Australian Mines Limited
ABN 68 073 914 191

# AUSTRALIAN MINES LIMITED
# ABN 68 073 914 191

## CONSOLIDATED INTERIM FINANCIAL REPORT
## HALF YEAR ENDED 31 DECEMBER 2013

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## AUSTRALIAN MINES LIMITED

## DIRECTORS' REPORT

The Directors present their report together with the Consolidated Interim Financial Report of Australian Mines Limited ("the Company" or "Australian Mines") and its controlled entities ("the Group" or "AUZ") for the six months ended 31 December 2013.

### DIRECTORS

The Directors of the Company at any time during or since the end of the interim period are:

Michael Ramsden – Chairman and Non-Executive Director, appointed 9 March 2011

Benjamin Bell – Managing Director, appointed 23 January 2012

Mick Elias – Non-Executive Director, appointed 1 July 2005

Dominic Marinelli – Non-Executive Director, appointed 9 March 2011

Neil Warburton – Non-Executive Director, appointed 22 April 2003

### REVIEW OF OPERATIONS

**Summary**

- Executed a farm-in with Mount Magnet South (ASX: MUM) over the Jumbulyer gold and copper project, which contains the exciting Foothills Prospect.
- Completed a strategic review of numerous projects with the view of acquiring advanced-stage assets outside of Nigeria.
- Winding down of Nigerian exploration activities to conserve strong cash position.
- Australian Mines received the final payment of $2.75 million from Alacer Corporation for the sale of Mt Martin gold assets.
- Implemented a strategy to reduce administration costs including cuts to salaries and directors' fees.
- As at 31 December 2013, AUZ had $2.1 million in the bank and no debt.

**Mount Magnet South Farm-in Agreement**

Post-period end, Australian Mines announced it had executed a farm-in agreement with Mount Magnet South NL (ASX: MUM) over the Jumbulyer gold and copper project located 15 kilometres southwest of the town of Mount Magnet in Western Australia. The project consists of 31 current and pending tenements covering 129 square kilometres in one of Australia's most prolific gold producing regions.

**Terms of the farm-in agreement:**

- Australian Mines may acquire a 60% interest in the Jumbulyer project by spending $1 million on exploration within an initial two year period. Australian Mines has the right to withdraw subject to spending a minimum of $200,000 in exploration on the project.
- On expending $1 million, Australian Mines may acquire an additional 20% interest in the project by spending a further $2 million on exploration within 48 months of the completion of the initial 60% acquisition.

- Australian Mines will free carry Mount Magnet South's residual 20% interest in the project to completion of a Pre-Feasibility Study, at which point Mount Magnet South may elect to contribute on a pro-rata basis or dilute their interest according to the standard industry formula.
- Australian Mines will be the operator and manager of the Project.

Previous exploration programs carried out by Mount Magnet South identified two mineralised structures demonstrating the potential to host high-grade gold mineralisation. Of most note to Australian Mines is the exciting Foothills prospect where a high-grade, steeply-plunging structure has been defined to extend over 100 metres down plunge and remains open at depth and along strike.

In addition to the gold targets, a recent mapping program carried out by Mount Magnet South identified a surface copper anomaly of 650 metres by 500 metres, which returned grades of up to 18% copper.

It is Australian Mines' intention to review the historic data over the project to best define a forward exploration program to further test the historic gold and copper results.

**Nigerian Assets**

During the six-month period outlined in this report, Australian Mines completed a strategic review of its Nigerian project portfolio in order to better utilise company resources and funds in testing market conditions.

The decline in market sentiment for grass roots gold exploration, in conjunction with increased scope for junior companies to acquire relatively advanced-stage projects resulted in Australian Mines suspending its West African exploration activities (see ASX release 1 August 2013). The decision to cease exploration activities in Nigeria resulted in the Company actively seeking to acquire an advanced asset with the potential to develop into a profitable mining operation in the medium-term.

Furthermore, the winding down of activities in Nigeria has significantly decreased Australian Mines' administration costs and overheads, in line with broader cost reduction strategies implemented by the Company. Australian Mines intends to only retain the key exploration licences of Yargarma, Kasele, Tsauni and Kwali, which the Company will continue to maintain in good standing in anticipation of a positive turnaround in market sentiment.

