

BLACK RIDGE MINING NL
ABN 48 083 274 024

ANNUAL FINANCIAL REPORT
for the year ended 30 June 2011

CORPORATE DIRECTORY

FINANCIAL REPORT FOR THE PERIOD

1 July 2010 to 30 June 2011

Board of Directors

Alan Winduss – Non-Executive Chairman
(Appointed 4 February 2011)
Vladimir Nikolaenko – Non-Executive
Director (Appointed 4 February 2011)
Angus Middleton – Non-Executive Director

Company Secretary

Mr David Semmens

Registered Office

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Banker

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WEST PERTH WA 6005

Auditors

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Level 18, Central Park Building
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Solicitors

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Level 4 The Read Building
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Stock Exchange Listing

Australia Securities Exchange
Black Ridge Mining NL
ASX Code: BRD, BRDOA

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DIRECTORS' REPORT

Your directors submit their report for the Company and its controlled entities ("the Consolidated Entity") for the year ended 30 June 2011.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Mr Alan Winduss Non-executive Chairman (Appointed 4 February 2011)

Mr Winduss is a director of Winduss & Associates Pty Ltd, Chartered Accountants, and has been involved in professional accounting in public practice for over 25 years, specialising in corporate management, finance, capital raising, restructuring and corporate governance matters including ASX and ASIC compliance. He has extensive experience in advising companies operating in the mining exploration sector. He is a non-executive director of Singapore and ASX listed United Overseas Australia Ltd, Chairman of ASX listed Quest Minerals Limited, a non-executive director of ASX listed Advanced Share Registry Services Ltd and Magna Mining NL, a non executive director of Bursa Malaysia listed UOA Real Estate Investment Trust Bhd. He is a Fellow of the Australian Institute of Company Directors, a Fellow of the Taxation Institute of Australia, an Associate Fellow of the Australian Institute of Management and a registered company auditor.

Mr Vladimir Nikolaenko Non-executive Director (Appointed 4 February 2011)

Mr Nikolaenko has over 30 years of commercial experience in exploration, project evaluation, development and operations, predominantly focused in the base metals, gold and diamond sectors. He has a depth of management and corporate expertise in the operation of public companies and has held the position of managing director of four public companies over a period of more than 20 years involved in exploration and production, property development and technology.

Mr Angus Middleton Non-executive Director

Mr Middleton was appointed as a Director on 1 January 2009. He is a director of SA Capital Pty Ltd and the Managing Director of SA Capital Funds Management Limited, the manager of the SACFM No. 1 Fund. Prior to becoming a funds manager he was a stockbroker for 25 years and a member of the Adelaide Stock Exchange and then the Australian Stock Exchange. SA Capital provides corporate advisory services to a range of companies in raising equity in the form of venture capital, seed capital, pre-initial public offerings and initial public offerings and also acts as an underwriter for issues of equity. Mr Middleton is a non-executive director of ASX listed companies Magna Mining NL and Rubianna Resources Limited and Hillcrest Litigation Services Limited.

DIRECTORS' REPORT

Mr Roger Smith Non-executive Chairman (Resigned 31 March 2011)

Mr Smith was appointed as a Director on 21 February 2005 and as Chairman on 18 September 2008 and has many years experience in retail trade. He has held a number of proprietary company directorships and has been successful in the operation of a number of wholesale/retail businesses in Australia. Mr Smith is a non-executive director of ASX listed company Multi Channel Solutions Limited.

Mr Gordon Hatch Managing Director (Resigned 28 February 2011)

Mr Hatch was appointed as a Director on 18 September 2008 and as Managing Director on 31 January 2009. He has in excess of 25 years of practical experience in management, commerce and mining associated with both local and overseas directorships of his own companies. In particular, he has been responsible for negotiating and introducing new systems to various industries with a broad range of clientele including publicly listed national companies and government.

OTHER OFFICERS

Mr Robert Molkenthin Chief Operating Officer

Appointed on 5 July 2011, Mr. Molkenthin has over 25 years' experience in Australia and Internationally in a wide range of business environments at all levels in Corporate Finance and business operations and was, more recently, Chief Financial Officer and Commercial Manager at the engineering consultancy, Lycopodium Minerals Pty Limited, part of the ASX listed Lycopodium Limited group of companies. Previous experience encompasses capital raising, IPOs and corporate restructuring in the engineering, mining, property and retail sectors.

Mr David Semmens Company Secretary

Appointed on 14 July 2006, Mr Semmens has extensive experience in providing company secretarial, financial and corporate and other related services to organisations listed on the ASX.

PRINCIPAL ACTIVITIES

The principal activity during the financial year was mineral exploration including the exploration and evaluation of opportunities located domestically and internationally.

OPERATING RESULTS

The Consolidated Entity's operating loss after tax for the year ended 30 June 2011 was \$1,165,885 (2010: loss of \$959,330).

DIRECTORS' REPORT

REVIEW OF OPERATIONS

UNALY HILL TENEMENT (E57 / 420)

During the year under review the Company completed the RC drilling programme at its 100% owned and highly prospective magnetite / vanadium deposit at Unaly Hill (E57/420) near Sandstone, on time and within budget. On 22 July the Company announced that drilling had commenced on a model specifically designed to achieve areas of inferred resource within the tenement, and followed the recent aeromagnetic survey which produced a higher resolution assessment of the strike zone.

At the same time, under the terms of the Heads of Agreement with Meteoric Resources NL (ASX:MEI), some exploratory holes on their Four Corners Well prospect (E57/760) to the south of Unaly Hill, were undertaken for initial evaluation. E57/760 is adjacent to and south of the Company's exploration licence (E57/420) covering some 2 kilometres of the same mineralised magnetic structure. The Company has the option to earn a 60% interest with MEI to carry out drill investigation of this tenement. To date 5 holes have been drilled for a total of 850 metres confirming the presence of iron and vanadium mineralisation.

On 22 September, the Company reported the results of the drilling programme with the following highlights:

Wide drill intersections up to:-

- 50m @ 37.8% Fe - 0.72% V₂O₅ - 10.01% Ti O₂
- 5.5 kilometres of drill tested mineralisation identified.
- Further 7.5 kilometres of the same aeromagnetic structure yet to be tested.
- Confirmed mineralisation open both along strike and to a vertical depth of 300metres.
- Excellent beneficiation characteristics to produce high grade iron – vanadium concentrate.

DRILLING RESULTS

The Unaly Hill drilling programme comprised 13 Reverse Circulation holes for a total of 2066 metres (Refer Figure 1 below). Drilling was designed primarily to test both the continuity and grade of magnetite and vanadium mineralisation present within a major north-south-trending magnetic survey. The anomaly was detected from the interpretation and 3D modelling of detailed airborne magnetics.

Hole ID	From M	To M	Drill Intersection M	Fe %	V ₂ O ₅ %	TiO ₂ %
UHC 101	52	97	45	26.5	0.48	6.98
UHC 103	44	59	15	23.4	0.44	6.18
	76	91	15	24.7	0.44	6.44
UHC 104	12	21	15	19.3	0.33	5.15
UHC 106	67	85	18	28.1	0.52	7.68
	90	96	6	28.1	0.52	7.66
UHN 101	85	95	10	27.2	0.52	6.96
	135	140	5	20.8	0.40	5.34
UHN 102	45	50	5	31.5	0.63	8.09
	65	70	5	20.6	0.39	5.17
UHN 108	35	45	10	21.7	0.42	5.42
	60	65	5	25.0	0.47	6.57
	85	90	5	33.3	0.62	8.97
	100	115	15	25.5	0.46	6.96

BLACK RIDGE MINING NL AND CONTROLLED ENTITIES
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UHN 103	40	55	15	19.7	0.36	4.99
	55	70	5	23.0	0.41	6.13
UHN 104	40	55	15	30.3	0.53	8.30
	65	75	10	26.2	0.46	7.33
UHN 105	55	105	50	37.8	0.72	10.00
	120	125	5	19.2	0.38	4.78
UHN 106	190	145	15	30.8	0.53	8.37
UHN 107	15	35	20	21.6	0.39	5.61
	45	70	25	26.1	0.45	6.94
Weighted average				27.00%	0.50%	7.34%

Table 1

The holes were drilled at a dip of -60° and azimuth of 110° except UHN 105 @ 290° azimuth.

