

Phillips River Mining Limited

ABN 61 004 287 790

Annual Financial Report

for the financial year ended

30 June 2014

Corporate Directory

Directors

Chris West	Executive Chairman (appointed 26 March 2014)
Timothy Koster	Executive Director (appointed 26 March 2014)
Mark Sumner	Managing Director (appointed 26 March 2014)
Paul Chapman	Non-Executive Chairman (resigned 19 March 2014)
Les Davis	Non-Executive Director (resigned 19 March 2014)
Chris Banasik	Non-Executive Director (resigned 19 March 2014)
David Griffiths	Non-Executive Director (resigned 19 March 2014)
Peter Johnston	Non-Executive Director (resigned 19 March 2014)
Brian Kennedy	Non-Executive Director (resigned 19 March 2014)

Company Secretary

Chris West

Principal Office

Level 7, 92 Pitt Street
Sydney, NSW, 2000

Tel: +61 2 9236 4000
Email: chris.west@sparcapital.com.au

Registered Office

Level 4, 275 George Street
Sydney, NSW, 2000

Solicitors

Squire Patton Boggs
Level 10, 1 Macquarie Place
Sydney, NSW, 2000

Share Register

Advanced Share Registry Services Ltd
110 Stirling Highway
Nedlands WA 6009

Auditors

Deloitte Touche Tohmatsu
Level 14, Woodside Plaza
240 St Georges Terrace
Perth WA 6000

Internet Address

www.phillipsriver.com.au

ASX Code: PRH

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Message from the Chairman

We are pleased to provide the 2014 Annual Report of your company, Phillips River Mining Limited ('Phillips River'). They disclose that Phillips River has carried on no meaningful activity during the year. However the Directors will shortly be inviting shareholders to consider approving the acquisition of several South American mining assets ('the Kiwanda Assets') currently owned by Kiwanda Mines (NA) LLC ('Kiwanda Mines') and Lara Exploration Ltd ('Lara') at an Extraordinary General Meeting of the Company.

The acquisition of the Kiwanda Assets is proposed to occur by issuing new Phillips River shares to both Kiwanda Mines and Lara at an independently verified valuation price. Subsequently the Directors intend to invite shareholders and others to subscribe for further capital in Phillips River to develop and expand the new assets that are being acquired.

Current Position

The current Phillips River programme is:

- The Explanatory Memorandum to approve the acquisition is expected to be lodged with ASIC shortly, followed by;
- Lodgement with ASX for its review, then;
- Announced to shareholders with the EGM 28 days later.

The Future for Phillips River

The proposal to shareholders is to acquire the Kiwanda Assets and become a producing South American mining house. It is the Directors intent that Phillips River should become a producing mining house. The Kiwanda Assets are producing assets – although they need expansion and development – and they generate cash flow from the production and sale of coal and phosphate rock.

We look forward to discussing these exciting projects with you.



Chris West
Executive Chairman
30 September 2014

Directors' Report

The Directors present their report on the consolidated entity consisting of Phillips River Mining Limited ("Phillips River" or "the Company") and the entities it controlled at the end of, or during the financial year ended 30 June 2014 ("the Group" or "the Consolidated Entity").

Directors

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

Chris West

Executive Chairman and Company Secretary
Appointed 26 March 2014

Mr West has over 30 years of experience in corporate finance and resource funds management. Currently, he is the head of SPAR Capital, a boutique specialist fund manager with over \$600 million in assets under management. Between 1991 and 2007, he was the Global Head of Corporate Finance and Funds Management at Allco Finance Group, where he led a corporate finance and funds management team in over \$30 billion of public and private financings and had over \$15 billion in assets under management. Prior to Allco, he was the head of project finance and resources management at State Bank of New South Wales, where he led a team of 6 geologists and engineers managing a \$1.5 billion portfolio of resource assets across coal, iron ore, oil & gas, bauxite and copper.

Mr West holds a Bachelor of Commerce from the University of New South Wales and a Master of Business Administration from the University of Sydney, where he studied the coal industry of Australia.

Mr West has held no other Directorships in public listed companies in the last three years.

Mark Sumner

Managing Director
Appointed 26 March 2014

Mr Sumner is the founder of Kiwanda Group LLC ("Kiwanda Group"). Prior to founding the Kiwanda Group in 2008, he was an investment specialist at Madison Avenue Financial Group, a private wealth boutique with approximately \$220 million in assets under management. Since 2008, Mr Sumner has been the Managing Director of the Kiwanda Group. As Managing Director of the Kiwanda Group, he has arranged private and public equity investments into oil, natural gas, gold, zinc/lead, iron ore and gold projects in Asia, South America and Sub-Saharan Africa.

Mr Sumner has held no other Directorships in public listed companies in the last three years.

Timothy Koster

Executive Director
Appointed 26 March 2014

Mr Koster is a finance and investment banking professional with over 30 years of experience. He is currently the CEO of Infin8 Resource Co. Ltd. Established in 2012, Infin8 is a private resources company established to acquire and develop underperforming Australian coal mining operations. He has a long track record of establishing, financing and developing investment and finance businesses. Mr Koster established Azure Water and Energy Infrastructure Fund, a \$500 million fund focused on Middle East water and energy utility assets. He also established Convergence Capital, a structured finance and business development investment bank, based in the Dubai International Finance Centre. He has structured several development financings and divestments of coal assets in Australia and Mongolia.

Mr Koster has held no other Directorships in public listed companies in the last three years.

Directors' Report

Paul Chapman

Non-Executive Chairman
Appointed 3 July 2012
Resigned 19 March 2014

Mr Chapman is a chartered accountant with over 20 years' experience in the resources sector gained in Australia and the United States. Mr Chapman has experience across a range of commodity businesses including gold, nickel, uranium, manganese, bauxite/alumina and oil/gas.

Mr Chapman has held Managing Director and other senior management roles in public companies of various sizes and is Chairman of WA based copper explorer Encounter Resources Ltd (since 7 October 2005), copper/gold explorer Rex Minerals Ltd (since 2007) and Silver Lake Resources Limited (since 20 April 2004).

Les Davis

Non-Executive Director
Appointed 3 July 2012
Resigned 19 March 2014

Mr Davis has over 30 years industry experience including 17 years hands-on experience in mine development and narrow vein mining.

Mr Davis' career incorporates 13 years senior management experience including roles as Mine Manager, Technical Services Manager, Concentrator Manager, Resident Manager and General Manager Expansion Projects with organisations including WMC Resources Ltd, Reliance Mining Ltd and Consolidated Minerals Ltd. Mr Davis is a Director of Silver Lake Resources Limited (since 25 May 2007).

Mr Davis has held no other Directorships in public listed companies in the last three years.

Chris Banasik

Non-Executive Director
Appointed 3 July 2012
Resigned 19 March 2014

Mr Banasik has over 25 years' experience in the resource industry which includes 10 years hands-on experience in mine geology resource and reserve calculation and a history of successful exploration in the Kambalda region of Western Australia.

Mr Banasik has extensive experience in leading geology and exploration teams and managing drilling programmes, surveying, mine planning and other technical services through 11 years in management roles with WMC Resources Ltd, Reliance Mining Ltd and Consolidated Minerals Ltd. Mr Banasik is a Director of Silver Lake Resources Limited (since 25 May 2007).

Mr Banasik has held no other Directorships in public listed companies in the last three years.

David Griffiths

Non-Executive Director
Appointed 3 July 2012
Resigned 19 March 2014

Mr Griffiths has more than 30 years management and strategic communications experience developing from an initial focus on human resources and employee relations to broader, group-wide strategic roles. Previously Mr Griffiths was employed by WMC Resources Ltd and held the roles of Group Manager – Employee Relations and more recently, General Manager Corporate Affairs and Community Relations.

Directors' Report

Currently, Mr Griffiths is the Managing Director of the communications strategy and public relations company Gryphon Management Australia Pty Ltd which he established in 2004. Gryphon Management assists companies to develop and implement strategic communication plans, human resources strategies and corporate reputation plans. Mr Griffiths is also a Director of Silver Lake Resources Limited (since 25 May 2007) and Chairman of Paringa Resources Limited (since 7 September 2012).

Mr Griffiths has held no other Directorships in public listed companies in the last three years.