**CORPORATE OVERVIEW**

Australian Mines remains in a strong financial position with approximately $2.1 million cash in the bank and no debt as at 31 December 2013.

During the six-month period to 31 December, the Company also received the final payment of $2.75 million (GST inclusive) from HBJ Minerals Pty Ltd, a subsidiary of Alacer Corporation, pertaining to the sale of the Mt Martin gold assets and surrounding tenements.

**AUSTRALIAN MINES LIMITED**

**DIRECTORS' REPORT**

## REVIEW OF OPERATIONS

The Group made a loss for the six months ended 31 December 2013 of $614,920. This compares with a loss of $470,129 for the six months ended 31 December 2012.

A comparison of the consolidated financial performance is included in the table below.

| **Financials** | Six months ended 31 December 2013 | Six months ended 31 December 2012 |
|---|---|---|
| | **$** | **$** |
| Revenue from operating activities | - | - |
| Net loss | (614,920) | (470,129) |
| Cash and cash equivalents | 2,185,942 | 1,302,638 |

## LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration required under Section 307C of the Corporation's Act 2001 is set out on page 5 and forms part of the director's report for the six months ended 31 December 2013.

Signed in accordance with a resolution of Directors

.....
Benjamin Bell
Managing Director
Perth
Dated: 12 March, 2014

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DECLARATION OF INDEPENDENCE BY PETER TOLL TO THE DIRECTORS OF AUSTRALIAN MINES LIMITED

As lead auditor for the review of Australian Mines Limited for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Australian Mines Limited and the entities it controlled during the period.

Peter Toll

Director

BDO Audit (WA) Pty Ltd

Perth, 12 March 2014

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**AUSTRALIAN MINES LIMITED**
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**
**AND OTHER COMPREHENSIVE INCOME**
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2013**

| | Note | 31 December 2013 $ | 31 December 2012 $ |
|---|---|---|---|
| Other income | | 1,334 | 1,480 |
| Corporate overheads and indirect expenses | | (619,543) | (594,218) |
| Exploration expenditure impairment | 8 | - | (3,660) |
| Depreciation | | (44,748) | (36,692) |
| Results from operating activities | | (662,957) | (633,090) |
| Finance income | 7 | 48,037 | 162,961 |
| Net finance income | | 48,037 | 162,961 |
| **Loss before income tax** | | **(614,920)** | **(470,129)** |
| Income tax benefit | | - | - |
| **Loss after income tax from continuing operations** | | **(614,920)** | **(470,129)** |
| **Other comprehensive income** | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Foreign currency translation differences – foreign operations | | 129,337 | 10,044 |
| **Total comprehensive loss for the period** | | **(485,583)** | **(460,085)** |
| **Loss per share for the period attributable to the members of Australian Mines Ltd** | | | |
| Basic loss per share (cents) | | (0.0922) | (0.0705) |
| Diluted loss per share (cents) | | (0.0922) | (0.0705) |

The notes on pages 10 to 17 are an integral part of the consolidated interim financial statements.

## AUSTRALIAN MINES LIMITED
## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

| $ | Issued capital | Accumulated losses | Share capital reserve | Share option reserve | Share based payment reserve | Foreign exchange reserve | Total equity |
|---|---|---|---|---|---|---|---|
| **Opening balance at 1 July 2013** | 33,122,066 | (30,261,158) | 29,912 | 168,424 | 1,206,279 | 411,888 | 4,677,411 |
| Total comprehensive loss | - | (614,920) | - | - | - | 129,337 | (485,583) |
| **Transactions with owners, in their capacity as owners** | | | | | | | |
| Employee option expense | - | - | - | - | 13,900 | - | 13,900 |
| **Closing balance at 31 Dec 2013** | 33,122,066 | (30,876,078) | 29,912 | 168,424 | 1,220,179 | 541,225 | 4,205,728 |

| $ | Issued capital | Accumulated losses | Share capital reserve | Share option reserve | Share based payment reserve | Foreign exchange reserve | Total equity |
|---|---|---|---|---|---|---|---|
| **Opening balance at 1 July 2012** | 33,123,544 | (22,031,514) | 29,912 | 168,424 | 1,147,628 | 32,954 | 12,470,948 |
| Total comprehensive loss | - | (470,129) | - | - | - | 10,044 | (460,085) |
| **Transactions with owners, in their capacity as owners** | | | | | | | |
| Employee option expense | - | - | - | - | 44,750 | - | 44,750 |
| Transaction costs from issue of shares | (1,500) | - | - | - | - | - | (1,500) |
| **Closing balance at 31 Dec 2012** | 33,122,044 | (22,501,643) | 29,912 | 168,424 | 1,192,378 | 42,998 | 12,054,113 |

The notes on pages 10 to 17 are an integral part of the consolidated interim financial statements.

