present.

The Conjecture Silver Project was acquired by Black Mountain with considerable infrastructure in place that will facilitate and reduce the cost of developing the mine considerably. For example, in 1956 Federal Uranium, encouraged by the high grade ore recovered on the site, sunk a 2,000 foot (609.6m), three compartment, vertical shaft at the property. The present day equivalent cost of this is approximately US\$35m. Exploration drifts were then developed at the 700ft level (213.3m), 1,000ft level (304.8m), 1,600ft level (487.7m) and the 2,000ft level (609.6m).

In addition, a mineral reserve study on the Conjecture Mine, completed in 1981, provided highly detailed historical reserve block information which had been calculated from data available at that time. Importantly, this identified historic mining blocks estimated to contain 650,000 – 700,000 tonnes of Ag at an estimated grade of 280 – 370 grams Ag per ton.*

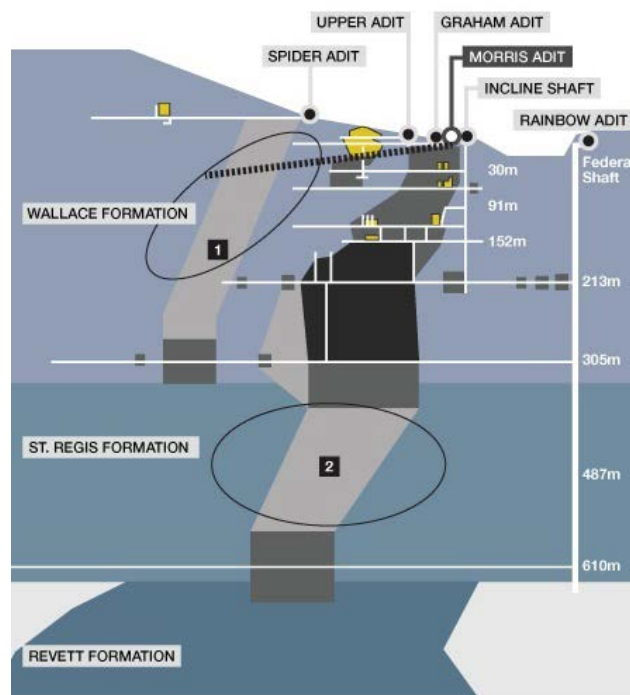


Figure 1: Cross-Section of Historic Workings at the Conjecture Silver Mine

The Company recently completed its maiden drilling program of 12 holes (1,800m) at the Conjecture Silver Project targeting confirmation of historic mining blocks and previously undrilled sections of the Conjecture Shear Zone.

Directors Report (continued)

Review of Operations (Cont')

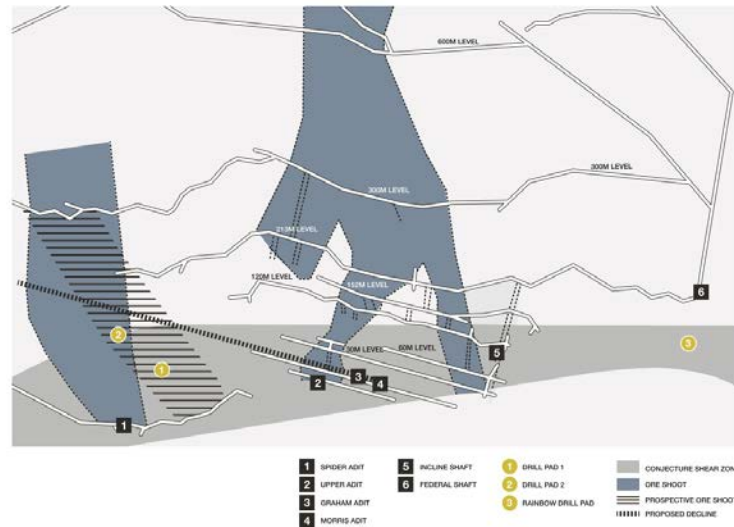


Figure 2: Conjecture Drill Program

Initial assay results for intercepts from holes 4-6 had grades of 600-1,106 g/t silver. These results are consistent with the previous historic data for mining block 31 identified in the 1981 Reserve Report on the Conjecture Silver Project which estimated the block to contain 50,000 - 60,000 tons of silver at an estimated grade of 350-375 g/t silver.*



Figures 3 and 4: Conjecture Drill Core Samples

Construction of the Morris decline is underway to access historic underground workings. This decline is proposed to be driven at a 15 degree decline and parallel to the vein zone to enable further exploration and development of historic workings as well as new ground. Cross cuts from the decline to the vein zone are proposed to be driven approximately every 200 feet (61.2m). Additionally planned drifting on the vein will enable bulk sample testing of the vein zone as well as delineation of potential resource blocks for eventual mining.

Importantly, Black Mountain is finalising exclusive access to the nearby Lakeview Mill to process the ore. The mill, which is permitted and less than 4km from Conjecture, has a current mill capacity of 300tpd and has an estimated replacement cost of US\$8 million.

*These estimates of potential quantity and grade are based on historical reports of listed companies (at the time of release) and are conceptual in nature. There is insufficient exploration to define Mineral Resource in accordance with the JORC Code and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

Directors Report (continued)

Review of Operations (Cont')

New Departure Silver Project – Beaverhead County, Montana

The 427 hectare New Departure Silver Project consists of 68 patented and unpatented claims located in Montana. Since it was discovered in the 1880's, the project has produced high grade silver through several operators, though production ceased in the 1980s.

Geological reports completed in 1986 identified six separate undeveloped ore blocks within the historic mine estimated to contain 100,000 – 120,000 tonnes of Ag at an estimated average grade of 700 – 750 grams Ag per ton.* The undeveloped ore blocks are located only 90ft (30m) below the existing workings, highlighting the Project's potential to provide early re-entry to historic workings and significant exploration upside.

The mineralisation occurs as veins and replacements within a dolomitic limestone host (analogous to the deposits in Leadville, CO) and are comprised of high grade silver minerals such as tetrahedrite and high grade silver bearing galena.

The Company is focussed on restarting small scale production in late 2012, early 2013 from the first two mining blocks, including the New Departure ore shoot, which historically produced the bulk of the high grade silver. The rehabilitation of existing workings, the development of the mine, and minor repairs to the Laczay Adit, have all commenced which will enable the Company to drive a 335m 15% decline which will provide access to the ore blocks.

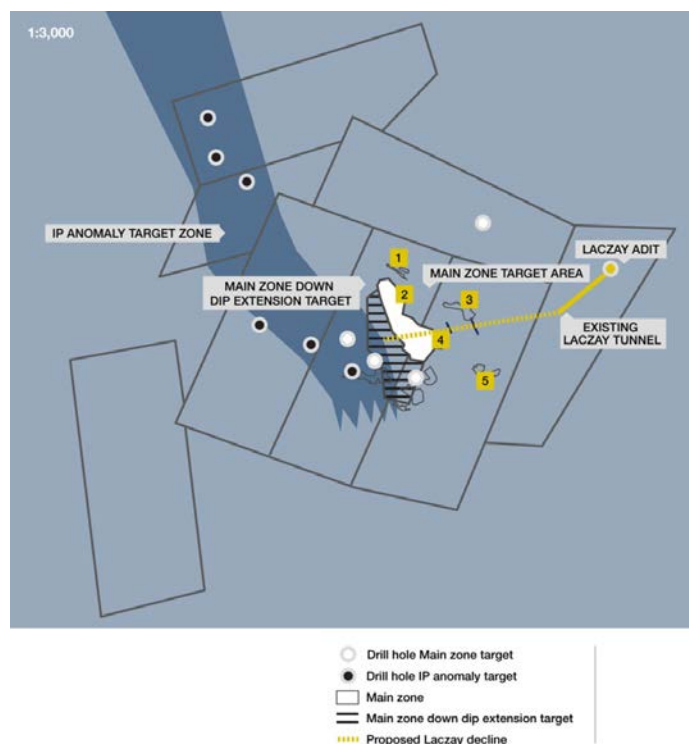


Figure 5: New Departure Drilling Program

The Company is currently undertaking a 3,000m drill programme comprising of 13 drill holes is targeting the extension of historical workings and Induced Polarisation anomalies.

Directors Report (continued)

Review of Operations (Cont')

Mine development at the New Departure Silver Project is ongoing with repairs and maintenance on the Laczay Tunnel which will be used as the main underground exploration and development tunnel. Part of the work undertaken to date involved widening the initial 120 metres of the existing Laczay Tunnel so it can accommodate modern diesel equipment as well as rock bolting and wire mesh fence installation to meet safety standards for ground support.

A decline will be driven from the end of the Laczay Tunnel below the downward projection of the New Departure ore shoot which produced the bulk of the high grade silver production historically. The decline will be approximately 335 metres in length at a 15% decline. This decline will access the historic ore shoot approximately 50 metres below the historic workings. From the decline, other sublevels can be driven to confirm and mine remaining ore shoots that were identified in historical reserve reports.

Drilling Program

A 13 hole drill program is currently underway initially targeting the induced polarised (IP) anomaly targets southwest of the historic workings in a potential parallel mineralised trend identified by geophysical work conducted last year. Then angled holes will be drilled into the projected downward dip of the historic ore shoot. Following that, further vertical holes will be drilled on the IP anomaly target to test the one kilometre potential strike length of the trend. In total, the 13 hole drill program will be approximately 3,000m.

The initial diamond hole was drilled to a depth of 165m before experiencing technical difficulties and highly fractured rock and the hole was suspended 15-30m short of the target area. In certain areas the ground conditions are too fractured at depth to continue diamond drilling and the program has been revised to incorporate all non-core drilling. A reverse circulation ("RC") rig was then brought to site to complete the drill program.

The geological data from the recovered core at the first drill hole confirms the potential mineralisation identified by previous geophysical work undertaken. This data is key to understanding the geological structure of the area. The core log indicates sulphides in what is believed to be diorite dyke intrusive. These sections of core will be assayed to determine minerals present. There has also been evidence of marbleised limestone in some sections of the core which are a good indicator of alteration associated with a mineralising event.

