Black Fire

MINERALS LIMITED

ACN 122 921 813

BLACK FIRE MINERALS LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

Contents to annual financial report

Corporate information

ABN 29 122 921 813

Directors
Mr Michael Billing (Non-Executive Chairman)
Mr Matthew Sheldrick (Non-Executive Director)
Mr Martin Green (Non-Executive Director)

Company Secretary
Mr Donald Stephens

Registered office
HLB Mann Judd (SA) Pty Ltd
169 Fullarton Road
DULWICH SA 5065

Principal place of business
HLB Mann Judd (SA) Pty Ltd
169 Fullarton Road
DULWICH SA 5065

Share Register
Security Transfer Registrars Pty Ltd
PO Box 535
APPLECROSS WA 6953
Phone: +618 89315 2333

Black Fire Minerals Limited's shares are listed on the Australian Stock Exchange (ASX) under the stock code 'BFE'.

Auditors
Ernst & Young
Australia

Directors' report

Your directors submit their report for the year ended 30 June 2014.

Directors

The names of the Company's directors in office during the year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities:

Mr Michael Billing (Non-Executive Chairman)

Mick Billing has over 40 years of mining industry experience and a background in finance, specialising in recent years in assisting in the establishment and management of junior companies to the position where they can be sustainable businesses. His career includes lengthy periods with Bougainville Copper Ltd and WMC Resources Ltd. He has worked extensively with junior resource companies since the late 1990's. He is currently Chairman and CEO of Thor Mining PLC, an ASX and AIM listed company with exploration projects in Australia, a director of Emperor Range Group Limited, an exploration company located in North Western China presently engaged in an initial public offering and a director of Southern Gold Limited, an ASX listed company with exploration projects in Australia and Cambodia.

Mr Matthew Sheldrick (Executive Director)

Matthew Sheldrick holds a Bachelor of Commerce Degree from the University of Western Australia and is a qualified Chartered Accountant. Matthew has over 25 years experience in the securities, finance and corporate advisory industries, with particular emphasis in the resources and energy sectors. He has founded a number of ASX listed companies, and has been involved in the growth of these companies by way of mergers and acquisitions. Matthew was a founding director of Black Fire Minerals Ltd and he is currently the Non-Executive Chairman of unlisted public company Vesuvius Minerals Ltd. He has also previously acted for a number of public and ASX listed companies in a variety of executive and non-executive roles.

Former Directorships of Listed Companies in the Last Three Years:
Apex Minerals NL – Non Executive Director from 6 May 2011 to 1 November 2012
WAG Ltd - Non Executive Director from 22 February 2010 to 23 May 2013
Cohiba Minerals Ltd – Non Executive Chairman from 28 January 2011 to 31 May 2012

Mr Martin Green (Non-Executive Director)

Martin Green holds a BA (Hons) in Accounting & Finance from the University of West of England (Bristol) and qualified as a Chartered Accountant with Ernst & Young in London before joining their Corporate Finance Division. He continued his career with Ernst & Young Corporate Finance in Australia before joining Consolidated Press Holdings ("CPH") in 1999. During his more than 10 years with CPH he undertook various tasks including sourcing deals, deal analysis & execution and ongoing management of a wide range of investments for the Group. Martin is now resident in Hong Kong.

Company Secretary

Donald Stephens (Appointed 23 May 2014)
Mr Stephens is a Chartered Accountant and corporate adviser with over 25 years experience in the accounting industry, including 14 years as a partner of HLB Mann Judd (SA), a firm of Chartered Accountants. He is a director of Mithril Resources Ltd, Reproductive Health Science Ltd, Lawson Gold Ltd, Petratherm Ltd and was formerly a director of TW Holdings Ltd (resigned 14 December 2012). Additionally he is Company Secretary to Minotaur Exploration Ltd, Mithril Resources Ltd and Petratherm Ltd. He holds other public company secretarial positions and directorships with private companies and provides corporate advisory services to a wide range of organisations.

Sonu Cheema (Resigned 23 May 2014)
Sonu Cheema has experience with Australian, Mongolian and West African based mineral exploration companies and has previously served as Company Secretary for Mongolian Resource Corporation Limited (ASX: MUB). Currently Mr Cheema is Company Secretary for West Peak Iron Limited (ASX: WPI) and Vesuvius Minerals Limited. Mr Cheema has completed a Bachelor of Commerce, majoring in Accounting at Curtin University and is currently enrolled in the CPA program.

Chief Operating Officer

Graeme Purcell (Resigned 31 March 2014)
Graeme Purcell is a highly experienced exploration geologist, having spent the last 15 years working with major mining companies throughout Australia, Papua New Guinea, Africa and China. Most recently he held the position of Senior Geologist with Barrick Gold Corporation managing large exploration programs in PNG. Graeme has broad geological experience from grass roots exploration through to resource development projects and is responsible for the management of the company's exploration programs including targeting, design, budgeting, execution and reporting.

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Black Fire Minerals Limited were:

	Number of ordinary shares
M. Billing	7,247,203
M. Sheldrick	6,575,964
M. Green	11,300,000

Dividends
No dividend was paid or declared by the Company in the period and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend for the financial period ended 30 June 2014.