**AUSTRALIAN MINES LIMITED**
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**AS AT 31 DECEMBER 2013**

| | Note | 31 December 2013 $ | 30 June 2013 $ |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 11 | 2,185,942 | 487,510 |
| Trade and other receivables | 11 | 44,049 | 2,784,642 |
| **Total Current Assets** | | **2,229,991** | **3,272,152** |
| **NON CURRENT ASSETS** | | | |
| Exploration and evaluation expenditure | 8 | 1,980,305 | 1,786,296 |
| Property, plant and equipment | 9 | 106,764 | 154,771 |
| **Total Non Current Assets** | | **2,087,069** | **1,941,067** |
| **Total Assets** | | **4,317,060** | **5,213,219** |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 11 | 77,660 | 498,906 |
| Employee benefits | | 33,671 | 36,902 |
| **Total Current Liabilities** | | **111,331** | **535,808** |
| **Total Liabilities** | | **111,331** | **535,808** |
| **NET ASSETS** | | **4,205,729** | **4,677,411** |
| **EQUITY** | | | |
| Issued capital | 13 | 33,122,066 | 33,122,066 |
| Reserves | | 1,959,741 | 1,816,503 |
| Accumulated losses | | (30,876,078) | (30,261,158) |
| **TOTAL EQUITY** | | **4,205,729** | **4,677,411** |

The notes on pages 10 to 17 are an integral part of the consolidated interim financial statements.

**AUSTRALIAN MINES LIMITED**
**CONSOLIDATED STATEMENT OF CASH FLOWS**
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2013**

| | Note | 31 December 2013 $ | 31 December 2012 $ |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Cash payments in course of operations | | (698,965) | (410,743) |
| Interest received | | 48,037 | 52,049 |
| **Net cash (used in) operating activities** | | **(650,928)** | **(358,694)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Payments for exploration and evaluation | | (151,563) | (1,190,424) |
| Payments for property, plant and equipment | | - | (94,037) |
| Payment of GST on proceeds from sale | | - | (250,000) |
| Proceeds from sale of assets held for sale | 10 | 2,500,000 | - |
| Proceeds from sale of property, plant and equipment | | 7,461 | - |
| **Net cash (used in)/provided by investing activities** | | **2,355,898** | **(1,534,461)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Cost of issue of shares | | - | (1,500) |
| **Net cash used in financing activities** | | **-** | **(1,500)** |
| **Net (decrease)/increase in cash held** | | 1,704,970 | (1,894,655) |
| **Cash at the beginning of the financial period** | | 487,510 | 3,197,294 |
| **Effect of exchange rate fluctuations on cash** | | (6,538) | - |
| **Cash at the end of the financial period** | | **2,185,942** | **1,302,639** |

The notes on pages 10 to 17 are an integral part of the consolidated interim financial statements.

## 1. Reporting entity

Australian Mines Limited (the "Company", "AUZ") is a for profit company domiciled in Australia. The address of the Company's registered office is 83 Havelock Street West Perth WA 6005 Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2013 comprises the Company and its subsidiaries (together referred to as the "Group").

The Group is primarily involved in the exploration for gold in Nigeria.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2013 is available upon request from the Company's registered office or at www.australianmines.com.au

## 2. Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 30 June 2013. The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2013.

This consolidated interim financial report was approved by the Board of Directors on 12 March 2014.

## 3. Going concern

The financial report has been prepared on a going concern basis, which contemplated the ability of the Group to pay its debts and obligations as they fall due.

The Group generated a net loss of $614,920 for the six months ended 31 December 2013 with a net surplus of current assets over current liabilities of $2,118,660 of which $2,185,941 is cash.

During the period, the final proceeds from the sale of the Mt Martin gold project were received and this has provided cash to acquire further projects and continue to maintain the existing exploration licences.