The Company expects to complete the RC drilling program by mid-October 2012 and expects results within a few weeks thereafter. The continued improvement and widening of the Laczay Tunnel should also be complete by the mid-September 2012 with the decline to begin shortly thereafter.



Figures 6 and 7: Drilling at New Departure

**These estimates of potential quantity and grade are based on historical reports of listed companies (at the time of release) and are conceptual in nature. There is insufficient exploration to define Mineral Resource in accordance with the JORC Code and that it is uncertain if further exploration will result in the determination of a Mineral Resource.*

Directors Report (continued)

Review of Operations (Cont')

Tabor Silver / Gold Project – Virginia City, Montana

The Tabor Gold and Silver Project consists of 26 patented and unpatented claims over 150 hectares in the prolific gold and silver producing region of Virginia City, Montana.

The Tabor Project includes historic workings of six previously producing mines (named by the actual rock vein mined) the Pearl, Nellie Bay, St. John, Don-A-Vera, Eagle Black and Shenandoah, which are on patented mining claims. The workings were the subject of an in depth technical feasibility study in the early 80s which analysed the production potential of each vein.

Preliminary development activities are scheduled for the Tabor Silver and Gold Project for mid 2013 including securing access, general portal repair and development. Once the portals and tunnels are secured Black Mountain intends to access the mine openings and begin further exploration with a sampling and assaying program.

West Australian Project

During the year, the Company undertook reconnaissance and initial exploration work on its Western Australian tenements. A 2 year extension was granted on exploration tenements E36/563 E37/834.

Corporate

In conjunction with the acquisition of the Projects in February 2012, the Company raised \$2 million pursuant to the re-compliance prospectus. In April 2012 the Company completed a further placement raising \$500,000 and undertook an option entitlement issue raising approximately \$980,000 before costs.

Since the year end, the Company successfully dual listed on the Alternative Investment Market in London (AIM) in July 2012. The Company subsequently completed a 2 tranche placement raising approximately \$2.3 million.

Directors Report (continued)

Significant Changes in State Of Affairs

In February 2012 the Company sought shareholder approval for the acquisition of a 70% interest in the Projects and to comply with Chapters 1 and 2 of the ASX Listing Rules.

After Balance Date Events

There have been no post balance date events other than as stated above.

Likely Developments and Expected Results

The Group will undertake exploration activity on its Silver projects and will also focus on completing the acquisition of the Lakeview Mill.

Financial Position

At 30 June 2012, the Group had net asset of \$15,182,824 with cash reserves of \$3,254,072.

Environmental Regulation

The Group operates within the resources sector and conducts its business activities with respect for the environment, while continuing to meet the expectations of the shareholders, employees and suppliers. The company's exploration activities are currently regulated by significant environmental regulation under laws of the Commonwealth and states and territories of Australia. The Group aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation.

The directors have considered the recently enacted National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the Group for the current, or subsequent financial year. The directors will reassess this position as and when the need arises.

The directors are mindful of the regulatory regime in relation to the impact of the organisational activities on the environment.

There have been no known breaches by the Group during the financial year.

Directors Report (continued)

Information on Directors

Mr Peter Landau	- Executive Chairman
Qualifications	- Bachelor of Law, BComm
Experience	- Mr Peter Landau is the founding director of Okap Ventures Pty Ltd and Komodo Capital Pty Ltd, internationally focused project management, corporate advisory and venture capital firms based in Western Australia and London. Mr Landau is a former corporate lawyer and corporate advisor and has over 15 years' experience in providing general corporate, capital raising, transaction and strategic advice to numerous ASX listed and unlisted companies. Mr Landau has project managed a significant number of oil and gas mining exploration and development transactions around the world including capital raisings, M&A, joint ventures and finance structures. Mr Peter Landau is also a director of several ASX and AIM listed resource companies including Range Resources Limited and Continental Coal Limited.
Interest in Shares and Options	- 305,000 Ordinary Shares 152,500 listed options (\$0.20; 7 May 2015)
Current directorships	- Director of Range Resources Limited, Nkwe Platinum Limited, Paynes Gold Find Limited and Continental Capital Limited.
Former directorships held in past three years	- Nil

Mr John Ryan	- Executive Director
Qualifications	- B.S Mining Engineering, J.D. Juris Doctor
Experience	- Mr. John Ryan is a qualified mining engineer with extensive international mining experience particularly in the Coeur d'Alene District including work at the Consolidated Silver Mine and the Galena Mine. Mr Ryan is the founder / co-founder of a number of resource companies including Royal Silver Mines Inc., Silver Bull Resources, Western Goldfields Inc., and U.S. Silver Corporation.
Interest in Shares and Options	- 4,000,000 Ordinary Shares 5,000,000 Performance Shares 2,000,000 listed options (\$0.20; 7 May 2015)
Current directorships	- Trend Mining Company, Independence Brewing Company, Direct Response Media Inc, Lucky Friday Extension Mining Company Inc, Mineral Mountain Mining & Milling Company, Tintic Standard Gold Mines Inc, Consolidated Goldfields Inc, Silver Verde May Mining Company Inc
Former directorships held in past three years	- US Silver Corporation, Gold Crest Mines Inc

Directors Report (continued)

Information on Directors (cont)

Mr Jason Brewer	-	Non-Executive Director
Qualifications	-	Masters of Mining Engineering, Masters of Mineral Law and Policy
Experience	-	Mr Jason Brewer has 18 years international experience in mining, equity investment, corporate and project financing, capital raising, investment advising and evaluation of resource companies. He is a qualified mining engineer with operating experience in Canada, South Africa and Australia and has worked for several international investment banks and also managed Australia's largest ASX-listed resources fund. Mr Brewer also holds a number of non-executive directorships with several public resource companies and is an executive director of Okap Ventures Pty Ltd and Komodo Capital Pty Ltd.
Interest in Shares and Options	-	305,000 Ordinary Shares 152,500 listed options (\$0.20; 7 May 2015)
Current directorships	-	Director of Kaboko Mining Limited, De Grey Mining Limited and Continental Coal Limited.
Former directorships held in past three years	-	Altona Mining Limited

Ms Shannon Robinson

Joint Company Secretary

Qualifications: LLB, B.Com (Accounting), ACIS, AICD

Ms Robinson is an employee of Okap Ventures. Ms Robinson specialises in providing corporate advice in relation to acquisitions, takeovers, capital raisings, listing of companies including on ASX and AIM, due diligence reviews and compliance and managing legal issues associated with the activities undertaken by Okap Ventures' clients. Ms Robinson acts as the company secretary of a number of ASX and AIM listed companies. Ms Robinson is an associate of the Chartered Secretaries Australia and a member of AMPLA and has previously worked as a corporate lawyer at boutique law firms.

Ms Rebecca Sandford

Company Secretary

Qualifications: B.Bus

Ms Sandford is an employee of Okap Ventures. Okap Ventures is an internationally focused corporate advisory and venture capital firm based in West Perth, Western Australia and London. Previously Ms Sandford worked at Grange Consulting. Ms Sandford's experience includes acquisitions, takeovers, capital raisings, listing of companies on ASX, due diligence reviews and compliance. Ms Sandford has acted as the company secretary of a number of ASX listed companies. Ms Sandford is a member of the Chartered Secretaries Australia.

Directors Report (continued)

Directors Meetings

The number of Directors' meetings held and the number of meetings attended by each of the Directors of the Group for the time the Director held office during the year were as follows:

	Number of Meetings Eligible to Attend	Number of Meetings directors' attended
Number of Meetings Held	-	6
Number of Meetings Attended		
Director		
Mr Peter Landau	5	5
Mr John Ryan	3	2
Mr Jason Brewer	4	3
Mr Stephen Anastos	3	3
Mr David Morris	3	2
Mr Jeremy Bond	1	1

Shares under Option

Unissued ordinary shares of Black Mountain Resources Limited under option at the date of this report are as follows:

Type	Expiry Date	Issue Price of Shares	Number Under Option
Unlisted	15 November 2015	\$0.30	2,000,000
Listed	7 May 2015	\$0.20	36,138,750

Shares Issued on the Exercise of Options

There were 17,500 options exercised during the year.

Insurance of Officers

During the year, Black Mountain Resources Limited paid a premium of \$17,205 to insure the directors and secretaries of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Directors Report (continued)

Proceedings on Behalf of the Group

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the Corporations Act 2001.

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 20 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.

Auditor's Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 has been included as part of the financial report.

Directors Report (continued)

Remuneration Report (Audited)

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration.
- B Details of remuneration.
- C Service agreements.
- D Share-based compensation.

A Principles used to determine the nature and amount of remuneration

The Board has elected not to establish a remuneration committee based on the size of the organisation and has instead agreed to meet as deemed necessary and allocate the appropriate time at its board meetings.

The following items are considered and discussed as deemed necessary at the board meetings:

- make specific recommendations to the board on remuneration of directors and senior officers;
- recommend the terms and conditions of employment for the Executive Director;
- undertake a review of the Executive Director's performance, at least annually, including setting with the Executive Director goals for the coming year and reviewing progress in achieving those goals;
- consider and report to the Board on the recommendations of the Executive Director on the remuneration of all direct reports; and
- develop and facilitate a process for Board and Director evaluation.

Non-Executive Directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board.

Directors' Fees

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at \$150,000 per annum.

Directors Report (continued)

Remuneration report (cont'd)

A Principles used to determine the nature and amount of remuneration (cont'd)

Additional fees

A Director may also be paid fees or other amounts as the Directors determine if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Retirement allowances for directors

Superannuation contributions required under the Australian Superannuation Guarantee Legislation continue to be made and are deducted from the directors' overall fee entitlements.

Executive pay

The executive pay and reward framework has two components:

- base pay and benefits, including superannuation; and
- long-term incentives through participation in the Employee Share Option Plan.

The combination of these comprises the executive's total remuneration. The Group intends to revisit its long-term equity-linked performance incentives for executives as deemed necessary by the Board.

