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MINING GROUP
LIMITED

ABN 73 189 230 811

ANNUAL REPORT 2013

Contents

Table of Contents

Corporate Directory	1
Chairman's Letter	2
Directors' Report	3
Auditor's Independence Declaration	24
Corporate Governance Statement	25
Statement of Consolidated Comprehensive Income	31
Statement of Consolidated Financial Position	32
Statement of Consolidated Cash Flows	33
Statement of Consolidated Changes in Equity	34
Notes to Financial Statements	35
Directors' Declaration	69
Independent Auditor's Report	70
Shareholder Information	72
Tenement Schedule	79

Corporate Directory

DIRECTORS

Mr Winton Willesee - Non-Executive Chairman
Mr Zeffron Reeves - Managing Director
Mr Robert Butchart - Non-Executive Director
Mr Colin Johnstone - Non-Executive Director

COMPANY SECRETARY

Ms Shannon Coates

PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

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West Perth WA 6005

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SOLICITORS TO THE COMPANY

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Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace
PERTH WA 6000
Phone: +61 (8) 9323 2000
Fax: +61 (8) 9323 2033

AUDITORS

Stantons International
Level 2, 1 Walker Street
WEST PERTH WA 6005

SECURITIES EXCHANGE

Australian Securities Exchange
Exchange Plaza
2 The Esplanade
PERTH WA 6000

(ASX: MNE, MNEO, MNEOB)

Chairman's Letter

Dear Shareholder

On behalf of my fellow directors, it is with pleasure I present to you Mining Group Limited's 2013 Annual Report.

Mining Group Limited was listed on the Australian Securities Exchange and commenced trading on 1 July 2011 after successfully completing its Initial Public Offer.

Following the successful listing, in January 2012, the Company acquired interests in the highly prospective Comval Project located in the Philippines. Since that time and during the recent financial year the Company has made significant successful progress with its exploration programs at Comval establishing a maiden resource at the project and identifying new targets for further exploration.

More recently the Company announced the option to acquire interests in the El Roble Project in Chile. The El Roble Project is an exciting project prospective for high grade copper, gold and other associated minerals. The Company has commenced its exploration activities at the project and we are looking forward to a successful 2013/4 exploration program at El Roble.

The success of Mining Group Limited has been and continues to be a team effort and I take this opportunity to thank my fellow directors, our technical and administrative teams and our corporate advisors for their efforts and contribution to Mining Group Limited. I also take this opportunity to thank our shareholders and investors for their support of the Company.

As Chairman, I am committed to building our shareholder wealth in the Company through the diligent focus on our objectives within a culture of strong corporate governance, integrity and the protection of the interests of our shareholders.

I look forward with enthusiasm to the year ahead and the development of the Company as we build on our successes of 2013.



WINTON WILLESEE
Non-Executive Chairman

Directors' Report

The Directors of Mining Group Limited ("Mining Group" or "the Company") submit herewith the financial report of the Company and its subsidiaries (the "Group") for the financial year ended 30 June 2013. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

The names of the Directors in office at any time during or since the end of the year are:

Mr Winton Willesee - Non-Executive Chairman

Mr Zeffron Reeves - Managing Director *(Appointed 17 July 2012)*

Mr Andrew Maurice - Managing Director *(Resigned 17 July 2012)*

Mr Robert Butchart - Non-Executive Director

Mr Colin Johnstone - Non-Executive Director

Unless otherwise stated the Directors have been in office since the beginning of the financial year to the date of this report.

COMPANY SECRETARY

Ms Shannon Coates

PRINCIPAL ACTIVITIES

Mining Group Limited is an ASX listed company, incorporated in Australia. The principal activities of the Company and its subsidiaries are the acquisition, exploration and development of commercially significant resource projects in Australia and overseas. The Company currently holds interests in the Comval Project in the Philippines which is prospective for copper and gold ("Comval Project") and the West Australian based Boorara and Teutonic Projects, which are prospective for gold and base metals.

During the year, the Group has conducted mineral exploration and evaluation activities on its West Australian and Philippine based projects and has post year-end entered into an option agreement to acquire the El Roble Project in Chile, which is prospective for copper and gold ("El Roble Project").

OPERATING RESULTS

The loss of the Group after providing for income tax amounted to \$11,311,130 (2012: \$1,755,410).

DIVIDENDS PAID OR RECOMMENDED

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

REVIEW OF OPERATIONS

The net loss for the year ended 30 June 2013 attributable to members of Mining Group Limited was \$11,376,877.

In what has been a challenging year for junior resource companies, Mining Group was fortunate to have been able to commit to and execute its exploration strategy and significantly advance its key project, the Comval Project in the Philippines, having completed a maiden JORC compliant resource and further discovery success across the project area.

Directors' Report

During the year, at the Comval Project, the Company had exploration success with the discovery of the Tagpura North and Kapangawan skarns and the Tandawan gold target. Outside of the existing resource areas, the Company has now discovered three skarn style deposits, potentially capable of containing the additional tonnages to complement the existing resource to justify the capital commitment that would be required to build a processing plant and commence mining. However, given the challenging economic conditions and the exploration budget required to delineate the additional tonnages, during the year the Company took the view that it was in the best interests of shareholders to realign its strategic plan for exploring, developing and mining mineral deposits and seek projects with the potential for high grade resources, low capital expenditure and a short time frame to initial cash flows to complement its Comval Project.

A number of alternative project opportunities were assessed during the year and post year end. On 12 August 2013, the Company committed to an option to acquire the El Roble Project in Chile. This Project meets the key criteria the Board had set to renew the Company's strategy and create value for our shareholders. We believe the El Roble Project is an exciting opportunity for Mining Group and the coming year is set to be an exciting growth period.

Comval Project (80%)

The Comval Project consists of two exploration permits, EP-00001-XI ("EP1") and EP-00002-09-XI ("EP2"), covering an area of 4310 hectares, which are prospective for copper and gold. The permits are held by the Company's Filipino subsidiary Agusan Metals Corporation, of which Mining Group owns 80% and the 20% balance is held by Cadan Resources Corporation ("Cadan") (TSXV), the joint venture partner for the Comval Project.

The Comval Project is located in the established copper and gold producing region of the Compostela Valley, on the island of Mindanao in the Philippines. A number of major copper and gold deposits occur within the same geological belt and the project has potential for large scale copper gold porphyry mineralisation. It is located within the East Mindanao Ridge, which is a world class copper/gold province and which hosts major deposits such as Kingking (St Augustine) (5 billion lb Cu, 10.3 million oz. Au), Dilwalwal (Philippines Mining Development Corp) (10 million oz. Au) and CoO (Medusa) (2.5 million oz. Au).

Copper and gold mineralisation was first discovered at the Comval Project during the 1960's and the area has been subject to historical mining activity during the 1980's by Sabena Mining Corporation at the historical Tagpura open pit mine.

Numerous identified bodies of copper and gold mineralisation occur along the margins of intrusive quartz diorites and associated porphyries in the project area.

Since acquiring the Comval Project, Mining Group has executed an aggressive exploration program and has made five new discoveries within the project area; skarn style deposits at Bayag Bayag, Tagpura North and Kapanawan and epithermal style gold deposits at Taub/Ugpo and Tandawan.

Other work completed during the year included detailed ground magnetics over the Tagpura North, Kapanawan and Taub/Ugpo prospects, drilling of 2,103.10 metres of diamond drilling across numerous targets and calculation of a maiden JORC compliant resource for Tagpura East, Tagpura West, Maangob and Kalamatan (Table 1).

Directors' Report

Tagpura, Maangob and Kalamatan Inferred Mineral Resource Estimate > 0.3% Copper

Inferred Prospect	Oxidation	Tonnes	Cu (%)	Au (ppm)	Cu (t)	Au (oz)
Maangob	oxide	500	0.32	0.06	1	1
	transitional	265,500	0.37	0.04	1,000	300
	fresh	4,756,000	0.41	0.06	19,500	9,200
Sub Total		5,022,000	0.41	0.06	20,500	9,500
Kalamatan	oxide	-	-	-	-	-
	transitional	1,811,000	0.38	0.22	6,800	12,600
	fresh	4,836,000	0.36	0.23	17,200	35,300
Sub Total		6,647,000	0.36	0.22	24,000	47,900
Tagpura West	oxide	251,000	0.39	0.06	1,000	500
	transitional	2,225,500	0.36	0.06	8,000	4,300
	fresh	13,232,500	0.34	0.08	45,000	34,000
Sub Total		15,709,000	0.34	0.08	54,000	38,800
Tagpura East	oxide	219,000	0.57	0.18	1,200	1,250
	transitional	2,009,000	0.74	0.26	14,900	16,800
	fresh	3,069,000	0.70	0.25	21,500	24,650
Sub Total		5,297,000	0.71	0.25	37,600	42,700
Grand Total		32,675,000	0.42	0.13	136,100	138,900

Tagpura, Maangob and Kalamatan Inferred Mineral Resource Estimate > 0.4% Copper

Inferred Prospect	Oxidation	Tonnes	Cu (%)	Au (ppm)	Cu (t)	Au (oz)
Maangob	oxide	-	-	-	-	-
	transitional	55,000	0.46	0.06	200	100
	fresh	1,917,000	0.52	0.08	10,000	4,900
Sub Total		1,972,000	0.52	0.08	10,200	5,000
Kalamatan	oxide	-	-	-	-	-
	transitional	560,000	0.44	0.22	2,500	3,900
	fresh	613,000	0.43	0.24	2,600	4,700
Sub Total		1,173,000	0.43	0.23	5,100	8,600
Tagpura West	oxide	100,000	0.47	0.06	500	200
	transitional	466,000	0.44	0.07	2,000	1,100
	fresh	1,322,000	0.44	0.09	5,800	3,800
Sub Total		1,888,000	0.44	0.08	8,300	5,100
Tagpura East	oxide	169,000	0.64	0.20	1,100	1,100
	transitional	1,395,000	0.92	0.33	12,800	14,800
	fresh	2,390,000	0.81	0.29	19,400	22,300
Sub Total		3,954,000	0.84	0.30	33,300	38,200
Grand Total		8,987,000	0.63	0.2	56,900	56,900

Table 1- Comval Project resource table

Directors' Report

The maiden resource statement was calculated predominantly from drilling data inherited from Cadan Resources and was independently calculated by Cube Consulting Pty Ltd. The main resource area the Company has focussed on is the Tagpura East magnetite skarn and the newly discovered areas at Bayag Bayag, Tagpura North and Kapanawan, all of which are a similar style and tenor of mineralisation as Tagpura East. It has been the Company's strategy to find additional resources similar to Tagpura East to fully define the project. All three newly discovered areas require further work in order to delineate additional resources.

At Taub/Ugpo, in the northern part of the project area, the Company discovered an extensive epithermal gold field with widespread surface gold mineralisation which was initially delineated using across strike trenching and sampling. The Taub target was subsequently drilled with eight diamond drill holes, with all holes intersecting the mineralised structures, albeit at grades below what would be classed as economic. Further work is required on the Taub/Ugpo system to delineate the better parts of the system.

At Tandawan, following a small scale mining gold rush, the Company discovered two strike extensive gold bearing, epithermal vein systems, so far having a strike length of over 400 metres. This target is highly prospective for near surface high grade gold and is yet to be drilled.

The Company was presented with numerous challenges operating at the Comval Project during the year, one of which was the impact of Typhoon Bopha which crossed the coast of Mindanao approximately 60 kilometres north of the project area on 3 December 2012. Fortunately, no employees were injured and no Company equipment was damaged. However, the communities in which the Company operates were severely affected and the Company committed to assisting the community and authorities during the emergency and subsequently to help rebuild and re-establish services and infrastructure to local villages.

Boorara Project (earning up to 70%)

The Boorara Project is located approximately 17 kilometres southeast of Kalgoorlie in the East Coolgardie Mineral Field in Western Australia and comprises two granted Prospecting Licenses, covering an area of 206 hectares. The Project area occupies a favourable position within the prospective Boorara Shear Zone and is considered prospective for gold and base metals. The Company undertook further reconnaissance mapping and sampling at the project late in the year and the results of that work is being assessed to decide if further work is warranted on the project.

Teutonic Project (earning up to 70%)

The Teutonic Project is located approximately 30 kilometres north of Leonora in Western Australia and comprises one granted Exploration License covering an area of 1,613 hectares. The project area is prospective for gold and base metal mineralisation similar to the VMS styles recently discovered at Jaguar, Bentley and Teutonic Bore approximately 30km north northwest of the project area.

The Company has completed reinterpretation of multiclient aeromagnetic data over the project and identified a number of anomalies of interest that required follow up to assess for VMS style base metal mineralisation similar to the along strike Jaguar and Bentley deposits.

A small field work program was conducted late in the year to verify geology and examine drill spoil from historical drilling. The Company is of the view that the project is still prospective for VMS style mineralisation and further work is warranted.

Directors' Report

Lake Christopher Project (100%)

The application for the Lake Christopher Project (ELA69/2935) was withdrawn during the year due to agreement with the traditional landowners unable to be reached.

Competent Persons Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Zeffron Reeves (B App Sc (Hons) (Applied Geology) MBA, MAIG), a member of the Australian Institute of Geoscientists and an employee of the Company. Mr Reeves has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Reeves consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

Corporate

As part of the acquisition of the Comval Project, the Company agreed that if, within 24 months of settlement, Cadan was successful in resolving an existing dispute with Red Earth Group Pty Ltd, the Company would make a further \$1,000,000 payment to Cadan within 6 months of the dispute being settled. Cadan subsequently notified the Company that, in its view, the dispute had been settled within the terms of the agreement. On 12 March 2013, Mining Group announced it had negotiated an alternate settlement pursuant to which it subsequently paid \$500,000 and issued 5,952,381 shares to Cadan in settlement of this liability.

The Company raised a total of \$7,147,377 (before costs) during the period via two pro rata renounceable rights issues. The first, completed on 13 November 2012, raised \$5,020,234 (before costs) and a further rights issue was completed on 12 June 2013, raising \$2,127,141 (before costs). As noted below, on 23 August 2013, the Company announced its intention to raise up to an additional \$3,000,000 (before costs) by way of a placement to sophisticated investors, with the funds to be used towards initial consideration payments pursuant to the El Roble Project Option Agreement, further assessment of underground mine areas and exploration at the El Roble Project, including mapping, sampling, drilling and geophysics, together with metallurgical testing and assessment of waste dumps and ore samples, maintaining the Company's other assets (Teutonic, Boorara and Comval Project's) in good standing and working capital.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 19 February 2013, the Company's 80% owned subsidiary, Philco Mining Company changed its name to Agusan Metals Corporation ("AMC").

Other than as stated in the review of operations or the above, the Group is not aware of any of significant changes in the state of affairs.

FINANCIAL POSITION

As at 30 June 2013, the net assets of the Group are \$5,998,496 (2012: \$9,785,317).

The Directors believe the Group is in a financial position to pursue its current operations.

Directors' Report

AFTER BALANCE DATE EVENTS

On 1 July 2013, 10,915,625 fully paid ordinary shares and 1,500,000 unlisted options exercisable at \$0.20 each on or before 1 July 2014 were released from escrow.

As announced to the ASX on 15 August 2013, the Company and its subsidiary Mining Group Chile Limitada (in which the Company holds a 99.9% interest) ("Mining Group Chile Ltda") have entered into an exclusive option agreement ("Option Agreement") with Mr Gunther Stromberger and a group of companies, that are all controlled by Mr Stromberger ("Vendors"). The Company and Mining Group Chile Ltda have also entered into a deed of acknowledgement with Apex Boom Ltd ("Apex" or "the Introducer"), Golden Dawn Limited ("GDL") and Minera Marlin Mining Limitada ("MMML") (GDL and MMML are together the "Apex Shareholders") ("Apex Option Agreement"). Together, the Option Agreement and the Apex Option Agreement contemplate the acquisition by Mining Group Chile Ltda, of up to a 90% interest in the El Roble Project in Chile ("Acquisition").

The El Roble Project is a copper and gold exploration project in Region III of Chile. The project area consists of 22 concessions covering approximately 7,600 hectares ("Concessions").

Under the terms of the Option Agreement, the Vendors grant Mining Group Chile Ltda through its 85% indirectly owned Chilean subsidiary Minera El Roble SpA ("Minera El Roble");

- (a) An option to acquire up to a 68% interest in the El Roble Project ("Option"); and
- (b) A call option for a further 10% interest in the El Roble Project ("Further Option").

In addition, under the Apex Option Agreement, the Apex Shareholders grant Mining Group Chile Ltda an option to acquire an additional 12% interest in Minera El Roble, which if exercised, along with the Option, and the Further Option, would take Mining Group's indirect interest in Minera El Roble to a maximum 90% interest.

Key terms of Option Agreement

The Option Agreement has the following key terms:

- (a) Term - The Option Agreement will have an exclusive term of four years commencing on its execution on 13 August 2013;
- (b) Concessions – The Option will include the Concessions listed in the Option Agreement and all concessions existing at the date of the execution of the Option Agreement within the adjacent 10 kilometres boundary of the Concessions that are owned by the Vendors;
- (c) Right to production – During a six year term, commencing on the signing date of the Option Agreement, the Vendors of the Concessions will retain the right to exploit the Concessions at their expense by up to a maximum of 400,000 tonnes of minerals. Such right ceases six years from the date of signing of the Option Agreement;
- (d) Exploration works – During the term of the Option Agreement, the Company may conduct exploration works on the Concessions at its own cost;
- (e) No dilution – In the event that the Option is exercised, the final 10% interest in the Concessions held by the Vendors cannot be diluted until after the El Roble Project is bankable and financed for construction and development; and
- (f) Consideration as noted below.

Initial 68% interest

The consideration payable to the Vendors by the Company for the first 68% interest in the El Roble Project is US\$8,000,000 payable over the four (4) year term at the election of the Company as follows:

- (a) US\$750,000 within 12 months of execution;
- (b) US\$250,000 within 18 months of execution;
- (c) US\$250,000 within 24 months of execution;
- (d) US\$250,000 within 30 months of execution;

Directors' Report

- (e) US\$250,000 within 36 months of execution;
- (f) US\$250,000 within 42 months of execution; and
- (g) US\$6,000,000 within 48 months of execution.