Peter Johnston

Non-Executive Director
Appointed 3 July 2012
Resigned 19 March 2014

Mr Johnston's extensive management career spans 30 years. That time includes senior management roles at WMC Resources Ltd, Alcoa of Australia Limited and Lion Nathan Limited. Mr Johnston has been Chief Executive Officer/Director of Minara Resources Ltd since 20 November 2001. As Executive General Manager at WMC Resources Ltd for over eight years, Mr Johnston was at various times responsible for nickel and gold operations, Olympic Dam operations, Queensland Fertilizers Ltd and human resources.

Mr Johnston is an Executive Council member and a past President of the Chamber of Minerals and Energy, a Director and past Chairman of the Nickel Institute, a past Chairman of the Minerals Council of Australia, a past Director of Emeco Holdings Limited from 1 September 2006 to 30 June 2013, a Director of Silver Lake Resources Limited (since 22 May 2007) and Vice President of the Australian Mines and Metals Association.

Brian Kennedy

Non-Executive Director
Appointed 3 July 2012
Resigned 19 March 2014

Mr Kennedy has operated a successful resource consultancy for over 25 years and has worked in the coal, iron ore, nickel, gold and fertilizer industries. During this time Mr Kennedy managed large scale mining operations such as Kambalda and Mount Keith on behalf of WMC Resources Ltd.

Mr Kennedy was a founding shareholder and Director of Reliance Mining Ltd, before its takeover by Consolidated Minerals Ltd. Mr Kennedy is a Director of Silver Lake Resources Limited (since 20 April 2004). Mr Kennedy has held no other Directorships in public listed companies in the last three years.

Company Secretary

Chris West

Appointed 26 March 2014

Directors' Meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company whilst they were a Director during the financial year are:

Board of Directors	Number of meetings held	Number of meetings attended
Paul Chapman	3	3
Les Davis	3	3
Chris Banasik	3	3
David Griffiths	3	3
Peter Johnston	3	3
Brian Kennedy	3	3
Chris West	4	4

Directors' Report

Mark Sumner	4	4
Timothy Koster	4	4

Directors' Interests

The relevant interest of each Director in the share capital as notified by the Directors to the Australian Securities Exchange in accordance with s.205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Name of Director	Fully Paid Ordinary Shares	Unlisted Options
Paul Chapman	-	-
Les Davis	-	-
Chris Banasik	-	-
David Griffiths	-	-
Peter Johnston	-	-
Brian Kennedy	-	-
Chris West [^]	159,450	-
Mark Sumner [^]	318,901	-
Timothy Koster [^]	159,450	-

[^] The shares in the Company are held by Kiwanda Group LLC, an entity jointly controlled by the directors.

Remuneration of key management personnel

Information about the remuneration of key management personnel is set out in the remuneration report section of this director's report. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity.

Share options granted to directors and senior management

There were no options over ordinary shares in Phillips River Mining Limited held directly, indirectly or beneficially by any key management personnel, including their related parties during the year ended 30 June 2014.

Principal Activities

During the year, the Company's main activity has been the searching for a new project and a new management team to take Phillips River forward.

Corporate Structure

Phillips River is a company limited by shares and is domiciled and incorporated in Australia.

Review of Operations

During the year, the Company focused on the merger implementation agreement ("Merger Agreement") to acquire all of the issued shares of Afranex Gold Ltd. ("Afranex"), an unlisted public company which had entered into conditional agreements with a number of vendors to acquire a strategic portfolio of highly prospective gold exploration projects within the world-class Tintina Gold Belt, in south west Alaska, USA.

The deadline for completion of the Merger Agreement was 31 January 2014. During the year, the Company worked to meet all conditions prior to this date, most notably the requirement for the Company to raise a minimum of \$4,000,000 at \$0.20 per share. Given challenging market conditions, this equity raising was not achieved and the Merger Agreement was terminated by mutual agreement between the parties on 31 January 2014.

On 26 March 2014, Silver Lake Resources Limited sold all of its shares in the Company to the Kiwanda Group LLC ('the Kiwanda Group'). The Kiwanda Group is a US incorporated mining investment company with interests in a number of coal and phosphate rock projects in South America.

Directors' Report

In May 2014 the Company signed a heads of agreement with Kiwanda Mines (NA) LLC ('Kiwanda Mines') and Lara Exploration Ltd ('Lara') to acquire a number of phosphate and coal mining interests in Chile and Colombia. The acquisition is subject to shareholder approval and the completion of an equity capital raising by the Company (subject to compliance with the Corporations Act and Chapters 1 & 2 of the ASX Listing Rules), to fund the further development of these projects for the benefit of the Company and its shareholders.

If the transaction successfully completes then the Company will be transformed into a South American mining house that produces and sells coal and phosphate rock. If the transaction does not complete then it is likely that the directors will seek to wind up the Company.

Financial Result

The loss of the Group for the financial year, after providing for income tax amounted to \$73,284 (2013: \$5,880,053).

At the end of the financial year the Group had \$3,137 in cash (2013: \$7,601) and rehabilitation bonds of \$Nil (2013: \$427,228).

Significant Changes in State of Affairs

Other than noted in the Review of Operations, Events Subsequent to Reporting Date and Going Concern notes (refer note 3.4 of the Financial Statements) there are no other significant changes in the state of affairs of the consolidated entity during the financial year.

Events Subsequent to Reporting Date

In September 2014 the Company drew down \$120,000 of the \$200,000 loan facility provided by Kiwanda Mines. Refer to note 22 for further information on the loan facility.

There were no other material subsequent events between the reporting date and the date of signing this report.

Environmental Regulations and Performance

The Company currently has no operations. Accordingly it is not subject to any environmental regulators or authorities.

Share Options

During the financial year, no unlisted options to acquire ordinary shares were issued to directors or contractors of the Company. At 31 May 2014 the Directors made a determination (in accordance with the terms of the Employee Share Option Scheme) that as option holders were no longer employees of the group, that they had ceased to be an Eligible Person under the Employee Share Option Scheme and their options had therefore lapsed. As a result there are no unexpired share options over the ordinary shares of the Company at 30 June 2014.

Employees

The consolidated entity had no employees as at 30 June 2014 (2013: Nil). Phillips River engages contractors and consultants.

Indemnification and Insurance of Directors and Officers

The Company has agreed to indemnify the current Directors and Officers against any liability (other than the Company or related body corporate) that may arise from their position as Directors and Officers of the Company except where the liability arises out of conduct involving a lack of good faith. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Phillips River has not provided any insurance or indemnity to the auditor of the Company.

Directors' Report

Dividends

No dividends were paid or declared by the Company during or since the year ended 30 June 2014 (2013:\$nil).

Proceedings on Behalf of the Company

At the date of this report there are no leave applications or proceedings brought on behalf of the Group under section 237 of the Corporations Act 2001.

Corporate Governance

In recognising the need for high standards of corporate behaviour and accountability, the Directors of Phillips River support and have adhered to the principles of good corporate governance. The Company's corporate governance statement is contained on pages 14 to 19 of this annual report.

Auditor's Independence

Section 307C of the Corporations Act 2001 requires Phillips River's auditors, Deloitte Touche Tohmatsu, to provide the Directors of Phillips River with an Independence Declaration in relation to the audit of the financial report for the year ended 30 June 2014. This Independence Declaration is included on page 20 of this annual report.

Non-Audit Services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 24 to the financial statements.

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 24 to the financial statements do not compromise the external auditor's independence, for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

REMUNERATION REPORT – AUDITED

This remuneration report which forms part of the directors' report, sets out information about the remuneration of Phillips River Mining Limited's key management personnel for the financial year ended 30 June 2014. The term "key management personnel" refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity.

Key management personnel

The following were key management personnel of the Group at any time during the reporting period:

Non-Executive Directors

Mr P Chapman	Director/Chairman (resigned 19 March 2014)
Mr L Davis	Director (resigned 19 March 2014)
Mr C Banasik	Director (resigned 19 March 2014)
Mr D Griffiths	Director (resigned 19 March 2014)
Mr P Johnston	Director (resigned 19 March 2014)
Mr B Kennedy	Director (resigned 19 March 2014)

Directors' Report

Executive Directors

Mr C West	Executive Chairman and company secretary (appointed 26 March 2014)
Mr M Sumner	Managing Director (appointed 26 March 2014)
Mr T Koster	Executive Director (appointed 26 March 2014)

Executive officers

Mr P Armstrong	Company Secretary (resigned 19 March 2014)
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Principles of Compensation

The Company does not currently employ any staff and does not compensate the current Directors.

Fixed Compensation

The Company does not currently employ any staff and does not compensate the current Directors.

Short-Term Incentives

The Company does not currently employ any staff and does not compensate the current Directors, therefore no short term incentives are in place.