Base pay

The employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed every 12 months and may increase every 12 months.

Benefits

No benefits other than noted above are paid to Directors or Management except as incurred in normal operations of the business.

Directors Report (continued)

Remuneration report (cont'd)

A Principles used to determine the nature and amount of remuneration (cont'd)

Long term incentives

Options are issued at the Board's discretion. Other than options disclosed in section D of the remuneration report, there have been no options issued to employees as at the date of this financial report.

B Details of remuneration

Amounts of remuneration

Details of the remuneration of the directors and the key management personnel of the Group are found below:

Mr Peter Landau
Mr John Ryan
Mr Jason Brewer
Mr Stephen Anastos - resigned on 3 February 2012
Mr David Morris - resigned on 3 February 2012
Mr Jeremy Bond - resigned on 23 August 2011

Key Management personnel and other executives of the Group

	Short- term employee benefits			Post-employment benefits		Share-based payments	Total	Total Remuneration Represented by Options
30 June 2012	Cash salary & Fees	Other	Non Monetary Benefits	Super-annuation Pensions	Retire-ment Benefits			
Directors	\$	\$	\$	\$	\$	\$	\$	%
<i>Executive directors</i>								
Peter Landau	51,480	-	-	-	-	-	51,480	-
John Ryan*	60,000	-	-	-	-	-	60,000	100
Sub-total								
Non-executive directors	111,480	-	-	-	-	-	111,480	-
<i>Non-executive directors</i>								
Jason Brewer	10,000	-	-	-	-	-	10,000	-
Stephen Anastos	35,692	12,823	-	3,212	-	-	51,727	-
David Morris	14,872	5,881	-	1,312	-	-	22,065	-
Jeremy Bond	11,607	-	-	1,045	-	-	12,652	-
Sub-total								
Non-executive directors	72,171	18,704	-	5,569	-	-	96,444	-
Total key management personnel compensation (Group)	183,651	18,704	-	5,569	-	-	207,924	-

* This amount was settled through the issue of 2,000,000 listed options.

Directors Report (continued)

Remuneration report (cont'd)

Key Management personnel and other executives of the Group (cont)

	Short- term employee benefits			Post-employment benefits		Share-based payments	Total	Total Remuneration Represented by Options
30 June 2011	Cash salary & Fees	Other	Non Monetary Benefits	Super-annuation Pensions	Retire-ment Benefits	Options		
Directors	\$	\$	\$	\$	\$	\$	\$	%
<i>Non-executive directors</i>								
Stephen Anastos	21,965	-	-	1,977	-	12,000	35,942	33
David Morris	9,150	-	-	824	-	6,000	15,974	37
Jeremy Bond	9,150	-	-	824	-	6,000	15,974	37
Sub-total								
Non-executive directors	40,265	-	-	3,625	-	24,000	67,890	35
Total key management personnel compensation (Group)	40,265	-	-	3,625	-	24,000	67,890	35

C Service agreements

On appointment to the Board, all non-executive directors enter into a service agreement with the Group in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the director.

D Share-based compensation

Options

Options over shares in Black Mountain Resources Limited are granted at the Directors discretion.

The terms and conditions of each grant of options affecting remuneration in this or future reporting periods are as follows:

Grant date	Date/issue	Date Vested and Exercisable	Expiry Date	Expiry Price	Value Per Option at Grant Date
15 November 2010*		15 November 2012	15 November 2015	\$0.30	\$0.030
3 April 2012**		3 April 2012	7 May 2015	\$0.20	\$0.030

*Unlisted.

**Listed

Options granted under the plan carry no dividend or voting rights.

Directors Report (continued)

This report of Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of Directors.

A handwritten signature in black ink, consisting of several overlapping loops and strokes, enclosed within a hand-drawn oval.

Peter Landau
Executive Director

Perth, Western Australia, 28 September 2012

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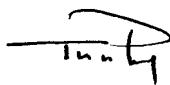
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Black Mountain Resources Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Rsm Bird Cameron Partners

RSM BIRD CAMERON PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 28 September 2012

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
BLACK MOUNTAIN RESOURCES LIMITED**

Report on the Financial Report

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

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* 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(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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 entity'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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Black Mountain Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Black Mountain Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(a).

Report on the Remuneration Report

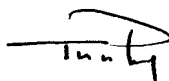
We have audited the Remuneration Report contained within the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility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

Opinion

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

Rsm Bird Cameron Partners

RSM BIRD CAMERON PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 28 September 2012

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2012

	Note	2012 \$	29 October 2010 to 30 June 2011 \$
Revenue			
Interest received	2	132,066	90,367
Finance costs		(2,398)	(851)
Employee and director benefits expense	3	(207,924)	(43,890)
Financial and company secretarial management expenses		(134,238)	(28,875)
Corporate advisory		(78,000)	-
ASX and share registry fees		(152,915)	(6,326)
Consultants and travel		(704,735)	(65,375)
Other expenses		(205,861)	(112,920)
Loss before income tax		(1,354,005)	(167,870)
Income tax expense	4	-	-
Loss for the year		(1,354,005)	(167,870)
Other comprehensive income		-	-
Total comprehensive loss for the year		(1,354,005)	(167,870)
Loss attributable to the members of Black Mountain Resources Limited		(1,354,005)	(167,870)
Earnings per share (cents per share)	5	(3.2)	(0.802)

The above consolidated statement of comprehensive income is to be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2012

	Note	2012 \$	2011 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	3,254,072	3,466,366
Trade and other receivables	8	79,427	4,087
Other assets	9	8,603	8,233
Total Current Assets		3,342,102	3,478,686
Non-Current Assets			
Exploration and evaluation expenditure	10	12,004,660	119,828
Total Non-current Assets		12,004,660	119,828
TOTAL ASSETS		15,346,762	3,598,514
LIABILITIES			
Current Liabilities			
Trade and other payables	11	163,938	64,765
Total Current Liabilities		163,938	64,765
TOTAL LIABILITIES		163,938	64,765
NET ASSETS		15,182,824	3,533,749
EQUITY			
Issued capital	12	15,596,011	3,677,619
Reserves	13	1,108,688	24,000
Accumulated losses		(1,521,875)	(167,870)
TOTAL EQUITY		15,182,824	3,533,749

The above consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2012

	Note	2012 \$	2011 \$
Cash flows from operating activities			
Payments to suppliers and employees		(1,305,145)	(181,792)
Interest received		132,067	90,367
Net cash flows used in operating activities	21(a)	(1,173,078)	(91,425)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(2,149,832)	(57,328)
Net cash flows used in investing activities		(2,149,832)	(57,328)
Cash flows from financing activities			
Proceeds from issue of shares and options		3,265,724	3,925,000
Payment of share issue costs		(155,108)	(309,881)
Net cash flows from financing activities		3,110,616	3,615,119
Net (decrease) increase in cash and cash equivalents		(212,294)	3,466,366
Cash and cash equivalents at beginning of year		3,466,366	-
Cash and cash equivalents at end of year	7	3,254,072	3,466,366

The above consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2012

	Issued Capital	Accumulated Losses	Option Reserve	Total
	\$	\$	\$	\$
Balance 29 October 2010 (date of incorporation)	-	-	-	-
Loss for the period	-	(167,870)	-	(167,870)
Other comprehensive income	-	-	-	-
Total Comprehensive Income	-	(167,870)	-	(167,870)
Transaction with owner, directly recorded in equity:				
Issue of shares	3,987,500	-	-	3,987,500
Issue of options	-	-	24,000	24,000
Share issue costs	(309,881)	-	-	(309,881)
Balance at 30 June 2011	3,677,619	(167,870)	24,000	3,533,749
Balance at 1 July 2011	3,677,619	(167,870)	24,000	3,533,749
Loss for the year	-	(1,354,005)	-	(1,354,005)
Other comprehensive income	-	-	-	-
Total Comprehensive Income	-	(1,354,005)	-	(1,354,005)
Transaction with owner, directly recorded in equity:				
Issue of shares	12,178,500	-	-	12,178,500
Issue of options	-	-	1,084,688	1,084,688
Share issue costs	(260,108)	-	-	(260,108)
Balance at 30 June 2012	15,596,011	(1,521,875)	1,108,688	15,182,824

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. Summary of significant accounting policies

Black Mountain Resources Limited is a listed public company, incorporated and domiciled in Australia. These consolidated financial statements and notes represent those of Black Mountain Resources Limited and its controlled entity. The separate financial statements of the parent entity, Black Mountain Resources Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial report was authorised for issue on 28 September 2012 by the directors of the company.

(a) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. Black Mountain Resources Limited is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

In the year ended 30 June 2012, the company has reviewed all of the new and revised Australian Accounting Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. It has been determined by the company that there is no impact, material or otherwise, of the new Standards and Interpretations on its business and therefore, no changes are required to its accounting policies. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

Except for cash flow information, the financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of Black Mountain Resources Limited and its subsidiaries as at 30 June each year. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Notes to the Financial Statements

1. Summary of significant accounting policies (cont'd)

(b) Basis of consolidation (cont'd)

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of the Company.

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or business under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Notes to the Financial Statements

1. Summary of significant accounting policies (cont'd)

(b) Basis of consolidation (cont'd)

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified as either equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the statement of comprehensive income.

(c) Income Tax

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 reporting date.

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

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

- when the deferred income tax liability arises from the initial recognition of goodwill or of an 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 reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (cont'd)

(c) Income Tax (cont'd)

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 reporting 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.

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

(d) Exploration and Development Expenditure

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

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

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

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

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

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (cont'd)

(e) Impairment of Assets

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

(f) Employee Benefits

(i) *Wages and salaries, annual leave, long service leave and sick leave*

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period.

Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy the vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the timing of cash flows.

(ii) *Share-based payments*

Share-based compensation benefits are provided to employees of Black Mountain Resources Limited at the Directors discretion.

The fair value of options granted by Black Mountain Resources Limited is recognised as an option benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of comprehensive income with a corresponding adjustment to equity.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (cont'd)

(g) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result, of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash.