The Vendors may elect to receive the final US\$6,000,000 by way of issue of Shares in the Company ("Consideration Shares"), with the pricing of such Consideration Shares to be calculated on a 30 day VWAP for the 30 trading days prior to the date of that determination. The Company may elect to not continue to earn into the El Roble Project and cease payments at any time and walk away from the El Roble Project, without further financial penalty.

Put and Call Option for further 10% interest in Minera El Roble (to 78%)

Under the Option Agreement, a put-call option is in place whereby the Company may indirectly acquire an additional 10% interest ("Additional Interest") in Minera El Roble from the Vendors, taking the Company's indirect interest in Minera El Roble to 78% ("Put and Call Option").

The Put and Call Option may be exercised on the completion of a feasibility study, or within two years of exercising the Option pursuant to the Option Agreement, whichever occurs first ("Put and Call Option Period").

Mining Group may elect to exercise its call option to pay an additional amount of US\$8,000,000 to the Vendors to acquire the Additional Interest. This payment will be made in Shares at an issue price to be calculated on a 30 day VWAP for the 30 trading days prior to the date of exercise of the put-call option ("Put and Call Option Consideration") ("Call Option").

Concurrently, the Vendors have a reciprocal right (via the put option) to require that Mining Group acquires the Additional Interest from the Vendors during the Put and Call Option Period and where the El Roble Project has been declared bankable, for the Put and Call Option Consideration ("Put Option").

Apex Option Agreement

As outlined above, the Company, Mining Group Chile Ltda, Minera El Roble, the Apex Shareholders and Apex have entered into the Apex Option Agreement pursuant to which the Apex Shareholders and Mining Group Chile Ltda have granted each other an option (a call and put option) to enable Mining Group Chile Ltda to acquire 100% of the shares in Apex, and therefore an additional 12% interest of Minera El Roble, for a purchase price calculated by the formula $NPV \times 0.7 \times 0.12$ ("Apex Option Purchase Price"), where NPV is equal to the net present value calculated from a completed feasibility study on the El Roble Project and assessed by an independent expert ("Apex Option").

The Apex Option Purchase Price will, subject to Shareholder approval at the time, be satisfied through the issue of Shares by Mining Group at an issue price to be calculated on a 30 day VWAP for the 30 trading days prior to the declared completion of a feasibility study.

In the event that Shareholder approval is not obtained to issue the Shares if any when the Apex Option is exercised, the Apex Shareholders will have a right to either receive a cash payment equal to the Apex Option Purchase Price or be free carried for the life of any mine developed on the Concessions.

Vendors' remaining interest

The Vendors' remaining interest in the Concessions (ie 20% should the Put and Call Option not be exercised, or 10% should the Put and Call Option be exercised) is free carried until the El Roble Project is bankable, at which time the parties agree to contribute in accordance with their respective interests, or dilute in accordance with the standard dilution provisions contained in the Option Agreement.

Directors' Report

Royalty

Pursuant to the Option Agreement, a 2% net profit royalty is also granted to the Introducer as broker to the Acquisition. Mining Group can elect to purchase the royalty at any time for US\$10,000,000.

Placement

On 23 August 2013, the Company announced it had received firm commitments to raise up to \$3,000,000 (before costs) via a placement of up to 120,000,000 Shares at an issue price of \$0.025 each ("Placement Shares"), with a free attaching Placement Option (exercisable at \$0.05 each on or before 30 June 2015) on a one for two basis, to sophisticated investors ("Placement").

Tranche 1 of the Placement, comprising the issue of 28,716,408 Shares, was completed on 5 September 2013 pursuant to the Company's 15% placement capacity and raised \$717,910 (before costs). Shareholder approval will be sought for the issue of Tranche 2 of the Placement, comprising the remaining up to 91,283,592 Placement Shares and the 60,000,000 free attaching Placement Options, together with up to 8,400,000 shares and 16,200,000 options, on the same terms as the Placement Options, to nominees of Cygnet Capital Pty Ltd in consideration for management services provided in relation to the Placement.

No other matters or circumstances have arisen since the end of the financial year which 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.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Company intends to continue to pursue its goals to acquire, explore, and exploit mineral deposits on its tenements. Concurrently, the Group will continue to seek suitable acquisition and consolidation opportunities, both in Australia and overseas, in gold, base metals and other commodities of interest.

ENVIRONMENTAL ISSUES

The Group is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work. The Directors of the Group are not aware of any breach of environmental regulations for the year under review.

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

INFORMATION ON DIRECTORS

Mr Winton Willesee Independent Non-Executive Chairman

Qualifications: BBus, DipEd, PGDipBus, MCom, FFin, CPA, MAICD, ACIS/ACSA

Mr Willesee is an experienced company director. Mr Willesee brings a broad range of skills and experience in strategy, company administration, corporate governance, company public listings, merger and acquisition transactions, reconstructions and corporate finance from his background with listed and unlisted public and other companies.

Mr Willesee holds a Master of Commerce, Post-Graduate Diploma in Business (Economics and Finance), a Graduate Diploma in Applied Corporate Governance, a Graduate Diploma in Applied Finance and Investment, a Graduate Diploma in Education and a Bachelor of Business. He is a Fellow of the Financial Services Institute of Australasia, a Member of the Australian Institute of Company Directors, a Member of CPA Australia and a Chartered Secretary.

Directors' Report

As well as his position with Mining Group, Mr Willesee is currently the chairman of Birimian Gold Limited, Cove Resources Limited and Bioprospect Limited, and a director of Base Resources Limited, Coretrack Limited, Newera Resources Limited, Otis Energy Limited and Torrens Energy Limited.

Interests in Shares and Options: 540,000 ordinary shares and 657,500 options.

Mr Zeffron Reeves Managing Director (*appointed 17 July 2012*)

Qualifications: B.Sc (Hons) (Applied Geology), MBA, MAIG

Mr Reeves has more than 15 years geological experience, most recently working with Cleveland Mining Company Ltd as Principal Exploration Geologist, where he was responsible for the delineation of the Premier Gold Mine resource as well as several new discoveries within the Crixas greenstone belt in Brazil. He has also had discovery success in Brazil and Australia with Ashburton Minerals having delineated previously unknown mineralisation within the Pocone Goldfield, in Brazil as well as uncovering the potential of the Mt Webb copper gold project in Australia.

Mr Reeves has a broad range of experience, from grass roots exploration to underground mining. He also has extensive corporate and commercial experience gained as commercial manager for a WA based electrical engineering contracting business and in his roles with Cleveland and Ashburton, and has an MBA from the Curtin Graduate School of Business.

From Mining Group's inception, Mr Reeves has worked as a consultant to the Company, having provided technical, corporate and commercial consulting services to the Company during the Comval Project acquisition process and in developing and executing the Company's current exploration programme.

Interests in Shares and Options: 840,975 ordinary shares and 5,564,384 options

Mr Robert Butchart Non-Executive Nominee Director

Mr Butchart has been involved in the mining industry for more than 25 years. He has owned and operated exploration companies and drilling rigs in Australia and overseas, and has been involved in heap leaching operations and narrow vein underground gold mines.

Mr Butchart is the President of Cadan Resources Corporation, from whom Mining Group recently acquired an 80% interest in the Comval Project in the Philippines.

Interests in Shares and Options: nil.

Mr Colin Johnstone Independent Non-Executive Director

Qualifications: BEng (Mining)

Mr Johnstone was formerly Chief Operating Officer at both Equinox Minerals Limited, and Sino Gold Mining Limited prior to their respective acquisitions by Barrick Gold Corporation and Eldorado Gold Corporation. Most recently, he was Managing Director of Territory Resources Limited.

He is a mining engineer with over 30 years' experience in the copper, gold and metalliferous mining industries, including both large open cut and underground operations. Mr Johnstone has extensive industry experience, having served as General Manager at some of Australia's largest mines, including KCGM, Olympic Dam and Northparkes. He has successfully constructed and operated mines in offshore jurisdictions including Zambia, China, Canada, Argentina as well as Australia.

Mr Johnstone will retire and seek re-election at the Company's 2013 annual general meeting.

Interests in Shares and Options: 1,879,911 ordinary shares and 1,167,758 options.

Directors' Report

Mr Andrew Maurice Managing Director (*resigned 17 July 2012*)

Qualifications: BBus, GradCertMgmt, MBA, MAICD

Mr Maurice is an organisational business development professional with 16 years' experience working with start-up businesses and providing business advice to growing companies in a broad range of industries, including the resource industry. In his most recent role, Mr Maurice was founding Managing Director of Waratah Gold Limited, an ASX listed exploration and mine development company which, under Mr Maurice's management, acquired a world class iron ore project in West Africa. He was Managing Director of Waratah Gold Ltd (now Waratah Resources Limited) from Feb. 2008 until Dec. 2010.

His specialist business advisory skills lie in the areas of business and strategic planning, project management, marketing and human resource management. He has also been involved in the establishment and operation of three successful business development organisations in Western Australia.

Mr Maurice holds a Bachelor's degree in Business, a Graduate Certificate in Management and a Masters of Business Administration from Curtin University of Technology and is a Member of the Australian Institute of Company Directors. He also is a Board member of Curtin University's School of Management and director of the Perth based management consultancy Management West.

Interests in Shares and Options: 212,000 ordinary shares and 550,000 options (at resignation).

Directorships of other listed companies

Directorships of other listed companies held by Directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of Directorship
Winton Willesee	Cove Resources Limited	June 2008 – present
	Bioprospect Limited	September 2011 – present
	Base Resources Limited	May 2007 – present
	Birimian Gold Limited	January 2013 – present
	Coretrack Limited	October 2010 - present
	Newera Resources Limited	March 2007- present
	Otis Energy Limited	January 2008 – present
	Torrens Energy Limited	March 2012 – present
Zeffron Reeves	-	-
Andrew Maurice	-	-
Robert Butchart	Cadan Resources Corporation (TSX listed company)	May 2011 - present
Colin Johnstone	Reed Resources Limited	February 2013 – present

COMPANY SECRETARY

Ms Shannon Coates

Qualifications: LLB, BJuris, CSA, GAICD

Ms Coates holds a Bachelor of Laws from Murdoch University and has over 17 years' experience in corporate law and compliance. Ms Coates is a Chartered Secretary and currently acts as Company Secretary to a number of ASX and AIM listed companies. Ms Coates is General Manager Corporate to Perth based corporate advisory firm Evolution Capital Partners, which specialises in the provision of company secretarial and corporate advisory services to ASX, JSE and AIM listed companies.

Directors' Report

REMUNERATION REPORT (AUDITED)

The full Board currently fulfils the roles of Remuneration Committee and is governed by the Company's adopted remuneration policy.

Remuneration Policy

This policy governs the operations of the Remuneration Committee. The Committee shall review and reassess the policy at least annually and obtain the approval of the Board.

Executive Remuneration

The Company's remuneration policy for executive Directors and senior management is designed to promote superior performance and long term commitment to the Company. Executives receive a base remuneration which is market related, and may be entitled to performance based remuneration at the ultimate discretion of the Board.

Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive market and business conditions where it is in the interests of the Company and shareholders to do so.

Executive remuneration and other terms of employment are reviewed annually by the Remuneration Committee having regard to performance, relevant comparative information and expert advice.

The Committee's reward policy reflects its obligation to align executive's remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Company. The main principles of the policy are:

- (a) reward reflects the competitive market in which the Company operates;
- (b) individual reward should be linked to performance criteria; and
- (c) executives should be rewarded for both financial and non-financial performance.

The total remuneration of executives and other senior managers consists of the following:

- (a) salary - executive Directors and senior managers receive a sum payable monthly in cash;
- (b) bonus - executive Directors and nominated senior managers are eligible to participate in a bonus or profit participation plan if deemed appropriate;
- (c) long term incentives - executive Directors may participate in share option schemes with the prior approval of shareholders. Executives may also participate in employee share option schemes, with any option issues generally being made in accordance with thresholds set in plans approved by shareholders. The Board however, considers it appropriate to retain the flexibility to issue options to executives outside of approved employee option plans in exceptional circumstances; and
- (d) other benefits - executive Directors and senior managers are eligible to participate in superannuation schemes and other appropriate additional benefits.

Remuneration of other executives consists of the following:

- (a) salary - senior executives receive a sum payable monthly in cash;
- (b) bonus - each executive is eligible to participate in a bonus or profit participation plan if deemed appropriate;
- (c) long term incentives - each senior executive may, where appropriate, participate in share option schemes which have been approved by shareholders; and
- (d) other benefits – senior executives are eligible to participate in superannuation schemes and other appropriate additional benefits.

Directors' Report

REMUNERATION REPORT (AUDITED) (Continued)

Non-Executive Remuneration

Shareholders approve the maximum aggregate remuneration for Non-Executive Directors. The Remuneration Committee recommends the actual payments to Directors and the Board is responsible for ratifying any recommendations, if appropriate. The maximum aggregate remuneration approved for Non-Executive Directors is currently \$200,000.

It is recognised that Non-Executive Directors' remuneration is ideally structured to exclude equity based remuneration. However, whilst the Company remains small and the full Board, including the Non-Executive Directors, are included in the operations of the Company more closely than may be the case with larger companies the Non-Executive Directors are entitled to participate in equity based remuneration schemes.

All Directors are entitled to have their indemnity insurance paid by the Company.

Bonus or Profit Participation Plan

Performance incentives may be offered to Executive Directors and senior management of the Company through the operation of a bonus or profit participation plan at the ultimate discretion of the Board.

Details of Remuneration for Period Ended 30 June 2012 and the Year Ended 30 June 2013

The remuneration for each member of the key management personnel of the Group during the year was as follows:

2013

	Short-term Benefits				Post-employment Benefits	Other Long-term Benefits	Share based Payment		Total	Total Remuneration Represented by Options	Performance Related
	Salaries, fees & leave	Cash profit share	Non-cash benefit	Other	Super-annuation	Other	Equity	Options			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Winton Willesee	60,000	-	-	-	-	-	-	-	60,000	0%	0%
Zeifron Reeves ⁶	289,062	-	-	-	25,875	-	-	37,417	352,354	10.62%	10.62%
Andrew Maurice ³	14,778	-	-	-	1,194	-	-	-	15,972	0%	0%
Robert Butchart ¹	-	-	-	-	-	-	-	-	-	0%	0%
Colin Johnstone ²	42,229	-	-	-	-	-	-	8,590	50,819	16.9%	0.1%
Perfecto E Mirador Jr ⁴	155,894	-	-	-	-	-	-	4,525	160,419	2.8%	0%
Max Tuesley ⁵	219,948	-	-	-	-	-	-	22,930	242,878	9.44%	0%
	781,911	-	-	-	27,069	-	-	73,462	882,442		

Directors' Report

REMUNERATION REPORT (AUDITED) (Continued)

2012

	Short-term Benefits				Post-employment Benefits	Other Long-term Benefits	Share based Payment		Total	Total Remuneration Represented by Options	Performance Related
	Salaries, fees & leave	Cash profit share	Non-cash benefit	Other	Super-annuation	Other	Equity	Options			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Winton Willesee	40,000	-	-	-	-	-	-	-	40,000	0%	0%
Andrew Maurice ³	249,300	-	-	-	22,437	-	-	-	271,737	0%	0%
Robert Butchart ¹	-	-	-	-	-	-	-	-	-	0%	0%
Colin Johnstone ²	17,117	-	-	-	-	-	-	-	17,117	0%	0%
Shannon Coates ⁷	30,000	-	-	-	-	-	-	-	30,000	0%	0%
Perfecto E Mirador Jr ⁴	20,752	-	-	-	-	-	-	15,835	36,587	43%	0%
Max Tuesley ⁵	122,173	-	-	-	-	-	-	89,677	211,850	44%	0%
	479,342	-	-	-	22,437	-	-	105,512	607,291		

¹Appointed 1 March 2012

²Appointed 24 May 2012

³Resigned 17 July 2012

⁴Employment commenced 12 April 2012 with the Company's subsidiary, Agusan Metals Corporation (formerly Philco Mining Corp) in the Philippines. The company paid Mr Mirador consulting fees to Mirador Consultancy Services Ltd a company associated with Mr Mirador which are included in the table above.

⁵Employment commenced 1 April 2012 with the Company's subsidiary, Agusan Metals Corporation (formerly Philco Mining Corp) in the Philippines. The company paid Mr Tuesley consulting fees to Dragon Compass Ltd a company associated with Mr Tuesley which are included in the table above. The agreement was terminated on 30 June 2013.

⁶Appointed 17 July 2012.

⁷Resigned directorship 24 May 2012, Ms Coates is employed by Evolution Capital Partners, which provides the Company with company secretarial and office rental services.

30 June 2013

Number of Shares Held by Key Management Personnel

Key Management Person	Balance at 30.6.2012	Received as Compensation	Options Exercised	Net Change Other	Balance on Resignation	Balance 30.6.2013
Winton Willesee	150,000	-	-	390,000	-	540,000
Zeffron Reeves ⁷	-	-	-	840,975	-	840,975
Andrew Maurice ⁶	212,000	-	-	-	212,000	-
Robert Butchart ²	-	-	-	-	-	-
Colin Johnstone ³	-	-	-	1,879,911	-	1,879,911
Perfecto E Mirador Jr ⁴	-	-	-	-	-	-
Max Tuesley ⁵	-	-	-	-	-	-
	362,000	-	-	3,110,886	212,000	3,260,886

30 June 2012

Key Management Person	Balance at 30.6.2011	Received as Compensation	Options Exercised	Net Change Other	Balance on Resignation	Balance 30.6.2012
Winton Willesee	150,000	-	-	-	-	150,000
Andrew Maurice	200,000	-	-	12,000	-	212,000
Robert Butchart ²	-	-	-	-	-	-
Colin Johnstone ³	-	-	-	-	-	-
Shannon Coates ¹	343,751	-	-	-	-	343,751
Perfecto E Mirador Jr ⁴	-	-	-	-	-	-
Max Tuesley ⁵	-	-	-	-	-	-
	693,751	-	-	12,000	-	705,751

¹Resigned as Non-Executive Director 24 May 2012

²Appointed 1 March 2012

³Appointed 24 May 2012

⁴Appointed 12 April 2012 to the Company's subsidiary, Agusan Metals Corporation (formerly Philco Mining Corp)

⁵Appointed 1 April 2012 to the Company's subsidiary, Agusan Metals Corporation (formerly Philco Mining Corp). The agreement was terminated on 30 June 2013.

