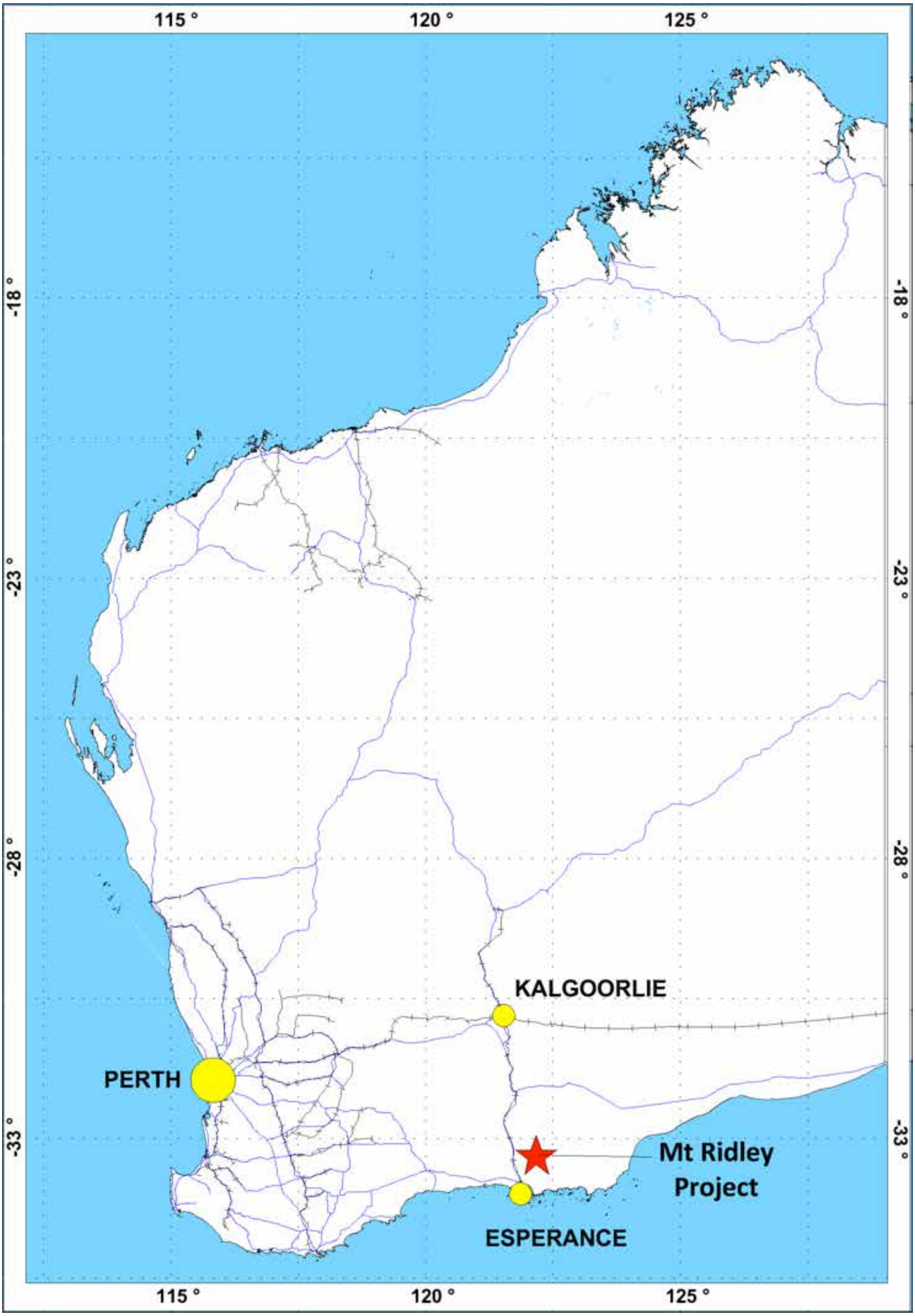
Mount Ridley Mines Limited

2015 Annual Report

Contents


115 °
120 °
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KALGOORLIE
PERTH
Mt Ridley
Project
ESPERANCE

Company Overview

Mt Ridley Mines Ltd is a Perth based Australian exploration company focusing primarily on projects in the Fraser Range region with the potential to host major mineral deposits in base and precious metals including nickel, copper, cobalt, silver and gold.

During the year the Company restructured its Board, raised significant capital and embarked upon an aggressive and successful exploration program at its Mt Ridley Project near Esperance Western Australia.

The Company is managed by a team of highly motivated professionals with significant expertise in mineral exploration, mining operations, finance and corporate management with a proven track record of successfully delivering value to shareholders.

Mt Ridley Mines Ltd is actively targeting nickel sulphide deposits in the Albany-Fraser Province of Western Australia, the site of Sirius Resources Nova Nickel-Copper Deposit. The Company currently has a portfolio of tenements totaling in excess of 1000sq/kms in what is fast becoming the world's most exciting emerging nickel province.

Exploration Highlights

> Exploration begins in earnest in mid Sept following $0.5m placement.

> First ever low-level detailed aeromagnetic survey completed at Mt Ridley in October 2014. The survey identified 32 targets of which 9 are ranked high priority.

> Maiden aircore drilling program commenced in early January 2015 testing 6 of the 9 high priority aeromagnetic targets.

> Aircore drilling confirms multiple olivine-bearing intrusions containing primary disseminated nickel and copper sulphides at Targets 2, 19 and 20.

> Nickel bearing sulphides include pentlandite, violarite and millerite.

> Airborne Electromagnetic Survey completed in April 2015. Bedrock conductors identified at Targets 2 and 19 with 32 additional conductors located regionally within the tenement package.

> Aircore drilling defines a broad zone of supergene nickel and copper enrichment that is at least 1,600m long within the central portion of Target 19.

> Ongoing aggressive program of aircore and diamond drilling planned to follow up Targets.

Chairman's Letter

Dear Shareholder,

On behalf of the Board of Directors, I take pleasure in presenting to you the 2015 Annual Report.

The past year has seen our Company reinvigorated. We believe 2015 has established your Company as one of the leading junior explorers in the Albany-Fraser Province following exploration success at our flagship Mt Ridley Project.

The Board has worked hard to clearly define an exploration strategy to maximise shareholder value whilst ensuring the most efficient deployment of capital. Our excellent geological team has undertaken a thorough and targeted exploration program carefully targeting the most prospective areas to drill. All exploration expenditure has been rigorously scrutinised with sound geological practices being applied to ensure that all work is technically validated.

We are obviously extremely pleased with the fantastic results from initial exploration and follow-up aircore and diamond drilling. The board has always held a solid belief in the potential of Mt Ridley and it is very gratifying to all concerned to see their expectations gaining credibility. The ground work completed to date has established a strong platform from which to grow the Company and create significant shareholder value.

We have also taken the initial steps to give stability and structure to our balance sheet and will continue to deploy best practice in our technical work and corporate governance standards. We believe this strategy will eventually deliver the rewards for our shareholders.

On behalf of the Board, I thank you for your support during 2015 and look forward to being able to deliver shareholder value from the continued exploration of the Mt Ridley Project.

Robert Downey
Chairman

Operations Review

Operations Review

The past twelve months has seen the Company complete substantial exploration work programs at its flagship Mt Ridley Nickel-Copper Project located 55kms north-northeast of the town of Esperance in the highly prospective Albany-Fraser Province of Western Australia.

The Company's tenement package covers some 1,000sq/kms dominated mainly by transported alluvial sand and lacustrine sediments as part of a series of saline playa lakes. Outcrop is almost completely absent, limited to only a handful of small granite and rare mafic granulite patches.

After the company was recapitalised in Sept 2014, work kicked off in October with the completion of a detailed low-level aeromagnetic survey covering approximately 800sq/kms of the Company's tenure at Mt Ridley. This survey was aimed solely at identifying potential layered mafic-ultramafic intrusions within a broader gravity corridor underlying the project area beneath the transported cover. A total of 32 targets were identified by the survey with six high priority anomalies flagged for immediate detailed follow-up exploration.

The Company's maiden drilling program commenced in early January 2015 following up the anomalies identified in the earlier aeromagnetic survey. The program consisted of 92 aircore holes testing six high priority targets on existing cleared tracks and gridlines. Aircore was selected over other drilling methods because of its ability to effectively drill through transported clays and sands. The drilling was highly successful identifying three olivine bearing mafic intrusions at Targets 2, 19 and 20. All contained traces of primary disseminated nickel and copper sulphides in fresh rock beneath the weathering zone.

The Company then completed a regional VTEM *max* time-domain electromagnetic survey in early April 2015. The survey was implemented as a rapid reconnaissance exploration tool covering most of the prospective areas within the Mt Ridley Project area.

Aircore drilling recommenced in mid-April 2015 focused primarily on Targets 19 and 20. These two priority targets stood the best chance of containing economic nickel and copper sulphide mineralisation based on recent geological, geophysical and geochemical data collected in the Company's first aircore program. Drilling continued on 400m spaced lines designed primarily to scope out the intrusions internal geological structure, but more importantly to search for nickel and copper geochemical hotspots within each intrusion. The program successfully identified a highly anomalous nickel and copper supergene enrichment zone some 1,600m long and up to 350m wide within the central portion of Target 19.

Detailed close spaced gravity surveying was also conducted over both Targets 19 and 20 in May 2015. The survey was initially designed to test if a link or conduit existed between the gravity corridor, buried some 3,000m below the surface, and Targets 19 and 20. The survey actually highlighted a number of gravity lows internal to the intrusions which are currently thought to represent areas of increased oxidation due to the preferential weathering of disseminated sulphides. Interestingly high nickel and copper grades recorded in the aircore drilling appear somewhat coincident with these gravity lows.

In mid-June 2015 follow-up ground-based fixed and moving loop EM surveys were carried out in select areas of Target 19 investigating some of the stronger portions of the supergene enrichment zone delineated by the aircore drilling program. Two diamond holes were also drilled in order to gain a better understanding of the geological makeup of the intrusion at these particular points. The combination of both fixed and moving loop ground-based EM surveys coupled with downhole EM surveying of the two diamond holes led to the discovery of Target 19's first bedrock EM conductor T19C01.

Bedrock conductor T19C01 sits in or adjacent to a structurally complex area within the intrusion. There appears to be a flexure or bend in the contact in the vicinity of the conductor plate. It is often common for nickel and copper sulphides to remobilise into areas of structural complexity. Being internal to the intrusion, it is very unlikely the conductor can be explained by graphitic sediments, none of which have been seen in any drilling to date. Diamond drilling of this compelling target is currently underway.

BACKGROUND

The Mt Ridley Project is located 55km northeast of Esperance in both the Dundas Mineral Field and the Albany Fraser Mobile Belt.

The project comprises four granted, long-life exploration licenses (E63/1547, 1564, 1617 and 1719) and one under application (E63/1721), totalling 320 blocks and covering over 1,000 km2. The region is dominated by alluvial sand and lacustrine sediments forming a series of saline playa lakes overlying Meso-Proterozoic-aged gneisses and granites of the Albany Fraser Province. Limited outcrop and barren overburden are responsible for a lack of surface anomalism that historically, has contributed to a lack of geological interest in the region compared to the northern Goldfields.
Mt Ridley Mines has identified prospectivity in the tenement package for Proterozoic-aged, layered mafic intrusive-style, nickel and copper mineralisation similar in style to Sirius Resources recently discovered, Nova / Bollinger deposit.

The central tenement E63/ 1547, is positioned over a significant regional gravity anomaly (Figure 1) that is coincident with an intrusive feature known as the Grass Patch Complex.

Previous exploration has not specifically tested the Grass Patch Complex. To this day, it remains a viable grass roots exploration target for the discovery of a new, large layered mafic intrusion with potential to host nickel-copper sulphide and platinum group element deposits.

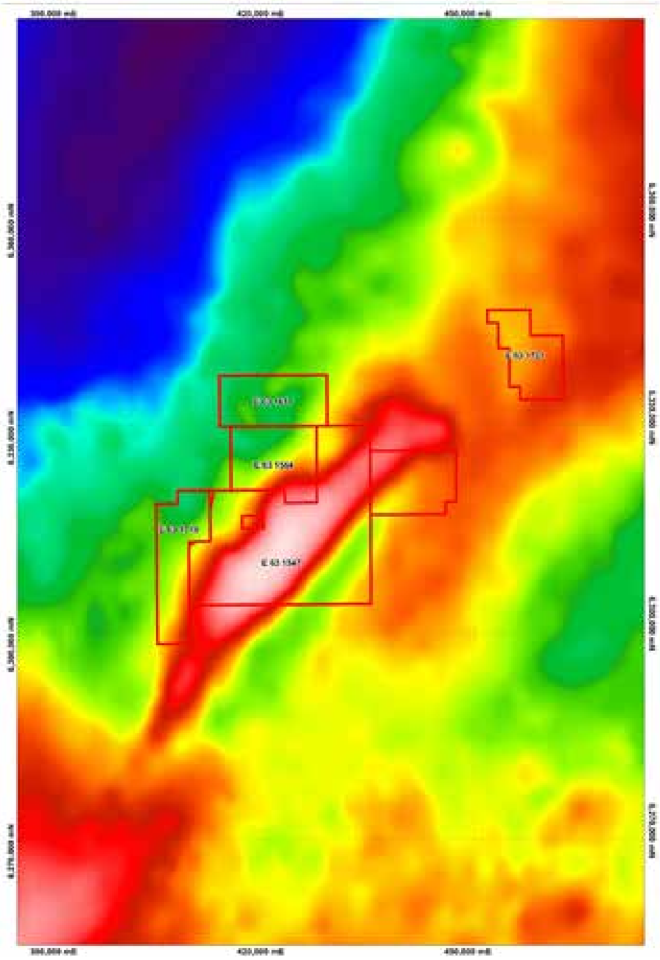

Figure 1. Mt Ridley Mines Ltd tenement location over regional gravity image.

Work Done

THE COMPANIES ACTIVITIES THIS YEAR INCLUDED:

> Detailed low-level airborne aeromagnetic surveying

> Orientation ground based EM surveying

> Aircore drilling

> Diamond drilling

> Regional airborne VTEM surveying using the VTEM *max* time-domain system.

> Targeted ground based EM surveying

> Detailed gravity surveying

		Mt Ridley Project		Total	
	Qtr	Holes	Metres	Holes	Metres
Aircore	1				
	2				
	3	92	4,430	92	4,430
	4	216	9,672	216	9,672
	Total Aircore			308	14,102
Diamond	1				
	2				
	3				
	4	4	1,571	4	1,571
	Total Diamond				1,571
Total Drill Metres					15,673

Table 1. Drilling Statistics

DETAILED AIRBORNE AEROMAGNETIC SURVEYING

A detailed aeromagnetic survey was flown in October 2014, aimed solely at identifying potential layered mafic-ultramafic intrusions within a broader gravity corridor located in the central portion of the project area beneath the transported cover.

Target selection was completed by Southern Geoscience Consultants (SGC). These targets could vary magnetically in character and style depending on age, size and nature of the intrusions. Three styles of targets were considered: non to weakly magnetic intrusions (similar to Nova), moderately to highly magnetic intrusions, and layered magnetic complexes.

A total of thirty two targets were selected from the survey (Figure 2). The vast majority of these are the most favourable, non to weakly magnetic intrusive type with nine being ranked high priority. Five of these high priority targets are similar in magnetic character to Sirius Resources' eye-shaped structure at Nova.