(i) Revenue

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. All revenue is stated net of the amount of goods and services tax (GST).

(j) Goods and Services Tax (GST)

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

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

(k) Comparatives

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

(l) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables are due for settlement within 30 days from the date of recognition. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

An allowance account for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the statement of comprehensive income. When a trade receivable for which an impairment allowance has been recognised becomes uncollectable 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

1. Summary of Significant Accounting Policies (cont'd)

(m) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the financial instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. Trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (cont'd)

(m) Financial Instruments (cont'd)

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

(ii) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

(iii) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in non-current assets where they are not expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (cont'd)

(n) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Earnings per share

Basic earnings per share is calculated as net profit 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 per share is calculated as net profit 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.

(p) Significant Accounting Estimates and Judgments

Significant accounting judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Exploration and evaluation assets

The Group's accounting policy for exploration and evaluation expenditure is set out at Note 1(d). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the statement of comprehensive income.

Significant accounting estimates and assumptions

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

(i) Impairment of assets

In determining the recoverable amount of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows using asset-specific discount rates and the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (cont'd)

(p) Significant Accounting Estimates and Judgments (cont'd)

(ii) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined from market value.

(q) New Accounting Standards for Application in Future Periods

At the date of this financial report the following accounting standards, which may impact the entity in the period of initial application, have been issued but are not yet effective:

Reference	Title	Summary	Application date (financial years beginning)
AASB 9	<i>Financial Instruments</i>	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1 January 2013 (likely to be extended to 2015 by ED 215)
AASB 10	<i>Consolidated Financial Statements</i>	Replaces the requirements of AASB 127 and Interpretation 112 pertaining to the principles to be applied in the preparation and presentation of consolidated financial statements.	1 January 2013
AASB 11	<i>Joint Arrangements</i>	Replaces the requirements of AASB 131 pertaining to the principles to be applied for financial reporting by entities that have an interest in arrangements that are jointly controlled.	1 January 2013
AASB 12	<i>Disclosure of Interests in Other Entities</i>	Replaces the disclosure requirements of AASB 127 and AASB 131 pertaining to interests in other entities.	1 January 2013
AASB 127	<i>Separate Financial Statements</i>	Prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	1 January 2013
AASB 128	<i>Investments in Associates and Joint Ventures</i>	Prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1 January 2013
AASB 13	<i>Fair Value Measurement</i>	Provides a clear definition of fair value, a framework for measuring fair value and requires enhanced disclosures about fair value measurement.	1 January 2013
AASB 119	<i>Employee Benefits</i>	Prescribes the accounting and disclosure for employee benefits. This Standard prescribes the recognition criteria when in exchange for employee benefits.	1 January 2013
IFRIC Interpretation 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>	This Interpretation clarifies the requirements for accounting for stripping costs in the production phase of a surface mine, such as when such costs can be recognised as an asset and how that asset should be measured, both initially and subsequently.	1 January 2013

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (cont'd)

(q) New Accounting Standards for Application in Future Periods (cont'd)

The entity has decided against early adoption of these standards and interpretations. Furthermore, these changes in standards and interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Notes to the Financial Statements

2. Revenue

	2012 \$	2011 \$
Revenue		
Bank interest	132,066	90,367
	<u>132,066</u>	<u>90,367</u>

3. Loss for the year

Loss for the year includes the following items:

	2012 \$	2011 \$
Employee benefits expense		
Directors fees	202,355	40,265
Superannuation	5,569	3,625
Total employee benefits expense	<u>207,924</u>	<u>43,890</u>

4. Income Tax

	2012 \$	2011 \$
Loss before income tax	(1,354,005)	(167,870)
Tax benefit, prima facie, at the Australian tax rate of 30%	(406,202)	(50,361)
Less:		
Non-deductible expenses	39,833	8,212
	<u>(366,369)</u>	<u>(42,149)</u>
Deferred tax assets not brought to account	366,369	42,149
Income tax expense/ (benefit)	<u>-</u>	<u>-</u>

At 30 June 2012, the Group has unused tax losses of \$1,500,882 (2011: \$276,716). The potential tax benefit at 30% not recognised for unused tax losses is \$450,265 (2011: \$83,015).

The benefit for tax losses will only be obtained if:

- (i) the Group derives future assessable income in Australia of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- (ii) the Group continues to comply with the conditions for deductibility imposed by tax legislation in Australia; and
- (iii) there are no changes in tax legislation in Australia which will adversely affect the Group in realising the benefit from the deductions for the losses.

Notes to the Financial Statements

5. Earnings per Share

Basic earnings per share amounts are calculated by dividing net profit/ (loss) for the year attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the year.

The following reflects the loss and share data used in the basic earnings per share computations:

	2012 \$	2011 \$
Loss after income tax	(1,354,005)	(167,870)
Basic loss per share – cents per share	(3.2)	(0.802)
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	42,320,453	20,936,220

6. Dividends Paid or Proposed

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

7. Cash and Cash Equivalents

	2012 \$	2011 \$
Current		
Cash at bank and in hand	3,254,072	3,466,366
	<u>3,254,072</u>	<u>3,466,366</u>

8. Trade and Other Receivables

	2012 \$	2011 \$
Current		
Other receivables	79,427	4,087
	<u>79,427</u>	<u>4,087</u>

9. Other Assets

	2012 \$	2011 \$
Current		
Prepayments	8,603	8,233
	<u>8,603</u>	<u>8,233</u>

Notes to the Financial Statements

10. Exploration and Evaluation Expenditure

	2012 \$	2011 \$
Non – Current		
Exploration and evaluation expenditure – at cost	12,004,660	119,828
Movement		
At 1 July 2011	119,828	-
Capitalised during the year	11,884,832	119,828
At 30 June 2012	12,004,660	119,828

The carrying value of the Group's interest in exploration expenditure is dependent upon:

- the continuance of the Group's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

11. Trade and Other Payables

	2012 \$	2011 \$
Current		
Trade payables	109,286	7,567
Other payables	54,652	57,198
	163,938	64,765

Trade and other payables are non-interest bearing and are normally settled within 30-60 days.

Notes to the Financial Statements

12. Issued Capital

	2012 \$	2011 \$
(a) Issued and paid up capital		
Ordinary shares - fully paid	10,758,511	3,677,619
Performance shares - fully paid	4,837,500	-
	<u>15,596,011</u>	<u>3,677,619</u>

Movement in ordinary shares on issue:

Date	Details	No. of Shares	\$
29 October 2010	Issue of founder share	1	1
22 November 2010	Issue of seed and promoter shares	8,750,000	175,000
14 January 2011	Vendor shares	312,500	62,500
14 January 2011	Initial public offering	18,750,000	3,750,000
	Less: share issue costs	-	(309,881)
30 June 2011		27,812,501	3,677,619
06 February 2012	Vendor Shares	25,000,000	4,837,500
06 February 2012	Re-compliance Prospectus	10,000,000	2,000,000
03 April 2012	Placement	2,500,000	500,000
07 June 2012	Exercise of Options	17,500	3,500
	Less: share issue costs	-	(260,108)
30 June 2012		65,330,001	10,758,511

Movement in performance shares on issue:

30 June 2011		-	-
06 February 2012	Performance Shares*	25,000,000	4,837,500
30 June 2012		25,000,000	4,837,500

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group 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.

*Performance shares shall convert into fully paid ordinary shares (1 to 1) in the capital of Company when the expenditure commitment has been satisfied and production is achieved on any one of the US Projects within 5 years of settlement of the acquisition. The shares do not entitle to voting rights, dividend rights. The shares are not transferable.

Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Notes to the Financial Statements

12. Issued Capital (cont'd)

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The net working capital position of the Company at 30 June 2012 was \$3,178,164 (2011: \$3,413,921) and the net decrease in cash held during the year was \$212,294.

The Group currently has \$3,254,072 (2011: \$3,466,366) of cash and cash equivalents and no debt which is sufficient working capital to fund its exploration commitments in the near future.

13. Reserves

	2012 \$	2011 \$
Reserves		
Option reserve	1,108,688	24,000
	<u>1,108,688</u>	<u>24,000</u>
<i>Options reserve</i>		
The option reserve recognises options issued by the company.		
<i>Movements in reserve:</i>		
Opening balance 29 October 2010 (date of incorporation)		-
Issue of incentive based share options		<u>24,000</u>
Closing balance 30 June 2011		24,000
Issue of listed options		<u>1,084,688</u>
Closing balance 30 June 2012		<u><u>1,108,688</u></u>

Summary of share options:

	Expiry Date	Exercise Price	Balance at start of year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year	Vested & exercisable at end of the year
			Number	Number	Number	Number	Number	Number
2012								
Listed option	7 May 2015	\$0.20	-	36,156,250	(17,500)	-	36,138,750	36,138,750
Unlisted option	15 Nov 2011	\$0.30	2,000,000	-	-	-	2,000,000	2,000,000
			<u>2,000,000</u>	<u>36,156,250</u>	<u>(17,500)</u>	<u>-</u>	<u>38,138,750</u>	<u>38,138,750</u>

Notes to the Financial Statements

14. Financial Instruments

Financial Risk Management

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits. The Group manages its exposure to key financial risks in accordance with its financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Group does not speculate in the trading of derivative instruments. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analysis of and monitoring of receivables are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 1 to the financial statements.

The Group's activities expose it to a variety of financial risks including market risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group does not use derivative financial instruments.

