
PARAMOUNT MINING CORPORATION LIMITED

ABN 73 102 426 175

**ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2014**

CHAIRMAN'S REVIEW

Dear Fellow Shareholders

I am pleased to report to you that your Company achieved several key outcomes at the Gunung Rosa gold, silver and base metals mine, during what was another difficult year for resource companies and the capital markets.

In early 2014, a 15-hole diamond drilling program significantly extended high-grade mineralisation northward along strike, over 150 metres beyond previously known limits. This program extended the drilling undertaken by the Company to 32 holes, along 900 metres of strike. The results from this latest drilling in the previously untested northern extension of the ore body adds additional mineralisation amenable to early stage mining, as well as high grade mineralisation at depth for a later stage of mining.

Very positive results also came in from the Company's geochemical analysis and rock-chip sampling, which identified new vein zones extending further to the north and east of the main Gunung Rosa vein. These results continue to support our view of the high potential for significant additional economic mineralisation. The soil results, combined with the earlier magnetic survey results, again point to the porphyry potential of this exciting project.

A significant milestone in the project's development was the grant of a number of key permits that allow the Group to re-open the underground mining operation and process ore. In particular, the approval of the environmental impact assessment (AMDAL), the environmental permit (in August 2014), and key mining, construction and land ownership permits give us great confidence in the process that our management team has pursued in Indonesia as we progress toward reopening the Gunung Rosa mine.

Throughout 2013-14, the Company launched a successful equity facility which raised in excess of \$2.3 million, despite very challenging capital-raising conditions worldwide, particularly for the mining sector. It was also pleasing to announce the conversion of over USD1 million of short-term debt into shares in the Company. The debt conversion not only significantly strengthened Paramount's balance sheet, it also clearly demonstrated the ongoing confidence lenders and shareholders alike have in the exciting Gunung Rosa project.

Just subsequent to the financial year end, in July 2014, I took great pleasure in announcing the appointment of Mr Daniel Poller as Chief Executive Officer and Managing Director. Daniel has over 15 years' experience as a resource finance executive, and for the last ten years has been based in Jakarta, working in the regional mining capital markets.

I also take this opportunity to thank Mr Terry Holohan, who resigned in May 2014, for his significant contribution to the Company during his tenure as CEO and MD; I join my fellow Board members and the management team in wishing Terry all the best for the future.

The financial report for your Company for the year ended 30 June 2014 is attached. I acknowledge and thank my fellow directors and staff of the Paramount group of companies for their hard work and support during the year, and I look forward to continuing our progress in 2014-15 and beyond.



Mo Munshi
Chairman

30 September 2014

REVIEW OF OPERATIONS



Figure 1: View of proposed Gunung Rosa plant site. Drill site GRD018 at blue tarpaulins right of centre. The vein trends from right (north) to left (south) between the arrows. The hill “Gunung Rosa” is the right hand hill on the horizon.

Gunung Rosa Project

Gunung Rosa is a high grade gold-silver and base metals project located 125 kilometres south of Jakarta. The most prominent mineralised vein zone contained within the licence is a steeply dipping high grade gold, silver and base metal mesothermal vein system in excess of 2.5 kilometres in strike length which remains open along strike and to depth.

AMDAL and Environmental Permit Approvals

In September 2013, the Company announced that progress on the Gunung Rosa AMDAL (EIA) had taken a key step forward.

Following detailed discussions with the local community, agreement was reached to start the environmental baseline study. Paramount held its inaugural public participation meeting in September 2013 at the Karyamukti Village Hall, near the Gunung Rosa mine-site. The meeting, chaired by the Mines Authority from the Cianjur office, welcomed the Company representatives, the Company appointed environmental engineers, Mineralindo, and the members of the Community, predominantly representing the four villages closest to the mine.

The meeting kicked-off nearly twelve months of extensive environmental studies and highly successful community engagement. In August 2014 the Group received original AMDAL and Environmental Permit documents approved by the Mines Department and the Bupati (Regent) of Cianjur Regency in West Java Province.

Receipt of these original documents completes the final regulatory step before reopening the high-grade Gunung Rosa gold, silver and base metal mine, which represents a major advance for the Project. As mentioned, the award of these permits was the culmination of detailed and thorough environmental assessment and highly successful community engagement. With these permits in hand, and the Mines Department permits previously announced to the market on 17 April 2014, the Company is now authorised to start underground mining and ore processing at Gunung Rosa.

The Mines Department permits are:

1. Location Permit – to allow the acquisition of surface rights
2. Principal Permit – to allow the company to proceed with its approved business plan
3. Disturbance Permit – to allow the clearing of ground for construction, and
4. Construction Permit – to allow the construction of infrastructural buildings

REVIEW OF OPERATIONS

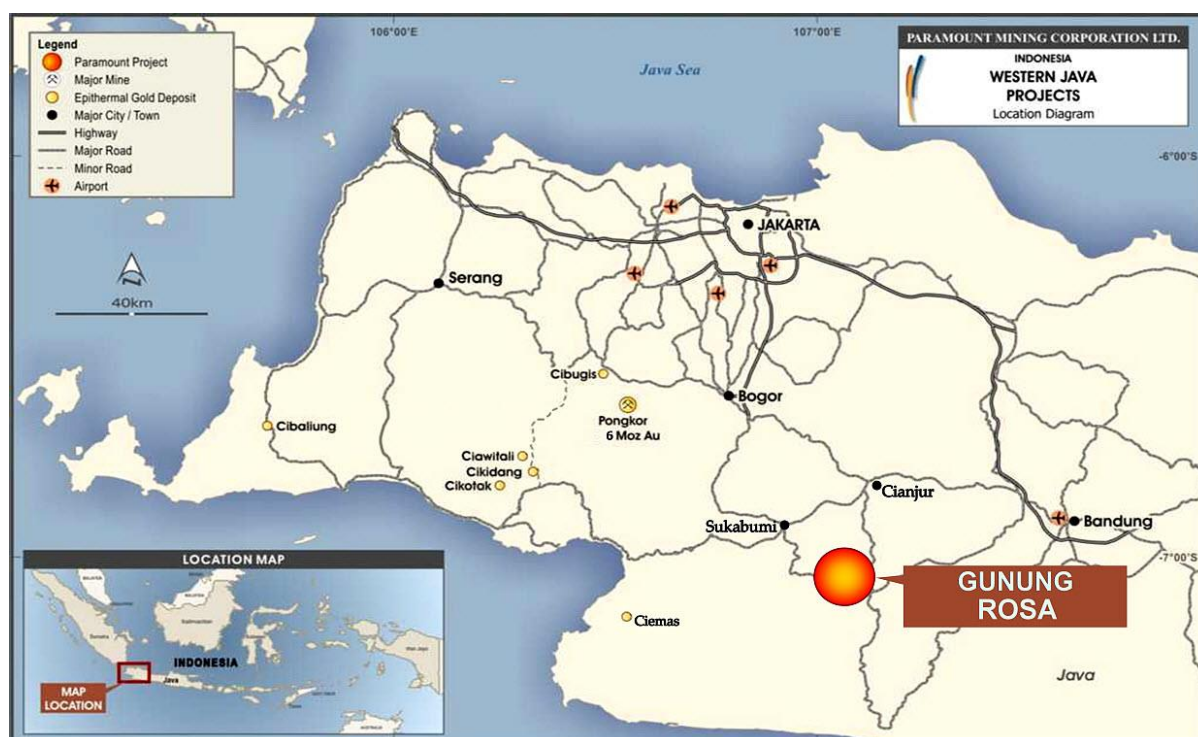


Figure 2: The Gunung Rosa IUP is located in Indonesia's West Java Province, approximately 125km south of Jakarta, and near the major regional centres of Sukabumi and Cianjur.

Diamond Drilling Extends Mineralisation

During the period, Paramount released results from a fifteen-hole diamond drilling program at Gunung Rosa, with the highlights shown below.

These drill holes intersected high grade mineralisation extending over 150 metres to the north of known limits at Cap Palu, as well as continuity of mineralisation to depth beneath the lower limits of historic mining and drill testing. A steep northward plunge for the mineralisation is interpreted from the results and remains to be tested by drilling.

The drilling intersects high grade reef at Cap Palu North and to depth in holes GRD030 and GRD026 confirming mineralisation is open, possibly with a shallow northerly plunge in that section of the vein.

Higher grade intersections included:

Hole 21: 4.5m @ 8.44g/t Au; 26.1g/t Ag
Including 0.4m @ 13.4g/t Au; 2.86% Zn

Hole 22: 2.3m @ 21.44g/t Au; 250.4g/t Ag; 5.6% Zn; 2.7% Cu
Including 0.8m @ 57.59g/t Au; 689g/t Ag

Hole 26: 3.0m @ 5.45g/t Au; 30.1g/t Ag
Including 0.38m @ 22.9g/t Au; 82.4g/t Ag; 1.64m @ 0.47% Cu
and 1.70m @ 5.58g/t Au; 8.2g/t Ag

Hole 30: 7.00m @ 3.30g/t Au
Including 0.48m @ 19.0g/t Au; 50.7g/t Ag
Including 1.00m @ 6.53g/t Au; 5.0g/t Ag
and 2.65m @ 6.02g/t Au
Including 0.95m @ 11.0g/t Au; 18.1g/t Ag

Hole 31: 4.0m @ 13.4g/t Au; 12.5g/t Ag
including 1.05m @ 20.4g/t Au; 24.5g/t Ag
including 1.00m @ 20.7g/t Au; 14.1g/t Ag; 0.45% Cu

REVIEW OF OPERATIONS

The results from this drilling in the previously untested northern extension of the ore body adds additional mineralisation amenable to early stage mining, and high grade mineralisation at depth for a later stage of mining.

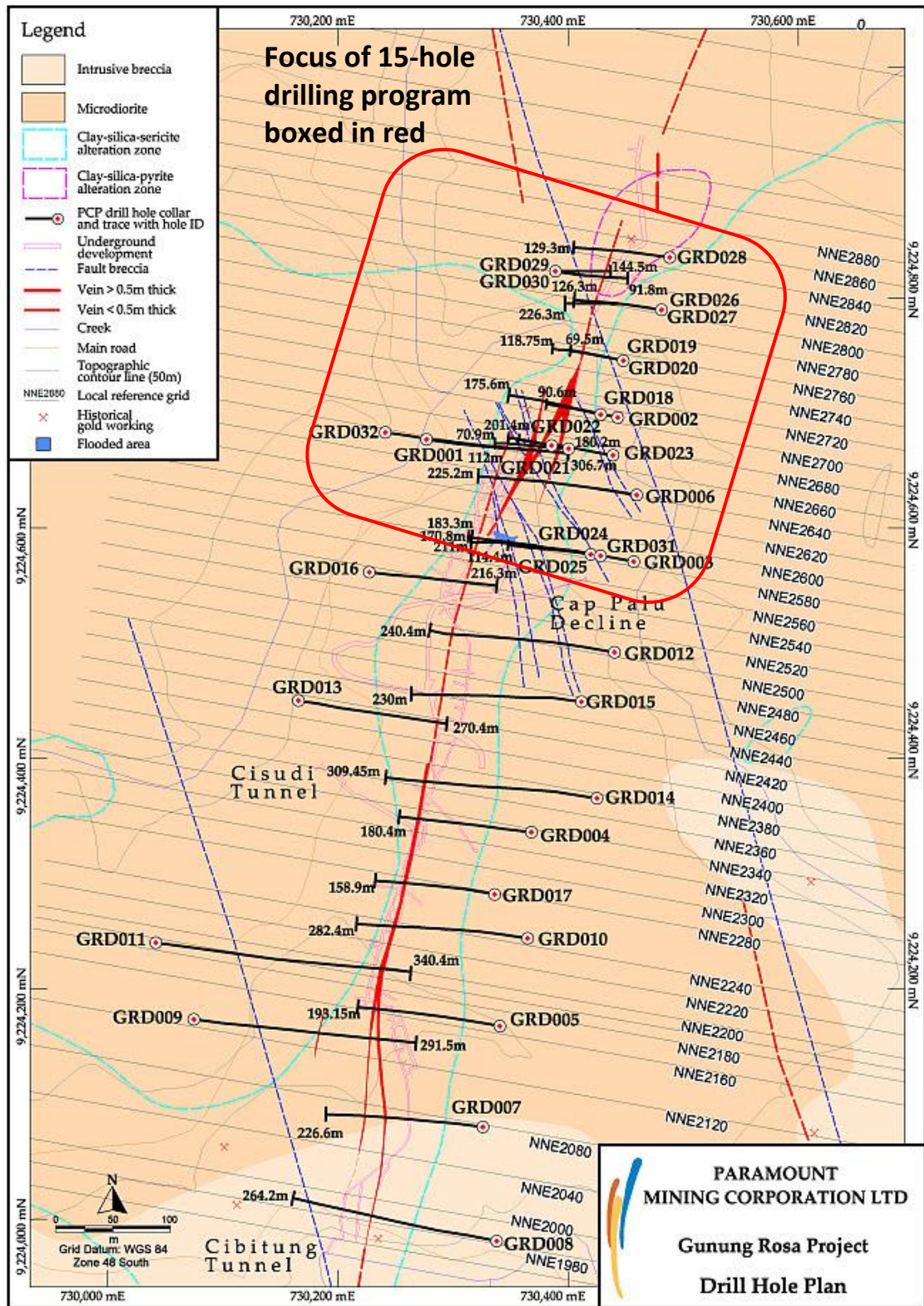


Figure 3: Plan of drill holes completed by Paramount over historic mine workings and geology, extending 900 metres south from Cap Palu to Cibitung.

Ground Magnetic Survey Points to Deeper Porphyry Targets

Paramount's detailed magnetic survey on the northern strike extension of the main Gunung Rosa vein system confirmed the potential for a deeper porphyry target, with two new drill targets identified that may relate to deeper porphyry sources in the Legok Kadu and Mala Project areas. The surveying was undertaken along 25 metre spaced east-west survey lines crossing areas of poorly exposed mineralisation and alteration.

The objective was to delineate new mineralisation associated with poorly exposed alteration and breccia zones that host and surround recognised mineralised veins and detect other mineralised vein systems to the east and north of the Gunung Rosa mine.

