

BLACK RIDGE MINING NL

ABN 48 083 274 024

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

CORPORATE DIRECTORY

Board of Directors

Mr Peter Elliott – Non-executive Chairman
Mr Vladimir Nikolaenko – Non-executive Director
Mr Edward Gilfillan – Non-Executive Director

Company Secretary

Mr Graeme Smith

Registered Office

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WEST PERTH WA 6005
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Fax: + 61 8 9322 7823
Email: info@blackridgeminig.com
www.blackridgeminig.com

Banker

National Australia Bank Limited
226 Main Street
OSBORNE PARK WA 6017

Auditors

Somes Cooke
Level 2
35 Outram Street
WEST PERTH WA 6005

Solicitors

Steinepreis Paganin
Level 4 The Read Buildings
16 Milligan Street
PERTH WA 6000

Share Registry

Advanced Share Registry
150 Stirling Highway
NEDLANDS WA 6009
Phone: +61 8 9389 8033
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Stock Exchange Listing

Australian Securities Exchange
Black Ridge Mining NL
ASX Code: BRD

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

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DIRECTORS' REPORT

Unaly Hill (E57/420), Western Australia –Vanadium- Magnetite-Titanium

The Unaly Hill project area is located approximately 48 km south of Sandstone in Western Australia.

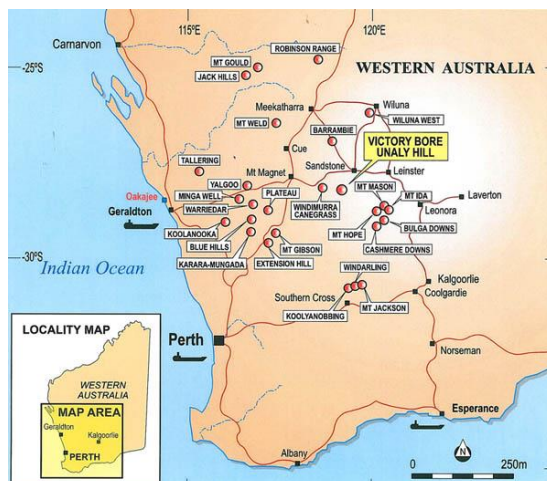


Figure 1 Location and geological setting of the Unaly Hill Project

Aeromagnetic data interpretation of the Unaly Hill Project indicates that the vanadiferous magnetite horizons persist throughout most of the Atley Igneous Complex. Their presence was also confirmed by drilling. The Company investigations were furthered into the potential economic viability of the project, including extraction, processing and transportation of mineable ore. .

Gold potential was reviewed using various data including historic records. The project covers 13 strike kilometres of the regional scale Youanmi Fault, a structure that forms the boundary between the Murchison Domain and the Southern Cross Domain of the Youanmi Terrane

The Company continued to seek out and assess various projects that came to the attention of the Board with new opportunity considered during the course of the year.

Corporate

Peter Elliott was appointed Chairman of the Company following the resignation of Malcolm Carson in January 2014.

Malcolm Carson was appointed as a non-executive director on 26 July 2013 and resigned on 29 January 2014.

Stuart Third resigned as a director on 26 July 2013.

Finance Review

The Group has recorded an operating loss after income tax for the year ended 30 June 2014 of \$285,401 (2013: \$931,270).

At 30 June 2014 cash assets available totalled \$8,524 (2013: \$32,122).

Cash outflows from operating activities were \$101,648 in 2014 (2013: \$499,953)

DIRECTORS' REPORT

Your directors submit their report for the Company and its controlled entities ("the Consolidated Entity" or "Group") for the year ended 30 June 2014.

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 Peter Elliott
Qualifications

Chairman
LLB

Mr Elliott is an admitted Barrister and Solicitor from New Zealand who has been legal counsel for a division of Trafalgar House based in the United Kingdom and subsequently the USA Director and Company Secretary of Lakeland Properties Limited, a listed company in New Zealand and in more recent years has specialized in corporate administration.

Chief Executive of a large Corporate Management Group in Hong Kong for five years and subsequently a group Company Director in 1995 he established The Exemplar Group that has grown to have a significant involvement in business consultancy and in IT, particularly the development and implementation of software solutions for corporate compliance and administration.

Appointed 29 January 2014

Interest in Shares & Options

-

Directorships held in other
listed entities

Magna Mining NL

Mr Vladimir Nikolaenko

Experience

Non-executive Director

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.

Interest in Shares & Options

81,369,511 ordinary shares

Directorships held in other
listed entities

Magna Mining Limited (ASX: MAN) (since April 2012).

DIRECTORS' REPORT

Mr Thomas Gilfillan

Non-executive Director

Mr Gilfillan has over 35 years of commercial experience in financial service, corporate management and property development. He has a depth of management and corporate expertise, and was a founding partner in a licensed financial planning company retiring in 2005 with over 20 years' service. Through Mr Gilfillan's leadership in that company, it grew over the years from a life and general insurance based firm to one of the leading self managed superannuation fund advisers and administrators in Western Australia.

Mr Gilfillan has been involved in the raising of capital in the equities market, including IPOs and share placements. Over the past 15 years, he has managed a number of residential and commercial property developments, and continues to be actively involved in the property sector.

Interest in Shares & Options

4,009,684 ordinary shares, nil options.

Directorships held in other listed entities

Magna Mining Limited (ASX: MAN) (since May 2013).

Mr Malcolm Carson

Non-executive Director

(Appointed 26 July 2013, resigned 29 January 2014)
BSc (Geol) MSc (Nat. Res. Mgt)

Qualifications

Experience

Mr Carson is an Australian geologist and geoscientist and member of the Australian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists and has more than 30 years' experience in the mineral resources sector. Mr Carson is an exploration geologist who has worked as a director of a number of publicly listed companies, as a senior executive in financial institutions and the State Government of Western Australia.

Mr Carson is currently a director on several listed and unlisted public company boards and works as consultant to the natural resources industry in the areas of his expertise as the Managing Director of Mineral Resource Consultants in Australia.

Interest in Shares & Options

-

Directorships held in other listed entities

Mr Carson is a director of Compass Gold Corporation (V:CVB) (since 2009)

DIRECTORS' REPORT

Mr Stuart Third

Qualifications

Experience

Interest in Shares & Options

Directorships held in other listed entities

Non-executive Director

(Resigned 26 July 2013)

BBus, MTax, FCA, CTA

Mr Third is a Chartered Accountant and a Chartered Tax Advisor, and holds a Bachelor of Business and Master of Taxation. He is a director of a Western Australian Chartered Accounting practice and has been involved in professional accounting in public practice for over 15 years, undertaking roles in corporate management, finance and corporate governance matters including ASX and ASIC compliance. He has extensive experience in advising companies both listed and in the private sector

-

Mr Third does not currently hold, and has not held in the past 3 years, any directorships in other listed entities.