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

## 4. Significant accounting policies

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2013, except for those discussed in Note 5 below.

## 5. Changes in accounting policy

The Group has adopted the following new and revised Australian Accounting Standards from 1 January 2013 together with consequential amendments to other Standards. These Standards are mandatorily applicable from 1 January 2013 and thus became applicable to the Group for the first time in the current half-year reporting period. The effects of initial application of these Standards in the current half-year reporting period are as follows:

*AASB 10 Consolidated financial statements:*

This standard is applicable to annual reporting periods beginning on or after 1 January 2013 and thus, became applicable to the Group for the first time in the current half-year reporting period. The standard has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity will not only have to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes. The adoption of this standard may have an impact where the consolidated entity has a holding of less than 50% in an entity, has de facto control, and is not currently consolidating that entity. The adoption of AASB 10 had no effect on the financial position or performance of the Group.

*AASB 11 Joint Arrangements*

This standard is applicable to annual reporting periods beginning on or after 1 January 2013 and thus, became applicable to the Group for the first time in the current half-year reporting period. The standard defines which entities qualify as joint ventures and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets will use equity accounting. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities will account for the assets, liabilities, revenues and expenses separately, using proportionate consolidation. The adoption of AASB 11 had no effect on the financial position or performance of the Group.

*AASB 13 Fair Value Measurement*

The Group has adopted AASB 13: *Fair Value Measurement* and AASB 2011–8: *Amendments to Australian Accounting Standards arising from AASB 13* from 1 January 2013 together with consequential amendments to other Standards. These Standards are mandatorily applicable from 1 January 2013 and thus, became applicable to the Group for the first time in the current half-year reporting period. AASB 13 sets out a comprehensive framework for measuring the fair value of assets and liabilities and prescribes enhanced disclosures regarding all assets and liabilities measured at fair value. The adoption of AASB 13 had no effect on the financial position or performance of the Group.

*AASB 119 Employee Benefits (Revised 2011)*

This revised standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013 and thus, became applicable to the Group for the first time in the current half-year reporting period. The amendments make changes to the accounting for defined benefit plans and the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. The later will require annual leave that is not expected to be wholly settled within 12 months to be discounted allowing for expected salary levels in the future period when the leave is expected to be taken. The adoption of AASB 119 had no effect on the financial position or performance of the Group.

## 6. Estimates

The preparation of the consolidated interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2013.

## 7. Finance income and finance expenses

| | 31 Dec 2013 $ | 31 Dec 2012 $ |
|---|---|---|
| **Finance income** | | |
| Interest income | 48,037 | 51,961 |
| Effective interest rate adjustment to receivables[1] | - | 111,000 |
| | 48,037 | 162,961 |

[1] Consideration receivable from the disposal of mining assets in the previous year of $2.5 million was initially recorded at fair value. The carrying amount of $2,389,000 at 31 December 2012 has been recorded at amortised cost in accordance with AASB139 *Financial Instruments: Recognition and Measurement*.

In the six months ended 31 December 2012, the value of this receivable was increased using the effective interest method by $111,000. This increase was recognised as interest income.

## 8. Exploration and evaluation assets

Reconciliations of the carrying amounts for each class of exploration and evaluation expenditure are set out below:

| | 31 Dec 2013 $ | 30 June 2013 $ |
|---|---|---|
| **Exploration and evaluation** | | |
| Opening balance July | 1,786,296 | 6,550,725 |
| Expenditure incurred | 194,009 | 2,564,467 |
| Exploration expenditure impairment | - | (7,328,896) |
| **Exploration costs carried forward** | 1,980,305 | 1,786,296 |

The ultimate recoupment of costs carried forward for mineral properties in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

## 9. Property, plant and equipment

| Plant and equipment | 31 Dec 2013 $ | 30 Jun 2013 $ |
|---|---|---|
| At cost | 316,061 | 339,693 |
| Accumulated depreciation | (209,297) | (184,922) |
| Total property, plant and equipment | 106,764 | 154,771 |

| Reconciliation | 31 Dec 2013 $ | 30 Jun 2013 $ |
|---|---|---|
| **Plant and equipment** | | |
| Carrying amount at beginning of year | 154,771 | 120,899 |
| Additions | - | 102,815 |
| Disposals | (6,223) | (5,488) |
| Depreciation | (44,748) | (79,805) |
| Foreign currency differences | 2,964 | 16,350 |
| Carrying amount at the end of the year | 106,764 | 154,771 |

## 10. Assets classified as held for sale

The Australian mining tenements held by the Group were reclassified as a disposal group of assets held for sale in a prior year. On 29 July 2011, the Company signed an agreement to sell the Mt Martin goldmine and surrounding tenements for $7,500,000 cash. The total $7,500,000 has been received with the final instalment of $2,500,000 received on 2 July 2013.