Principal activities
Black Fire Minerals was a diversified mineral exploration company, with a primary commodity focus in tungsten and copper. However, further to the Company's announcements on 10 June 2014 and 23 June 2014 respectively, the Company will change focus to become a developer and publisher of mobile games for smartphones and tablets following the acquisition of Animoca Brands Corporation Limited. Please refer to the significant change of affairs section for further details.

Operating and financial review
During the year ended 30 June 2014, the Group incurred a loss of $3,383,579. The loss was primarily driven by the impairment of exploration and evaluation expenditure pertaining the Group's investments in the Pilot Mountain Project and the Mystique Gold Project, which totaled $2,465,049.

In regards to the Pilot Mountain Project, the Group reached an agreement with the vendor Pacific Gold Corporation Inc. (PGC) to vary the terms of the 2011 Pilot Mountain Option and Asset Sale Agreement. Under those revised terms, the Group was to pay the amount of US $350,000 in July 2013 and US $600,000 by 31 March 2014 to secure a 100% interest in the project. Both these payments were made during the period. In exchange for these reduced payments, the Group agreed to increase the existing bonus clause payable to PGC in the event of commercial production from US $1 million to US $1.5 million.

On 10 June 2014, the Group announced that it had entered into a term sheet to dispose of the Company's Pilot Mountain Project to Thor Mining PLC for a consideration of 418,750,000 Thor Shares. On the basis of this, the Company has classified its investment in the Pilot Mountain Project as held for sale.

In relation to the Mystique Gold Project, the Group on 7 March 2014 entered into an Option and Sale Agreement with listed Parmelia Resources Ltd ("Parmelia") to enable Parmelia to acquire a 100% interest in the project for a consideration of $300,000. Subsequent to the end of the financial year, the option agreement lapsed unexercised and the board are presently examining alternative options to divest the asset.

Finally, on 23 June 2014, the Group entered into a term sheet to acquire a Hong Kong company, Animoca Brands Corporation. This will see the Group change focus to become a global developer and publisher of mobile games.

Significant changes in the state of affairs
A number of changes have occurred during the period in review (and subsequent to the balance sheet date) that will cause a significant change in the state of affairs, including the following:

- On 10 June 2014, the Company announced that it had entered into a term sheet to dispose of the Company's Pilot Mountain project to Thor Mining PLC for a consideration of 418,750,000 Thor Shares;
- On 23 June 2014, the Company announced it had executed an agreement with Animoca Brands Corporation to acquire Animoca Brands. The Company is a global developer and publisher of mobile games and its core business is the creation and/or publication of mobile games for smartphones and tablets, primarily but not exclusively for the iOS and Android operating systems; and
- On 13 August 2014, the Company announced the successful completion of a capital raising, resulting in the issue of 54 million new fully paid ordinary shares and gross proceeds of $810,000.

These changes will see the Company change focus from that of a mineral exploration Company to a developer of mobile games. It will additionally see it distribute in-specie the Thor Mining PLC shares received as consideration for the sale of the Pilot Mountain project.

Significant events after the balance date
On 13 August 2014, the Company announced the successful completion of a capital raising, resulting in the issue of 54 million new fully paid ordinary shares and gross proceeds of $810,000. Additionally, on 9 September 2014 the Company announced that it had been given notice by Parmelia Resources NL of its decision not to exercise the Option to acquire the Company's Mystique Exploration Licence (E28/1915).

Likely developments and expected results
Due to the proposed changes noted in the significant change in the state of affairs of the consolidated entity, the Directors have determined that it is best that no disclosure be made in relation to future likely developments, as it is dependent on shareholder approval of the acquisition of Animoca Brands Corporation Ltd. For further information, please refer to the Company's announcement dated 23 June 2014 lodged with the ASX.

Environmental regulation and performance
The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. The Group however believes that it has adequate systems in place for the management of any future environmental regulations.

Share options
At the date of this report, there were no unissued ordinary shares under options and no shares were issued during the financial year as a result of an exercise of options.

Indemnification and insurance of directors and officers
During or since the financial year, the Company has paid premiums in respect of a contract insuring all the directors of Black Fire Minerals Limited against legal costs incurred in defending proceedings for conduct other than:

a) A wilful breach of duty.

b) A contravention of sections 182 or 183 of the Corporations Act 2001, as permitted by section 199B of the Corporations Act 2001.

The total amount of insurance contract premiums paid was $8,325.

Indemnification of auditors
To the extent permitted by the law, the Company has agreed to indemnify its auditors, Ernst and Young, as part of the terms of its audit engagement agreement against claims by a third party arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst and Young during or since the financial year.

Directors' meetings
The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Directors' Meetings	
	Attended	**Eligible**
Michael Billing	5	5
Matthew Sheldrick	5	5
Martin Green	5	5

In addition to the above, several resolutions were passed by way of circular resolution and a due diligence committee was formed to assist with the preparation of the Company's prospectus in connection with the proposed acquisition of Animoca Brands Corporation Ltd.

Auditor independence declaration

We have obtained the following independence declaration from our auditors, Ernst & Young.

EY
Building a better working world

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Adelaide SA 5000 Australia
GPO Box 1271 Adelaide SA 5001

Tel: +61 8 8417 1600
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Auditor's Independence Declaration to the Directors of Black Fire Minerals Limited

In relation to our audit of the financial report of Black Fire Minerals Limited for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Mark Phelps
Partner
Adelaide
29 September 2014

Signed in accordance with a resolution of the directors.