Long-Term Incentives

The Company does not currently employ any staff and does not compensate the current Directors, therefore no long term incentives are in place.

Special Benefits

The Company does not currently employ any staff and does not compensate the current Directors.

Service Contracts

The Company does not currently employ any staff and does not compensate the current Directors.

Non-Executive Directors

Non-Executive Directors do not receive performance related compensation or Directors' fees.

Directors and Executive Officers' Remuneration

Year ended 30 June 2014

None of the directors or executive officers of the Group received any remuneration for the year ended 30 June 2014.

Directors' Report

Year ended 30 June 2013

Final salary payments and termination benefits were made in July 2012 to the former managing director and company secretary. Details are provided in the table below.

		Salary & fees \$	Post-employment Superannuation benefits \$	Termination benefits \$	Total \$	S300A(1)(e)(i)(vi) Proportion of remuneration performance related %	S300A(1)(e)(i)(vi) Value of options as proportion of remuneration %
Directors							
Mr J Stirbinski	2013	30,463	2,742	408,333	441,538	-	-
Executive Officers							
Adrian Armstrong	2013	30,818	2,774	41,500	75,092	-	-
Total Compensation:	2013	61,281	5,516	449,833	516,630	-	-

Key management personnel equity holdings

Details of the movements in the holdings of key management personnel in the fully paid ordinary shares of the Company are:

	Balance at 1 July No	Shares acquired No	Balance at 30 June No
2014:			
Paul Chapman	-	-	-
Les Davis	-	-	-
Chris Banasik			
David Griffiths			
Peter Johnston			
Brian Kennedy	-	-	-
Chris West ^	-	159,450	159,450
Mark Sumner ^	-	318,901	318,901
Timothy Koster ^	-	159,450	159,450
Total	-	637,801	637,801
2013:			
Paul Chapman	-	-	-
Les Davis	-	-	-
Chris Banasik	-	-	-
David Griffiths	-	-	-
Peter Johnston	-	-	-
Brian Kennedy	-	-	-
Total	-	-	-

^ The shares in the Company were acquired by Kiwanda Group LLC, an entity jointly controlled by the Directors and do not form part of any remuneration of the Directors.

Options and rights over equity instruments granted as compensation

At 31 May 2014 the Directors made a determination (in accordance with the terms of the Employee Share Option Scheme) that as option holders were no longer employees of the group, that they had ceased to be an Eligible Person under the Employee Share Option Scheme and their options had therefore lapsed. As a result there were

Directors' Report

no options over ordinary shares in Phillips River Mining Limited held directly, indirectly or beneficially by any key management person, including their related parties at 30 June 2014.

Other transactions with key management personnel of the Group

Acquisition of mining assets from Kiwanda Mines (NA) LLC

During the year the Company entered into a Heads of Agreement with Kiwanda Mines (NA) LLC ('Kiwanda Mines') and Lara Exploration Ltd ("Lara") to acquire a number of phosphate and coal mining interests in Chile and Colombia. Kiwanda Mines is an entity that is controlled by the directors of the Company. The acquisition is subject to shareholder approval and the completion of an equity capital raising by the Company.

Loan facility from related party

In June 2014, the group obtained a \$200,000 loan facility from Kiwanda Mines to enable the Company to continue to pay its ongoing operating expenses whilst finalising the acquisition of the Kiwanda Assets. The loan is unsecured and has been provided at a market rate of interest. The loan is repayable upon the earlier of (i) the completion of a capital raising by the Company of sufficient funds to enable the Facility to be repaid and (ii) 31 October 2015. At 30 June 2014 none of the loan facility had been drawn by the Company.

Apart from the details disclosed, no Director has entered into a material contract with the Company or the Group since the end of the financial year and there were no other material contracts involving Directors' interest existing at year end.

This Directors' Report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors



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Chris West
Executive Chairman
30 September 2014

Corporate Governance Statement

Phillips River Mining Limited (**Company**) has adopted systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations (2nd edition) with 2010 Amendments (Principles & Recommendations)*, the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. It should be noted that the Company is a small company with a strong commitment to containing costs. This commitment, when related to the relatively small size of the Company, makes it difficult to fully attain all of the recommended principles; indeed, many of the principles have limited relevance to the operation of a smaller entity.

Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and an explanation for the adoption of its own practice.

The Phillips River Board largely supports and is largely, though not totally in compliance with the ASX Recommendations published by the ASX Corporate Governance Council ("**ASXCGC**").

The following governance-related documents are maintained by the Company and can be reviewed on request:

Charters

- Board Charter

Policies and Procedures

- Policy and Procedure for Selection and Appointment of Directors
- Process for Performance Evaluation
- Code of Conduct
- Compliance Procedures for ASX Listing Rule Disclosure Requirements (summary)
- Procedure for the Selection, Appointment and Rotation of External Auditor
- Shareholder Communication Strategy
- Risk Management Policy (summary)
- Policy for Trading in Company Securities

The Company reports below on how it has followed, (or otherwise departed from), each of the recommendations during the 2013/2014 financial year (**Reporting Period**). The information in this statement is current at 30 September 2014.

PRINCIPLE 1 – LAY SOLID FOUNDATION FOR MANAGEMENT AND OVERSIGHTS

Recommendation 1.1 – Roles and responsibilities of the Board and Senior Executives

The Company has established the functions reserved to the Board and has set out these functions in its Board Charter.

The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives, and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

Senior executives are responsible for supporting the Managing Director and assisting the Managing Director in implementing the running of the general operations and financial business of the Company in accordance with the

Corporate Governance Statement

delegated authority of the Board. Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, directly to the Chair or the lead independent director, as appropriate.

Recommendation 1.2 — Performance evaluation for senior executives

The Company does not currently employ any staff.

Recommendation 1.3 — Role of the Board

The Board's primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the Board is responsible for the overall corporate governance of the Group including formulating its strategic direction, approving and monitoring capital expenditure, setting remuneration, appointing, removing and creating succession policies for Directors and senior executives, establishing and monitoring the achievement of management's goals and ensuring the integrity of internal control and management information systems.

It is also responsible for approving and monitoring financial and other reporting. Details of the Board's charter can be reviewed on request.

Recommendation 1.3 — Board processes

The full Board currently holds various meetings throughout the year, plus strategy meetings and any extraordinary meetings at such other times as may be necessary to address any specific significant matters that may arise.

The agenda for meetings is prepared in conjunction with the Chairperson, Managing Director and Company Secretary. Any submissions are circulated in advance.

PRINCIPLE 2 — STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1 — A majority of the board should be independent directors

The Company currently does not have any independent directors. Due to the very small size of the Company and the fact that it currently does not run an operating business, the Directors do not see any advantage to shareholders in appointing independent directors or re-structuring the board at this time. However it is the intention of the directors to review the composition of the Board upon the acquisition of the Kiwanda Assets to ensure that it remains appropriate and meets good corporate governance practices.

The Board considers the independence of directors having regard to the relationships listed in Box 2.1 of the *Principles & Recommendations* and the Company's materiality thresholds.

The Board has agreed on the following guidelines, as set out in the Company's Board Charter for assessing the materiality of matters:

- Balance sheet items are material if they have a value of more than 5% of pro-forma net asset.
- Profit and loss items are material if they will have an impact on the current year operating result of 5% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, could affect the Company's rights to its assets, if accumulated would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 5% or more on balance sheet or profit and loss items, or will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 5%.

Corporate Governance Statement

- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost which triggers any of the quantitative tests, contain or trigger change of control provisions, are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

Recommendation 2.2 — The chair should be an independent director

The Chairman, Christopher West, is considered not to be independent within the meaning of Item 1 in Box 2.1 of the *Principles & Recommendations*. This is because of Mr West's shareholding interests in Kiwanda Group LLC, which is a substantial shareholder of the Company (holding an interest of 19.9%).

The Board considers Mr West the best person to lead the Board at this time, drawing on his 30 years of experience and skills in the resource funds management and corporate finance industries.

Recommendation 2.3 — Chairman and Managing Director

The roles of the Chairman and Managing Director are separate. Christopher West has been appointed Chairman of the Company. Mark Sumner has been appointed Managing Director.

Recommendation 2.4 — The board should establish a nomination committee

The Company is not currently considered to be of a size, nor are its affairs of such complexity to justify the establishment of separate committees (i.e. Audit or Remuneration or Nomination or Risk Management Committee). Accordingly, all matters which may be capable of delegation to a committee are dealt with by the full Board.