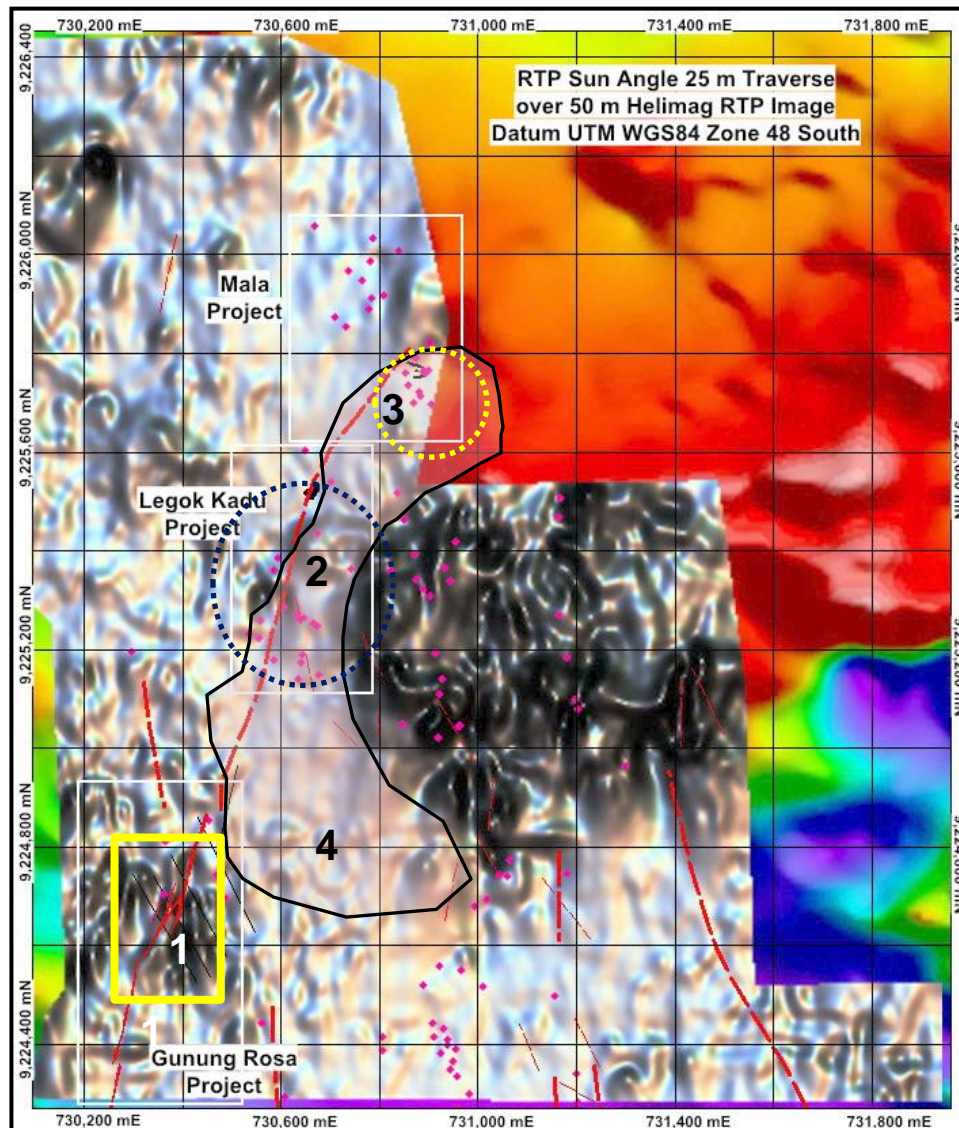


Figure 4: Geology and alteration characteristics in magnetic data. **Site 1:** Narrow zone of constrained alteration about Gunung Rosa vein (boxed in yellow) shown by strong local suppression of magnetic signature due to local magnetite destruction; **Site 2:** Intrusive centre cut by pebble and breccia dykes that may be related to intrusive porphyry activity at Legok Kadu inside black dotted lines; **Site 3:** Alteration pipe at Mala site in dashed yellow circle; **Site 4:** Magnetite destruction envelope about margin of intrusion hosted magnetite alteration zone in solid black polygon.

REVIEW OF OPERATIONS

Soil Geochemistry Highlights New Vein Zones

Key results from grid-based soil sampling extending to the north and east of the main Gunung Rosa gold, silver and base metals vein were released in March 2014, as follows:

- Analyses from soil samples covering the extension of Gunung Rosa vein system northward through the Legok Kadu and Mala project areas and veins to the east of Gunung Rosa show significant co-anomalous gold, silver, base and trace metal values
- Changes in the geochemical character of anomalism with increased Cu, Mo, Bi, As and peripheral Pb and Zn associated with specific intrusive sites suggest a zoned higher temperature geochemical environment and closer proximity of the mesothermal mineralisation to a potentially mineralised porphyry
- The results back up geological mapping of alteration, veins and rock types and also support airborne and detailed ground magnetic interpretation highlighting vein alteration and rock relationships related to mineralisation

Soil results clearly define the limits of alteration and mineralisation extending away from the main zone of veins hosted in intrusives and intrusive breccias. The local centres of more elevated co-anomalous copper, molybdenum, bismuth and arsenic are considered to reflect sites potentially more closely linked with a porphyry source for the high grade Gunung Rosa vein mineralisation at depth and extension of the mineralisation to depth into the porphyry environment.

The results for molybdenum and bismuth are shown in Figures 6 and 7.

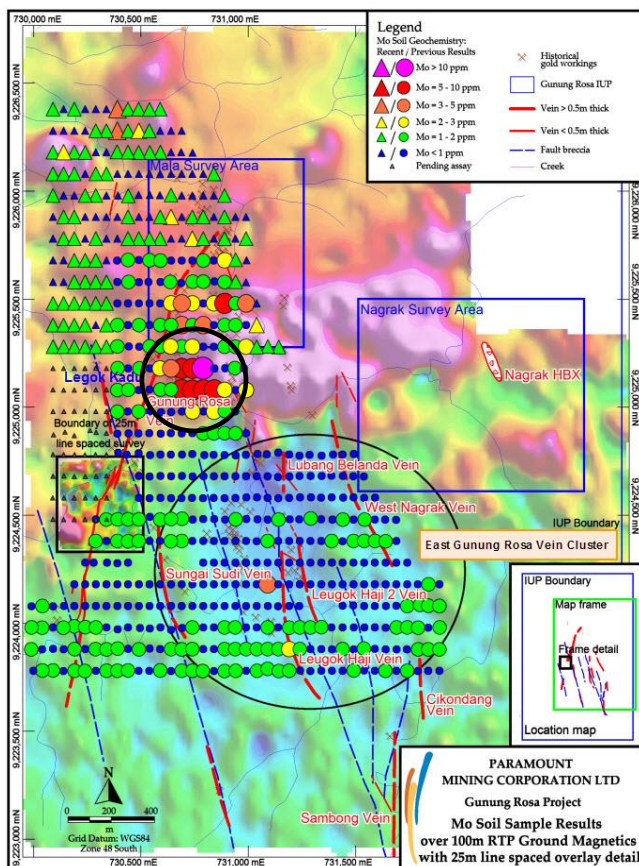


Figure 6: Molybdenum association with Legok Kadu intrusive centre within the prominent black circle.

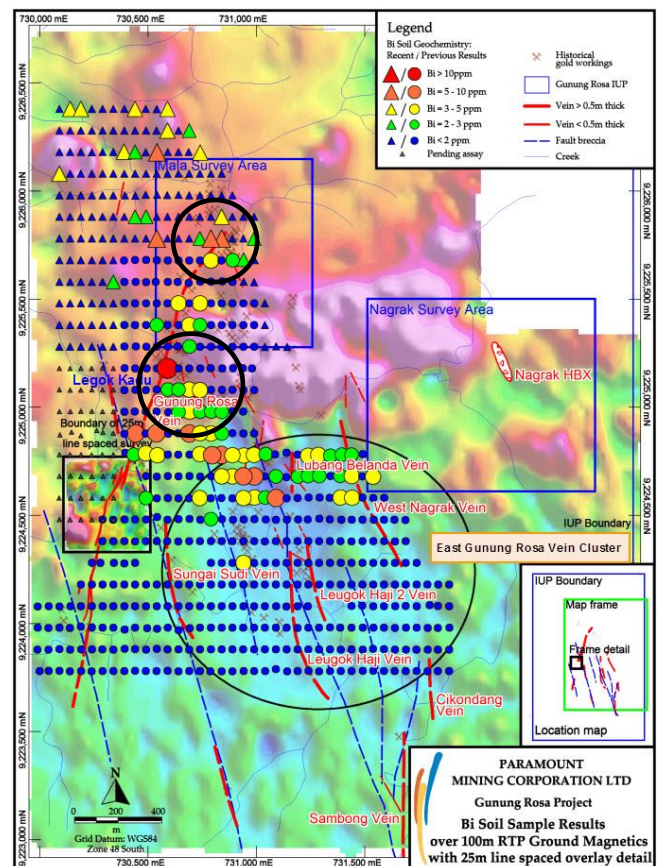


Figure 7: Bismuth association with Mala and Legok Kadu intrusive centres in the prominent black circles.

REVIEW OF OPERATIONS

Rock Chip Results of up to 69g/t Gold Extend Vein System

Highlights from rock chip sampling of mapped veins within the Gunung Rosa licence were announced during the year, including the following:

- Analyses from random and composite rock chip samples confirms the extension of mineralised veins and breccias by 1 kilometre to the north of the Gunung Rosa mine and show significant co-anomalous gold, silver, base and trace metal values
- Elevated Cu, Mo, Bi, As, Sb and peripheral Pb and Zn associated with specific intrusive sites further support a potentially mineralised porphyry as the source of the mesothermal mineralisation at the Gunung Rosa mine

The sample results clearly highlight the widespread distribution and tenor of vein mineralisation away from the main vein zone at Gunung Rosa with grades up to 69g/t Au. Local centres of high grade gold and silver with elevated co-anomalous copper, molybdenum, bismuth and arsenic combined with magnetics data confirm the potential for porphyry intrusive source bodies at depth.

The results from the vein sampling for gold and lead, presented as thematic plan plots, are shown in Figures 8 and 9.

Paramount also presented analytical results from composite rock chip sampling from veins and wall rock underground in narrow drives and adits at the Cinemo-Legok Kadu and Mala project extensions.

The rock chip samples from the narrow workings in the northern project extensions to the Gunung Rosa mineralisation continue to demonstrate high grade values and extensive distribution of metal anomalism in breccias and veins

- Significant composite chip results include:
 - Cinemo: 1m @ 3.53 g/t Au; 61.9 g/t Ag
 - Cinemo: 1m @ 1.95 g/t Au; 30.3 g/t Ag; 4.2% Pb
 - Legok Kadu: 1m @ 19.7 g/t Au; 91.8 g/t Ag; 0.72% Cu; 9.6% Zn; 4.05% Pb
 - Legok Kadu: 1m @ 15.4 g/t Au; 54.8 g/t Ag; 0.50% Cu; 1.41% Zn; 2.88% Pb
 - Legok Kadu: 1m @ 12.0 g/t Au; 74.8 g/t Ag; 0.67% Cu; 6.75% Zn; 1.15% Pb
 - Legok Kadu: 1m @ 9.78 g/t Au; 46.0 g/t Ag; 0.43% Cu; 4.87% Zn; 0.48% Pb
 - Mala: 2m @ 0.13 g/t Au; 10.4 g/t Ag; 0.21% Zn; 1.13% Pb
- Elevated copper values associated with molybdenum and bismuth next to magnetic high zone at Legok Kadu suggest porphyry affiliation

The sample results continue to demonstrate the widespread distribution and tenor of vein mineralisation away from the main vein zone at Gunung Rosa. Local centres associated with intrusive breccias and pebble dykes with intense alteration contain high grade gold and silver with elevated co-anomalous copper, molybdenum, bismuth and arsenic. A magnetic high in the vicinity also adds confirmation of a late intrusive association for the mineralisation and alteration and generally supports the possibility of porphyry intrusive source bodies at depth.

Many of the samples were from adits approximately one metre in width and this limited the extent of sampling laterally about the veins. The sites of interest will need to be drilled to determine their broader economic significance in this area, as outcrop is limited.

REVIEW OF OPERATIONS

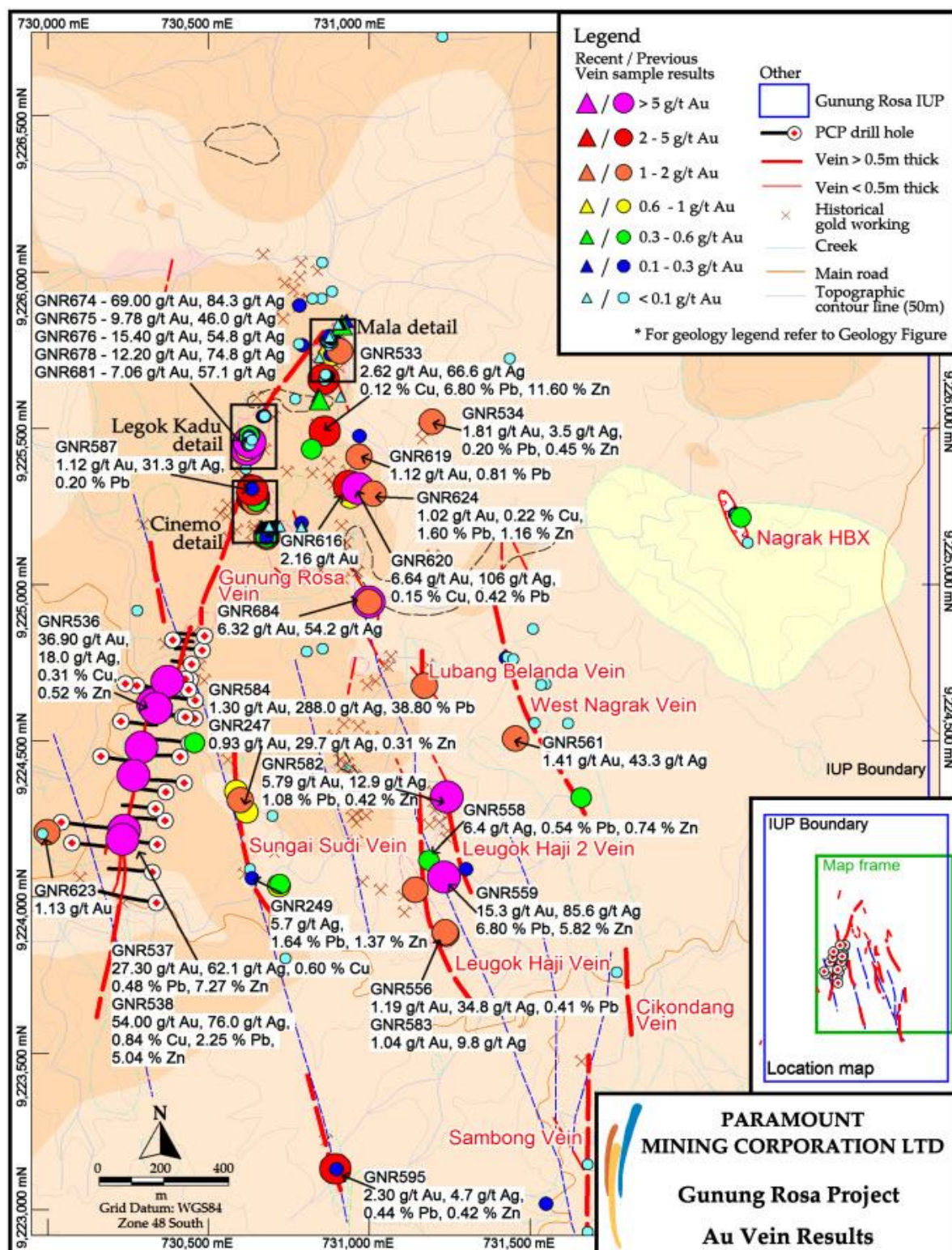


Figure 8: Thematic presentation of gold assay results from veins in Gunung Rosa IUP. Note should be made of the current 900 metre extent of Paramount drilling in the licence in relation to mineralised veins. The Legok Kadu-Cinemo and Mala intrusive centres are boxed and highlighted. Samples collected in earlier phases of the program are differentiated by symbol form (triangles and circles) from those collected later in the program and analysed in different batches.