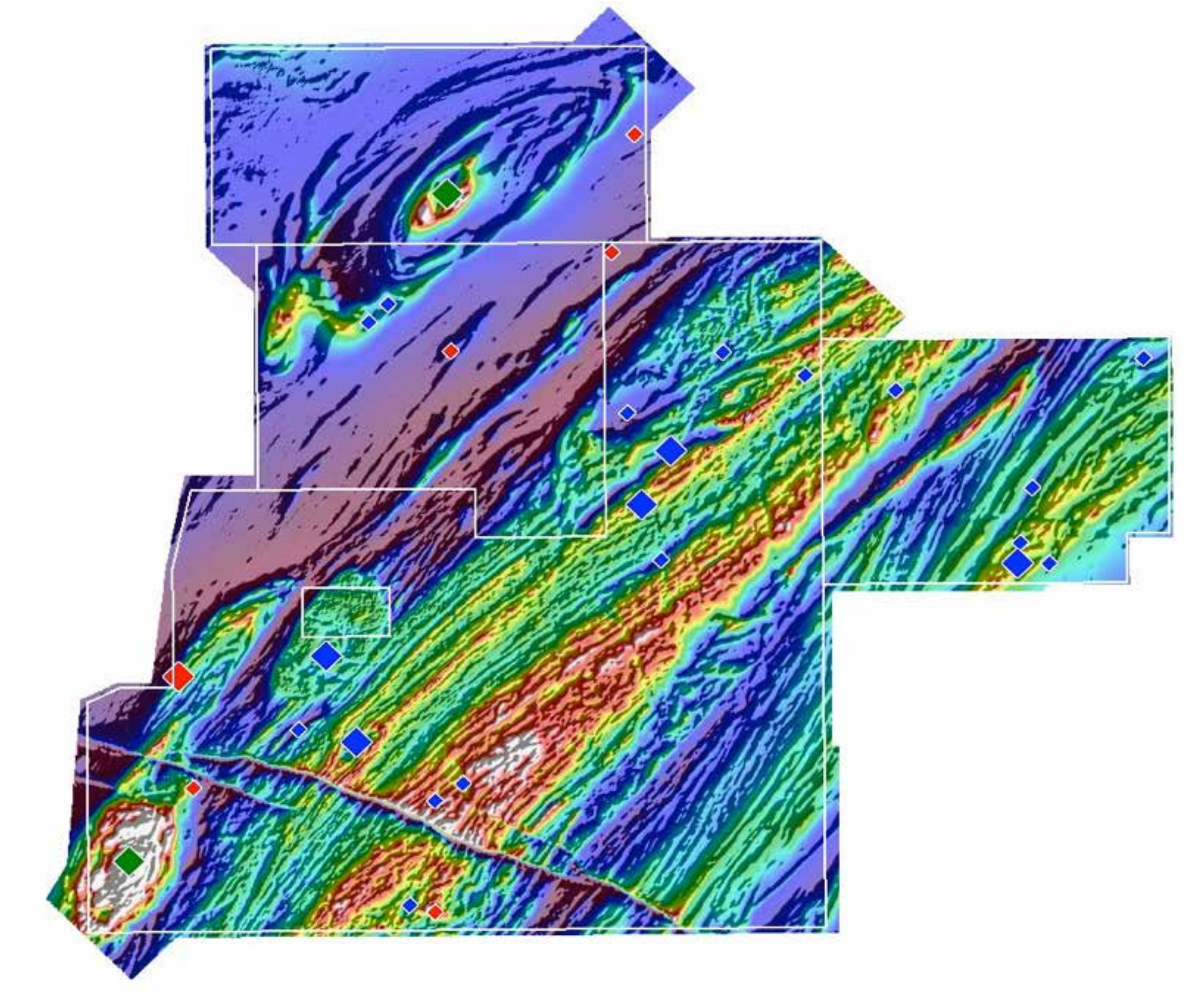

Figure 2. Reduced to pole magnetic image showing new high and moderate priority target locations. Large blue diamonds represent high priority non-magnetic intrusive targets ("eye" style) while large green diamonds represent magnetic complex high priority targets. White outlines show MRD tenure

EARLY ORIENTATION GROUND BASED EM SURVEYING

First-pass high-powered, ground-based moving loop electromagnetic (EM) surveying was initially completed over two high priority targets (Targets 1 & 2). Figure 3 shows the location of these two surveys in the south-west corner of E63/1547. These targets exhibit layered mafic-ultramafic intrusive signatures. The aim of these surveys was to locate potential bedrock sulphide conductor drilling targets while also undertaking regional orientation to test the conductance of the overburden and determine suitability of the project for further ground and airborne EM surveying.

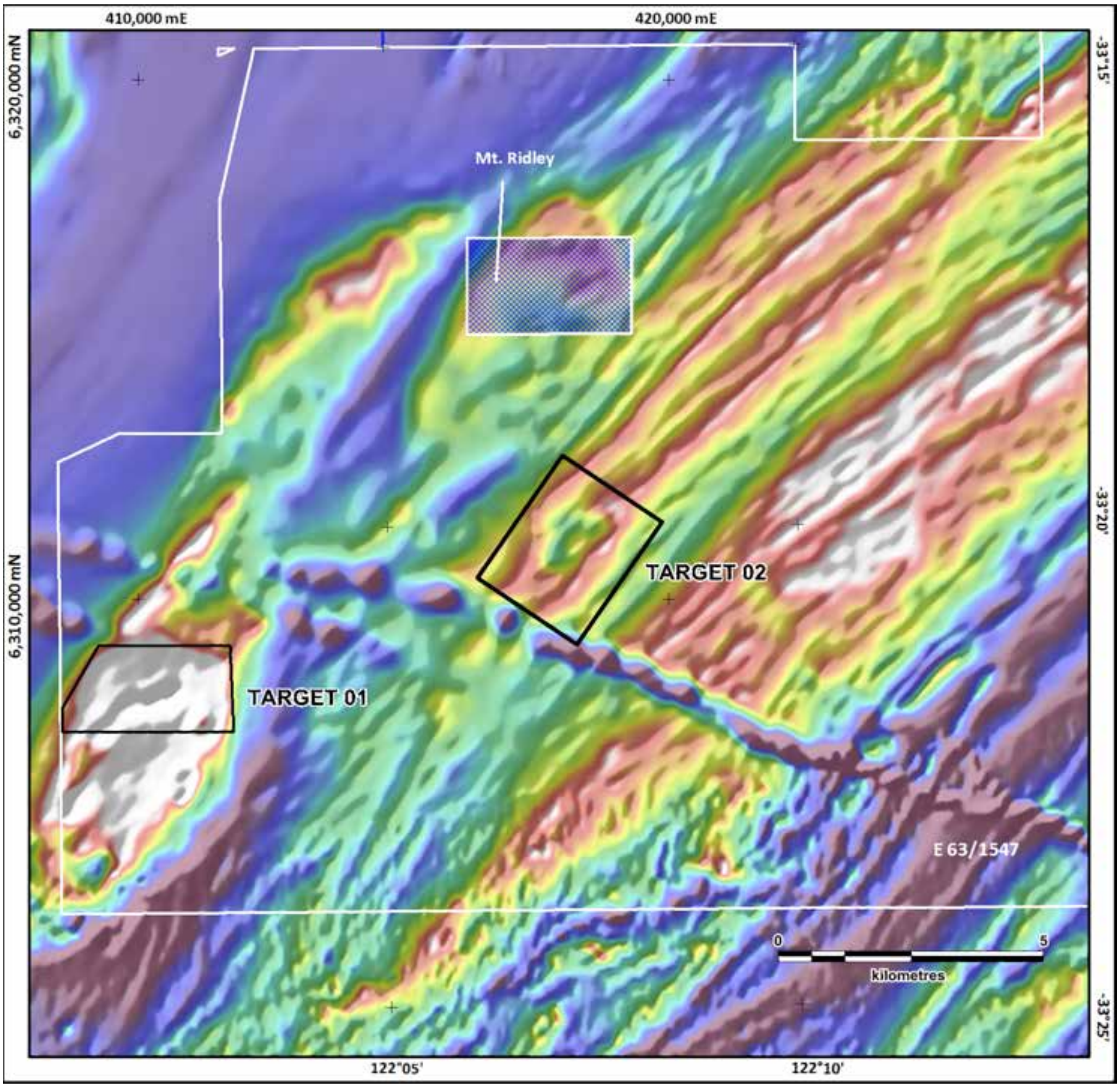

Figure 3. Aeromagnetic image showing location of intrusive Targets 1 and 2.

Target 1 was previously flown with airborne electromagnetics (VTEM) back in March 2013. This survey delineated several conductive targets that overlapped the recent high-powered, ground EM work. Target 2 was more typical of an "eye" structure with a characteristic ovoid shape and low magnetic centre or core.

The results from the survey over Target 1 were inconclusive with highly conductive transported overburden obscuring any potential bedrock conductors.

At Target 2 however, a more discrete mid-late time anomaly was delineated (Figures 4 and 5).

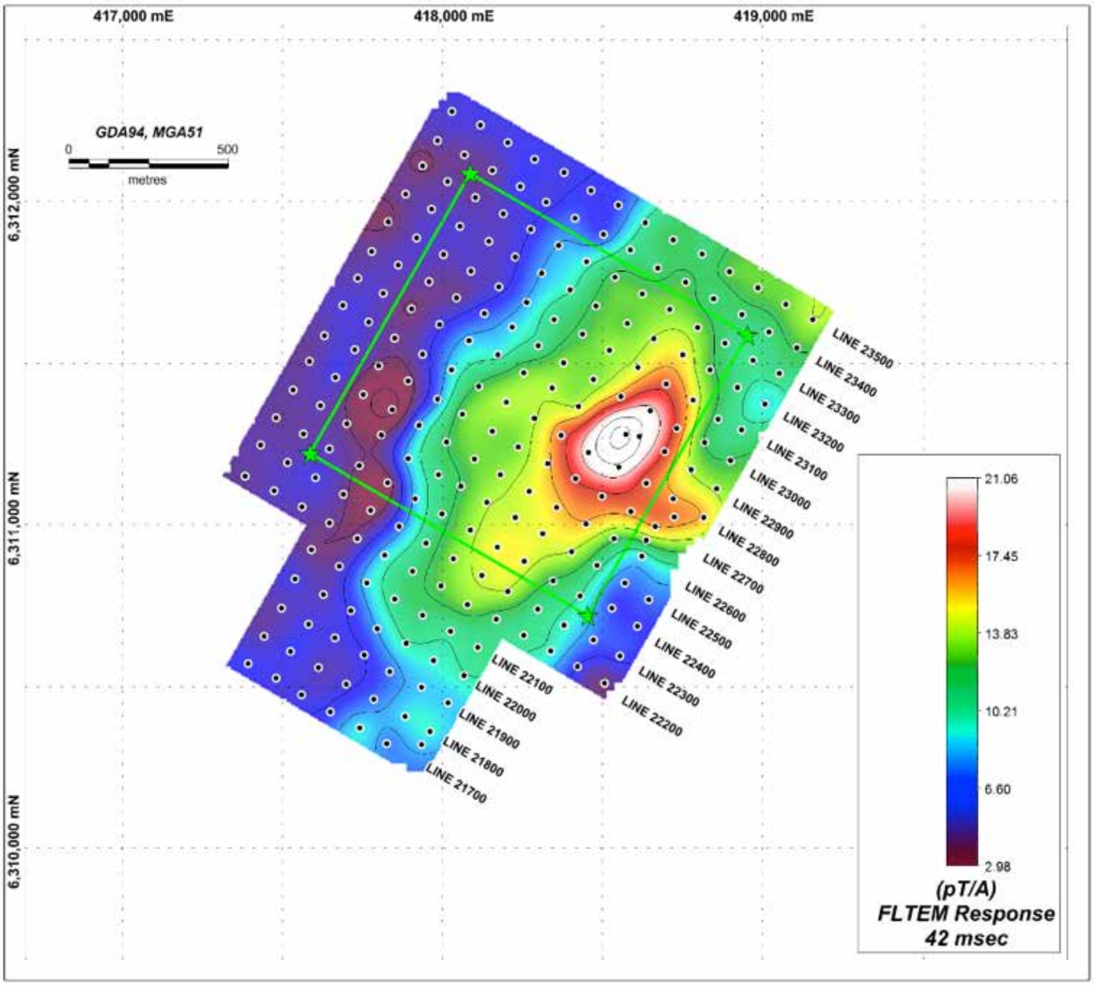

Figure 4. Target 2 FLEM Survey: Z Component 42 ms response showing a distinct anomaly over the interpreted aeromagnetic target zone.

It is important to note the region contains numerous salt lakes (as seen in Figure 5). The incursion of salt water can result in a high EM response from conductive overburden. This in turn can cause difficulty in modelling and interpretation of potential underlying bedrock conductors. Modelling at Target 2 however, does confirm the conductor is shallow dipping but its depth cannot be determined with accuracy.

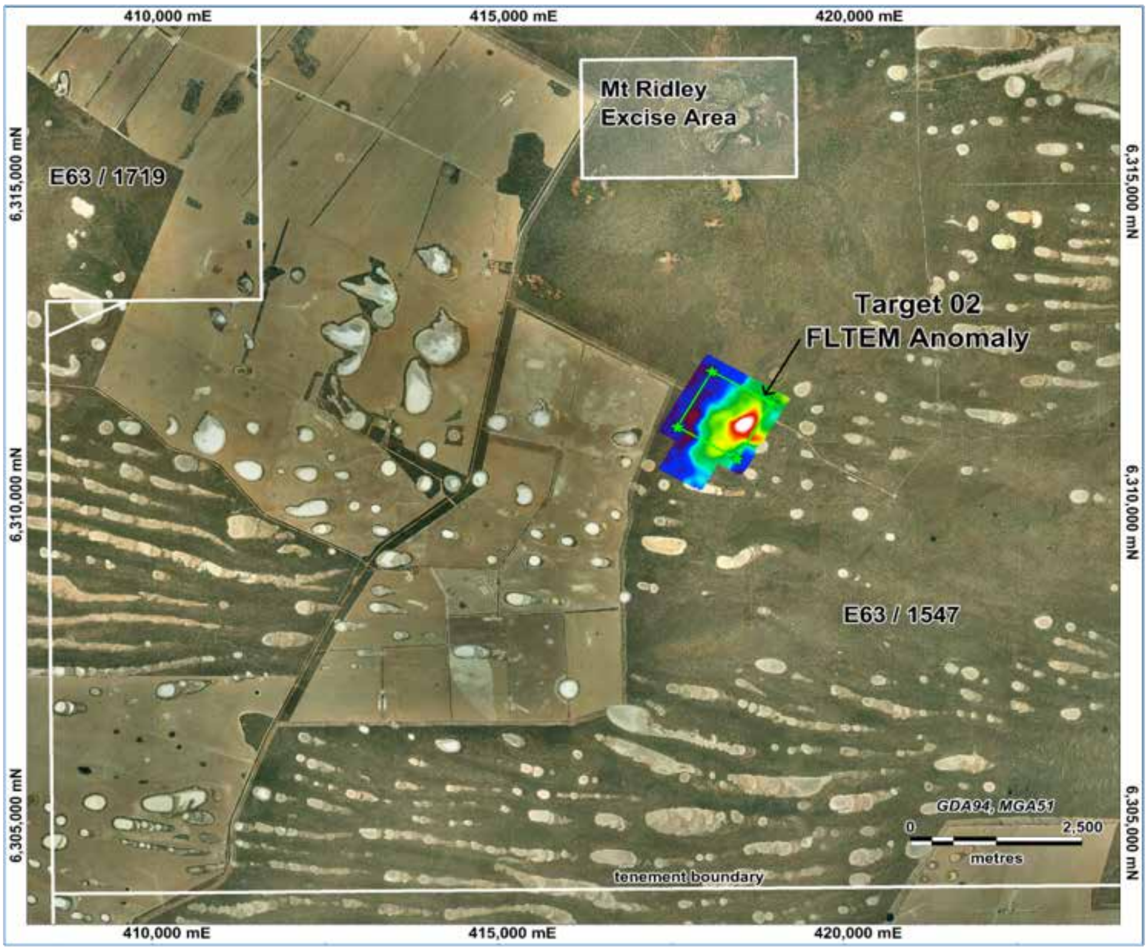

Figure 5. Fixed loop TEM anomaly over orthophoto image.