Mr Michael Billing
Chairman
29 September 2014

Remuneration report (audited)

This Remuneration Report for the year ended 30 June 2014 outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

Introduction

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the Parent.

i. **Non-executive directors (NEDs)**

Michael Billing	(Non-Executive Chairman)
Martin Green	(Non-Executive Director)
Matthew Sheldrick	(Non-Executive Director)

ii. **Other KMPs**

Donald Stephens	(Company Secretary)

Remuneration philosophy

The Board is responsible for determining remuneration policies applicable to directors and senior executives of the entity. The broad policy is to ensure that remuneration properly reflects the individuals' duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people with appropriate skills and experience. At the time of determining remuneration, consideration is given by the Board to the Group's financial performance.

Use of Remuneration Consultants

During the financial year, there were no remuneration recommendations made in relation to key management personnel for the Company by any remuneration consultants.

Voting and comments made at the Company’s 2013 Annual General Meeting

Black Fire Minerals Ltd’s motion in relation to the approval of 2013 remuneration report passed with a vote total of more than 75%. The Company did not receive any specific feedback at the AGM on its remuneration report.

Director remuneration arrangements

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The Company’s constitution and the ASX listing rules specify that the NED fee pool shall be determined from time to time by a general meeting. The last determination disclosed in the Company’s prospectus dated 16 March 2007 approved an aggregate fee pool of $200,000 per year.

The Board will not seek any increase for the NED pool at the 2014 AGM.

Contracts
The Non-Executive Directors are all subject to a letter of appointment dated 17 December 2012, which dictate an annual fee of $60,000 for the Chairman Mr Billing and $40,000 for the Non-Executive Directors Messers Green and Sheldrick (exclusive of superannuation). The continuation of the position for all directors is contingent on the successful re-election by shareholders in accordance with rotation requirements of the Company's constitution. On 1 June 2013, by way of board resolution in an effort to reduce the cash burn of the Company, all directors took a 50% reduction in remuneration, with Mr Billing additional agreeing to be paid at the Non-Executive rate.

Structure
The remuneration of NEDs consists of directors' fees and consulting fees. The payment of additional fees for consulting to the Company recognises the additional time commitment required by NEDs who have assisted the Company whilst it has had no full time KMPs.

NEDs do not receive retirement benefits. The remuneration of NEDs for the year ended 30 June 2014 and 30 June 2013 is detailed in the table below.

Table 1: Remuneration of Non-Executive Directors

Non-Executive Directors	Financial Year	Salary and fees	Short term benefits	Other	Post-employment Superannuation	Total
		$	$	$	$	$
M Billing	2014	21,800	-	-	-	21,800
	2013	24,491	-	3,375	-	27,866
M Sheldrick	2014	94,562	-	-	8,838	103,400
	2013	59,226		3,375	5,858	68,459
M Green	2014	21,800	-	-	-	21,800
	2013	19,837		3,375	-	23,212
A Baillieu	2014	-	-	-	-	-
	2013	27,742	-	3,375	-	31,117
S Rigby	2014	-	-	-	-	-
	2013	122,873	-	3,375	11,115	137,363
M Chester	2014	-	-	-	-	-
	2013	18,495	-	3,375	1,665	23,535
M Clifford	2014	-	-	-	-	-
	2013	22,175	-	3,375	-	25,550
FY 14 NED		138,162	-	-	8,838	147,000
FY 13 NED		294,839	-	23,625	18,638	337,102

Option holdings of key management personnel
No options were held by KMPs for the year ended 30 June 2014.

Table 2: Shareholdings of key management personnel

Director	Balance at 1 Jul 13	Net change other	Balance 30 June 14
M Billing	2,247,203	5,000,000	7,247,203
M Sheldrick	3,500,000	3,075,964	6,575,964
M Green	1,300,000	10,000,000	11,300,000
	7,047,203	**18,075,964**	**25,123,167**

Net changes other reflect securities issued with shareholder approval in December 2013 and on market purchases of shares.

Other transactions and balances with key management personnel and their related parties
On 1 April 2014, the Company secured a $500,000 lending facility to complete the acquisition of the Pilot Mountain project. The facility carries a term of 18 months, has a 25% flat coupon rate (regardless of early repayment) and is a secured interest in the project. Mr Michael Billing, the Company's Chairman, contributed $50,000 towards this facility. He additionally is owed accrued interest of $12,500 in relation to interest payable on the facility.

On 10 June 2014, the Company announced that it had entered into a term sheet to dispose of the Company's Pilot Mountain project to Thor Mining PLC for a consideration of 418,750,000 Thor Shares. Mr Michael Billing, the Company's Chairman is additionally the Chairman of Thor Mining PLC. The Company in conjunction with the acquisition of Animoca Brands Corporation Limited is seeking shareholder approval to authorise this transaction to occur, with an independent valuation being prepared in conjunction with the sale.