REVIEW OF OPERATIONS

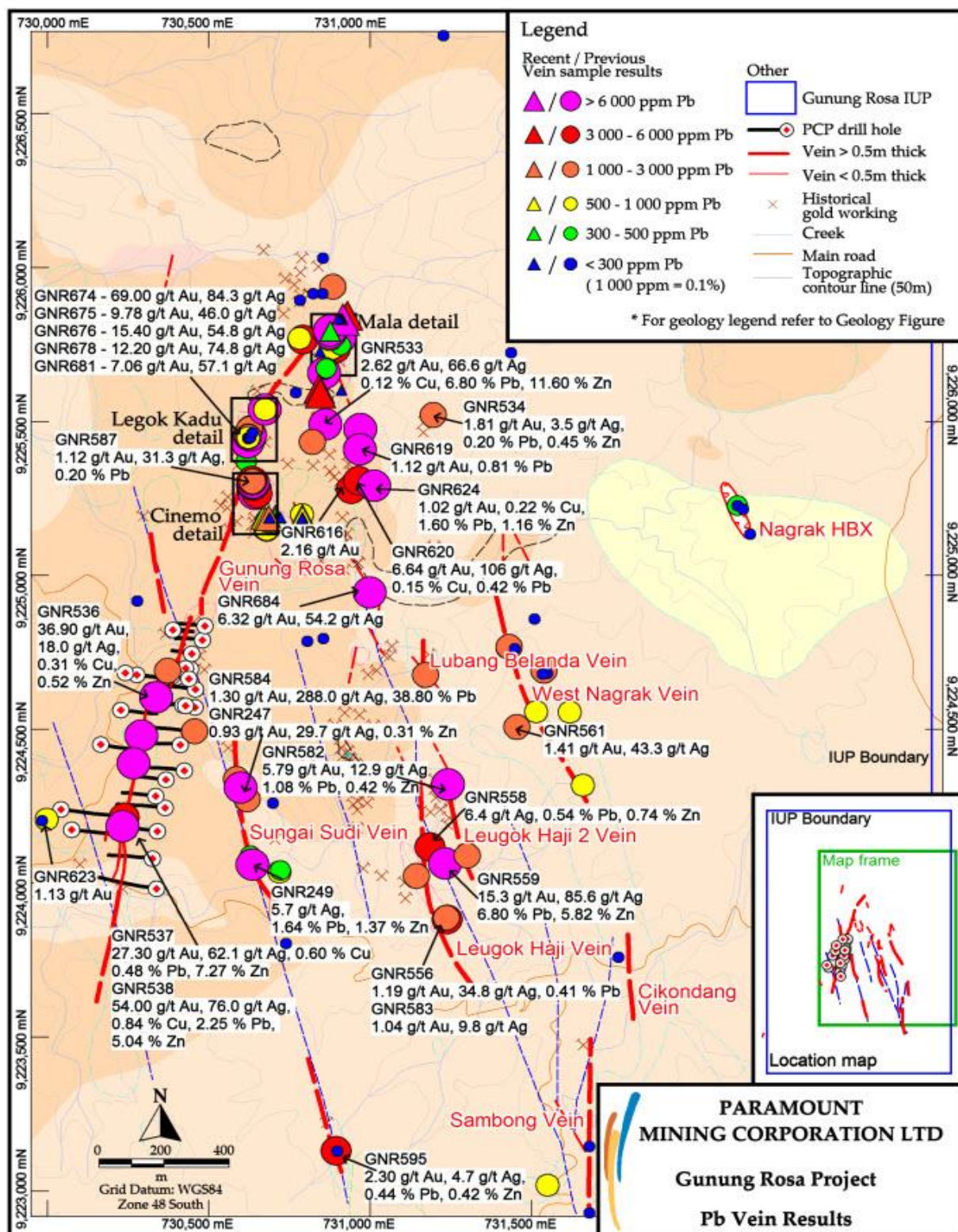


Figure 9: Thematic presentation of lead assay results from veins in Gunung Rosa IUP. The lead values reflect the tenor of base metal and silver enriched veins. Legok Kadu-Cinemo and Mala intrusive centres (boxed). Samples collected in earlier phases of program are differentiated by symbol form (triangles and circles) from those collected later the program and analysed in different batches.

PARAMOUNT MINING CORPORATION ANNUAL REPORT

REVIEW OF OPERATIONS

Mining tenements held at 30 June 2014

Project	Tenement	Country/Province	Status	Interest
Gunung Rosa	503/Tmb.839/DPSDA.P	Indonesia/West Java	Granted	72.25%

Competent Persons Statement:

The exploration activities and results contained in this report have been reviewed by Dr Neil F Rutherford. Dr Rutherford is a Fellow of the Australian Institute of Geoscientists and is a full time employee of Rutherford Mineral Resource Consultants, mineral industry consultants. He has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration, and in the activity which he is undertaking to qualify as a Competent Person as defined in the December 2012 edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserve (the JORC Code).

This review and comments by Dr Rutherford incorporated in the release text are based upon review the geochemical and magnetic data from the Gunung Rosa Project area, West Java, along with several field reviews of geology during the period 2011 to 2014 and input from his associated who processed the data and who are currently working on the property. All of the significant information reported herein was available to Dr Rutherford and was reviewed for this release. Dr Neil Rutherford has consented to the inclusion in the report of the matters based on this information in the form and context in which it appears.

CORPORATE MATTERS

Appointment of Chief Executive Office and Managing Director

Just after period end, in July 2014, the Company announced the appointment of Mr Daniel Poller as Chief Executive Officer and Managing Director.

Based in Jakarta, Mr Poller is an experienced resource finance executive with in excess of fifteen years in the mining and energy sectors, working throughout Asia, Africa and Australia. Previously a Senior Advisor to JP Morgan's Natural Resources Group in Asia where he co-headed Metals, Mining and Power Investment Banking, Mr Poller has also worked for Northstar Pacific Private Equity Fund in Indonesia overseeing the mining investments, as well as holding positions at BHP Billiton and McKinsey & Co.

Resignation of Executive Director

Mr Terry Holohan resigned from the Board and from his executive role, effective 30 May 2014. Mr Holohan had earlier resigned from his roles as Chief Executive Office and Managing Director, to become Chief Operating Officer and executive director.

Loan Terms Renegotiated

Paramount repaid debt totalling USD1,032,232 that was converted into shares in the Company. While the conversions strengthened Paramount's balance sheet, they also demonstrate significant, ongoing confidence in the Gunung Rosa project.

Remuneration Changes

The Company announced that in the interest of conserving and applying the Group's cash to the development of the Gunung Rosa Project, all key management personnel accepted an adjustment under which 25% of their remuneration is payable in shares in the Company instead of cash (subject to any necessary approvals).

Capital Raising

The Company raised \$2.49 million through the issue of shares to new and existing shareholders and senior management. This was a highly satisfactory outcome, considering the difficult market conditions that prevailed throughout the year under review.

REVIEW OF OPERATIONS

Indonesian Mining Law

The Company announced that based on a review of MEMR Regulation 27/2013 concerning foreign ownership of Indonesian exploration and mining license holding companies, the Company intends to review its holding company structure in order to comply with Indonesian mining law. Paramount has engaged with senior external counsel from Ginting & Reksodiputro in association with Allen & Overy, Indonesia, to clarify the effect of these amendments to the Indonesian regulations.

Peakstar Project

Legal issues relating to the Peakstar Project, covering a farm containing diamondiferous fissures in the Free State Province, are ongoing. The South African legal firm Tabacks is handling the matter on behalf of the Company.

In November 2007, the Company exercised its option on the Peakstar Diamond Project as per the terms of an Option Agreement, signed with Peakstar Diamonds (Pty) Ltd ("Peakstar Diamonds") on 20th July 2007.

Meetings

The Company held its Annual General Meeting ("AGM") on 28 November 2013 with all resolutions passed by show of hands and by proxy. Details of the AGM results and other announcements referred to in this Review of Operations may be found at www.paramountmining.com.

CORPORATE GOVERNANCE STATEMENT

The Company acknowledges the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (2nd Edition) (the "Recommendations"). This Corporate Governance Statement provides details of the Company's compliance with those Recommendations, or where appropriate, indicates a departure from the Recommendations with an explanation. A checklist summarising the Company's compliance with the Recommendations is also set out at the end of this statement.

Unless disclosed below, all the Recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2014.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Board Roles and Responsibilities

The board is first and foremost accountable to provide value to its shareholders through delivery of timely and balanced disclosures.

The Company's Board Charter has been made publicly available on the Company's website. This document details the adopted practices and processes in relation to matters reserved for the board's consideration and decision-making and specifies the level of authorisation provided to other key management personnel. The board is ultimately responsible for ensuring its actions are in accordance with key corporate governance principles.

Performance Evaluation

There is no formal process for evaluating the performance of senior executives. Senior executive performance is evaluated by the board on an ongoing basis, including within this reporting period, having regard to Company objectives, and executives' roles and responsibilities.

There is no formal process for evaluating the performance of the board and individual directors. Board performance is evaluated on an ongoing basis, including within this reporting period, having regard to Company objectives and each director's contribution to board deliberations.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Board Composition

The Board respects independence of thought and decision making as critical to effective governance, and is satisfied that its Board composition meets these requirements.

The Group has accepted the definition of "independence" in the Recommendations in the above analysis. The majority of the Board are independent directors.

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the directors' report.

The names of independent directors of the Company are:

- Mr Guy Anderson
- Mr John Arbuckle
- Mr Peter Bacchus

When determining whether a non-executive director is independent the director must not fail any of the following materiality thresholds;

- less than 10% of company shares are held by the director and any entity or individual directly or indirectly associated with the director;

CORPORATE GOVERNANCE STATEMENT

- no sales are made to or purchases made from any entity or individual directly or indirectly associated with the director; and
- none of the directors' income or the income of an individual or entity directly or indirectly associated with the director is derived from a contract with any member of the economic entity other than income derived as a director of the company.

Independent directors have the right to seek independent professional advice in the furtherance of their duties as directors at the company's expense. Written approval must be obtained from the chair prior to incurring any expense on behalf of the company.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

Ethical Standards

The board acknowledges and emphasises the importance of all directors and employees maintaining the highest standards of corporate governance practice and ethical conduct.

A Corporate Governance Charter has been established requiring directors and employees to:

- act honestly and in good faith;
- exercise due care and diligence in fulfilling the functions of office;
- avoid conflicts and make full disclosure of any possible conflict of interest;
- comply with the law;
- encourage the reporting and investigating of unlawful and unethical behaviour; and
- comply with the share trading policy outlined in the Corporate Governance Charter.

Directors are obliged to be independent in judgment and ensure that all reasonable steps are taken to ensure due care is taken by the board in making sound decisions.

Trading Policy

The company's policy regarding directors and employees trading in its securities is set by the board. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the securities' prices.

Diversity Policy

The board has not established a policy concerning diversity. When assessing the composition of the board, the board as a whole considers the mix of skills and the diversity of board members. The board assesses existing and potential directors' skills to ensure they have appropriate industry experience in the Group's operating segments.

The board considers the diversity of existing and potential senior executives and directors to ensure they are in line with the geographical and operational segments of the Group. Where considered appropriate, the board seeks to appoint a diverse range of directors who have a range of ages, genders and ethnicity which mirrors the environment in which the Group operates.

Proportion of the total	
Women employees in the whole organisation	25%
Women in senior executive positions	0%
Women on the board	0%

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Audit Committee

From April 2013, the board established an Audit and Risk Management Committee comprised of Dr Anderson (Chairman), Mr Arbuckle and Mr Bacchus. Prior to April 2013 processes were in place for the full board to consider issues that would otherwise be considered by an audit committee.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

The Continuous Disclosure Policy, which is available on the Company's website, sets out the key obligations of the directors and employees in relation to continuous disclosure as well as the Company's obligations under the Listing Rules and the Corporations Act. The Policy also provides procedures for internal notification and external disclosure, as well as procedures for promoting understanding of compliance with the disclosure requirements for monitoring compliance.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

Shareholder Rights

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and receipt of annual financial statements. Shareholders are strongly encouraged to attend and participate in the Annual General Meetings of Paramount Mining Corporation Limited, to lodge questions to be responded by the board, the CFO or the Auditors, and are able to appoint proxies.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Risk Management

The board considers identification and management of key risks associated with the business as vital to maximise shareholder wealth. A yearly assessment of the business's risk profile is undertaken and reviewed by the board, covering all aspects of the business from the operational level through to strategic level risks. The CEO has been delegated the task of implementing internal controls to identify and manage risks for which the board provides oversight. The effectiveness of these controls is monitored and reviewed regularly. The worsening economic environment has emphasised the importance of managing and reassessing its key business risks.

The board has received assurance from the Chief Executive Officer and the Chief Financial Officer that the declaration provided in accordance with 295A of the Corporations Act is founded on a sound system of risk management and internal control and the system is operating effectively in all material respects in relation to financial reporting risks.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Remuneration Policies

All executives receive a base salary.

The amount of remuneration for all key management personnel for the company, including all monetary and non-monetary components, are detailed in the directors' report under the heading key management personnel compensation. All remuneration paid to executives is valued at the cost to the company and expensed. Shares given to executives are valued as the difference between the market price of those shares and the amount paid by the executive. Options are valued using the Black-Scholes methodology.

Non-executive directors are remunerated by way of fees in the form of cash and options. Non-executive directors do not receive bonus payments, nor are they provided with retirement benefits.

PARAMOUNT MINING CORPORATION ANNUAL REPORT

CORPORATE GOVERNANCE STATEMENT

Remuneration Committee

From April 2013, the board established a Remuneration and Nomination Committee comprised of Mr Arbuckle (Chairman), Mr Anderson and Mr Bacchus. Prior to April 2013 processes were in place for the full board to consider issues that would otherwise be considered by a nomination committee.

Other Information

The following checklist summarises the Company's compliance with the Recommendations. Explanation regarding compliance with the Principles and Recommendations is disclosed in this Corporate Governance Statement and further information is available on the company's website at www.paramountmining.com.

	Requirement	Comply Yes/No
Principle 1	Lay solid foundations for management and oversight	
Rec 1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes
Rec 1.2	Companies should disclose the process for evaluating the performance of senior executives.	Yes
Rec 1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	Yes
Principle 2	Structure the board to add value	
Rec 2.1	A majority of the board should be independent directors.	Yes
Rec 2.2	The chair should be an independent director.	No
Rec 2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Yes
Rec 2.4	The board should establish a nomination committee.	Yes
Rec 2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes
Rec 2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	Yes
Principle 3	Promote ethical and responsible decision-making	
Rec 3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> the practices necessary to maintain confidence in the company's integrity; the practices necessary to take into account their legal obligations and the reasonable expectations of their shareholders; the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	Yes
Rec 3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include a requirement for the board to establish measurable objectives for gender	No

PARAMOUNT MINING CORPORATION ANNUAL REPORT

CORPORATE GOVERNANCE STATEMENT

	diversity for the board to assess annually both the objectives and progress towards achieving them.	
Rec 3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	No
Rec 3.4	Companies entities should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Yes
Rec 3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	Yes
Principle 4	Safeguard integrity in financial reporting	
Rec 4.1	The board should establish an audit committee	Yes
Rec 4.2	The audit committee should be structured so that it: <ul style="list-style-type: none"> • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair; who is not chair of the board • has at least three members 	Yes
Rec 4.3	The audit committee should have a formal charter.	Yes
Rec 4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	Yes
Principle 5	Make timely and balanced disclosure	
Rec 5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes
Rec 5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	Yes
Principle 6	Respect the rights of shareholders	
Rec 6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes
Rec 6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	Yes
Principle 7	Recognise and manage risk	
Rec 7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes
Rec 7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has	Yes

PARAMOUNT MINING CORPORATION ANNUAL REPORT

CORPORATE GOVERNANCE STATEMENT

	reported to it as to the effectiveness of the company's management of its material business risks.	
Rec 7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes
Rec 7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	Yes
Principle 8	Remunerate fairly and responsibly	
Rec 8.1	The board should establish a remuneration committee	Yes
Rec 8.2	The remuneration committee should be structured so that it: <ul style="list-style-type: none"> • consists of a majority of independent directors; • is chaired by an independent chair; • has at least three members. 	Yes
Rec 8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes
Rec 8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	Yes

DIRECTORS' REPORT

Your directors present their report, together with the financial statements of the Group, being the company and its controlled entities, for the financial year ended 30 June 2014.

Principal Activities and Significant Changes in Nature of Activities

The principal activities of the consolidated group during the financial year were:

- Precious and base metals mining project development.

Operating Results and Review of Operations for the Year

Operating Results

The auditors have issued an emphasis of matter opinion on the inherent uncertainty regarding the going concern of the Company.

As the Company has no internally generated cashflow, the continuity of development and exploration activities will at some stage in the future require access to new funding.

The development and exploration activities to be carried out in the future and the Company's planned discretionary expenditure may vary significantly due to a variety of factors. The Company has the ability to substantially reduce or defer actual development and exploration expenditure if required to better match the funds available to the Company at any point in time.

The Directors have determined that future equity raisings or debt financing arrangements will be required to provide funding for the Group's activities to meet the Group's objectives. There is no certainty that these will be successfully completed to provide adequate working capital for the Company.

The Company has projects which the Board believes are very attractive and will support initiatives to raise moneys to fund ongoing operations.

The Board is confident that the Group will have sufficient funds to finance its operations in the 2014/2015 financial year.

The consolidated loss of the economic entity after providing for income tax amounted to \$3,128,150 (2013: loss \$4,314,195).