⁶Resigned 17 July 2012

⁷Appointed 17 July 2012

Directors' Report

REMUNERATION REPORT (AUDITED) (Continued)

30 June 2013

Number of Options Held by Key Management Personnel

Key Management Person	Balance 30.6.2012	Granted as compensation	Options Exercised	Net Change Other	Balance on Resignation	Balance 30.6.2013	Total Exercisable	Total 30.6.2013
Winton Willesee	537,500	-	-	120,000	-	657,500	657,500	657,500
Zeffron Reeves ⁷	-	3,750,000 ⁽ⁱ⁾	-	1,814,384	-	5,564,384	1,814,384	5,564,384
Andrew Maurice ⁶	550,000	-	-	-	(550,000)	-	-	-
Robert Butchart ²	-	-	-	-	-	-	-	-
Colin Johnstone ³	-	500,000	-	667,758	-	1,167,758	1,167,758	1,167,758
Perfecto E Mirador Jr ⁴	50,000	50,000	-	-	-	100,000	100,000	100,000
Max Tuesley ⁵	300,000	450,000	-	-	-	750,000	750,000	750,000
	1,437,500	4,750,000	-	2,602,142	(550,000)	8,239,642	4,489,642	8,239,642

30 June 2012

Key Management Person	Balance 30.6.2011	Granted as compensation	Options Exercised	Net Change Other	Balance on Resignation	Balance 30.6.2012	Total Exercisable	Total 30.6.2012
Winton Willesee	500,000	-	-	37,500	-	537,500	537,500	537,500
Andrew Maurice ⁶	500,000	-	-	50,000	-	550,000	550,000	550,000
Robert Butchart ²	-	-	-	-	-	-	-	-
Colin Johnstone ³	-	-	-	-	-	-	-	-
Shannon Coates ¹	500,000	-	-	85,937	-	585,937	585,937	585,937
Perfecto E Mirador Jr ⁴	-	50,000	-	-	-	50,000	50,000	50,000
Max Tuesley ⁵	-	300,000	-	-	-	300,000	300,000	300,000
	1,500,000	350,000	-	173,437	-	2,023,437	2,023,437	2,023,437

¹ Resigned directorship 24 May 2012, Ms Coates is employed by Evolution Capital Partners, which provides the Company with Company Secretarial and office rental services.

² Appointed 1 March 2012

³ Appointed 24 May 2012

⁴ Appointed 12 April 2012 to the Company's subsidiary, Agusan Metals Corporation (formerly Philco Mining Corp).

⁵ Appointed 1 April 2012 to the Company's subsidiary, Agusan Metals Corporation (formerly Philco Mining Corp). The agreement was terminated on 30 June 2013.

⁶ Resigned 17 July 2012

⁷ Appointed 17 July 2012

Options issued as part of remuneration

4,750,000 options were granted to key management persons of the Company as remuneration during the year (2012: 350,000). The fair value, as determined by the Black Scholes valuation model and detailed in Note 26, has been included as part of their remuneration in the report above.

	2012			2013				
	Class C 1 Apr 2015 \$0.60	Class D 14 May 2015 \$0.60	Total	Class I 15 July 2014 \$0.45	Class J 1 July 2015 \$0.20 ⁽ⁱ⁾	Class K 13 Nov 2014 \$0.20	Class L 13 Nov 2015 \$0.25	Total
Zeffron Reeves	-	-	-	-	3,750,000	-	-	3,750,000
Colin Johnstone	-	-	-	500,000	-	-	-	500,000
Perfecto E Mirador Jr	-	50,000	50,000	-	-	50,000	-	50,000
Max Tuesley	300,000	-	300,000	-	-	200,000	250,000	450,000
								4,750,000

Directors' Report

Analysis of movements in options

The movement during the reporting period, by value, of options over ordinary shares in the Company held by each key management persons is detailed below.

2013	Granted in year \$ (A)	Value of options exercised in year \$ (B)	Lapsed during year \$(C)
Winton Willesee	-	-	-
Zeffron Reeves ⁶	131,129	-	-
Andrew Maurice ⁵	-	-	-
Robert Butchart ¹	-	-	-
Colin Johnstone ²	8,590	-	-
Perfecto E Mirador Jr ³	4,525	-	-
Max Tuesley ⁴	22,930	-	-

2012	Granted in year \$ (A)	Value of options exercised in year \$ (B)	Lapsed during year \$(C)
Winton Willesee	-	-	-
Zeffron Reeves ⁶	-	-	-
Andrew Maurice ⁵	-	-	-
Robert Butchart ¹	-	-	-
Colin Johnstone ²	-	-	-
Perfecto E Mirador Jr ³	17,290	-	-
Max Tuesley ⁴	100,082	-	-

¹ Appointed 1 March 2012

² Appointed 24 May 2012

³ Appointed 12 April 2012 to the Company's subsidiary, Agusan Metals Corporation (formerly Philco Mining Corp).

⁴ Appointed 1 April 2012 to the Company's subsidiary, Agusan Metals Corporation (formerly Philco Mining Corp). The agreement was terminated on 30 June 2013.

⁵ Resigned 17 July 2012

⁶ Appointed 17 July 2012

- (a) The value of options granted in the year is the fair value of the options calculated at grant date using the Black Scholes option-pricing model. The total value of the options granted is included in the table above. This amount is allocated to remuneration over the vesting period.
- (b) The value of options exercised during the year is calculated as the market price of shares of the Company as at close of trading on the date the options were exercised after deducting the price paid to exercise the option.
- (c) The value of the options that lapsed during the year represents the benefit forgone and is calculated at the date the option lapsed using the Black Scholes option-pricing model assuming the performance criteria had been achieved.

Nil (2012: Nil) options granted as remuneration have been exercised, lapsed or expired during the year.

Shares Issued on Exercise of Options

No (2012: 52,343) fully paid ordinary shares have been issued as a result of the exercise of options during or since the end of the financial year. No other options have been exercised, lapsed or expired.

Directors' Report

REMUNERATION REPORT (AUDITED) (Continued)

Deeds of Indemnity

The Company has entered into Deeds of Indemnity and Access with each of its Directors. Pursuant to the Deeds, the Company will indemnify each Director to the extent permitted by the Corporations Act against any liability arising as a result of the Director acting as an officer of the Company. The Company will be required under the Deeds to maintain insurance policies for the benefit of the relevant Director for the term of the appointment and for a period of 7 years after the relevant Director's retirement or resignation.

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and all executive officers of the Company and of any related body corporate against a liability incurred as such a Director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Employment contracts of Key Management Personnel

Managing Director

On 17 July 2012, the Company entered into an Executive Employment Agreement ("Executive Employment Agreement") with Managing Director, Mr Zeffron Reeves, ("Executive") on the following material terms and conditions. Terms defined in this Section have the same meaning as contained in the Executive Employment Agreement:

- (a) Remuneration: \$300,000 per annum plus statutory superannuation.
- (b) Upon shareholder approval received at a general meeting held 18 September 2012, the Company issued the Executive a total of 3,750,000 options on the following material terms and conditions:
 - (i) 1,000,000 options exercisable at 20 cents each on or before 1 July 2015. The options will vest if and when a 30 million tonne JORC compliant resource at grades determined to be economically viable and to be used as the basis of a scoping study is defined with respect to the Comval Project.
 - (ii) 1,250,000 options exercisable at 20 cents each on or before 1 July 2015. The options will vest if and when the trading price of the Company's shares is 50 cents or greater for more than 30 consecutive trading days on which the shares in the Company trade;
 - (iii) 1,500,000 options exercisable at 20 cents each on or before 1 July 2015. The options will vest on completion of a positive scoping study with respect to the Comval Project.
- (c) Termination by the Executive: The Executive may terminate the Executive Employment Agreement by:
 - (i) giving written notice to that effect in the event of any breach, non-observance or non-performance by the Company of any provision of the Executive Employment Agreement and the failure by the Company to remedy or adequately respond to the breach, non-observance or non-performance within 10 business days of written notice requiring it to remedy such breach; or
 - (ii) giving one month's written notice to the Company without providing a reason for termination.
- (d) Termination by the Company: The Company may terminate the Executive Employment Agreement by the Company giving one month's written notice to the Executive without needing to provide any reason for termination.

Directors' Report

REMUNERATION REPORT (AUDITED) (Continued)

Employment contracts of Key Management Personnel (continued)

(Former) Managing Director

On 14 March 2011, the Company entered into an Executive Employment Agreement ("Executive Employment Agreement") with former Managing Director, Mr Andrew Maurice, ("Executive") on the following material terms and conditions. Terms defined in this section have the same meaning as contained in the Executive Employment Agreement:

- (a) Remuneration: Daily Rate of \$1,200 per day, based on actual days worked, plus any applicable superannuation.
- (b) Termination date: 14 March 2013.
- (c) Termination by the Executive: The Executive may terminate the Executive Employment Agreement by:
 - (i) giving written notice to that effect in the event of any breach, non-observance or non-performance by the Company of any provision of the Executive Employment Agreement and the failure by the Company to remedy or adequately respond to the breach, non-observance or non-performance within 10 business days of written notice requiring it to remedy such breach; or
 - (ii) giving one month's written notice to the Company without providing a reason for termination.
- (d) Termination by the Company: The Company may terminate the Executive Employment Agreement by the Company giving one month's written notice to the Executive without needing to provide any reason for termination.

If notice is given by either party to terminate, the Company may make a payment of \$1,200 in lieu of the notice period.

Mr Maurice resigned on 17 July 2012.

Chief Finance and Legal Officer – Philippines

On 12 April 2012, the Company entered into a Consultancy Agreement ("Agreement") with Perfecto E. Mirador, Jr, Chief Finance and Legal Officer ("Executive") of the Company's 80% owned subsidiary, Agusan Metals Corporation (formerly Philco Mining Corp). Details of the Agreement are as follows:

- (a) Remuneration: AUD \$132,000 per annum
- (b) Subject to shareholder approval, the Company issued to the Executive a total of 250,000 options to be issued on the following material terms and conditions:
 - (i) 50,000 Options exercisable at \$0.60 per option on or before the 3rd anniversary of the Commencement date. These options will be issued on the Commencement date. The issue of the options may be subject to shareholder approval.
 - (ii) 100,000 Options exercisable at \$1.00 per option on or before the 3rd anniversary of the Commencement date. These options will be issued on a JORC inferred resource of 100Mt. The issue of the options may be subject to shareholder approval.
 - (iii) 100,000 Options exercisable at \$1.50 per option on or before June 30 2016. These options will be issued on the completion of a positive feasibility study and acquisition of all required permitting to allow mining. The issue of the options may be subject to shareholder approval.
- (c) Termination by the Executive: The Executive may terminate the Agreement by:
 - (i) giving written notice to that effect in the event of any breach, non-observance or non-performance by the Company of any provision of the Agreement and the failure by the Company to remedy or adequately respond to the breach, non-observance or non-performance within 10 business days of written notice requiring it to remedy such breach; or
 - (ii) giving two month's written notice to the Company without providing a reason for termination.
- (d) Termination by the Company: The Company may terminate Agreement by the Company giving two month's written notice to the Executive without needing to provide any reason for termination.

Directors' Report

REMUNERATION REPORT (AUDITED) (Continued)

Exploration Manager - Philippines

On 1 April 2012, the Company entered into a Consultancy Agreement ("Agreement") with Max Tuesley, Exploration Manager ("Executive") of the Company's 80% owned subsidiary, Agusan Metals Corporation (formerly Philco Mining Corp). Details of the Agreement are as follows:

- (a) Remuneration: AUD \$176,000 per annum
- (b) Subject to shareholder approval, the Company will issue the Executive a total of 1,000,000 options to be issued on the following material terms and conditions:
 - (i) 300,000 Options exercisable at \$0.60 per option on or before the 3rd anniversary of the Commencement date. These options will be issued on the Commencement date and are to be escrowed for 1 years.
 - (ii) 250,000 Options exercisable at \$0.60 per option on or before the 3rd anniversary of the Commencement date. These options will be issued on a JORC inferred resource of 30Mt with an average grade of at least 0.85% Cu equivalent. (based on March 1 2012 LME close metal prices). The issue of the options may be subject to shareholder approval.
 - (iii) 300,000 Options exercisable at \$0.75 per option on or before June 30 2016. These options will be issued on a JORC inferred resource of 50Mt with an average grade of at least 0.85% Cu equivalent. (based on March 1 2012 LME close metal prices). The issue of the options may be subject to shareholder approval.
 - (iv) 150,000 Options exercisable at \$1.00 per option on or before June 30 2016. These options will be issued on a JORC inferred resource of 75Mt with an average grade of at least 0.85% Cu equivalent. (based on March 1 2012 LME close metal prices). The issue of the options may be subject to shareholder approval.
- (c) Termination by the Executive: The Executive may terminate the Agreement by:
 - (i) giving written notice to that effect in the event of any breach, non-observance or non-performance by the Company of any provision of the Agreement and the failure by the Company to remedy or adequately respond to the breach, non-observance or non-performance within 10 business days of written notice requiring it to remedy such breach; or
 - (ii) giving one month's written notice to the Company without providing a reason for termination.
- (d) Termination by the Company: The Company may terminate Agreement by the Company giving one month's written notice to the Executive without needing to provide any reason for termination.

The Agreement was terminated on 30 June 2013.

Directors' Report

REMUNERATION REPORT (AUDITED) (Continued)

Non-Executive Directors' Letters of Appointment

Other than as set out below, Non-Executive Directors are entitled to \$40,000 per annum in Director's fees, with the Chairman being entitled to \$60,000 per annum.

On 24 May 2012 Mr Johnstone was appointed Non-Executive Director with fees payable based on \$1,500 per day (exc GST) on an ad hoc basis commencing the date of appointment, together with 500,000 unlisted options exercisable at 45 cents on or before 15 July 2014, subject to shareholder approval. Shareholder approval was received on 18 September 2012 and options were issued to nominees of Mr Johnstone on that date.

On the 27 March 2013 the terms of Mr Johnstones' consultancy agreement was amended. Mr Johnstone is now entitled to receive a Director's fee of \$40,000 per annum, payable monthly in arrears and he is entitled to fees or other amounts as the Board determines where he performs special duties or otherwise perform services outside the scope of the ordinary duties of a Director.

On 1 March 2012 Mr Butchart was appointed Nominee Non-Executive Director of the Company with fees payable by the representative company, being Cadan.

*** END OF REMUNERATION REPORT ***

Meetings of Directors

During the year, 14 scheduled meetings of Directors were held. Attendances by each Director during the financial year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Directors		
Winton Willesee	14	14
Zeffron Reeves	13	13
Andrew Maurice	1	1
Colin Johnstone	14	14
Rob Butchart	14	9

The full Board fulfils the role of Remuneration, Nomination and Audit committees.

Directors' Report

Indemnifying Officers

In accordance with the Constitution, except as may be prohibited by the Corporations Act 2001, every Officer of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and all executive officers of the Company and of any related body corporate against a liability incurred as such a Director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Options

At the date of this report, there are 112,515,057 unissued ordinary shares of Mining Group Limited under option as follows:

	Date of Expiry	Exercise Price	Number under Option
Listed			
MNEO	1 July 2014	\$0.20	41,922,230 ¹
MNEOB	30 June 2015	\$0.05	65,042,827
Unlisted			
Class B	28 February 2014	\$0.55	400,000
Class C	1 April 2015	\$0.60	300,000
Class D	14 May 2015	\$0.60	50,000
Class I	15 July 2014	\$0.45	500,000
Class J	1 July 2015	\$0.20	3,750,000
Class K	13 November 2014	\$0.20	250,000
Class L	13 November 2015	\$0.25	300,000

¹ 1,500,000 released from escrow on 1 July 2013

Option holders do not have any rights to participate in new issues of shares or other interests in the Company or any other entity.

Proceedings on Behalf of 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 these proceedings.

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

Directors' Report

Non-audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the full Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

	2013	2012
	\$	\$
Professional services	9,750	-
Corporate assessments	2,721	-
Total non-audit services	<u>12,471</u>	<u>-</u>

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2013 has been received and can be found on page 23 of this Annual Report.

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



WINTON WILLESEE
Non-Executive Chairman

DATED this 27th day of September 2013

27 September 2013

The Directors

Mining Group Limited
Suite 1, Ground Floor,
83 Havelock Street,
WEST PERTH WA 6005

Dear Sirs

RE: MINING GROUP LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Mining Group Limited.

As Audit Director for the audit of the financial statements of Mining Group Limited for the year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



John Van Dieren
Director

Corporate Governance

The Board of Directors of Mining Group Limited is responsible for the establishment of a corporate governance framework that has regard to the best practice recommendations set by the ASX Corporate Governance Council. Mining Group's objective is to achieve best practice in corporate governance and the Company's Board, senior executives and employees are committed to achieving this objective.

This statement summarises the corporate governance practices that have been adopted by the Board. In addition to the information contained in this statement, the Company's website at www.mininggroup.net.au contains additional details of its corporate governance procedures and practices.

ASX Best Practice Recommendations

The ASX Listing Rules require listed companies to include in their Annual Report a statement disclosing the extent to which they have complied with the ASX best practice recommendations in the reporting period. The recommendations are not prescriptive and if a company considers that a recommendation is inappropriate having regard to its particular circumstances, the company has the flexibility not to adopt it. Where the Company considered it was not appropriate to presently comply with a particular recommendation the reasons are set out in the relevant section of this statement.