AIRCORE DRILLING

In January 2015, a broad spaced reconnaissance aircore drilling program was undertaken to test the highest priority aeromagnetic intrusive style targets on pre-existing cleared tracks and gridlines. The program's objective was to identify rocks associated with Proterozoic-aged intrusions, including olivine bearing gabbros such as troctolites and olivine norites, together with any signs of nickel and copper anomalism. The 92 hole program achieved these objectives by identifying 3 olivine bearing intrusions containing traces of primary disseminated nickel and copper sulphides.

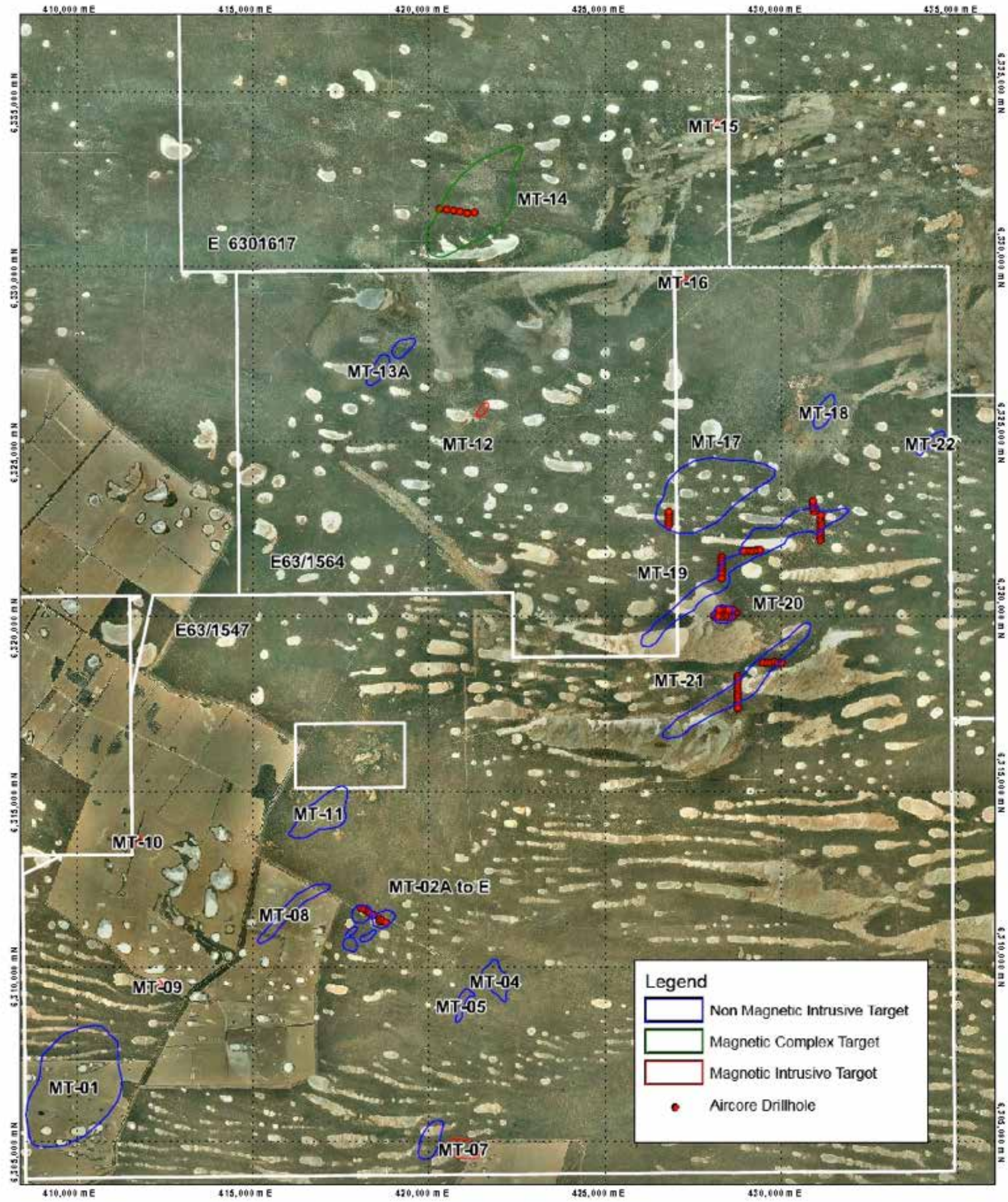

Figure 6. Initial Aircore Drilling Testing Intrusive Targets on existing cleared tracks and gridlines.

Aircore drilling was chosen for this work because it is a relatively cheap, rapid and accurate method to penetrate transported sand/clay and sample basement rocks. Very broad spaced lines across all targets at 100m holes centres (Figure 6) was an effective initial test. Holes were drilled vertically to refusal with most holes terminating in hard basement rocks.

Only 6 of the 9 high priority targets were initially drill tested.

This first program of 92 aircore holes for 4,430m initially identified three mineralised intrusive targets being:

> Target 19 having a slightly irregular, sheet like or tabular shape with an interpreted strike length in excess of 7km.
> Target 20 displaying a circular or pipe-like shape approximately 400m in diameter ; and
> Target 2 displaying a multiple, clustered pipe-like shape approximately 400m in diameter

Aircore drilling at these targets confirmed the presence of rock types expected in a layered mafic-ultramafic intrusion. The excpected rocks are coarse-grained olivine-bearing gabbro's or troctolites.

Significant results returned in this first round of drilling were:

> 19m @ 0.31% Ni and 178ppm Cu from 42m incl 6m @ 0.56% Ni and 421ppm Cu from 53m in MRAC020.
>23m @ 0.29% Ni and 110ppm Cu from 40m in MRAC021.
> 23m @ 0.23% Ni from 32m in MRAC073 incl 3m @ 0.35% Ni from 52m ; and
> 7m @ 0.27% Ni from 43m incl 2m @ 0.45% Ni in MRAC066 from 46m.

Drilling results have been verified with petrographic work showing that these olivine-bearing intrusions contain trace amounts of primary and secondary nickel and copper sulphides (Plate 1). The main nickel-bearing sulphide is pentlandite, however supergene variants including millerite and violarite have also been confirmed.

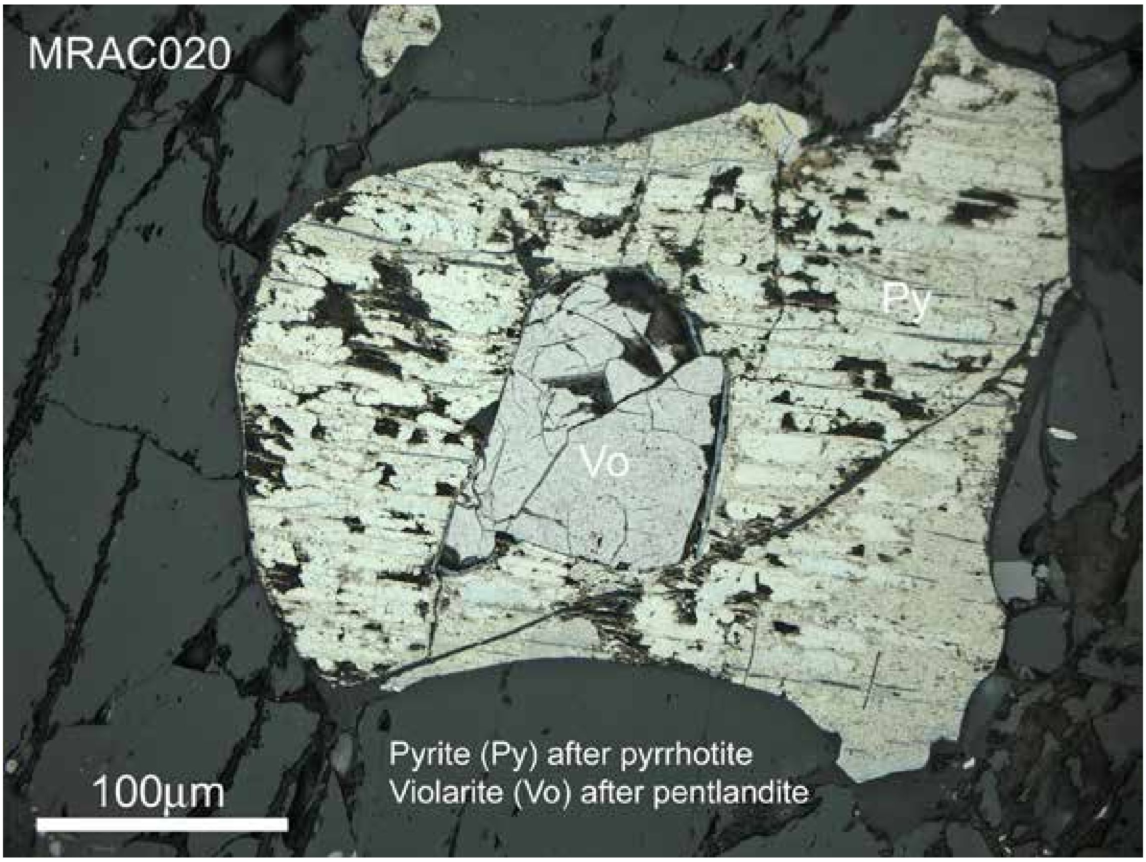

Plate 1. Photomicrograph of a compound sulphide crystal in MRAC020.

Confidence was gained from this first round of broad-spaced drilling. There was no doubt that nickel and copper anomalism was significant at these targets and warranted urgent follow up. In April 2015 aircore and diamond drilling programs resumed and continued to year end.

Aircore drilling advanced, and a total of 308 aircore holes have now been completed principally at Target 19, but also at Target 20 and Target 2. Drilling has led to a greater understanding of the intrusive targets and the geochemical, stratigraphic and mineralogical relationships within them.

Selective infill aircore drilling completed at Target 19 down to a 200 x 50m drill spacing, has confirmed highly anomalous nickel and copper supergene enrichment zones suggesting multiple nearby sources of nickel and copper sulphide mineralisation at depth. Hole MRAC111 in particular, returned 26m @ 0.25% Ni & 372ppm Cu and, together with surrounding holes, has defined an anomalous supergene enrichment zone some 1600m long and 350m wide (Figure 7). Standout anomalous aircore intersections are shown on Figure 7 and are listed in more detail in Table 2.

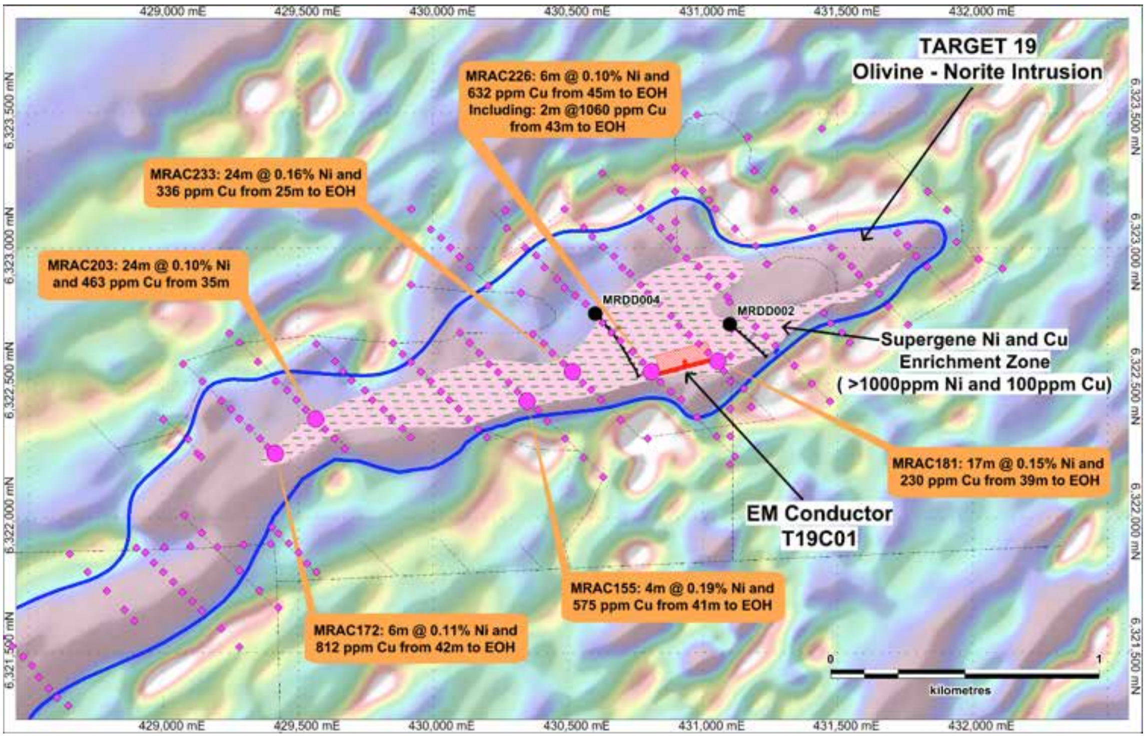

Figure 7. Aeromagnetic image showing position of supergene nickel-copper enrichment zone and location of EM Conductor**.** Pink dots represent aircore drillhole locations and black dots represent diamond hole locations.

This nickel and copper supergene enrichment zone is located near the central axis of Target 19, positioned broadly coincident with at least two peridotite layers confirmed in petrographic work (Figure 8). Peridotite is an intrusive ultramafic rock having elevated olivine content compared to other units in the intrusion and are generally known to be better hosts of nickel and copper sulphide mineralisation. These peridotite units are hosted within other units of the intrusion including troctolites, olivine norites and gabbronorites.