Risk Exposures and Responses

Interest rate risk

The Group's exposure to risks of changes in market interest rates relates primarily to its cash balances. The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates. As the company has no interest bearing borrowings its exposure to interest rate movements is limited to the amount of interest income it can potentially earn on surplus cash deposits. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At reporting date, the Group had the following financial assets exposed to variable interest rates that are not designated in cash flow hedges:

	2012 \$	2011 \$
<i>Financial Assets</i>		
Cash and cash equivalents	3,254,072	3,466,366
Net exposure	3,254,072	3,466,366

Notes to the Financial Statements

14. Financial Instruments (cont'd)

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At 30 June, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity relating to financial assets of the Group would have been affected as follows:

Judgements of reasonably possible movements:

Post tax profit – higher / (lower)

+ 0.5%	16,270	17,331
- 0.5%	(16,270)	(17,331)

Equity – higher / (lower)

+ 0.5%	16,270	17,331
- 0.5%	(16,270)	(17,331)

Liquidity Risk

The Group has no significant exposure to liquidity risk as there is effectively no debt. The Group manages liquidity risk by monitoring immediate and forecast cash requirements and ensuring adequate cash reserves are maintained.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise deposits with banks and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of these instruments. The carrying amount of financial assets included in the statement of financial position represents the Group's maximum exposure to credit risk in relation to those assets.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, credit worthy third parties and as such collateral is not requested nor is it the Group's policy to secure its trade and other receivables.

Receivable balances are monitored on an ongoing basis with the result that the Group does not have a significant exposure to bad debts.

The Group's cash deposits are held with a major Australian banking institution. There are no significant concentrations of credit risk within the Group.

The following table details the expected maturity of the Group's financial assets and liabilities based on the earliest date of maturity or payment respectively. The amounts are stated on an undiscounted basis and include interest.

Notes to the Financial Statements

14. Financial Instruments (cont'd)

2012

Financial Instrument	Floating interest rate	Fixed Interest rate maturing in			Non-interest Bearing	Total	Weighted average effective interest rate
		1 year or less	Over 1 to 5 years	More than 5 years			
	\$	\$	\$	\$	\$	\$	
Financial Assets							
Cash	3,254,072	-	-	-	-	3,254,072	3.5%
Receivables – other	-	-	-	-	79,427	79,427	
Total financial assets	3,254,072	-	-	-	79,427	3,333,499	
Financial Liabilities							
Trade payables and accruals	-	-	-	-	163,938	163,938	
Total financial liabilities	-	-	-	-	163,938	163,938	

2011

Financial Assets							
Cash	3,466,366	-	-	-	-	3,466,366	3.6%
Receivables – other	-	-	-	-	4,087	4,087	
Total financial assets	3,466,366	-	-	-	4,087	3,470,453	
Financial Liabilities							
Trade payables and accruals	-	-	-	-	64,765	64,765	
Total financial liabilities	-	-	-	-	64,765	64,765	

Net Fair Values

Fair value estimation

The carrying value of financial assets and liabilities as presented in the statement of financial position are the same as their fair value. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Notes to the Financial Statements

15. Operating Segment

The Group's operations are managed in Australia and involve exploration of its mineral properties in Australia and USA.

No revenues (2011 - Nil) were derived from an external customers.

Assets are located in Australia (Uranium, Gold and other base metals) and USA (Silver and Gold). Segment assets are allocated to countries based on where the assets are located.

AUSTRALIA

The Company is currently conducting exploration upon tenements considered prospective. No income has been derived from operating activities during the year (2011: Nil).

USA

The Company is currently conducting exploration upon tenements considered prospective. No income has been derived from operating activities (2011: Nil).

SEGMENT INFORMATION

The segment information provided to the Board of Directors for the reportable segments for the year ended 30 June 2012 is as follows:

	Australia \$	USA \$	Total \$
2012			
Revenue			
Other revenues from external customers	-	-	-
Total segment revenue	-	-	-
Result			
Segment result			
Interest revenue	132,066	-	132,066
Depreciation	-	-	-
Assets and Liabilities			
Segment assets			
- Exploration expenditure	248,543	11,756,117	12,004,660
- Cash and cash equivalents	3,254,072	-	3,254,072
	3,502,615	11,756,117	15,258,732
Unallocated assets			
- Trade and other receivables	79,427	-	79,427
- Other assets	8,603	-	8,603
	88,030	-	88,030
Total assets as per the statement of financial position	3,590,647	11,756,117	15,346,762
Segment liabilities			
Unallocated liabilities			
- Trade and other Payables	163,938	-	163,938
Total liabilities as per the statement of financial position	163,938	-	163,938

In the 2011 financial year, the group operated as a single segment being mineral exploration within Australia.

Notes to the Financial Statements

16. Share-Based Payments

	2012 \$	2011 \$
Value of share based payments in the financial statements		
Share based payments expensed – directors [1]	60,000	24,000
Share based payments expensed – consultants [2]	73,113	-
Share based payments – capital raising fees [2]	105,000	-
Share based payments expensed – supplier [3]	19,351	-
Share based payments - exploration costs [4]	9,735,000	-
	9,992,464	24,000

The share-based payments expense recognised in the statement of comprehensive income for the year was \$152,464 (2011: \$24,000).

2012

[1] Listed options issued to director for settlement of director's fees.

[2] Listed option issued to consultants for the services rendered.

[3] Ordinary shares issued to supplier for the services rendered.

[4] Listed options (\$60,000), ordinary shares (\$4,837,500) and performance shares (\$4,837,500) were issued for payments in relation to exploration activities.

All the shares and options issued above were valued at the market price of the company's share or option at grant date.

2011

During the financial period, 2,000,000 unlisted options were issued to directors which vested immediately. The fair value at grant date was calculated to be 1.2 cents per option. Using the Binomial option pricing model, the fair value of the options has been assessed based on the following variables:

Underlying share price	2 cents
Exercise price	30 cents
Expected volatility	130%
Option life	5 years
Risk-free interest rate	5.3%

Notes to the Financial Statements

17. Commitments and Contingent Liabilities

(a) Commitments Exploration Expenditure

The company has certain obligations to perform minimum exploration work and to expend minimum amounts of money on such work on mining tenements. These obligations may be varied from time to time subject to approval and are expected to be fulfilled in the normal course of the operations of the Group. These commitments have not been provided for in the financial statements. Due to the nature of the Group's operations in exploring and evaluating areas of interest, it is difficult to accurately forecast the nature and amount of future expenditure beyond the next year. Expenditure may be reduced by seeking exemption from individual commitments, by relinquishment of tenure or any new joint venture arrangements. Expenditure may be increased when new tenements are granted or joint venture agreements amended. The minimum expenditure commitment on the tenements is:

	2012 \$	2011 \$
Exploration expenditure commitments Payable:		
- not later than 12 months*	3,834,826	750,000

*Included in the exploration commitments are \$3,826,155 (USD \$3,900,000) which is the remaining expenditure commitment in relation to the acquisition of a 70% interest in ABM Mining Corporation.

(b) Contingent Liabilities

There are no contingent liabilities at the date of this report.

18. Related Party Disclosure

(a) Parent entity

Black Mountain Resources Limited is the ultimate Australian parent entity.

(b) Transactions between related parties

Below are transactions with director-related entities:

Related Party	Type of Service	2012 \$	2011 \$
Doull Holdings Pty Ltd*	Director's Fee	51,480	-
Scooby Holdings Pty Ltd*	Director's Fee	10,000	-
Okap Ventures Pty Ltd	Corporate Advisory Fee	181,120	-
As at 30 June 2012		242,600	-
Balance outstanding included in trade and other payable		5,500	-

* Included in the directors' remuneration report.

Notes to the Financial Statements

19. Events after the Reporting Date

There are no matters or circumstances that have arisen since 30 June 2012 that have or may significantly affect the operations, results, or state of affairs of the company in future financial years, other than:

On 6 August 2012, the Company issued 3,439,791 ordinary fully paid shares at an issue price of 15.5 cents per share to raise gross proceeds of \$533,168.

On 5 September 2012, a general meeting of shareholders was held and the following resolutions were approved:

- Approval for issue of shares for Lakeview properties;
- Ratification and approval of prior share issue – Tranche 1;
- Approval of issue and allotment of shares – Tranche 2; and
- Approval of issue and allotment of options.

20. Auditor's Remuneration

	2012 \$	2011 \$
Amounts received or due and receivable by RSM Bird Cameron Partners:		
- an audit or review services	21,000	13,000
- Investigating Accountant's Report	10,000	12,000
- Tax services	3,900	-
	<u>34,900</u>	<u>25,000</u>

Notes to the Financial Statements

21. Cash Flow Information

Reconciliation of Cash Flow from Operations

	2012 \$	2011 \$
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax for the year	(1,354,005)	(167,870)
Share-based payments	152,464	24,000
Others	5,000	-
Movements in assets and liabilities:		
- Trade and other receivables	(75,340)	(4,087)
- Other assets	(370)	(8,233)
- Trade payables and accruals	99,173	64,765
Net Cash from Operating Activities	(1,173,078)	(91,425)

Non-cash investing activities

On 6 February 2012, the company issued 25,000,000 fully paid ordinary shares and 25,000,000 performance shares with a fair value of 19.35 cents as part consideration to acquire a 70% interest in ABM Mining Corporation.

For the terms and conditions of the performance shares, refer to Note 12.

Notes to the Financial Statements

22. Directors and Key Management Disclosures

(a) Directors

The following persons were directors of Black Mountain Resources Limited during the year:

Name	Position
Mr Peter Landau	Director (Executive) - appointed 23 August 2011
Mr John Ryan	Director (Executive) - appointed on 3 February 2012
Mr Jason Brewer	Director (Non-executive) - appointed on 3 February 2012
Mr Stephen Anastos	Director (Non-executive Chairman) - resigned 3 February 2012
Mr David Morris	Director (Non-executive) - resigned 3 February 2012
Mr Jeremy Bond	Director (Non-executive) - resigned 23 August 2011

(b) Other key management personnel

There were no further key management personnel of the Group other than the directors.