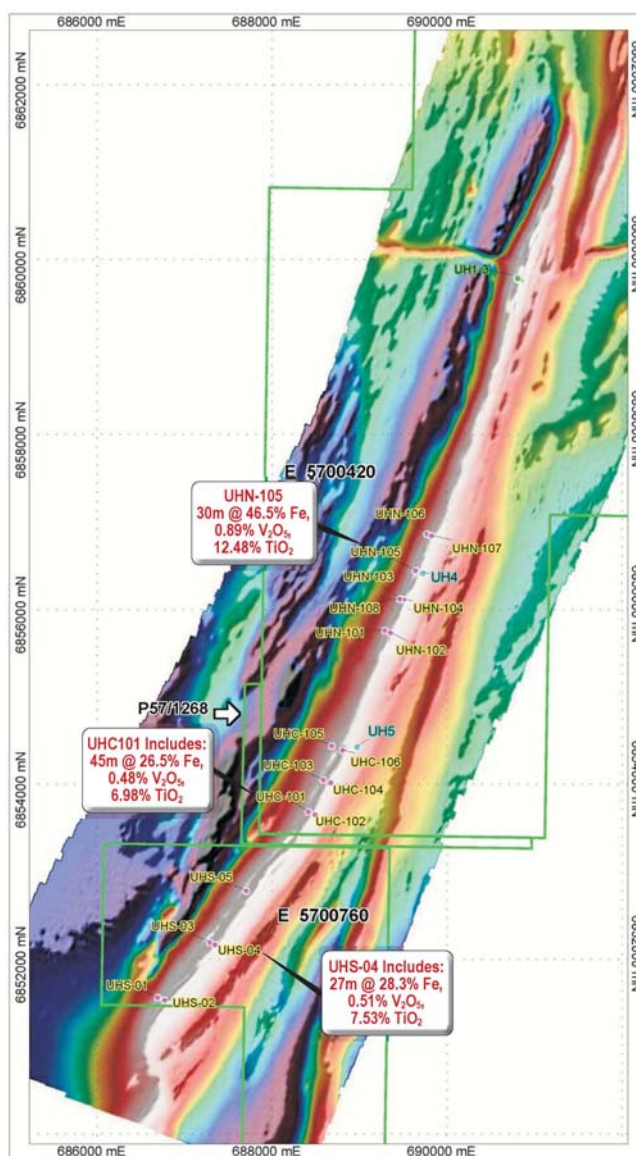


Figure 1

BLACK RIDGE MINING NL AND CONTROLLED ENTITIES
ABN 48 083 274 024

DIRECTORS' REPORT

To date, this major anomaly has been traced over a strike length of some 14 kilometres of which at least 11 kilometres fall within the Company's E57/420. Some 7.5 kilometres of this anomaly still remains to be tested.

FOUR CORNERS WELL (E57/760)

E57/760 is adjacent to and south of the Company's E57/420 covering some 2 kilometres of the same mineralised magnetic structure. The Company has the option to earn 60% interest with Meteoric Resource NL (ASX: MEI) to carry out drill investigation of this tenement.

To date, 5 holes UHS 01 – UHS 05 have been drilled for a total of 850 metres confirming the presence of iron and vanadium mineralisation (Table 2).

Hole ID	From M	To M	Drill Intersection M	Fe %	V₂O₅ %	TiO₂ %
UHS 01	109	133	24	25.2	0.48	6.54
UHS 02	62	95	33	27.9	0.51	7.34
UHS 03	39	63	24	24.0	0.45	6.19
UHS 04	29	56	27	28.3	0.51	7.58
UHS 05	98 174	104 186	6 12	19.5 26.1	0.37 0.47	5.15 6.65

Table 2

METALLURGICAL TESTING – UNALY HILL BULK SAMPLES

Earlier in the programme, Preliminary Test works confirm excellent beneficiation characteristics to produce high grade vanadium/iron concentrate (Table 3).

Size (Micron)	Weight Recovery	Fe %	V %	V₂O₅ %	SiO₂ %	Al₂O₃ %	TiO₂ %
500	62.19	55.28	0.64	1.14	3.3	3.13	13.6
235	57	57.49	0.68	1.21	2.18	2.35	13.3
152	54.98	59.1	0.70	1.25	1.55	1.88	13.16
76	53.03	60.7	0.72	1.28	1.05	1.41	12.81
44	51.12	61.7	0.74	1.33	0.72	1.04	12.33
34	50.79	61.31	0.74	1.31	0.64	0.94	12
33	50.5	61.71	0.74	1.33	0.64	0.9	11.9
28	50.15	61.61	0.75	1.33	0.62	0.86	11.7

Table 3

DIRECTORS' REPORT

The magnetite-vanadium-titanium mineralization at Unaly Hill is associated with a pronounced aeromagnetic anomaly which can be traced for about 11 kms in the Company's exploration licence. This anomaly extends for at least 2 kms south along the strike zone into the neighbouring tenement held by Meteoric Resources NL (ASX: MEI), with whom the Company hold a Farmin and Joint Venture Agreement.

Given the encouraging results of that drilling programme, the Company have undertaken extensive desk top studies on options available to the company, and held discussions with a number of parties to assist in developing a forward plan. Preliminary pit design and scoping study development opportunities are also under investigation.

OVERSEAS

On 19 April 2011, the Company entered into a Heads of Agreement to carry out due diligence on the Durminskoe gold and silver project located in Khabarovsk Krai in Far East Russia. The project has had substantial exploration and 'technical' assessment carried out to date, and environmental, hydrological and financial studies completed.

The company will review all data and assess the current exploration target estimate of 3.9-3.0 Mt @ 2.4-2.9g/t Au for 300,000 to 340,000 oz of gold*. During the due diligence period, other areas and known zones of gold mineralisation within the proximity will be assessed.

The area is located within the Khabarovsk region in the Far Eastern Federal district which is one of Russia's largest administrative regions and, historically, the most important mining region in the Russian Far East. Vast and complex fields exist containing mineable gold, tin, copper, silver, tungsten, bismuth and indium.

The region falls within the Khabarovsk legislative territory which passed laws in 2000 that provide for the protection of investor rights, governmental support and tax privileges for investors.

The Company believes that, apart from this project, the resources and mineralization of the area give the Company the opportunity to be a forerunner in the exploration for and extraction of other commodities in this mineral rich area. This would be conducted in conjunction with local partners with whom the Company is strengthening relationships.

CORPORATE

On 15 October 2010, the Company completed a placement to sophisticated investors of 137,000,000 shares at an issue price of \$0.0074 cents per share to raise \$1,013,800 before costs of the issue. 100,000,000 of the shares were issued pursuant to the approval granted by shareholders at the General Meeting of the Company held on 23 August 2010.

The other 37,000,000 shares were issued under the 15% capacity available to the Company in accordance with ASX Listing Rule 7.1. and were subsequently ratified at the AGM held on 22 November 2010.

101,150,000 listed options exercisable at 3 cents each were not exercised by the due date of 30 November 2010 and therefore lapsed. 1,700,000 unlisted options exercisable at 4 cents each were not exercised by the due date of 31 December 2010 and therefore lapsed.

The following unlisted options were cancelled in accordance with the terms and conditions of those options:

1,000,000 exercisable at \$0.04 each and expiring 30 November 2012
1,000,000 exercisable at \$0.07 each and expiring 30 November 2012
1,000,000 exercisable at \$0.10 each and expiring 30 November 2012

DIRECTORS' REPORT

On 29 June 2011, the Company completed a non-renounceable entitlements issue of one (1) new share for every four (4) shares on issue at 1 cent per share and issued 150,894,590 new fully paid ordinary shares together with 150,894,590 free attaching listed options exercisable at 1.5 cents each on or before 31 December 2012 to raise \$1,508,946 before costs of the issue.

It is a term of the free attaching listed options that in the event they are exercised within the first four (4) months from grant (Initial Period), a new option will be issued for no further consideration. The new options will be exercisable at 1.8 cents each and expire on or about 18 months from expiry of the Initial Period.

Funds raised from the entitlement issue are being allocated to the Company's existing exploration programme at Unaly Hill, Western Australia and to provide additional working capital to fund costs associated with the Company's continued investigation of new project opportunities both in Australia and overseas.

Further to the resignation of the Managing Director of the Company, Mr Gordon Hatch and the resignation of the Non-Executive Chairman, Mr Roger Smith, the Company was pleased to announce the appointment of Mr Alan Winduss as Non-Executive Chairman with effect from 31 March 2011.

Post year end, on 5 July 2011, the Company announced the appointment of Mr. Robert Molkenhuth as Chief Operating Officer.