Review of Operations

The Review of Operations which forms part of this Directors' Report may be found on pages 2 to 11.

Financial Position

The net assets of the consolidated group have increased by \$955,654 to \$5,341,728 in 2014.

Significant Changes in State of Affairs

The following significant changes in the state of affairs of the parent entity occurred during the financial year:

- On 12 Sep 2013 the company issued 6,000,000 ordinary shares at \$0.05 each;
- On 28 Nov 2013 the company issued 53,778,584 ordinary shares, price ranging from \$0.037 to \$0.052 each.
- On 28 Feb 2014 the company issued 28,865,548 ordinary shares at \$0.04 each;
- On 28 Feb 2014 the company issued 28,943,826 ordinary shares at \$0.038 each.

DIRECTORS' REPORT

Dividends Paid or Recommended

No dividends were paid or declared in the financial year.

After Balance Date Events

As noted in the Review of Operations, Mr Daniel Poller was appointed Chief Executive Officer and Managing Director.

The Company received original AMDAL and Environmental Permit documents approved by the Mines Department and the Bupati (Regent) of Cianjur Regency in West Java Province, Indonesia. Receipt of these original documents completed the final regulatory step before reopening the high-grade Gunung Rosa gold, silver and base metal mine. The Company is now authorised to start underground mining and ore processing at Gunung Rosa.

Unless noted elsewhere, there are no other significant events after balance date.

Future Developments, Prospects and Business Strategies

Information on the likely developments in the operations of the economic entity and the expected results of those operations has not been included in this report as the directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the economic entity.

Environmental Issues

The consolidated group's operations are subject to environmental regulations under national and state laws in the countries in which it operates. The group complies with all environmental laws and regulations and operates within global standards for environmental compliance.

Information on Directors

Mo Munshi	- Chairman (Non-executive)
Qualifications	- BSc(Geol)(Hons), MBA
Appointed	- September 2008
Interest in Shares and Options	- Ordinary shares, fully paid: 51,138,566; Options: 2,000,000; Performance rights: 6,000,000
Directorships held in other listed entities during the three years prior to the current year	- Current director of Prosperity Resources Limited
Terry Holohan	- CEO/Managing Director
Qualifications	- BSc C Eng
Appointed	- October 2011
Resigned	- 30 May 2014
Interest in Shares and Options	- Ordinary shares, fully paid: 677,348
Daniel Poller	- CEO/Managing Director
Qualifications	- BA
Appointed	- 1 July 2014
Interest in Shares and Options	- Nil
Dr Guy Anderson	- Non-executive director
Qualifications	- BSc C Eng (Cape Town), PhD (Cape Town), ACA

PARAMOUNT MINING CORPORATION ANNUAL REPORT

DIRECTORS' REPORT

Appointed	- September 2008
Interest in Shares and Options	- Ordinary shares, fully paid: 2,053,000; Performance rights: 1,000,000
Mufti Habriansyah	- Non-executive director
Qualifications	- SH
Appointed	- December 2010
Interest in Shares and Options	- Ordinary shares, fully paid: 3,396,000; Performance rights: 1,000,000
Directorships held in other listed entities during the three years prior to the current year	- Current director of Prosperity Resources Limited
John Arbuckle	- Non-executive director
Qualifications	- B.Bus, CPA
Appointed	- October 2011
Interest in Shares and Options	- Ordinary shares, fully paid: 916,000, Performance rights: 1,000,000
Directorships held in other listed entities during the three years prior to the current year	- Current director of Prosperity Resources Limited Previously a director of Alchemy Resources Ltd
Peter Bacchus	- Non-executive director
Qualifications	- MA, CA
Appointed	- January 2013
Interest in Shares and Options	- Ordinary shares, fully paid: 471,000; Performance rights: 1,000,000

Company Secretaries

Garry Taylor EMBA CPA FCIS GAICD held the position of Company Secretary and Chief Financial Officer at the end of the financial year. Mr Taylor has worked for Paramount Mining Corporation Limited since September 2007. He was appointed company secretary in October 2007. Mr Taylor is also Company Secretary of ASX-listed Prosperity Resources Limited.

Lionel Liew B Comm CPA held the position of Company Secretary at the end of the financial year. He was appointed as a company secretary on 6 April 2011. He is also the Group Accountant and Company Secretary of ASX-listed Prosperity Resources Limited

PARAMOUNT MINING CORPORATION ANNUAL REPORT

DIRECTORS' REPORT

Meetings of directors

Meeting attendance by each director during the year were as follows:

	Full meetings of directors		Audit & Risk Management Committee		Remuneration & Nomination Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mo Munshi	3	3	-	-	-	-
Terry Holohan ¹	3	3	-	-	-	-
Daniel Poller ²	-	-	-	-	-	-
Guy Anderson	3	3	-	-	2	2
Mufti Habriansyah	3	3	-	-	-	-
John Arbuckle	3	3	-	-	2	2
Peter Bacchus	3	3	-	-	2	2

¹resigned 30 May 2014 ²appointed 1 July 2014

Indemnifying Officers

During the year the Company paid an insurance premium in respect of a contract insuring each of the Directors and Officers of the Company and its controlled entities against liabilities and expenses arising from claims made against them in their capacity as Directors or Officers of the Company, other than conduct involving a wilful breach of duty. The insurance policy conditions preclude the Company from making detailed disclosures.

Options

At the date of this report, the unissued ordinary shares of Paramount Mining Corporation Limited under option of the Company are:

Grant Date	Date of Expiry	Exercise Price	Number under Option
1 Dec 2010	30 Nov 2014	\$0.20	1,000,000
18 Jan 2012	30 Nov 2014	\$0.20	1,000,000
			<hr/> 2,000,000 <hr/>

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

There have been no unissued shares or interests under option of any controlled entity within the Group during or since reporting date.

For details of options issued to directors and executives as remuneration, please refer to the Remuneration Report.

During the year ended 30 June 2014, 28,865,548 fully paid ordinary shares were issued on loan conversion; and in addition to the above 88,722,410 fully paid ordinary shares and 14,500,000 performance rights have been issued.

PARAMOUNT MINING CORPORATION ANNUAL REPORT

DIRECTORS' REPORT

Performance Rights

At the date of this report, the Performance Rights of the Company are listed below.

The Performance Rights specified vest subject to the Company's market capitalisation being at or above the Market Capitalisation hurdle for 20 consecutive trading days at any time after the issue of the Performance Rights and before the relevant expiry date. The details of the Performance Rights conditions are as follow:

Date of Expiry	Market capitalisation hurdle	Number of Performance Rights
30 Nov 2014	\$50,000,000	5,250,000
30 Mar 2015	\$60,000,000	1,000,000
30 June 2015	\$70,000,000	5,250,000
31 Mar 2016	\$90,000,000	1,000,000
		<hr/> 12,500,000 <hr/>

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

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

No non-audit services were provided by external auditors during the year ended 30 June 2014.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 32 of this report.

PARAMOUNT MINING CORPORATION ANNUAL REPORT

REMUNERATION REPORT (Audited)

Remuneration policy

The Board is responsible for reviewing compensation for the directors, secretary and senior managers. The Board assesses the appropriateness of the nature and amount of emoluments on a periodic basis with reference to relevant employment market conditions, with the objective of maximising shareholder value by the retention of high quality personnel. The Board's policy for determining the nature and amount of compensation of key management for the Group is not performance based, except for shares to Mr Mo Munshi as disclosed here:

Shares to Mr Mo Munshi

The Company issued shares to the value of \$360,000 to Mr Mo Munshi pursuant to a resolution of Shareholders at the Company's Annual General Meeting held 28 November 2013. The primary purpose of the issue of Shares to Mr Munshi, or his nominee, was to recognise the important role Mr Munshi has played, and is expected to continue to play, in raising appropriate finance to support the Company's Gunung Rosa Project.

Consultancy agreement with Mr Mo Munshi

The Company has entered into a Consultancy Agreement with Mr. Mo Munshi on 1 January 2011 for 4 years. The Company will pay Mr. Munshi a consulting fee of \$25,000 per month in a combination of cash and shares and each party can terminate the agreement by giving three months' notice.

The fee is payable as follows:

\$15,000 per month in shares in the Company (**Shares**);

\$10,000 per month in Shares subject to the following conditions

- Tranche 1

Subject to the Company's market capitalisation being equal to or greater than \$50,000,000 for the 10 consecutive trading days up to and including 31 December 2012 (tranche already forfeited);

- Tranche 2

Subject to the Company's market capitalisation being equal to or greater than \$100,000,000 for the 10 consecutive trading days up to and including 31 December 2013 (tranche already forfeited);

- Tranche 3

Subject to the Company's market capitalisation being equal to or greater than \$300,000,000 for the 10 consecutive trading days up to and including 31 December 2014.

If a market capitalisation target is not met, that tranche is forfeited. The quantum of Shares is to be determined by reference to the volume-weighted average share price for each month. The issue of Shares is subject to shareholder approval (if required).

The Company accrues \$15,000 each month, the \$10,000 performance-related portion has not been accrued to date, accrual will commence when achievement of the relevant market capitalisation hurdle is deemed probable.

PARAMOUNT MINING CORPORATION ANNUAL REPORT

REMUNERATION REPORT (Audited)

The Board's policy for determining the nature and amount of remuneration for key management personnel of the consolidated group is as follows: All key management personnel receive a base salary (which is based on factors such as length of service and experience).

Upon retirement, key management personnel are paid employment benefit entitlements accrued to date of retirement.

On termination of employment with the Company for any reason, all monies and other entitlements shall be paid, adjusted and calculated as at the date of such termination. In the instance of serious misconduct the Company can terminate employment at any time.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting.

Mr Poller is employed on a two year contract from 1 July 2014 with a base salary of \$240,000 per annum. The contract may be terminated by either party by the giving of three months' notice.

Employment Details of Members of Key Management Personnel and Other Executives

The following table provides employment details of person who were, during the financial year, members of key management personnel of the consolidated group, and to the extent different, among the key management personnel or company executives receiving the highest remuneration. The table also illustrates the proportion of remuneration that was performance and non-performance based and the proportion of remuneration received in the form of options.

	Position held as at 30 June 2014 and any change during the year	Contract details (duration and termination)	Proportions of elements of remuneration not related to performance		
			Shares	Options/ Performance Right	Fixed Salary/ Fees
			%	%	%
Group Key Management Personnel					
M Munshi	Chairman (Non-executive) Appointed 19 September 2008	No fixed term.	89.82	-	5.82
T Holohan ¹	Appointed 17 October 2011 Resigned 30 May 2014	No fixed term	-	-	100
G Anderson	Director (Non-executive) Appointed 19 September 2008	No fixed term	-	-	83.21
M Habriansyah	Director (Non-executive) Appointed 1 December 2010	No fixed term	18.31	-	77.99
J Arbuckle	Director (Non-executive) Appointed 18 October 2011	No fixed term	-	-	83.21
P Bacchus	Director (Non-executive) Appointed 2 January 2013	No fixed term	-	-	83.21
G Taylor	Chief Financial Officer and Company Secretary	No fixed term. 4 week resignation period.	-	-	97.36

¹resigned 30 May 2014

PARAMOUNT MINING CORPORATION ANNUAL REPORT

REMUNERATION REPORT (Audited)

Remuneration details for the year ended 30 June 2014

The following table of benefits and payments details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the consolidated group and, to the extent different, the key management personnel receiving the highest remuneration:

Group Key Management Personnel		Short-term Benefits (\$)		Post-employment benefits (\$)		Equity-settled share-based payments (\$)			Total (\$)	Value of Options /Performance rights as proportion of remuneration
		Salary & fees	Non-monetary	Termination	Superannuation	Shares	Options	Performance Rights		
M Munshi	2014	35,000	-	-	-	540,000 ²	-	26,221	601,221	4.36%
	2013	35,000	-	-	-	195,000	-	226,300	456,300	49.59%
T Holohan ¹	2014	391,967	-	-	-	-	-	-	391,967	0%
	2013	221,519	-	-	-	-	-	211,700	433,219	48.87%
G Anderson	2014	30,000	-	-	-	-	-	6,054	36,054	16.79%
	2013	30,000	-	-	-	-	-	52,925	82,925	63.82%
M Habriansyah	2014	157,760	-	-	-	30,000	-	6,054	193,814	3.12%
	2013	129,036	-	-	-	-	-	52,925	181,961	29.09%
J Arbuckle	2014	30,000	-	-	-	-	-	6,054	36,054	16.79%
	2013	30,000	-	-	-	-	-	52,925	82,925	63.82%
P Bacchus	2014	30,000	-	-	-	-	-	6,054	36,054	16.79%
	2013	15,000	-	-	-	-	-	-	15,000	0%
G Taylor	2014	204,785	-	-	18,431	-	-	6,054	229,270	2.64%
	2013	190,607	-	-	18,384	-	-	52,925	261,916	20.21%
Total Key Management Personnel	2014	879,512	-	-	18,431	570,000	-	56,491	1,524,434	
	2013	651,162	-	-	18,384	195,000	-	649,700	1,514,246	

¹ Resigned 30 May 2014

² Shares worth \$360,000 issued for capital raising finance and \$180,000 for consultancy fee out of which shares for \$150,000 will be issued at next AGM

PARAMOUNT MINING CORPORATION ANNUAL REPORT

REMUNERATION REPORT (Audited)

Securities granted as part of remuneration during the year

	Remuneration type	Grant date	Percentage vested/paid during year %	Percentage lapsed during year %	Percentage remaining as unvested %
Group Key Management Personnel					
M Munshi	Performance Rights	28 Nov 13	-	-	100
T Holohan ¹	Performance Rights	28 Nov 13	-	-	100
G Anderson	Performance Rights	28 Nov 13	-	-	100
M Habriansyah	Performance Rights	28 Nov 13	-	-	100
J Arbuckle	Performance Rights	28 Nov 13	-	-	100
G Taylor	Performance Rights	28 Nov 13	-	-	100

¹ Resigned 30 May 2014 and Performance Rights were cancelled

PARAMOUNT MINING CORPORATION ANNUAL REPORT

REMUNERATION REPORT (Audited)

Terms and Conditions for Performance Rights granted to key management personnel

	Awarded No.	Award date	Fair value per performance right at award date (\$)	Exercise price (\$)	Expiry date	Market Hurdle (\$)	Last exercise date	No.	Vested %
2014									
Key Management Person									
M Munshi	2,000,000	28.11.13	\$0.0143	Nil	30.11.14	50,000,000	30.11.14	-	0
M Munshi	2,000,000	28.11.13	\$0.0102	Nil	30.06.15	70,000,000	30.06.15	-	0
M Munshi	1,000,000	28.11.13	\$0.0080	Nil	31.03.16	90,000,000	31.03.16	-	0
T Holohan ¹	2,000,000	28.11.13	\$0.0143	Nil	30.11.14	50,000,000	30.11.14	-	0
T Holohan ¹	1,000,000	28.11.13	\$0.0102	Nil	30.06.15	70,000,000	30.06.15	-	0
G Anderson	500,000	28.11.13	\$0.0143	Nil	30.11.14	50,000,000	30.11.14	-	0
G Anderson	500,000	28.11.13	\$0.0102	Nil	30.06.15	70,000,000	30.06.15	-	0
M Habriansyah	500,000	28.11.13	\$0.0143	Nil	30.11.14	50,000,000	30.11.14	-	0
M Habriansyah	500,000	28.11.13	\$0.0102	Nil	30.06.15	70,000,000	30.06.15	-	0
J Arbuckle	500,000	28.11.13	\$0.0143	Nil	30.11.14	50,000,000	30.11.14	-	0
J Arbuckle	500,000	28.11.13	\$0.0102	Nil	30.06.15	70,000,000	30.06.15	-	0
P Bacchus	500,000	28.11.13	\$0.0143	Nil	30.11.14	50,000,000	30.11.14	-	0
P Bacchus	500,000	28.11.13	\$0.0102	Nil	30.06.15	70,000,000	30.06.15	-	0
G Taylor	500,000	28.11.13	\$0.0143	Nil	30.11.14	50,000,000	30.11.14	-	0
G Taylor	500,000	28.11.13	\$0.0102	Nil	30.06.15	70,000,000	30.06.15	-	0
Total	13,000,000							-	