(c) Key management personnel compensation

	2012 \$	2011 \$
Short-term employee benefits	202,355	40,265
Post-employment benefits	5,569	3,625
Share-based payments	-	24,000
Total	207,924	67,890

(d) Option holdings

The number of options over ordinary shares in the company held during the year by each director of Black Mountain Resources Limited and other key management personnel of the Group, including their personally related parties, are set out below:

2012	Balance at the start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Name							
Directors							
Peter Landau	-	-	-	-	-	-	-
John Ryan	-	2,000,000	-	-	2,000,000	2,000,000	-
Jason Brewer	-	-	-	-	-	-	-
Stephen Anastos	1,000,000	-	-	(1,000,000)	-	-	-
Jeremy Bond	500,000	-	-	(500,000)	-	-	-
David Morris	500,000	-	-	(500,000)	-	-	-
Total	2,000,000	2,000,000	-	(2,000,000)	2,000,000	2,000,000	-
2011							
Name							
Directors							
Stephen Anastos	-	1,000,000	-	-	1,000,000	-	1,000,000
Jeremy Bond	-	500,000	-	-	500,000	-	500,000
David Morris	-	500,000	-	-	500,000	-	500,000
Total	-	2,000,000	-	-	2,000,000	-	2,000,000

Notes to the Financial Statements

22. Directors and Key Management Disclosures (cont'd)

(e) Shareholdings

The numbers of shares in the company held during the year by each director of Black Mountain Resources Limited and other key management personnel of the Group, including their personally related parties are set out below.

2012				
Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes	Balance at the end of the year
Directors				
Peter Landau [1]	-	-	-	-
John Ryan [2]	-	-	9,000,000	9,000,000
Jason Brewer [1]	-	-	-	-
Stephen Anastos	2,100,001	-	(2,100,001)	-
Jeremy Bond	500,000	-	(500,000)	-
David Morris	-	-	-	-
Total	2,600,001	-	6,399,999	9,000,000

2011				
Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes	Balance at the end of the year
Directors				
Stephen Anastos	-	-	2,100,001	2,100,001
Jeremy Bond	-	-	500,000	500,000
David Morris	-	-	-	-
Total	-	-	2,600,001	2,600,001

[1] Okap Ventures Pty Ltd, a company of which Messrs Landau and Brewer are directors and shareholders have 305,000 ordinary shares and 152,000 options in the company.

[2] Includes 5,000,000 performance shares.

Notes to the Financial Statements

23. Controlled entities

The consolidated financial statements include the financial statements of Black Mountain Resources Limited and the subsidiaries listed in the following table.

	County of Incorporation	% Equity Interest	
		2012 %	2011 %
Future Generation Energy Pty Ltd	Australia	100	100
Blur Mountain Mining Corporation	USA	100	-

24. Parent Entity Information

The following details information related to the parent entity, Black Mountain Resources Limited, as at 30 June 2012. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2012 \$	2011 \$
Current assets	3,342,327	3,478,686
Non-current assets	12,004,662	119,828
Total assets	15,346,989	3,598,514
Current liabilities	163,938	64,765
Total liabilities	163,938	64,765
Contributed equity	15,596,011	3,677,620
Accumulated losses	(1,521,648)	(167,870)
Reserves	1,108,688	24,000
Total equity	15,183,051	3,533,749
Loss after income tax	(1,353,777)	(167,870)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	(1,353,777)	(167,870)

Guarantees

The Company has not entered into any guarantees in relation to the debts of its subsidiary.

Other Commitments and Contingencies

The Company has no commitments to acquire property, plant and equipment and has no contingent liabilities as at the date of report.

Directors' Declaration

The directors of the company declare that:

1. the financial statements and notes, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1(a) to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards; and
 - b. give a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date;
2. the Managing Director and Company Secretary have each declared that:
 - a. the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view;
3. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Peter Landau
Executive Director

Perth, Western Australia, 28 September 2012

Corporate Governance

The Board of Directors are responsible for the overall strategy, governance and performance of Black Mountain Resources Limited and its controlled entities. The Group is silver exploration and development focused group whose strategy is to add substantial shareholder value through the acquisition, exploration, development and commercialisation of its projects. The Board has adopted a corporate governance framework which it considers to be suitable given the size, history and strategy of the Group.

Principles of Best Practice Recommendations

In accordance with ASX Listing Rule 4.10, Black Mountain Resources Limited is required to disclose the extent to which it has followed the Principles of Best Practice Recommendations during the financial year. Where Black Mountain Resources Limited has not followed a recommendation, this has been identified and an explanation for the departure has been given. Further details can be found on the Group's website.

PRINCIPLES AND RECOMMENDATIONS		COMMENT
1.	<i>Lay solid foundations for management and oversight</i>	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Satisfied. Refer the Corporate Governance section on the Group website. The Company's Corporate Governance Plan includes a Board Charter, which discloses the specific responsibilities of the Board. The Board delegates responsibility for the day-to-day operations and administration of the Company to the executive Directors.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Satisfied. The Company's Corporate Governance Plan includes a section on performance evaluation practices adopted by the Company. The Board has established formal processes to review its own performance and the performance of individual directors, any executive directors and any committees of the Board at least annually.
1.3	Companies should provide the information indicated in the <i>Guide to reporting on Principle 1</i> .	Satisfied. Refer to Annual Report and the Corporate Governance section on the Group website. Performance evaluation of senior executives has taken place and this process is conducted annually.
2.	<i>Structure the board to add value</i>	
2.1	A majority of the board should be independent directors.	Not satisfied. There are currently a majority of executive directors on the board. The Board believes that it is able to exercise independence and judgement and does possess the necessary skills, expertise and experience required to effectively discharge their duties. The focus has been on the ability of the Board to add value by effectively exercising independence and discharging their duties, rather than on meeting the independence test in the guidelines.
2.2	The chair should be an independent director.	Not satisfied. The chair of the Board is an executive director.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Not satisfied. The Company has an executive chairman as well as an executive director (considered to be the Chief Executive Officer) who is separate from the chair.
2.4	The board should establish a nomination committee.	Not satisfied. The Board considers that given the

PRINCIPLES AND RECOMMENDATIONS		COMMENT
		current size of the board, this function is efficiently achieved with full Board participation. Accordingly, the Board has resolved not to establish a nomination committee at this stage. The Company's Corporate Governance Plan includes a Nomination Committee Charter, which discloses the specific responsibilities of the committee. In addition, the Board, Board Committees or individual Directors may seek independent external professional advice as considered necessary at the expense of the Group, subject to prior consultation with the Chairman. A copy of any such advice received is made available to all members of the Board.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Satisfied.
2.6	Companies should provide the information indicated in the <i>Guide to reporting on Principle 2</i> .	Satisfied.
3.	<i>Promote ethical and responsible decision-making</i>	
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: ▪ the practices necessary to maintain confidence in the company's integrity ▪ the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders ▪ the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Satisfied.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measureable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	Not Satisfied. The Company recognises that a talented and diverse workforce is a key competitive advantage and that an important contributor to the Company's success is the quality, diversity and skills of its people. Under the Company's Code of Conduct, employees must not harass, discriminate or support others who harass and discriminate against colleagues or members of the public on the grounds of sex, pregnancy, marital status, age, race (including their colour, nationality, descent, ethnic or religious background), physical or intellectual impairment, homosexuality or transgender. Such harassment or discrimination may constitute an offence under legislation. Due to the small scale of the Company's operations and the limited number of employees, the Company has not yet established a Diversity Policy. However, as the Company develops the Board will consider adopting such a policy.
3.3	Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress in achieving them.	Not Satisfied. Given the size of the Company, the Company has not yet set measurable objectives for achieving gender diversity. In addition, the Board will review progress against any objectives identified on an annual basis.
3.4	Companies should disclose in each annual report the	Satisfied. Given the size of the Board and the

PRINCIPLES AND RECOMMENDATIONS		COMMENT
	proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Company, the Board considers that this function is efficiently achieved with Ms Sandford and Ms Robinson as joint Company Secretary / Chief Financial Officer holding senior executive positions in the Company.
3.5	Companies should provide the information indicated in the <i>Guide to reporting on Principle 3</i> .	Satisfied.
4.	<i>Safeguard integrity in financial reporting</i>	
4.1	The board should establish an audit committee.	Not Satisfied. The Directors believe that it would not increase efficiency or effectiveness to have a separate audit committee, and that audit matters are of such significance that they should be considered by the full Board. The Board may seek independent external professional advice as considered necessary if it requires assistance in this area.
4.2	The audit committee should be structured so that it: - consists only of non-executive directors - consists of a majority of independent directors - is chaired by an independent chair, who is not chair of the board - has at least three members.	Not satisfied. Refer 4.1.
4.3	The audit committee should have a formal charter.	The Company's Corporate Governance Plan includes an Audit and Risk Committee Charter, which discloses the manner and process to consider audit and risk management matters..
4.4	Companies should provide the information indicated in the <i>Guide to reporting on Principle 4</i> .	Satisfied.
5.	<i>Make timely and balanced disclosure</i>	
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Satisfied. Continuous disclosure policy is available in the Corporate Governance section on the Group website.
5.2	Companies should provide the information indicated in <i>Guide to Reporting on Principle 5</i> .	Satisfied. Refer to the Corporate Governance section on the Company's website.
6.	<i>Respect the rights of shareholders</i>	
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Satisfied. Communications with Shareholders policy is available in the Corporate Governance section on the Company's website, which aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.
6.2	Companies should provide the information indicated in the <i>Guide to reporting on Principle 6</i> .	Satisfied. Refer to the Corporate Governance section on the Company's website.
7.	<i>Recognise and manage risk</i>	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Satisfied. Risk management policy is available in the Corporate Governance section on the Company's website.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Satisfied. Refer 7.1 & 7.3.
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in	Satisfied.

PRINCIPLES AND RECOMMENDATIONS		COMMENT
	accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	
7.4	Companies should provide the information indicated in <i>Guide to Reporting on Principle 7</i> .	Satisfied. Refer 7.1.
8.	<i>Remunerate fairly and responsibly</i>	
8.1	The board should establish a remuneration committee.	Not satisfied. The Board considered this recommendation and formed the view that it would not increase efficiency or effectiveness to have a separate committee, and that remuneration matters are of such significance that they should be considered by the full Board. The Board may seek independent external professional advice as considered necessary if it requires assistance in this area. The Company's Corporate Governance Plan includes a Remuneration Committee Charter, which discloses its specific responsibilities.
8.2	The remuneration committee should be structured so that it: - consists of a majority of independent directors - is chaired by an independent director - has at least three members	Not satisfied. Refer to 8.1.
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Satisfied.
8.4	Companies should provide the information indicated in the <i>Guide to reporting on Principle 8</i> .	Satisfied.