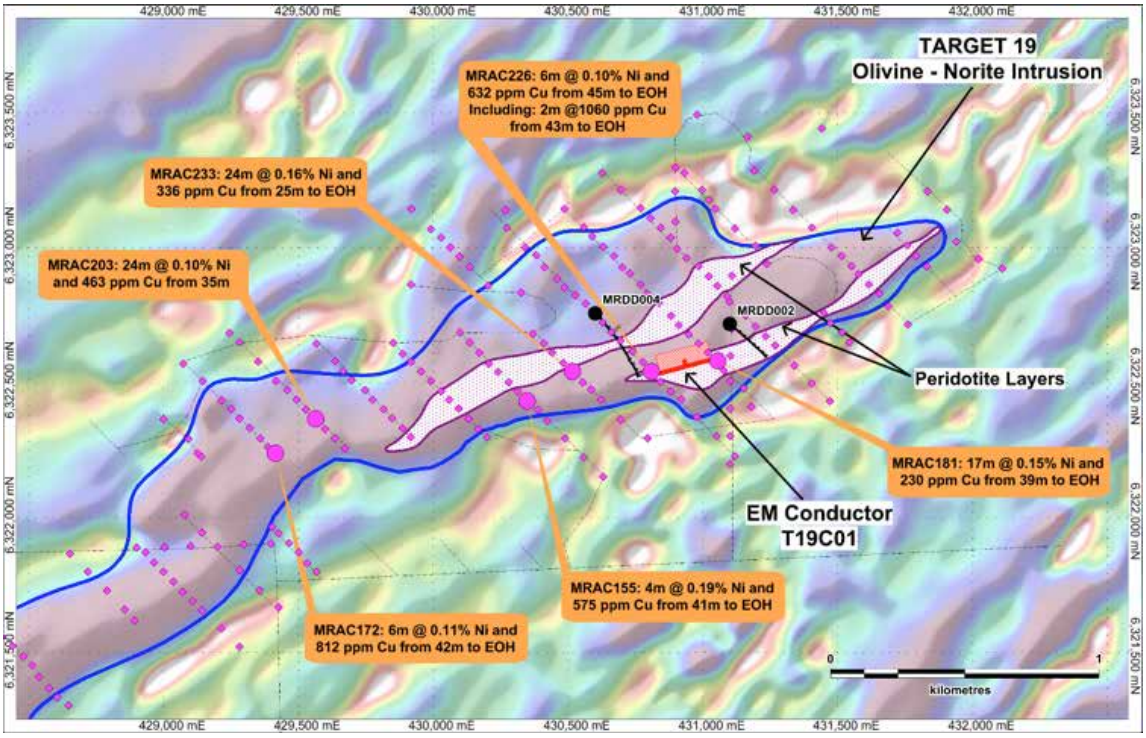

Figure 8. Aeromagnetic image showing position of peridotite zone and location of EM Conductor Pink dots represent aircore drillhole locations and black dots represent diamond hole locations.

DIAMOND DRILLING

Four diamond drill holes were completed for 1,571m during the last quarter comprising one hole at each of Targets 2 and 20 and two holes at Target 19. Holes were designed primarily to gather maximum geological data to better understand the stratigraphic layering or sequencing within each intrusion. Interpretive work is ongoing but initial results indicate the intrusions are complex comprising several horizons of troctolite, olivine norite and peridotite. This would suggest formation from multiple pulses of magma.

Primary nickel and copper sulphides have been identified in all four diamond holes. The sulphides are associated mainly with very coarse grained olivine-pyroxene bearing gabbro and olivine-dominant peridotite. Sulphides present include pyrrhotite, pentlandite, chalcopyrite, pyrite, magnetite with minor millerite and bravoite (the latter both high tenor nickel sulphides). The sulphides occur as fine disseminations to coarse bleb's (10-30mm in diameter) in narrow 10-60cm thick zones scattered sparsely throughout the holes (see Plate 1.0).

Whilst the diamond drilling did not intersect massive sulphide mineralization, the presence of weakly disseminated and blebby sulphides is highly encouraging given they are associated with peridotites and coarse grained olivine norites.

It must be noted that although drilling has concentrated mainly at Target 19, work at Target 2 and 20 is ongoing and incomplete. First-pass investigation of priority regional targets is also ongoing.

REGIONAL AIRBORNE VTEM SURVEYING

The Company has recently concluded a new regional VTEM *max* time-domain electromagnetic survey on 400m spaced lines covering the majority of the NE –SW orientated gravity corridor over a strike length of some 26km. This survey was flown in April, primarily as a rapid regional reconnaissance tool covering most of the prospective areas in the Mt Ridley project area.

Results are still being reviewed, however preliminary examination has confirmed the highly conductive nature of the transported surface cover. Bedrock conductors were detected around Target 2 and 19 and further bedrock conductors may become apparent after a full review of the data has been completed. It is hoped that this new VTEM data coupled with other regional data sets will generate new regional targets worthy of future aircore drilling follow-up.

TARGETED GROUND BASED EM SURVEYING

Limited ground-based fixed and moving loop EM surveys has recently been undertaken at Target 19 to identify potential bedrock conductors that maybe coincident with supergene nickel and copper enrichment. This ongoing work, in conjunction with downhole geophysical surveys has recently generated some exciting results.

Very recently, a bedrock conductor (T19C01) was located in the northeast of Target 19 in the area that is broadly coincident with anomalous nickel and copper in aircore drilling. Aircore drilling in the vicinity of the conductor has also identified and delineated a peridotite layer positioned within the intrusion (see Figure 8).

This bedrock conductor has been modelled as a steep northwest dipping body with at least 200m of strike and a depth extent of 400m starting from 100m below surface.

Extensive aircore drilling has not found any evidence of graphitic sediments either internal, or on the margins of the intrusions that may explain this conductor.

Diamond drilling testing this newly identified conductor is underway.

DETAILED GRAVITY SURVEYING

During February, March and May 2015 Atlas Geophysics completed detailed gravity surveying over Targets 19 and 20 on 100m x 50m spaced stations and over Target 2 on 100m x 100m spaced stations. The survey was initially conducted to determine whether a link or conduit existed between the gravity corridor, buried some 3,000m below the surface, and Targets 19 and 20.

The survey actually highlighted a number of gravity lows located internal to the intrusions. These lows are currently interpreted to represent areas of deeper weathering caused by preferential oxidation of disseminated sulphides within the intrusions (Figure 9).

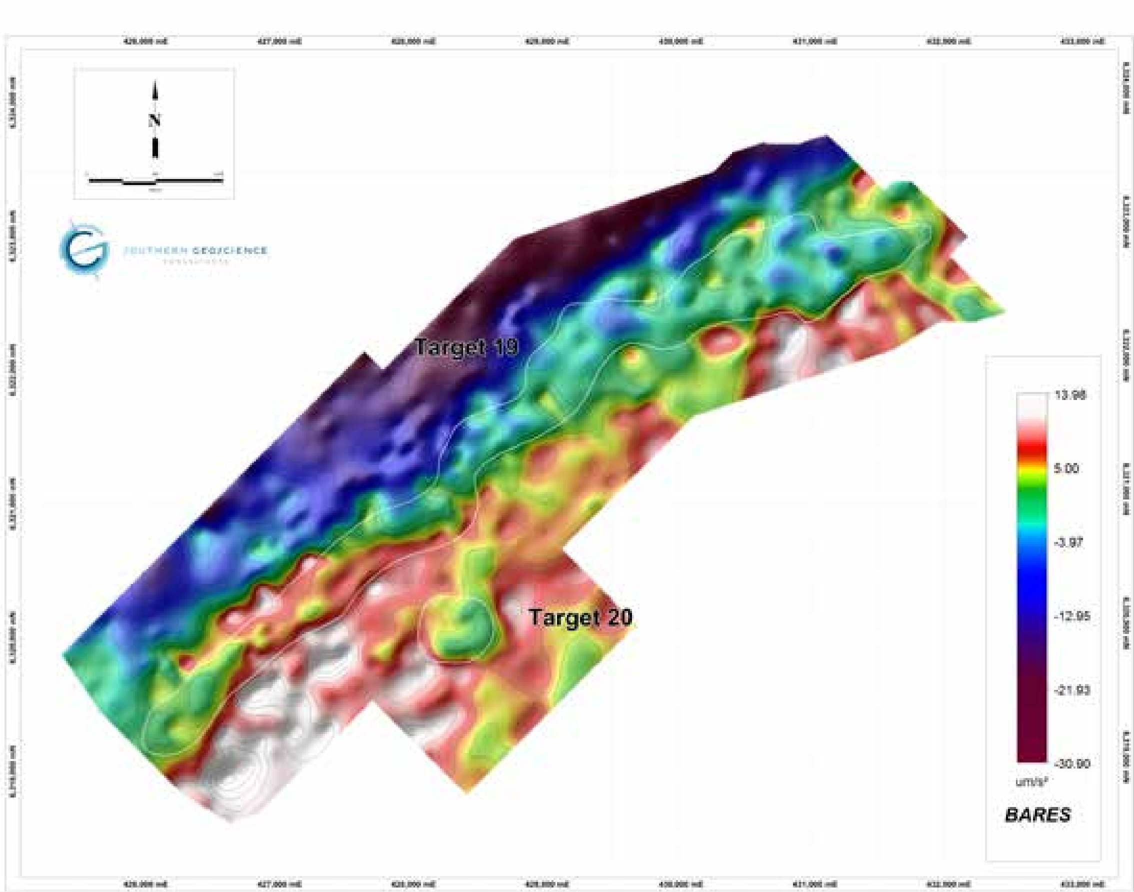

Figure 9. Gravity image showing location of Targets 19 and 20.

ONGOING WORK

The Company has spent considerable effort understanding both the geological and geochemical nature of the intrusions through drilling before embarking on regional ground- based geophysical surveys. This geological understanding is critical to rank new geophysical targets and better position future drill holes.

The Company has very recently commenced a new program of moving loop EM surveys over 2km of strike at Target 19 covering the supergene enrichment zone in Figure 7. Elevated geochemical data from aircore drilling in conjunction with the bedrock conductor at this target could be indicative of a primary source of nickel and copper sulphide mineralization nearby.

This new geophysical data will be assimilated with existing data to confirm the best part of the conductor to be targeted in the current round of diamond drilling.

On the basis of anomalous aircore drilling completed to date, the Company believes that ground based moving loop electromagnetic surveying is likely to discern a number of new bedrock conductor targets coincident with the supergene enrichment zone for ongoing investigation.

First-pass investigation of previously untested priority intrusive targets is currently planned in the next round of aircore drilling.

In summary, the Company has advanced the Mt Ridley Project in a short period of time to become one of the premier exploration plays in the Fraser Range. Sound technical work coupled with a close eye on expenditure has taken the company through concept, target identification, confirmation of supergene nickel and copper enrichment through drilling and identification of bedrock conductors. Incremental growth has been through a series of these exploration milestones that has rewarded continued faith in the project. Having now completed a solid foundation of investigative work, an exciting chapter of exploratory work lies ahead.

SIGNIFICANT INTERSECTIONS

Prospect	Hole #	Northing	Easting	From (m)	To (m)	Length (m)	Ni (%)	Cu (ppm)	Hole depth (m)
Target 19	MRAC110	6322578	430777	34	41	7	0.11%	125	41
		including		39	41	2	0.11%	262	
Target 19	MRAC111	6322656	430694	34	60	26	0.25%	372	60
		including		34	46	12	0.33%	532	
Target 19	MRAC112	6322723	430628	48	63	15	0.21%	110	63
		including		53	59	6	0.32%	208	
Target 19	MRAC115	6322928	430413	24	29	5	0.18%	113	29
Target 19	MRAC120	6322639	431269	60	64	4	0.13%	148	69
Target 19	MRAC126	6323075	430844	34	44	10	0.13%	187	44
Target 19	MRAC132	6322864	431615	28	48	20	0.11%	86	51
Target 19	MRAC155	6320008	438305	41	45	4	0.19%	575	70
Target 19	MRAC156	6322502	430280	33	45	12	0.22%	180	45
Target 19	MRAC164	6322437	429775	44	48	4	0.11%	130	48
Target 19	MRAC165	6322369	429847	27	37	10	0.23%	170	38
Target 19	MRAC173	6322501	430554	21	45	24	0.13%	317	45
Target 19	MRAC126	6323075	430844	34	44	10	0.13%	187	44
Target 19	MRAC155	6322433	430348	41	45	4	0.19%	575	45
Target 19	MRAC156	6322502	430280	33	45	12	0.22%	180	45
Target 19	MRAC172	6322239	429414	42	48	6	0.11%	812	48
Target 19	MRAC173	6322501	430554	21	45	24	0.13%	310	45
Target 19	MRAC178	6322574	430482	39	51	12	0.22%	249	51
Target 19	MRAC181	6322582	431055	34	56	22	0.14%	205	56
Target 19	MRAC202	6322437	429493	28	40	12	0.15%	177	54
Target 19	MRAC203	6322367	429564	35	59	24	0.10%	463	69
Target 19	MRAC224	6322613	431020	21	41	20	0.11%	190	62
Target 19	MRAC226	6322542	430809	45	51	6	0.10%	632	51
Target 19	MRAC233	6322542	430516	25	49	24	0.16%	336	49
Target 19	MRAC258	6322895	431022	26	53	27	0.27%	200	53
Target 19	MRAC261	6322329	429599	33	81	48	0.12%	117	81
Target 19	MRAC265	6322472	429748	32	35	3	0.15%	125	35
Target 19	MRAC266	6322402	429816	29	51	22	0.20%	228	55
Target 19	MRAC269	6322963	430940	42	54	12	0.23%	63	73
Target 19	MRAC270	6323039	430881	47	53	6	0.12%	102	53
Target 19	MRAC272	6322750	431159	49	57	8	0.20%	62	57
Target 19	MRAC273	6322672	431233	45	64	19	0.12%	400	64
Target 19	MRAC306	6322331	429887	32	50	18	0.17%	128	50

Table 2. Significant Intersections.

Mining Tenement Schedule and Competent Persons Statement

MINING TENEMENT SCHEDULE

Project	Tenement	Location	Holder	Interest
Fraser Range Tenement	E63/1547	WA	Mt Ridley Mines	100%**
Fraser Range Tenement	E63/1564	WA	Mt Ridley Mines	100%**
Fraser Range Tenement	E63/1617	WA	Proto Resources & Investments Limited*	100%**
Fraser Range Tenement	E63/1719	WA	Mt Ridley Mines	100%
Fraser Range Tenement	E63/1721	WA	Mt Ridley Mines	100% (under application)
Fraser Range Tenement	E28/2505	WA	Mt Ridley Mines	100% (under application)

* This tenement is within its first year of grant and the tenement is held in trust for the Company by the prior owner Proto Resources & Investments Limited. Upon the anniversary of its grant the Company will apply for its transfer.

** The prior owner of these tenements has retained the rights to Lignite and Sub-Bituminous Coal.

COMPETENT PERSONS STATEMENT

The information in this Annual Report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dean Goodwin who is a Member of the Australian Institute of Geoscientists. Mr Goodwin is the Managing Director of the Company. Mr Goodwin has sufficient experience which is relevant to the style and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Goodwin consents to the inclusion in the Annual Report of the matters based on his information in the form and context in which it appears.

ASX Additional Information as at 20 August 2015

NUMBER OF SHAREHOLDERS AND UNMARKETABLE PARCELS

There are 1,159 shareholders, including 309 with an unmarketable parcel valued at less than $500.

Distribution of Ordinary Shareholdings

	No. of holders	% of holders	No. of sharers	% of sharers
1 - 1,000	33	2.85%	16,781	0.00%
1,001 - 5,000	133	11.48%	310,649	0.04%
5,001 - 10,000	62	5.35%	451,144	0.05%
10,001 - 100,000	356	30.71%	18,450,998	2.24%
100,001 and over	575	49.61%	805,945,074	97.67%
TOTALS	**1,159**	**100%**	**825,174,646**	**100%**

Voting Rights

At a general meeting of the Company, shareholders are entitled:

> On a show of hands, each person who is a member or sole proxy has one vote.

> On a poll, each shareholder is entitled to one vote for each fully paid share.

Substantial Shareholders (over 5%) – as per last Notice to the Company and released via ASX announcement.