OTHER OFFICERS

Mr Graeme Smith

Qualifications

Experience

Company Secretary

(Appointed 11 December 2013)

BEC, MBA, MComLaw, FCPA, FGIA, FCIS, MAusIMM

Mr Smith is a Principal in a Company Secretarial and Legal advisory firm. He has held CFO and Company Secretary positions with a broad range of Mining and Resources companies, including Top 10 Australian and overseas mining companies.

Mr Stuart Third

Company Secretary (Resigned 3 December 2013)

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 2014 was \$285,401 (2013: loss of \$931,270).

REVIEW OF OPERATIONS

Progress of the Group's activities, and future emphasis, in relation to projects and negotiations thereon located in Western Australia and overseas are detailed in the Review of Operations which precedes the Directors' Report.

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 (2013: Nil).

DIRECTORS' REPORT

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

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

On 17 September 2014, the Company issued 50 million fully paid ordinary shares to sophisticated investors at \$0.001 per share to raise \$50,000.

Apart from the above, there has not been any matter or circumstance other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year that has significantly affected, or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

OPTIONS

Share options

As at 30 June 2014, there are nil (2013: Nil) unissued ordinary shares in respect of which options were outstanding.

REMUNERATION REPORT (AUDITED)

This remuneration report outlines the remuneration arrangements for the Company's Key Management Personnel (KMP).

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.

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 Director's total remuneration package and is responsible for reviewing the non executive remuneration.

DIRECTORS' REPORT

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.

During the year to 30 June 2014, the Company did not obtain the services of a remuneration consultant.

Reward for performance

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

Key management personnel positions

P Elliott	Non-executive Chairman: appointed 29 January 2014
V Nikolaenko	Non-executive Director
T Gilfillan	Non-executive Director
S. Third	Non-executive Director: appointed 24 May 2013, resigned 26 July 2013
M Carson	Non-executive Director: appointed 26 July 2013, resigned 29 January 2014

BLACK RIDGE MINING NL AND ITS CONTROLLED ENTITIES
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DIRECTORS' REPORT

Remuneration report (cont'd)

Remuneration of directors and named KMP's

	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 \$			
2014									
Peter Elliott	12,500						12,500	-	-
Vladimir Nikolaenko	30,000						30,000	-	-
Thomas Gilfillan	30,000						30,000	-	-
Stuart Third	5,000						5,000		
Malcolm Carson	15,000						15,000	-	-
Total 2014	92,500						92,500	-	-
2013									
Thomas Gilfillan	\$3,781	-	-	-	-	-	\$3,781	-	-
Alan Winduss	\$31,709						\$31,709		
Vladimir Nikolaenko	\$30,000						\$30,000		
Robert Molkenthin	\$277,384(i)	-	-		-	-	\$277,384	-	-
Stuart Third	\$3,041	-	-		-	-	\$3,041	-	-
Total 2013	\$345,915	-	-		-	-	\$345,915	-	-

(i) \$82,757 of this amount is disputed. Refer to Note 19 (2) for more details

BLACK RIDGE MINING NL AND ITS CONTROLLED ENTITIES
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DIRECTORS' REPORT

KMP options and rights holdings

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

30 June 2014	Balance at start of year	Commencing office	Granted as Remuneration during the year	Acquired during the year	Expired during the year	Disposed during the year	Ceasing office	Balance at the end of the year
P Elliott	-	-	-	-	-	-	-	-
V Nikolaenko	-	-	-	-	-	-	-	-
T Gilfillan	-	-	-	-	-	-	-	-
M Carson	-	-	-	-	-	-	-	-
S Third	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

30 June 2013	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
T Gilfillan	-	-	-	-	-	-	-	-
A Winduss	-	-	-	-	-	-	-	-
R Molkenhuth	-	-	-	-	-	-	-	-
V Nikolaenko	20,067,011	-	-	-	(20,067,011)	-	-	-
S Third	-	-	-	-	-	-	-	-
	20,067,011	-	-	-	(20,067,011)	-	-	-

KMP shareholdings

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

30 June 2014	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
P Elliott	-	-	-	-	-	-
V Nikolaenko	61,995,513	-	-	19,373,998	-	81,369,511
T Gilfillan	4,009,684	-	-	-	-	4,009,684
M Carson	-	-	-	-	-	-
S Third	-	-	-	-	-	-
	66,005,197	-	-	19,373,998	-	85,379,195

30 June 2013	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
T Gilfillan	-	4,009,684	-	-	-	4,009,684
A Winduss	-	-	-	-	-	-
R Molkenhuth	-	-	-	-	-	-
V Nikolaenko	20,069,511	-	-	41,926,002	-	61,995,513
S Third	-	-	-	-	-	-
	20,069,511	4,009,684	-	41,926,002	-	66,005,197

DIRECTORS' REPORT

Options granted as part of remuneration

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

END OF REMUNERATION REPORT (AUDITED)

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 Number	Options Number	Ordinary shares Number	Options Number
P Elliott	-	-	-	-
V Nikolaenko	-	-	81,369,511	-
T Gilfillan	-	-	4,009,684	-

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

DIRECTORS' MEETINGS

During the year, 6 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
P Elliott	2	2
V Nikolaenko	6	6
T Gilfillan	6	6
M Carson	2	2
S Third	-	-

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 \$9,976 (2013: \$8,505) 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



P Elliott
Chairman

Perth, 30 September 2014

Auditor's Independence Declaration

To those charged with the governance of Black Ridge Mining NL

As auditor for the audit of Black Ridge Mining NL for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Somes Cooke



Nicholas Hollens
Partner

Perth

30 September 2014

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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 \$	2013 \$
Continuing operations			
Revenue from ordinary activities			
Gross revenue	3	23	105,665
Total revenue		<u>23</u>	<u>105,665</u>
Expenses from ordinary activities			
Depreciation expense		(7,256)	(3,703)
Salaries and employee benefits expense		(92,500)	(128,625)
Exploration expenses	12	(32,092)	(164,509)
Impairment expenses		(5,555)	(233,995)
Administration expenses	4	(148,021)	(506,103)
		<u>(285,424)</u>	<u>(1,036,935)</u>
Income tax	5	-	-
Loss after Income tax		<u>(285,401)</u>	<u>(931,270)</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>(285,401)</u>	<u>(931,270)</u>
Earnings per share			
Basic loss per share (cents per share)	8	0.04	0.12
The company's potential ordinary shares are not considered dilutive and accordingly basic loss per share is the same as diluted loss per share.			
Diluted loss per share (cents per share)	8	0.04	0.12