ASX Additional Information

Additional information required by the ASX Limited Listing Rules not disclosed elsewhere in this Annual Report is set out below.

1. Capital Structure

The issued capital of the Group as at 27 September 2012 is 75,324,266 ordinary fully paid shares, 25,000,000 performance shares*, 36,138,750 listed options (exercisable at 20 cents, on or before 7 May 2015), 2,000,000 unlisted options (exercisable at 30 cents, on or before 15 November 2015). All issued ordinary fully paid shares carry one vote per share.

- * The performance milestones for Performance Shares:
- (a) the Company completing exploration and development on each US Project in the total amount of not less than US\$1,500,000, or exploration and development in the amount of US\$4,500,000 across all of the US Projects, within three (3) years from the date of issue of the Performance Shares; and
 - (b) production from the Project of not less than 2,000 ounces of gold or gold equivalent within five (5) years from the date of issue of the Performance Shares.

Ordinary Shares

Shares Range	Holders	Units	%
1-1,000	10	1,041	0.01
1,001-5,000	33	116,143	0.15
5,001-10,000	82	763,405	1.01
10,001-100,000	57	13,866,207	18.41
100,001-9,999,999	1	60,577,470	80.42
Total	562	75,324,266	100.00

Unmarketable parcels

There were 10 holders of less than a marketable parcel of ordinary shares.

ASX Additional Information

2. Top 20 Shareholders as at 27 September 2012

	Name	Number of Shares	%
1	PARK END LIMITED	9,000,000	12.11
2	BOND STREET CUSTODIANS LIMITED <OFFICIUM EMERGING RES A/C>	5,511,584	7.42
3	CORK INVESTMENTS INC	4,000,000	5.38
4	MR JOHN RYAN	4,000,000	5.38
5	TEXAS ENERGY ADVISORS LLC	4,000,000	5.38
6	BRUSH PRAIRIE MINERALS INC	3,000,000	4.04
7	RAVENHILL INVESTMENTS PTY LTD <HOUSE OF EQUITY A/C>	1,890,000	2.54
8	KARAKORAM NO2 PTY LTD <SUPER FUND A/C>	1,400,000	1.88
9	ROY NOMINEES LIMITED	1,355,000	1.82
10	XCAP NOMINEES LIMITED <NOMINEE>	1,313,436	1.77
11	REDMAYNE (NOMINEES) LIMITED	945,161	1.27
12	NAIL BITER PTY LTD <NAILBITER SUPER FUND>	802,000	1.08
13	BARCLAYSHARE NOMINEES LIMITED	709,524	0.95
14	SEVENTY THREE PTY LTD <KING SUPER FUND NO 3 A/C>	650,000	0.87
15	MR LAWRENCE ANGELO BUNO + MRS VALERIE JEAN BUONO	625,000	0.84
16	CHESTER MINING COMPANY	500,000	0.67
17	LUCKY FRIDAY EXTENSION MINING COMPANY	500,000	0.67
18	MALVERN PTY LTD <MALVERN INVESTMENT A/C>	500,000	0.67
19	MERIWA STREET PTY LTD	500,000	0.67
20	WATERLOO AUSTRALIA PTY LTD	500,000	0.67
	Total	41,701,705	56.11

3. Top 20 Listed Option Holders as at 27 September 2012

	Name	Number of Options	%
1	SEVENTY THREE PTY LTD <KING SUPER FUND NO 3 A/C>	2,400,000	6.64
2	CORK INVESTMENTS INC	2,000,000	5.53
3	MR JOHN RYAN	2,000,000	5.53
4	TEXAS ENERGY ADVISORS LLC	2,000,000	5.53
5	BOND STREET CUSTODIANS LIMITED <OFFICIUM EMERGING RES A/C>	1,698,117	4.70
6	WIMALEX PTY LTD <TRIO S/F A/C>	1,585,000	4.39
7	BRUSH PRAIRIE MINERALS INC	1,500,000	4.15
8	PRITDOWN PTY LTD <MCDONALD SUPER FUND A/C>	1,275,000	3.53
9	RAVENHILL INVESTMENTS PTY LTD <HOUSE OF EQUITY A/C>	1,050,001	2.91
10	PARK END LIMITED	1,000,000	2.77
11	PERCY HOLDINGS LIMITED	1,000,000	2.77
12	MADISONS PTY LTD <BROWN RETIREMENT FUND A/C>	800,000	2.21
13	OMONDALI PTY LTD <THE OMONDALI A/C>	750,000	2.08
14	KARAKORAM NO2 PTY LTD <SUPER FUND A/C>	700,000	1.94
15	MR LAWRENCE ANGELO BUONO + MRS VALERIE JEAN BUONO <ZOLOTO SUPER FUND A/C>	586,009	1.62
16	MS TANIA HALL	500,000	1.38
17	NAIL BITER PTY LTD <NAILBITER SUPER FUND A/C>	487,500	1.35
18	FERNLAND HOLDINGS PTY LTD <CELATO A/C>	450,000	1.25
19	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	420,000	1.16
20	MR NICHOLAS DERMOTT MCDONALD	350,000	0.97
	Total	22,551,627	62.41

ASX Additional Information

4. Substantial Shareholders as at 27 September 2012

	Name	Number of Shares	%
1	PARK END LIMITED	9,000,000	12.11
2	BOND STREET CUSTODIANS LIMITED <OFFICIUM EMERGING RES A/C>	5,511,584	7.42
3	CORK INVESTMENTS INC	4,000,000	5.38
4	MR JOHN RYAN	4,000,000	5.38
5	TEXAS ENERGY ADVISORS LLC	4,000,000	5.38

5. Restricted Securities subject to escrow period

Securities subject to escrow are:

Category	Number of Shares	Period of Escrow
Ordinary fully paid shares	21,000,000	6 February 2013
Ordinary fully paid shares	4,000,000	20 February 2014
Ordinary fully paid shares	2,475,000	17 February 2013
Performance shares	20,000,000	6 February 2013
Performance shares	5,000,000	20 February 2014
Unlisted options exercisable at \$0.30 on or before 15/11/2015	2,000,000	17 February 2013

6. Group cash and assets

In accordance with Listing Rule 4.10.19, the Group confirms that it has been using the cash and assets it had acquired at the time of admission and for the period ended 30 June 2012 in a conservative manner that is consistent with its business objective and strategy.

7. Competent Person Statement

The information included in this report that relates to historical mining data and exploration targets is based on information compiled by Mr. Gregory Schifrin. Mr. Schifrin has worked as a geologist in exploration and mine development for 29 years in precious and base metal exploration and is a professional member (SME Registered Member) of the Society of Mining, Metallurgy and Exploration (SME) #4053449, a 'Recognized Overseas Professional Organization' ('ROPO') included in a list promulgated by the ASX from time to time. Mr. Schifrin has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Schifrin consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.

ASX Additional Information

8. Mining Claim / Tenement Schedule

Claim/Tenement Ref	Location	Percentage Interest
MOTHER LODGE – 8431	Beaverhead County, Montana (New Departure Project)	70%*
DIRECTOR LODGE – 5600	Beaverhead County, Montana (New Departure Project)	70%*
PROTECTOR LODGE – 5601	Beaverhead County, Montana (New Departure Project)	70%*
SHIELD LODGE – 5602	Beaverhead County, Montana (New Departure Project)	70%*
CLIFF LODGE – 2264	Beaverhead County, Montana (New Departure Project)	70%*
GUARDIAN LODGE – 2411	Beaverhead County, Montana (New Departure Project)	70%*
QUIEN SABE LODGE – 2265	Beaverhead County, Montana (New Departure Project)	70%*
SIGNAL LODGE – 2505A	Beaverhead County, Montana (New Departure Project)	70%*
IM1 – MMC 224987	Beaverhead County, Montana (New Departure Project)	70%*
IM2 – MMC 224988	Beaverhead County, Montana (New Departure Project)	70%*
IM3 – MMC 224989	Beaverhead County, Montana (New Departure Project)	70%*
IM4 – MMC 224990	Beaverhead County, Montana (New Departure Project)	70%*
IM5 – MMC 224991	Beaverhead County, Montana (New Departure Project)	70%*
IM6 – MMC 224992	Beaverhead County, Montana (New Departure Project)	70%*
IM7 – MMC 224993	Beaverhead County, Montana (New Departure Project)	70%*
IM8 – MMC 224994	Beaverhead County, Montana (New Departure Project)	70%*
IM9 – MMC 224995	Beaverhead County, Montana (New Departure Project)	70%*
IM10 – MMC 224996	Beaverhead County, Montana (New Departure Project)	70%*
IM11 – MMC 224997	Beaverhead County, Montana (New Departure Project)	70%*
IM12 – MMC 224998	Beaverhead County, Montana (New Departure Project)	70%*
IM14 – MMC 225000	Beaverhead County, Montana (New Departure Project)	70%*
IM15 – MMC 225001	Beaverhead County, Montana (New Departure Project)	70%*
IM16 – MMC 225002	Beaverhead County, Montana (New Departure Project)	70%*
IM17 – MMC 225003	Beaverhead County, Montana (New Departure Project)	70%*
IM18 – MMC 225004	Beaverhead County, Montana (New Departure Project)	70%*
IM24 – MMC 225010	Beaverhead County, Montana (New Departure Project)	70%*
IM27 – MMC 226248	Beaverhead County, Montana (New Departure Project)	70%*
IM28 – MMC 226249	Beaverhead County, Montana (New Departure Project)	70%*
IM29 – MMC 226250	Beaverhead County, Montana (New Departure Project)	70%*
IM30 – MMC 226251	Beaverhead County, Montana (New Departure Project)	70%*
IM32 – MMC 226252	Beaverhead County, Montana (New Departure Project)	70%*
IM34 – MMC 226253	Beaverhead County, Montana (New Departure Project)	70%*
IM35 – MMC 226254	Beaverhead County, Montana (New Departure Project)	70%*
IM36 – MMC 226255	Beaverhead County, Montana (New Departure Project)	70%*
IM37 – MMC 226256	Beaverhead County, Montana (New Departure Project)	70%*
IM38 – MMC 226257	Beaverhead County, Montana (New Departure Project)	70%*
IM39 – MMC 226258	Beaverhead County, Montana (New Departure Project)	70%*
IM40 – MMC 226259	Beaverhead County, Montana (New Departure Project)	70%*
IM41 – MMC 226260	Beaverhead County, Montana (New Departure Project)	70%*
IM42 – MMC 226261	Beaverhead County, Montana (New Departure Project)	70%*
IM43 – MMC 226262	Beaverhead County, Montana (New Departure Project)	70%*
IM44 – MMC 226263	Beaverhead County, Montana (New Departure Project)	70%*
IM45 – MMC 226264	Beaverhead County, Montana (New Departure Project)	70%*
IM46 – MMC 226265	Beaverhead County, Montana (New Departure Project)	70%*
IM47 – MMC 226266	Beaverhead County, Montana (New Departure Project)	70%*
IM48 – MMC 226267	Beaverhead County, Montana (New Departure Project)	70%*
IM49 – MMC 226268	Beaverhead County, Montana (New Departure Project)	70%*
IM50 – MMC 226269	Beaverhead County, Montana (New Departure Project)	70%*
IM51 – MMC 226270	Beaverhead County, Montana (New Departure Project)	70%*
IM52 – MMC 226271	Beaverhead County, Montana (New Departure Project)	70%*
IM53 – MMC 226272	Beaverhead County, Montana (New Departure Project)	70%*
IM54 – MMC 226273	Beaverhead County, Montana (New Departure Project)	70%*