Name	Fully Paid Shares Held	%
MATTHEW JAMES BLAKE & ASSOCIATES	90,450,000	11.35%
SKYMIST ENTERPRISES PTY LTD	75,000,000	13.12%
RELIANT RESOURCES PTY LTD	54,000,000	8.05%
XTL ENERGY INTERNATIONAL LTD	48,127,623	6.04%
ROLAND BERZINS & ASSSOCIATES	24,185,357	5.49%
GREYPLACE PTY LTD <THE SKLENKA SUPER FUND A/C>	36,490,570	6.38%

20 LARGEST ORDINARY SHAREHOLDERS

Rank	Name	Fully Paid Shares Held	%
1	SKYMIST ENTERPRISES PTY LTD	89,500,000	10.85%
2	MOUNT STREET INVESTMENTS PTY LTD <THE M J BLAKE S/F A/C>	89,000,000	10.79%
3	GREYPLACE PTY LTD <THE SKLENKA SUPER FUND A/C>	37,204,855	4.51%
4	RELIANT RESOURCES PTY LTD <GOODWIN ENTERPRISES FAM A/C>	27,000,000	3.27%
5	RELIANT RESOURCES PTY LTD <GOODWIN FAMILY S/F A/C>	27,000,000	3.27%
6	MBE FINANCE PTY LTD <HILLSDEN FAMILY A/C>	25,000,000	3.03%
7	XTL ENERGY INTERNATIONAL LTD	17,908,186	2.17%
8	SEALBLUE INVESTMENTS PTY LTD	15,542,500	1.88%
9	GT & DL LE PAGE <GUY LE PAGE S/F A/C>	14,687,500	1.78%
10	OREQUEST PTY LTD	13,336,447	1.62%
11	HSBC CUSTODY NOMINEES AUST LTD	11,858,844	1.44%
12	MR ROLAND HOLGER BERZINS & MRS CAROL MAREE BERZINS	11,418,214	1.38%
13	SEALBLUE INVESTMENTS PTY LTD	10,642,857	1.29%
14	MRS STELLA EMILY DOWNEY	10,000,000	1.21%
15	MICHAEL COWIN	8,693,308	1.05%
16	KEITH DOUGLAS HOOD	7,753,904	0.94%
17	CHARLES MICHAEL RYAN	7,734,333	0.94%
18	TADEA PTY LTD <RICHARDSON FAMILY S/F>	7,200,000	0.87%
19	ASHLEY KEITH HOOD	7,068,981	0.86%
20	WELLARA INVESTMENTS PTY LTD <STYLES S/F A/C>	6,425,744	0.78%
	TOTAL OF TOP 20 SHAREHOLDERS	**444,975,673**	**53.93%**

UNQUOTED EQUITY SECURITIES

Class – Unlisted Options exercisable at $0.0125 Expiring 31 August 2019

Rank	Name	Number of options	%
1	MOUNT STREET INVESTMENTS PTY LTD <THE M J BLAKE S/F A/C>	82,500,000	30.0%
2	SKYMIST ENTERPRISES PTY LTD	75,000,000	27.3%
3	RELIANT RESOURCES PTY LTD <GOODWIN ENTERPRISES FAM A/C>	45,000,000	16.4%
4	MBE FINANCE PTY LTD <HILLSDEN FAMILY A/C>	25,000,000	9.1%
5	MRS STELLA EMILY DOWNEY	20,000,000	5.5%
6	RELIANT RESOURCES PTY LTD <GOODWIN FAMILY S/F A/C>	15,000,000	5.5%
7	MR KEITH DOUGLAS BOWKER & MRS NYSSA LOIUSE BOWKER <THE BOWKER INVESTMENT A/C>	5,000,000	1.8%
8	JOCAPH PTY LTD	5,000,000	1.8%
9	MR VICTOR KIZON	2,500,000	0.9%
	TOTAL	**275,000,000**	**100.0**

Class – Unlisted Options exercisable at $0.015 Expiring 31 December 2016

Rank	Name	Number of options	%
1	OREQUEST PTY LTD	5,000,000	66.7
2	RM CORPORATE FINANCE PTY LTD	2,500,000	33.3
	TOTAL	**7,500,000**	**100.0**

Class – Unlisted Options exercisable at $0.021 Expiring 31 August 2019

Rank	Name	Number of options	%
1	MBE FINANCE PTY LTD <HILLSDEN FAMILY A/C>	10,000,000	100

Class – Unlisted Options exercisable at $0.021 Expiring 30 June 2016

Rank	Name	Number of options	%
1	REDCODE PTY LTD	17,500,000	18.5%
2	DISTINCT RACING AND BREEDING PTY LTD	16,111,668	17.1%
3	SKYMIST ENTERPRISES PTY LTD	11,239,593	11.9%
4	ARCHFIELD HOLDINGS PTY LTD	5,130,395	5.4%
5	TADEA PTY LTD <RICHARDSON FAMILY A/c>	4,902.917	5.2%
6	CHARLES MICHAEL CLIFTON	4,000,000	4.2%
7	DINA LEIGH Le PAGE	4,000,000	4.2%
8	MOUNT STREET INVESTMENTS PTY LTD <THE M J BLAKE S/F A/C>	3,078,171	3.3%
9	PEARL BLISS PTY LTD	3,000,000	3.2%
10	MICHAEL COWIN	2,821,654	3.0%
11	RAYMOND & LEITH WOLPERS	2,569,417	2.7%
12	MAINVIEW HOLDINGS PTY LTD	2,065,138	2.2%
13	OPULENTUS INVESTMENTS PTY LTD	1,282,584	1.4%
14	YELDEP PTY LTD <YELDEP FAMILY A/c>	1,282,584	1.4%
15	KAVIER PTY LTD	1,282,584	1.4%
16	INTERVIEW HOLDINGS PTY LTD	1,282,584	1.4%
17	JOHN MICHAEL GALLUCIO <J GALLUCIO FAMILY A/c>	1,282,584	1.4%
18	WATERBEACH INVESTMENTS PTY LTD	1,282,584	1.4%
19	PENINSULA INVESTMENTS (WA) PTY LTD	1,026,067	1.1%
20	PHILLIP KEITH ROFE	1,026,067	1.1%
	TOTAL OF TOP 20 OPTIONHOLDERS	**87,449,145**	**92.6%**

Class – Unlisted Options exercisable at $0.021 Expiring 31 December 2016

Rank	Name	Number of options	%
1	MKM SUPER FUND PTY LTD	2,004,387	38.5%
2	DEPOTHENT PTY LTD	2,004,387	38.5%
2	PHEAKES PTY LTD <SENATE A/C>	1,193,208	23.0%
	TOTAL	**5,201,982**	**100.0**

Class – Unlisted Options exercisable at $0.07 Expiring 30 June 2016

Rank	Name	Number of options	%
1	MR RJG LOWE	2,631,579	16.7%
2	SUPERSTRUCTURE INTERNATIONAL PTY LTD	2,048,872	13.0%
3	JS & DJ PIGGIN	750,000	4.8%
4	KAMUZU NOMINEES PTY LTD <THE BANDA A/C>	526,315	3.3%
5	MD & LJ GRUBISA	500,000	3.2%
6	WIMALEX PTY LTD <TRIO S/F A/C>	500,000	3.2%
7	NEBL PTY LTD <BYWEST SUPER A/C>	450,000	2.9%
8	DJ & MR BYRNE	400,000	2.5%
9	GEMZONE PTY LTD <THE JENIAN SUPER FUND A/C>	400,000	2.5%
10	CLOVERLEAF INVESTMENTS PTY LTD (<VOYSEY FAMILY A/C>	375,000	2.4%
11	MRS VH GARDINER	317,896	2.0%
12	KAVIAR PTY LTD	300,000	1.9%
13	GAKAYE PTY LTD <MILLANE SUPER FUND A/C>	263,160	1.7%
14	SOFEW ASSETS PTY LTD <SOFEW PASTORAL A/C>	263,160	1.7%
15	MR AKB MORTIMER	263,157	1.7%
16	MR SR EVANS	263,000	1.7%
17	BROADACRE FINANCE PTY LTD <THE RULE 303 SUPER FUND A/C>	250,000	1.6%
18	MRS K EDGAR	250,000	1.6%
19	MRS JM FREEMAN <THE JILL FREEMAN FAMILY A/C>	250,000	1.6%
20	MISS ME GRUBISA	250,000	1.6%
	TOTAL OF TOP 20 OPTIONHOLDERS	**11,252,139**	**71.3%**

Class – Unlisted Options exercisable at $0.07 Expiring 31 March 2018

Rank	Name	Number of options	%
1	DJ CARMICHAEL PTY LTD	5,000,000	100

Mount Ridley Mines Limited

A.B.N. 93 092 304 964

and its controlled entities

Financial Report

For the

Year Ended 30 June 2015

Corporate Directory

Directors

Robert Downey
Non-Executive Chairman

Dean Goodwin
Managing Director

Guy Le Page
Non-Executive Director

Paul Fromson
Non-Executive Director

Company Secretary

Keith Bowker

Registered Office

Suite 1, 56 Kings Park Road
West Perth WA 6005
Telephone: **(+61 8) 9481 0544**
Facsimile: **(+61 8) 9481 0655**

Postal Address
PO Box 964
West Perth WA 6872

Principal Place of Business

Unit 1/11 Anvil Way
Welshpool WA 6106

ABN 93 092 304 964
ACN 092 304 964
Website: **mtridleymines.com.au**

Share Registry

Securities Transfer Registrars Pty Limited
Suite 1 Alexandra House
770 Canning Highway
Applecross WA 6153
Telephone: (+61 8) 9315 2333
Facsimile: (+61 8) 9315 2233

Stock Exchange Listing

ASX Code: MRD

Auditors

HLB Mann Judd
Level 4, 130 Stirling Street
Perth WA 6000
Telephone: (+61 8) 9227 7500
Facsimile: (+61 8) 9227 7533

Contents

Directors' Report

Your Directors present their report together with the annual report of the Group, being Mount Ridley Mines Limited ('Mount Ridley' or 'the Company') and its controlled entities ('the Group'), for the financial year ended 30 June 2015.

Principal activities and significant changes in the nature of operations.

The Group's principal activity is mining exploration.

The Company holds 4 Exploration Licences (a further two Exploration Licenses are under application) located in the highly prospective Fraser Range region of Western Australia. The Fraser Range is host to the Nova discovery by Sirius Resources Limited which is one of the most significant new mineral discoveries in Western Australia over the last three years. The Company has conducted significant exploration during the year and exploration activities are ongoing.

The Company's tenements are

E63/1547 E63/1564 E63/1617 E63/1719 E63/1721** E28/2505**

**Tenements E63/1721 and E28/2505 are under application.

During the year the Company exercised its option to acquire tenements E63/1564 and E63/1617. The acquisitions brought the Company's area of total tenement holdings (including those under application) to approximately 1,000 square kilometres. Exploration for the year concentrated on the three main tenements (E63/1547, E63/1564 and E63/1617). These tenements are 100% owned however the previous owners retained the rights to Lignite and Sub-bituminous coal.

Operating results and review of operations

Operating results

The net loss of the Group after income tax for the financial year amounted to $3,674,326 (2014: loss of $500,217).

Issues of Capital

The Company completed a number of issues of capital during the year with the details as follows:

- On 19 September 2014 the Company placed 250,000,000 fully paid ordinary shares at $0.002 per share to raise $500,000. The shares came with a free attaching option on a one for one basis with an exercise price of $0.0125 and an expiry date of 31/8/2019.
- On 19 September 2014 the Company issued 94,515,000 shares in satisfaction of a number of liabilities.
- On 19 September 2014 the Company issued 14,285,714 shares to exercise an option to acquire tenement E63/1564.
- On 19 September 2014 the Company issued a total of 25,000,000 options with an exercise price of $0.0125 and an expiry date of 31/8/2019 to two directors and the company secretary.
- On 16 October 2014 the Company issued 2,386,417 shares and 1,193,208 unlisted options pursuant to the conversion of a Convertible Note and interest totalling $20,370. The options are exercisable at $0.021 on or before 31 December 2016.
- On 11 November 2014 the Company placed 96,835,004 shares at an average price of approximately $0.0088 to raise $849,575. In addition and pursuant to this placement a number of options were issued after shareholder approval was obtained.

Directors' Report *(cont)*

Issues of Capital (continued)

- On 2 December 2014 the Company issued 14,285,714 shares to exercise an option to acquire tenement E63/1617.
- On 11 February 2015 the Company issued a total of 48,417,502 free attaching unlisted options on a one for two basis pursuant to the placement of shares issued on 11 November 2014. The options are all exercisable at $0.021 on or before 30 June 2016. The issue of options required shareholder approval and hence they were issued after the placement shares were issued.
- On 11 February 2015 the Company also issued a further 48,417,502 unlisted options pursuant to a capital raising mandate for the placement of shares on 11 November 2014. The options are all exercisable at $0.021 on or before 30 June 2016. The issue of options required shareholder approval and hence they were issued after the placement shares were issued.
- On 11 February 2015 the Company issued 10,000,000 unlisted options to a newly appointed director as remuneration. The options are all exercisable at $0.021 on or before 31 August 2019.
- On 23 February 2015 the Company issued 3,416,612 shares as a result of the conversion of unlisted options.
- On 16 March 2015 the Company issued 108,400,000 shares at $0.027 each to raise $2.93m before costs.
- On 16 March 2015 the Company also issued 5,000,000 unlisted options exercisable at $0.07 on or before 31 March 2018 as part of a mandate fee to the stockbroker managing the placement of shares.

Review of operations

During the year the Company exercised its option to acquire two key Fraser Range tenements to add to its existing key tenement. The three key tenements in the Fraser Range (referred to as the "Mt Ridley Project") are:

- E63/1547 (Mt Ridley);
- E63/1564 (Mt Ridley E –W); and
- E63/1617 (Mt Ridley N).

The Company's operations during the year consisted of exploration on these three key tenements.

Subsequent to the acquisition of the Mt Ridley Project tenements the Company also acquired tenement E63/1719 and a further two tenements (E63/1721 and E28/2505) are under application. The total area of tenements held or under application is approximately 1,000 square kilometres.

Financial position

During the year the Company raised approximately $4,276,375 through several placements which enabled it to pay out overdue creditors and repay all borrowings. The Company's statement of financial position has been strengthened considerably and the Company is now debt free and all creditors are within normal payment terms.

Cash and Cash Equivalents at 30 June 2015 are $1,369,598. The net assets of the Group total $2,068,169 (2014: Net Liabilities $172,896).

Dividends paid or recommended

No dividends were paid or declared during the financial year. No recommendation for the payment of dividends has been made.

Directors' Report *(cont)*

After balance date events

There has not been any matter or circumstance other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year that has significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years other than:

On 20 July 2015 the company raised $532,000 (before costs) through the issue of 28,000,000 shares at 1.9 cents. The Company also issued 14,000,000 unlisted options attaching to the shares on a one for two basis. The options are exercisable at 7 cents with an expiry date of 30 June 2016.

Future development, prospects and business strategies

The Company intends to continue with exploration on its Mt Ridley Project tenements. The Board will also consider acquiring further tenements or projects which they believe will add value.

Other than this, the Directors believe that disclosure of further information regarding developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been disclosed in this report.

Environmental issues

The Group is currently subject to and required to comply with all aspects of the environmental regulation for its exploration and mining activities. The Directors are not aware of any environmental law that is not being complied with. Furthermore, in the course of their natural activities, if so required, the Group will undertake to comply with all the required aspects of the applicable environmental regulations.

Greenhouse gas and energy data reporting requirements
The Group is not currently subject to the reporting requirements of either the *Energy Efficiency Opportunities Act 2006* or the *National Greenhouse and Energy Reporting Act 2007*.

Information on Directors

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

Robert Downey	*Non-Executive Chairman* (appointed on 8 September 2014)
Dean Goodwin	*Managing Director* (appointed on 8 September 2014)
Guy Le Page	*Non-Executive Director*
Paul Fromson	*Non-Executive Director* (appointed on 10 February 2015)
Gordon Sklenka	*Executive Director* (resigned on 8 September 2014)
Roland Berzins	*Executive Director* (resigned on 8 September 2014)

Directors' Report *(cont)*

Information on Directors (cont)

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

Company Secretary

Keith Bowker was appointed as Company Secretary on 8 September 2014 following the resignation of Roland Berzins.