Consolidated statement of comprehensive income

For the year ended 30 June 2014

		30 June 2014 $	30 June 2013 $
Other income/(expenses)	**5**	38,018	35,986
Employee benefits expense	**6**	(144,476)	(410,361)
Administration expenditure	**7**	(384,205)	(565,892)
Share of loss of associate		-	(3,663)
Impairment of investment in associate		-	(98,819)
Impairment of available-for-sale investment		(5,000)	(85,118)
Impairment of exploration and evaluation expenditures		(787,940)	(1,619,189)
Finance costs		(125,000)	-
Loss before income tax expense		(1,408,603)	(2,747,056)
Income tax benefit/(expense)	**8**	-	-
Loss from continuing operations		(1,408,603)	(2,747,056)
Discontinued operations			
Loss after tax for the year from discontinued operations	**15**	(1,729,644)	(435)
Loss attributable to members of the parent entity		(3,138,247)	(2,747,491)
Other comprehensive income			
Foreign currency translation	**18**	(245,332)	(15,924)
Total comprehensive loss for the period		(3,383,579)	(2,763,415)
Loss per share:		*Cents*	*Cents*
Basic earnings per share	**20**	(1.01)	(1.74)
Diluted earnings per share	**20**	(1.01)	(1.74)
Loss per share for continuing operations :		*Cents*	*Cents*
Basic earnings per share	**20**	(0.45)	(1.74)
Diluted earnings per share	**20**	(0.45)	(1.74)

Consolidated statement of financial position

As at 30 June 2014

	Note	30 June 2014 $	30 June 2013 $
CURRENT ASSETS			
Cash and cash equivalents	**9**	115,684	408,153
Trade and other receivables	**10**	46,958	13,367
Other current assets	**11**	-	24,423
Available-for-sale investments	**12**	45,000	-
		207,642	445,943
Assets classified as held for sale	**15**	2,105,000	-
TOTAL CURRENT ASSETS		2,312,642	445,943
NON-CURRENT ASSETS			
Available-for-sale investments	**12**	-	54,048
Property, plant and equipment	**13**	-	7,974
Exploration and evaluation assets	**14**	-	3,569,074
TOTAL NON-CURRENT ASSETS		-	3,631,096
TOTAL ASSETS		2,312,642	4,077,039
CURRENT LIABILITIES			
Trade and other payables	**16**	157,100	147,280
Short-term provisions		10,000	21,134
		167,100	168,414
Liabilities directly associated with the assets held for sale	**15**	625,000	-
TOTAL CURRENT LIABILITIES		792,100	168,414
TOTAL LIABILITIES		792,100	168,414
NET ASSETS		1,520,542	3,908,625
EQUITY			
Contributed equity	**17**	14,649,045	13,653,549
Reserves	**18**	(183,672)	157,223
Accumulated losses		(12,944,831)	(9,902,147)
TOTAL EQUITY		1,520,542	3,908,625

Consolidated statement of changes in equity

For the year ended 30 June 2014

	Note	Issued capital ordinary $	Foreign currency translation reserve $	Share based payments reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2012		13,653,549	77,584	401,264	(7,460,357)	6,672,040
Comprehensive income						
Loss for the year		-		-	(2,747,491)	(2,747,491)
Other comprehensive income/(expense)		-	(15,924)	-	-	(15,924)
Total comprehensive income for the period		-	(15,924)	-	(2,747,491)	(2,763,415)
Transfer of lapsed options		-	-	(305,701)	305,701	-
Total transactions with owners and other transfers		-	-	(305,701)	305,701	-
Balance at 30 June 2013		13,653,549	61,660	95,563	(9,902,147)	3,908,625

Consolidated statement of changes in equity (Continued)

For the year ended 30 June 2014

	Note	Issued capital ordinary $	Foreign currency translation reserve $	Share based payments reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2013		13,653,549	61,660	95,563	(9,902,147)	3,908,625
Comprehensive income						
Loss for the year		-		-	(3,138,247)	(3,138,247)
Other comprehensive income/(expense)		-	(245,332)	-	-	(245,332)
Total comprehensive income for the period		-	(245,332)	-	(3,138,247)	(3,383,579)
Shares issued		1,027,364	-	-	-	1,027,364
Transaction costs on shares issued		(31,868)	-	-	-	(31,868)
Transfer of lapsed options		-	-	(95,563)	95,563	-
Total transactions with owners and other transfers		995,496	-	(95,563)	95,563	995,496
Balance at 30 June 2014		14,649,045	(183,672)	-	(12,944,831)	1,520,542

Consolidated statement of cash flows

For the year ended 30 June 2014

	Note	Year ended 30 June 2014 $	Year ended 30 June 2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(593,723)	(885,603)
Interest received		5,245	38,786
Research and development tax incentive		45,395	-
NET CASH (USED IN) OPERATING ACTIVITIES	**9**	(543,083)	(846,817)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for exploration and evaluation expenditure		(1,286,307)	(891,835)
Proceeds from sale of financial assets classified as available-for- sale		41,425	84,242
NET CASH (USED IN) INVESTING ACTIVITIES		(1,244,882)	(807,593)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1,027,364	-
Payment of transaction costs for issue of shares		(31,868)	-
Proceeds from borrowings		500,000	-
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		1,495,496	-
Net (decrease) in cash and cash equivalents		(292,469)	(1,654,410)
Cash at the beginning of the period		408,153	2,062,563
CASH AT THE END OF THE YEAR		115,684	408,153

Notes to the consolidated financial statements
For the year ended 30 June 2014

1. Corporate information
The consolidated financial statements of Black Fire Minerals Limited and its subsidiaries (collectively, the Group) for the year ended 30 June 2014 were authorised for issue in accordance with a resolution of the directors on 29 September 2014.

Black Fire Minerals Limited is a for profit company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded. The Group's principal activities are described in the directors report.