Claim/Tenement Ref	Location	Percentage Interest
IM55 – MMC 226274	Beaverhead County, Montana (New Departure Project)	70%*
IM56 – MMC 226275	Beaverhead County, Montana (New Departure Project)	70%*
IM57 – MMC 226276	Beaverhead County, Montana (New Departure Project)	70%*
IM58 – MMC 226277	Beaverhead County, Montana (New Departure Project)	70%*
IM59 – MMC 226278	Beaverhead County, Montana (New Departure Project)	70%*
IM60 – MMC 226279	Beaverhead County, Montana (New Departure Project)	70%*
IM61 – MMC 226280	Beaverhead County, Montana (New Departure Project)	70%*
IM62 – MMC 226281	Beaverhead County, Montana (New Departure Project)	70%*
IM63 – MMC 226282	Beaverhead County, Montana (New Departure Project)	70%*
IM64 – MMC 226283	Beaverhead County, Montana (New Departure Project)	70%*
IM65 – MMC 226284	Beaverhead County, Montana (New Departure Project)	70%*
IM66 – MMC 226285	Beaverhead County, Montana (New Departure Project)	70%*
IM67 – MMC 226286	Beaverhead County, Montana (New Departure Project)	70%*
IM68 – MMC 226287	Beaverhead County, Montana (New Departure Project)	70%*
IM69 – MMC 226288	Beaverhead County, Montana (New Departure Project)	70%*
IM70 – MMC 226289	Beaverhead County, Montana (New Departure Project)	70%*
HIGHLAND LODE – 7295	Madison County, Montana (Tabor Project)	70%*
MCKINLEY LODE – 7292	Madison County, Montana (Tabor Project)	70%*
HOPE – 6623	Madison County, Montana (Tabor Project)	70%*
SHENANDOAH – 6624	Madison County, Montana (Tabor Project)	70%*
BAY STATE LODE – 6625	Madison County, Montana (Tabor Project)	70%*
NELLIE BLY – 9722	Madison County, Montana (Tabor Project)	70%*
ALDER FRACTION – 9722	Madison County, Montana (Tabor Project)	70%*
PRESCOTT – 9722	Madison County, Montana (Tabor Project)	70%*
MALTA LODE – 9722	Madison County, Montana (Tabor Project)	70%*
ST. JOHN – 5984	Madison County, Montana (Tabor Project)	70%*
BUTCHER GULCH PLACER – TRACT 3 OF BOOK 7 SURVEYS, PAGE 253	Madison County, Montana (Tabor Project)	70%*
DON-A-VERA – MMC 175327	Madison County, Montana (Tabor Project)	70%*
DON-A-VERA NO. 1 – MMC 175328	Madison County, Montana (Tabor Project)	70%*
PEARL NO. 1 – MMC 175355	Madison County, Montana (Tabor Project)	70%*
PEARL NO. 2 – MMC 175356	Madison County, Montana (Tabor Project)	70%*
EAGLE BLACK NO. 1 – MMC 175363	Madison County, Montana (Tabor Project)	70%*
EAGLE BLACK NO. 5 – MMC 175367	Madison County, Montana (Tabor Project)	70%*
New Winnetka – MMC 175384	Madison County, Montana (Tabor Project)	70%*
TABOR LODE – MMC 175409	Madison County, Montana (Tabor Project)	70%*
BG9 – MMC 226241	Madison County, Montana (Tabor Project)	70%*
BG10 – MMC 226242	Madison County, Montana (Tabor Project)	70%*
BG19 – MMC 226243	Madison County, Montana (Tabor Project)	70%*
BG20 – MMC 226244	Madison County, Montana (Tabor Project)	70%*
BG21 – MMC 226245	Madison County, Montana (Tabor Project)	70%*
BG22 – MMC 226246	Madison County, Montana (Tabor Project)	70%*
BG23 – MMC 226247	Madison County, Montana (Tabor Project)	70%*
SPIDER – SURVEYOR GENERAL'S SURVEY #2683	Bonner County, Idaho (Conjecture Project)	70%*
CONJECTURE – SURVEYOR GENERAL'S SURVEY #2683	Bonner County, Idaho (Conjecture Project)	70%*
RAINBOW – SURVEYOR GENERAL'S SURVEY #2689	Bonner County, Idaho (Conjecture Project)	70%*
COMET – SURVEYOR GENERAL'S SURVEY #3071	Bonner County, Idaho (Conjecture Project)	70%*
LUCKY STRIKE – SURVEYOR GENERAL'S SURVEY #2744	Bonner County, Idaho (Conjecture Project)	70%*
SILVER CORD – SURVEYOR GENERAL'S SURVEY #2744	Bonner County, Idaho (Conjecture Project)	70%*
CONFED 1 – IMC# 173253	Bonner County, Idaho (Conjecture Project)	70%*
CONFED 2 – IMC#173254	Bonner County, Idaho (Conjecture Project)	70%*
CONFED 3 – IMC#173255	Bonner County, Idaho (Conjecture Project)	70%*
CONFED 4 – IMC#173256	Bonner County, Idaho (Conjecture Project)	70%*

Claim/Tenement Ref	Location	Percentage Interest
CONFED 5 – IMC#173257	Bonner County, Idaho (Conjecture Project)	70%*
CONFED 6 – IMC#173258	Bonner County, Idaho (Conjecture Project)	70%*
FEDS #1 – IMC# 206019	Bonner County, Idaho (Conjecture Project)	70%*
FEDS #2 – IMC# 206020	Bonner County, Idaho (Conjecture Project)	70%*
FEDS #3 – IMC# 206021	Bonner County, Idaho (Conjecture Project)	70%*
FEDS #4 – IMC# 206022	Bonner County, Idaho (Conjecture Project)	70%*
FEDCO FR – IMC# 206023	Bonner County, Idaho (Conjecture Project)	70%*
FEDCO #2 – IMC# 206024	Bonner County, Idaho (Conjecture Project)	70%*
NORTHSIDE #1 – IMC# 206025	Bonner County, Idaho (Conjecture Project)	70%*
NORTHSIDE #2 – IMC# 206026	Bonner County, Idaho (Conjecture Project)	70%*
NORTHSIDE #3 – IMC# 206027	Bonner County, Idaho (Conjecture Project)	70%*
CORNER #1 – IMC# 206028	Bonner County, Idaho (Conjecture Project)	70%*
METEOR #6 – IMC# 206029	Bonner County, Idaho (Conjecture Project)	70%*
METEOR #7 – IMC# 206030	Bonner County, Idaho (Conjecture Project)	70%*
MET #3 – IMC# 206031	Bonner County, Idaho (Conjecture Project)	70%*
MET #4 – IMC# 206032	Bonner County, Idaho (Conjecture Project)	70%*
MET #5 – IMC# 206033	Bonner County, Idaho (Conjecture Project)	70%*
UFCO #1 – IMC# 206034	Bonner County, Idaho (Conjecture Project)	70%*
UFCO #2 – IMC# 206035	Bonner County, Idaho (Conjecture Project)	70%*
STAR #4 – IMC# 206036	Bonner County, Idaho (Conjecture Project)	70%*
STAR #5 – IMC# 206037	Bonner County, Idaho (Conjecture Project)	70%*
ROBIN – IMC# 206038	Bonner County, Idaho (Conjecture Project)	70%*
MARS #1 – IMC# 206039	Bonner County, Idaho (Conjecture Project)	70%*
MARS #2 – IMC# 206040	Bonner County, Idaho (Conjecture Project)	70%*
MARS #4 – IMC# 206041	Bonner County, Idaho (Conjecture Project)	70%*
MARS #6 – IMC# 206042	Bonner County, Idaho (Conjecture Project)	70%*
METEOR #1 – IMC# 206043	Bonner County, Idaho (Conjecture Project)	70%*
METEOR #2 – IMC# 206044	Bonner County, Idaho (Conjecture Project)	70%*
METEOR #18 – IMC# 206045	Bonner County, Idaho (Conjecture Project)	70%*
E37/0950	Western Australia	100%
E36/0563	Western Australia	100%
E37/0834	Western Australia	100%

* subject to satisfying earn-in commitments