Geological aspects of this report that relate to Exploration Results have been compiled by Dr Bryan Smith (MAIG, MAIMM), an independent consultant to Black Ridge Mining NL. Dr Smith has sufficient experience relevant to the style of mineralization and type of deposit under consideration and to the activity upon which he is reporting on as a Competent Person as defined in the 2004 Edition of "The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Dr Smith consents to the inclusion in this report of the matters based on the information compiled by him, in the form and context in which it appears.

Information in this report that relates to metallurgical results reflects information compiled by Mr Brian Povey, who is a Principal Consulting Metallurgist with ProMet Engineers, a fellow of the AusIMM, and an independent consultant to the company. Mr Povey has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity upon which he is reporting on 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 Povey consents to the inclusion in this report of the matters based on the information compiled by him, in the form and context in which it appears.

**The exploration target range reported is conceptual in nature. There has been insufficient exploration completed to date, so the data will need to be assessed to determine whether it is sufficient to define a JORC Mineral Resource and it remains uncertain if further exploration will result in the determination of a Mineral Resource.*

The information in this report that relates to Exploration Results and the Exploration Target Potential is based on information compiled by Mr Nik Sergeev of CSA Global who is an independent consultant to the company. Mr Sergeev is a Member of the Australian Institute of Geoscientists and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2004 Edition). Mr Sergeev consents to the inclusion of such information in this Report in the form and context in which it appears.

DIRECTORS' REPORT

FINANCIAL POSITION

At the end of the financial year, the Consolidated Entity had \$2,010,686 (2010: \$574,790) in cash and on deposit.

DIVIDENDS

The directors do not recommend the payment of a dividend for this financial year. No dividends have been paid or declared by the Company since the end of the previous financial year (2010: Nil).

LIKELY DEVELOPMENTS AND FUTURE RESULTS

Other than as referred to in the Review of Operations, further information as to likely developments in the operations of the Consolidated Entity would, in the opinion of the directors, be speculative and may hinder the Consolidated Entity in the achievement of its commercial objectives

SIGNIFICANT CHANGE IN STATE OF AFFAIRS

Issue of Shares and Options

5,000,000 ordinary shares were issued to a supplier on 24 August 2010 at \$0.0132 each in settlement of payment for services rendered to the Company.

On 16 October 2010, the Company completed a Placement to sophisticated investors of 137,000,000 shares at an issue price of \$0.0074 cents per share to raise \$1,013,800 before costs of the issue. 100,000,000 of the shares were issued pursuant to the approval granted by shareholders at the General Meeting of the Company held on 23 August 2010. The other 37,000,000 shares were issued under the 15% capacity available to the Company in accordance with ASX Listing Rule 7.1 and were subsequently ratified at the AGM held on 22 November 2010.

On 29 June 2011, the Company completed a non-renounceable entitlements issue of one (1) new share for every four (4) shares on issue at 1 cent per share and issued 150,894,590 new fully paid ordinary shares together with 150,894,590 free attaching listed options exercisable at 1.5 cents each on or before 31 December 2012 to raise \$1,508,946 before costs of the issue. It is a term of the free attaching listed options that in the event they are exercised within the first four (4) months from grant (Initial Period), a new option will be issued for no further consideration. The new options will be exercisable at 1.8 cents each and expire on or about 18 months from expiry of the Initial Period.

Other than the above, there were no significant changes in the state of affairs of the Consolidated Entity during the financial year, not otherwise disclosed in this Directors' Report or in the Review of Operations.

SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect substantially the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial years.

DIRECTORS' REPORT

OPTIONS

Share Options

As at 30 June 2011, there are 161,394,590 (2010: 116,350,000) unissued ordinary shares in respect of which options were outstanding comprising:

Number of Options		Exercise Price	Expiry Date
10,500,000	Unlisted	0.100	31 December 2011
150,894,590	Listed	0.015	31 December 2012

During the year 150,894,590 (2010: Nil) options were issued and listed on ASX, and at the date of this report the Company had 10,500,000 (2010: 15,200,000) unlisted options on issue.

During the year ended 30 June 2011, the following options were issued:

- 150,894,590 listed options exercisable at 1.5 cents each on or before 31 December 2012

During the year ended 30 June 2011, the following options expired:

- 101,150,000 listed options exercisable at 4 cents expired on 30 November 2010
- 1,700,000 unlisted options exercisable at 4 cents expired on 31 December 2010

During the year ended 30 June 2011, the following options have been cancelled in accordance with the terms and conditions of those options:

- 1,000,000 unlisted options exercisable at 4 cents each and expiring 30 November 2012
- 1,000,000 unlisted options exercisable at 7 cents each and expiring 30 November 2012
- 1,000,000 unlisted options exercisable at 10 cents each and expiring 30 November 2012

During, and since the end of the financial year, no (2010: Nil) fully paid ordinary shares were issued by the virtue of the exercise of options.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

REMUNERATION REPORT (AUDITED)

This remuneration report outlines the remuneration arrangements for the Company's directors.

Remuneration Policy

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract competent and experienced directors and executives.

To ensure this the Company has put in place a remuneration structure:

- That provides a balance of base compensation long term incentive plans;
- That provides market-based director fees for its non executive directors.

DIRECTORS' REPORT

Remuneration Committee

The Board elected that the Company was of the size that a Remuneration Committee was not warranted and that these issues would be continually considered by the Board.

The full Board is responsible for establishing the Company's remuneration policies and practices and to ensure they match the group's objectives. The Company's Board proposed the Managing Directors' total remuneration package and is responsible for reviewing the non executive remuneration.

Non-Executive Director and Executive Remuneration

The remuneration of non-executive directors may not exceed in aggregate in any financial year the amount fixed by the Company. Currently the non-executive directors are remunerated by way of directors fees which have been set at \$30,000 p.a. for the non-executive Chairman, and \$30,000 for the non-executive directors, amounts considered reasonable for a company of its size and operational activity.

Details of Executives - Employment Contracts

Mr Gordon Hatch, Managing Director/CEO was employed under contract and was the only executive of the Company. He resigned as Managing Director and Chief Executive Officer of the Company on 28 February 2011.

Under the Terms and Conditions of his contract, the options issued to Mr Hatch not exercised by the Expiry Date (30 November 2012) automatically expire and, in the event that employment is terminated by either the Managing Director or the Company in accordance with the termination provisions contained in the Employment Agreement, any options not exercised will expire within one (1) month of termination, unless they are exercised within that time. The options were not exercised and were cancelled on 29 March 2011.

Reward for Performance

During the year there was no reward for the performance component of any remuneration package.

Key Management Personnel Positions

A Winduss	Non-Executive Chairman: appointed 4 February 2011.
V Nikolaenko	Non-Executive Director: appointed 4 February 2011.
A Middleton	Non-Executive Director: appointed 1 January 2009.
D Semmens	Company Secretary: appointed 14 July 2006.
R Molkenthin	Chief Operating Officer: appointed 5 July 2011.
R Smith	Non-Executive Chairman: appointed as a Director on 21 February 2005, appointed as Non Executive Chairman on 18 September 2008, resigned on 31 March 2011.
G Hatch	Managing Director (executive): appointed as a Director on 18 September 2008, appointed as Managing Director on 31 January 2009, resigned on 28 February 2011.

BLACK RIDGE MINING NL AND CONTROLLED ENTITIES
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DIRECTORS' REPORT

Remuneration Report (cont'd)
Remuneration of Directors and named Executives

	Short-term employee benefits			Post-employment benefits	Share-based payment				
	Salary & Fees \$	Profit Share & Bonus \$	Non-monetary \$	Superannuation \$	Equity-settled		Total \$	Proportion of remuneration - performance related (%)	Value of options as proportion of remuneration (%)
					Shares \$	Options \$			
2011									
Alan Winduss	\$23,273	-	-	-	-	-	\$23,273	-	-
Vladimir Nikolaenko	\$12,500	-	-	-	-	-	\$12,500	-	-
Angus Middleton	\$37,500	-	-	\$2,700			\$40,200	-	-
Roger Smith	\$34,500	-	-	\$2,340	-	-	\$36,840	-	-
Gordon Hatch	\$156,442	-	-	\$12,055	-	-	\$168,497	-	-
Total 2011	\$264,215	-	-	\$17,095	-	-	\$281,310	-	-
2010									
Angus Middleton	\$30,000	-	-	\$2,700	-	-	\$32,700	-	-
Roger Smith	\$30,500	-	-	\$2,700	-	-	\$33,200	-	-
Gordon Hatch	\$137,500	-	-	\$12,375	-	\$13,400	\$163,275	-	8.2%
Total 2010	\$198,000	-	-	\$17,775	-	\$13,400	\$229,175	-	5.8%

DIRECTORS' REPORT

Options granted as part of remuneration

During the year, no options were granted as part of remuneration.