The Board has adopted a Corporate Governance policy that (except where expressly noted below) complies with the Listing Rules and the Principles set out in the Second Edition of the "Corporate Governance Principles and Recommendations with 2010 Amendments", established by the ASX Corporate Governance Council and published by the ASX in June 2010 ("ASX Principles").

Board of Directors

Role and Responsibilities of the Board

The Board is responsible for guiding and monitoring the Company on behalf of shareholders. The specific responsibilities of the Board include:

- (a) appointment, evaluation, rewarding and if necessary the removal of the Managing Director, Chief Financial Officer (or equivalent) and the Company Secretary;
- (b) in conjunction with management, development of corporate objectives, strategy and operations plans and approving and appropriately monitoring plans, new investments, major capital and operating expenditures, capital management, acquisitions, divestitures and major funding activities;
- (c) establishing appropriate levels of delegation to the Managing Director to allow him to manage the business efficiently;
- (d) monitoring actual performance against planned performance expectations and reviewing operating information at a requisite level, to understand at all times the financial and operating conditions of the Company;
- (e) monitoring the performance of senior management including the implementation of strategy, and ensuring appropriate resources are available;
- (f) via management, an appreciation of areas of significant business risk and ensuring that the Company is appropriately positioned to manage those risks;
- (g) overseeing the management of safety, occupational health and environmental matters;
- (h) satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;

Corporate Governance

- (i) satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, and internal control processes are in place and functioning appropriately;
- (j) to ensure that appropriate internal and external audit arrangements are in place and operating effectively;
- (k) having a framework in place to help ensure that the Company acts legally and responsibly on all matters consistent with the code of conduct; and
- (l) reporting to shareholders.

In accordance with ASX Principle 1, the Board has established a Board Charter which sets out functions reserved to Board and those delegated to senior executives. This Charter is available on the Company's website. The Board has delegated responsibilities and authorities to management to enable management to conduct the Company's day to day activities. Matters which are not covered by these delegations, such as approvals which exceed certain limits, require Board approval.

Board composition

The Board is comprised of one Executive Director and three Non-Executive Directors.

The Company's website contains details on the procedures for the selection and appointment of new directors and the re-election of incumbent Directors, together with the Board's policy for the nomination and appointment of Directors.

ASX Principle 2 recommends the Board establish a Nomination Committee to focus on the selection and appointment practices of the Company. It is further recommended that the Nomination Committee have a formal Charter.

The Company has adopted a formal Nomination Committee Charter, available on the Company's website, which includes information on the Company's approach to selection and appointment of Directors. However the Company does not presently have a separate Nomination Committee. As the Board is small, the full Board conducts the function of such a committee, in accordance with the Charter.

The composition of the Board is reviewed at least annually to ensure the balance of skills and experience is appropriate. The current Directors have a broad range of qualifications, experience and expertise in the minerals exploration industry and in the finance and legal industries. The skills, experience and expertise of Directors are set out in the Directors' Report. The Board considers that the current composition of the Board is adequate for the Company's current size and operations and includes the appropriate mix of skills and expertise, relevant to the Company's business.

The names of the Directors in office at the date of this Report, the year they were first appointed, their status as Non-Executive, Executive or **independent Directors and whether they are retiring by rotation and seeking re-election by shareholders at the 2013 annual general meeting**, are set out in the Directors' Report.

Independence of Non-Executive Directors

ASX Principle 2 recommends that a majority of the Board should be independent Directors. The Board considers an independent Director to be a Non-Executive Director who meets the criteria for independence included in ASX Principle 2. Materiality for these purposes is based on quantitative and qualitative bases. An amount of over 5% of the annual turnover of the Company or 5% of the individual Director's net worth is considered material for these purposes.

The Board has reviewed and considered the positions and associations of each of the Directors in office at the date of this report and consider that half of the Directors are not independent.

Corporate Governance

Currently the Board is comprised of two independent Directors, Winton Willesee and Colin Johnstone, and two non-independent Directors, Zeffron Reeves, who acts in an executive capacity as the Managing Director, and Robert Butchart, a nominee of Cadan Resources Corporation, which is a major shareholder of Mining Group Limited. Notwithstanding that the current composition of the Board does not meet the requirements of ASX Principle 2, the Board considers that the composition of the Board is adequate for the Company's current size and operations, and includes an appropriate mix of skills and expertise, relevant to the Company's business. The Board has formed the view that the individuals on the Board can, and do make quality judgements in the best interests of the Company on all relevant issues.

Independent professional advice

The Board has adopted a formal policy on access to independent professional advice which provides that Directors are entitled to seek independent professional advice for the purposes of the proper performance of their duties. The advice is at the Company's expense and advice so obtained is to be made available to all Directors.

Meetings

The Board held 14 scheduled meetings during the reporting year and no unscheduled meetings were held during the year. The eligibility to attend and attendance of Directors at Board meetings during the year ended 30 June 2013 is detailed in the Directors' Report.

Evaluation of Board and Senior Executive performance

A process has been established to review and evaluate the performance of the Board, individual Directors and senior executives. The Board is required to meet annually with the specific purpose of reviewing the role of the Board, assessing the performance of the Board and individual Directors over the previous 12 months and examining ways in which the Board can better perform its duties. The Company's annual Board review took place in February 2013.

The Managing Director is responsible for assessing the performance of the key executives within the Company on an annual basis.

Remuneration

ASX Principle 8 recommends the Board establish a Remuneration Committee to focus on appropriate remuneration policies. It is further recommended that the Remuneration Committee have a formal Charter.

The Company has adopted a formal Remuneration Committee Charter, available on the Company's website, which includes information on the Company's approach to remuneration of Directors (executive and non-executive) and senior executives. However the Company does not presently have a separate Remuneration Committee. Given the small size of the Board, the full Board conducts the function of such a committee, in accordance with the Charter.

In accordance with ASX Principle 8, Executive Directors and key executives are remunerated by way of a salary or consultancy fees, commensurate with their required level of services. Non-Executive Directors receive a fixed monthly fee for their services. Non-Executive Directors' fees are currently capped at \$200,000 per annum.

Following receipt of shareholder approval, the Company issued Options to Non-Executive Directors Winton Willesee and Cobb Johnstone. The Company acknowledges that the guidelines to ASX Principle 8 recommend that Non-Executive Directors do not receive options. However under the Company's current circumstances, the Directors considered the issue to be a cost

Corporate Governance

effective and efficient means for the Company to provide a reward and incentive, as opposed to alternative forms of incentive, such as the payment of additional cash consideration that would be necessary for someone with the experience of Messrs Willesee and Johnstone.

The Company does not have any scheme relating to retirement benefits for Non-Executive Directors.

See the Remuneration Report for details of remuneration paid to Directors and key executives during the year.

Risk Management

In accordance with ASX Principle 7, the Company has a policy for the oversight and management of material business risks, which is available on the Company's website.

Management determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Company's process of risk management and internal compliance and control includes:

- (a) establishing the Company's goals and objectives, and implementing and monitoring strategies and policies to achieve these goals and objectives;
- (b) continuously identifying and reacting to risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks;
- (c) formulating risk management strategies to manage identified risks and designing and implementing appropriate risk management policies and internal controls; and
- (d) monitoring the performance of, and continuously improving the effectiveness of, risk management systems and internal compliance and controls, including an ongoing assessment of the effectiveness of risk management and internal compliance and control.

Within the identified risk profile of the Company, comprehensive practices are in place that are directed towards achieving the following objectives:

- (a) effectiveness and efficiency in the use of the Company's resources;
- (b) compliance with applicable laws and regulations; and
- (c) preparation of reliable published financial information.

The Board oversees an ongoing assessment of the effectiveness of risk management and internal compliance and control, requiring management appraise the Board of changing circumstances within the Company and within the international business environment. During the reporting period, the Managing Director regularly reported to the Board as to the effectiveness of the Company's management of its material business risks. Further, in accordance with ASX Principle 7, the Managing Director and Chief Financial Officer have confirmed in writing to the Board that:

- (a) the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results are in accordance with relevant accounting standards.
- (b) the above confirmation is founded on a sound system of risk management and internal compliance and control which implements the policies of the Board; and
- (c) the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Financial Reporting

ASX Principle 4 recommends the Board establish an Audit Committee to focus on issues relevant to the integrity of the Company's financial reporting. It is further recommended the Audit Committee have a formal Charter.

Corporate Governance

The Company has prepared a formal Audit Committee Charter, available from the Company's website, which promotes an environment consistent with best practice financial reporting and includes information on procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners. However due to the small size of the Board, the Company does not presently have a separate Audit Committee. The full Board conducts the function of such a committee, in accordance with the Charter.

Code of Conduct

The Board encourages appropriate standards of conduct and behaviour from Directors, officers, employees and contractors of the Company.

The Board has adopted a Code of Conduct, available from the Company's website. This Code of Conduct is regularly reviewed and updated as necessary to ensure that it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity.

A fundamental theme is that all business affairs are conducted legally, ethically and with strict observance of the highest standards of integrity and propriety.

The Board has established a Diversity Policy in accordance with ASX Principle 3. However, given the small size of the Company and its current stage of operations, the Board has opted not to establish measurable objectives for achieving gender diversity and as a result cannot assess such objectives and progress toward achieving them.

To provide an accurate reflection of the proportion of women across the whole organisation, the Company has opted to include contractors, casual and part-time employees in the statistics below, which show the proportion of women in the organisation as at the date of this report:

Board	Nil
Senior Executives	25%
Employees/Contractors	29%

Securities Trading

As required by Listing Rule 12.12, the Board has adopted a Securities Trading Policy which regulates dealings by Directors, offices and employees in securities issued by the Company.

Under the policy, which is available on the Company's website, general restrictions are imposed on Directors and employees when in possession of inside information, while additional trading restrictions apply to Directors and some employees.

The policy regulates trading by key management personnel within defined closed periods, as well as providing details of trading not subject to the policy, exceptional circumstances in which key management personnel may be permitted to trade during a prohibited period with prior written clearance and the procedure for obtaining written clearance.

The Company prohibits Directors and employees from entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity based remuneration schemes.

Corporate Governance

Privacy

The Company has resolved to comply with the National Privacy Principles contained in the Privacy Act 1988, to the extent required for a company the size and nature of the Company.

Continuous Disclosure

In accordance with ASX Principle 5, the Board has an established Continuous Disclosure Policy which is available from the Company's website.

The Company is committed to:

- (a) complying with the general and continuous disclosure principles contained in the Corporations Act and the ASX Listing rules;
- (b) preventing the selective or inadvertent disclosure of material price sensitive information;
- (c) ensuring shareholders and the market are provided with full and timely information about the Company's activities; and
- (d) ensuring that all market participants have equal opportunity to receive externally available information issued by the Company.

Shareholder Communication

In accordance with ASX Principle 6, the Board has established a communications strategy which is available from the Company's website. The Board aims to ensure that shareholders are kept informed of all major developments affecting the Company.

The Managing Director and Company Secretary have primary responsibility for communication with shareholders. Information is communicated through:

- (a) continuous disclosure to relevant stock markets of all material information;
- (b) periodic disclosure through the annual report (or concise annual report), half year financial report and quarterly reporting of corporate activities;
- (c) notices of meetings and explanatory material;
- (d) the annual general meeting;
- (e) periodic newsletters or letters from the Chairman or Managing Director; and
- (f) the Company's web-site.

The Company is committed to the promotion of investor confidence by ensuring that trading in the Company's securities takes place in an efficient, competitive and informed market.

Shareholders are encouraged at annual general meetings to ask questions of Directors and senior management and also the Company's external auditors, who are requested to attend the Company's annual general meetings.

Statement of Consolidated Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2013

	Note	Consolidated Year Ended 30 June 2013 \$	Consolidated Year Ended 30 June 2012 \$
Interest revenue		49,686	68,002
Administrative expenses		(109,155)	(61,495)
Consultancy and legal expenses		(148,011)	(275,135)
Compliance and regulatory expenses		(256,375)	(266,848)
Equity based payments		(277,300)	(105,512)
Exploration expenses		(1,463,281)	(282,859)
Depreciation and amortisation expenses		(6,666)	(2,307)
Director and employee related expenses		(577,605)	(445,755)
Gain/(loss) on foreign currency		347,348	88,168
Exploration project written off		(21,405)	-
Impairment of Comval project		(8,324,939)	-
Loss on sale of assets		(98,756)	-
Impairment of financial assets held for sale		-	(140,448)
Other expenses		(291,951)	(257,797)
Loss before income tax expense		(11,178,410)	(1,681,986)
Income tax expense	4	(132,720)	(73,424)
Net loss for the year		(11,311,130)	(1,755,410)
Other comprehensive income, net of income tax:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		406,813	146,064
		406,813	146,064
Total comprehensive loss for the year (net of tax)		(10,904,317)	(1,609,346)
Loss attributable to:			
Members of the parent entity		(11,376,877)	(1,758,314)
Non-controlling interest		65,747	2,904
		(11,311,130)	(1,755,410)
Total Comprehensive loss attributable to:			
Members of the parent entity		(10,938,382)	(1,612,250)
Non-controlling interest		34,065	2,904
		(10,904,317)	(1,609,346)
Earnings per share			
Basic loss per share (cents)	5	(12.24)	(4.93)
Diluted loss per share (cents)	5	(12.24)	(4.93)

The accompanying notes form part of these financial statements.

Statement of Consolidated Financial Position

AS AT 30 JUNE 2013

	Note	Consolidated 2013 \$	Consolidated 2012 \$
CURRENT ASSETS			
Cash and cash equivalents	6	1,719,095	877,746
Assets held for sale	7	-	1,498,427
Other receivables	8	84,927	321,011
TOTAL CURRENT ASSETS		1,804,022	2,697,184
NON CURRENT ASSETS			
Fixed assets	9	136,891	65,023
Exploration costs	10	6,631,246	20,069,142
Other non-current assets	11	57,344	52,455
TOTAL NON CURRENT ASSETS		6,825,481	20,186,620
TOTAL ASSETS		8,629,503	22,883,804
CURRENT LIABILITIES			
Trade and other payables	12	268,358	799,757
Provisions	13	18,155	25,766
TOTAL CURRENT LIABILITIES		286,513	825,523
NON CURRENT LIABILITIES			
Deferred taxes payable		380,997	229,574
Loans payable	14	1,963,497	12,043,390
TOTAL NON CURRENT LIABILITIES		2,344,494	12,272,964
TOTAL LIABILITIES		2,631,007	13,098,487
NET ASSETS		5,998,496	9,785,317
EQUITY			
Issued capital	15	14,601,799	8,899,657
Reserves	18	4,479,682	2,752,006
Non-Controlling Interest		120,264	(39,974)
Accumulated losses		(13,203,249)	(1,826,372)
TOTAL EQUITY		5,998,496	9,785,317

The accompanying notes form part of these financial accounts

Statement of Consolidated Cash Flow

FOR THE YEAR ENDED 30 JUNE 2013

	Note	Consolidated Year Ended 30 June 2013 \$	Consolidated Year Ended 30 June 2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest revenues		49,686	68,002
Payments for exploration and evaluation		(1,182,241)	-
Payments to suppliers and employees		(2,000,763)	(1,252,872)
Net cash used in operating activities	20(b)	<u>(3,133,318)</u>	<u>(1,184,870)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Plant & Equipment at cost		(79,931)	(28,081)
Exploration and evaluation		(1,881,891)	(2,853,001)
Acquisition Comval project		(500,000)	(3,344,563)
Net cash used in investing activities		<u>(2,461,822)</u>	<u>(6,225,645)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Cadan loan		47,672	-
Proceeds from issue of equities		7,147,376	6,110,215
Capital raising costs		(758,559)	(395,893)
Net cash provided by financing activities		<u>6,436,489</u>	<u>5,714,322</u>
Net increase in cash held		841,349	(1,696,193)
Cash and cash equivalents at the beginning of the financial year		877,746	2,573,939
Cash and cash equivalents at the end of the financial year	20(a)	<u>1,719,095</u>	<u>877,746</u>

The accompanying notes form part of these financial accounts

Statement of Consolidated Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2013

	Note	Attributable to the owners of the parent				Non-controlling Interest	Total Equity
		Issued Capital	Reserves	Accumulated Losses	Total		
		\$	\$	\$	\$	\$	\$
Balance at 30 June 2012		8,899,657	2,752,006	(1,826,372)	9,825,291	(39,974)	9,785,317
Loss for the year		-	-	(11,376,877)	(11,376,877)	65,747	(11,311,130)
Other comprehensive income		-	438,495	-	438,495	(31,682)	406,813
Total comprehensive loss for the year		-	438,495	(11,376,877)	(10,938,382)	34,065	(10,904,317)
Transactions with owners							
Shares issued to non-controlling shareholders		-	-	-	-	126,173	126,173
Issue of options		-	1,289,181	-	1,289,181	-	1,289,181
Shares issued during the year (net of capital raising costs)	15	5,402,142	-	-	5,402,142	-	5,402,142
Shares issued – Comval Project – REG settlement	15	300,000	-	-	300,000	-	300,000
Balance at 30 June 2013		14,601,799	4,479,682	(13,203,249)	5,878,232	120,264	5,998,496
Balance at 30 June 2011		2,458,093	-	(68,058)	2,390,035	-	2,390,035
Loss for the year		-	-	(1,758,314)	(1,758,314)	2,904	(1,755,410)
Other comprehensive income		-	139,737	-	139,737	(1,582)	138,155
Total comprehensive loss for the year		-	139,737	(1,758,314)	(1,618,577)	1,322	(1,617,255)
Transactions with owners							
Non-Controlling interest at acquisition		-	-	-	-	(41,296)	(41,296)
Issue of options		-	2,612,269	-	2,612,269	-	2,612,269
Shares issued during the year (net of capital raising costs)	15	5,511,564	-	-	5,511,564	-	5,511,564
Shares issued – Comval Project acquisition	15	930,000	-	-	930,000	-	930,000
Balance at 30 June 2012		8,899,657	2,752,006	(1,826,372)	9,825,291	(39,974)	9,785,317

The accompanying notes form part of these financial accounts

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the financial statements and notes of Mining Group Limited and controlled entities ("consolidated entity"). The separate financial statements and notes of Mining Group Limited as an individual parent entity ("Company") have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial report was authorised for issue on 27 September 2013 by the Directors of the Company.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers Mining Group Limited and its subsidiaries, and has been prepared in Australian dollars. Mining Group Limited is a listed public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

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

a. Adoption of new and revised standards

Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 2013, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies. However, amendments made to AASB 101 *Presentation of Financial Statements effective* 1 July 2012 now require the statement of comprehensive income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in a future period and those that may have to be reclassified if certain conditions are met.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2013. As a result of this review, the Directors do not expect any impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies. The new Accounting Standards applicable in future periods are set out in Note 27.

b. Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

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

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Income tax (continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

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

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

c. Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

d. Earnings per share

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

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

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

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Exploration, evaluation and development expenditure

Exploration, evaluation and acquisition expenditure on areas of interest will normally be expensed but will be assessed on a case by case basis and may be capitalised to areas of interest and carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. When an area of interest is abandoned or the Directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future. Where projects have advanced to the stage that Directors have made a decision to mine, they are classified as development properties. When further development expenditure is incurred in respect of a development property, such expenditure is carried forward as part of the cost of that development property only when substantial future economic benefits are established. Otherwise such expenditure is classified as part of the cost of production or written off where production has not commenced.

f. Leases

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

Finance leases are capitalised by recording 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 year.