1.1. Going concern
The financial report has been prepared on the basis of a going concern.

The consolidated entity incurred a net loss from continuing operations before tax of $1,408,603 during the year ended 30 June 2014, and had a net cash outflow of $543,083 from operating activities. The consolidated entity continues to be reliant upon completion of capital raising for continued operations and the provision of working capital. The directors note that subsequent to the balance date, the Company has raised an additional $810,000 in gross proceeds from a private placement (resulting in the issue of 54,000,000 new Black Fire Minerals Ltd shares). They additionally note that in conjunction with the proposed acquisition of Animoca Brands Corporation Limited, the Company will be seeking to raise a minimum of $2,400,000 (with the ability accept oversubscriptions of up to an additional $2,600,000) under a prospectus to be lodged with ASIC in October 2014.

If additional capital is not obtained, there is material uncertainty whether the Group will continue as a going concern and whether it will realise its assets and extinguish its liabilities in the ordinary course of business and at amounts stated in the financial report.

No adjustments for such circumstances have been made to the amount and classification of the assets and liabilities in the financial report.

2. Summary of significant accounting policies
2.1. Basis of preparation
The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for available-for-sale (AFS) investments, which have been measured at fair value.

The consolidated financial statements provide comparative information in respect of the previous period. The financial report is presented in Australian dollars, being the functional and presentation currency for the Group.

2.2. Compliance with IFRS

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

2.3. Changes in accounting policy, disclosures, standards and interpretations

i. New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time in the annual reporting period commencing 1 July 2013:

- AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements , AASB 12 Disclosure of Interests in Other Entities , revised AASB 127 Separate Financial Statements , AASB 128 Investments in Associates and Joint Ventures , AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards and AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments together represent a group of related standards covering the accounting and disclosure requirements for consolidated financial statements, associates, joint arrangements and off balance sheet vehicles. The new standards and amendments do not have any impact on the current accounting treatment of the Group's investment in subsidiaries.

- AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value. The impact of the new standard is not material for the Group and did not affect the Group's accounting policies or the amounts recognised in the financial statements.

- AASB 119 Employee Benefits has been amended for disclosure, presentation and accounting changes to defined benefit plans. The amendment removes the options for accounting for the liability and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income. It also revised the method of calculating the return on plan assets. The impact of the revised standard is not material for the Group and did not impact any of the amounts recognised in the financial statements.

- Other new standards that are applicable for the first time in the financial report are AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements, AASB 2012-2 Amendments to Australian Accounting Standards - Disclosure - Offsetting Financial Assets and Financial Liabilities and AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements from 2009-2011 cycle . The Group also early adopted AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets. These revised standards did not affect any of the Group's accounting policies or any of the amounts recognised and affected only the disclosures in the notes to the financial statements.

ii. Accounting Standards and Interpretations issued but not yet effective.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ending 30 June 2014, outlined below:

Annual Improvements to IFRSs - AASB 2014-4 (effective date of 1 July 2014, and applicable for the group from 1 July 2014)

This standard sets out amendments to International Financial Reporting

Standards (IFRS) and the related bases for conclusions and guidance made during the International Accounting Standards Board’s Annual Improvements process. These amendments have not yet been adopted by the AASB.

The following items are addressed by this standard:

- AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'.
- AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to IAS 37.
- AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets.
- AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts.
- AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.

AASB 1031 Materiality (effective date of 1 January 2014, and applicable for the group from 1 July 2014)

The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality.
AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed.

AASB 9/IFRS 9 Financial Instruments (effective date of 1 January 2018, and applicable for the group from 1 July 2018)

On 24 July 2014 The IASB issued the final version of IFRS 9 which replaces IAS 39 and includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments.

The final version of IFRS 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

The AASB is yet to issue the final version of AASB 9. A revised version of AASB 9 (AASB 2013-9) was issued in December 2013 which included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.

AASB 9 includes requirements for a simplified approach for classification and measurement of financial assets compared with the requirements of AASB 139.

The main changes are described below.

a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.
b. Allows 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.

c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

d. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
   - The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
   - The remaining change is presented in profit or loss

AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.

Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.

IFRS 15 Revenue from Contracts with Customers
In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations (IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue—Barter Transactions Involving Advertising Services).

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

(a) Step 1: Identify the contract(s) with a customer
(b) Step 2: Identify the performance obligations in the contract
(c) Step 3: Determine the transaction price
(d) Step 4: Allocate the transaction price to the performance obligations in the contract
(e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Early application of this standard is permitted.

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements, and
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the noncontrolling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

(b) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of comprehensive income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(c) Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(d) Foreign currency translation

The Group's consolidated financial statements are presented in Australian dollars, which is also the Parent's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and has elected to recycle the gain or loss that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

(e) 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, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is acting as a principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks. The specific recognition criteria described below must also be met before revenue is recognised.

Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as available-for-sale, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of comprehensive income.

(f) 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 balance date.

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

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

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance 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 balance 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 reporting date.

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

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

Tax consolidation

Black Fire Minerals Ltd and its wholly-owned Australian controlled entity have not yet decided to implement the tax consolidation legislation as of the date of signing this report. The Australian Taxation Office has not yet been notified of any decision.