¹ Resigned 30 May 2014 and Performance Rights were cancelled

PARAMOUNT MINING CORPORATION ANNUAL REPORT

REMUNERATION REPORT (Audited)

Terms and Conditions for Performance Rights granted to key management personnel

	Awarded No.	Award date	Fair value per performance right at award date (\$)	Exercise price (\$)	Expiry date	Market Hurdle (\$)	Last exercise date	No.	Vested %
2013 Key Management Person									
M Munshi	2,000,000	30.11.12	\$0.0694	Nil	30.11.13	30,000,000	30.11.13	-	0
M Munshi	2,000,000	30.11.12	\$0.0365	Nil	30.06.14	50,000,000	30.06.14	-	0
M Munshi	1,000,000	30.11.12	\$0.0146	Nil	31.03.15	60,000,000	31.03.15	-	0
T Holohan ¹	2,000,000	30.11.12	\$0.0694	Nil	30.11.13	30,000,000	30.11.13	-	0
T Holohan ¹	2,000,000	30.11.12	\$0.0365	Nil	30.06.14	50,000,000	30.06.14	-	0
G Anderson	500,000	30.11.12	\$0.0694	Nil	30.11.13	30,000,000	30.11.13	-	0
G Anderson	500,000	30.11.12	\$0.0365	Nil	30.06.14	50,000,000	30.06.14	-	0
M Habriansyah	500,000	30.11.12	\$0.0694	Nil	30.11.13	30,000,000	30.11.13	-	0
M Habriansyah	500,000	30.11.12	\$0.0365	Nil	30.06.14	50,000,000	30.06.14	-	0
J Arbuckle	500,000	30.11.12	\$0.0694	Nil	30.11.13	30,000,000	30.11.13	-	0
J Arbuckle	500,000	30.11.12	\$0.0365	Nil	30.06.14	50,000,000	30.06.14	-	0
G Taylor	500,000	30.11.12	\$0.0694	Nil	30.11.13	30,000,000	30.11.13	-	0
G Taylor	500,000	30.11.12	\$0.0365	Nil	30.06.14	50,000,000	30.06.14	-	0
Total	13,000,000							-	

¹Resigned 30 May 2014

All of the above Performance Rights lapsed during the year, except for 1,000,000 Performance Rights to Mr Mo Munshi expiring on 31 March 2015

PARAMOUNT MINING CORPORATION ANNUAL REPORT

REMUNERATION REPORT (Audited)

Value of performance rights/options awarded, exercised and lapsed during the year

	Value of performance rights granted during the year	Value of performance rights exercised during the year	Value of performance rights lapsed during the year	Remuneration consisting of performance rights during the year
	\$	\$	\$	%
M Munshi	26,221	-	-	4.47
T Holohan ¹	3,153	-	-	0.89
G Anderson	6,054	-	-	16.79
M Habriansyah	6,054	-	-	3.69
J Arbuckle	6,054	-	-	16.79
P Bacchus	6,054	-	-	16.79
G Taylor	6,054	-	-	2.64

¹ Resigned 30 May 2014

KMP Options Holdings

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

30 June 2014	Balance at beginning of year	Granted as remunerat- ion during the year	Exercised/ lapsed during the year	Balance at end of year	Vested during the year	Vested and exercisable
M Munshi	6,000,000	-	(4,000,000)	2,000,000	-	2,000,000
T Holohan ¹	1,000,000	-	(1,000,000)	-	-	-
G Anderson	1,000,000	-	(1,000,000)	-	-	-
M Habriansyah	1,000,000	-	(1,000,000)	-	-	-
J Arbuckle	-	-	-	-	-	-
P Bacchus	-	-	-	-	-	-
G Taylor	1,000,000	-	(1,000,000)	-	-	-
	10,000,000	-	(8,000,000)	2,000,000	-	2,000,000

30 June 2013	Balance at beginning of year	Granted as remunerat- ion during the year	Exercised/ lapsed during the year	Balance at end of year	Vested during the year	Vested and exercisable
M Munshi	11,000,000	-	(5,000,000)	6,000,000	-	6,000,000
T Holohan	1,000,000	-	-	1,000,000	-	1,000,000
G Anderson	2,000,000	-	(1,000,000)	1,000,000	-	1,000,000
M Habriansyah	2,000,000	-	(1,000,000)	1,000,000	-	1,000,000
J Arbuckle	-	-	-	-	-	-
P Bacchus	-	-	-	-	-	-
G Taylor	1,000,000	-	-	1,000,000	-	1,000,000
	17,000,000	-	(7,000,000)	10,000,000	-	10,000,000

¹ Resigned 30 May 2014

PARAMOUNT MINING CORPORATION ANNUAL REPORT

REMUNERATION REPORT (Audited)

KMP Performance Rights Holdings

In 2014, the Company issued Performance Rights to directors and officers of the Company. The number of Performance Rights over ordinary shares held by each KMP of the Group during the financial year is as follows:

30 June 2014	Balance at beginning of year	Granted as remuneration during the year	Exercised/ lapsed/ canceled during the year	Balance at end of year	Vested during the year	Vested and exercisable
M Munshi	5,000,000	5,000,000	(4,000,000)	6,000,000	-	-
T Holohan ¹	4,000,000	3,000,000	(7,000,000)	-	-	-
G Anderson	1,000,000	1,000,000	(1,000,000)	1,000,000	-	-
M Habriansyah	1,000,000	1,000,000	(1,000,000)	1,000,000	-	-
J Arbuckle	1,000,000	1,000,000	(1,000,000)	1,000,000	-	-
P Bacchus	-	1,000,000	-	1,000,000	-	-
G Taylor	1,000,000	1,000,000	(1,000,000)	1,000,000	-	-
	13,000,000	13,000,000	(15,000,000)	11,000,000	-	-

¹ Resigned 30 May 2014

30 June 2013	Balance at beginning of year	Granted as remuneration during the year	Exercised/ lapsed during the year	Balance at end of year	Vested during the year	Vested and exercisable
M Munshi	-	5,000,000	-	5,000,000	-	-
T Holohan	-	4,000,000	-	4,000,000	-	-
G Anderson	-	1,000,000	-	1,000,000	-	-
M Habriansyah	-	1,000,000	-	1,000,000	-	-
J Arbuckle	-	1,000,000	-	1,000,000	-	-
P Bacchus	-	-	-	-	-	-
G Taylor	-	1,000,000	-	1,000,000	-	-
	-	13,000,000	-	13,000,000	-	-

KMP Shareholdings

30 June 2014	Balance at beginning of year	Granted in lieu remuneration/ fees during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
M Munshi	11,931,000	-	-	39,207,566	51,138,566
T Holohan	-	-	-	677,348	677,348
G Anderson	1,481,000	-	-	572,000	2,053,000
M Habriansyah	2,824,000	-	-	572,000	3,396,000
J Arbuckle	344,000	-	-	572,000	916,000
P Bacchus	-	-	-	471,000	471,000
G Taylor	1,415,059	-	-	379,000	1,794,059
Total	17,995,059	-	-	42,450,914	60,445,973

The Company has issued shares to directors/KMP in lieu of cash settlement of directors' or consultancy fee/salaries

PARAMOUNT MINING CORPORATION ANNUAL REPORT

REMUNERATION REPORT (Audited)

30 June 2013	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
M Munshi	8,400,000	-	-	3,531,000	11,931,000
T Holohan	-	-	-	-	-
D Poller	-	-	-	-	-
G Anderson	1,000,000	-	-	481,000	1,481,000
M Habriansyah	2,350,000	-	-	474,000	2,824,000
J Arbuckle	-	-	-	344,000	344,000
P Bacchus	-	-	-	-	-
G Taylor	1,415,059	-	-	-	1,415,059
Total	13,165,059	-	-	4,830,000	17,995,059

Other KMP Transactions There have been no transactions other than those described in the tables above.

Options exercised

9,000,000 options lapsed during the financial year.

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.



Mo Munshi
Chairman

30 September 2014

PARAMOUNT MINING CORPORATION ANNUAL REPORT

AUDITOR'S INDEPENDENCE DECLARATION

Stantons International Audit and Consulting Pty Ltd
trading as

Stantons International

Chartered Accountants and Consultants

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30 September 2014

Board of Directors
Paramount Mining Corporation Limited
100 Parry Street
PERTH WA 6000

Dear Directors

RE: PARAMOUNT MINING CORPORATION 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 Paramount Mining Corporation Limited.

As Audit Director for the audit of the financial statements of Paramount Mining Corporation Limited for the 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

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



Samir Tirodkar
Director

PARAMOUNT MINING CORPORATION ANNUAL REPORT

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

		Consolidated Group	
	Note	2014	2013
		\$	\$
Revenue			
Interest income	2	821	5,227
Other income	2	89,390	335,922
Total revenue		90,211	341,149
Operating costs			
Depreciation expense	3	(7,881)	(8,698)
Employee benefits expense		(973,419)	(743,371)
Equity-based payment expense		(15,231)	(1,209,504)
Exploration expense		(144,690)	-
Exploration expenditure written off		-	(78,145)
Occupancy expense		(136,874)	(72,692)
Borrowing cost		(983,952)	(1,037,000)
Other operating costs		(956,314)	(1,505,934)
Total expenses		(3,218,361)	(4,655,344)
Loss before income tax		(3,128,150)	(4,314,195)
Income tax refund / (expense)	4	-	-
Loss for the year		(3,128,150)	(4,314,195)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		(231,618)	585,798
Income tax expense on items of other comprehensive income		-	-
Total other comprehensive income		(231,618)	585,798
Comprehensive loss for the period		(3,359,768)	(3,728,397)
Loss attributable to			
Paramount Mining Corporation Limited		(3,032,033)	(4,157,252)
Non-controlling interest		(96,117)	(156,943)
		(3,128,150)	(4,314,195)
Total Comprehensive loss attributable to			
Paramount Mining Corporation Limited		(3,282,401)	(3,507,973)
Non-controlling interest		(77,367)	(220,424)
		(3,359,768)	(3,728,397)
Earnings per share			
Basic loss per share (cents)	7	(0.628)	(1.204)
Diluted loss per share (cents)	7	(0.628)	(1.204)

The accompanying notes form part of these financial statements

PARAMOUNT MINING CORPORATION ANNUAL REPORT
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

		Consolidated Group	
	Note	2014	2013
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	8	13,554	21,279
Trade and other receivables	9	61,508	27,533
Other current assets	10	35,966	24,393
Total current assets		111,028	73,205
Non-current assets			
Trade and other receivables	9	17,327	17,985
Deferred exploration costs	10	8,712,905	7,614,546
Property, plant and equipment	12	11,072	27,985
Total non-current assets		8,741,304	7,660,516
Total assets		8,852,332	7,733,721
LIABILITIES			
Current liabilities			
Trade and other payables	13	2,161,372	1,289,518
Short-term provisions	14	41,185	36,046
Financial Liabilities	15	1,308,047	2,022,083
Total current liabilities		3,510,604	3,347,647
Non-current liabilities			
Total non-current liabilities		-	-
Total liabilities		3,510,604	3,347,647
Net assets		5,341,728	4,386,074
EQUITY			
Issued capital	16	29,488,510	25,162,061
Reserves	17	2,332,456	2,593,851
Accumulated losses		(25,773,920)	(22,741,887)
Total equity attributed to equity holders of the Consolidated group		6,047,046	5,014,025
Non-controlling interest		(705,318)	(627,951)
Total equity		5,341,728	4,386,074

The accompanying notes form part of these financial statements

PARAMOUNT MINING CORPORATION ANNUAL REPORT
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

CONSOLIDATED

	Issued Capital	Accumulated Losses	Share Option/ Performance Rights Reserve	Foreign Currency Translation Reserve	Total	Non- controlling interest	Total Equity
	\$	\$	\$	\$	\$	\$	\$
As at 1 July 2013	25,162,061	(22,741,887)	2,109,048	484,803	5,014,025	(627,951)	4,386,074
Loss for the year	-	(3,032,033)	-	-	(3,032,033)	(96,117)	(3,128,150)
Other comprehensive income		-	-	-	-		-
Currency translation differences	-	-	-	(250,368)	(250,368)	18,750	(231,618)
Total other comprehensive loss	-	-	-	-	-	-	-
Total comprehensive loss	-	(3,032,033)	-	(250,368)	(3,282,401)	(77,367)	(3,359,768)
Transactions with owner recorded directly into equity							
Issue of shares	4,326,449	-	-	-	4,326,449	-	4,326,449
Share based payment	-	-	(11,027)	-	(11,027)	-	(11,027)
Equity investment – non controlling interest	-	-	-	-	-	-	-
As at 30 June 2014	29,488,510	(25,773,920)	2,098,021	234,435	6,047,046	(705,318)	5,341,728

The accompanying notes form part of these financial statements

PARAMOUNT MINING CORPORATION ANNUAL REPORT

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2013

CONSOLIDATED

	Issued Capital	Accumulated Losses	Share Option / Performance Rights Reserve	Foreign Currency Translation Reserve	Total	Non- controlling interest	Total Equity
	\$	\$	\$	\$	\$	\$	\$
As at 1 July 2012	17,497,895	(18,584,635)	1,379,960	(164,476)	128,744	(407,527)	(278,783)
Loss for the year	-	(4,157,252)	-	-	(4,157,252)	(156,943)	(4,314,195)
Other comprehensive income		-			-		-
Currency translation differences	-	-	-	649,279	649,279	(63,481)	585,798
Total other comprehensive loss	-	-	-	-	-	-	-
Total comprehensive loss	-	(4,157,252)	-	649,279	(3,507,973)	(220,424)	(3,728,397)
Transactions with owner recorded directly into equity							
Issue of shares	7,664,166	-	-	-	7,664,166	-	7,664,166
Share based payment	-	-	729,088	-	729,088	-	729,088
Equity investment – non controlling interest	-	-	-	-	-	-	-
As at 30 June 2013	25,162,061	(22,741,887)	2,109,048	484,803	5,014,025	(627,951)	4,386,074

The accompanying notes form part of these financial statements

PARAMOUNT MINING CORPORATION ANNUAL REPORT
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

		Consolidated Group	
	Note	2014	2013
		\$	\$
Cash flows from operating activities			
Receipts from Customers		19,130	16,769
Payments to Suppliers and Employees		(1,277,485)	(1,194,784)
Interest Received		821	5,227
Net cash (used in) operating activities	21(b)	<u>(1,257,534)</u>	<u>(1,172,788)</u>
Cash flows from investing activities			
Payments for Exploration Expenditure		(1,410,533)	(2,759,580)
Sale Proceeds/(Purchase) of Property, Plant and Equipment		-	(4,458)
Repayment of loan from PT CKP		-	97,634
Net cash (used in) investing activities		<u>(1,410,533)</u>	<u>(2,666,404)</u>
Cash flows from financing activities			
Proceeds of borrowings		206,765	2,430,402
Proceeds from share issues		2,489,680	1,303,520
Costs associated with share issue		(36,103)	(43,609)
Net cash provided by financing activities		<u>2,660,342</u>	<u>3,690,313</u>
Net (decrease) in cash held		(7,725)	(148,879)
Net foreign exchange differences		-	-
Cash at the beginning of the year		21,279	170,158
Cash at the end of the year	8,21(a)	<u>13,554</u>	<u>21,279</u>

The accompanying notes form part of these financial statements

PARAMOUNT MINING CORPORATION ANNUAL REPORT

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

This financial report includes the consolidated financial statements and notes of Paramount Mining Corporation Limited (the Parent) and controlled entities ('Consolidated Group' or 'Group').

Paramount Mining Corporation Limited is a company limited by shares, incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange.

Note 1. Statement of Significant Accounting Policies

Basis of Preparation

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

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

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

Separate financial statements for Paramount Mining Corporation Limited as an individual entity are no longer presented as the consequence of a change to the Corporations Act 2001, however, required financial information for Paramount Mining Corporation Limited as an individual entity is included in Note 27.