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

BLACK RIDGE MINING NL AND ITS CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2014

	Note	2014 \$	2013 \$
ASSETS			
Current assets			
Cash and cash equivalents	9	8,524	32,122
Trade and other receivable	10	11,800	6,580
Financial assets		-	5,555
Other asset	11	9,468	9,467
Total current assets		29,792	53,724
Non-current assets			
Property, plant and equipment	14	-	7,257
Exploration expenditure	12	1,871,068	1,871,068
Total non-current assets		1,871,068	1,878,325
TOTAL ASSETS		1,900,860	1,932,049
LIABILITIES			
Current liabilities			
Trade and other payables	15	463,404	287,242
Borrowings	16	1,802,050	1,724,000
Total current liabilities		2,265,454	2,011,242
TOTAL LIABILITIES		2,265,454	2,011,242
NET ASSETS		(364,594)	(79,193)
EQUITY			
Contributed equity	17(a)	20,340,385	20,340,385
Reserves	17(d)	-	223,350
Accumulated losses		(20,704,979)	(20,642,928)
TOTAL EQUITY		(364,594)	(79,193)

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

BLACK RIDGE MINING NL AND ITS CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Contributed Equity \$	Accumulated Losses \$	Reserves \$	Total Equity \$
Balance at 1 July 2012		20,339,069	(19,711,658)	223,350	850,761
Shares issued during the year		1,316	-	-	1,316
Total Comprehensive Income		-	(931,270)	-	(931,270)
Balance at 30 June 2013		20,340,385	(20,642,928)	223,350	(79,193)
Balance at 1 July 2013		20,340,385	(20,642,928)	223,350	(79,193)
Shares issued during the year		-	-	-	-
Total Comprehensive Income		-	(285,401)	-	(285,401)
Transfers		-	223,350	(223,350)	-
Balance at 30 June 2014		20,340,385	(20,704,979)	-	(364,594)

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

BLACK RIDGE MINING NL AND ITS CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 June 2014

	Note	2014	2013
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		23	5,902
Other revenue		-	98,910
Finance costs paid		-	(176)
Payment to suppliers and employees		(101,671)	(604,589)
Net cash (used in) operating activities	21	(101,648)	(499,953)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investments		-	(50,000)
Net cash provided by investing activities		-	(50,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		78,050	-
Proceeds from issue of ordinary shares		-	1,316
Net cash provided by financing activities		78,050	1,316
Net increase in cash held		(23,598)	(548,637)
Effect of exchange rate movements		-	(51)
Cash and cash equivalents at the beginning of financial year		32,122	580,810
Cash and cash equivalents at the end of financial year	9	8,524	32,122

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the financial statements and notes of Black Ridge Mining NL (or “the Company”) and its Controlled Entities (“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 (AASB) and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in 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 stated otherwise.

Except for cash flow information, 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 13 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 (income) 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.

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.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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 and therefore carried at cost less accumulated depreciation and any accumulated impairment. 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 Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income during the financial period in which they are incurred.

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.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset 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

It is the Group's policy to capitalise the cost of acquiring rights to explore areas of interest. All other exploration expenditure is expensed to the statement of profit or loss and other comprehensive income.

The costs of acquisition are carried forward as an asset provided rights to tenure are current and one of the following conditions are met:

- Such costs are expected to be recouped through the successful development and exploitation of the area of interest, or alternatively, by its sale; or
- Exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence of otherwise of recoverable reserves, and active and significant operations in relation to the area are continuing.

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, are 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.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Group 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 fair value, amortised cost using the effective interest rate method, or cost.

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

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

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

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

(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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(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.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) *Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Fair values

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

Impairment

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial instrument has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

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.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

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 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 during the next reporting period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposure if the guaranteed party were to default.

Financial guarantees are subsequently measured at the higher of the best estimate of the obligation in accordance with AASB 137: Provisions, Contingent Liabilities and Contingent Assets 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.

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 Company 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 asset's carrying amount. Any excess of the asset's carrying amount over its recoverable

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Accounting 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 Accounting Standard.

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

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

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 associate company. 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.

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.

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 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.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Group companies

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

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed of.

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

Equity-settled compensation

From time to time 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.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company (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).

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 expense 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 in 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 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.

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).

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Trade and other payables

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

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. Comparative information

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

Where the Group 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.

s. 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 – general

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 2014.

t. 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.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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
- 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.

u. 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.

v. New accounting standards for application in future periods

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below. New standards and interpretations not mentioned are considered unlikely to impact on the financial reporting of the Group.

AASB 9: Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017)

AASB 9 replaces the multiple classification and measurement models in AASB 139 *Financial instruments: Recognition and measurement* with a single model that has only two classification categories: amortised cost and fair value.

Classification of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A 'simple' debt instrument is measured at amortised cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest.

All other financial assets, including investments in complex debt instruments and equity investments, must be recognised at fair value.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All fair value movements on financial assets are taken through the income statement, except for equity investments that are not traded, which may be recorded in the income statement or in reserves.

For financial liabilities that are measured under the fair value option entities will need to recognise the part of the fair value change that is due to changes in their own credit risk in other comprehensive income rather than profit or loss.

The new hedge accounting rules that were released in December 2013 align hedge accounting more closely with common risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

Based on the financial assets and liabilities currently held, the Group does not anticipate any impact on the financial statements upon adoption of this standard. The Group does not presently engage in hedge accounting.

None of the other amendments or Interpretations are expected to affect the accounting policies of the Group.

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 2014, the Group incurred an operating loss of \$285,401 (2013: \$931,270) and an operating cash outflow of \$101,648 (2013: \$499,953). The Group has recorded net liabilities of \$364,594 as at 30 June 2014 (2013: net liabilities of \$79,193).

Since year ending 30 June 2014, the company has raised \$50,000 via issue of share capital.

Mr Roger Nikolaenko has confirmed that he will not call the amounts owed to him or his related parties as at 30 June 2014 by the Group until the Group has ability to pay.

Based upon the Group's ability to modify expenditure outlays if required, a commitment from Mr Nikolaenko not to demand repayments for loans given to the Group for a period of up to 1 year 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 2014 financial report.