Recommendation 2.5 — The board should disclose the process for evaluating the performance of the board, its committees and individual directors

The Board has not established a formal evaluation process as it considers, having regard to the size of the Company and the Board, it would not improve the present operation of the Board and the Directors. The Board continues to monitor the need to formalise this process and will at accordingly when it deems the time appropriate.

Recommendation: 2.6 — Skills, experience, expertise and period of office of each Director

A profile of each Director setting out their skills, experience, expertise and period of office is set out in the Directors' Report.

The Board considers that the mix of skills and diversity for which it is looking to achieve in membership of the Board is represented by the Board's current composition, as the directors possess the skills and expertise necessary to look at taking on new Company projects, improving the Company's projects and growing the Company.

Recommendation: 2.6 — Independent professional advice and access to Company information

Each Director has the right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the Chairperson, may seek independent professional advice from a suitably qualified adviser at the Group's expense. The Director must consult with an advisor suitably qualified in the relevant field, and obtain the Chairperson's approval of the fee payable for the advice before proceeding with the consultation. A copy of the advice received by the Director is made available to all other members of the Board.

Corporate Governance Statement

Recommendation: 2.6 — Selection and Reappointment of Directors

Directors are selected by reference to their background and experience which is relevant to the business needs of the Company. New directors are invited to join the Board by the chairperson, who makes the invitation based on recommendations made by the Nomination Committee and approved by the Board.

It is the Board's policy to determine the terms and conditions relating to the appointment and retirement of Non-Executive Directors on a case by case basis and in conformity with the requirements of the Listing Rules and the Corporations Act.

PRINCIPLE 3 — PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Recommendation: 3.1 — Code of Conduct

The Company's directors, officers, employees and key contractors / consultants are required to conduct themselves with the highest ethical standards. The Company's Code of Conduct Policy can be viewed upon request to the Company and covers the following items: Aligning the behaviour of the Board and management with the code of conduct by maintaining appropriate core Company values and objectives

- Fulfilling responsibilities to shareholders by delivering shareholder value
- Usefulness of financial information by maintaining appropriate accounting policies, practices and disclosure
- Fulfilling responsibilities to clients, customers and consumers by maintaining high standards of product quality, service standards, commitments to fair value, and safety of goods produced
- Employment practices such as occupational health and safety, employment opportunity, the community activities, sponsorships and donations
- Responsibilities to the individual, such as privacy, use of privileged or confidential information, and conflict resolution
- Compliance with legislation including policies on legal compliance in countries where the legal systems and protocols are significantly lower than Australia's
- Conflicts of interest
- Corporate opportunities such as preventing Directors and key executives from taking advantage of property, information or position for personal gain
- Confidentiality of corporate information
- Fair dealing
- Protection and proper use of the Company's assets
- Compliance with laws
- Reporting of unethical behaviour.

Recommendation: 3.2, 3.3 and 3.4 — Diversity

The Company does not currently have a Diversity Policy.

The Board has not set measurable objectives for achieving gender diversity. Given its small size and the fact that the Company does not currently have any employees, the Company does not have and does not intend to adopt a specific diversity policy or quota in this area. It is the Company's intention however to provide equal opportunity in respect to employment and ensure appropriate selection criteria based on diverse skills, experience and perspectives is used when hiring new staff.

Corporate Governance Statement

The proportion of women employees in the whole organisation, women in senior executive positions and women on the Board are set out in the following table:

	Proportion of women
Whole organisation	0 out of 3 (0%)
Board	0 out of 3 (0%)

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Recommendation: 4.1, 4.2 and 4.3. - – Audit Committee

The Company is not currently considered to be of a size, nor are its affairs of such complexity to justify the establishment of an Audit Committee.

For the 2014 financial year, the Managing Director and Chief Financial Officer has provided a statement to the Board in writing that in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity, together with the efficient and effective operation of the risk management and internal compliance and control systems.

The Company's auditor Deloitte attends the Company's Annual General Meeting and is available to answer questions from shareholders relevant to the audit from shareholders.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation: 5.1 and 5.2 – Continuous Disclosure

The Company has established policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability at a senior executive level for that compliance. All Directors and the Company Secretary are responsible to ensure that disclosure policy is adhered to. The Managing Director works with the Chairman in dealing with media contact and any external communications.

Current and archived news items announced by the Company are available free of charge at www.asx.com.au.

PRINCIPLE 6 –RESPECT THE RIGHTS OF SECURITY HOLDERS.

The Board aims to ensure that shareholders are kept fully informed at all times and have access to all information necessary to assess the performance and prospects of the Company.

Recommendation: 6.1 and 6.2 – Shareholder Communication

The Board is committed to ensuring that shareholders are at all times provided with information sufficient to enable effective monitoring of the Company's performance by means of:

- The Annual Report and Half Yearly Report.
- Periodic reports and special reports when matters of material interest arise.
- The Annual General Meeting and other meetings called to obtain approval of any Board action as required.
- Continuous disclosure.

Corporate Governance Statement

PRINCIPLE 7 — RECOGNISE AND MANAGE RISK

Recommendation: 7.1, 7.2, 7.3 and 7.4 — Risk Management

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks with the assistance of senior management. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

The Board adopts practices designed to identify significant areas of business risks and to effectively manage those risks in accordance with the Company's risk profile. Where necessary, the Board draws on the expertise of appropriate external consultants to assist in dealing with or mitigating risks.

The Company's main areas of risks, and its approach to managing these risks, are set out as follows.

Mining, exploration and development

The Company's current major area of focus is to complete the acquisition of a number of phosphate and coal mining assets from Kiwanda Mines and Lara together with an equity capital raising by the Company. If these transactions do not occur, then it is likely that the Company will be wound up.

PRINCIPLE 8 — REMUNERATE FAIRLY AND RESPONSIBLY

Recommendations 8.1, 8.2 and 8.3. — Remuneration

The Company does not have any employees and so there are no remuneration policies currently in place. Upon the successful completion of the proposed acquisitions from Kiwanda Mines and Lara the Company will become a producing mining company and have numerous employees. It is the Directors intention that suitable remuneration practices will be implemented at that time.

The Board of Directors
Phillips River Mining Limited
Level 4, 275 George Street
SYDNEY NSW 2000

30 September 2014

Dear Board Members

Phillips River Mining 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 Phillips River Mining Limited.

As lead audit partner for the audit of the financial statements of Phillips River Mining Limited for the financial year ended 30 June 2014, 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 sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Chris Nicoloff

Chris Nicoloff
Partner
Chartered Accountants

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Member of Deloitte Touche Tohmatsu Limited

Independent Auditor's Report to the Members of Phillips River Mining Limited

Report on the Financial Report

We have audited the accompanying financial report of Phillips River Mining Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, 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 as set out on pages 23 to 49.

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 3, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated 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.

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

Auditor's Independence Declaration

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

Opinion

In our opinion:

- (a) the financial report of Phillips River Mining 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 consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 3.

Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our opinion, we draw attention to Note 3 in the financial report, which indicates that the consolidated entity incurred a net loss of \$73,284 during the year ended 30 June 2014 and, as of that date, the consolidated entity's liabilities exceeded its assets by \$45,319. These conditions, along with other matters as set forth in Note 3, indicate the existence of a material uncertainty that may cast significant doubt about the ability of the company and consolidated entity to continue as going concerns and therefore, the company and consolidated entity may be unable to realise their assets and discharge their liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 10 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 Phillips River Mining Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Chris Nicoloff

Chris Nicoloff

Partner

Chartered Accountants

Perth, 30 September 2014

Directors' Declaration

The directors declare that:

- a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- b) in the directors opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 3.1 to the financial statements;
- c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and
- d) the directors have been given the declarations required by s295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Board of Directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



Chris West
Executive Chairman
30 September 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

	Note	30 June 2014 \$	30 June 2013 \$
Other income	6	75,635	464,566
Change in fair value of Silver Lake shares	6	-	(732,118)
Administrative expenses	6	(158,638)	(1,851,322)
Finance income	6	9,720	15,632
Finance expenses	6	-	(8,018)
Loss before income tax expense		(73,284)	(2,111,260)
Income tax (expense)/benefit	7	-	(3,768,793)
Loss for the year		(73,284)	(5,880,053)
Other comprehensive income, net of income tax		-	-
Total comprehensive loss for the year		(73,284)	(5,880,053)
Loss attributable to:			
Owners of the Company		(73,284)	(5,880,053)
Total comprehensive loss attributable to:			
Owners of the Company		(73,284)	(5,880,053)
Loss per share			
Basic (cents per share)	8	(2.2863)	(185.6905)
Diluted (cents per share)	8	(2.2863)	(185.6905)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