DIRECTORS' INTERESTS

As at the date of this report, the interests of the directors in the shares and options of the Company were:

	DIRECT		INDIRECT	
	Ordinary Shares	Options	Ordinary Shares	Options
A Winduss	-	-	-	-
V Nikolaenko	-	-	20,061,511	20,067,011
A Middleton	-	-	44,630,000	21,350,000

Note: Direct holdings are those held in the individual's name, indirect holdings are all other holdings controlled by the individual.

END OF REMUNERATION REPORT (AUDITED)

DIRECTORS' MEETINGS

During the year, 9 directors' meetings were held. The number of meetings in which directors were in attendance is as follows:

	Directors' Meetings	
	No. of meetings held while in office	Meetings attended
A Winduss	3	3
V Nikolaenko	3	3
A Middleton	9	9
R Smith	7	7
G Hatch	7	7

As at the date of this report, the Consolidated Entity did not have an audit committee, as the directors believe the size of the Consolidated Entity and the size of the Board do not currently warrant its existence.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Consolidated Entity paid premiums totalling \$9,364 (2010: \$9,167) in respect of a contract insuring all the directors of the Company against a liability incurred in their role as directors of the consolidated entity, except where:

- the liability arises out of conduct involving a wilful breach of duty;
- there has been a contravention of the relevant sections of the Corporations Act;
- the conduct involves trading whilst insolvent;
- the conduct involves an operation carried on outside Australia.

DIRECTORS' REPORT

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of the Company support and have adhered to the principles of Corporate Governance.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company's exploration operations are subject to environmental regulations under Commonwealth and State legislation. The Directors believe that the Company has adequate systems in place for the management of the requirements under those regulations, and are not aware of any breach of such requirements as they apply to the Company.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001, is set out on the following page.

NON-AUDIT SERVICES

There were no non-audit services provided by the external auditors during the financial year.

SIGNED in accordance with a resolution of the directors

A handwritten signature in blue ink, appearing to read 'A. Winduss', followed by a long horizontal line.

Alan Winduss
Non Executive Chairman

30 September 2011



Level 18, Central Park Building, 152-158 St Georges Terrace, Perth WA 6000
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 6364 5076 www.rothsay.com.au

The Directors
Black Ridge Mining NL
47 Ord Street
West Perth WA 6005

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 30 June 2011 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham Swan (Lead auditor)

Rothsay Chartered Accountants

Dated 30 September 2011



Chartered Accountants

Liability limited by the Accountants Scheme, approved
under the Professional Standards Act 1994 (NSW).

BLACK RIDGE MINING NL AND CONTROLLED ENTITIES
ABN 48 083 274 024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011	2010
Continuing Operations			
Revenue from ordinary activities			
Gross revenue	3	38,665	41,622
Total revenue		<u>38,665</u>	<u>41,622</u>
Expenses from ordinary activities			
Deprecation	4	(6,021)	(7,087)
Share based payment expense	7	-	(13,400)
Employee benefit expense	7	(278,689)	(251,785)
Lease rental payment	4	(40,002)	(27,500)
Professional fees	4	(479,454)	(323,425)
Insurance		(12,747)	(3,973)
Exploration expense	13	(324,833)	(305,942)
Due diligence, travel & accommodation		(10,352)	(11,686)
Other expense from ordinary activities		(50,872)	(56,154)
Loss on disposal of non-current asset		(1,580)	-
Loss from ordinary activities before income tax expense		<u>(1,165,885)</u>	<u>(959,330)</u>
Income tax expense	5	-	-
Loss from continuing operations		<u>(1,165,885)</u>	<u>(959,330)</u>
Other comprehensive income		-	-
Total comprehensive loss for the year		<u>(1,165,885)</u>	<u>(959,330)</u>
Earnings per share			
Basic earnings per share	9	(0.20c)	(0.24c)
Diluted earnings per share	9	(0.20c)	(0.24c)

The company's potential ordinary shares are not considered dilutive and accordingly basic loss per share is the same as diluted loss per share.

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

BLACK RIDGE MINING NL AND CONTROLLED ENTITIES
ABN 48 083 274 024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Notes	2011	2010
ASSETS			
Current Assets			
Cash and cash equivalents	10	2,010,686	574,790
Trade and other receivable	11	32,525	14,498
Other	12	10,823	15,973
Total Current Assets		<u>2,054,034</u>	<u>605,261</u>
Non-current Assets			
Property, plant and equipment	15	12,952	19,710
Exploration expenditure	13	147,068	147,068
Total Non-current Assets		<u>160,020</u>	<u>166,778</u>
TOTAL ASSETS		<u>2,214,054</u>	<u>772,039</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	16	141,822	43,005
Short term provisions	18	-	12,363
Total Current liabilities		<u>141,822</u>	<u>55,368</u>
Non-current liabilities			
Total Non-current liabilities		<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>141,822</u>	<u>55,368</u>
NET ASSETS		<u>2,072,232</u>	<u>716,671</u>
EQUITY			
Contributed equity	19(a)	20,435,606	17,900,760
Reserves	19(d)	223,350	236,750
Accumulated losses		<u>(18,586,724)</u>	<u>(17,420,839)</u>
TOTAL EQUITY		<u>2,072,232</u>	<u>(716,671)</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

BLACK RIDGE MINING NL AND CONTROLLED ENTITIES
ABN 48 083 274 024

CONSOLIDATED STATEMENT OF CHANGE OF EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	Contributed Equity \$	Accumulated Losses \$	Reserves \$	Total Equity \$
Balance as at 1 July 2009		16,568,360	(16,461,509)	223,350	330,201
Shares issued during the year		1,332,400	-	-	1,332,400
Share based payments		-	-	13,400	13,400
Net loss recognised directly in equity		-	(959,330)	-	(959,330)
Subtotal		17,900,760	(17,420,839)	236,750	716,671
Balance as at 30 June 2010		17,900,760	(17,420,839)	236,750	716,671
Balance at 1 July 2010		17,900,760	(17,420,839)	236,750	716,671
Shares issued during the year		2,522,746	-	-	2,522,746
Share based payments	23(c) 24(b)	66,000	-	-	66,000
Net loss recognised directly in equity		-	(1,165,885)	-	(1,165,885)
Share issue costs		(67,300)	-	-	(67,300)
Movement in reserves	4	13,400	-	(13,400)	-
Subtotal		20,435,606	(18,586,724)	223,350	2,072,232
Balance as at 30 June 2011		20,435,606	(18,586,724)	223,350	2,072,232

The above statement of changes in equity should be read in conjunction with the accompanying notes.

BLACK RIDGE MINING NL AND CONTROLLED ENTITIES
ABN 48 083 274 024

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Income received		12,829	13,715
Interest received		27,001	12,314
Payment to suppliers and employees		(1,006,733)	(1,018,938)
Net cash used in operating activities	23	(966,903)	(992,909)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	15	(842)	(9,390)
Proceeds on disposal of investments subsidiary		-	53,177
Acquisition of investments		5,323	-
Net cash provided by investing activities		4,481	43,787
CASH FLOWS FROM FINANCING ACTIVITIES			
Release of security deposit		-	32,841
Proceeds from issue of ordinary shares		2,465,618	1,364,200
Share issue expenses		(67,300)	(3,180)
Net cash provided by financing activities		2,398,318	1,365,241
Net increase in cash held		1,435,896	416,119
Cash and cash equivalents at the beginning of financial year		574,790	158,671
Cash and cash equivalents at the end of financial year	10	2,010,686	574,790

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the financial statements and notes of Black Ridge Mining NL and its Controlled Entities (The Group).

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements 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 as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a. Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Black Ridge Mining NL at the end of the reporting period. A controlled entity is any entity over which Black Ridge Mining NL has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 14 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

b. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c. Plant and Equipment

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

Plant and Equipment are measured on the cost basis. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(g) for details of impairment).

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land and leasehold improvements, is depreciated on a diminishing value basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated on a straight line basis over the estimated useful lives of the improvements.

The depreciation rates used for the depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	15%-37.5%
Computer Equipment	37.5%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

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

d. Exploration Evaluation and Development Expenditure

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

Accumulated costs in relation to an abandoned area are written off in full against 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.