However, the Directors recognise that the ability of the Company to continue as a going concern and to pay its debts as and when they fall due may be dependent on the ability of the Company to secure additional funding through either the issue of further shares and or options, convertible notes or entering into negotiations with third parties regarding the sale and or farm out of assets of the Company or a combination thereof.

Should the Company be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern.

NOTE 2: PARENT INFORMATION

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

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

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

	Note	2014	2013
		\$	\$
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Current assets		29,792	53,724
Non current assets		1,871,068	1,878,325
TOTAL ASSETS		<u>1,900,860</u>	<u>1,932,049</u>

LIABILITIES			
Current liabilities		2,265,454	2,011,242
TOTAL LIABILITIES		<u>2,265,454</u>	<u>2,011,242</u>

NOTE 2: PARENT INFORMATION (continued)

NET ASSETS	<u>(364,594)</u>	<u>(79,193)</u>
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EQUITY			
Issued capital		20,340,385	20,340,385
Reserves		223,350	223,350
Accumulated losses		(20,928,329)	(20,642,928)
TOTAL EQUITY		<u>(364,594)</u>	<u>(79,193)</u>

	Note	2014	2013
		\$	\$

STATEMENT OF COMPREHENSIVE INCOME

Total loss for the year	<u>(285,401)</u>	<u>(931,270)</u>
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Guarantees

The Company has not entered into any guarantees in the current or previous financial year, in relation to the debts of its subsidiaries.

Contingent liabilities

Details of contingent liabilities are set out in Note 19.

Contractual commitments

At 30 June 2014, the Company had not entered into any contractual commitments for the acquisition of property, plant and equipment (2013: Nil).

NOTE 3: REVENUE AND OTHER INCOME

Finance income	23	5,902
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BLACK RIDGE MINING NL AND ITS CONTROLLED ENTITIES
ABN 48 083 274 024

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

Other	-	99,763
Total revenue from ordinary activities	23	105,665

NOTE 4: LOSS FOR THE YEAR

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

Administration costs		
- Audit fees	28,000	31,563
- Company secretarial fees	29,700	21,127

NOTE 4: LOSS FOR THE YEAR (continued)

- Consulting and management fees	(34,023)	271,679
- Legal fees	6,972	13,516
- Accounting fees	40,826	39,430
- Rent & outgoings	10,132	69,460
- ASX / Share registry fees	24,601	26,817
- Other	41,813	32,511
	148,021	506,103

Note	2014	2013
	\$	\$

NOTE 5: INCOME TAX

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	(285,401)	(931,270)
At the Parent Entity's statutory income tax rate of 30% (2013: 30%)	(85,620)	(279,381)
- Section 40-880 deduction	(41,647)	(11,378)
Unused tax losses and temporary differences not recognised as deferred tax assets	127,267	290,759
Income tax attributable to entity	-	-

NOTE 5: INCOME TAX (continued)

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

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

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.

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	38,775	26,281
Losses available for offset against future tax liabilities (at 30%)	5,257,185	4,971,784
Accrued expenses and provisions	45,107	13,577
	5,341,067	5,011,642

NOTE 6: KEY MANAGEMENT PERSONNEL (KMP) COMPENSATION

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 2014.

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

Short-term employee benefits	92,500	128,625
Post-employment benefits	-	-
	92,500	128,625

Note	2014	2013
	\$	\$

NOTE 7: AUDITORS' REMUNERATION

Audit of accounts	28,000	31,564
	28,000	31,564

NOTE 8: EARNINGS PER SHARE

Earnings used in the calculation of EPS

Loss	(285,401)	(931,270)
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	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic EPS	754,560,658	754,560,658

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

Note	2014	2013
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BLACK RIDGE MINING NL AND ITS CONTROLLED ENTITIES
ABN 48 083 274 024

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

NOTE 9: CASH AND CASH EQUIVALENTS	\$	\$
Cash at bank	8,524	32,122
	<u>8,524</u>	<u>32,122</u>

NOTE 10: TRADE AND OTHER RECEIVABLES

GST receivable	11,800	6,580
	<u>11,800</u>	<u>6,580</u>

	Note	2014	2013
		\$	\$

NOTE 11: OTHER CURRENT ASSETS

Prepayments	9,468	9,467
	<u>9,468</u>	<u>9,467</u>

NOTE 12: EXPLORATION AND DEVELOPMENT EXPENDITURE

Balance at beginning of year	1,871,068	147,068
Exploration expenditure incurred	32,092	164,509
Additional amount – Unaly Hill acquisition agreement	-	1,724,000
Exploration expenditure expensed to income statement	<u>(32,092)</u>	<u>(164,509)</u>
	<u>1,871,068</u>	<u>1,871,068</u>

The Group has capitalised expenditure in relation to its Unaly Hill project representing acquisition cost.

The value of the consolidated entity's interest in exploration and evaluation expenditure is dependent upon:

- The continuance of the consolidated entity's right of tenure of the areas of interest;
- The results of future exploration;
- The recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

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

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

NOTE 13: CONTROLLED ENTITIES

Controlled entities consolidated

	Percentage Owned (%)	
	2014	2013
Subsidiaries of Black Ridge Mining NL		
Direct		
Unaly Hill Pty Ltd	100	100
Sandstone Holdings Pty Ltd	100	100

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

	\$	\$
Plant and equipment		
At cost	25,076	25,076
Accumulated depreciation	(25,076)	(21,623)
	-	3,453

Computer equipment

At cost	21,620	21,620
Accumulated depreciation	(21,620)	(17,816)
	-	3,804
	-	7,257

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	3,453	4,782
Additions	-	-
Disposals	-	-
Depreciation expense	(3,453)	(1,329)
Carrying amount at the end of the year	-	3,453

Computer equipment

Balance at beginning of the year	3,804	6,178
Additions	-	-
Disposals	-	-
Depreciation expense	(3,804)	(2,374)
Carrying amount at the end of the year	-	3,804
	-	7,257

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

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

NOTE 15: TRADE AND OTHER PAYABLES

Trade payables *	312,547	241,484
Sundry payables and accrued expenses	150,857	45,758
	463,404	287,242

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

NOTE 16: BORROWINGS

Loan – Fiji Holdings Pty Ltd	56,700	-
Loan – Mutual Holdings Pty Ltd	21,350	-
Loan – Plato Mining Pty Ltd	1,724,000	1,724,000
	1,802,050	1,724,000

NOTE 16: BORROWINGS (continued)

- (i) Loan payable to Fiji Holdings (Company related to Mr Vladimir Nikolaenko) is unsecured. Interest is payable on this loan at 10% per annum.
- (ii) Loans payable to Mutual holdings and Plato Mining Pty Ltd (Both companies related to Mr Vladimir Nikolaenko) are unsecured and non interest bearing.