At 30 June 2014

	Note	30 June 2014 \$	30 June 2013 \$
Assets			
Current assets			
Cash and cash equivalents	19	3,137	7,601
Trade and other receivables	9	5,218	3,250
Prepayments & other assets	10	1,804	427,228
Total current assets		<u>10,159</u>	<u>438,079</u>
Total assets		<u>10,159</u>	<u>438,079</u>
Liabilities			
Current liabilities			
Trade and other payables	12	55,478	25,114
Interest-bearing loans and borrowings	13	-	385,000
Total current liabilities		<u>55,478</u>	<u>410,114</u>
Total liabilities		<u>55,478</u>	<u>410,114</u>
Net assets		<u>(45,319)</u>	<u>27,965</u>
Equity			
Issued capital	15	58,593,923	58,593,923
Reserves	16	-	1,206,080
Accumulated losses		(58,639,242)	(59,772,038)
Total equity		<u>(45,319)</u>	<u>27,965</u>

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

	Issued capital \$	Asset revaluation reserve \$	Options reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2013	58,593,923	-	1,206,080	(59,772,038)	27,965
Loss for the year	-	-	-	(73,284)	(73,284)
Other comprehensive loss for the year, net of income tax	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(73,284)	(73,284)
Transfer to accumulated losses			(1,206,080)	1,206,080	-
Balance at 30 June 2014	58,593,923	-	-	(58,639,242)	(45,319)
Balance at 1 July 2012	56,840,749	1,068,044	1,206,080	(40,579,147)	18,535,726
Loss for the year	-	-	-	(5,880,053)	(5,880,053)
Other comprehensive loss for the year, net of income tax	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(5,880,053)	(5,880,053)
Transfer to accumulated losses	-	(1,068,044)	-	1,068,044	-
Dividend paid	-	-	-	(14,380,882)	(14,380,882)
Shares issued	1,753,174	-	-	-	1,753,174
Balance at 30 June 2013	58,593,923	-	1,206,080	(59,772,038)	27,965

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

	30 June 2014	30 June 2013
Note	\$	\$
Cash flows from operating activities		
Cash receipts from customers	-	-
Cash payments to suppliers and employees	(56,412)	(2,023,817)
Cash used in operations	(56,412)	(2,023,817)
Interest received	9,720	16,140
Income tax paid	-	(8,018)
Net cash used in operating activities	19 (46,692)	(2,015,695)
Cash flows from investing activities		
Repayment of security bond	427,228	-
Increase in rent security bond	-	(41,228)
Payments for exploration and evaluation expenditure	-	(49,666)
Net cash generated from/(used) in investing activities	427,228	(90,894)
Cash flows from financing activities		
Net proceeds from the issue of shares	-	1,753,174
Repayment of hire purchase liabilities	-	(103,957)
Repayment of insurance premium funding	-	(33,344)
(Repayment)/Proceeds from borrowings	(385,000)	464,566
Net cash generated from/(used in) financing activities	(385,000)	2,080,439
Net decrease in cash and cash equivalents	(4,464)	(26,150)
Cash and cash equivalents at 1 July	7,601	33,751
Cash and cash equivalents at 30 June	19 3,137	7,601

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. General information

Phillips River Mining Limited (the 'Company') is a company domiciled in Australia. The Company's registered office address is Level 7, 92 Pitt Street, Sydney, NSW, 2000. The consolidated financial statements of the Company as at and for the year ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group' or 'consolidated entity'). The Group is a resources company based in New South Wales however the Company has no mining assets at 30 June 2014. During the year, the Company's main activity has been the searching for a new project and a new management team to take Phillips River forward.

2. Application of new and revised Accounting Standards

2.1 New and revised AASBs affecting amounts reported and/or disclosures in the financial statements.

In the current year, the Group has applied a number of new and revised AASBs issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2013.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 128 'Investments in Associates and Joint Ventures' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'
- AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'
- AASB CF 2013-1 'Amendments to the Australian Conceptual Framework'
- AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments' (Part A Conceptual Framework)
- AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'
- AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle'
- 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'

The adoption of all the new and revised Standards and Interpretations has resulted in changes to the Group's accounting policies but has no material effect on the amounts reported or disclosure made for the current or prior years except as disclosed below:

First time application of AASB 13: Fair Value Measurement

The Group has adopted the requirements of AASB 13 for the first time in the current financial statements. The standard provides guidance on how to determine fair value and requires disclosures about fair value measurement. However, AASB 13 does not change the requirements regarding which items should be measured or disclosed at fair value.

AASB 13 applies when another AASB requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements). With some exceptions, the standard requires entities to classify these measurements into a 'fair value hierarchy' based on the nature of the inputs.

Notes to the Consolidated Financial Statements

The application of AASB 13 has not resulted in additional disclosures in the consolidated financial statements.

Impact of the application of AASB 12: Disclosure of Interests in Other Entities

The Group has adopted the requirements of AASB 12 for the first time in the current financial statements. AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. The application of AASB 12 has not resulted in additional disclosures in the consolidated financial statements.

Impact of the application of AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'

This standard removes the individual key management personnel disclosure requirements in AASB 124 'Related Party Disclosures' As a result the Group only discloses the key management personnel compensation in total and for each of the categories required in AASB 124.

In the current year the individual key management personnel disclosure previously required by AASB 124 (note 27 in the 30 June 2013 financial statements) is now disclosed in the remuneration report due to an amendment to Corporations Regulations 2001 issued in June 2013.

2.2 Standards and Interpretations in issue not yet adopted

At the date of 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', and the relevant amending standards	1 January 2017	30 June 2018
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 135 – Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'	1 January 2014	30 June 2015
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015
INT 21 'Levies'	1 January 2014	30 June 2015

Notes to the Consolidated Financial Statements

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2014-1 'Amendments to Australian Accounting Standards'	1 July 2014	30 June 2015
<ul style="list-style-type: none"> - Part A: 'Annual Improvements 2010–2012 and 2011–2013 Cycles' - Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)' - Part C: 'Materiality' 		
AASB 2014-1 'Amendments to Australian Accounting Standards' – Part D: 'Consequential Amendments arising from AASB 14'	1 January 2016	30 June 2017
AASB 2014-1 'Amendments to Australian Accounting Standards' – Part E: 'Financial Instruments'	1 January 2015	30 June 2016
AASB 14 'Regulatory Deferral Accounts'	1 January 2016	30 June 2017
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
IFRS 15 'Revenue from Contracts with Customers'	1 January 2017	30 June 2018
IFRS 9 Financial Instruments (2014) and all related amendments	1 January 2018	30 June 2019
Equity Method in Separate Financial Statements (Amendments to IAS 27)	1 January 2016	30 June 2017
Amendments to IAS 16 and IAS 41 for Bearer Plants	1 January 2016	30 June 2017
Narrow-scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011)	1 January 2016	30 June 2017

The impact of these recently issued or amended standards and interpretations have not been determined as yet by the Company.

Notes to the Consolidated Financial Statements

3. Significant accounting policies

The significant accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group.

3.1 Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Directors on 30 September 2014.

3.2 Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise noted. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis.

3.3 Foreign Currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

3.4 Going concern

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

The consolidated entity has incurred a net loss after tax for the year ended 30 June 2014 of \$73,284 (2013: \$5,880,053) and experienced net cash outflows from operating activities of \$46,692 (2013: \$2,015,695). As at 30 June 2014, the consolidated entity had cash assets of \$3,137 (2013: \$7,601) and had a working capital deficiency of \$45,319.

These conditions indicate a material uncertainty that may cast significant doubt about the ability of the company and consolidated entity to continue as going concerns.

The directors have prepared a cash flow forecast which indicates that the company and consolidated entity will have sufficient cash flows to meet all commitments and working capital requirements up to 28 February 2015.

As announced to the ASX on 21 May 2014, the company signed a heads of agreement with Kiwanda Mines (NA) LLC and Lara Exploration Ltd to acquire a number of phosphate and coal mining interests in Chile and Colombia via a newly incorporated subsidiary of Kiwanda Mines (NA) LLC, Kiwanda Australia ('the Kiwanda Transaction'). The acquisition is subject to shareholder approval and the completion of an equity capital raising of a minimum of \$1,500,000 and a

Notes to the Consolidated Financial Statements

maximum of \$5,000,000 by the company through issuance of new shares of the company at an expected price of \$0.10 per share and the successful issue of convertible notes of up to \$1,852,000 by Kiwanda Mines (NA) LLC.