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 charged as expenses in the years in which they are incurred.

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

g. Financial Instruments

Initial Recognition and Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is 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 either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Financial instruments (continued)

Classification and Subsequent Measurement

(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. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the year in which they arise.

(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 using the effective interest rate method.

(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 using the effective interest rate method.

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

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(v) *Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

h. Fair value

Fair value is determined based on the last trading price 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.

i. Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

(i) **Financial assets carried at amortised cost**

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account.

The amount of the loss is recognised in profit or loss.

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Impairment (continued)

(i) Financial assets carried at amortised cost (continued)

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

(iii) Available-for-sale investments

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

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

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

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

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(iv) Impairment of tangible and intangible assets other than goodwill (continued)

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

j. Employee Benefits

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

Equity-settled compensation

The entity operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

k. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. 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 12 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

m. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Interest income is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and services tax (GST).

n. Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

o. Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated over the estimated useful life of the assets using the Straight line method as follows:

Plant and equipment	– 2 - 5 years
Furniture and Fixtures	– 2 - 5 years
Computer equipment	– 2 - 5 years
Structures and improvements	– 5 years

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

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

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

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

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Plant and equipment (continued)

Derecognition and disposal

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

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

p. Trade and payables

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

q. Other taxes

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

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

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

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

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

r. Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report 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.

Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the Directors understanding thereof. At the current stage of the Company's development and its current environmental impact the Directors believe such treatment is reasonable and appropriate.

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Critical Accounting Estimates and Judgments (continued)

Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of Directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the Directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that Directors' best estimate, pending an assessment by the Australian Taxation Office.

Key Judgements – Deferred exploration and evaluation expenditure

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at balance sheet date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, refer to the accounting policy stated in Note 1(e).

Key Judgements – Share based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

s. Operating segments

Identification and measurement of segments – AASB 8 requires the 'management approach' to the identification measurement and disclosure of operating segments. The 'management approach' requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, for the purpose of allocating resources and assessing performance. This could also include the identification of operating segments which sell primarily or exclusively to other internal operating segments.

t. Foreign currency translation

Both the functional and presentation currency of Mining Group Limited and its Australian subsidiaries is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

The functional currency of the foreign subsidiaries, Agusan Metals Corporation, Marlin Mining Corporation, and MNE Philippine Realty, Inc is Philippines peso, "Php".

The functional currency of Mining Group Chile Limitada is Chilean peso, "CLP".

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

t. Foreign currency translation (continued)

As at the balance date the assets and liabilities of these subsidiaries are translated into the presentation currency of Mining Group Limited at the rate of exchange ruling at the balance date and income and expense items are translated at the average exchange rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

In addition, in relation to the partial disposal of a subsidiary that does not result in the Group losing control over a subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

NOTE 2. KEY MANAGEMENT PERSONNEL COMPENSATION

Names and positions held of the entity's key management personnel in office at any time during the year are:

Winton Willesee	Non-Executive Chairman
Zeffron Reeves	Managing Director (<i>appointed 17 July 2012</i>)
Andrew Maurice	Managing Director (<i>resigned 17 July 2012</i>)
Robert Butchart	Non-Executive Director
Colin Johnstone	Non-Executive Director
Perfecto E Mirador Jr	Chief Finance and Legal Officer - Philippines
Max Tuesley	Exploration Manager - Philippines (<i>employment agreement terminated on 30 June 2013</i>)

30 June 2013

Number of Shares Held by Key Management Personnel

Key Management Person	Balance at 30.6.2012	Received as Compensation	Options Exercised	Net Change Other	Balance on Resignation	Balance 30.6.2013
Winton Willesee	150,000	-	-	390,000	-	540,000
Zeffron Reeves ⁷	-	-	-	840,975	-	840,975
Andrew Maurice ⁶	212,000	-	-	-	212,000	-
Robert Butchart ²	-	-	-	-	-	-
Colin Johnstone ³	-	-	-	1,879,911	-	1,879,911
Perfecto E Mirador Jr ⁴	-	-	-	-	-	-
Max Tuesley ⁵	-	-	-	-	-	-
	362,000	-	-	3,110,886	212,000	3,260,886

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 2. KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

30 June 2012

Number of Shares Held by Key Management Personnel

Key Management Person	Balance at 30.6.2011	Received as Compensation	Options Exercised	Net Change Other	Balance on Resignation	Balance 30.6.2012
Winton Willesee	150,000	-	-	-	-	150,000
Andrew Maurice	200,000	-	-	12,000	-	212,000
Robert Butchart ²	-	-	-	-	-	-
Colin Johnstone ³	-	-	-	-	-	-
Shannon Coates ¹	343,751	-	-	-	-	343,751
Perfecto E Mirador Jr ⁴	-	-	-	-	-	-
Max Tuesley ⁵	-	-	-	-	-	-
	693,751	-	-	12,000	-	705,751

¹ resigned as Non-Executive Director 24 May 2012

² appointed 1 March 2012

³ appointed 24 May 2012

⁴ appointed 12 April 2012 to the Company's subsidiary, Agusan Metals Corporation (formerly Philco Mining Corp).

⁵ appointed 1 April 2012 to the Company's subsidiary, Agusan Metals Corporation (formerly Philco Mining Corp). Agreement was terminated on 30 June 2013.

⁶ resigned 17 July 2012

⁷ appointed 17 July 2012

30 June 2013

Number of Options Held by Key Management Personnel

Key Management Person	Balance 30.6.2012	Granted as compensation	Options Exercised	Net Change Other	Balance at Resignation	Balance 30.6.2013	Total Exercisable	Total 30.6.2013
Winton Willesee	537,500	-	-	120,000	-	657,500	657,500	657,500
Zeffron Reeves ¹	-	3,750,000	-	1,814,384	-	5,564,384	1,814,384	5,564,384
Andrew Maurice ⁷	550,000	-	-	-	(550,000)	-	-	-
Robert Butchart ³	-	-	-	-	-	-	-	-
Colin Johnstone ⁴	-	500,000	-	667,758	-	1,167,758	1,167,758	1,167,758
Perfecto E Mirador Jr ⁵	50,000	50,000	-	-	-	100,000	100,000	100,000
Max Tuesley ⁶	300,000	450,000	-	-	-	750,000	750,000	750,000
	1,437,500	4,750,000	-	2,602,142	(550,000)	8,239,642	4,489,642	8,239,642

30 June 2012

Key Management Person	Balance 30.6.2011	Granted as compensation	Options Exercised	Net Change Other	Balance at Resignation	Balance 30.6.2012	Total Exercisable	Total 30.6.2012
Winton Willesee	500,000	-	-	37,500	-	537,500	537,500	537,500
Andrew Maurice ⁷	500,000	-	-	50,000	-	550,000	550,000	550,000
Robert Butchart ³	-	-	-	-	-	-	-	-
Colin Johnstone ⁴	-	-	-	-	-	-	-	-
Shannon Coates ²	500,000	-	-	85,937	-	585,937	585,937	585,937
Perfecto E Mirador Jr ⁵	-	50,000	-	-	-	50,000	50,000	50,000
Max Tuesley ⁶	-	300,000	-	-	-	300,000	300,000	300,000
	1,500,000	350,000	-	173,437	-	2,023,437	2,023,437	2,023,437

¹ appointed 17 July 2012

² resigned 24 May 2012

³ appointed 1 March 2012

⁴ appointed 24 May 2012

⁵ appointed 12 April 2012 to the Company's subsidiary, Agusan Metals Corporation (formerly Philco Mining Corp).

⁶ appointed 1 April 2012 to the Company's subsidiary, Agusan Metals Corporation (formerly Philco Mining Corp) The agreement was terminated on 30 June 2013.

⁷ resigned 17 July 2012

There have been no other transactions involved equity instruments other than those described in the tables above.

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 2. KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

2013

\$

2012

\$

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

Short-term employee benefits	781,911	479,342
Post-employment benefits	27,069	22,437
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	73,462	105,512
	<u>882,442</u>	<u>607,291</u>

NOTE 3. AUDITOR'S REMUNERATION

2013

\$

2012

\$

Remuneration of the auditor for:

- Auditing or reviewing the financial report	45,104	30,606
- Corporate services	12,471	-
	<u>57,575</u>	<u>30,606</u>

NOTE 4. INCOME TAX

a) Income tax expense

Current tax	1,466	-
Deferred tax	131,254	73,424
Income tax expense (benefit)	<u>132,720</u>	<u>73,424</u>

Deferred income tax expense included in income tax expense comprises:

(a) (Increase) in deferred tax assets recognised in Australian entities	(5,213)	(30,865)
(b) Increase in deferred tax liabilities recognised in Australian entities	5,213	30,865
(c) Increase in deferred tax liabilities recognised in Agusan Metals Corporation (formerly Philco Mining Corp)	131,254	73,424
	<u>131,254</u>	<u>73,424</u>

b) Reconciliation of income tax expense to prima facie tax payable

The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:

Prima facie tax on operating loss at 30%	(3,353,523)	(526,623)
Add / (Less)		
Tax effect of:		
Non-deductible expenses	3,172,201	172,909
Non-assessable income – Agusan Metals Corporation (formerly Philco Mining Corp)	(139,075)	(4,356)
Tax losses and timing differences not recognised	320,397	358,069
Income tax attributable to operating loss recognised in Australian entities	-	-
Temporary differences recognised in Agusan Metals Corporation (formerly Philco Mining Corp) income tax expense/(benefit)	<u>132,720</u>	<u>73,424</u>

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 4. INCOME TAX (continued)

		2013 \$	2012 \$
The applicable weighted average effective tax rates are as follows:		Nil%	Nil%
c) Deferred tax assets			
Tax Losses recognised in Australian entities		777,897	456,489
Tax Losses recognised in Agusan Metals Corporation (formerly Philco Mining Corp)		24,647	36,433
Provisions		12,423	13,730
Other		39,263	58,894
		<u>854,230</u>	<u>565,546</u>
Set-off deferred tax liabilities	4(d)	(48,808)	(54,021)
Deferred tax asset not recognised		<u>(805,422)</u>	<u>(511,525)</u>
Net deferred tax assets		<u>-</u>	<u>-</u>
d) Deferred tax liabilities			
Exploration expenditure		48,092	51,193
Exploration expenditure		716	2,828
		<u>48,808</u>	<u>54,021</u>
Set-off deferred tax assets	4(c)	<u>(48,808)</u>	<u>(54,021)</u>
Net deferred tax liabilities		<u>-</u>	<u>-</u>
e) Tax losses			
Unused tax losses for which no deferred tax asset has been recognised		<u>777,897</u>	<u>456,489</u>

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2012 because the Directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

i. the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;

ii. the Group continues to comply with conditions for deductibility imposed by law; and

iii. no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the loss and exploration expenditure.

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 5. EARNINGS PER SHARE

	2013	2012
	\$	\$
a) Loss used to calculate basic EPS	(11,311,130)	(1,755,410)
	<u>Number of Shares</u>	<u>Number of Shares</u>
b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	92,387,967	35,619,119
The diluted loss per share is disclosed as the same as the basic earnings per share as a loss was incurred in the year.		

NOTE 6. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	1,719,095	877,746
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NOTE 7. ASSETS HELD FOR SALE

The subsidiary, Agusan Metals Corporation (formerly Philco Mining Corporation) reclassified its Carbon-in-Pulp plant from "property and equipment" to "assets held for sale" at 31 December 2011, net of accumulated depreciation.

As of 31 August 2012, the Carbon-in-Pulp plant asset was disposed in the amount of AUD \$1,498,427.

-	1,498,427
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NOTE 8. OTHER RECEIVABLES

GST/VAT receivable	20,317	191,496
Other receivables	64,610	129,515
	<u>84,927</u>	<u>321,011</u>

NOTE 9. FIXED ASSETS

(a) Carrying amounts

Furniture and Fittings – at cost	9,185	5,582
Accumulated depreciation	<u>(1,604)</u>	<u>(145)</u>
	7,581	5,437
Computer Equipment – at cost	25,829	26,696
Accumulated depreciation	<u>(8,551)</u>	<u>(2,263)</u>
	17,278	24,433
Plant and Equipment – at cost	69,784	64,472
Accumulated depreciation	<u>(57,376)</u>	<u>(50,931)</u>
	12,408	13,541
Office Equipment – at cost	46,233	25,699
Accumulated depreciation	<u>(14,999)</u>	<u>(4,087)</u>
	31,234	21,612

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 9. FIXED ASSETS (continued)

	2013 \$	2012 \$
Leasehold Improvement – at cost	8,707	-
Accumulated amortisation	(1,016)	-
	<u>7,691</u>	<u>-</u>
Land – at cost	53,547	-
Accumulated amortisation	-	-
	<u>53,547</u>	<u>-</u>
Construction in progress – at cost	7,491	-
Accumulated amortisation	(339)	-
	<u>7,152</u>	<u>-</u>
	<u>136,891</u>	<u>65,023</u>

(b) Movements in carrying amounts

Movements in the carrying amounts of each class of fixed assets between the beginning and the end of the year:

	Furniture & Fittings \$	Computer Equipment \$	Plant & Equipment \$	Office Equipment \$	Leasehold \$	Structures \$	Land \$	Total \$
2013 year								
Balance at 1 July 2012 net of accum depreciation	5,437	24,433	13,541	21,612	-	-	-	65,023
Additions	3,603	2,305	5,312	20,533	8,708	7,491	53,547	101,499
Disposals	-	(3,172)	-	-	-	-	-	(3,172)
Depreciation charge for the year	(1,459)	(6,288)	(6,445)	(10,912)	(1,016)	(339)	-	(26,459)*
Balance at 30 June 2013 net of accum depreciation	<u>7,581</u>	<u>17,278</u>	<u>12,408</u>	<u>31,234</u>	<u>7,692</u>	<u>7,152</u>	<u>53,547</u>	<u>136,891</u>
2012 year								
Balance at 1 July 2011 net of accum depreciation	-	-	-	-	-	-	-	-
Additions	5,582	26,696	64,472	25,699	-	-	-	122,449
Depreciation charge for the year	(145)	(2,263)	(50,931)	(4,087)	-	-	-	(57,426)
Balance at 30 June 2012 net of accum depreciation	<u>5,437</u>	<u>24,433</u>	<u>13,541</u>	<u>21,612</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,023</u>

* During the year, total depreciation consisted of \$6,666 being charged to the Statement of Profit or Loss and Other Comprehensive income and \$19,793 capitalised to exploration expenditure.

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 10. EXPLORATION EXPENDITURE

	2013 \$	2012 \$
Costs carried forward in respect to areas of interest:		
Exploration expenditure capitalised – at cost	6,631,246	20,069,142
Brought forward	20,069,142	77,186
Exploration expenditure capitalised	1,881,891	2,865,304
Foreign currency movement on exploration expenditure	751,972	-
Acquisition of Comval Project	800,000	17,126,652
Write-offs during the year – Australian properties	(21,405)	-
Impairment - Comval Project	(16,850,354)	-
Balance at reporting date	6,631,246	20,069,142

During the year ended 30 June 2013, the Directors have impaired the Comval Project by \$16,850,354, of which \$8,324,539 has been charged directly to its profit or loss. The balance of \$8,525,415 has been offset against the fair value of the Cadan loan as disclosed in Note 13.

The value of Company interest in exploration expenditure is dependent upon:

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

The exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

NOTE 11. OTHER NON-CURRENT ASSETS

	2013 \$	2012 \$
Security Deposit	3,607	1,760
Bond – Drill Rig	53,737	50,695
	57,344	52,455

NOTE 12. TRADE AND OTHER PAYABLES

Trade creditors	111,055	374,515
Other payables and accruals	155,837	425,242
Taxes Payable – current	1,466	-
Total payables and accruals	268,358	799,757

Trade creditors are expected to be paid on 30 day terms.

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 13. PROVISIONS

Annual leave

2013
\$

2012
\$

18,155

25,766

NOTE 14. LOANS PAYABLE

Balance at beginning of period

12,043,390

-

Acquisition of Agusan Metals Corporation

-

12,018,132

Advances received/(paid)

47,673

-

Payment for CIP Plant

(1,843,059)

-

Conversion of loan to equity

(111,952)

-

Writedown to fair value

(8,525,415)

-

Foreign exchange losses

352,860

25,258

Balance at end of period

1,963,497

12,043,390

The loan payable represents advances from the former Parent, Cadan Resources Corporation to Agusan Metals Corporation (formerly Philco Mining Corporation), which had been made prior to the acquisition of Agusan Metals Corporation by Mining Group.