NOTE 17: ISSUED CAPITAL

a. Issued share capital

754,560,658 fully paid ordinary shares (2013: 754,560,658)	20,340,385	20,340,385
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b. Ordinary shares

	Note	2014	2013
		Number	Number
At the beginning of the reporting period:		754,560,658	754,472,951
Shares issued during the year			
Shares issued on 3 January 2013 exercise of options at \$0.015 each pursuant to a placement at \$0.0132 each		-	87,707
At the end of the reporting period		754,560,658	754,560,658

c. Options

As at 30 June 2014, there are nil (2013: nil) unissued ordinary shares in respect of which options were outstanding comprising:

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

NOTE 17: ISSUED CAPITAL (continued)

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.

	Note	2014 \$	2013 \$
d. Option premium reserve			
Opening balance		223,350	223,350
Transfer to accumulated losses		(223,350)	-
		-	223,350

2013

During the year ended 30 June 2013, the following options expired:

- 150,806,883 unlisted options exercisable at 1.5 cents expired on 31 December 2012
- 87,707 unlisted options exercisable at 1.5 cents exercised on 7 November 2012

b. Capital management policy

The Group's objective when managing capital is 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 its 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.

NOTE 18: 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.

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

NOTE 18: CONTRACTUAL AND LEASING COMMITMENTS (continued)

b. 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	2014	2013
		\$	\$
- not later than 12 months		70,000	30,500
- between 12 months and 5 years		7,806	2,272
- greater than 5 years			-
		77,806	32,772

NOTE 19: CONTINGENT LIABILITIES

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

- a) Upon establishment of an Inferred, Indicated or Measured resource, royalty 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.
 - 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 further royalty equal to 2.25% of gross revenue arising from sale of minerals derived from the tenement.

An agreement with the vendor was entered into when an Initial Inferred resource was announced deferring the payment of the additional amount identified in (a) above until an alternative agreement is reached.

2) During the year, the company received notice of claim for payment for services, a majority of which has been disputed by the Company. The claim relates to invoices raised before 30 June 2013 and totals \$82,757.

The Company believes that the statutory demand is materially deficient and therefore should be withdrawn.

BLACK RIDGE MINING NL AND ITS CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 20: OPERATING SEGMENT

The Group has identified that it operates in only one segment based on the internal reports that are reviewed and used by the board of directors (chief operation decision makers) in accessing performance and determining to allocation of resources. The group's principle activity is mineral exploration.

NOTE 21: CASH FLOW INFORMATION

	Note	2014 \$	2013 \$
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		8,524	32,122

NOTE 21: CASH FLOW INFORMATION (continued)

	Note	2014 \$	2013 \$
b. Reconciliation with operating loss			
Reconciliation of cash flows from operations with operating loss after income tax is set out as follows:			
Operating losses		(285,401)	(931,270)
Non-cash flows included in loss:			
- Depreciation expense		7,256	3,703
- Write down of financial assets		5,555	44,445
Changes in assets and liabilities:			
- (Increase)/decrease in receivables		(5,220)	178,715
- (Increase)/decrease in prepayments		-	5,918
- Increase/(decrease) in creditors and accruals		176,162	180,482
- Increase in provisions		-	18,003
Net cash used by operating activities		(101,648)	(500,004)
c. Non-cash operating activities			
Share based payments	24(b)	-	66,000

NOTE 22: EVENTS AFTER THE REPORTING PERIOD

On 17 September 2014, the Company issued 50 million fully paid ordinary shares to sophisticated investors at \$0.001 per share to raise \$50,000.

Apart from the above, there has not been any matter or circumstance other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year that has significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

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

NOTE 23: SHARE-BASED PAYMENTS

Options granted to key management personnel as share-based payments

No options were granted to key management personnel during the year.

NOTE 24: 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 the Company during the financial year are:

P Elliott (Appointed 29 January 2014)

V Nikolaenko

T Gilfillan

S Third (Resigned 26 July 2013)

M Carson (Appointed 26 July 2013, resigned 29 January 2014)

For details of disclosures relating to key management personnel, refer to Note 6: Key Management Personnel (KMP) Compensation.

b) Administration service agreement

- Corporate Admin Services Pty Ltd

The Company had an administration service agreement with Corporate Admin Services Pty Ltd, a company of which Mr. Vladimir Nikolaenko is a director, which has now lapsed as the option to extend the agreement was not exercised. The contract was for provision of strategic and corporate advisory service. The amount paid/services rendered during the year ended 30 June 2014 was \$19,072 (2013: \$226,304) and represents reimbursements for costs incurred in the provision of strategic and corporate advisory services. The amount owing to Corporate Admin Services Pty Ltd at 30 June 2014 is \$180,780 (2013: \$133,089).

c) 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, the Company is pay further amounts to Plato Mining Pty Ltd (Note 19).

For details of disclosures relating to amount payable to Plato Mining Pty Ltd, refer to Note 16.

d) Short term financing arrangement -

- Fiji Holdings Pty Ltd

During the year, the Company entered into a short term (6 month) financing arrangement with Fiji Holdings Pty Ltd, a company of which Mr Vladimir Nikolaenko is a director. The agreement provides the Company with a facility of up to \$100,000 to fund operations whilst alternatives for a capital raising are considered, and provides for payment of interest at 10% per annum on the drawn balance. The facility is unsecured. Balance payable at 30 June 2014 is \$56,700.

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

NOTE 24: RELATED PARTY TRANSACTIONS (continued)

e) Mutual Holding Pty Ltd

During the year, company entered into short term financing arrangement with Mutual Holding Pty Ltd, a company of which Mr Vladimir Nikolaenko is a director. This facility is unsecured and non interest bearing. Balance payable at 30 June 2014 is \$21,350.

f) Mineral Resources Consultants Pty Ltd

Entity related to Mr Malcolm Carson. The Services rendered during the year ended 30 June 2014 (Directors & Consulting fees) are amounting to \$22,000 (2013: nil).

NOTE 25: 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 Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, leases and preference shares.

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	2014	2013
		\$	\$
Financial assets			
Cash and cash equivalents	9	8,524	32,122
		<u>8,524</u>	<u>32,122</u>
Financial liabilities			
Payables and borrowings	15,16	2,265,454	2,011,242
		<u>2,265,454</u>	<u>2,011,242</u>

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.

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

NOTE 25: FINANCIAL RISK MANAGEMENT (continued)

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.

Specific financial risk exposures and management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and other price risk (commodity and equity price risk). There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

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 2014.