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

Costs of site restoration are provided over the life of the project 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 local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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.

e. Lease

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

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

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

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

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

f. Financial Instruments

Initial recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the 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

Finance 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at “fair value through profit or loss” when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) *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.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company’s intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets.

(iv) *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.

Available-for-sale financial assets are included in current assets where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

(v) *Financial Liabilities*

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

Impairment

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether 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.

Financial guarantees

Where material, financial guarantees issued that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability-weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

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.

g. Impairment of Non- Financial Assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

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

h. Investments in Associates

Associates are companies in which the Group has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Group. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate company. In addition, the Group's share of the profit or loss of the associate company is included in the Group's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any discount on acquisition whereby the Group's share of the net fair value of the associate exceeds the cost of investment is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

Details of the Group's investments in associates are provided in Note 14.

i. Intangibles

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

j. Foreign Currency Transactions and Balances

Functional and presentation currency

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

Transactions and balances

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

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

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

k. Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

l. Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. 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. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Equity-settled compensation

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions)

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a pricing model which incorporates all market vesting conditions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Black Ridge Mining NL (market conditions) if applicable.

The cost of equity-based transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If any equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expenses not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

m. Provisions

Provisions are recognised when the Company 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.

n. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

o. Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any discounts and rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

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

p. Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period of goods and services received by the Company during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

q. 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 Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

r. Earnings per Share

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

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

- costs of servicing equity (other than dividends)
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

- 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.

s. Share Based Payments

Equity Settled Transactions:

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

t. Comparative Figures

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

Where the Company has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

u. Critical Accounting Estimates and Judgments

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

Key Estimates

(i) Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions. No impairment has been recognised for the year ended 30 June 2011.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

v. New Accounting Standards for Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Company has decided not to early adopt. A discussion of those future requirements and their impact on the Company is as follows:

- AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 9 amends the classification and measurement of financial assets; the effect on the entity will be that more assets are held at fair value and the need for impairment testing has been limited to assets held at amortised cost only.

Minimal changes have been made in relation to the classification and measurement of financial liabilities, except 'own credit risk' instruments. The effect on the entity will be that the volatility in the profit and loss will be moved to the OCI, unless there is an accounting mismatch.

- AASB 124: Related Party Disclosures and AASB 2009-12: Amendments to Australian Accounting Standards (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a "related party" to remove inconsistencies and simplify the structure of the Standard. Since the entity is not a government related entity; there is not expected to be any changes arising from this standard.

- AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (applicable for annual reporting periods commencing on or after 1 July 2013).

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Since the Company is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

- AASB 1054 Australian Additional Disclosures and AASB 2011-01 (applicable for annual reporting periods commencing on or after 1 July 2011)

This Standard sets out the Australian- specific disclosures for entities that have adopted Australian Accounting Standards. This Standard contains disclosure requirements that are additional to IFRSs and is not expected to impact the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

- AASB 2009–14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement (applicable for annual reporting periods commencing on or after 1 January 2011).

As the entity does not have a defined benefit pension plan this amendment to Interpretation 14 is not expected to have any impact on the entity's financial report.

- AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

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

This Standard is not expected to impact the Company.

- AASB 2010–5: Amendments to Australian Accounting (applicable for annual reporting periods beginning on or after 1 January 2011).

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations. These editorial amendments have no major impact on the requirements of the amended pronouncements.

- AASB 2010–6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (applicable for annual reporting periods beginning on or after 1 July 2011).

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. This standard establishes additional disclosure requirements in relation to transfers of financial assets.

This Standard is not expected to impact the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

- AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (applies to periods beginning on or after 1 January 2013).

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the Company adopts AASB 9.

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

The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

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

The amendments are not expected to impact the Company.

- Consolidated Financial Statements (applicable for annual reporting periods commencing on or after 1 January 2012)

International Financial Reporting Standard (IFRS) 10 introduces a new-principle based definition of control which will apply to all investees to determine the scope of consolidation. Traditional control assessments based on majority ownership of voting rights will very rarely be affected. However, ‘borderline’ consolidation decisions will need to be reviewed and some will need to be changed taking into consideration potential voting rights and substantive rights.

The AASB has not yet issued this standard. The Company has not yet determined any potential impact on the financial statements of this Standard.

- Joint Arrangements (applicable for annual reporting periods commencing on or after 1 January 2012)

IFRS 11 uses the principle of joint control in IFRS 10 to define joint control, and therefore the determination of whether joint control exists may change. It also removes the option of using proportionate consolidation to account for joint ventures.

Existing or new joint arrangements will be affected by the standard, and arrangements will need to be assessed to determine whether the investment is a joint operation or joint venture. Joint ventures will need to be accounted for by the equity method of accounting, whilst joint operations will need to be accounted for by recording their share of assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

The AASB has not yet issued this standard. The Company has not yet determined any potential impact on the financial statements of this Standard.

- Disclosure of Interests in Other Entities (applicable for annual reporting periods commencing on or after 1 January 2012)

IFRS 12 combines the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities within a comprehensive disclosure standard.

It aims to provide more transparency on 'borderline' consolidation decisions and enhance disclosures about unconsolidated structured entities in which an investor or sponsor has an involvement.

The AASB has not yet issued this standard. The Company has not yet determined any potential impact on the financial statements of this Standard.

- Fair Value Measurement (applicable for annual reporting periods commencing on or after 1 January 2012)

IFRS 13 has been created to

- establish a single source of guidance for all fair value measurements;
- clarify the definition of fair value and related guidance; and
- enhance disclosures about fair value measurements (new disclosures increase transparency about fair value measurements, including valuation techniques and inputs used to measure fair value).

The AASB has not yet issued this standard. The Company has not yet determined any potential impact on the financial statements of this Standard.

w. Going Concern

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

For the year ended 30 June 2011 the Group incurred an operating loss of \$1,165,885 (2010: \$959,330) and an operating cash outflow of \$966,903 (2010: \$992,909).

Based upon the Group's ability to modify expenditure outlays if required, and the Directors' confidence of sourcing additional funds, the Directors consider there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and therefore the going concern basis of preparation to be appropriate for the preparation of the Group's 2011 financial report.

BLACK RIDGE MINING NL AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011	2010
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NOTE 2: PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Accounting Standards.

STATEMENT OF FINANCIAL POSITION

ASSETS

Current assets	2,054,034	605,261
TOTAL ASSETS	2,214,055	772,040

LIABILITIES

Current liabilities	141,822	55,368
TOTAL LIABILITIES	141,822	55,368

EQUITY

Issued capital	20,435,606	17,900,760
Reserves	223,350	236,750
Accumulated losses	(18,586,723)	(17,420,838)
TOTAL EQUITY	2,072,233	716,672

STATEMENT OF COMPREHENSIVE INCOME

Total loss	(1,165,885)	(959,330)
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NOTE 3: REVENUE AND OTHER INCOME

Finance income	27,001	12,314
Profit on disposal of equity investments	-	16,841
Other	11,664	12,467
Total Revenue from ordinary activities	38,665	41,622

NOTE 4: LOSS FOR THE YEAR

Loss from ordinary activities before income tax expenses has been arrived at after charging the following items:

Professional fees

- Audit fees	31,800	15,680
- Company secretarial fees	52,173	49,000
- Consulting and management fees	330,335	202,300
- Legal fees	15,191	18,240
- Accounting fees	6,120	1,097
- ASX / Share registry fees	43,835	36,928
	479,454	323,425

BLACK RIDGE MINING NL AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011	2010
Rental expenses on operating leases			
- Minimum lease payments		40,002	27,500
Finance costs			
- External		-	-
Depreciation		6,021	7,087
Share based payment expense		-	13,400

NOTE 5: INCOME TAX

a. The components of tax comprise:

Current tax	349,766	287,799
	349,766	287,799

b. Numerical reconciliation between aggregate tax revenue recognised in the statement of comprehensive loss and tax revenue calculated per the statutory income tax rate

A reconciliation between tax revenue and the product of accounting loss before income tax multiplied by Group's applicable income tax rate is as follows:

Accounting loss before tax from continuing operations		
Loss before tax from discontinued operations	(1,165,885)	(959,330)
At the Parent Entity's statutory income tax rate of 30% (2010: 30%)	(349,766)	(287,799)
- Non deductible depreciation	-	-
- Write down to recoverable amount	-	-
- Other non deductible items	(344)	4,200
- Section 40-880 deduction	(8,970)	(4,932)
Unused tax losses and temporary differences not recognised as deferred tax assets	359,080	288,531
Income tax attributable to entity	-	-

Net deferred tax assets have not been brought to account, as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

NOTE 6: DISCONTINUED OPERATIONS

The consolidated Group lodged applications for voluntary deregistration of the following subsidiaries.