(g) Non-current assets held for sale or for distribution to equity holders of the parent and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale or for distribution to equity holders of the parent if their carrying amounts will be recovered principally through a sale or distribution rather than through continuing use. Such non-current assets and disposal groups classified as held for sale or as held for distribution are measured at the lower of their carrying amount and fair value less costs to sell or to distribute. Costs to distribute are the incremental costs directly attributable to the distribution, excluding the finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the sale with be withdrawn. Management must be committed to the sale expected within one year from the date of the classification. Similar considerations apply to assets or a disposal group held for distribution.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale or as held for distribution.

Assets and liabilities classified as held for sale or for distribution are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is:

- A component of the Group that is a CGU or a group of CGUs
- Classified as held for sale or distribution or already disposed in such a way, or a major line of business or major geographical area

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement or profit or loss.

Additional disclosures are provided in Note 15. All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

(h) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

- Property, plant and equipment 2 – 8 years
- Lease equipment 2 – 8 years

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(i) Exploration and development expenditure

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

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

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

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

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

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

(j) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term.

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(l) Financial Instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

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

Classification and subsequent measurement

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

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

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

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

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

(i). Loans and receivables

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

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

(ii). Available-for-sale investments

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

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

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

(iii). Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings and trade and other payables.

Financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(m) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(n) Cash and Cash Equivalents
Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

(o) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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

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

(p) Contributed equity
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.

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

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

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

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

Key estimates

Impairment
The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Exploration and evaluation expenditure
The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the Directors are of the continued belief that such expenditure should not be written off since the evaluation of such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at $2,105,000 and has been included in assets held for sale (2013: $3,569,074).

3. Operating Segments

The Board has considered the requirements of AASB 8 Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded at this time that there is a single operating segment.

4. Financial assets and financial liabilities

4.1 Fair value

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities as at 30 June 2014.

	Total $	Quoted prices in active markets Level 1 $
Available-for-sale financial investments	45,000	45,000
	45,000	45,000

There have been no transfers between Level 1 and Level 2 during the period.

The fair value of the available-for-sale investment has been estimated using the quoted market prices on the ASX.

4.2 Financial assets

	30 June 14 $	30 June 13 $
Available-for-sale investments at fair value through OCI		
Quoted equity shares	45,000	54,048
	45,000	54,048

Impairment on AFS financial assets
For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Based on this assessment, the Company identified an impairment of $5,000 on AFS quoted equity securities. The impairment on AFS financial assets is recognised within the face of the statement of comprehensive income.

4.3 Financial liabilities, Interest-bearing loans and borrowings

At cost plus accrued interest:		
Non-revolving loan facility	625,000	-
	625,000	-

The Group borrowed a total of $500,000 on 1 April 2014 from a consortium of lenders to assist in the acquisition of 100% of the Pilot Mountain Project. The debt carries a flat coupon rate of 25% and is repayable on 30 September 2015, or earlier at the discretion of the Company. The liability has been classified as held for sale, as under the terms of the term sheet executed on 10 June 2014, Thor Mining PLC is to assume this debt upon acquisition of the project. As the debt is to be assumed by Thor, it has been assumed that fair value is not materially different from cost plus accrued interest.

4.4 Financial risk management objectives and policies

The Group's principal financial liabilities comprise of borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include trade and other receivables and cash and short-term deposits that derive directly from its operations. The Group also holds available-for-sale investments.

The Group is not exposed materially to market risk, credit risk, foreign exchange risk or liquidity risk. The Board takes ultimately responsibility for managing the financial risks of the Group.

Trade receivables
Group does not have a material risk in trade receivables due ordinarily only having other receivables relating to receipts from the Australian Taxation Office in relation to GST refunds or other sundry receivables from time to time.

Capital risk management
The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses as disclosed in notes 17 and 18.

Proceeds from share issues are used to maintain and expand the Group's exploration activities and fund operating costs.

5. Other income/expenses

	30 June 14 $	30 June 13 $
Interest income	5,245	38,787
Research and development tax incentive	45,395	-
Loss on sale of available-for-sale financial assets	(12,622)	(2,801)
	38,018	35,986

6. Employee benefits expense

Wages, salaries and other remuneration expenses	144,877	378,217
Superannuation expense	3,266	19,441
Transfer to/(from) annual leave provision	(3,667)	12,703
	144,476	410,361

7. Administration expenses

	30 June 14 $	30 June 13 $
Corporate compliance costs	96,907	144,789
Administration, Secretarial and accounting	99,439	45,057
Consultants fees	-	3,009
Legal expenses	80,015	21,906
Travel costs	10,879	8,677
Office rent and outgoings	42,977	55,654
Marketing and advertising	5,520	29,674
Project generation costs	-	138,571
Project management expenses	-	28,465
Other administration costs	48,468	90,525
	384,205	566,327

8. Income tax

Accounting (loss) before income tax from continuing operations	(1,408,603)	(2,783,042)
Profit/(Loss) before income tax from discontinued operations	(1,729,644)	435
Accounting (loss) before income tax	**(3,138,247)**	**(2,782,607)**
At Australia's statutory income tax rate of 30% (2013: 30%)	(941,474)	(824,247)
Adjust for the tax effect of:		
Exploration expenditure incurred during the year	(57,223)	(248,193)
Other non-allowable items	756,776	485,943
Non assessable income	(13,619)	-
Unrecognised tax assets	255,540	586,497
Income tax (benefit)	-	-

The Group has tax losses arising in Australia of 6,558,392 (2013: 6,110,868). Given the transactions being proposed by the Group (being the sale of the Pilot Mountain Project and the acquisition of Animoca Brands Corporation Limited), it is anticipated that these losses will either be forgone by the Group as it will cease to meet both the continuity of ownership test and the same business test, or be sold to Thor Mining PLC.