Subsequent to the Kiwanda Transaction, the company will then issue shares to Kiwanda Mines (NA) LLC and receive up to \$1,852,000 in cash and acquire a 100% interest in Kiwanda Australia. The proceeds from the capital raising and issue of shares to Kiwanda Mines (NA) LLC will be used to fund the further development of these projects for the benefit of the company and its shareholders. The company requires a minimum of \$3,352,000 from the capital raising and issue of shares.

Recapitalisation of the company will require compliance with Chapters 1 and 2 of the ASX Listing Rules. Should this be completed by 28 February 2015, the company expects to have sufficient funds to carry out development of the newly acquired assets and to continue as a going concern.

On 27 June 2014, Kiwanda Mines (NA) LLC provided a loan facility to the company for an amount of up to \$200,000 to enable the company to meet its ongoing operating expenses whilst the Kiwanda Transaction is being finalised.

The ability of the company and consolidated entity to continue as going concerns is primarily dependent upon the ability of the consolidated entity to manage its cash flows in line with available cash resources to 28 February 2015, to finalise the Kiwanda Transaction, the successful relisting of the company on the ASX and the completion of the equity capital raising and issue of convertible notes as described above.

If the matters set out above are not successfully achieved prior to 28 February 2015, the directors of the company currently intend to wind up the company and therefore the company and consolidated entity would cease to be going concerns after 28 February 2015. At the date of signing the financial report, the directors are of the view that there is a reasonable basis upon which to form the opinion that the matters set out above will be achieved and that the company and consolidated entity will continue as going concerns.

If the matters are not achieved, there is material uncertainty whether the company and consolidated entity will be able to continue as going concerns and realise their assets and extinguish their liabilities in the normal course of business.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the company and consolidated entity not continue as going concerns.

3.5 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses 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 listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and

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any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling 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 transactions, balances, income and expenses and cash flows are eliminated in full on consolidation.

3.6 Receivables

Trade and other receivables are stated at amortised cost. Receivables are usually settled within no more than 30 days.

Receivables are reviewed on an ongoing basis. An impairment loss is recognised for debts which are known to be uncollectible. An impairment provision is raised for any doubtful accounts (see accounting policy 3.10).

3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances.

3.8 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

3.9 Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the statement of comprehensive income.

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(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than exploration and evaluation, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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. For the purpose of impairment testing, assets are grouped together into smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash generating unit').

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.10 Interest-bearing borrowings

The financial assets and financial liabilities included in non-current assets and non-current liabilities approximate fair values. Fair value is calculated based on discounted expected future principal and interest cash flows.

3.11 Employee benefits

(i) Short-term benefits

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within twelve months of the reporting date represent present obligations resulting from employee's services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

(ii) Long-term benefits

Liabilities for employee benefits for long service leave that are not expected to be settled within twelve months of the reporting date represent present obligations resulting from employee's services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date.

(iii) Share-based payments

Employee options are, from time to time, granted to executives and employees. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black and Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Notes to the Consolidated Financial Statements

(iv) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

3.12 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.13 Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods and services provided to the Group prior to the end of the reporting period and are stated at amortised cost. The amounts are unsecured and are usually paid within 30 days of recognition.

3.14 Revenue

(i) Goods sold

Revenue from the sale of goods is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

Revenues are recognised at fair value of the consideration received net of the amount of GST. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenue.

(ii) Interest

Interest income is recognised as it accrues using the effective interest method.

3.15 Finance income and expenses

Finance income comprises interest income on funds invested, dividend income, and foreign currency gains that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, foreign currency losses and impairment losses recognised on financial assets that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

3.16 Taxes

(i) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Notes to the Consolidated Financial Statements

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities that affects both accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(ii) Tax consolidation

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Phillips River Mining Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised by the Company as amounts payable (receivable) to/(from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

(iii) Nature of tax funding arrangements and tax sharing arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability/(asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable/(payable) equal in amount to the tax liability/(asset) assumed. The inter-entity receivables/(payables) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity in conjunction with other members of the tax-consolidated group has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the

Notes to the Consolidated Financial Statements

financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

3.17 Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

3.18 Segment reporting

A segment is a distinguishable component of the Group that is identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The Group's primary format for segment reporting is based on the type/nature of products and services provided.

3.19 Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Financial assets at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(ii) Derivative financial instruments

The Group does not use derivative financial instruments to hedge its foreign currency and interest rate risk exposures and is exposed to changes in foreign exchange rates and commodity prices from its activities. As at the end of the

Notes to the Consolidated Financial Statements

financial year the Group does not use gold derivatives or hedging and it does not hold or deal in financial instruments for speculative purposes.

Derivatives not used for hedging are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are accounted for immediately in profit or loss.

3.20 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects. Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

4 Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Management discusses with the Board of Directors the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

As the company is not operating a trading business, there are not considered to be any significant judgments or key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5 Segment information

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

The Company does not currently operate a trading business. Its' results and financial position are therefore reported to the chief operating decision maker on a single segment basis being that of the overall company.

Notes to the Consolidated Financial Statements

6 Loss before income tax expense

	30 June 2014	30 June 2013
	\$	\$
Other income		
Debt forgiveness from Silver Lake Resources Limited	65,000	463,823
FBT refund	10,332	743
Other miscellaneous income	303	743
Total	75,635	464,566
	30 June 2014	30 June 2013
	\$	\$
Change in fair value of Silver Lake shares	-	(732,118)

In the year ended 30 June 2013, the Company received shares from Silver Lake as compensation for the sale of assets. These shares were distributed to shareholders as an in-specie dividend distribution. The change in Silver Lake's share price between the time the shares were received and the time the in-specie distribution occurred resulted in a loss of \$732,118.

	30 June 2014	30 June 2013
	\$	\$
Administrative expenses		
Salaries and on-costs	-	(516,630)
External contractor and consultant fees	(101,348)	(1,123,466)
Share registry and listing costs	(53,441)	(102,159)
Rates, taxes and rental outgoings	-	(20,948)
Other administrative expenses	(3,849)	(88,119)
Total	(158,638)	(1,851,322)

Net finance income

	30 June 2014	30 June 2013
	\$	\$
Finance Income		
Interest income	9,720	15,632
Finance expenses		
Interest on hire purchase and loan	-	(8,018)
Net finance income	9,720	7,614

7 Income tax expense/(benefit)

	30 June 2014	30 June 2013
	\$	\$
Income tax recognised in profit or		
Current tax		
Current year benefit	-	-
	-	-
Deferred tax		
Origination & reversal of temporary differences – current year	-	-
Origination & reversal of temporary differences – prior years	-	3,768,793
	-	3,768,793
Total income tax expense/(benefit) recognised	-	3,768,793

Notes to the Consolidated Financial Statements

Numerical reconciliation between tax expense and pre-tax net profit

Loss before tax	(73,284)	(2,111,260)
Income tax using the domestic corporation tax rate of 30%	(21,985)	(633,378)
Increase in income tax expense due to:		
Expenditure not deductible for income tax purposes	714	-
Effect of tax losses and deductible temporary differences not recognised.	21,271	633,378
Adjustments for prior years	-	3,768,793
Total income tax expense/(benefit)	-	3,768,793

8 Loss per share

The calculation of basic loss per share at 30 June 2014 was based on total loss attributable to ordinary shareholders of \$73,284 (2013: \$5,880,053) and a weighted average number of ordinary shares post-share consolidation of 3,205,339 (2013: 3,166,587) calculated as follows:

	30 June 2014	30 June 2013
	No.	No.
Weighted average number of ordinary shares:		
Balance as at 1 July	3,205,339	64,180,724
Share issue on 23 July 2012 on conversion of convertible note	-	14,983,954
Weighted average number of ordinary shares at 30 June	3,205,339	79,164,678

Weighted average number of ordinary shares (2013 post- share consolidation of every 25 shares into 1 completed on 6 June 2013)

Effect of options on issue	-	-
Weighted average number of ordinary share (diluted)	3,205,339	3,166,587

	30 June 2014	30 June 2013
	\$	\$
Loss for the year:		
Loss for the year	(73,284)	(5,880,053)
Loss attributable to owners of the Company	(73,284)	(5,880,053)

	30 June 2014	30 June 2013
	cents	cents
Loss per share:		
Basic loss per share	(2.2863)	(185.6905)
Diluted loss per share	(2.2863)	(185.6905)

9 Trade and other receivables

	30 June 2014	30 June 2013
	\$	\$
Current		
Trade receivables	-	874
Other receivables	5,218	2,376
	5,218	3,250

Notes to the Consolidated Financial Statements

10 Prepayments and other assets

Current	30 June 2014	30 June 2013
	\$	\$
Rehabilitation bonds	-	427,228
Prepayments	1,804	-
	<u>1,804</u>	<u>427,228</u>

11 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$
Property, plant and equipment	-	-	-	-	-	-
Exploration	-	-	-	-	-	-
Employee Benefits	-	-	-	-	-	-
Provisions	-	-	-	-	-	-
Tax value of loss carry forwards	-	-	-	-	-	-
Other	-	-	-	-	-	-
Tax assets/(liabilities)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Deferred tax assets

A deferred tax asset of \$13,227,514 (2013: \$3,768,793) in relation to the tax value of losses carried forward has not been recognised in the accounts, as the Company does not expect to be in a position to utilise these losses in the foreseeable future.