The loan terms are stipulated in the shareholders' agreement between MNE Holdings Pty Ltd, Mining Group Limited, Philco Holdings Inc, Cadan Resources Corporation and Agusan Metals Corporation (formerly Philco Mining Corporation). The significant provisions of the loan are as follows:

- (a) The shareholders loan from Cadan and MNE Holdings shall accrue interest based on London Interbank offered Rate (LIBOR) and a margin of three percent (3%) per annum; accruing upon commencement of commercial production.
- (b) Except as the Shareholders may otherwise agree in writing subsequent to the execution of the Agreement, both the loan from Cadan and the MNE Holdings loan shall be non-recourse to the Company;
- (c) Cadan Resources Corporation, Philco Holdings Inc., and MNE Holdings will not have the right to demand repayment from Agusan Metals Corp (formerly Philco Mining Corp); and
- (d) The repayments of the Loan from Cadan and MNE Holdings will only commence within 12 months from commercial production and repayment in full not to exceed the original planned life for the project.

At 30 June 2013, the Company re-valued the loan to an estimated fair value of \$1,963,497. The loan terms are such that the timing of its repayment is based on the Comval Project achieving commercial production, as at the date of this report the time frames surrounding development of the Comval Project are uncertain. In calculating the fair value of the loan management have used a best estimate for Comval achieving commercial production and the subsequent future loan repayments.

Management's assumptions on the timing of the loan repayments in calculating the fair value of the loan are as follows:

- (a) Loan repayments to commence within 12 months of commercial operations;
- (b) Commercial operations to start 2 years after sole funding period ends (Jan 2017) i.e. commercial operations to start January 2019 and loan repayments to commence January 2020;
- (c) The loan will be repaid by 2022; and
- (d) A discount rate of 25% used to calculate the present value of the loan.

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 15. ISSUED CAPITAL

	2013	2012
	\$	\$
191,442,724 (2012: 50,202,344) Fully paid ordinary shares (net of capital raising costs of \$2,244,138 (2012: \$498,905) with no par value	14,601,799	8,899,657

	2013		2012	
	\$	Number	\$	Number
a) Ordinary Shares				
At the beginning of the reporting period	8,899,657	50,202,344	2,458,093	26,050,001
Shares issued during the period				
– 28 November 2011 Option conversion	-	-	250	1,250
– 5 January 2012 Option conversion	-	-	1,000	5,000
– 17 January 2012 Comval vendor	-	-	150,000	500,000
– 17 January 2012 Comval Consideration	-	-	780,000	2,600,000
– 17 January 2012 Share placement	-	-	3,000,000	15,000,000
– 27 January 2012 Option conversion	-	-	7,219	36,093
– 3 February 2012 Option conversion	-	-	2,000	10,000
– 29 March 2012 Placement tranche 1	-	-	1,500,000	3,000,000
– 18 April 2012 Placement tranche 2	-	-	1,500,000	3,000,000
– Various 2012 Rights issue	5,020,234	50,202,344	-	-
– 14 March 2013 Cadan – part consideration	300,000	5,952,381	-	-
– 12 June 2013 Entitlement issue	2,127,141	85,085,655	-	-
– Capital raising costs	(1,745,233)	-	(498,905)	-
At reporting date	14,601,799	191,442,724	8,899,657	50,202,344

Ordinary shareholders participate in dividends and the proceeds in winding up of the parent entity in proportion to the shares held.

b) Capital management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet exploration programmes and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Company at 30 June 2013 is disclosed in Note 16.

c) Options

For details of options outstanding at year end, refer Note 26.

NOTE 16. WORKING CAPITAL

	2013	2012
	\$	\$
Cash and cash equivalents	1,719,095	877,746
Trade and other receivables	84,927	321,011
Trade and other payables and provisions	(286,513)	(825,523)
Working capital position	1,517,509	373,234

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 17. COMMITMENTS

	2013 \$	2012 \$
a) The Company has tenements rental and expenditure commitments of:		
Payable:		
– not later than 12 months	38,240	2,096
– between 12 months and 5 years	-	-
– greater than 5 years	-	-
	<u>38,240</u>	<u>2,096</u>
b) The Company has lease commitments of:		
Payable:		
– not later than 12 months	39,955	-
– between 12 months and 5 years	-	-
– greater than 5 years	-	-
	<u>39,955</u>	<u>-</u>

NOTE 18. RESERVES

Option reserve

	2013 \$	2012 \$
Balance at beginning of year	2,612,269	-
Share-based payment – Comval project	-	2,304,000
Capital raising	1,007,356	202,757
Share-based payment – employees/consultants/others	281,825	105,512
	<u>3,901,450</u>	<u>2,612,269</u>

Foreign exchange reserve

Balance at beginning of year	139,737	-
Change in reserve	438,495	139,737
	<u>578,232</u>	<u>139,737</u>
Balance at 30 June	<u>4,479,682</u>	<u>2,752,006</u>

Options Reserve:

This reserve is used to record the value of equity benefits provided to employees, Directors and consultants as part of their remuneration. Refer to Note 25.

Foreign Currency Translation Reserve

Foreign currency translation reserve records exchange differences arising on translation of the subsidiaries' functional currency (Philippine Peso) into presentation currency at balance date.

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 19. CONTINGENT LIABILITIES AND OTHER CONTINGENCIES

On 17 January 2012, the Company's 100% wholly owned subsidiary, MNE Holdings Pty Ltd ("MNE"), acquired 80% of the voting shares of Agusan Metals Corporation ("AMC") (formerly Philco Mining Corp), a company registered in the Philippines.

As part of the facilitation agreement the following contingencies may have to be met. For further details refer to the Prospectus lodged 22 December 2011.

- a) When (and if) the Company's share price trades at or above \$1 for 30 consecutive days, issue to Cadan 2,600,000 fully paid ordinary shares;
- b) If, within 24 months of settlement of the Acquisition (which period may be extended by up to a further 24 months). Cadan is successful in resolving the dispute as summarised in the Prospectus, section 3.5(d), lodged December 2011, the Company must make a further \$1,000,000 payment to Cadan within 6 months of the dispute being settled. Cadan subsequently notified the Company that, in its view, the dispute had been settled within the terms of the agreement. On 12 March 2013, the Company issued as settlement to this dispute \$500,000 in cash and a further \$300,000 in shares to Cadan in return for which Cadan will indemnify Mining Group against any claims by REG; and
- c) Agusan shall pay G. Lluch a production royalty ("Royalty") of CAD\$2.00 per ounce of gold and a Gold equivalent produced from a Philippine Government approved Commercial Production from the Mineral Properties. From the date of Commercial Production until the date the Royalty takes effect, a quarterly Royalty of CAD \$25,000, in advance, shall be paid to G. Lluch. For valuable consideration, and under such terms and conditions as the Parties may agree, G. Lluch grants either to Agusan or MNE, the option to purchase the Royalty from G. Lluch by paying the latter a fair and equitable once-only royalty payout by either of Agusan or MNE of not less than CAD \$2,000,000 which option may be exercised by either of Agusan or MNE at any time prior to the commencement of any Philippine Government approved Commercial Production.

Mining Group Limited to pay Cygnet Capital, or its nominee a 3% Net Profit Royalty (NPR), payable on Mining Group's interest in AMC. The royalty should be calculated only when Mining Group is profitable for 8 years, not necessarily consecutively.

Further, the Company has agreed to issue the following unlisted options, subject to the applicable criteria being met:

Number to be issued	Option Class	Applicable criteria
250,000	Class C - \$0.60 1 April 2015	On a JORC interred resource of 30 million tonnes with an average grade of at least 0.85% Cu equivalent
300,000	Class E - \$0.75 30 June 2016	On a JORC interred resource of 50 million tonnes with an average grade of at least 0.85% Cu equivalent
150,000	Class F - \$1.00 30 June 2016	On a JORC interred resource of 75 million tonnes with an average grade of at least 0.85% Cu equivalent
100,000	Class G - \$1.00 14 May 2015	On a JORC interred resource of 100 million tonnes with an average grade of at least 0.85% Cu equivalent
100,000	Class H - \$1.50 30 June 2016	To be issued on completion of a positive feasibility study and acquisition of all required permitting to allow mining.

In December 2011, an Australian company filed in Singapore a Notice of Arbitration (the "Notice") against the Agusan Metals Corporation ("Company") and Cadan Resources Corporation claiming the Company owed them AUD\$714,924 (P31,124,000). The Company and its legal advisors strongly dispute the claims and consider that the Company is not liable for the claim. The Company has filed a response to the Notice requesting the claim be dismissed for lack of cause of action.

In the opinion of the Directors there were no further contingent liabilities at 30 June 2013, and the interval between 30 June 2013 and the date of this report.

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 20. CASH FLOW INFORMATION

2013
\$

2012
\$

a) Reconciliation of Cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash	1,719,095	877,746
b) Reconciliation of Cash Flow from Operations with Operating Loss after Income Tax		
Operating loss after income tax	(11,311,130)	(1,755,410)
<i>Non-cash flows in loss from ordinary activities</i>		
Depreciation	6,666	2,307
Income tax expense	132,720	-
Share-based payments	277,300	105,512
Exploration expense	-	282,859
Loss on sale of assets	97,356	-
Impairment of assets	8,346,344	140,448
Foreign exchange differences (unrealised)	(374,759)	(139,737)
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in trade and other receivables	231,195	(307,831)
Increase/(decrease) in trade and other payables	(531,399)	461,216
Increase/(decrease) in provisions	(7,611)	25,766
Net Cash Flow from/(used in) Operating Activities	(3,133,318)	(1,184,870)

Non Cash Financing and investing Activities

i) Share Issue

On 14 March 2013, the Company issued of 5,952,381 fully paid ordinary shares at \$0.0504 each to Cadan Resources Corp as part consideration in the REG matter.

ii) Option Issue

Pursuant to the loan agreement with White Swan, the Company issued to White Swan, and/or its nominees, 6,000,000 listed options exercisable at \$0.20, expiring 1 July 2014. Pursuant to the underwriting agreement dated 31 July 2013 with Patersons Securities Limited, and approved by shareholders on 18 September 2012, the Company issued 12,500,000 listed options exercisable at \$0.020, expiring 1 July 2014.

Pursuant to the underwriting agreement dated 17 April 2013, with Cygnet Capital Pty Ltd, the Company issued 22,500,000 unlisted options exercisable at \$0.05, expiring 30 June 2015 at a deemed price of \$0.015 each as success fees.

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 21. RELATED PARTY TRANSACTIONS

(a) Subsidiaries

The consolidated financial statements include the financial statements of Mining Group Limited and the subsidiaries listed in the following table:

Name	Country of incorporation	Equity interest		Investment	
		2013 %	2012 %	2013 \$	2012 \$
MNE Holdings Pty Ltd	Australia	100	100	1	1
Phil-Aust Holdings Pty Ltd	Australia	100	100	1	1
Agusan Metals Corporation (AMC) (formerly Philco Mining Corp)	Philippines	80	80	7,828,839	6,578,563
Comval Property Pty Ltd	Australia	100	-	1	-
Marlin Mining Corporation	Philippines	100	-	192,437	-
MNE Philippine Realty, Inc	Philippines	40	-	9,479	-
Atacama Holdings Pty Ltd	Australia	100	-	1	-
Mining Group Chile Limitada	Chile	100	-	-	-
				<u>8,030,759</u>	<u>6,578,565</u>

(b) Loans to subsidiaries

	2013 \$	2012 \$
To MNE Pty Ltd from Mining Group Limited	13,497,277	9,187,929
To AMC from MNE Pty Ltd	4,116,746	2,157,266
To Phil-Aust Holdings Pty Ltd from Mining Group Limited	214,991	-
To Comval Property Pty Ltd from Mining Group Limited	63,307	-
To Atacama Holdings Pty Ltd from Mining Group Limited	130,432	-
To Agusan Metals Corporation from Marlin Mining Corporation	205,006	-
To MNE Phil Realty Pty Ltd from Comval Property Pty Ltd	30,237	-
To Marlin Mining Corporation from Phil-Aust Holdings Pty Ltd	10,241	-
	<u>18,268,237</u>	<u>11,345,195</u>

Loans to subsidiaries are interest free with no fixed repayment terms.

Other than as stated above and the remuneration disclosed in Note 2 and the Remuneration Report section of the Directors report, there has been no related party transactions during the financial year.

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 22. PARENT ENTITY DISCLOSURES

Financial Position

	2013	2012
	\$	\$
Assets		
Current assets	1,543,911	861,163
Non-current assets	13,528,869	9,378,648
Total assets	15,072,780	10,239,811
Liabilities		
Current liabilities	168,346	280,575
Total liabilities	168,346	280,575
NET ASSETS	14,904,434	9,959,236
Equity		
Issued capital	14,601,799	8,899,657
Reserves	3,901,450	2,612,269
Accumulated losses	(3,598,815)	(1,552,690)
Total equity	14,904,434	9,959,236

Statement of Profit or loss and other comprehensive income

	2013	2012
	\$	\$
Loss for the year	(2,046,125)	(1,484,632)
Other comprehensive income	-	-
Total comprehensive income	(2,046,125)	(1,484,632)

a) Contingent liabilities

As at 30 June 2013 and 2012, the Company had no contingent liabilities.

b) Contractual Commitments

As at 30 June 2013 and 2012, the Company had no contractual commitments.

c) Guarantees entered into by parent entity

As at 30 June 2013 and 2012, the Company had not entered into any guarantees.

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 23. FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, short-term investments, and accounts receivable and payable.

The main purpose of non-derivative financial instruments is to raise finance for the Group's operations.

Derivatives are not currently used by the Group for hedging purposes. The Group does not speculate in the trading of derivative instruments.

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:

	Note	2013 \$	2012 \$
Financial Assets			
Cash and cash equivalents	6	1,719,095	877,746
Other receivables	8	84,927	321,011
Total Financial Assets		<u>1,804,022</u>	<u>1,198,757</u>
Financial Liabilities			
Trade and other payables	12	268,358	799,757
Loans payable	14	1,963,497	12,043,390
Total Financial Liabilities		<u>2,231,855</u>	<u>12,843,147</u>

i. Treasury Risk Management

The full Board of the Company meet on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

ii. Financial Risks

The Group's financial instruments consist mainly of deposits with banks, short-term investments, and accounts receivable and payable. The main risks the Group is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk, and market risk (being equity price risk).

Interest rate risk

The Group does not have any debt that may be affected by interest rate risk. As disclosed in Note 14, interest on the shareholders loan from Cadan accrues upon commencement of commercial production which is not expected to occur before July 2018.

Currency Risk

Foreign exchange risk arises from future commitments, assets and liabilities that are denominated in a currency that is not the functional currency of the Group. The Group deposits are denominated in both Philippines Peso and Australian dollars. At the year end the majority of loans payable were held in Canadian dollars. Currently there are no foreign exchange programs in place. The Group treasury function manages the purchase of foreign currency to meet operational requirements. The impact of reasonably possible changes in foreign exchange rates for the Group has potential to be material. The Group monitors this risk on a regular basis.

Sensitivity analysis

At 30 June 2013, if interest rates had changed by +/- 75 basis points from the weighted average rate for the period with all other variables held constant, post-tax loss for the Group would have been \$12,893 (2012: \$6,583) lower/higher as a result of lower/higher interest income from cash and cash equivalents.

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 23. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk by preparing forward looking cash flow analysis in relation to its operational, investing and financing activities and monitoring its cash assets and assets readily convertible to cash in the context of its forecast future cash flows. The Group continually monitors its access to additional equity capital should that be required, maintains a reputable credit profile and manages the credit risk of its financial assets.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the economic entity.

Credit risk related to balances with banks and other financial institutions is managed by the full Board in accordance with approved Board policy.

	Note	2013 \$	2012 \$
Cash and cash equivalents	6	1,719,095	877,746
		1,719,095	877,746

Market Risk – Equity/Securities Price Risk

The Group is not exposed to securities price risk on investments held for trading or for medium to longer term as no such investments are currently held.

(b) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Company at the balance date are recorded at amounts approximating their carrying amount.

(c) Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

	Floating Interest Rate		Fixed Interest Rate				Non Interest Bearing		Total		Weighted Effective Interest Rate	
			1 Year or Less		1 to 5 Years							
	2013 \$		2013 \$		2013 \$		2013 \$		2013 \$		2013 %	
Financial Assets												
Cash	1,719,095		-		-		-		1,719,095		2.97%	
Trade & other receivables	-		-		-		84,927		84,927		N/A	
Total Financial Assets	1,719,095		-		-		84,927		1,804,022			
Financial Liabilities												
Trade & other payables	-		-		-		268,358		268,358		N/A	
Loans payable	-		-		-		1,963,497		1,963,497		N/A	
Total Financial Liabilities	-		-		-		2,231,855		2,231,855			

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 23. FINANCIAL INSTRUMENTS (continued)

c) Interest Rate Risk (continued)

	Floating Interest Rate		Fixed Interest Rate				Non Interest Bearing		Total		Weighted Effective Interest Rate
			1 Year or Less		1 to 5 Years						
	2012 \$		2012 \$		2012 \$		2012 \$		2012 \$		2012 %
Financial Assets											
Cash	877,746		-		-		-		877,746		1.32%
Trade & receivables	-		-		-		321,011		321,011		N/A
Total Financial Assets	877,746		-		-		321,011		1,198,757		
Financial Liabilities											
Trade & other payables	-		-		-		799,757		799,757		N/A
Loans payable	-		-		-		12,043,390		12,043,390		N/A
Total Financial Liabilities	-		-		-		12,843,147		12,843,147		

NOTE 24. OPERATING SEGMENTS

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of business category and geographical areas. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Segment assets

Where an asset is used across multiple segments, the asset is allocated proportionately to the applicable segments based on its use. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables.

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 24. OPERATING SEGMENTS (Continued)

Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- impairment of assets(excluding tenement assets) and other non-recurring items of revenue or expense;
- income tax expense;
- deferred tax assets and liabilities;
- intangible assets; and
- discontinuing operations, other than those related to tenement assets.