9. Cash and cash equivalents

	30 June 14 $	30 June 13 $
Cash in bank and on hand	115,684	408,153
	115,684	408,153

Accounting loss after income tax	(3,138,247)	(2,747,491)
Adjustments for:		
Impairment of exploration and evaluation	2,465,048	1,619,189
Depreciation	7,974	6,162
Share of loss of associate	-	3,663
Impairment of investment in associate	-	98,819
Impairment of available-for-sale financial asset	5,000	85,109
Loss from the sale of available-for-sale financial asset	12,622	2,801
(Decrease)/ increase in accrued interest	125,000	-
Changes in assets and liabilities:		
Decrease/ (increase) in trade and other receivables	(33,582)	75,074
Decrease/ (increase) in prepayments	24,416	3,830
(Decrease)/ increase in trade and other payables	9,820	(6,676)
(Decrease)/ increase in provisions	(21,134)	12,703
	543,083	846,817

10. Trade and other receivables

Other receivables	46,958	13,374
	46,958	13,374

Other receivables are non-interest bearing and are generally received within 30 days.

11.Other current assets

	30 June 14 $	30 June 13 $
Prepayments	-	24,416
	-	24,416

12.Available-for-sale investments

Quoted equity share	45,000	54,048
	45,000	54,048

At the balance date, the Group held an investment in an ASX listed entity Rift Valley Resources Ltd (ASX: RVY), representing 2,500,000 fully paid ordinary shares. The investment has been revalued at 30 June 2014 using the last price of the security traded at the balance date (being $0.018).

13.Property, plant and equipment

Property, plant and equipment		
Cost		
Opening cost 1 July	25,445	25,445
Additions	-	-
	25,445	25,445
Accumulated depreciation		
Opening balance 1 July	17,471	11,309
Depreciation expense	7,974	6,162
	25,445	17,471
Net book value	-	7,974

14.Exploration and evaluation expenditure

	30 June 14 $	30 June 13 $
Balance at the beginning of the year	3,569,074	4,358,202
Exploration expenditure incurred during the year	190,742	830,061
Project option payments	1,029,724	-
Exploration expenditure written off and/or impaired	(2,465,049)	(1,619,189)
Foreign exchange movements	(219,491)	-
Transfer to assets held for sale	(2,105,000)	-
	-	3,569,074

Pilot Mountain

During the year ended 30 June 2014, the Company paid a total of US $950,000 to secure a 100% interest in the Pilot Mountain Project (being a payment of US $350K on 1 July 2013 as agreed and US $600K modified final option payment as announced to the ASX on 14 February, paid 1 April 2014)

On 10 June 2014, the Group announced the execution of a term sheet to dispose of the Pilot Mountain Project to Thor Mining PLC ('Thor') for a consideration of 418,750,000 Thor shares. In addition, Thor will assume the debt obligation of $625,000 (including accrued interest) acquired to finance the final payment to Pacific Gold Corporation. The tenement has therefore been classified as held for sale at the balance date and written down to fair value (being the lower end of the valuation prepared by DMC Corporate Pty Ltd for the purposes of the Company's Extraordinary General Meeting to be held in October 2014). An impairment expense of $1,677,109 was recognized in relation to this write down and was incorporated in the loss from discontinued operations.

Mystique Exploration Licence

On 7 March 2014, the Group announced the execution of an option to sell 100% of the Mystique tenement licence (E28/1915) to Parmelia Resources Ltd ('Parmelia'). The agreement provided for an option fee of $12,957 payable immediately and a 6 month option to acquire a 100% interest in the tenement by paying a further A$300,000 in either cash or shares in Parmelia. Subsequent to the balance date, on 9 September the Group announced that Parmelia had elected not to exercise its options to acquire the tenement. Accordingly, the Mystique tenement has been written down to nil, incurring an impairment expense of $777,940.

15. Discontinued operations

On 10 June 2014, the Group announced the execution of a term sheet to dispose of the Pilot Mountain Project to Thor Mining PLC ('Thor') for a consideration of 418,750,000 Thor shares. In addition, Thor will assume the debt obligation of $625,000 (including accrued interest) acquired to finance the final payment to Pacific Gold Corporation to acquire a 100% interest in the project. At 30 June 2014, Pilot Mountain was classified as held for sale and as a discontinued operation. The result of the project for the year is presented below:

	30 June 14 $	30 June 13 $
Expenses	(52,535)	(435)
Exploration expenditure written off and/or impaired	(1,677,109)	-
(Loss) for the year from a discontinued operation	(1,729,644)	(435)

The major classes of assets and liabilities of the Pilot Mountain project classified as held for sale as at 30 June 2014 are as follows:

	30 June 14 $	30 June 13 $
Assets		
Exploration and evaluation expenditure	2,105,000	-
Assets classified as held for sale	2,105,000	-
Liabilities		
Interest bearing liabilities	625,000	-
Assets classified as held for sale	625,000	-
Net assets directly associated with the disposal group	1,480,000	-

The net cash flows incurred by the Pilot Mountain Project are as follows:

	30 June 14 $	30 June 13 $
Operating	(52,535)	(435)
Investing	(1,286,307)	(842,657)
Financing	500,000	-
	(838,842)	(843,092)

Earnings per share:

	30 June 14	30 June 13
Basic, loss for the year from discontinued operation	(0.55)	-
Diluted, loss for the year from discontinued operation	(0.55)	-

Interest-bearing liabilities comprise a loan of $625,000 having a flat coupon rate of 25% that is repayable in full in on 30 September 2015.