Going Concern

The financial statements of the Company and the Group have been prepared on a going concern basis which anticipates the ability of the entity to meet its obligations in the normal course of business.

At 30 June 2014, the Group had total liabilities of \$3,510,604, and had incurred a total comprehensive loss of \$3,359,768 for the year then ended, with a cash and cash equivalents balance of \$13,554 and a working capital deficiency of \$3,399,576. In the absence of the future capital raising noted below, current cash resources will not be sufficient to meet forecast outgoings for a period of at least 12 months from the date of this report. The Group has incurred a net loss before tax of \$3,128,150 for the year ended 30 June 2014.

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

The current liabilities also include financial liabilities of \$1,308,047 from lenders as disclosed in note 15. Some of the loans were due for repayment as at 30 June 2014 have been extended to 31 December 2014. The Group has received comfort letters from the lenders. The lenders have agreed to support the Group's activities in Indonesia by extending the loan repayment due dates on such terms as may be negotiated from time to time. The lenders are also prepared to conclude additional loan agreements with the Group on mutually agreeable terms.

The directors have prepared cash flow forecasts that indicate that the Company and the Group will have cash surpluses for a period of at least 12 months from the date of this report. This forecast is dependent on the raising of funds by way of equity raisings and or obtaining further loan funds in order for the Group to meet its exploration commitments and other costs.

Based on the cash flow forecasts and possible equity and/or debt funding described above, the directors are satisfied that the going concern basis of preparation is appropriate. The financial report has therefore been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Should the consolidated entity and the parent be unable to continue as going concerns, they may be required to realise assets and extinguish liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

Note 1. Statement of Significant Accounting Policies (cont'd)**Basis of Preparation (cont'd)**

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the consolidated entity and the parent be unable to continue as a going concern.

The Directors acknowledge that the Company will need to adopt further strategies to ensure that funding is maintained. This includes, but is not limited to further capital or debt funding, the sale, relinquishment or introduction of joint venture contributions on areas of interest held, and seeking other prospective projects.

(a) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent Paramount Mining Corporation Ltd and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 11.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(b) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit and loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Note 1. Statement of Significant Accounting Policies (cont'd)

(b) Income Tax (cont'd)

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

(c) Exploration and Development Expenditure

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

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

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

(d) Restoration, Rehabilitation and Environmental Expenditure

Environmental liabilities are provided at the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices. The unwinding of the environmental obligation is included in the Statement of Profit or Loss. The estimated future costs of environmental obligations are regularly reviewed and adjusted as appropriate for new circumstances or changes in law and/or technology. The estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money. Gains from the expected disposal of assets are not taken into account when determining the provision.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the rehabilitation of the site in accordance with clauses of the mining permits.

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

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

(f) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised upon the delivery of goods to customers as this corresponds to the transfer of significant risk and rewards of ownership of the goods and the cessation of all involvement in those goods.

Note 1. Statement of Significant Accounting Policies (cont'd)

(f) Revenue and Other Income (cont'd)

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

All revenue is stated net of the amount of goods and services tax (GST).

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(h) Provisions

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

(i) Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

(j) Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(k) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(l) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Property, Plant and Equipment

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss during the financial period in which they are incurred.

Note 1. Statement of Significant Accounting Policies (cont'd)**(l) Property, Plant and Equipment (cont'd)***Depreciation*

The depreciable amount of all fixed assets including buildings and capitalised lease assets, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

<u>Class of Fixed Assets</u>	<u>Depreciation Rate</u>
Buildings	2%
Plant and equipment	5 – 33%
Office furniture and fittings	5 – 33%
Motor vehicles	15 – 30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss.

(m) Employee Benefits

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

Equity-settled compensation

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

(n) Foreign Currency Transactions and Balances*Functional and presentation currency*

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate.

Note 1. Statement of Significant Accounting Policies (cont'd)**(n) Foreign Currency Transactions and Balances (cont'd)**

Exchange differences arising on the translation of non-monetary items directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the Profit or Loss.

Group Companies

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

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

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in other comprehensive Income. These differences are recognised in the Profit or Loss in the period in which the operation is disposed.

(o) Financial Instruments*Initial recognition and measurement*

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

Financial instruments are initially measured at fair value plus transaction costs.

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- a. the amount at which the financial asset or financial liability is measured at initial recognition
- b. less principal repayments
- c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- d. less any reduction for impairment.

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

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

(i) Loan and receivables

Loan and receivables and non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Note 1. Statement of Significant Accounting Policies (cont'd)**(o) Financial Instruments (cont'd)****(ii) Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

(iii) Available-for-sale financial assets

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

(iv) Financial liabilities

Non-derivate financial liabilities are recognized at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

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

Impairment

At each reporting date, the economic entity assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the Profit or Loss.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(p) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Profit or Loss.

(q) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates – impairment

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

Note 1. Statement of Significant Accounting Policies (cont'd)**(q) Critical Accounting Estimates and Judgments (cont'd)***Key judgments – carrying value of exploration expenditure*

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at reporting date at \$8,712,905 (2013: \$7,614,546).

(r) Comparative Figures

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

(s) New and amended standards adopted by the group

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013.

- AASB 10: *Consolidated Financial Statements*;
- AASB 11: *Joint Arrangements*;
- AASB 12: *Disclosure of Interests in Other Entities*;
- AASB 13: *Fair Value Measurement*;
- AASB 119: *Employee Benefits*; and
- AASB 127: *Separate Financial Statements*

Account Standard and Interpretation

AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'

AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements and provides a revised definition of "control" such that an investor controls an investee when:

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

All three of these criteria must be met for an investor to have control over an investee. This may result in an entity having to consolidate an investee that was not previously consolidated and/or deconsolidate an investee that was consolidated under the previous accounting pronouncements.

There have been no changes to the treatment of investees compared to prior year.

AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'

AASB 11 replaces AASB 131 'Interests in Joint Ventures'. AASB 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under AASB 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under AASB 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances.

Application of this standard has not impacted on the financial statements of the Group.

Note 1. Statement of Significant Accounting Policies (cont'd)**(s) New and amended standards adopted by the group (cont'd)**

AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'

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. In general, the application of AASB 12 has resulted in more extensive disclosures in the consolidated financial statements.

AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'

The Group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share based payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'

AASB 119 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets.

Application of AASB 119 Employee Benefits has not impacted on the financial statements for the year ended 30 June 2014.

(t) New Accounting Standards for Application in Future Periods

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Company have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Company does not plan to adopt these standards early.

- *AASB 9 Financial Instruments* and associated Amending Standards (applicable for annual reporting period commencing 1 January 2017)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The 2010 revisions introduce additional changes relating to financial liabilities.

The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

(t) New Accounting Standards for Application in Future Periods (cont'd)

Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impractical at this stage to provide a reasonable estimate of such impact.

▪ *Other standards not yet applicable*

These standards are not expected to have a material impact on the entity in the current or future reporting periods.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
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 136 – 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

PARAMOUNT MINING CORPORATION ANNUAL REPORT

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

Note 2. Revenue and Other Income

	Consolidated Group	
	2014	2013
	\$	\$
Revenue		
- sale of goods /services	40,800	303,779
- interest received (Refer 2(a) below)	821	5,227
- other revenue	48,590	32,143
Total Revenue	<u>90,211</u>	<u>341,149</u>
(a) Interest revenue from:		
- other persons	<u>821</u>	<u>5,227</u>
Total interest revenue	<u>821</u>	<u>5,227</u>

Note 3. Loss from Ordinary Activities

	Consolidated Group	
	2014	2013
	\$	\$
(a) Expenses		
Depreciation of non-current assets		
- plant & equipment	2,179	3,060
- furniture & fittings	2,397	2,415
- office equipment	3,305	3,089
- motor vehicle	<u>-</u>	<u>134</u>
Total Depreciation	<u>7,881</u>	<u>8,698</u>
Foreign exchange loss	106,866	311,723
Rental expense on operating leases		
- minimum lease payments	136,874	72,692
Consulting expense	109,860	483,851
Accounting and audit expense	49,569	50,618
Employee benefit expenses	973,419	743,371
Write-off capitalised exploration expenditure	-	72,611

PARAMOUNT MINING CORPORATION ANNUAL REPORT

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

Note 4. Income Tax Expense

Consolidated Group

2014 2013
\$ \$

Major components of income tax expense for the years ended 30 June 2014 and 30 June 2013 are:

Statement of Comprehensive Income

Current income

Current income tax charge	-	-
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Adjustments in respect of previous income tax	-	-
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Deferred income tax

Relating to origination and reversal of temporary differences	-	-
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Benefit from previously unrecognised tax loss used to reduce deferred tax expense	-	-
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Income tax expense (benefit) reported in Statement of Comprehensive Income	-	-
--	---	---

A reconciliation of income tax expense (benefit) applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate for the Years ended 30 June 2014 and 30 June 2013 is as follows:

Accounting profit (loss) before tax from continuing operations	(3,128,150)	(4,314,195)
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Loss before tax from discontinued operations	-	-
--	---	---

Accounting profit (loss) before income tax	(3,128,150)	(4,314,195)
--	-------------	-------------

At the statutory income tax rate of 30% (2013: 30%)	(938,445)	(1,294,258)
---	-----------	-------------

Add:

Non-deductible expenses:	143,695	887,553
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NANE related expenses	-	-
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Temporary differences and tax losses not recognised	731,848	436,951
---	---------	---------

Adjustment in respect of previous deferred income tax Non assessable income	62,902	(30,246)
---	--------	----------

At effective income tax rate of 0% (Parent: 0%) (2013: 0%, Parent 0%)	-	-
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Income tax expense reported in Statement of Comprehensive Income	-	-
--	---	---

Income tax attributable to discontinued operation	-	-
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PARAMOUNT MINING CORPORATION ANNUAL REPORT

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

Note 4. Income Tax Expense (cont.)

Unrecognised deferred tax assets

	2014	2013
	\$	\$
Deferred tax assets have not been recognised in respect of the following items		
Property, plant and equipment	1295	2,141
Financial assets	53,944	-
Trade and other payables	4,800	5,548
Employee benefit	1,317	-
Business related costs	1,923	2,263
Foreign exchange	132,047	-
Tax Losses	4,086,693	3,480,185
	<u>4,282,019</u>	<u>3,490,137</u>

The tax losses do not expire under current legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits.

Note 5. Interests of Key Management Personnel (KMP)

Refer to the Remuneration Report contained in the Report of the Directors for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2014. The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	2014	2013
	\$	\$
Short-term employee benefits	879,512	651,162
Post-employment benefits	18,431	18,384
Termination benefits	-	-
Equity-based payments	626,491	844,700
	<u>1,524,434</u>	<u>1,514,246</u>

Note 6. Auditors' Remuneration

	Consolidated Group	
	2014	2013
	\$	\$
Remuneration of the auditor of the parent entity for:		
• Auditing or reviewing the financial report	30,600	35,000
• Other services	-	-
Total remuneration of the auditor of the parent entity	<u>30,600</u>	<u>35,000</u>
Remuneration of other auditors of subsidiaries for:		
• auditing or reviewing the financial report of subsidiaries	18,969	15,618
• other services	-	-
Total remuneration of the auditor of subsidiaries	<u>18,969</u>	<u>15,618</u>

PARAMOUNT MINING CORPORATION ANNUAL REPORT

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

Note 7. Earnings per Share

	Consolidated Group	
	2014	2013
	\$	\$
(a) Reconciliation of earnings to net loss		
Net loss	(3,128,150)	(4,314,195)
Less used in the calculation of basic EPS	(3,128,150)	(4,314,195)
(b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	498,310,513	358,238,632
(c) In addition to the above ordinary shares, the company has on issue 2,000,000 options that could potentially dilute basic earnings per share in the future. These options have not been included in the calculation of diluted earnings per share due to being anti-dilutive for the period.	2,000,000	11,000,000
(d) The Company also has on issue 12,500,000 performance rights that could potentially dilute basic earnings per share in the future. These performance rights have not been included in the calculation of diluted earnings per share due to being anti-dilutive for the period.	12,500,000	14,500,000

Note 8. Cash and Cash Equivalents

	Consolidated Group	
	2014	2013
	\$	\$
Cash at bank and in hand	13,554	21,279
Deposits at call	-	-
Cash and cash equivalents	13,554	21,279

Note 9. Trade and Other Receivables

	Consolidated Group	
	2014	2013
	\$	\$
Current		
Other receivable	61,508	27,533
Balance at the end of the financial year	61,508	27,533
Non-Current		
Receivables	17,327	17,985
Balance at the end of the financial year	17,327	17,985

Past due but not impaired

As at 30 June 2014, trade receivables amounting to nil (2013: \$nil) were past due but not impaired.

PARAMOUNT MINING CORPORATION ANNUAL REPORT

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

Note 10. Other Assets

	Consolidated Group	
	2014	2013
	\$	\$
Current		
Prepayments	35,966	24,393
Total Current	<u>35,966</u>	<u>24,393</u>
Non-Current		
Deferred Exploration and Evaluation		
Opening balance	7,614,546	4,427,668
Foreign exchange movement during the year	(205,780)	499,909
Additions during the year	1,304,139	2,759,580
Written off	-	(72,611)
Total deferred exploration and evaluation	<u>8,712,905</u>	<u>7,614,546</u>
Total Non-Current	<u>8,712,905</u>	<u>7,614,546</u>

Note 11. Controlled Entities

	Country of Incorporation	Percentage Owned (%)[*]	
		2014	2013
Paramount Mining Ghana Limited (dormant)	Ghana	100	100
Paramount Mining South Africa (Pty) Ltd	South Africa	100	100
Paramount Mining Indonesia Pty Ltd	Australia	100	100
Paramount Mining (Indonesia) Energy Pty Ltd	Australia	100	100
Paramindo Singapore Pte Ltd	Singapore	85	85
Paramindo Energi Singapore Pte Ltd	Singapore	85	85
PT Paramindo	Indonesia	85	85
PT Paramindo Energi	Indonesia	85	85
PT Cikondang Kancana Prima	Indonesia	72.25	72.25
PT Paramindo Cipta Persada	Indonesia	76.5	76.5
PT Paramindo Cipta Persada Energi	Indonesia	76.5	76.5

** Percentage of voting power is in proportion to ownership*

PARAMOUNT MINING CORPORATION ANNUAL REPORT

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

Note 12. Property, Plant and Equipment

	Consolidated Group	
	2014	2013
	\$	\$
Plant and Equipment		
At cost	2,695	30,963
Less accumulated depreciation	(1,177)	(18,527)
Total Plant and Equipment	<u>1,518</u>	<u>12,436</u>
Office Equipment		
At cost	64,494	65,237
Less accumulated depreciation	(58,233)	(55,481)
Total Office Equipment	<u>6,261</u>	<u>9,756</u>
Furniture and Fittings		
At cost	14,615	15,033
Less accumulated depreciation	(11,322)	(9,240)
Total Furniture and Fittings	<u>3,293</u>	<u>5,793</u>
Total Property, Plant and Equipment	<u><u>11,072</u></u>	<u><u>27,985</u></u>

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Plant and equipment	Office equipment	Furniture and Fittings	Motor Vehicles	Total
	\$	\$	\$	\$	\$
Consolidated Group					
Balance at 1 July 2012	15,041	9,879	5,663	135	30,718
Foreign exchange movements	(94)	2,040	(438)	(1)	1,507
Additions	549	926	2,983	-	4,458
Disposals	-	-	-	-	-
Depreciation expense	(3,060)	(3,089)	(2,415)	(134)	(8,698)
Balance at 30 June 2013	12,436	9,756	5,793	-	27,985
 Balance at 1 July 2013	12,436	9,756	5,793	-	27,985
Foreign exchange movements	(50)	(76)	(103)	-	(229)
Additions	-	-	-	-	-
Disposals	(8,689)	(114)	-	-	(8,803)
Depreciation expense	(2,179)	(3,305)	(2,397)	-	(7,881)
Balance at 30 June 2014	<u><u>1,518</u></u>	<u><u>6,261</u></u>	<u><u>3,293</u></u>	<u><u>-</u></u>	<u><u>11,072</u></u>

PARAMOUNT MINING CORPORATION ANNUAL REPORT

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

Note 13. Trade and Other Payables

	Consolidated Group	
	2014	2013
	\$	\$
Current		
Trade creditors and accruals	547,892	322,353
Payable to related party	-	63,192
Accrued borrowing cost*	983,952	380,000
Other payables	591,406	478,487
Tax payable	37,876	44,522
PAYG withholding	246	964
Balance at the end of the financial year	<u>2,161,372</u>	<u>1,289,518</u>

*The entire borrowing costs are paid/payable in shares to conserve the Group's cash resources for exploration and administration activities

Note 14. Provisions

	Consolidated Group	
	2014	2013
	\$	\$
Current		
Employee benefits	<u>41,185</u>	<u>36,046</u>
	<u>41,185</u>	<u>36,046</u>
Number of employees at year end	<u>8</u>	<u>13</u>

Note 15. Financial liabilities

	Consolidated Group	
	2014	2013
	\$	\$
Financial liabilities comprise the following:		
Loan payable to Resource Global Finance Ltd ⁽ⁱ⁾	-	366,427
Loan payable to Zurily Resources and Trading Pte Ltd ⁽ⁱⁱ⁾	126,425	-
Loans payable to Cape Gannet Ltd ⁽ⁱⁱⁱ⁾	162,081	929,986
Loan payable to Bungarra Resources Ltd ^(iv)	739,740	725,670
Loan payable to Mo Munshi ^(v)	120,488	-
Loan payable to Brooklyn International Limited	<u>159,313</u>	<u>-</u>
Balance at the end of the financial year	<u>1,308,047</u>	<u>2,022,083</u>

- i. During the year the balance of the loan has been converted in full into 9,365,548 shares issued at 4 cents each.
- ii. The loan is interest free and matures 31 December 2014. A loan fee of 2.4 million shares is payable, subject to shareholder approval.
- iii. During the year 19.5 millions shares were issued at 4 cents to convert a portion of the loan balance of \$780,000. The balance of the loan due for repayment on 31 December 2014. A loan fee of 1 million shares is payable, subject to shareholder approval.