This resulted in a profit on sale of tenements of $1,702,648 after adjusting for the fair value of the consideration received.

The Group has decided not to sell the Marriott's tenement and it has been reclassified as an exploration asset at 30 June 2012.

On 10 July 2012, the Company signed a binding Sale and Purchase Agreement for the sale of the remaining Australian tenements – the Group's Blair Nickel Mine and Golden Ridge Project – to Pioneer Resources Limited for cash consideration of $700,000, which was received during the year ended 30 June 2013.

## 10. Assets classified as held for sale (cont.)

| | 31 Dec 2013 $ | 30 Jun 2013 $ |
|---|---|---|
| **Assets classified as held for sale -** | | |
| **Exploration and development expenditure** | | |
| Opening balance | - | 975,000 |
| Assets sold | - | (975,000) |
| Assets at end of the period | - | - |
| **Liabilities classified as held for sale -** | | |
| **Provision for mine rehabilitation** | | |
| Opening Balance | - | 275,000 |
| Asset Sold | - | (275,000) |
| Liabilities at end of the period | - | - |

## 11. Financial instruments

The fair values of the financial assets and financial liabilities, together with the carrying amounts in the consolidated statement of financial position are as follows:

| | Carrying amount $ | Fair value $ |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | 2,185,942 | 2,185,942 |
| Trade and other receivables | 44,049 | 44,049 |
| | 2,229,991 | 2,229,991 |
| **Financial liabilities** | | |
| Trade and other payables | 77,660 | 77,660 |

*Recurring fair value measurements*

The Company does not have any financial instruments that are subject to recurring or non-recurring fair value measurements.

*Fair values of financial instruments not measured at fair value*

Due to their short term nature, the carrying amount of current receivables, current trade and other payables and current interest-bearing liabilities is assumed to approximate their fair value.

## 12. Segment reporting

The Group operates predominantly in two reportable geographical segments being mining and exploration activities in Australia and Nigeria.

It has expanded its geographical operations from Western Australia into Nigeria during the previous year. Chief operating decision-maker assessments are based upon mineral results from exploration activities by region. Internal reporting to key decision makers shows exploration activities in Western Australia separately from those in Nigeria.

| | Australian Exploration | Nigerian Exploration | Total |
|---|---|---|---|
| **For the Six Months Ended 31 December 2013** | | | |
| External Revenue | - | 1,334 | 1,334 |
| Segment Profit/(Loss) | (479) | 1,334 | 855 |
| Reconciliation of reportable segments: | | | |
| - Corporate Income | | | 48,037 |
| - Corporate charges | | | (605,164) |
| - Depreciation | | | (44,748) |
| - Share-based payment expenses | | | (13,900) |
| Loss before Income Tax | | | (614,920) |
| | **Australian Exploration** | **Nigerian Exploration** | **Total** |
| **As at 31 December 2013** | | | |
| Segment assets | 1,855 | 1,978,450 | 1,980,305 |
| Unallocated assets: | | | |
| - Cash | | | 2,185,942 |
| - Trade and other receivables | | | 44,049 |
| - Plant and equipment | | | 106,764 |
| Total Assets | | | 4,317,060 |
| Segment asset increases for the period: | | | |
| - Tenement expenditure | - | 194,009 | 194,009 |
| Segment liabilities | - | - | - |
| Unallocated liabilities | | | |
| - Trade and other payables | | | 77,660 |
| - Employee Benefits | | | 33,671 |
| Total Liabilities | | | 111,331 |