- Genovations Pty Ltd (100% owned)
- West Perth Clinic 1 Pty Ltd (100% owned)
- Smart Chair Systems Pty Ltd (50% owned)
- DBC Australia Pty Ltd (75% owned)

Notification that deregistration has been approved by ASIC has been received.

BLACK RIDGE MINING NL AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 7: INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP)

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2011.

The totals of remuneration attributable to KMP of the Company during the year are as follows:

	Note	2011	2010
Short-term employee benefits		264,215	198,000
Post-employment benefits		17,095	17,775
Other long -term benefits		-	-
Share based payment		-	13,400
		281,310	229,175

KMP Options and Rights Holdings

The number of options over ordinary shares held by each KMP of the Group during the financial year is as follows:

30 June 2011	Balance at start of year	Commencing Office	Granted as Remuneration during the year	Acquired during the year	Expired during the year	Cancelled during the year	Ceasing Office	Balance at the end of the year
R Smith	4,375,000	-	-	-	(1,375,000)	-	3,000,000	-
G Hatch	3,250,000	-	-	-	(250,000)	(3,000,000)	-	-
A Middleton	6,735,000	-	-	21,350,000	(6,735,000)	-	-	21,350,000
A Winduss	-	-	-	-	-	-	-	-
V Nikolaenko	-	-	-	20,067,011	-	-	-	20,067,011
	14,360,000	-	-	41,471,011	(8,360,000)	(3, 000,000)	3,000,000	41,417,011

Detailed remuneration disclosures are provided in the Remuneration Report on pages 11 – 14.

30 June 2010	Balance at start of year	Commencing Office	Granted as Remuneration during the year	Acquired during the year	Expired during the year	Cancelled during the year	Ceasing Office	Balance at the end of the year
R Smith	4,375,000	-	-	-	-	-	-	4,375,000
G Hatch	-	-	3,000,000	250,000	-	-	-	3,250,000
A Middleton	6,210,000	-	-	525,000	-	-	-	6,735,000
	10,585,000	-	3,000,000	775,000	-	-	-	14,360,000

KMP Shareholdings

The number of ordinary shares in the Company held by each KMP of the Company during the financial year is as follows:

BLACK RIDGE MINING NL AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Balance at start of year	Commencing Office	Issued during the year	Purchased/(sold) during the year	Ceasing Office	Balance at the end of the year
30 June 2011						
R Smith	7,490,523	-	-	-	7,490,523	-
G Hatch	4,287,000	-	-	-	4,287,000	-
A Middleton	41,508,000	-	21,350,000	(18,228,000)	-	44,630,000
A Winduss	-	-	-	-	-	-
V Nikolaenko	-	2,500	20,067,011	-	-	20,069,511
	53,285,523	2,500	41,417,011	(18,228,000)	11,777,523	64,699,511

	Balance at start of year	Commencing Office	Issued during the year	Purchased/(sold) during the year	Ceasing Office	Balance at the end of the year
30 June 2010						
R Smith	6,890,523	-	600,000	-	-	7,490,523
G Hatch	2,187,000	-	2,100,000	-	-	4,287,000
A Middleton	8,280,000	-	33,228,000	-	-	41,508,000
	17,357,523	-	35,928,000	-	-	53,285,523

Notes 2011 2010

NOTE 8: AUDITORS' REMUNERATION

Audit of accounts	31,800	15,680
Other services	-	-
	<u>31,800</u>	<u>15,680</u>

NOTE 9: EARNINGS PER SHARE

Earnings used in the calculation of EPS

Loss	(1,165,885)	(959,330)
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Earnings per share

Basic earnings per share	(0.20c)	(0.24c)
Diluted earnings per share	(0.20c)	(0.24c)

**Weighted average number of ordinary shares used
as the denominator**

	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	564,618,879	397,829,405

The company's potential ordinary shares are not considered dilutive and accordingly basic loss per share is the same as diluted loss per share.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011	2010
NOTE 10: CASH AND CASH EQUIVALENTS			
Cash at bank		2,010,686	574,690
Cash on hand		-	100
		2,010,686	574,790

NOTE 11: TRADE AND OTHER RECEIVABLES

Provision for GST	32,525	14,498
	32,525	14,498

NOTE 12: OTHER CURRENT ASSETS

Prepayments	10,823	10,650
	10,823	10,650

NOTE 13: EXPLORATION AND DEVELOPMENT EXPENDITURE

Balance at beginning of year	147,068	140,000
Mining tenement acquired		-
Exploration expenditure incurred	324,833	313,010
Exploration expenditure expensed to income statement	(324,833)	(305,942)
	147,068	147,068

NOTE 14: CONTROLLED ENTITIES

Controlled Entities Consolidated

	Percentage Owned (%)	
	2011	2010
Subsidiaries of Black Ridge Mining NL		
Direct		
Unaly Hill Pty Ltd	100	100
Sandstone Holdings Pty Ltd	100	100
Genovations Pty Ltd *	0	100
West Perth Clinic 1 Pty Ltd *	0	100
Indirect		
Smart Chair Systems Pty Ltd *	0	50
DBC Australia Pty Ltd *	0	75

BLACK RIDGE MINING NL AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

For the year ended 30 June 2011, the entities marked with an * were dormant and held no assets or liabilities. Applications for voluntary deregistration of these entities has been received and approved by ASIC.

	Notes	2011	2010
NOTE 15: PROPERTY, PLANT AND EQUIPMENT			
Plant and equipment			
At cost		25,076	26,297
Accumulated depreciation		(18,391)	(16,613)
		6,685	9,684
Computer Equipment			
At cost		18,144	18,144
Accumulated depreciation		(11,877)	(8,118)
		6,267	10,026
		12,952	19,710

Movements in Carrying Amount

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

Plant and Equipment

Balance at beginning of the year	9,684	13,791
Additions	842	-
Disposals	(1,579)	(1,003)
Depreciation expense	(2,262)	(3,104)
Carrying amount at the end of the year	6,685	9,684

Computer Equipment

Balance at beginning of the year	10,026	4,469
Additions	-	9,539
Disposals	-	(1,175)
Depreciation expense	(3,759)	(2,807)
Carrying amount at the end of the year	6,267	10,026
	12,952	19,710

BLACK RIDGE MINING NL AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011	2010
NOTE 16: TRADE AND OTHER PAYABLES			
Trade payables *		104,524	17,228
Sundry payables and accrued expenses		37,298	25,777
		141,822	43,005

*Trade payables are non-interest bearing and normally settled in 30 days.

NOTE 17: TAX

NON-CURRENT

Deferred Tax Liabilities

Prepayments	-	3,195
	-	3,195

Deferred Tax Assets

Deferred tax not brought to accounts, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(b) occur:

Section 40-880 deductions	24,900	13,680
Losses available for offset against future tax liabilities (at 30%)	4,332,964	3,973,884
Accrued expenses and provisions	9,756	3,708
	4,342,720	3,975,592

NOTE 18: PROVISIONS

Current		
Employee leave entitlement	-	12,363
	-	12,363

NOTE 19: ISSUED CAPITAL

a. Issued Share Capital

754,472,951 ordinary shares (2010:
461,578,361)

20,435,606 17,900,760

BLACK RIDGE MINING NL AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Notes	Number	Number
b. Ordinary Shares			
At the beginning of the reporting period:		461,578,361	272,158,361
Shares issued during the year			
- Shares issued on 1 July 2009 pursuant to a placement at \$0.0053 each			100,000,000
- Shares issued on 23 December 2009 pursuant to a placement at \$0.01 each			29,420,000
- Shares issued on 29 April 2010 pursuant to a placement at \$0.009 each			60,000,000
- Shares issued on 24 August 2010 pursuant to a placement at \$0.0132 each	24	5,000,000	
- Shares issued on 15 October 2010 pursuant to a placement at \$0.0074 each		137,000,000	
- Shares issued on 29 June 2011 pursuant to a placement at \$0.01 each		18,135,579	
- Shares issued on 29 June 2011 pursuant to a placement at \$0.01 each		132,759,011	
At the end of the reporting period		754,472,951	461,578,361

c. Options

As at 30 June 2011, there are 161,394,590 (2010: 116,350,000) unissued ordinary shares in respect of which options were outstanding comprising:

Number of Options		Exercise Price	Expiry Date
10,500,000	Unlisted	0.100	31 December 2011
150,894,590	Listed	0.015	31 December 2012

Terms and conditions of contributed equity

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

d. Option Premium Reserve

	Notes	2011	2010
Opening balance		236,750	223,350
Employee share based payments		-	13,400
Transfer to equity		(13,400)	-
Transfer to accumulated losses		-	-
		223,350	236,750

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

2011

During the year ended 30 June 2011, the following options were issued:

- 150,894,590 listed options exercisable at 1.5 cents each on or before 31 December 2012

During the year ended 30 June 2011, the following options expired:

- 101,150,000 listed options exercisable at 4 cents expired on 30 November 2010
- 1,700,000 unlisted options exercisable at 4 cents expired on 31 December 2010

During the year ended 30 June 2011, the following options have been cancelled in accordance with the terms and conditions of those options (For details of disclosure refer to Note 24: Share Based Payments):

- 1,000,000 unlisted options exercisable at 4 cents each and expiring 30 November 2012
- 1,000,000 unlisted options exercisable at 7 cents each and expiring 30 November 2012
- 1,000,000 unlisted options exercisable at 10 cents each and expiring 30 November 2012

2010

During the year ended 30 June 2010, the following unlisted options were issued:

- 1,000,000 unlisted options exercisable at 4 cents each on or before 30 November 2012
- 1,000,000 unlisted options exercisable at 7 cents each on or before 30 November 2012
- 1,000,000 unlisted options exercisable at 10 cents each on or before 30 November 2012

e. Capital Management Policy

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's focus has been to raise sufficient funds through equity to fund the Company's activities. The Group monitors capital on the basis of the gearing ratio, however there are no external borrowings as at balance date.

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

The Group is not subject to externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 20: CONTRACTUAL AND LEASING COMMITMENTS

a. Operating Lease Commitments

The Company occupies its business premises via a periodic tenancy. There is no future lease commitment as either the Landlord or the Company may terminate the tenancy by providing two months' notice to the other party whilst occupying premises under a periodic tenancy.

b. Administration Service Agreement

The Company is party to an Administration Services Agreement with Corporate Admin Services Pty Ltd from 1 July 2010 for a fee of \$55,000 (excl GST) per quarter payable in advance. The term of the agreement is for a period of three years, with an option by the contractor to extend the term for a further two years. Subject to terms included in the Agreement, should the Company terminate the Agreement without prior notice, it will be liable to pay the contractor the full amount of fees payable for the then remainder of the contract term. These obligations are not provided for in the financial report and are payable:

	Note	2011	2010
- not later than 12 months		220,000	220,000
- between 12 months and 5 years		220,000	440,000
- greater than 5 years		-	-
		440,000	660,000

c. Exploration Expenditure Commitments

In order to maintain current rights of tenure to exploration tenements, the Company is required to outlay tenement lease rentals and perform minimum exploration work to meet minimum expenditure requirements specified by various government authorities. These obligations are subject to renegotiation when application for a mining lease is made and at various other times. These obligations are not provided for in the financial report and are payable:

	Note	2011	2010
- not later than 12 months		67,840	30,000
- between 12 months and 5 years		-	-
- greater than 5 years		-	-
		67,840	30,000

NOTE 21: CONTINGENT LIABILITIES

The Company has a contingent liability in relation to additional consideration for the acquisition of the Unaly Hill mining tenement E57/420:

- a) Upon establishment of an inferred, indicated or measured resource, further payments must be made to the vendor based on mineral ore tonnages identified.
 - i) Where the resource relates to iron ore, vanadium or phosphate – inferred resource \$0.02 per tonne of ore, indicated resource \$0.04 per tonne of ore and measured resource \$0.06 per tonne of ore.

BLACK RIDGE MINING NL AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

- ii) Where the resource relates to U₃O₈ or any base metal – inferred resource \$0.05 per tonne of ore, indicated resource \$0.08 per tonne of ore and measured resource \$0.10 per tonne of ore.
- iii) Where the resource relates to gold or any other precious metal – inferred resource \$0.20 per tonne of ore, indicated resource \$0.30 per tonne of ore and measured resource \$0.50 per tonne of ore.
- b) A royalty equal to 2.25% of gross revenue arising from sale of minerals derived from the tenement.

NOTE 22: OPERATING SEGMENT

For the year ended 30 June 2011, the Company's operations were predominantly in the mining exploration sector in Australia.

30 June 2011	Mining & Exploration \$	Corporate \$	Consolidated \$
REVENUE			
Other revenue	-	38,665	38,665
Segment Result	(324,833)	(841,052)	(1,165,885)

ASSETS / LIABILITIES

Asset

Segments Assets	147,068	2,066,986	2,214,054
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Liabilities

Segment liabilities	-	(141,822)	(141,822)
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Net Assets	147,068	1,925,164	2,072,232
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30 June 2010	Mining & Exploration \$	Corporate \$	Consolidated \$
REVENUE			
Other revenue	-	41,622	41,622
Segment Result	(305,942)	(653,388)	(959,330)

ASSETS / LIABILITIES

Asset

Segments Assets	147,068	624,971	772,039
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Liabilities

Segment liabilities	(15,610)	(39,758)	(55,368)
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Net Assets	131,459	585,213	716,671
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BLACK RIDGE MINING NL AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 23: CASH FLOW INFORMATION

	Notes	2011	2010
a. Reconciliation of Cash			
Cash at end of financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:			
Cash and cash equivalents		2,010,686	574,790
		<u>2,010,686</u>	<u>574,790</u>
b. Reconciliation with Operating Loss			
Reconciliation of cash flows from operations with operating loss after income tax is set out as follows:			
Operating losses		(1,165,885)	(959,330)
Non-cash flows in loss:			
- Depreciation expense		6,021	7,087
- Write down to recoverable amount		-	-
- Profit on disposal of equity investments		1	(16,841)
- Loss on sale of non-current asset		1,579	-
- Share based payment expense		-	13,400
- Other		-	(891)
Changes in assets and liabilities:			
- (Increase)/decrease in other assets		-	(19,821)
- (Increase)/decrease in prepayments		(173)	23,683
- (Increase)/decrease in creditors and accruals		209,581	(47,769)
- Increase/(decrease) in provisions		(18,027)	7,573
Net cash provided by/(used by) operating activities		<u>(966,903)</u>	<u>(992,909)</u>
c. Non-cash operating activities			
Share based payments	24(b)	66,000	-

5,000,000 ordinary shares were issued to a supplier on 24 August 2010 at \$0.0132 each in settlement of payment for services rendered to the Company valued at \$66,000.

NOTE 24: SHARE-BASED PAYMENTS

a. Options granted to key management personnel as share-based payments

On 24 November 2009, the Company issued a total of 3,000,000 unlisted options to Mr Gordon Hatch, the Managing Director of the Company.

Mr Gordon Hatch resigned as managing Director and Chief Executive Officer of the Company on 28 February 2011.

Under the Terms and Conditions, options not exercised by the Expiry Date (30 November 2012) will automatically expire and in the event that the employment is terminated by either the Managing

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Director or the Company in accordance with the termination provisions contained in the Employment Agreement, any options not exercised will expire within one (1) month of termination, unless they are exercised within that time. The options were not exercised and were cancelled on 29 March 2011. A summary of the movement of Company options issued to Mr Gordon Hatch is as follows:

	Number	Weighted Average Exercise Price
Options outstanding as at 30 June 2010	3,000,000	7 cents
Granted	-	-
Forfeited	(3,000,000)	7 cents
Exercised	-	-
Expired	-	-
Options outstanding as at 30 June 2011	-	-
Option exercisable as at 30 June 2011	-	-

b. Shares issued for payment for services

5,000,000 ordinary shares were issued to a supplier on 24 August 2010 at \$0.0132 each in settlement of payment for services rendered to the Company valued at \$66,000 (Note 23(c)).

NOTE 25: EVENTS AFTER THE REPORTING PERIOD

There has not arisen in the interval between the end of the financial year and the date of this report, any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect substantially the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial years.