PARAMOUNT MINING CORPORATION ANNUAL REPORT

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

Note 15. Financial liabilities (cont.)

- iv. Interest on the loan is 5% and matures 31 December 2014. A loan fee of 16 million shares is payable, subject to shareholder approval.
- v. The loan is interest free and matures 31 December 2014. A loan fee of 2 million shares is payable, subject to shareholder approval.

The Group has received comfort letters from the lenders and the lenders have also agreed to support the Group's activities in Indonesia.

Note 16. Issued Capital

	Consolidated Group	
	2014	2013
	\$	\$
559,939,708 (2013: 442,351,750)		
Fully paid ordinary shares	30,598,740	25,876,188
Less : cost of issue shares	(1,110,230)	(714,127)
Balance at the end of the financial year	<u>29,488,510</u>	<u>25,162,061</u>

	Consolidated Group			
	2014	2014	2013	2013
	No.	\$	No.	\$
(a) Ordinary Shares				
At the beginning of reporting period	442,351,750	25,162,061	290,371,943	17,497,895
Shares issued during the prior year			151,979,807	7,664,166
Shares issued during the current year				
• 12 September 2013	6,000,000 ⁺	300,000 ⁺		
• 28 November 2013	23,764,425 ⁺	1,078,249 ⁺		
• 28 November 2013	30,014,159 ⁺	1,080,264 ⁺		
• 28 February 2014	28,865,548 ⁺	1,154,622 ⁺		
• 28 February 2014	28,943,826 ⁺	1,109,417 ⁺		
Additional capital raising costs	-	(396,103) ⁺		
At reporting date	<u>559,939,708</u>	<u>29,488,510</u>	<u>442,351,750</u>	<u>25,162,061</u>

Note : ⁺ non cash, ⁺ cash,

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

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence and to sustain future development of the business. Given the stage of the consolidated entity's development there are no formal targets set for return on capital. There were no changes to the consolidated entity's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

PARAMOUNT MINING CORPORATION ANNUAL REPORT

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

Note 17. Reserves

Option reserve

	Consolidated Group			
	2014	2014	2013	2013
	No.	\$	No.	\$
Options				
At the beginning of reporting period	11,000,000	1,379,960	29,000,000	1,379,960
Prior year adjustment	-	2,285	-	-
Options issued during the prior year	-	-	-	-
Options exercised or expired during the prior year	-	-	(18,000,000)	-
Options issued during the current year	-	-	-	-
Options exercised or lapsed during the current period				
• 30 Nov 2013 (lapsed)	(4,500,000)	-	-	-
• 30 Jun 2014 (lapsed)	(4,500,000)	-	-	-
At reporting date	2,000,000	1,382,245	11,000,000	1,379,960

Performance Rights reserve

The Performance Rights reserve records amounts disclosed in Note 22. The amounts recorded in the Performance Rights reserve have been determined using the discounted value method.

	Consolidated Group			
	2014	2014	2013	2013
	No.	\$	No.	\$
Performance Rights				
At the beginning of reporting period	14,500,000	729,088	-	-
Performance Rights issued during the prior year	-	-	14,500,000	729,088
Performance Rights issued during the current year	14,500,000	86,020		
Performance Rights vested during the current year	-	-		
Performance Rights exercised or lapsed	-	-		
• 30 Nov 2013 (lapsed)	(6,750,000)	-		
• 30 May 14 (cancelled)	(3,000,000)	(99,332)		
• 30 June 2014 (lapsed)	(6,750,000)	-		
At reporting date	12,500,000	715,776	14,500,000	729,088

Foreign currency translation reserve

Under AASB 121, in the financial report that includes the foreign operation and the reporting entity (e.g. the consolidated financial report when the foreign operation is a subsidiary), exchange differences arising on translation of the foreign operation shall be recognised initially in a separate component of equity and recognised in profit or loss on disposal of the net investment.

Movements in the foreign currency translation reserve are detailed in the Statement of Changes in Equity.

The balance as at 30 June 2014 was \$234,435 credit (2013 : \$484,803 credit)

PARAMOUNT MINING CORPORATION ANNUAL REPORT
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

Note 18. Leasing commitments

	Consolidated Group	
	2014	2013
	\$	\$
Operating Lease Commitments		
Non-cancellable operating lease contracted for but not capitalised in the financial statements		
Payable – minimum lease commitments		
• Not later than 12 months	34,172	45,563
• between 12 months and 5 years	-	34,172
	<u>34,172</u>	<u>79,735</u>

The property lease is a non-cancellable lease with a three-year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by CPI. The lease expires 18 March 2015.

Note 19. Contingent Liabilities

Performance and remuneration shares for Mr Mo Munshi, Chairman of the Board

As disclosed in the Company's release to ASX on 3 February 2010, the Directors (Mr Munshi abstaining) resolved to recommend the following performance and remuneration share issues to shareholders for their consideration at a future meeting of the Company, and if approved at that meeting and also by the appropriate regulatory authorities, to issue the shares to Mr Mo Munshi, Chairman (or his nominee) as appropriate.

Number of shares	Price trigger
a) 5 million	15 cents
b) 3 million	30 cents
c) 3 million	50 cents

Notes:

- i) The shares to be issued are fully paid ordinary shares in the Company.
- ii) The 5 million shares in a) above is based upon 3 million shares for performance and 2 million for remuneration from 30 June to 31 December 2009.
- iii) The issue of performance or remuneration shares is subject to the Company's last sale share price closing at or above the price trigger for 20 consecutive trading days.

Consultancy agreement with Mo Munshi

The Company has entered into a Consultancy Agreement with Mr. Mo Munshi on 1 January 2011 for 4 years. The Company will pay Mr. Munshi a consulting fee of \$25,000 per month in a combination of cash and shares and each party can terminate the agreement by giving three months' notice.

The fee is payable as follows:

\$15,000 per month in shares in the Company (**Shares**);

\$10,000 per month in Shares subject to the following conditions

- Tranche 1

Subject to the Company's market capitalisation being equal to or greater than \$50,000,000 for the 10 consecutive trading days up to and including 31 December 2012 (tranche already forfeited);

PARAMOUNT MINING CORPORATION ANNUAL REPORT

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

- Tranche 2

Subject to the Company's market capitalisation being equal to or greater than \$100,000,000 for the 10 consecutive trading days up to and including 31 December 2013 (tranche already forfeited);

- Tranche 3

Subject to the Company's market capitalisation being equal to or greater than \$300,000,000 for the 10 consecutive trading days up to and including 31 December 2014.

If a market capitalisation target is not met, that tranche is forfeited.

The quantum of Shares is to be determined by reference to the volume-weighted average share price for each month.

The issue of Shares is subject to shareholder approval (if required).

The Company accrues \$15,000 each month; the \$10,000 performance-related portion has not been accrued to date, accrual will commence when achievement of the relevant market capitalisation hurdle is deemed probable.

PARAMOUNT MINING CORPORATION ANNUAL REPORT

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

Note 20. Statement of Operations by Segment

Primary Reporting – Geographic Segments

The group operates predominantly in one business across three geographic segments, being the exploration and evaluation of mineral interests in Indonesia, with corporate and treasury activities in Australia and Singapore.

	Australia		Singapore		Indonesia		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
External sales	-	-	-	-	-	-	-	-
External revenue	29,047	26,438	40,800	307,945	20,364	6,766	90,211	341,149
Other segments	-	-	-	-	-	-	-	-
Total segment revenue	29,047	26,438	40,800	307,945	20,364	6,766	90,211	341,149
Total revenue from ordinary activities							90,211	341,149
Result								
Segment result	(1,879,373)	(3,401,078)	(592,758)	(496,922)	(656,019)	(416,195)	(3,128,150)	(4,314,195)
Net loss							(3,128,150)	(4,314,195)

PARAMOUNT MINING CORPORATION ANNUAL REPORT

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

Note 20. Statement of Operations by Segment (cont'd)

Primary Reporting – Geographic Segments (cont'd)

	Australia		Singapore		Indonesia		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
Assets								
Segment assets	1,609,884	1,082,044	9,785	17,371	7,232,663	6,634,306	8,852,332	7,733,721
Total assets							8,852,332	7,733,721
Liabilities								
Segment liabilities	2,903,118	2,877,719	433,817	291,746	173,669	178,182	3,510,604	3,347,647
Total liabilities							3,510,604	3,347,647
Other								
Acquisition of non-current segment assets	-	-	-	-	1,304,140	3,259,489	1,304,140	3,259,489
Depreciation of segment assets	3,195	4,350	716	651	3,970	3,697	7,881	8,698
Other non-cash segment expenses	1,413,946	2,883,169	(28,801)	34,555	35,936	158,462	1,421,081	3,076,186

PARAMOUNT MINING CORPORATION ANNUAL REPORT
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

Note 20. Statement of Operations by Segment (cont'd)

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group's primary segment is one business, being exploration and evaluation of minerals.

During the year ended 30 June 2014 the consolidated entity operated in the following Geographic Segments: Australia, Singapore and Indonesia (2013: Australia, Singapore and Indonesia).

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

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

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

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

Segment liabilities

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

Unallocated items

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

- impairment of assets and other non-recurring items of revenue or expense

Note 21. Cash Flow Information

Consolidated Group

	2014	2013
	\$	\$

(a) Reconciliation of cash

Cash as at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the Statement of Comprehensive Income as follows:

Cash at bank	13,554	21,279
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PARAMOUNT MINING CORPORATION ANNUAL REPORT

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

Note 21. Cash Flow Information (cont'd)

(b) Reconciliation of cash flows from operating activities with the loss from ordinary activities after income tax:

Loss from ordinary activities	(3,128,150)	(4,314,195)
Cash flows excluded from loss from ordinary activities attributable to operating activities		
Non-cash flows in loss from ordinary activities		
Gain on sale of assets	-	-
Depreciation	7,881	8,698
Provision for employee entitlement	5,139	9,071
Exploration expenditure written off	-	72,611
Share based payments	(11,027)	1,209,504
Borrowing cost	983,952	1,037,000
Provision for doubtful debt	-	404,664
Consultancy fee paid in shares	-	500,000
Foreign exchange (gain)/loss	12,263	311,723
Interest accrued on loan	36,641	27,286
Disposal asset	8,803	-
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(33,317)	63,893
Increase/(decrease) in trade and other payables	871,854	(505,966)
Increase/(decrease) in provisions	-	-
(Increase)/decrease in other assets	(11,573)	2,923
(Increase)/decrease in deferred exploration and evaluation costs	-	-
	-	-
Net cash used in operating activities	<u>(1,257,534)</u>	<u>(1,172,788)</u>

During the year, the following loan amounts were converted into the following quantum of shares in the Company:

- Cape Gannet Ltd: USD697,320 for 19,500,000 shares at 4 cents/share;
- Resource Global Finance Ltd: USD334,912 for 9,365,548 shares at 4 cents/share;

Also during the year:

- 2,500,000 shares were issued to Resource Global Finance Ltd at 4 cents/share in settlement of accrued borrowing costs;
- 7,000,000 shares were issued to Cape Gannet Ltd at 4 cents/share in settlement of accrued borrowing costs;
- 7,341,348 shares were issued to directors and employees against their outstanding directors fees, salaries, consultancy fees and capital raising fee.

Note 22. Share based payments

Share based payments are provided to directors, senior executives, consultants and other external parties. The issue to each individual director, consultant or advisor is controlled by the Board and the ASX Listing Rules. Terms and conditions of the payments, including the grant date, vesting date, exercise price and expiry date are determined by the Board, subject to shareholder approval where required. The following share based payments were issued during the year:

PARAMOUNT MINING CORPORATION ANNUAL REPORT

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

Note 22. Share based payments (cont.)

Date	Shares/Options	Quantity	Details
28 November 2013	Fully paid ordinary shares	9,500,000	Loan extension fee
28 November 2013	Performance Rights	1,000,000	Performance rights to consultants
28 November 2013	Performance Rights	1,500,000	Performance rights to employees
28 November 2013	Performance Rights	12,000,000	Performance rights to directors

(a) Performance Rights

The Performance Rights specified vest subject to the Company's market capitalisation being at or above the Market Capitalisation hurdle for 20 consecutive trading days at any time after the issue of the Performance Rights and before the relevant expiry date. The details of the Performance Rights conditions are as follow:

Date of Expiry	Market capitalisation hurdle	Number of Performance Rights
30 November 2014	\$50,000,000	7,250,000
30 June 2015	\$70,000,000	6,250,000
31 March 2016	\$90,000,000	1,000,000
		<u>14,500,000</u>

The Performance Rights issued during the year have a weighted average remaining contractual life of 0.88 years. The price for the Performance Rights granted was calculated by using a discounted value method pricing model applying the following inputs:

Issued date	Expiry date	Underlying Share Price	Market hurdle	Risk-free Interest rate	Value per Performance Rights
28 November 2013	30 November 2014	4 cents	\$50,000,000	2.525%	0.0143
28 November 2013	30 June 2015	4 cents	\$70,000,000	2.525%	0.0102
28 November 2013	31 March 2016	4 cents	\$90,000,000	2.525%	0.0080

(b) Options

	2014		2013	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Options outstanding at beginning of the year	11,000,000	13.05 cents	29,000,000	10.29 cents
Granted	-		-	
Exercised / Lapsed	<u>(9,000,000)</u>		<u>(18,000,000)</u>	
Options outstanding end of the year	2,000,000	20.00 cents	11,000,000	13.05 cents
Options exercisable as at 30 June 2014	2,000,000			

PARAMOUNT MINING CORPORATION ANNUAL REPORT

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

Note 23. Related party transactions

Except for the following, there were no transactions between related parties in the period under review, nor in the prior period:

- (i) Key management personnel, disclosed in Note 5
- (ii) Interests in subsidiaries are disclosed in Note 11

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

Subsidiary	Amount owed by Related Parties		Amount owed to Related Parties	
	2014	2013	2014	2013
	\$	\$	\$	\$
Paramount Mining Ghana Limited (dormant)	-	-	-	-
Paramount Mining South Africa (Pty) Ltd	735,461	764,648	-	-
Paramount Mining Indonesia Pty Ltd	-	-	1	1
Paramount Mining (Indonesia) Energy Pty Ltd	-	-	1	1
Paramindo Singapore Pte Ltd	20,086	88,696	-	-
Paramindo Energi Singapore Pte Ltd	117,044	120,524	-	-
PT Paramindo	10,913,852	9,828,738	-	-
PT Paramindo Energi	169,790	111,526	-	-
PT Cikondang Kencana Prima	-	-	-	-
PT Paramindo Cipta Persada	-	-	-	-
PT Paramindo Cipta Persada Energi	-	-	-	-

The following transactions have occurred with Prosperity Resources Ltd:

	Consolidated 2014	Consolidated 2013
	\$	\$
Consultancy income ⁽ⁱ⁾	40,800	71,400
Consultancy fee	-	-
Exploration expenditure	140,290	-
Rent charges	28,244	27,595
Other receivables ⁽ⁱⁱ⁾	258,699	-
Trade payables	-	63,192

⁽ⁱ⁾ Consultancy agreement with Paramindo Singapore Pte Ltd

⁽ⁱⁱ⁾ Receivables from Prosperity Resources Limited have been fully provided as at 30 June 2014.