	Corporate	Australia Exploration	Philippines Exploration	Total
	\$	\$	\$	\$
(i) Segment performance				
30 June 2013				
Total segment revenue	49,600	-	86	49,686
Total segment expenses	-	-	-	-
Segment net profit/(loss) before tax	49,600	-	86	49,686
<i>Reconciliation of segment result to group net loss</i>				
Unallocated items				
Impairments	-	(21,405)	(8,324,939)	(8,346,344)
Other expenses	(1,522,480)	-	(1,491,992)	(3,014,472)
Net loss before tax from continuing operations				<u>(11,311,130)</u>

	Corporate	Australia Exploration	Philippines Exploration	Total
	\$	\$	\$	\$
(ii) Segment assets				
30 June 2013				
Segment assets				
Total segment assets	1,719,095	160,306	6,470,940	8,350,341
<i>Unallocated Assets</i>				
Trade and other receivables	18,498		172,130	190,628
Other unallocated Assets	88,534			88,534
Total Group assets				<u>8,629,503</u>

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 24. OPERATING SEGMENTS (Continued)

(iii) Segment liabilities

	Corporate	Australia Exploration	Philippines Exploration	Total
30 June 2013	\$	\$	\$	\$
Segment liabilities	116,027	-	103,135	219,162
Total segment liabilities				
<i>Unallocated liabilities</i>				
Deferred tax liability	-	-	380,997	380,997
Loan Payable	-	-	1,963,497	1,963,497
Payroll and other payables	52,785	-	13,565	67,350
Total group liabilities				<u>2,631,006</u>

	Corporate	Australia Exploration	Philippines Exploration	Total
	\$	\$	\$	\$
(i) Segment performance				
30 June 2012				
Total segment revenue	68,002			68,002
Total segment expenses	-			-
Segment net profit/(loss) before tax	<u>68,002</u>			<u>68,002</u>
<i>Reconciliation of segment result to group net loss</i>				
Unallocated items				
Other revenue				-
Other expenses				(1,823,412)
Net loss before tax from continuing operations				<u>(1,755,410)</u>

(ii) Segment assets

	Corporate	Australia Exploration	Philippines Exploration	Total
30 June 2012	\$	\$	\$	\$
Segment assets				
Total segment assets	877,746	170,643	21,449,381	22,497,770
Acquisitions			6,578,563	
<i>Unallocated Assets</i>				
Trade and other receivables				321,011
Other unallocated Assets				65,023
Total group assets				<u>22,883,804</u>

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 24. OPERATING SEGMENTS (Continued)

(iii) Segment liabilities

	Corporate	Australia Exploration	Philippines Exploration	Total
30 June 2012	\$	\$	\$	\$
Segment liabilities	246,981	-	127,534	374,515
Total segment liabilities				
<i>Unallocated liabilities</i>				
Deferred tax liability	229,574			229,574
Loan Payable			12,043,390	12,043,390
Payroll and other payables	451,008			451,008
Total group liabilities				<u>13,098,487</u>

(iv) Revenue by geographical region

There is no revenue attributable to external customers.

(v) Assets by geographical region

All reportable segment assets are located in Australia and Philippines.

NOTE 25. SHARE-BASED PAYMENTS

During the year, 5,952,381 fully paid ordinary shares at a deemed price of \$0.0504 per share were issued to Cadan as part consideration with respect to the REG settlement.

During the year, the Company issued 4,800,000 unlisted options to employees and Directors of the Group. Details of those issues are detailed in Note 26.

Pursuant to a loan agreement between the Company and White Swan Nominees Pty Ltd, the Company issued 6,000,000 listed options exercisable at \$0.20 expiring 1 July 2014 as part of the repayment of the loan.

Pursuant to the underwriting agreement dated 31 July 2012 with Patersons Securities Ltd, and approved by shareholders on 18 September 2012, the Company issued 12,500,000 listed options exercisable at \$0.20, expiring 1 July 2014.

Pursuant to a underwriting agreement dated 17 April 2013, the Company issued to Cygnet Capital Pty Ltd, 22,500,000 unlisted options exercisable \$0.05 expiring 30 June 2015 at a deemed price of \$0.015 each as success fees.

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 26. SHARE OPTIONS

At the end of the year there are 112,515,057 (2012: 24,172,230) options over unissued shares as follows:

	2013		2012	
	Number of options	Weighted average exercise price (cents)	Number of options	Weighted average exercise price (cents)
Outstanding at beginning of the year	24,172,230	20	1,500,000 ¹	20
Granted – share- based payment	500,000	45	300,000 ²	60
	10,000,000	20	50,000	60
	300,000	25	400,000	55
	22,500,000	5	-	-
Granted – Comval Project	-	-	12,000,000	20
Granted – capital raisings	12,500,000	20	9,974,573	20
	42,542,827	5	-	-
Forfeited	-	-	-	-
Exercised	-	-	(52,343)	20
Expired	-	-	-	-
Outstanding at year-end	112,515,057	12	24,172,230	23
Exercisable at year-end	107,265,057	-	22,372,230	-

¹ Released from escrow 1 July 2013

² Released from escrow 1 April 2013

(a) Expenses arising from share-based payment transactions

There were \$277,300 (2012: \$105,512) expense arising from share-based payment transactions recognised during the year, and additional amount of \$1,007,356 (2012: \$103,011) has been recognised in capital raising costs.

Unlisted Options

The fair value of the 4,800,000 (2012: 750,000) unlisted options granted during the year ended 30 June 2013 was determined using the following option pricing models and weighted average inputs to the model:

2013

	500,000	2,500,000	1,250,000	200,000	250,000	50,000	50,000
Number of options over shares	500,000	2,500,000	1,250,000	200,000	250,000	50,000	50,000
Option pricing model fair value	\$0.017	\$0.046	\$0.012	\$0.046	\$0.055	\$0.09	\$0.101
Share price at grant date	\$0.10	\$0.10	\$0.10	\$0.12	\$0.12	\$0.18	\$0.18
Exercise price	\$0.45	\$0.20	\$0.20	\$0.20	\$0.25	\$0.20	\$0.25
Expected volatility	100%	100%	100%	100%	100%	100%	100%
Option life (years)	1.82	2.78	2.96	2.02	3.02	1.96	2.96
Expected dividends	-	-	-	-	-	-	-
Risk-free rate	2.35%	2.25%	2.25%	2.62%	2.62%	2.60%	2.60%
Discount	-	-	75%	-	-	-	-

2012

	400,000	300,000	50,000
Number of options over shares	400,000	300,000	50,000
Option pricing model fair value	\$0.257	\$0.299	\$0.317
Share price at grant date	\$0.54	\$0.54	\$0.55
Exercise price	\$0.55	\$0.60	\$0.60
Expected volatility	87.41%	88.15%	91.74%
Option life (years)	2.0	3.0	3.0
Expected dividends	-	-	-
Risk-free rate	3.70%	3.33%	3.33%

The Black Scholes Option Pricing Model was used for all of the above valuations.

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 26. SHARE OPTIONS (continued)

Listed Options

The fair value of the 28,500,000 (2012: 12,000,000) listed options granted during the year ended 30 June 2013 as a share based payment was determined using the Binomial Valuation Model as follows:

Number of options over shares	6,000,000	22,500,000
Underlying share price	\$0.098	\$0.025
Exercise price	\$0.20	\$0.05
Expected volatility	100%	140%
Expiry date	1 July 2014	1 July 2014
Risk-free interest rate	2.25%	2.83%
Value per option	\$0.034	\$0.015
Share based payment	\$203,320	\$332,356

Furthermore, a total of 12,500,000 listed options were issued at a deemed price of \$0.054 per option for a total value of \$675,000.

NOTE 27. NEW ACCOUNTING STANDARDS APPLICABLE IN FUTURE PERIOD

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group.

At the date of the authorisation of the financial statements, the standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', and AASB 2012-6 'Amendments to Australian Accounting Standards-Mandatory Effective date of AASB 9 and Transition Disclosures'	1 January 2015	30 June 2016
AASB 10 'Consolidated Financial Statements'	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities'	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 19 (2011)'	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements (2011), AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011), AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 2012-2 'Amendments to Australian Accounting Standards-Disclosures-Offsetting Financial Assets and Liabilities' (Amendments to AASB 7)	1 January 2013	30 June 2014

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 28. NEW ACCOUNTING STANDARDS APPLICABLE IN FUTURE PERIOD (Continued)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2012-3 'Amendments to Australian Accounting Standards-Disclosures-Offsetting Financial Assets and Liabilities' (Amendments to AASB 132)	1 January 2014	30 June 2015
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements cycle'	1 January 2013	30 June 2014
AASB 2012-6 'Amendments to Australian Accounting Standards-Mandatory Effective date of AASB 9 and Transition Disclosures'	1 January 2013	30 June 2014
Interpretation 20 'Stripping Costs in the Production Phase of a Surface Mine' and AASB 2011-12 'Amendments to Australian Accounting Standards arising from Interpretation 20'.	1 January 2013	30 June 2014

The Group has decided not to early adopt any of the new and amended pronouncements. Of the above new and amended Standards and Interpretations the Group's assessment of those new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

- AASB 9: Financial Instruments (December 2010) and AASB 2010-7 and AASB 2012-6: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010). These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The Group does not expect any impact of these pronouncements on its financial statements to be material.

- AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation - Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Group does not expect any material impact of this Standard on its financial statements.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 28. NEW ACCOUNTING STANDARDS APPLICABLE IN FUTURE PERIOD (Continued)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the 'special purpose entity' concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will only affect disclosures and is not expected to significantly impact the Group. To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Group.		
- AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).		
AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurements. AASB 13 requires: - inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and - enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value. These Standards are not expected to significantly impact the Group.		
- AASB 2011-4: Amendments to Australian Accounting Standards to remove the individual key management Personnel Disclosure Requirements ((applicable for annual reporting periods commencing on or after 1 January 2013).		
This standard makes amendments to AASB 124: Related Party Disclosures to remove the individual key management personnel disclosure requirements (including paras Aus 29.1 to Aus 29.9.3). These amendments serve a number of purposes, including furthering the trans-Tasman conversion, removing differences from IFRSs, and avoiding any potential confusion with the equivalent Corporations Act 2001 disclosure requirements. This standard is not expected to significantly impact the Group's financial report as a whole. AASB 119 (September 2011) includes changes to the accounting for termination benefits. The Group has not yet been able to reasonably estimate the impact of these changes to AASB 119. AASB 2012-2 'Amendments to Australian Accounting Standards-Disclosures-Offsetting Financial Assets and Liabilities' (Amendments to AASB 7); AASB 2012-3 'Amendments to Australian Accounting Standards-Disclosures-Offsetting Financial Assets and Liabilities' (Amendments to AASB 132); AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements cycle'; AASB 2012-6 'Amendments to Australian Accounting Standards-Mandatory Effective date of AASB 9 and Transition Disclosures'; and Interpretation 20 'Stripping Costs in the Production Phase of a Surface Mine' and AASB 2011-12 'Amendments to Australian Accounting Standards arising from Interpretation 20'. These standards are not expected to impact the Group.		

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 29. EVENTS SUBSEQUENT TO REPORTING DATE

On 1 July 2013, 10,915,625 fully paid ordinary shares and 1,500,000 unlisted options exercisable at \$0.20 each on or before 1 July 2014 were released from escrow.

As announced to the ASX on 15 August 2013, the Company and its subsidiary Mining Group Chile Limitada (in which the Company holds a 99.9% interest) ("Mining Group Chile Ltda") have entered into an exclusive option agreement ("Option Agreement") with Mr Gunther Stromberger and a group of companies, that are all controlled by Mr Stromberger ("Vendors"). The Company and Mining Group Chile Ltda have also entered into a deed of acknowledgement with Apex Boom Ltd ("Apex" or "the Introducer"), Golden Dawn Limited ("GDL") and Minera Marlin Mining Limitada ("MMML") (GDL and MMML are together the "Apex Shareholders") ("Apex Option Agreement"). Together, the Option Agreement and the Apex Option Agreement contemplate the acquisition by Mining Group Chile Ltda, of up to a 90% interest in the El Roble Project in Chile ("Acquisition").

The El Roble Project is a copper and gold exploration project in Region III of Chile. The project area consists of 22 concessions covering approximately 7,600 hectares ("Concessions").

Under the terms of the Option Agreement, the Vendors grant Mining Group Chile Ltda through its 85% indirectly owned Chilean subsidiary Minera El Roble SpA ("Minera El Roble");

- (a) an option to acquire up to a 68% interest in the El Roble Project ("Option"); and
- (b) a call option for a further 10% interest in the El Roble Project ("Further Option").

In addition, under the Apex Option Agreement, the Apex Shareholders grant Mining Group Chile Ltda an option to acquire an additional 12% interest in Minera El Roble, which if exercised, along with the Option, and the Further Option, would take Mining Group's indirect interest in Minera El Roble to a maximum 90% interest. Refer to After Balance Date Events in the Director's Report for further details.

Placement

On 23 August 2013, the Company announced it had received firm commitments to raise up to \$3,000,000 (before costs) via a placement of up to 120,000,000 Shares at an issue price of \$0.025 each ("Placement Shares"), with a free attaching Placement Option (exercisable at \$0.05 each on or before 30 June 2015) on a one for two basis, to sophisticated investors ("Placement").

Tranche 1 of the Placement, comprising the issue of 28,716,408 Shares, was completed on 5 September 2013 pursuant to the Company's 15% placement capacity and raised \$717,910 (before costs). Shareholder approval will be sought for the issue of Tranche 2 of the Placement, comprising the remaining up to 91,283,592 Placement Shares and the 60,000,000 free attaching Placement Options, together with up to 8,400,000 shares and 16,200,000 options, on the same terms as the Placement Options, to Cygnet Capital Pty Ltd in consideration for management services provided in relation to the Placement.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

NOTE 30. COMPANY DETAILS

The registered office and principal place of business of the Company is:

Ground floor, Suite 1
83 Havelock Street
WEST PERTH, WA 6005

Directors' Declaration

The Directors of the Company declare that:

(1) The financial statements and notes attached hereto, are in accordance with the Corporations Act 2001 and:

- (a) comply with Accounting Standards and the Corporations Regulations 2001;
- (b) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; and
- (c) give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the Group;

(2) the Chief Executive Officer and Chief Finance Officer have each declared that:

- (a) the financial records of the Group for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
- (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
- (c) the financial statements and notes for the financial year give a true and fair view;

(3) In the Directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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



WINTON WILLESEE
Non-Executive Chairman

DATED this 27th day of September 2013

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
MINING GROUP LIMITED**

Report on the Financial Report

We have audited the accompanying financial report of Mining Group Limited, which comprises the consolidated statement of financial position as at 30 June 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 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 1, the directors also state, in accordance with Australian 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 whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation 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 company'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.

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

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

Independence

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

Opinion

In our opinion:

- (a) the financial report of Mining Group Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 12 to 20 of the directors' report for the year ended 30 June 2013. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the remuneration report of Mining Group Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd


John Van Dieren

Director

West Perth, Western Australia
27 September 2013

Shareholder Information

The following information is current as at 17 September 2013:

DISTRIBUTION SCHEDULES

Quoted Securities

Distribution of each class of quoted security:

Fully paid ordinary shares

		Range	Holders	Units	%
1	-	1,000	26	4,731	0.00
1,001	-	5,000	34	120,072	0.05
5,001	-	10,000	69	618,001	0.28
10,001	-	100,000	471	20,638,804	9.37
100,001	-	Over	303	198,777,524	90.29
Total			903	220,159,132	100.00

Listed Options exercisable at \$0.05 on or before 30 June 2015

		Range	Holders	Units	%
1	-	1,000	2	803	0.00
1,001	-	5,000	24	75,679	0.12
5,001	-	10,000	14	114,113	0.18
10,001	-	100,000	37	2,122,486	3.26
100,001	-	Over	74	62,729,749	96.44
Total			151	65,042,830	100.00

Listed Options exercisable at \$0.20 on or before 1 July 2014

		Range	Holders	Units	%
1	-	1,000	-	-	-
1,001	-	5,000	51	149,928	0.36
5,001	-	10,000	30	209,393	0.50
10,001	-	100,000	72	2,939,410	7.01
100,001	-	Over	58	38,623,499	92.13
Total			211	41,922,230	100.00

Shareholder Information

Unquoted Securities

For each class of unquoted securities, if a person holds 20% or more of the securities in a class, the name of the holder and number of securities held is disclosed.

Unlisted Options exercisable at \$0.55 on or before 28 February 2014

		Range	Holders	Units	%
1	-	1,000	-	-	-
1,001	-	5,000	-	-	-
5,001	-	10,000	1	9,333	2.33
10,001	-	100,000	11	281,167	70.29
100,001	-	Over	1 ¹	109,500	27.38
Total			13	400,000	100.00

1. Sliphox Investment Pty Ltd holds 109,500 options comprising 27.38% of this class.

Unlisted Options exercisable at \$0.60 on or before 1 April 2013

		Range	Holders	Units	%
1	-	1,000	-	-	-
1,001	-	5,000	-	-	-
5,001	-	10,000	-	-	-
10,001	-	100,000	-	-	-
100,001	-	Over	1 ¹	300,000	100.00
Total			1	300,000	100.00

1. Dragon Compass Limited holds 300,000 options comprising 100.00% of this class.

Unlisted Options exercisable at \$0.60 on or before 14 May 2015

		Range	Holders	Units	%
1	-	1,000	-	-	-
1,001	-	5,000	-	-	-
5,001	-	10,000	-	-	-
10,001	-	100,000	1 ¹	50,000	100.00
100,001	-	Over	-	-	-
Total			1	50,000	100.00

1. Perfecto E Mirador Jr. holds 50,000 options comprising 100.00% of this class.

Shareholder Information

Unlisted Options exercisable at \$0.20 on or before 1 July 2015

		Range	Holders	Units	%
1	-	1,000	-	-	-
1,001	-	5,000	-	-	-
5,001	-	10,000	-	-	-
10,001	-	100,000	-	-	-
100,001	-	Over	2 ¹	3,750,000	100.00
Total			2	3,750,000	100.00

1. Pandion Minerals Pty Ltd holds 1,000,000 holds 1,000,000 options comprising 26.67% of this class; and Mr Zeffron Charles Reeves <Palin a/c> holds 2,750,000 options comprising 73.33% of this class.