Cash and cash equivalents

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

Trade and other receivables

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	2014	2013
		\$	\$
Other Receivables		11,800	6,580

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

NOTE 25: FINANCIAL RISK MANAGEMENT (continued)

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 continuously monitoring forecast and actual flows.

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

At 30 June 2014

	Within 1 Year	1 to 5 Years	Over 5 years	Total
	\$	\$	\$	\$
Financial liabilities due for payment				
Payables and borrowings	2,265,454	-	-	2,265,454
Total expected outflows	2,265,454	-	-	2,265,454
Financial assets – cash flows realisable				
Cash and cash equivalents	8,524	-	-	8,524
Total anticipated inflows	8,524	-	-	8,524
Net (outflow)/ inflow on financial instruments	(2,256,930)	-	-	(2,256,930)

At 30 June 2013

	Within 1 Year	1 to 5 Years	Over 5 years	Total
	\$	\$	\$	\$
Financial liabilities due for payment				
Payables and borrowings	2,011,242	-	-	2,011,242
Total expected outflows	2,011,242	-	-	2,011,242
Financial assets – cash flows realisable				
Cash and cash equivalents	32,122	-	-	32,122
Total anticipated inflows	32,122	-	-	32,122

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

NOTE 25: FINANCIAL RISK MANAGEMENT (continued)

Net (outflow)/ inflow on financial instruments	(1,979,120)	-	-	(1,979,120)
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Financial arrangements

A financial arrangement was entered into on 4 October 2013 with Fiji Holdings Pty Ltd for a facility of \$100,000 with interest payable on the drawn balance of 10% per annum. (2013: nil). The balance payable at 30 June 2014 is \$56,700.

During the year, company entered into short term financial arrangement with Mutual Holding Pty Ltd, a company of which Mr Vladimir Nikolaenko is a director. This facility is unsecured and non interest bearing. Balance payable at 30 June 2014 is \$21,350.

c. 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 30 June 2014, 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:

	Note	Consolidated and Company carrying amount	
		2014	2013
		\$	\$
Variable rate instruments			
Financial assets – cash and cash equivalents		8,524	32,122

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

NOTE 25: FINANCIAL RISK MANAGEMENT (continued)

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 30 June 2014.

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 2013.

	Profit or loss		Equity	
	100bp increase	100bp decrease	100bp increase	100bp decrease
	\$	\$	\$	\$
At 30 June 2014				
Variable rate instruments	-	-	-	-
At 30 June 2013				
Variable rate instruments	114	(114)	114	(114)

d. Fair values

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

	Carrying amount		Fair value	
	2014	2013	2014	2013
	\$	\$	\$	\$
Financial assets:				
Cash and cash equivalents	8,524	32,122	8,524	32,122
Financial asset	-	5,555	-	5,555
Total financial assets	8,524	37,677	8,524	37,677

BLACK RIDGE MINING NL AND ITS CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 25: FINANCIAL RISK MANAGEMENT (continued)

Financial liabilities:

Payables and borrowings	2,265,454	2,011,242	2,265,454	2,011,242
Total financial liabilities	2,265,454	2,011,242	2,265,454	2,011,242

Capital management

The Group's objective when managing capital is 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 exploration and evaluation activities.

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.

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 2014 and the performance of the consolidated entity 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:



.....
Peter Elliott
Chairman

Perth, 30 September 2014

Independent Auditor's 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, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

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

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

Independence

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

Opinion

In our opinion:

- (a) the financial report of Black Ridge Mining NL is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of matter - Inherent uncertainty regarding continuation as a going concern

Without modifying our opinion, we draw attention to Note 1 (w), which outlines that the ability of the consolidated entity to continue as a going concern is dependent on the consolidated entity securing additional funding through either the issue of further shares or options, or entering into negotiations with third parties regarding the sale and or farm out of assets of the consolidated entity or a combination thereof.

As a result there is material uncertainty related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern, and therefore whether it will realise its asset and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Our opinion is not qualified in respect of this matter.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 11 of the directors' report for the year ended 30 June 2014. The directors of the Black Ridge Mining NL 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 in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Black Ridge Mining NL for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.



Somes Cooke



Nicholas Hollens
30 September 2014
Perth

CORPORATE GOVERNANCE STATEMENT

Introduction

Since the introduction of the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Guidelines" or "the Recommendations"), Black Ridge Mining NL ("Company") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this report. Commensurate with the spirit of the ASX Guidelines, the Company has followed each Recommendation where the Board has considered the Recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Company, the Board, resources available and activities of the Company. Where, after due consideration, the Company's corporate governance practices depart from the Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

The Company has adopted systems of control and accountability as the basis for the administration of corporate governance. The Board of the Company is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

Further information about the Company's corporate governance policies can be found on the Company's website.

Taking into account the size of the Company, the Company endeavours to comply with the Corporate Governance Principles and the corresponding Best Practice Recommendations as published by the ASX Corporate Governance Council ("Corporate Governance Principles and Recommendations") and has adopted the revised Principles and Recommendations. Significant policies and details of any significant deviations from the principles are specified below.

Corporate Governance Council Recommendation 1 ***Lay Solid Foundations for Management and Oversight***

Role of the Board of Directors

The Board has responsibility for protecting the rights and interests of Shareholders and is responsible for the overall direction, monitoring and governance of the Company. Responsibility for managing the business on a day-to-day basis has been delegated to the Managing Director and the management team.

The Board is responsible for the overall corporate governance of the Company and its subsidiaries. Responsibilities and Functions of the Board are set out under the Board Charter and include:

- i. setting the strategic direction of the Company, establishing goals to ensure that these strategic objectives are met and monitoring the performance of management against these goals and objectives;
- ii. ensuring that there are adequate resources available to meet the Company's objectives;
- iii. appointing the Managing Director, evaluating the performance and determining the remuneration of senior executives, and ensuring that appropriate policies and procedures are in place for recruitment, training, remuneration and succession planning;
- iv. evaluating the performance of the Board and its Directors on an annual basis;
- v. determining remuneration levels of Directors;
- vi. approving and monitoring financial reporting and capital management;
- vii. approving and monitoring the progress of business objectives;

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- viii. ensuring that any necessary statutory licences are held and compliance measures are maintained to ensure compliance with the law and licence(s);
- ix. ensuring that adequate risk management procedures exist and are being used;
- x. ensuring that the Company has appropriate corporate governance structures in place, including standards of ethical behaviour and a culture of corporate and social responsibility;
- xi. ensuring that the Board is and remains appropriately skilled to meet the changing needs of the Company;
- xii. ensuring procedures are in place for ensuring the Company's compliance with the law; and financial and audit responsibilities, including the appointment of an external auditor and reviewing the financial statements, accounting policies and management processes.