Remuneration Report (audited)

A. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

This report outlines the remuneration arrangements in place for Key Management Personnel ("KMP") of the Group in accordance with the *Corporations Act 2001* and its regulations. These remuneration disclosures have been audited.

For the purposes of this report KMP's of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly. The Group did not have any other KMP's other than its Directors and the Company Secretary. The Company does not have any employees and all directors and the company secretary are paid via consulting fees to their respective entities.

Remuneration Philosophy

The performance of the Group depends upon the quality of its Directors. To prosper, the Group must attract, motivate and retain highly skilled Directors.

To this end, the Group embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre directors; and
- Link directors' rewards to shareholder value.

The Board as a whole is responsible for considering remuneration policies and packages appropriate to Directors of the Group. The Board remuneration policy is to ensure the remuneration package, which is not linked to the performance of the Group, properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Remuneration Structure

In accordance with best practice corporate governance, the structure of Non-Executive Director and senior manager remuneration is separate and distinct.

Non-Executive Director Remuneration

Objective

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

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed.

Directors' Report *(cont)*

Remuneration Report (audited) *(cont)*

Non-Executive Director Remuneration (cont)

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board may, from time to time, consider advice from external consultants as well as the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process. Each Director receives a fee for being a Director of the Group.

Non-Executive Directors are encouraged by the Board to hold shares in the Company (purchased by the Director on market). It is considered good governance for Directors to have a stake in the Company on whose Board he or she sits.

The remuneration of Non-Executive Directors for the year ended 30 June 2015 is detailed below.

Executive Director Remuneration Structure

Based on the current stage in the Group's development, its size, structure and strategies, the Board considers that the key performance indicator in assessing the performance of Executive Directors ("Executives") and their contribution towards increasing shareholder value is share price performance over the review period.

Individual and Group operating targets associated with traditional financial and non-financial measures are difficult to set given the small number of Executives and their need to be flexible and multi-tasked, as the Group responds to a continually changing business environment. Consequently, a formal process of defining Key Performance Indicators (KPIs) and setting targets against the KPIs has not been adopted at the present time.

Remuneration consists of the following key elements:

Fixed remuneration;

Variable remuneration;

Short term incentives (STI); and

Long term incentives (LTI).

The proportion of fixed remuneration and variable remuneration is established for each Executive by the Board.

Fixed Remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board having regard to the Group and individual performance, relevant comparable remuneration in the mining exploration industry and, from time to time, external advice. Executives receive their fixed remuneration in cash.

There are no fringe benefits at the present time.

Directors' Report *(cont)*

Remuneration Report (audited) *(cont)*

Variable Remuneration – Short Term Incentive (STI)

The objective of the STI is to link the increase in shareholder value over the year with the remuneration received by the Executives charged with achieving that increase. The total potential STI available is set at a level so as to provide sufficient incentive to the Executives to achieve the performance goals and such that the cost to the Group is reasonable in the circumstances.

Annual STI payments granted to each Executive depend on their performance over the preceding year and are based on recommendations from the Managing Director following collaboration with the Board. Typically included are measures such as contribution to strategic initiatives, risk management and leadership/team contribution.

The aggregate of annual STI payments available for Executive is subject to the approval of the Board. Payments are usually delivered as a cash bonus. There were no STI payments during the financial year.

Variable Remuneration – Long Term Incentive (LTI)

The objective of the LTI plan is to reward Executives in a manner which aligns the element of remuneration with the creation of shareholder wealth. As such LTI's are made to Executives who are able to influence the generation of shareholder wealth and thus have an impact on the Group's performance.

The level of LTI granted is, in turn, dependent on the Group's recent share price performance, the seniority of the Executive and the responsibilities the Executive assumes in the Group.

LTI granted to Executives are delivered in the form of employee share options. These options are issued at an exercise price determined by the Board at the time of issue. The employee share options are issued in accordance with the Group's Share Option Plan.

Typically, the grant of LTIs occurs at the commencement of employment or in the event that the individual receives a promotion and, as such, is not subsequently affected by the individual's performance over time. However, under certain circumstances, including breach of employment conditions, the Directors may cause the options to expire prior to their vesting date. In addition, individual performance is more commonly rewarded over time through STIs.

Use of Remuneration Consultants

The Group did not employ the services of any remuneration consultants during the financial year ended 30 June 2015.

Directors' Report *(cont)*

Remuneration Report (audited) *(cont)*

B. DIRECTORS AND OTHER KMP REMUNERATION

2015	Short-term employee benefits			Post- employment benefits		Share- based payments		
	Cash salary and fees (a)	Cash bonus	Non-monetary benefits	Super-annuation	Termination benefits	Ordinary Shares (b) & (c)	Options	Total
	$	$	$	$	$	$	$	$
Non-Executive Directors								
Robert Downey	33,333	-	-	-	-	-	121,984	**155,317**
Dean Goodwin	288,263	-	-	-	-	52,000	121,984	**462,247**
Guy Le Page	25,000	-	-	-	-	97,500	-	**122,500**
Paul Fromson	172,696	-	-	-	-	-	133,479	**306,175**
Sub-total Non-Executive Directors	**519,292**	**-**	**-**	**-**	**-**	**149,500**	**377,447**	**1,046,239**
Executive Directors								
Gordon Sklenka	-	-	-	-	-	92,950	-	**92,950**
Roland Berzins	-	-	-	-	-	78,943	-	**78,943**
Sub-total Executive Directors	**-**	**-**	**-**	**-**	**-**	**171,893**	**-**	**171,893**
Other KMP								
Keith Bowker	51,220	-	-	-	-	-	60,992	**112,212**
Sub-total Other KMP	**51,220**	**-**	**-**	**-**	**-**	**-**	**60,992**	**112,212**
Total KMP compensation	**570,512**	**-**	**-**	**-**	**-**	**321,393**	**438,439**	**1,330,344**

Notes

(a) Cash consulting fees paid and accrued during year.

(b) Director Guy Le Page and former directors Gordon Sklenka and Roland Berzins were owed directors' fees at 30 June 2014 of $30,000, $28,600 and $24,290 respectively. Shareholders approved the payment of these fees via shares at a deemed price of $0.004. However, at the time of shareholder approval the share price had improved markedly and in accordance with accounting standards the increased value of the shares issued was booked as an expense.

(c) Director Dean Goodwin was paid a sign on fee in the form of 4,000,000 ordinary shares. Shareholder approval was obtained and the value recorded above is the market value of the shares at the time of shareholder approval.

Directors' Report *(cont)*

Remuneration Report (audited) *(cont)*

2014	Short-term employee benefits			Post- employment benefits		Share- based payments		
	Cash salary and fees (a)	Cash bonus	Non monetary benefits	Super-annuation	Termination benefits	Ordinary Shares (b)	Options	Total
	$	$	$	$	$	$	$	$
Non-Executive Directors								
Guy Le Page	26,000	-	-	-	-	2,000	-	**28,000**
Sub-total Non-Executive Directors	**26,000**	**-**	**-**	**-**	**-**	**2,000**	**-**	**28,000**
Executive Directors								
Gordon Sklenka (c)	54,000	-	-	-	-	-	-	**54,000**
Roland Berzins	22,000	-	-	-	-	2,000	-	**24,000**
Sub-total Executive Directors	**76,000**	**-**	**-**	**-**	**-**	**2,000**	**-**	**78,000**
Total key management personnel compensation	**102,000**	**-**	**-**	**-**	**-**	**4,000**	**-**	**106,000**

Notes

(a) Cash salary and fees accrued for the year.

(b) Fully paid ordinary shares issued to the Directors in lieu of Directors' fees.

(c) Includes Directors' fees of $24,000 and consulting fees of $30,000.

Directors' Report *(cont)*

Remuneration Report (audited) *(cont)*

C. SERVICE AGREEMENTS

There are no specific KMP contracts with the individual Directors. Director fees and consulting fees are based on shareholder approval, director fee structure and corporate governance procedure. Consulting fees for directors are based on daily rates for actual days worked. There are no retainers or fixed periods of consultancy in place for directors.

The Company Secretary is paid a monthly retainer of $3,042.

D. EQUITY HELD BY KEY MANAGEMENT PERSONNEL

Ordinary Shares Current Year

	Balance 01.07.14	Received as Remuneration	Options Exercised	Net Change Other*	Balance 30.06.15
Directors					
Robert Downey	-	-	-	10,000,000	10,000,000
Dean Goodwin	-	4,000,000	-	50,000,000	54,000,000
Guy Le Page	5,000,000	-	-	26,846,729	31,846,729
Paul Fromson	-	-	-	25,000,000	25,000,000
Gordon Sklenka **	30,427,145	-	-	-	30,427,145
Roland Berzins **	17,274,285	-	-	-	17,274,285
Other KMP					
Keith Bowker	-	-	-	1,323,750	1,323,750
Total	**52,701,430**	**4,000,000**	**-**	**113,170,479**	**169,871,909**

* Net change other refers to shares purchased or sold during the financial year or acquired for services provided.
** Balances as disclosed by directors at time of resignation.

Ordinary Shares Prior Year

	Balance 01.07.13	Received as Remuneration	Options Exercised	Net Change Other*	Balance 30.06.14
Directors					
Gordon Sklenka	11,606,013	-	-	18,821,132	30,427,145
Roland Berzins	2,420,000	-	-	14,854,285	17,274,285
Guy Le Page	-	-	-	5,000,000	5,000,000
Total	**14,026,013**	**-**	**-**	**38,675,417**	**52,701,430**

* Net change other refers to shares purchased or sold or acquired as consideration for services provided.

Directors' Report *(cont)*

Remuneration Report (audited) *(cont)*

D. EQUITY HELD BY KEY MANAGEMENT PERSONNEL (continued)

Options
Current Year

	Balance 01.07.14	Granted as Remuneration	Other Changes*	Vested and Exercisable at 30.06.15
Directors				
Robert Downey	-	10,000,000	10,000,000	20,000,000
Dean Goodwin	-	10,000,000	50,000,000	60,000,000
Guy Le Page	2,500,000	-	8,902,917	11,402,917
Paul Fromson	-	10,000,000	25,000,000	35,000,000
Gordon Sklenka	-	-	-	-
Roland Berzins	-	-	-	-
Other KMP				
Keith Bowker	-	5,000,000	-	5,000,000
Total	**2,500,000**	**35,000,000**	**93,902,917**	**131,402,917**

* The Options acquired by Mr Downey, Mr Goodwin and Mr Fromson under other changes were acquired as one for two free attaching Options issued pursuant to a share placement.

Options
Prior Year

Directors	Balance 01.07.13	Granted as Remuneration	Other Changes*	Vested and Exercisable at 30.06.14
Gordon Sklenka	-	-	-	-
Roland Berzins	-	-	-	-
Guy Le Page	-	-	2,500,000	2,500,000
Total	**-**	**-**	**2,500,000**	**2,500,000**

* Options granted as a one for two free attaching Options for the shares issued for debt financing agreement fees.

Directors' Report *(cont)*

Remuneration Report (audited) *(cont)*

E. OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Share Based Payments

During the year ended 30 June 2015, the Company made the following share based payments to Key Management Personnel:

	2015	2014
	Number	Number
Shares		
Issued to director Dean Goodwin (or nominee) as sign on fee.	4,000,000	-
Issued to director Guy Le Page (or nominee) in lieu of directors fees owing.	7,500,000	-
Issued to former director G Sklenka (or nominee) in lieu of directors fees owing.	7,150,000	-
Issued to former director R Berzins (or nominee) in lieu of directors fees owing.	6,072,500	-
Issued to Edwards Motors Pty Ltd (or nominee) a related party of former director R Berzins, in lieu of loan payable.	13,542,500	-
Issued to RM Corporate Finance Pty Ltd, a related party of director G Le Page in satisfaction of a mandate fee.	37,500,000	-
Issued to RM Corporate Finance Pty Ltd in satisfaction of capital raising costs.	-	15,500,000
Total	**75,765,000**	**15,500,000**
Options		
Issued to director Dean Goodwin as incentive options.	10,000,000	-
Issued to director Robert Downey as incentive options.	10,000,000	-
Issued to director Paul Fromson as incentive options.	10,000,000	-
Issued to the Company Secretary as incentive options.	5,000,000	-
Issued to RM Corporate Finance Pty Ltd, a related party of director G Le Page in satisfaction of debt financing fees.	-	7,500,000
Total	**35,000,000**	**7,500,000**

Goods or Services Provided by Key Management Personnel

During the year, the following goods or services were provided by Key Management Personnel or their related parties:

- Reliant Resources Pty Ltd, a company related to Dean Goodwin - $288,263 (2014: Nil) for consulting services and director's fees. The Company also purchased a quadbike and heavy duty trailer from Reliant Resources for a total value of $9,500.
- Quantum Vis Pty Ltd, a company related to Robert Downey - $33,333 (2014: Nil) for director's fees.
- Thompson Downey Cooper, an entity related to Robert Downey - $5,544 (2014: Nil) for legal advice.

Directors' Report *(cont)*

Remuneration Report (audited) *(cont)*

E. OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL (cont.)

Goods or Services Provided by Key Management Personnel (cont)

- MBE Finance Pty Ltd, a company related to Paul Fromson - $172,696 (2014: Nil) for consulting services.
- Onslow Resources Ltd, a company related to Roland Berzins - $Nil (2014: $2,000) for rent payment.
- RM Corporate Finance Pty Ltd, a company related to Guy Le Page - $Nil (2014: $40,000) for convertible note sign on fee.
- Orequest Pty Ltd, a company related to Guy Le Page - $25,000 (2014: $80,000) for Convertible note sign on fee and directors fees.
- RM Corporate Finance Pty Ltd, a company related to Guy Le Page – issued 48,417,502 unlisted options exercisable at 2.1 cents on or before 30 June 2016 as payment for a mandate fee for a capital raising of $849,575. See Note 15 b) for valuation.
- Greenstone Minerals Pty Ltd, a company related to Dean Goodwin and Paul Fromson - $8,105 for fixed assets and $7,495 reimbursement of rent on office premises.
- Somerville Advisory Group, an entity related to Keith Bowker - $51,220 (2014: Nil) for Company Secretarial services.

Amounts owing to Key Management Personnel

At 30 June 2015 the following balances were owing to Key Management Personnel or their related parties:

- Reliant Resources Pty Ltd, a company related to Dean Goodwin - $34,672 (2014: Nil) for consulting services.
- MBE Finance Pty Ltd, a company related to Paul Fromson - $23,760 (2014: Nil) for consulting services.
- Roland H Berzins, a company related to Roland Berzins - $Nil (2014: $24,000) for Director's fees.
- Orequest Pty Ltd, a company related to GT Le Page - $Nil (2014: $20,000) for Director's fees
- GT Le Page & Associates Pty Ltd, a company related to GT Le Page - $Nil (2014: $8,000) for director's fees.
- Gordon Sklenka consulting fees of Nil (2014: $30,000).
- Somerville Advisory Group, an entity related to Keith Bowker, $3,349 (2014: Nil) for Company Secretarial services.