NOTE 26: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

a) Key Management Personnel

The names of each person holding the position of Director of Black Ridge Mining NL during the financial year are:

A Middleton
A Winduss (Appointed 4 February 2011)
V Nikolaenko (Appointed 4 February 2011)
R Smith (Resigned on 31 March 2011)
G Hatch (Resigned on 28 February 2011)

For details of disclosures relating to key management personnel, refer to Note 7: Interests of Key Management Personnel (KMP).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

b) Admin Service Agreement

- Corporate Admin Services Pty Ltd

The Company has a admin service agreement with Corporate Admin Service Pty Ltd, which Mr. Vladimir Nikolaenko as director and shareholder of the Company. The contract is for provision of strategic and corporate advisory service. The amount paid to Corporate Admin Service Pty Ltd at 30 June 2011 is \$349,102 (2010: \$259,596). The amount owing to Corporate Admin Service Pty Ltd at 30 June 2011 is \$86,680 (2010: \$60,500).

c) Commercial Services Agreement

- Winduss & Associates Pty Ltd

The Company receives accounting and bookkeeping services from Winduss & Associates Pty Ltd, an accounting practice of which Mr. Alan Winduss is a director and shareholder. Fees charged are at normal commercial rates and conditions. The amount of fees paid or accrued to 30 June 2011 for accounting and bookkeeping services is \$2,378 (2010: \$nil). There is no amount owing to Winduss & Associates Pty Ltd at 30 June 2011 (2010: \$nil).

d) Acquisition of Mining Tenement – Additional Consideration

- Plato Mining Pty Ltd

In 2009, the Company acquired the Unaly Hill Tenement (E57/420) from Plato Mining Pty Ltd, a company of which Mr Vladimir Nikolaenko is a Director. Upon the establishment of a JORC Code compliant inferred resource, indicated resource or measured resource on the Tenement, additional consideration will become payable to Plato Mining Pty Ltd.

For details of disclosures relating to amount payable to Plato Mining Pty Ltd, refer to Note 21.

NOTE 27: FINANCIAL RISK MANAGEMENT

This note presents information about the Group's exposure to credit, liquidity and market risks, its objectives, policies and processes for measuring and managing risk and the management of capital.

The Group does not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Company and the Group through regular reviews of the risks.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Categories of Financial Instruments

	Note	2011	2010
Financial Assets			
Cash and cash equivalents	10	2,010,686	574,790
		<u>2,010,686</u>	<u>574,790</u>

BLACK RIDGE MINING NL AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011	2010
Financial Liabilities			
Payables and borrowings	17	141,822	55,368
		141,822	55,368

a. General objectives, policies and processes

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The principal financial instruments from which financial instrument risk arises:

- trade and other receivables
- cash at bank
- trade and other payables
- borrowings

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Company's finance function. The Company's risk management policies and objectives are therefore designed to minimise the potential impact of these risks on the results of the Company where such impacts may be material.

b. Credit risks

Exposure to credit risk relating to financial assets arises from the potential non- performance by counter parties of the contract obligations that could lead to a financial loss to the Company. There is no material amount of collateral held as security at 30 June 2011.

Cash and cash equivalents

The Company limits its exposure to credit risk by only saving cash at banks or financial institutions that have an acceptable credit rating.

Trade and other receivable

As the Company operates primarily in investment and exploration activities, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables.

The Company where necessary establishes an allowance for impairment that represents its estimate of incurred losses in respect of other receivables and investments. Management does not expect any counterparty to fail to meet its obligations.

Exposure to credit risk

The carrying amount of the group's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at balance date is as follows:

	Note	2011	2010
Other Receivables		32,525	14,498

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

c. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual flows. The Company does not have any external borrowings.

The Company anticipates a need to raise additional capital in the next 12 months to meet forecast operational activities. The decision on how the Company will raise future capital will depend on market conditions existing at that time.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Financial liability and financial asset maturity analysis

30 June 2011

	Within 1 Year	1 to 5 Years	Over 5 years	Total
Financial liabilities due for payment				
Payables and borrowings	141,822	-	-	141,822
Total expected outflows	141,822	-	-	141,822
Financial assets – cash flows realisable				
Cash and cash equivalents	2,010,686	-	-	2,010,686
Trade, term and loans receivables				
Held-for-trading investments				
Total anticipated inflows	2,010,686	-	-	2,010,686
Net (outflow)/ inflow on financial instruments	1,868,864	-	-	1,868,864

30 June 2010

	Within 1 Year	1 to 5 Years	Over 5 years	Total
Financial liabilities due for payment				
Payables and borrowings	55,368	-	-	55,368
Total expected outflows	55,368	-	-	55,368

BLACK RIDGE MINING NL AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Within 1 Year	1 to 5 Years	Over 5 years	Total
Financial assets – cash flows realisable				
Cash and cash equivalents	574,790	-	-	574,790
Trade, term and loans receivables				
Held-for-trading investments				
Total anticipated inflows	574,790	-	-	574,790
Net (outflow)/ inflow on financial instruments	519,422	-	-	519,422

Financial arrangements

Nil at balance date.

d. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

i) Foreign exchange risk

Overseas transactions are negotiated in foreign currencies which give rise to assets and liabilities which are translated to Australian currency in accordance with the accounting policies set out in Note 1(j).

At balance date, there were no amounts receivable and payable in foreign currency and therefore the Group does not have any exposure to foreign currency risk.

ii) Interest rate risk

The Group is exposed to interest rate risk (primarily on its cash and cash equivalents), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Group does not use derivatives to mitigate these exposures.

The Company adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents on short term deposit at best available market interest rates.

Profile

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

BLACK RIDGE MINING NL AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated and Company Carrying amount	
	2011	2010
Variable rate instruments		
Financial assets – cash and cash equivalents	2,010,686	574,790

Fair value sensitivity analysis for variable rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss or through equity, therefore a change in interest rates at the reporting date would not affect profit or loss or equity.

Cash flow sensitivity analysis for variable rate instruments

The group has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date.

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2010.

	Profit or loss		Equity	
	100bp increase	100bp decrease	100bp increase	100bp decrease
30 June 2011				
Variable rate instruments	19,934	(19,934)	19,934	(19,934)
30 June 2010				
Variable rate instruments	4,117	(4,117)	4,117	(4,117)

e. Net fair values

The net fair values of:

- Term receivables, government and fixed interest securities and bonds are determined by discounting the cash flows, at the market interest rates of similar securities, to their present value
- Other loans and amounts due are determined by discounting the cash flows, at market interest rates of similar borrowings, to their present value
- Other assets and other liabilities approximate their carrying value

There are no financial assets and financial liabilities readily traded on organised markets in standardised form.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date:

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Carrying Amount		Net Fair Value	
	2011	2010	2011	2010
Financial Assets:				
Cash and cash equivalents	2,010,686	574,790	2,010,686	574,790
Total Financial Assets	<u>2,010,686</u>	<u>574,790</u>	<u>2,010,686</u>	<u>574,790</u>
 Financial Liabilities:				
Payables and borrowings	141,822	55,368	141,822	55,368
Total Financial Liabilities	<u>141,822</u>	<u>55,368</u>	<u>141,822</u>	<u>55,368</u>

END OF NOTES TO FINANCIAL STATEMENTS (AUDITED)

DIRECTORS' DECLARATION

The directors declare that:

- a. The attached financial statements and associated notes are in accordance with the Accounting Standards and the Corporations Regulations.
- b. The attached financial statements and notes give a true and fair view of the financial position as at 30 June 2011 and the performance of the Company for the year ended on that date; and
- c. The financial statements and notes are in accordance with the Corporations Act 2001.

In the opinion of the directors there are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors:



.....
Alan Winduss
Non Executive Chairman

PERTH
30 September 2011



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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BLACK RIDGE MINING NL

Report on the financial report

We have audited the accompanying financial report of Black Ridge Mining NL (the Company") which comprises the balance sheet as at 30 June 2011 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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 year.

Directors Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The Directors are also responsible for the remuneration disclosures contained in the directors' report.

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 as to whether the financial report is free of 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 our 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, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used in and the reasonableness of accounting estimates made by the directors as well as evaluating the overall presentation of the financial report.

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

Independence

We are independent of the Company, and have met the independence requirements of Australian professional ethical requirements and the *Corporations Act 2001*.



Chartered Accountants

Liability limited by the Accountants Scheme, approved
under the Professional Standards Act 1994 (NSW).



Audit opinion

In our opinion the financial report of Black Ridge Mining NL is in accordance with the *Corporations Act 2001*, including:

- a) (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of their performance for the year ended on that date; and
(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- b) the consolidated financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2011. 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.

Audit opinion

In our opinion the remuneration report of Black Ridge Mining NL for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

Rothsay

Graham R Swan
Partner

Dated 30 September 2011