In complying with Recommendation 1.1 of the Corporate Governance Council, the Company has adopted a Board Charter which clarifies the respective roles of the Board and senior management and assists in decision making processes. A copy of the Board Charter can be found on the Company's website.

Board Processes

An agenda for the meetings has been determined to ensure certain standing information is addressed and other items which are relevant to reporting deadlines and or regular review are scheduled when appropriate. The agenda is regularly reviewed by the Chairman, the Executive Director or Chief Operating Officer and the Company Secretary.

Corporate Governance Council Recommendation 2 **Structure the Board to Add Value**

Board Composition

The relevant provisions in the Constitution and the Corporations Act determine the terms and conditions relating to the appointment and termination of Directors. All Directors, other than the Managing Director, are subject to re-election by rotation every three years.

The Board does not have a separate Nomination Committee comprising of a majority of Independent Directors and as such does not comply with Recommendation 2.4 of the Corporate Governance Council. The Board believes that given the size of the company and the stage of its development a separate nomination committee is not warranted at this time. Any changes to Directorships will, for the foreseeable future, be considered by the full Board subject to any applicable laws. Identification of potential Board candidates includes consideration of the skills, experience, personal attributes and capability to devote the necessary time and commitment to the role.

The Board consists of Non-executive Chairman Mr Peter Elliott, Non-executive Director Mr Ed Gillfillan and Non-executive Director Mr Vladimir Nikolaenko.

The Constitution requires a minimum number of three Directors. The maximum number of Directors is fixed by the Board but may not be more than 9, unless the members of the Company, in general meeting, resolve otherwise. The skills, experience and expertise of all Directors is set out in the Directors' section of the Annual Report.

Although Directors are expected to bring independent views and judgement to the Board's deliberations, it has been determined that the Non-executive Chairman, Mr Peter Elliott, satisfies the

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criteria for independence as outlined in recommendation 2.1 of the ASX Corporate Governance Principles.

The Board considers, however, that given the size and scope of the Company's operations at present, it has the relevant experience in the exploration and mining industry and is appropriately structured to discharge its duties in a manner that is in the best interests of the Company and its Shareholders from both a long-term strategic and operational perspective.

Independent Chairman

The Chairman is considered to be an independent director and as such Recommendation 2.2 of the Corporate Governance Council has been complied with. The Board believes that Mr Winduss is an appropriate person for the position as Chairman because of his experience and proven track record as a public company director.

Roles of Chairman and Managing Director

The roles of Chairman and Managing Director are exercised by different individuals, and as such the Company complies with Recommendation 2.3 of the Corporate Governance Council. In the absence of a Managing Director, the responsibilities assigned to the Managing Director are overseen by the Chief Operating Officer or a nominated Executive Director.

Evaluation of Board Performance

The Company does not have a formal process for the evaluation of the performance of the Board and as such does not comply with Recommendation 2.5 of the Corporate Governance Council. The Board is of the opinion that the competitive environment in which the Company operates will effectively provide a measure of the performance of the Directors, in addition the Chairman assesses the performance of the Board, individual directors and key executives on an informal basis.

Education

All Directors are encouraged to attend professional education courses relevant to their roles.

Independent Professional Advice and Access to Information

Each Director has the right to access all relevant information in respect of the Company and to make appropriate enquiries of senior management. Each Director has the right to seek independent professional advice at the Company's expense, subject to the prior approval of the Chairman, which shall not be unreasonably withheld.

Corporate Governance Council Recommendation 3 ***Promote Ethical and Responsible Decision Making***

The Board actively promotes ethical and responsible decision making.

Code of Conduct

The Board has adopted a Code of Conduct that applies to all employees, executives and Directors of the Company, and as such complies with Recommendation 3.1 of the Corporate Governance Council. This Code addresses expectations for conduct in accordance with legal requirements and agreed ethical standards. A copy of the Code is available on the Company's website.

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Diversity Policy

The Board recognises the benefits of promoting and encouraging diversity within the Company and its Controlled Entities and has adopted a Diversity Policy encompassing these principles.

The Company's policy allows the Board to determine whether measureable objectives should be set based on the size and nature of the Company. The Board believes that the Company will not be able to successfully meet measurable objectives given the Company's current size and nature. Notwithstanding this, the Company strives to provide opportunities for current and prospective employees of all backgrounds in such a manner that best improves shareholder value and which reflects the values, principles and intention of the Company's Diversity Policy.

For the 2012 financial year, the Company had no female employees or any females holding senior executive or board positions. The Company had 1 employed consultant during the year.

Corporate Governance Council Recommendation 4 **Safeguarding Integrity in Financial Reporting**

Audit Committee

The Board does not have a separate Audit Committee with a composition as suggested by Recommendations 4.1, 4.2 and 4.3 of the Corporate Governance Council. The full Board carries out the function of an audit committee. The Board believes that the Company is not of a sufficient size to warrant a separate committee and that the full Board is able to meet objectives of the best practice recommendations and discharge its duties in this area. The relevant experience of Board members is detailed in the Directors' section of the Directors' Report.

Financial Reporting

The Board relies on senior executives to monitor the internal controls within the Company. Financial performance is monitored on a regular basis by the Executive Director who reports to the Board at the scheduled Board meetings.

Corporate Governance Council Recommendation 5 **Make timely and balanced disclosure**

The Board reviews the performance of the external auditors on an annual basis and meets with them during the year to review findings and assist with Board recommendations.

In the absence of a formal audit committee the Directors of the Company are available for correspondence with the auditors of the Company.

Continuous Disclosure

The Board places a high priority on communication with Shareholders and is aware of the obligations it has, under the Corporations Act and ASX Listing Rules, to keep the market fully informed of information which is not generally available and which may have a material effect on the price or value of the Company's securities.

The Company has adopted policies which establish procedures to ensure that Directors and management are aware of and fulfill their obligations in relation to the timely disclosure of material

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price sensitive information. A copy of the Company's Disclosure Policy can be found on the Company's website.

Continuous disclosure is discussed at all regular Board meetings and on an ongoing basis the Board ensures that all activities are reviewed with a view to the necessity for disclosure to security holders.

In accordance with ASX Listing Rules the Company Secretary has been appointed as the Company's disclosure officer.