Loan from R & K Global Finance Ltd of \$120,488.32 (related to a Director, Mr Mo Munshi)

Loan from Brooklyn International Financial Ltd of \$159,313.35 (related to a Director, Mr Mo Munshi)

Borrowing costs accrued in respect of the loan from R & K Global Finance Ltd of \$110,000

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

Note 24. Commitments for expenditure

In order to maintain an interest in the mining and exploration tenements in which the company is involved, the company is committed to meet the conditions under which the tenements were granted

There are no expenditure commitments associated with the Gunung Rosa Exploitation IUP. Financial commitments for subsequent periods will be determined at a future date.

Note 25. Events subsequent to balance date

As noted in the Review of Operations, Mr Daniel Poller was appointed Chief Executive Officer and Managing Director.

The Company received original AMDAL and Environmental Permit documents approved by the Mines Department and the Bupati (Regent) of Cianjur Regency in West Java Province, Indonesia. Receipt of these original documents completed the final regulatory step before reopening the high-grade Gunung Rosa gold, silver and base metal mine. The Company is now authorised to start underground mining and ore processing at Gunung Rosa.

Unless noted elsewhere, there are no other significant events after balance date.

Note 26. Financial risk management**(a) Financial Risk Management Policies**

The group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to subsidiaries and project counterparties. The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Consolidated Group	
	2014	2013
Current	\$	\$
Cash and cash equivalents	13,554	21,279
Trade and other receivables	61,508	27,533
Trade and other payables	2,161,372	1,289,518
Loans payable ⁽ⁱ⁾	1,308,047	2,022,083
Non-current		
Trade and other receivables	17,327	17,985
Loan receivable from third party	-	-

(i) All of the loans have been extended and mature on 31 December 2014. The Group has received comfort letters from the lenders. They have agreed to support the Group's activities in Indonesia by extending the loan repayment due dates on such terms as may be negotiated from time to time. The lenders are also prepared to conclude additional loan agreements with the Group on such mutually agreeable terms.

Interest rate risk

The main risk arises from loans advanced to a subsidiary and deposits with banks. Loans issued to at variable rates expose the Parent to cash flow interest rate risk. At 30 June 2014 and 2013, 100% of the loans advanced to the South African subsidiary were at a variable rate.

Deposits with banks at variable interest rate expose the parent and group to cash flow interest rate risk. At 30 June 2014 and 2013, 100% of the deposits with the banks were at variable rates.

Note 26. Financial risk management (cont.)**(b) Financial Risk Management Policies (cont.)**

The Group's results and operating cash flows are not significantly exposed to changes in market interest rates and, as a result, a sensitivity analysis has not been prepared. The Group does not rely on the generation of interest to provide working capital.

Foreign currency risk

The group and parent is exposed to foreign currency risk as it has transactions and balances denominated in currency other than its functional currency.

Translations of foreign currency operations are reported directly in equity, as a result, the group's results are not exposed to changes in foreign exchange rate. On disposal of a subsidiary such gain or losses accumulated in equity will be transferred to the Statement of Comprehensive Income.

Sensitivity analysis:

A 10 percent strengthening of the Australian dollar against the following currencies at 30 June 2014 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2013.

	Consolidated	
	Equity	Profit or loss
	\$	\$
30 June 2014		
USD	401,830	66,758
ZAR	72,904	4,113
SGD	56,960	5,885
30 June 2013		
USD	300,083	39,196
ZAR	68,791	7,631
SGD	27,356	63,434

A 10 percent weakening of the Australian dollar against the above currencies at 30 June 2014 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial liabilities as and when they fall due. The Company manages liquidity risk by continually monitoring cash reserves and cash flow forecasts to ensure that financial commitments can be met when and as they fall due.

The Company's financial liabilities include trade and other payables which are paid on a 7-30 day period.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from outstanding receivables from customers and related parties. The Parent monitors credit risk by reviewing receivables on an ongoing basis including use of aging analysis

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets, net of any provisions for doubtful debts, as disclosed in the Statement of Comprehensive Income and notes to the financial statements, and set out below:

The company's trade receivables at year end were nil (2013: nil). The trade and other receivables as at 30 June 2014 and 2013 comprised principally of other receivables.

Note 26. Financial risk management (cont.)

(c) Financial Risk Management Policies

Loans receivable from subsidiaries are unsecured. Interest is charged on the Australian Dollar loan to the South African subsidiary at a floating rate, which was 2.5% (2012: 2.75%). There are no set repayment terms.

Receivables are monitored on an ongoing basis and the Group and Parent has limited any exposure to bad debts at the Statement of Financial Position date.

The credit risk on liquid funds is limited because the counter parties are banks with high credit rating.

Net fair values

The carrying value of the financial assets and liabilities recognised in the Statement of Financial Position, approximate their net fair values.

PARAMOUNT MINING CORPORATION ANNUAL REPORT
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

Note 26. Financial risk management (cont'd)

(a) Financial Risk Management Policies (cont'd)

ii) Financial liability and financial asset maturity analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the Statement of Comprehensive Income.

	Fixed Interest Rate Maturing											
	Floating interest rate		Within 1 year		1 to 5 years		Over 5 years		Non-interest bearing		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Consolidated												
Financial Assets												
Cash and cash equivalents	13,554	21,279	-	-	-	-	-	-	-	-	13,554	21,279
Receivables	-	-	-	-	-	-	-	-	61,508	27,533	61,508	27,533
Financial assets									-	-	-	-
Total Financial Assets	13,554	21,279	-	-	-	-	-	-	61,508	27,533	75,062	48,812
Financial Liabilities												
Trade and other payables	-	-	-	-	-	-	-	-	2,161,372	1,289,518	2,161,372	1,289,518
Loan payable									1,308,047	2,022,083	1,308,047	2,022,083
Total Financial Liabilities	-	-	-	-	-	-	-	-	3,469,419	3,311,601	3,469,419	3,311,601

PARAMOUNT MINING CORPORATION ANNUAL REPORT
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

Note 27. Parent entity disclosures

	Parent Entity	
	2014	2013
	\$	\$
Financial position		
Assets		
Current assets	213,941	475,398
Non-current assets	8,677,615	10,565,410
Total assets	8,891,556	11,040,808
Liabilities		
Current liabilities	2,903,120	2,875,241
Non-current liabilities	-	-
Total liabilities	2,903,120	2,875,241
Equity		
Issued capital	29,488,510	25,162,061
Accumulated losses	(25,595,810)	(19,105,542)
Reserves		
Reserves	2,095,736	2,109,048
Total equity	5,988,436	8,165,567
Statement of profit and loss and other comprehensive income		
Loss for the year	(6,490,268)	(2,614,909)
Other comprehensive income / (loss)	-	-
Total comprehensive income / (loss)	(6,490,268)	(2,614,909)

Commitments and Contingent liabilities

As disclosed for the consolidated group at Note 18 and Note 19.

Note 28. Non-controlling interest

A non-controlling interest is held in the equity and profit or loss of certain subsidiaries of the parent as disclosed in Note 11.

The share of non-controlling interest in the equity and in the comprehensive loss of the consolidated group is disclosed on the face of the Statement of Financial Position and the Statement of Comprehensive Income respectively.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

Note 28. Non-controlling interest (cont.)**(a) Summarised Financial Information of Subsidiaries with Material Non-Controlling Interests**

Set out below is the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group.

	PT Paramindo	
	As at 30 June 2014 \$	As at 30 June 2013 \$
<i>Summarised Financial Position</i>		
Current Assets	74,741	173,334
Non Current Assets	7,206,928	6,841,639
Current Liabilities	(11,114,811)	(10,299,993)
Non Current Liabilities	-	-
Net Assets	(3,833,142)	(3,285,020)
Carrying amount of non-controlling interest	-	-
	PT Paramindo	
	Year Ended 30 June 2014 \$	Year Ended 30 June 2013 \$
<i>Summarised Financial Performance</i>		
Revenue	20,364	22
Loss before income tax	(663,914)	(412,692)
Income tax	-	-
Post-tax loss from continuing operations	(663,914)	(412,692)
Post-tax loss from discontinued operations	-	-
Other Comprehensive Income	-	-
Total Comprehensive Loss	(663,914)	(412,692)
The information above is the amount before intercompany eliminations.		
Loss attributable to non-controlling interests	(88,397)	(71,452)
Distributions paid to non-controlling interest	-	-
	PT Paramindo	
	Year Ended 30 June 2014 \$	Year Ended 30 June 2013 \$
<i>Summarised Cash Flow Information</i>		
Net cash flows (used in) operation activities	(4,453)	(98,185)
Net cash flows from financing activities	-	-

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 33 to 70 are in accordance with the Corporations Act 2001:
 - a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - b) give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the company and economic entity.
 - c) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1
2. The Chief Executive Officer and Chief Finance Officer have each declared that:
 - a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c) the financial statements and notes for the financial year give a true and fair view.
3. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Mo Munshi
Chairman

30 September 2014

PARAMOUNT MINING CORPORATION ANNUAL REPORT
INDEPENDENT AUDITOR'S REPORT

Stantons International Audit and Consulting Pty Ltd
trading as

Stantons International

Chartered Accountants and Consultants

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

Report on the Financial Report

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

Directors' responsibility for the Financial Report

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

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing 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 entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal 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.

PARAMOUNT MINING CORPORATION ANNUAL REPORT
INDEPENDENT AUDITOR'S REPORT

Stantons International

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

Independence

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

Auditor's opinion

In our opinion:

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

Material Uncertainty Regarding Going Concern and Carrying Values of Non-current Assets

Without qualifying our audit opinion expressed above, attention is drawn to the following matters.

As referred to in Note 1 to the financial statements, the financial statements have been prepared on the going concern basis. At 30 June 2014, the consolidated entity had a working capital deficit of \$3,399,576, cash and cash equivalents of \$13,554 and current liabilities of \$3,510,604 which includes borrowings of \$1,308,047. The consolidated entity has incurred a loss for the year amounting to \$3,128,150 before non controlling interests.

The ability of the consolidated entity to continue as a going concern and meet its planned exploration, administration, and other commitments is subject to renegotiating or refinancing existing or additional debt facilities and successful recapitalisation of the consolidated entity. In the event that the consolidated entity is not successful in renegotiating or refinancing the debt facilities or raising further capital, the consolidated entity may not be able to continue as a going concern.

The recoverability of the consolidated entity's carrying value of capitalised exploration costs of \$8,712,905 is dependent on the consolidated entity continuing as a going concern and the successful commercial exploitation of the exploration assets and/or sale of the exploration assets to generate amounts at least equivalent to their book values. In the event that the consolidated entity is not able to continue as a going concern or is not successful in commercial exploitation and/or sale of the exploration assets, the realisable value of the consolidated entity's assets may be significantly less than their current carrying values as disclosed in the consolidated statement of financial position at 30 June 2014.

PARAMOUNT MINING CORPORATION ANNUAL REPORT
INDEPENDENT AUDITOR'S REPORT

Stantons International

Report on the Remuneration Report

We have audited the remuneration report included in pages 23 to 31 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.

Auditor's opinion

In our opinion the remuneration report of Paramount Mining Corporation Limited for the year ended 30 June 2014 complies with section 300 A of the *Corporations Act 2001*.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD

(Trading as Stantons International)

(An Authorised Audit Company)

Stantons International

Samir Tirodkar
Director

Samir Tirodkar

West Perth, Western Australia
30 September 2014

PARAMOUNT MINING CORPORATION ANNUAL REPORT
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

1. List of Interests in Mining Tenements

	<u>Tenement</u>	<u>Area</u>	<u>Status</u>	<u>Equity</u>
GUNUNG ROSA PROJECT				
West Java, Indonesia	Mining Licence	2,500 ha	Granted	72.25%

2. Shareholding

The following additional information is required by the Australian Stock Exchange Ltd in respect of listed public companies only. The information is prepared based on share registry information as at 31 August 2014.

a. Distribution of Shareholders

Category (size of holding)	Number Ordinary
1 - 1,000	19
1,001 - 5,000	24
5,001 - 10,000	109
10,001 - 100,000	213
100,001 - and over	94
	459

b. The number of shareholders holding less than a marketable parcel is 19.

c. The names of the substantial holders listed in the holding company's register are:

Cape Gannet Limited	111,481,006
Resource Global Finance Ltd <RGF A/C>	79,103,653
Zurily Resources and Trading Limited <ZRT Ltd (BVI) A/C>	58,164,198
R&K Global Finance Ltd	51,138,566
Gale 3 SPC Ltd	31,169,399
Midlink International Ltd	29,379,140
BAZ International Inc	28,943,826

d. Voting Rights

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

PARAMOUNT MINING CORPORATION ANNUAL REPORT
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

e. 20 Largest Shareholders – Ordinary Shares

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
HSBC Custody Nominees <Australia>	290,534,233	51.89
R & K Global Finance Ltd	45,138,566	8.06
ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	44,218,161	7.90
JP Morgan Nominees Australia Limited	33,361,723	5.96
BAZ International Inc	28,943,826	5.17
Surina Investments Limited	23,000,000	4.11
Hana Capital Limited	10,300,00	1.84
Nefco Nominees Pty Ltd	9,144,000	1.63
Aran Asset Management SA	6,000,000	1.07
Mr Frederic Durr	5,000,000	0.89
Mr Julien Moulin	5,000,000	0.89
Citicorp Nominees Pty Limited	4,036,334	0.72
PT Murindo Global Investama	4,000,000	0.71
Talex Investments Pty Ltd	2,645,000	0.47
National Nominees Ltd	2,637,223	0.47
DBS Vickers Securities (Singapore) Pte Ltd <client account>	2,350,000	0.42
Fiske Nominees Limited	2,220,758	0.40
Mr Guy Anderson	2,053,000	0.37
Mr Colin Smith & Mrs Adrienne Smith <Superannuation Fund A/C>	2,000,000	0.36
Der La Noble Corporation Limited	1,890,387	0.34
	524,473,211	93.67

3. The names of the Company Secretaries are Garry Taylor and Lionel Liew
4. The address of the principal registered office in Australia is 100 Parry Street, Perth, WA 6000. Telephone +61 8 9328 5600.
5. The holding company's share register is handled by Computershare. Please contact Computershare for all shareholding related enquiries:

Computershare Investor Services Pty Limited GPO Box 2975 Melbourne VIC 3001 Australia	Telephone: Within Australia: 1300 855080 Outside Australia: +61 3 9415 4000 Facsimile: +61 2 8235 8150 Email: web.queries@computershare.com.au Website: www.computershare.com
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6. Stock Exchange Listing

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

7. Unquoted Securities

Options over Unissued Shares and Performance Rights

At 31 August 2014, there are total of 2,000,000 unlisted options over unissued shares and 12,500,000 performance rights over unissued shares of Paramount Mining Corporation Limited.