Movement in temporary differences during the year

	Balance at 1 July	Recognised in income	Balance at 30 June
	\$	\$	\$
2014:			
Property, plant and equipment	-	-	-
Exploration	-	-	-
Employee Benefits	-	-	-
Provisions	-	-	-
Tax value of loss carry forwards	-	-	-
Other	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the Consolidated Financial Statements

2013:

Property, plant and equipment	107,704	(107,704)	-
Exploration	(8,819,543)	8,819,543	-
Employee Benefits	20,684	(20,684)	-
Provisions	191,257	(191,257)	-
Tax value of loss carry forwards	12,165,062	(12,165,062)	-
Other	103,629	(103,629)	-
Total	3,768,793	(3,768,793)	-

12 Trade and other payables

	30 June 2014	30 June 2013
	\$	\$
Current		
Trade payables	-	17,005
Other payables and accruals	55,478	8,109
	<u>55,478</u>	<u>25,114</u>

The average credit period on purchases of goods and services is 30 days. No interest is generally charged or imposed on the trade payables for the first 30 days from the date of the invoice or thereafter. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

13 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For information about the Group's exposure to interest rates and foreign currency risk see note 20.

	30 June 2014	30 June 2013
	\$	\$
Current		
Loan from Silver Lake Resources Limited	-	385,000
	<u>-</u>	<u>385,000</u>

The loan from Silver Lake Resources Limited relates to the funds drawn down under the Convertible Note facility. The convertible note is interest free and convertible on request by the lender on a one note for one share basis. The Convertible Note facility was repaid during the year.

Loan facility from related party

The group has been provided a \$200,000 short term loan facility by Kiwanda Mines, to enable the Company to continue to pay its ongoing operating expenses whilst finalising the acquisition of the Kiwanda mining assets. The loan has been provided at a market rate of interest and is repayable upon the earlier of (i) the completion of a capital raising by the Company of sufficient funds to enable the Facility to be repaid or (ii) 31 October 2015. At 30 June 2014 none of the loan facility had been utilised by the Company. However, in September 2014 the Company drew down an initial \$120,000 tranche on the facility.

Notes to the Consolidated Financial Statements

14 Share-based payments

All options refer to options over ordinary shares of Phillips River Mining Limited, which were exercisable on a one-for-one basis under the Employee and Consultant/Contractor Share Option Plan. The options were exercisable at any time between the issue date and the expiry date.

At 31 May 2014 the Directors made a determination (in accordance with the terms of the Employee Share Option Scheme) that as option holders were no longer employees of the group, that they had ceased to be an Eligible Person under the Employee Share Option Scheme and their options had therefore lapsed. As a result there are no options over ordinary shares outstanding at 30 June 2014.

Share options granted in the year

No options were granted to the Directors during the year ended 30 June 2014.

Movements in share options during the year

The following table reconciles the share options outstanding at the beginning and end of the year:

	30 June 2014		30 June 2013	
	Number of options	Weighted average strike price	Number of options	Weighted average strike price
Balance at beginning of year	214,809	\$16.07	6,495,203	\$0.67
Balance after 1 for 8 consolidation	-	-	259,809	\$16.75
Lapsed/Forfeited during the year	(214,809)	\$16.07	(45,000)	\$19.59
Balance at end of year	-	-	214,809	\$16.07
Exercisable at end of year	-	-	214,809	\$16.07

No options were exercised during the year.

15 Issued Capital

	30 June 2014		30 June 2013	
	Number	\$	Number	\$
Issued and paid up capital	3,205,339	58,593,293	3,205,339	58,593,923
Movements in ordinary share capital:				
On issue at beginning of financial year	3,205,339	58,593,923	64,180,426	56,840,749
Share issue on 23 July 2012 on conversion of convertible notes	-	-	15,945,322	1,753,174
Share Consolidation (1 for 25)	-	-	(76,920,409)	-
On issue at end of financial year	3,205,339	58,593,923	3,205,339	58,593,923

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

There were no outstanding options over the Company's ordinary shares at 30 June 2014.

Notes to the Consolidated Financial Statements

16 Reserves

	Asset revaluation reserve \$	Options reserve \$	Total reserves \$
2014			
Carrying amount at beginning of year	-	1,206,080	1,206,080
Transfer to accumulated losses	-	(1,206,080)	(1,206,080)
Carrying amount at end of year	-	-	-
2013			
Carrying amount at beginning of year	1,068,044	1,206,080	2,274,124
Option premium on convertible note	(1,068,044)	-	(1,068,044)
Carrying amount at end of year	-	1,206,080	1,206,080

17 Controlled entities

	Class of Share	%	Equity Interest		30 June 2013 \$
			30 June 2014 \$	%	
Controlled Entities:					
Tectonic Systems Pty Ltd	Ordinary	100	Nil	100	128
Tectonic Management Pty Ltd	Ordinary	100	Nil	100	-
			Nil		128

Both controlled entities are incorporated in Australia and had no assets or liabilities at 30 June 2014.

18 Capital and other commitments

The Company no longer holds any mining tenements and therefore has no capital expenditure commitments.

19 Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks.

	30 June 2014 \$	30 June 2013 \$
Cash and bank balances	3,137	7,601

Notes to the Consolidated Financial Statements

19.1 Reconciliation of cash flows from operating activities

	30 June 2014	30 June 2013
	\$	\$
Cash flows from operating activities		
Loss for the year	(62,692)	(5,880,053)
<i>Adjustments for:</i>		
Impairment of exploration expenditure and other assets	-	49,818
Other income – debt forgiveness	-	(464,566)
Change in fair value of Silver Lake shares	-	732,118
Income tax expense		3,768,793
Operating (loss)/profit before changes in working capital and provisions	(62,692)	(1,793,890)
Change in trade and other receivables	(909)	154,853
Change in prepayments	(1,802)	40,524
Change in inventories	-	-
Change in trade and other payables	18,711	(348,235)
Change in provisions for employee entitlements	-	(68,947)
Net cash used in operating activities	(46,692)	(2,015,695)

19.2 Non cash transactions

During the current year, the Group did not enter into any non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows.

20 Financial risk management and financial instruments

Overview

The Company and Group have exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk (including currency risk, equity price risk and interest rate risk)

This note presents information and quantitative disclosures about the Company and Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Company and Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company and Group's activities. The Company and Group, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group and Company's cash and cash equivalents and trade and other receivables.

Notes to the Consolidated Financial Statements

Exposure to credit risk

The carrying amounts of the Group's financial assets represent the maximum credit exposure and were as follows at the reporting date:

	Note	30 June 2014 \$	30 June 2013 \$
Current financial assets			
Cash and cash equivalents	19	3,137	7,601
Trade and other receivables	9	5,218	3,250
Rehabilitation bonds	10	-	427,228
Total financial assets		8,355	438,079

The Group and Company's short term cash surpluses are placed with banks that have investment grade ratings. The Board analyses each new customer individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Considering the nature of the Group's ultimate customers and the relevant terms and conditions entered into with such customers, the Group believes that its credit risk exposure is limited.