Corporate Governance Council Recommendation 6 **Respect the Rights of Shareholders**

Communications

The Board fully supports security holder participation at general meetings as well as ensuring that communications with security holders are effective and clear. This has been incorporated into a formal shareholder communication strategy, in accordance with Recommendation 6.1 of the Corporate Governance Council. A copy of the Company's Shareholder Communication Policy is available on the Company's website.

In addition to electronic communication via the ASX web site, the Company publishes all significant announcements together with all quarterly reports. These documents are available in both hardcopy on request and on the Company web site at www.blackridgeminig.com

Shareholders are able to pose questions on the audit process and the financial statements directly to the independent auditor who attends the Company Annual General Meeting for that purpose.

Corporate Governance Council Recommendation 7 **Recognise and manage risk**

Risk Management Policy

The Board has adopted a risk management policy that sets out a framework for a system of risk management and internal compliance and control, whereby the Board delegates day-to-day management of risk to the Managing Director, therefore complying with Recommendation 7.1 of the Corporate Governance Council. The Board is responsible for supervising management's framework of control and accountability systems to enable risk to be assessed and managed. A copy of the Company's Risk Management Policy can be found on the Company's website.

The Company is committed to ensuring that sound environmental management and safety practices are maintained for its exploration activities. A copy of the Company's Environmental Policy is available on the Company's website. A copy of the Company's Occupational Health and Safety Policy is available on the Company's website.

The Company's risk management strategy is evolving and will be an ongoing process and it is recognised that the level and extent of the strategy will develop with the growth and change in the Company's activities.

Risk Reporting

As the Board has responsibility for the monitoring of risk management it has not required a formal report regarding the material risks and whether those risks are managed effectively therefore not

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complying with Recommendation 7.2 of the Corporate Governance Council. The Board believes that the Company is currently effectively communicating its significant and material risks to the Board and its affairs are not of sufficient complexity to justify the implementation of a more formal system for identifying, assessing monitoring and managing risk in the Company.

The Company does not have an internal audit function.

Managing Director and Company Secretary Written Statement

The Board requires that the Executive Director and another relevant Officer or holder of a Key Management position provide a written statement that the financial statements of the Company present a true and fair view, in all material aspects, of the financial position and operational results and have been prepared in accordance with Australian Accounting Standards and the Corporation Act. The Board also requires that the Executive Director and another relevant Officer or holder of a Key Management position provide sufficient assurance that the declaration is founded on a sound system of risk management and internal control, and that the system is working effectively.

The declarations have been received by the Board, in accordance with Recommendation 7.3 of the Corporate Governance Council.

Corporate Governance Council Recommendation 8 **Remunerate Fairly and Responsibly**

Remuneration Committee

The Board has not created a separate Remuneration Committee and as such does not comply with Recommendation 8.1 of the Corporate Governance Council. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify a separate Remuneration Committee.

The executive director and senior executives receive salary packages which may include performance based components designed to reward and motivate. Non executive Directors receive fees agreed on an annual basis by the Board.

The full Board determines all compensation arrangements for Directors. It is also responsible for setting performance criteria, performance monitors, share option schemes, incentive performance schemes, superannuation entitlements, retirement and termination entitlements and professional indemnity and liability insurance cover.

The Board ensures that all matters of remuneration will continue to be in accordance with the Corporations Act requirements.

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

ASX ADDITIONAL INFORMATION

The following additional information is required by the Australian Securities Exchange Limited and was the status on 26 September 2014.

Shareholding

(a) Distribution of ordinary shareholders:

Category (size of Holdings)	Number of Ordinary Shareholders	Number of Shares
1 - 1,000	35	11,460
1,001 - 5,000	125	432,504
5,001 - 10,000	176	1,601,221
10,001 - 100,000	440	22,468,048
100,001 - 9,999,999,999	451	729,959,718
Total	1,227	754,472,951

(b) The number of shareholders holding less than marketable parcels is 848.

(c) 20 largest shareholders at 26 September 2014 - fully paid ordinary share capital.

Rank	Name	Units held at end of period	% of Issued Capital
1	NATWEST SECURITIES LIMITED	77,500,000	9.63%
2	PACRIM MINING LTD	66,373,764	8.25%
3	KALIARA NOMINEES PTY LTD	56,363,099	7.01%
4	MR CHRIS CARR & MRS BETSY CARR	50,000,000	6.21%
5	ALL INVESTMENTS PTY LTD	36,906,462	4.59%
6	ELYSIAN FIELDS INVESTMENTS	33,130,048	4.12%
7	TRAYBURN PTY LTD	25,000,000	3.11%
8	KALIARA NOMINEES PTY LTD	20,067,011	2.49%
9	ADMARK INVESTMENTS PTY LTD	14,000,000	1.74%
10	MR PHENG HONG CHUA	13,007,400	1.62%
11	MRS FOOK LIN CHAN	10,000,000	1.24%
12	ADMARK INVESTMENTS PTY LTD	10,000,000	1.24%
13	MISS MARY HARDING	6,041,830	0.75%
14	TEKWISE PTY LTD	5,425,000	0.67%
15	MRS MARGARET LAWRIE	5,111,000	0.64%
16	MR GORDON SINCLAIR HATCH & MRS REBEKAH JANE WILSON & MR BRUCE WILSON	5,000,000	0.62%
17	MR STOJAN STOJANOSKI & MRS VASILKA STOJANOSKI	5,000,000	0.62%
18	ROD PEARCE <THE ROD PEARCE FAMILY FUND>	5,000,000	0.62%
19	MR BENJAMIN LUKE THOMAS MIELS	5,000,000	0.62%
20	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,591,540	0.57%
Top 20 holders of ORDINARY FULLY PAID SHARES as at 26 September 2014		435,717,154	56.37%

ASX ADDITIONAL INFORMATION

- (d) As at 25 September 2014 the Company has the following Substantial Shareholder:

Shareholder	Ordinary shares	% Held
NATWEST SECURITIES LIMITED	77,500,000	9.63%
PACRIM MINING LTD	66,373,764	8.25%
KALIARA NOMINEES PTY LTD	56,363,099	7.01%
MR CHRIS CARR & MRS BETSY CARR	50,000,000	6.21%

- (e) **Restricted securities**

There are no restricted securities on issue by the company.

- (f) **Voting rights**

No restrictions. On a show of hands every member or proxy present shall be entitled to one vote unless a poll is called in which case every share shall have one vote.

- (g) **On market buy back**

There has been no on market-buy back of the Company's shares during the financial year.

- (h) **Securities Exchange Listing**

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited.

- (i) **Schedule of tenements:**

Project	Tenement details	Interest %
Western Australia		
Unaly Hill	E57/420	100%