**12. Segment reporting (cont.)**

| | Australian Exploration | Nigerian Exploration | Total |
|---|---|---|---|
| **For the Six Months Ended 31 December 2012** | | | |
| External Revenue | 1,480 | - | 1,480 |
| Segment Loss | (2,180) | - | (2,180) |
| Reconciliation of reportable segments: | | | |
| - Corporate Income | | | 162,961 |
| - Corporate charges | | | (549,468) |
| - Depreciation | | | (36,692) |
| - Share-based payment expenses | | | (44,750) |
| Loss before Income Tax | | | (470,129) |

| | Australian Exploration | Nigerian Exploration | Total |
|---|---|---|---|
| **As at 30 June 2013** | | | |
| Segment assets | 2,751,854 | 1,784,442 | 4,536,296 |
| Reconciliation of reportable segments: | | | |
| Unallocated assets: | | | |
| - Cash | | | 487,510 |
| - Trade and other receivables | | | 34,642 |
| - Plant and equipment | | | 154,771 |
| Total Assets | | | 5,213,219 |
| Segment asset increases for the period: | | | |
| - Tenement expenditure | - | 2,564,467 | 2,564,467 |
| Segment liabilities | - | - | - |
| Reconciliation of reportable segments: | | | |
| Unallocated liabilities | | | |
| - Trade and other payables | | | 498,906 |
| - Employee Benefits | | | 36,902 |
| Total Liabilities | | | 535,808 |

## 13. Share capital

| Reconciliation of issued capital | 31 Dec 2013 No. | 31 Dec 2013 $ | 30 June 2013 No. | 30 June 2013 $ |
|---|---|---|---|---|
| Balance at 1 July | 666,911,575 | 33,122,066 | 666,911,015 | 33,123,544 |
| Costs of capital raising | - | - | - | (1,500) |
| Options | - | - | 560 | 22 |
| Balance at end of period | 66,911,575 | 33,122,066 | 666,911,575 | 33,122,066 |

| | 31 Dec 2013 No. | 30 June 2013 No. |
|---|---|---|
| **Unlisted Options** | | |
| Granted 29 Nov 2011, expiring 30 Nov 2014 | 13,600,000 | 13,600,000 |
| Granted 29 Nov 2011, expiring 30 Nov 2014 | 27,200,000 | 27,200,000 |
| Granted 14 Dec 2011, expiring 30 Nov 2014 | 6,800,000 | 6,800,000 |
| **Total Options** | 47,600,000 | 47,600,000 |

The unlisted options are for various exercise prices, and have been issued to the Directors and Executives of the Company.

During the half year, no options were issued, exercised, relinquished or expired.

## 14. Events occurring after the reporting period

Subsequent to the end of the period, on 7 March 2014, the Company announced it had entered into a Farm-in and Joint Venture with Mount Magnet South NL covering the Jumbulyer gold and copper project located within the Murchison Goldfields of Western Australia. The project consists of 31 granted and pending tenements covering 129 square kilometres in one of Australia's most prolific gold producing regions. For further details, please refer to the Directors Report.

## 15. Contingent liabilities

The Group's mining tenements are subject to native title applications. At this stage it is not possible to quantify the impact (if any) that native title may have on the operations of the Group. There have been no other changes to contingencies in the six months ended 31 December 2013.

## 16. Commitments

Under the terms of the Farm-in and Joint Venture agreement with Mount Magnet South NL, the Group is required to spend $1 million on exploration within an initial two-year period. The Group has the right to withdraw subject to spending a minimum of $200,000 on the project.

## 17. Related parties

Key management personnel receive compensation in the form of short term employee benefits, post employment benefits and share based payments awards. Key management personnel received a total compensation of $317,956 for the six months ended 31 December 2013. (Prior period six months ended 31 December 2012 $366,287).

## AUSTRALIAN MINES LIMITED

## DIRECTORS' DECLARATION

In the opinion of the Directors of Australian Mines Limited ("the Company"):

(a) the financial statements and notes disclosed on pages 6 to 17 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance, for the six months ended on that date; and

(ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors

On behalf of the Directors

.....
Benjamin Bell
Managing Director

Perth
Dated: 12 March, 2014

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Subiaco, WA 6008
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Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Australian Mines Limited

## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Australian Mines Limited, which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Australian Mines Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

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

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Australian Mines Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001.*

BDO Audit (WA) Pty Ltd

Peter Toll

Director

Perth, 12 March 2014