Impairment losses

The Group believes that no impairment allowance is necessary in respect of trade and other receivables. The ageing of the Group's trade and other receivables at the reporting date was:

	Gross 2014 \$	Gross 2013 \$
Not past due	5,218	3,250
	5,218	3,250

(ii) Liquidity risk

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

The Group ensures that it has sufficient liquidity to meet expected operational expenses for a period of 180 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

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

	Carrying amount \$	Contractual cash flows \$	Within 1 year \$	1 to 5 years \$
2014				
Non-derivative financial liabilities				
Trade and other payables	-	-	-	-
	-	-	-	-
2013				
Non-derivative financial liabilities				
Trade and other payables	17,005	17,005	17,005	-
Loan from Silver Lake	385,000	385,000	385,000	-
	402,005	402,005	402,005	-

The Group has access to a \$200,000 loan facility provided by Kiwanda Mines (NA) LLC. At 30 June 2014 none of the loan facility had been drawn. Refer to note 20 (iii) interest tables for the liquidity of assets.

Notes to the Consolidated Financial Statements

(iii) Market risk

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

Interest rate risk

At 30 June 2014 the only financial instrument subject to interest rate risk was the Company's cash holdings.

	Weighted average interest rate	Fixed interest maturing in:		Non-interest bearing	Floating interest rate	Total
		1 year or less	1 to 5 years			
		\$	\$	\$	\$	\$
2014						
Financial assets						
Cash and cash equivalents	0%	-	-	-	3,137	3,137
Trade and other receivables	-	-	-	5,218	-	5,218
		-	-	5,218	-	8,355
Financial liabilities						
Trade and other payables	-	-	-	-	-	-
		-	-	-	-	-
2013						
Financial assets						
Cash and cash equivalents	4.25%	-	-	-	7,601	7,601
Trade and other receivables	-	-	-	3,250	-	3,250
Other financial assets	5.50%	427,228	-	-	-	427,228
		427,228	-	3,250	7,601	438,079
Financial liabilities						
Trade and other payables	-	-	-	17,005	-	17,005
Loan from Silver Lake	-	-	-	385,000	-	385,000
		-	-	402,005	-	402,005

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates on fixed rate instruments at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 1.00% in interest rates at the reporting date would have increased (decreased) equity and profit or loss of the Group and the Company by the amounts shown below.

	Profit or loss		Equity	
	1.00% increase	1.00% decrease	1.00% increase	1.00% decrease
	\$	\$	\$	\$
2014				
Variable rate financial assets	31	-	31	-
Cash flows sensitivity	31	-	31	-

Notes to the Consolidated Financial Statements

2013

Variable rate financial assets	76	(76)	76	(76)
Cash flows sensitivity	76	(76)	76	(76)

(iv) Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

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 described in notes 15 and 16 to the financial statements. The Company is currently in the process of an equity capital raising to increase its liquid funds and this will enable the Company to continue as a going concern for the foreseeable future.

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

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

(v) Fair values

The carrying amounts of financial assets and liabilities recognised in the consolidated financial statements approximate their fair values.

21 Key management personnel compensation

The aggregate compensation made to directors and other former key management personnel included in employee expenses (see the Remuneration Report) are as follows:

	30 June 2014	30 June 2013
	\$	\$
Short-term employee benefits	-	61,281
Post-employment benefits	-	5,516
Employment termination benefits	-	449,833
Equity compensation benefits	-	-
	-	516,630

Information regarding individual Director and executive's compensation and some equity instruments are permitted by Corporations Regulations 2M.3.03 and 2M.6.04 is provided in the Remuneration Report section of the Directors' Report on pages 10 to 13.

22 Related party transactions

Acquisition of mining assets from Kiwanda Mines (NA) LLC

During the year the Company entered into a Heads of Agreement with Kiwanda Mines (NA) LLC ('Kiwanda Mines') and Lara Exploration Ltd ("Lara") to acquire a number of phosphate and coal mining interests in Chile and Colombia. Kiwanda Mines is an entity that is controlled by the directors of the Company. The acquisition is subject to shareholder approval and the completion of an equity capital raising by the Company. Refer to the Directors report for further information.

Notes to the Consolidated Financial Statements

Loan facility from related party

In June 2014, the group obtained a \$200,000 loan facility from Kiwanda Mines to enable the Company to continue to pay its ongoing operating expenses whilst finalising the acquisition of the Kiwanda Assets. The loan is unsecured and has been provided at a market rate of interest. The loan is repayable upon the earlier of (i) the completion of a capital raising by the Company of sufficient funds to enable the Facility to be repaid and (ii) 31 October 2015. At 30 June 2014 none of the loan facility had been drawn by the Company.

23 Contingent assets or liabilities

The Directors are of the opinion that there are no contingent assets or liabilities which may have a material effect on the Group's financial position.

24 Auditors' remuneration

	30 June 2014	30 June 2013
	\$	\$
Audit and review of financial statements		
Deloitte Touche Tohmatsu	47,357	44,249
	<u>47,357</u>	<u>44,249</u>

25 Events subsequent to balance date

In September 2014 the Company drew down \$120,000 of the \$200,000 loan facility provided by Kiwanda Mines. Refer to note 22 for further information on the loan facility. There were no other material subsequent events between the reporting date and the date of signing this report.

26 Parent entity disclosures

	30 June 2014	30 June 2013
	\$	\$
Financial position		
Assets		
Current assets	10,159	437,948
Total assets	<u>10,159</u>	<u>437,948</u>
Liabilities		
Current liabilities	55,478	410,114
Non-current liabilities	-	-
Total liabilities	<u>55,478</u>	<u>410,114</u>
Equity		
Issued capital	58,593,923	58,593,923
Retained losses	(58,639,242)	(59,772,169)
Options reserve	-	1,206,080
Total equity	<u>(45,319)</u>	<u>27,834</u>
	30 June 2014	30 June 2013
	\$	\$
Loss for the year	<u>(73,155)</u>	<u>(2,739,285)</u>
Total comprehensive loss	<u>(73,155)</u>	<u>(2,739,385)</u>

Commitments and Contingencies

The parent entity no longer has any mining tenements and therefore has no capital expenditure commitments.

Additional Securities Exchange Information

This additional information is included in accordance with the listing requirements of the Australian Securities Exchange Limited and is not disclosed elsewhere in the report. All information set out below was applicable at 24 September 2014.

(a) Distribution of equity securities

Size of holdings of fully paid shares	No. of holdings	No of fully paid shares
1 – 1,000	1,840	366,288
1,001 – 5,000	200	446,028
5,001 – 10,000	33	236,816
10,001 – 100,000	42	999,465
100,001 and over	5	1,156,742
	<u>2,120</u>	<u>3,205,339</u>

(b) Number of shareholdings holding less than a marketable parcel

Number of shareholdings holding less than a marketable parcel 172

(c) Substantial shareholders

The number of shares held by shareholders holding more than 5%

Shareholders	No. of Shares	%
Kiwanda Group LLC	<u>637,801</u>	<u>19.90%</u>

Two companies with common directors, Royale Blue Pty Ltd CTS Funds Pty Ltd as trustee for Civic Super Fund hold an aggregate of 247,441 shares representing 7.72% of the issued fully paid shares in the Company.

(d) Voting rights

Each member is entitled to vote in person or by proxy or by attorney and on show of hands every person who is a member or a representative or proxy of a member shall have one vote and on a poll each member present in person or by proxy or attorney or other authorised representative shall have one vote for each share held.

Additional Securities Exchange Information

(e) Twenty largest shareholders

Shareholders	No. of Shares	%
KIWANDA GROUP LLC	637,801	19.9%
JABIRU METALS LIMITED	151,500	4.7%
<CIVIC SUPER FUND A/C>	129,344	4.0%
CAPPIG FINANCE PTY LTD	120,000	3.7%
ROYALE BLUE PTY LTD	118,097	3.7%
PASSIO PTY LTD	88,354	2.8%
<A & M BRIEN SUPER FUND A/C>	58,891	1.8%
MINCOR RESOURCES NL\C	50,000	1.6%
<BLAIR ELLISON FAMILY A/C>	46,200	1.4%
<THE CK SUPER FUND A/C>	44,000	1.4%
C E CONSULTANTS PTY LTD	43,581	1.4%
<MELVILLE FAMILY SUPER A/C>	40,000	1.2%
<HALL SUPER FUND A/C>	40,000	1.2%
BARGOLD HOLDINGS PTY LTD	40,000	1.2%
<BOTICA FAMILY A/C>	35,952	1.1%
<SHEPPEARD FAMILY S/F A/C>	30,000	0.9%
<YANG'S SUPERANNUATION A/C>	27,000	0.8%
<BS PATTERSON FAMILY A/C>	25,115	0.8%
<SAMUEL TUSA SUPER FUND A/C>	24,000	0.7%
MR IANAKI SEMERDZIEV	24,000	0.7%
Total	1,773,835	55.3%