END OF AUDITED SECTION

Directors' Report *(cont)*

Directors' Particulars

Mr. Robert Downey	**Non-Executive Chairman - appointed on 8 September 2014**
Experience	Mr. Downey is a barrister and solicitor of the Supreme Court of Western Australia. He commenced work with Phillips Fox in the areas of energy, corporate law and mining. In 2001 he joined law firm Blakiston & Crabb specialized in advising oil and gas and mining companies in relation a range of legal issues, including IPO's, mergers and acquisitions and general AIM, ASX and ASX Listing Rule advice. Mr. Downey established an independent corporate advisory firm during 2005 and was involved with the IPO listings of various mining and oil and gas companies on ASX and at the same time held directorships of a number of these companies. Mr. Downey is the founding executive director of Instinct Energy Ltd (since April 2010) and is a director of Minrex Resources NL. In October 2012, Mr. Downey in conjunction with two former colleagues established Thompson Downey Cooper and now specializes as a corporate resource lawyer.
Other directorships	Mr. Downey is currently a director of: Kairiki Energy Limited (since 13 February 2013) Minrex Resources NL (since 8 September 2014) Other directorships in the last three years. Nil
Interest in shares	At the date of this report, Mr. Downey has a direct and indirect interest of 10,000,000 fully paid ordinary shares.
Interest in options	Mr. Downey has a direct and indirect interest of 20,000,000 options on ordinary shares.
Mr. Dean Goodwin	**Managing Director - appointed on 8 September 2014**
Qualifications	BAppSc (Geology), MAIG
Experience	Mr. Goodwin is a geologist with over 25 years exploration experience which has included acting as Head of Geology at Focus Minerals Limited and a six year period as Managing Director of Barra Resources Ltd (2004-2010). Mr. Goodwin also spent 6 years as an exploration geologist with Western mining Corporation Ltd and was involved discovering the Intrepid, Redoubtable & Santa Anna gold deposits at Lake Lefroy with WMC. Whilst with WMC he worked closely with the nickel exploration team. In 1994, he joined Resolute Ltd as Senior Exploration Geologist, spending 5 years in Kalgoorlie managing exploration for Chalice, Higginsville, Bullabulling and Bulong projects. In 1999, Mr. Goodwin was appointed as Senior Exploration Geologist with LionOre Limited and whilst at the Bounty Gold Mine operations, he was responsible for the discovery of several small gold deposits. More recently, he has been working as an independent contract geologist exploring for nickel sulphides throughout Western Australia. Mr. Goodwin qualifies as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Directors' Report *(cont)*

Director's Particulars *(cont)*

Mr. Dean Goodwin	**Managing Director *(cont)***
Other directorships	Mr. Goodwin is currently a director of: Goldphyre Resources Limited (since 23 July 2014) Other directorships in the last three years. Nil
Interest in shares	At the date of this report, Mr. Goodwin has a direct or indirect interest of 54,000,000 fully paid ordinary shares.
Interest in options	Mr. Goodwin has a direct and indirect interest of 60,000,000 options on ordinary shares.
Mr. Guy Le Page	**Non-Executive Director - appointed on 19 December 2012**
Qualifications	B.A., BSc (Hons), MBA, MAusIMM, FFIN
Experience	Mr Le Page is currently a Director & Corporate Adviser of RM Corporate Finance specialising in resources. He is actively involved in a range of corporate initiatives from mergers and acquisitions, initial public offerings to valuations, consulting and corporate advisory roles. Mr Le Page was Head of Research at Morgan Stockbroking Limited (Perth) prior to joining Tolhurst Noall as a Corporate Advisor in July of 1998. As Head of Research, Mr Le Page was responsible for the supervision of all Industrial and Resources Research. As a Resources Analyst, Mr Le Page published detailed research on various mineral exploration and mining companies listed on the Australian Securities Exchange. The majority of this research involved valuations of both exploration and production assets. Prior to entering the stockbroking industry, he spent 10 years as an exploration and mining geologist in Australia, Canada and the United States. His experience spans gold and base metal exploration and mining geology, and he has acted as a consultant to private and public companies. This professional experience included the production of both technical and valuation reports for resource companies. Mr Le Page holds a Bachelor of Arts, a Bachelor of Science and a Masters' Degree in Business Administration from the University of Adelaide, a Bachelor of Applied Science (Hons) from the Curtin University of Technology and a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia.
Other directorships	Mr. Le Page is currently a director of: Tasman Resources Limited (since 2 June 2001) Soil Sub Technologies Ltd (since 7 January 2010) Eden Energy Ltd (3 February 2006) Conico Limited (since 30 March 2006) Other directorships in the last three years. Palace Resources Limited (resigned 9 March 2015) Red Sky Energy Limited (resigned 2 February 2015)

Directors' Report *(cont)*

Director's Particulars *(cont)*

Interest in shares	At the date of this report, Mr. Le Page has a direct and indirect interest of 31,846,729 fully paid ordinary shares (2014: 5,000,000).
Interest in options	Mr. Le Page has a direct and indirect interest of 11,402,917 options on ordinary shares (2014: 2,500,000).

Mr. Paul Fromson	**Non-Executive Director - appointed on 10 February 2015**
Experience	Mr. Fromson is a finance professional with extensive experience in ASX companies since 1994. He has held a variety of senior positions including Company Secretary, CFO and Director with exploration and mining companies. Mr Fromson is a Certified Practising Accountant, a Member of the Governance Institute of Australia and the Australian Institute of Company Directors.
Other directorships	Mr. Fromson is not currently a director of any other ASX Listed entities and has not held any directorships in ASX Listed entities in the last 3 years.
Interest in shares	At the date of this report, Mr. Fromson has a direct and indirect interest of 25,000,000 fully paid ordinary shares.
Interest in options	Mr. Fromson has a direct and indirect interest of 35,000,000 options on ordinary shares.

Company Secretary

Mr. Keith Bowker	**Company Secretary - appointed 8 September 2014**
	Mr. Bowker is a Chartered Accountant and is a founding director of the Somerville Advisory Group, a firm which specializes in providing financing reporting, compliance, corporate advisory services and company secretarial services to ASX listed companies predominately within the resources sector. Mr. Bowker is currently Non-Executive Director and Company Secretary of Caeneus Minerals Ltd.

Meetings of Directors

During the financial year three meetings of Directors were held. Attendances were:

Directors	Number eligible to attend	Number attended
R Downey	4	4
D Goodwin	4	3
G Le Page	4	4
P Fromson	1	1
G Sklenka	1	0
R Berzins	1	1

Directors' Report *(cont)*

Indemnifying Officers

The Group does not currently have any Directors' and Officers' liability insurance in place. In the prior year the Group paid premiums to insure each of the current Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Group, other than conduct involving a wilful breach of duty in relation to the Group.

Disclosure of the nature of the liabilities covered and the amount of the premium is prohibited by a confidentiality clause in the contract of insurance.

Proceedings on Behalf of the Group

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the Corporations Act 2001.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 57.

Non-audit Services

The Group's auditors did not provide non-audit services during the financial year.

Financial Position

The independent auditor's report contains an emphasis of matter in respect of the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as going concerns and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Further information, including the basis that Directors believe that there are reasonable grounds to believe that the Group will continue as going concerns and that it is appropriate to adopt the going concern basis in the preparation of the financial report can be found in Note 1.

Company Strategy

Mount Ridley Mines Limited is currently focussing upon an aggressive exploration program on its Mt Ridley Project with the objective of identifying and exploiting commercial resources.

The Company is also continuing to consider and evaluate opportunities within Australia, for future potential acquisitions which may offer value enhancing opportunities for shareholders.

Material business risks that may impact results of future operations include further exploration results, future commodity prices and funding.

Directors' Report *(cont)*

Corporate Governance

The Directors of the Group support and adhere to the principles of corporate governance, recognizing the need for the highest standard of corporate behaviour and accountability. The Company's Corporate Governance Statement and its compliance with ASX guidelines can be found on the Company website at www.mtridleymines.com.au .The policies and compliance as stated were in place for the whole year and are current as at the date of this report.

Auditor

The Company's auditor is HLB Mann Judd.

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

Dean Goodwin
Managing Director

Dated this 28th day of August 2015
Perth, Western Australia

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
Revenue	4	22,597	213,152
Employee benefit revenue/(expenses)		-	1,550
Consulting expenses		(191,923)	(138,837)
Depreciation		(2,644)	-
Exploration expenses		(2,074,973)	(77,217)
Compliance and regulatory expenses		(81,072)	(62,337)
Loss on investments		(223,251)	-
Reserves written off		(81,007)	-
Loans written off		(122,952)	-
Share option expense		(438,439)	-
Impairment expense - loan receivable		-	(42,291)
Impairment expense – convertible notes		-	(235,000)
Impairment expense – available for sale financial assets		-	(63,509)
Directors' fees		(316,982)	(76,000)
Administration expenses		(163,680)	(19,728)
Loss from continuing operations before income tax expense		(3,674,326)	(500,217)
Income tax expense	5	-	-
Net loss for the year		**(3,674,326)**	**(500,217)**
Other comprehensive income			
Items that have been reclassified to profit or loss:			
Reclassification adjustment relating to investments disposed of		124,616	-
Other comprehensive income net of tax		124,616	**-**
Total comprehensive loss for the year		**(3,549,710)**	**(500,217)**
Basic and diluted loss per share (cents per share)	26	(0.61)	(0.32)

Consolidated Statement of Financial Position
As at 30 June 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
Current Assets			
Cash and cash equivalents	7	1,369,598	208
Trade and other receivables	8	136,550	6,327
Total Current assets		**1,506,148**	**6,535**
Non-Current Assets			
Financial assets	9	15,708	31,915
Plant & equipment	10	76,679	-
Exploration & evaluation expenditure	11	781,648	332,857
Formation expenses		-	1,614
Total Non-Current Assets		**874,035**	**366,386**
Total Assets		**2,380,183**	**372,921**
Current Liabilities			
Trade and other payables	12	312,014	235,074
Provisions	14	-	22,795
Borrowings	13	-	287,948
Total Current Liabilities		**312,014**	**545,817**
Total Liabilities		**312,014**	**545,817**
Net Assets/(liabilities)		**2,068,169**	**(172,896)**
Equity			
Issued capital	15 a)	19,201,817	14,301,821
Share options reserve	16 a)	905,779	15,000
Financial assets reserve	16 c)	-	(124,616)
Accumulated losses	17	(18,039,427)	(14,365,101)
Total Equity		**2,068,169**	**(172,896)**

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2015

	Issued Capital $	Share Options Reserve $	Accumulated Losses $	Financial Assets Reserve $	Total $
Balance at 30 June 2014	**14,301,821**	**15,000**	**(14,365,101)**	**(124,616)**	**(172,896)**
Loss attributable to members of parent entity	-	-	(3,674,326)	-	(3,674,326)
Share capital issued during year	4,276,375	-	-	-	4,276,375
Shares issued on conversion of notes	20,370	-	-	-	20,370
Share based payments	1,228,695	-	-	-	1,228,695
Options exercised	71,749	-	-	-	71,749
Share issued to exercise option over tenement	414,285	-	-	-	414,285
Options issued (Note 16)	-	890,779	-	-	890,779
Movement in reserves	-	-	-	124,616	124,616
Capital raising costs	(1,111,478)	-	-	-	(1,111,478)
Balance at 30 June 2015	**19,201,817**	**905,779**	**(18,039,427)**	**-**	**2,068,169**

	Issued Capital $	Options Reserve $	Accumulated Losses $	Financial Assets Reserve $	Total $
Balance at 30 June 2013	**13,727,230**	**-**	**(13,864,884)**	**(124,616)**	**(262,270)**
Loss attributable to members of parent entity	-	-	(500,217)	-	(500,217)
Shares issued on conversion of notes	50,000	-	-	-	50,000
Share based payments	504,884	-	-	-	504,884
Share issued to exercise option over tenement	142,857	-	-	-	142,857
Options issued (Note 16)	-	15,000	-	-	15,000
Capital raising costs	(123,150)	-	-	-	(123,150)
Balance at 30 June 2014	**14,301,821**	**15,000**	**(14,365,101)**	**(124,616)**	**(172,896)**

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows
For the Year Ended 30 June 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(708,350)	(126,377)
Payments for exploration activities		(1,836,869)	(77,217)
Interest received		19,597	-
Interest paid		(30,304)	-
Net cash used in operating activities	**19(b)**	**(2,555,926)**	**(203,594)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for fixed assets		(79,323)	-
Tenement acquisition costs		(34,505)	-
Proceeds from sale of available for sale financial assets		23,066	-
Payments for available for sale financial assets		-	(2,000)
Net cash used in investing activities		**(90,762)**	**(2,000)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowing		-	138,448
Repayments of loans		(144,700)	-
Payment of security bond		(15,708)	-
Proceeds from issue of convertible notes		-	70,000
Proceeds from capital raising		4,348,124	-
Payment of capital raising costs		(171,638)	(3,150)
Net cash provided by financing activities		**4,016,078**	**205,298**
Net increase/(decrease) in cash held		**1,369,390**	**(296)**
Cash and cash equivalents at the beginning of the financial year		208	504
Cash and cash equivalents at the end of the financial year	**19(a)**	**1,369,598**	**208**

The accompanying notes form part of these financial statements

Notes to the Financial Statements

1. Corporate Information

The annual report of Mount Ridley Mines Limited (or 'the Company') for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the Directors on 28th August 2015.

The consolidated financial statements of Mount Ridley Mines Limited as at, and for the year ended, 30 June 2015 comprises the Company and its subsidiaries (together referred to as "the Group")

Mount Ridley Mines Limited is an ASX listed pubic company, incorporated and domiciled in Australia.

The separate financial statements of the parent entity, Mount Ridley Mines Limited, have not been presented within this annual report as permitted by amendments made to the Corporations Act 2001.

The principal activity of the Group is exploration for minerals.

The address of the registered office is Suite 1, 56 Kings Park Road, West Perth, WA 6005.

The Parent Entity's summarised financial information is disclosed separately in Note 22.

2. Summary Of Significant Accounting Policies

(a) 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.

Historical cost convention

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

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(w).

Going concern

This report has been prepared on the going concern basis, which contemplates the continuation of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group has incurred a net loss after tax for the year ended 30 June 2015 of $3,674,326 (2014: $500,217) and experienced net cash outflows from operations of $2,555,926 (2014: $203,594). As at 30 June 2015, the Group had net assets of $2,068,169 (30 June 2014: Net liabilities $172,896).

Notes to the Financial Statements *(cont)*

2. Summary Of Significant Accounting Policies *(cont)*

a) Basis of preparation (continued)

Going concern (continued)

The Directors recognise that the ability of the Group to continue as a going concern and to pay its debts as and when they fall due is dependent on the ability of the Group to secure additional funding through either the issue of further shares and/or options, convertible notes or entering into negotiations with third parties regarding the sale and/or farm out of assets of the Group or a combination thereof.

If the Group is unable to raise sufficient funds, there exists a material uncertainty that may cast significant doubt whether the Group will be able to continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Company's share price on ASX has strengthened during the year as a result of exploration success, enhancing its ability to raise funds on ASX.

Subsequent to year end (20 July 2015) the Company raised $532,000 (before costs) via the issue of shares and options and the Company is confident that it will be able to raise additional funds to meet its financial obligations in future years.

b) Comparison and changes in accounting policy

The accounting policies used in the preparation of these financial statements are consistent with those used in previous years. Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

c) Foreign currency translation

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. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

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 that 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.

Notes to the Financial Statements *(cont)*

2. Summary Of Significant Accounting Policies *(cont)*

c) Foreign currency translation (cont)

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in Other Comprehensive Income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed.

d) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any impairment in value.

Costs include expenditures that are directly attributable to the acquisition of the asset.