Unlisted Options exercisable at \$0.45 on or before 15 July 2014

		Range	Holders	Units	%
1	-	1,000	-	-	-
1,001	-	5,000	-	-	-
5,001	-	10,000	-	-	-
10,001	-	100,000	-	-	-
100,001	-	Over	1 ¹	500,000	100.00
Total			1	500,000	100.00

1. Mr Colin Johnstone holds 500,000 options comprising 100.00% of this class.

Unlisted Options exercisable at \$0.20 on or before 13 November 2014

		Range	Holders	Units	%
1	-	1,000	-	-	-
1,001	-	5,000	-	-	-
5,001	-	10,000	-	-	-
10,001	-	100,000	1	50,000	20.00
100,001	-	Over	1	200,000	80.00
Total			2	250,000	100.00

1. Dragon Compass Limited holds 200,000 options comprising 80.00% of this class; Perfecto E Mirador Jr. holds 50,000 options comprising 20.00% of this class.

Unlisted Options exercisable at \$0.25 on or before 13 November 2015

		Range	Holders	Units	%
1	-	1,000	-	-	-
1,001	-	5,000	-	-	-
5,001	-	10,000	-	-	-
10,001	-	100,000	1	50,000	16.67
100,001	-	Over	1 ¹	250,000	83.33
Total			2	300,000	100.00

1. Dragon Compass Limited holds 250,000 options comprising 83.33% of this class.

Shareholder Information

VOTING RIGHTS

The voting rights attaching to ordinary shares are that on a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options do not carry any voting rights.

RESTRICTED SECURITIES

The Company has the following restricted securities:

(a) 2,600,000 fully paid ordinary shares which are escrowed to 17 January 2014.

CASH AND CASH EQUIVALENTS DISCLOSURE (LR4.10.19)

The Company confirms it has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives.

SUBSTANTIAL SHAREHOLDERS

The names of the substantial shareholders that have been provided to the Company with substantial shareholding notices as at 17 September 2013:

Shareholder	No. of Shares	%
Deck Chair Holdings Pty Ltd ¹	6,621,350	6.59
Cadan Resources Corporation ²	3,100,000	10.63
James Allan Fraser and Barbara Margaret Fraser <Fraser Superannuation Fund A/C> ³	4,500,000	17.27
Cuckfield Pty Ltd <Vivienne Jagger S/F A/C> ³	2,131,350	8.18
Mahsor Holdings Pty Ltd <Rosham Family Super Fund A/C> ³	2,221,350	8.53

1. As provided to the Company on 20 February 2013.

2. As provided to the Company on 19 January 2012.

3. As provided to the Company on 1 July 2011.

ON-MARKET BUY BACK

There is no current on-market buy-back.

UNMARKETABLE PARCELS

Holdings of less than a marketable parcel of ordinary shares (being 19,231 as at 17 September 2013):

Holders	Units
199	1,785,430

Shareholder Information

TOP HOLDERS

The 20 largest registered holders of each class of quoted security as at 17 September 2013 were:

Fully paid ordinary shares

	Name	No. of Shares	%
1.	THE GAS SUPER FUND PTY LTD <THE GAS SUPER FUND A/C>	12,006,479	5.45
2.	CADAN RESOURCES CORPORATION	9,052,381	4.11
3.	MAHSOR HOLDINGS PTY LTD <ROSHAM FAMILY S/F NO2 A/C>	6,750,598	3.07
4.	DEVANA CORPORATION PTY LTD <HAYWARD SUPER FUND 2 A/C>	5,000,000	2.27
5.	MAHSOR HOLDINGS PTY LTD <ROSHAM FAMILY SUPER A/C>	4,646,350	2.11
6.	MR JAMES ALLAN FRASER & MS BARBARA MARGARET FRASER <FRASER SUPERANNUATION FUND A/C>	4,500,000	2.04
7.	MYCATMAX PTY LTD <THE VIKING S/F A/C>	4,500,000	2.04
8.	BNP PARIBAS NOMS PTY LTD	4,499,892	2.04
9.	DECK CHAIR HOLDINGS PTY LTD	4,489,414	2.04
10.	ACKERMAN GROUP HOLDINGS LIMITED	4,315,012	1.96
11.	FENWAY INVESTMENTS PTY LTD <BASES LOADED SUPER FUND A/C>	3,100,917	1.41
12.	MR PHILLIP JOHN COULSON	2,483,235	1.13
13.	DIGITAL INVESTMENTS PTY LTD <ROBERTS SUPER FUND A/C>	2,392,072	1.09
14.	DEAD KNICK PTY LTD	2,340,000	1.06
15.	BFJ CAPITAL PTY LTD <BFJ CAPITAL A/C>	2,300,000	1.04
16.	MS MERLE SMITH & MS KATHRYN SMITH <THE MINI PENSION FUND A/C>	2,215,167	1.01
17.	CUCKFIELD PTY LTD <VIVIENNE JAGGER S/F A/C>	2,121,350	0.96
18.	STROVER NOMINEES PTY LTD <PETER STROVER A/C>	2,120,000	0.96
19.	MR NICOLO FLOYD BONTEMPO	1,941,214	0.88
20.	EQUITAS NOMINEES PTY LTD <PB-600768 A/C>	1,879,911	0.85
	TOTALS	82,653,992	37.54

Shareholder Information

Listed Options exercisable at \$0.05 each on or before 30 June 2015

	Name	No. of Options	%
1.	CHINA RESOURCE FUND PTY LTD	4,867,508	7.48
2.	DECK CHAIR HOLDINGS PTY LTD	4,622,925	7.11
3.	THE GAS SUPER FUND PTY LTD <THE GAS SUPER FUND A/C>	3,397,733	5.21
4.	MR CHRISTOPHER BECKETT	2,761,000	4.24
5.	MR PATRICK THOMAS YOUNG & MRS MAREE ROBYN YOUNG	2,684,056	4.13
6.	CONQUER YOUR FEARS PTY LTD <N ROOKE SUPERFUND A/C>	2,600,000	4.00
7.	DEVANA CORPORATION PTY LTD <HAYWARD SUPER FUND 2 A/C>	2,500,000	3.84
8.	ANDOLIN HOLDINGS PTY LTD <F & D CORRIGAN S/F A/C>	2,000,000	3.07
9.	MR LUIGI COSTA	2,000,000	3.07
10.	JACOBS CORPORATION PTY LTD	2,000,000	3.07
11.	GAZUMP RESOURCES PTY LTD	1,930,000	2.97
12.	MY PHILLIP JOHN COULSON	1,742,617	2.68
13.	MR BIN LIU	1,639,695	2.52
14.	MR ADAM JOHN TRETHOWAN	1,612,610	2.48
15.	BFJ CAPITAL PTY LTD <BFJ CAPITAL A/C>	1,150,000	1.77
16.	MR CON CARYDIAS	1,100,000	1.69
17.	MISS FUNG YING CHENG	1,000,000	1.54
18.	MR LUIGI COSTA	1,000,000	1.54
19.	MR ROBERTO CRISAFIO & MRS ANNA MALGORZATA CRISAFIO <ROBERTO CRISAFIO S/FUND A/C>	1,000,000	1.54
20.	MR JOHN HARRIS EVERETT	1,000,000	1.24
	TOTALS	42,601,144	65.50

Shareholder Information

Listed Options exercisable at \$0.20 each on or before 1 July 2014

	Name	No. of Options	%
1.	CHINA RESOURCE FUND PTY LTD	2,762,500	6.59
2.	MR JAMES ALLAN FRASER & MS BARBARA MARGARET FRASER <FRASER SUPERANNUATION FUND A/C>	2,609,100	6.22
3.	MR RAMIN VAHDANI	2,007,500	4.79
4.	CADAN RESOURCES CORPORATION	2,000,000	4.77
5.	MR JOHN OLIVER LIEDERMOY	1,931,750	4.61
6.	MR GAVIN FRANCIS LIMBERT	1,751,000	4.61
7.	PARADISE BAY INTERNATIONAL PTY LTD <THE PARADISE A/C>	1,750,000	4.17
8.	MR MICHAEL SAFAR	1,500,000	3.58
9.	BAOWIN INVESTMENTS PTY LTD	1,466,905	3.50
10.	MS MERLE SMITH & MS KATHRYN SMITH <THE MINI PENSION FUND A/C>	1,417,904	3.38
11.	MR ZEFFRON CHARLES REEVES <THE PALIN A/C>	1,127,500	2.69
12.	CARMILOU PTY LTD <KERRY WARBURTON S/F A/C>	1,000,000	2.39
13.	LIEDERMOY MANAGEMENT PTY LTD <LIEDERMOY SUPER FUND A/C>	1,000,000	2.39
14.	VIV MAC PTY LTD	1,000,000	2.39
15.	GOLD CITY CORP PTY LTD <THE MATTELLEE A/C>	850,000	2.03
16.	MR SHIGETO AOKI	800,000	1.91
17.	CYGNET CAPITAL PTY LTD	615,134	1.47
18.	ZEDCORP ENTERPRISES PTY LTD	589,134	1.41
19.	MR SIMON KIMBERLEY COATES <THE KOOYONG A/C>	578,125	1.38
20.	MR RONALD LESLIE CHARLES WILSON & MRS GAYE JUNE WILSON <WILSON SUPER FUND A/C>	550,000	1.31
	TOTALS	27,306,557	65.14

Tenement Schedule

Tenement	Name	Location	Size (Ha)	Grant Date	Expiry Date	% Ownership
P26/3621	Boorara	Western Australia	99	17/11/2008	16/11/2016	70%
P26/3622	Boorara	Western Australia	107	17/11/2008	16/11/2016	70%
E37/1037	Teutonic	Western Australia	1,613	23/07/2010	22/07/2015	70%
EP-000001-00-XI	Comval	Mindanao, Philippines	2,171	30/01/2009	30/01/2011 ¹	80%
EP -000002-09-XI	Comval	Mindanao, Philippines	2,139	04/01/2012	04/01/2014	80%
El Roble Concessions ²	El Roble	Region III, Chile	7,600			68% ³
Total			13,729 Ha			

Notes:

- EP-000001-00-XI expired on the 30/01/2011, the Company's Philippines subsidiary has applied to the Philippines Mines and Geosciences Bureau for a 2 year renewal.
- The acquisition of the El Roble Project subject to shareholder approval to be sought by the Company in a general meeting to occur on 18 October 2013. The project area consists of exploration and mining concessions covering approximately 7,600 hectares (see below for a complete list).
- Pursuant to the El Roble Option Agreement, the Company can earn an initial 68% interest pursuant to specific milestone payments as detailed in the ASX Announcement dated 15 August 2013. Following the satisfaction of certain conditions precedent the Company has the ability to increase its interest to 90%.

Constituted mining concessions to exploit (Chart N° 1)

N°	Name	Owner
1.	Roble 2, 1 al 11	SLM Roble 2
2.	Roble 2A, 1 al 11	SLM Roble 2A
3.	Roble 2B, 1 al 3	SLM Roble 2B
4.	Roble 3, 1 al 15	SLM Roble 3
5.	Roble 4, 1 al 23	SLM Roble 4
6.	Roble 4B, 1 al 10	SLM Roble 4B
7.	Roble 5, 1 al 10	SLM Roble 5
8.	Roble 5A, 1 al 9	SLM Roble 5A
9.	Roble 5B, 1 al 19	SLM Roble 5B
10.	Roble 5C, 1 al 20	SLM Roble 5C
11.	Roble 9, 1 al 9	Gunter Stromberger

Tenement Schedule

Mining concessions to exploit in process to be constituted (Chart N° 2)

N°	Name	Owner
1.	Angela Siete, 1 al 20	Gunter Stromberger
2.	Angela Siete A, 1 al 20	Gunter Stromberger
3.	Angela Siete B, 1 al 20	Gunter Stromberger
4.	Angela Ocho, 1 al 20	Gunter Stromberger
5.	Angela Ocho A, 1 al 20	Gunter Stromberger
6.	Angela Ocho B, 1 al 20	Gunter Stromberger
7.	Angela Nueve, 1 al 20	Gunter Stromberger
8.	Angela Nueve A, 1 al 20	Gunter Stromberger
9.	Angela Diez, 1 al 20	Gunter Stromberger
10.	Angela Diez A, 1 al 20	Gunter Stromberger
11.	Angela Doce, 1 al 20	Gunter Stromberger
12.	Angela Doce A, 1 al 20	Gunter Stromberger
13.	Angela Doce B, 1 al 20	Gunter Stromberger
14.	Angela Trece, 1 al 20	Gunter Stromberger
15.	Angela Trece A, 1 al 20	Gunter Stromberger
16.	Angela Trece B, 1 al 20	Gunter Stromberger
17.	Angela Catorce 1 al 20	Gunter Stromberger
18.	Angela Catorce A, 1 al 20	Gunter Stromberger
19.	Angela Catorce B, 1 al 20	Gunter Stromberger
20.	Angela Quince, 1 al 20	Gunter Stromberger
21.	Angela Quince A, 1 al 20	Gunter Stromberger
22.	Angela Quince B, 1 al 20	Gunter Stromberger
23.	Angela Dieciseis, 1 al 20	Gunter Stromberger
24.	Angela Dieciseis A, 1 al 20	Gunter Stromberger
25.	Angela Dieciseis B, 1 al 20	Gunter Stromberger
26.	Angela Diecisiete, 1 al 20	Gunter Stromberger
27.	Angela Diecisiete A, 1 al 20	Gunter Stromberger
28.	Angela Diecisiete B, 1 al 20	Gunter Stromberger
29.	Angela Dieciocho, 1 al 20	Gunter Stromberger
30.	Angela Dieciocho A, 1 al 20	Gunter Stromberger
31.	Angela Dieciocho B, 1 al 20	Gunter Stromberger

Tenement Schedule

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32.	Angela Diecinueve, 1 al 20	Gunter Stromberger
33.	Angela Diecinueve A, 1 al 20	Gunter Stromberger
34.	Angela Veinte, 1 al 20	Gunter Stromberger
35.	Angela Veinte A, 1 al 20	Gunter Stromberger
36.	Angela Veintiuno, 1 al 20	Gunter Stromberger
37.	Angela Veintiuno A, 1 al 20	Gunter Stromberger
38.	Angela Veintiuno B, 1 al 20	Gunter Stromberger
39.	Angela Veintidos, 1 al 20	Gunter Stromberger
40.	Angela Veintidos A, 1 al 20	Gunter Stromberger
41.	Angela Veintidos B, 1 al 20	Gunter Stromberger
42.	Angela Veintitres, 1 al 20	Gunter Stromberger
43.	Angela Veintitres A, 1 al 20	Gunter Stromberger
44.	Angela Veintitres B, 1 al 20	Gunter Stromberger
45.	Angela Veinticuatro A, 1 al 10	Gunter Stromberger
46.	Angela Veinticuatro B, 1 al 20	Gunter Stromberger
47.	Angela Veinticuatro C, 1 al 20	Gunter Stromberger
48.	Angela Veinticinco, 1 al 20	Gunter Stromberger
49.	Angela Veinticinco A, 1 al 20	Gunter Stromberger
50.	Angela Veinticinco B, 1 al 20	Gunter Stromberger
51.	Angela Veintiseis Uno, 1 al 10	Gunter Stromberger
52.	Angela Ventisiete Uno, 1 al 30	Gunter Stromberger
53.	Angela Veintisiete Uno, 1 al 30	Gunter Stromberger
54.	Angela Veintiocho Uno, 1 al 30	Gunter Stromberger
55.	Angela Veintinueve Uno, 1 al 30	Gunter Stromberger
56.	Angela Treinta Uno, 1 al 30	Gunter Stromberger
57.	Roble 2 C, 1 al 20	Gunter Stromberger
58.	Roble 5	Gunter Stromberger
59.	Roble 6, 1 al 20	Gunter Stromberger
60.	Roble 6A, 1 al 20	Gunter Stromberger
61.	Roble 7, 1 al 20	Gunter Stromberger
62.	Roble 8	Gunter Stromberger
63.	Roble 8A, 1 al 20	Gunter Stromberger

Tenement Schedule

65.	Roble 10, 1 al 6	Gunter Stromberger
66.	Roble 11, 1 al 2	Gunter Stromberger
67.	Roble 12, 1 al 3	Gunter Stromberger
68.	Roble 13, 1 al 20	Gunter Stromberger
69.	Roble 15, 1 al 40	Gunter Stromberger
70.	Roble 16, 1 al 35	Gunter Stromberger
71.	Roble 17, 1 al 20	Gunter Stromberger

Mining concessions to explore in process to be constituted (Chart N° 3)

N°	Name	Owner
1.	Angelita Siete	Gunter Stromberger
2.	Angelita Ocho	Gunter Stromberger
3.	Angelita Nueve	Gunter Stromberger
4.	Angelita Doce	Gunter Stromberger
5.	Angelita Trece	Gunter Stromberger
6.	Angelita Catorce	Gunter Stromberger
7.	Angelita Quince	Gunter Stromberger
8.	Angelita Dieciseis	Gunter Stromberger
9.	Angelita Diecisiete	Gunter Stromberger
10.	Angelita Dieciocho	Gunter Stromberger
11.	Angelita Diecinueve	Gunter Stromberger
12.	Angelita Veinte	Gunter Stromberger
13.	Angelita Veintiuno	Gunter Stromberger
14.	Angelita Veintidos	Gunter Stromberger
15.	Angelita Veintitres	Gunter Stromberger
16.	Angelita Veinticuatro	Gunter Stromberger
17.	Angelita Veinticinco	Gunter Stromberger

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