Write-down of exploration and evaluation assets

Immediately before the classification of the Pilot Mountain project as a discontinued operation, the recoverable amount was estimated for exploration and evaluation assets and an impairment loss was identified. A total of $1,677,109 was recorded as an impairment expense and this was recognised in discontinued operations in the statement of comprehensive income.

16.Trade and other payables

Trade payables	23,738	27,791
Other payables	133,362	119,489
	157,100	147,280

17.Contributed equity

363,344,536 Ordinary fully paid shares (2013: 157,871,788)	14,649,045	13,653,549
	14,649,045	13,653,549

Movements in ordinary shares on issue (noting there was no movement in share capital for the year ended 30 June 2013).

	Number of shares	Consolidated $
Balance as at 1 July 2013	157,871,788	13,653,549
Rights issue conducted August 2013	118,403,841	592,019
Placement tranche one proceeds November 2013	41,441,344	207,207
Shares issued in accordance with a resolution passed at the Company's AGM allotted 16 December 2013	27,627,562	138,138
Shares issued to the Company's directors with a resolution passed at the Company's AGM allotted 16 December 2013	18,000,000	90,000
Share issue costs	-	(31,868)
	363,344,535	14,649,045

18.Reserves

	30 June 14 $	30 June 13 $
Share based payments reserve (a)	-	95,563
Foreign currency translation reserve (b)	(183,672)	61,660
	(183,672)	157,223

Share based payments reserve (a)		
Opening balance 1 July	95,563	401,264
Transfer to accumulated losses upon expiry of options	(95,563)	(305,701)
	-	95,563

The share option reserve comprises the fair value of options issued to directors of the Company and other parties.

Foreign currency translation reserve (b)		
Opening balance 1 July	61,660	77,584
Translation of foreign operations	(245,332)	(15,924)
	(183,672)	61,660

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of Pilot Metal Inc., the group's foreign operations in the United States of America.

19.Related party disclosures

Remuneration of Key Management Personnel

Short-term employee benefits	138,162	318,464
Post-employment benefits	8,838	18,638
Total compensation	147,000	337,102

20.Earnings per share

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

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	Consolidated	
	2014	**2013**
	$	**$**
Net loss attributable to ordinary equity holders of the parent entity:		
Continuing operations	(1,408,603)	(2,747,491)
Discontinued operations	(1,729,644)	-
Weighted average number of ordinary shares for basic earnings per share	311,706,980	157,871,788
Effect of dilution		
Share options	N/A	N/A
Weighted average number of ordinary shares adjusted for the effect of dilution	311,706,980	157,871,788

In accordance with AASB 133 'Earnings per Share', as potential ordinary shares may only result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taking into account.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

21.Events after the reporting period

On 13 August 2014, the Company announced the successful completion of a capital raising, resulting in the issue of 54 million new fully paid ordinary shares and gross proceeds of $810,000. Additionally, on 9 September 2014 the Company announced that it had been given notice by Parmelia Resources NL of its decision not to exercise the Option to acquire the Company's Mystique Exploration Licence (E28/1915).

22.Auditors remuneration

An audit or review of the financial report	35,535	34,483
	35,535	34,483

23.Parent entity information

	30 June 14 $	30 June 13 $
Current assets	152,763	481,251
Non-current assets	2,149,781	8,174,417
Total assets	2,302,544	8,655,668
Liabilities		
Current liabilities	(782,002)	(274,636)
Assets classified as held for sale	(782,002)	(274,636)
Issued capital	14,649,045	13,653,549
Accumulated losses	(13,128,503)	(5,648,391)
Share based payment reserve	-	375,874
Total shareholders' equity	1,520,542	8,381,032
Loss of the parent entity	(7,855,986)	(988,997)
Total comprehensive loss of the parent entity	(7,855,986)	(988,997)

Directors' declaration

In accordance with a resolution of the directors of Black Fire Minerals Limited, I state that:

In the opinion of the directors:

a) The financial statements and notes of Black Fire Minerals Limited for the year ended 30 June 2014 are in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half-year ended on that date; and

   ii. complying with Accounting Standards and the Corporations Regulations 2001;

b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2.2; and

c) Subject to the matters detailed at Note 1.1 there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and chief financial officer in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

On behalf of the board

Mr Michael Billing
Chairman

29 September 2014

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Independent auditor's report to the members of Black Fire Minerals Limited

Report on the financial report

We have audited the accompanying financial report of Black Fire Minerals Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of 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 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, 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 controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

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Opinion

In our opinion:

a. the financial report of Black Fire Minerals 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 2014 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included in pages 11 to 13 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

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

Emphasis of matter

Without modification to the opinion expressed above, we draw attention to Note 1.1 Going Concern in the financial report. The matters as set forth in Note 1.1 indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Ernst & Young

Ernst & Young

Mark Phelps

Mark Phelps
Partner
Adelaide
29 September 2014