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The costs of the day-to-day servicing of plant and equipment are recognised in profit and loss as incurred.

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

Software	– over 2 to 3 years
Equipment	– over 5 to 20 years
Furniture & Fittings	– over 10 to 16 years
Exploration assets	– over 3 to 20 years

Derecognition

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

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

e) Exploration and evaluation expenditure

It is the Group's policy to capitalise the cost of acquiring rights to explore areas of interest. All other exploration expenditure is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

The costs of acquisition are carried forward as an asset provided rights to tenure are current, and one of the following conditions are met:

- Such costs are expected to be recouped through the successful development and exploitation of the area of interest, or alternatively, by its sale; or
- Exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence of otherwise of recoverable reserves, and active and significant operations in relation to the area are continuing.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised mine development. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

Notes to the Financial Statements *(cont)*

2. Summary Of Significant Accounting Policies *(cont)*

f) Recoverable amount and impairment of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

The recoverable amount of plant and equipment and exploration and evaluation expenditure is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

g) Cash and cash equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest bearing loans and borrowings in the current liabilities on the statement of financial position.

h) Trade and other receivables

Trade and other receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for any uncollectible amounts.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Group will not be able to collect the debts.

i) Trade and other payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

Notes to the Financial Statements *(cont)*

2. Summary Of Significant Accounting Policies *(cont)*

j) Provisions

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the statement of financial position date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and, the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

k) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense in the income statement on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the financial year in which they are incurred.

Finance leases

Leases which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of profit or loss and other comprehensive income.

Capitalised leased assets are depreciated over the estimated useful life of the asset or where appropriate, over the estimated life of the mine.

The cost of improvements to or on leasehold property is capitalised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

l) Revenue

Revenue is measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Notes to the Financial Statements *(cont)*

2. Summary Of Significant Accounting Policies *(cont)*

m) Share based payment transactions

The Group may provide benefits to employees (including directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using a Black Scholes model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of Mount Ridley Mines Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled ("the vesting period”), ending on the date on which the relevant employees become fully entitled to the award (“the vesting date”).

At each subsequent reporting date until vesting, the cumulative charge to the statement of profit or loss and other comprehensive income is the product of (i) the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being meet; and (iii) the expired portion of the vesting period.

The charge to the statement of profit or loss and other comprehensive income for the year is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not the market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of loss per share.

Notes to the Financial Statements *(cont)*

2. Summary Of Significant Accounting Policies *(cont)*

n) Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction in the proceeds received.

o) Loss per share

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

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

- cost of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discriminatory changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

p) Income tax

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

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

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

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

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

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

Notes to the Financial Statements *(cont)*

2. Summary Of Significant Accounting Policies *(cont)*

p) Income tax *(cont)*

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

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

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of profit or loss and other comprehensive income.

q) GST

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

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

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

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

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

(r) Employee benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

During the financial years 2015 and 2014, no long service leave entitlement provision was made, based on the limited length of service of the Group’s employees.

(iii) Superannuation

Contributions made by the Group to employee superannuation funds, which are defined contribution plans, are charged as an expense when incurred.

Notes to the Financial Statements *(cont)*

2. Summary Of Significant Accounting Policies *(cont)*

(s) Associates

Associate companies are companies in which the Group has significant influence through, holding directly or indirectly, 20% or more of the voting power of the Group. Investments in associates are accounted for in the financial statements by applying the equity method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post acquisition changes in the Group's share of net assets of the associate Group. In addition the Group's share of the profit or loss of the associate Group is included in the Group's statements of profit or loss and other comprehensive income.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume to recognition of its share of those profits once its share of profits equals the share of losses not recognised.

(t) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of the entities controlled by the Mount Ridley Mines Limited at the end of the reporting period.

A controlled entity is any entity Mount Ridley Mines Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. Details of controlled entities are at Note 27 to the financial statements. The controlled entities have a 30 June financial year end. Where controlled entities have entered or left the Group during the year, the financial performance of these entities is included only for the period of the year that they were controlled.

All inter-Group balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the parent entity.

(u) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identified asset acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consolidation transferred in the business combination, any assets or liabilities resulting from a contingent consideration arrangement is also included. Subsequent to the initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within the equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are expensed to the statement of profit or loss and other comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Notes to the Financial Statements *(cont)*

2. Summary Of Significant Accounting Policies *(cont)*

(v) Financial instruments

Recognition and Initial measurement

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

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

Derecognition

Financial assets are derecognised where the contractual rights to receive cash flows expire 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 assets. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference in 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 and liabilities assumed, is recognised in the profit and loss.

Financial Assets at Fair Value through Profit and Loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB139: Recognition and Measurement of Financial instruments.

Realised and unrealised gains and losses arising from changes in fair value of these assets are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Loans and Receivables

Loans and receivables are non - derivative financial assets with fixed or determined payments what are not quoted on an active market and are stated at amortised cost using the effective interest rate method.

Held to Maturity Assets

These investments have fixed maturities, and it is the Group's intention to hold these investments to maturity. Any held to maturity investments held by the Group are stated at amortised cost using the effective interest rate method.

Available for Sale Financial Assets

Available for sale financial assets include any assets not included in the above categories. Available for sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised costs, comprising original debt less principal repayments 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.

Notes to the Financial Statements *(cont)*

2. Summary Of Significant Accounting Policies *(cont)*

(v) Financial instruments *(cont)*

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. For the case of available for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

Exchange differences arising from translation of foreign operations are transferred directly to the Group's foreign translation reserve in the statement of financial position. These differences are recognised in the income statement for the period.

During 2015 and 2014 financial years, the Group had no exposure to foreign currency transactions and balances.

(w) Critical Estimates and Judgements

In applying the Group's accounting policies, management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management.

Actual results may differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

(i) Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale, joint venture or some other means.

Factors that would impact the future recoverability include the level of reserves and resources, future technological changes which would impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation acquisition costs are determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

In addition, exploration and evaluation acquisition costs are capitalised if the activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

Such capitalised expenditure is carried at 30 June 2015 at $781,648 (2014: $332,857).

(ii) Taxation

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

(iii) Share Based Payments

Share-based payment transactions, in the form of options are valued using the pricing models. Models use assumptions and estimates as inputs.

Notes to The Financial Statements *(cont)*

2. Summary Of Significant Accounting Policies *(cont)*

(x) Adoption of New and Revised Accounting Standards

Standards and Interpretations applicable to 30 June 2015
In the year ended 30 June 2015, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current annual reporting period. As a result of this review, the directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations issued but not yet effective
The directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2015. As a result of this review the directors have determined that there is no material impact, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

3. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise receivables, payables, cash and short-term investments. The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analysis of and monitoring of receivables are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections.

	Consolidated	
	2015	2014
	$	$
Financial assets		
Cash and cash equivalents	1,369,598	208
Trade and other receivables	136,550	6,327
Financial assets	15,708	31,915
	1,521,856	**38,450**
Financial liabilities		
Trade and other payables	312,014	235,074
Provisions	-	22,795
Borrowings	-	287,948
	312,014	**545,817**

Notes to the Financial Statements *(cont)*

3. Financial Risk Management Objectives and Policies *(cont)*

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 2 to the financial statements.

Risk Exposures and Responses

(a) Interest rate risk exposure

The Group's exposure to risks of changes in market interest rates relates primarily to the Group's cash balances. The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date, for the variable interest rate variances.

During 2015 and 2014, interest earned from the Group's cash balances was not significant.

(b) Credit risk exposure

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of these instruments. The carrying amount of financial assets included in the statement of financial position represents the Group's maximum exposure to credit risk in relation to those assets.

The Group trades only with recognised, credit worthy third parties and as such, based upon the credit worthiness of the third party and or the magnitude of the transaction, collateral may or may not be requested.

Receivable balances are monitored on an ongoing basis with the result that the Group does not have a significant exposure to bad debts.

(c) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meetings its obligations related to financial liabilities.

The Group manages liquidity risk by continually:

- preparing forward-looking cash flow analyses in relation to its operational, investing and financing activities;
- managing credit risk related to financial assets; and
- only investing surplus cash with major financial institutions.

(d) Capital Management

- The Group's capital risk management objectives are to safeguard the Group's ability to continue as a going concern, in order to provide for shareholders and benefits for other stakeholders and to maintain an optimal capital structure in order to reduce the cost of capital (being equity and corporate debt).
- The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity.
- In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets.

Notes to the Financial Statements *(cont)*

3. Financial Risk Management Objectives And Policies *(cont)*

Risk Exposures and Responses *(cont)*

(e) Foreign exchange risk

The Group has withdrawn from its international operations and thus is not significantly exposed to foreign exchange risk.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The Group has not formalised a foreign currency risk management policy however, it monitors its foreign currency expenditure in light of exchange rate movements.

(f) Fair values

The fair values of financial assets and financial liabilities as presented in the table below have been determined in respect of financial assets and financial liabilities, with reference to the carrying amount of such assets and liabilities in the consolidated statement of financial position, determined in accordance with the accounting policies disclosed in note 2 to the financial statements. The valuation of all financial assets and liabilities other than available for sale assets, which has been based on closing quoted bid prices at the end of the reporting period, has been based on inputs other than quoted prices.

Financial liability and financial asset maturity analysis at fair value

2015 Consolidated	Weighted Average effective interest rate %	Within 1 year	1 to 5 years	Over 5 years	Total
Financial liabilities due for payment		2015	2015	2015	2015
Trade and other payables	-	312,014	-	-	312,014
Total expected outflows		**312,014**	**-**	**-**	**312,014**
Financial assets - cash flows realisable					
Cash and cash equivalents	2.5%	1,369,598	-	-	1,369,598
Trade and other receivables	-	136,550	-	-	136,550
Total anticipated inflows		**1,506,148**	**-**	**-**	**1,506,148**
Net inflow on financial instruments		**1,194,134**	**-**	**-**	**1,194,134**

Notes to the Financial Statements *(cont)*

3. Financial Risk Management Objectives and Policies *(cont)*

Risk Exposures and Responses *(cont)*

(f) Fair values *(cont)*

2014 Consolidated	Weighted Average effective interest rate %	Within 1 year	1 to 5 years	Over 5 years	Total
Financial liabilities due for payment		2014	2014	2014	2014
Trade and other payables	-	235,074	-	-	235,074
Borrowings	-	287,948	-	-	287,948
Total expected outflows		**523,022**	**-**	**-**	**523,022**
Financial assets - cash flows realisable					
Cash and cash equivalents	-	208	-	-	208
Trade and other receivables	-	6,327	-	-	6,327
Available-for-sale financial assets	-	3,815	3,100	-	6,915
Total anticipated inflows		**10,350**	**3,100**	**-**	**13,450**
Net (outflow)/inflow on financial instruments		**(512,672)**	**3,100**	**-**	**(509,572)**

4. Revenue

	Consolidated	
	2015 $	2014 $
Interest income	19,597	34,408
Debt forgiveness (i)	-	147,000
Rental income	3,000	-
Other	-	31,744
	22,597	**213,152**

(i) In the prior year, borrowings of $97,000 and trade and other payables of $50,000 owing to non-related parties were forgiven.

Notes to the Financial Statements *(cont)*

5. Income Tax Expense

		Consolidated	
		2015 $	2014 $
(a)	**The components of income tax expense comprise:**		
	Current tax	-	-
	Deferred tax	-	-
(b)	**Numerical reconciliation between the tax expense and pre-tax net loss**		
	Net Loss before tax	**(3,674,326)**	**(500,217)**
	Prima facie income tax expense (benefit) calculated at 30% of (loss) (2014: 30%)	(1,102,298)	(150,065)
	Decrease in income tax benefit due to:		
	Accounting loss on sale of investments	16,338	-
	Depreciation per accounts	793	-
	Reserves written off	30,740	-
	Investments written off	50,637	-
	Loans written off	30,448	-
	Share option expenses	131,532	-
	Non-deductible expenses	4,200	
	Others – impairment charges	-	101,640
	Increase in income tax benefit due to :		
	Capital raising costs deducted	(52,618)	-
	Timing differences deducted	(13,150)	-
	Capitalised tenement acquisition costs	(134,637)	-
	S40 – 880	-	(667)
	Tax deductible depreciation	(793)	-
	Income tax benefit on loss	(1,038,808)	(49,092)
	Tax losses not recognised as utilisation not probable	1,038,808	49,092
	Income tax expense / (benefit) on profit / (loss)	-	-

Notes to the Financial Statements *(cont)*

5. Income Tax Expense *(cont)*

(c)	**Unused tax losses for which no deferred tax asset has been recognised**	13,573,363	7,797,816
	Potential tax benefit at 30 % (2014 30%)	4,072,009	2,339,345

The net deferred tax assets arising from these balances have not been recognised as an asset because recovery is not probable at the point in time. The recoupment of available tax loses as at the 30 June 2015 is contingent upon the following:

(i) The Group deriving future assessable income of a nature and an amount sufficient to enable the benefit to be realised;

(ii) The conditions for deductibility imposed by tax legislation continuing to be complied with; and

(ii) There being no changes in tax legislation which adversely affect the Group from realising the benefit.

6. Dividends

There were no dividends recommended or paid during the financial year (2014: nil).

7. Cash and Cash Equivalents

	Consolidated	
	2015 $	**2014 $**
Cash	1,369,598	208
	1,369,598	**208**

8. Trade and Other Receivables

	Consolidated	
	2015 $	**2014 $**
Loan receivable	-	1,709
Other receivables	136,550	4,618
	136,550	**6,327**

Notes to the Financial Statements *(cont)*

9. Other Financial Assets – Non-Current

	Consolidated	
	2015 $	2014 $
Convertible notes (i)	-	25,000
Available for sale financial assets (ii)	-	9,915
Office lease security bond	15,708	-
	15,708	**31,915**

(i) Notes in Advance Energy Limited. These were converted into shares in Advance Energy Limited (subsequently renamed Antilles Oil and Gas NL) in July 2014 and were sold during the year.

(ii) Available-for-sale financial assets comprise listed investments at fair value. These investments were sold during the year.

10. Plant & Equipment

	Software $	Equipment $	Furniture & Fittings $	Exploration equipment $	Total $
Cost or deemed cost					
Balance at 1 July 2014	**-**	**108,482**	**-**	**-**	**108,482**
Additions	7,708	14,646	2,265	54,704	79,323
Disposals	-	(108,482)	-	-	(108,482)
Balance at 30 June 2015	7,708	14,646	2,265	54,704	79,323
Depreciation					
Balance at 1 July 2014	-	108,482	-	-	108,482
Depreciation for the year	313	687	93	1,551	2,644
Disposals/write offs	-	(108,482)	-	-	(108,482)
Balance at 30 June 2015	**313**	**687**	**93**	**1,551**	**2,644**
Carrying amounts					
at 1 July 2014	**-**	**-**	**-**	**-**	**-**
at 30 June 2015	**7,395**	**13,959**	**2,172**	**53,153**	**76,679**

Notes to the Financial Statements *(cont)*

10. Plant & Equipment (cont)

	Software $	Equipment $	Furniture & Fittings $	Exploration equipment $	Total $
Cost or deemed cost					
Balance at 1 July 2013	-	108,482	-	-	108,482
Balance at 30 June 2014	-	**108,482**	**-**	**-**	**108,482**
Depreciation					
Balance at 1 July 2013	-	108,482	-	-	108,482
Balance at 30 June 2014	**-**	**108,482**	**-**	**-**	**108,482**
Carrying amounts					
at 1 July 2013	**-**	**-**	**-**	**-**	**-**
at 30 June 2014	**-**	**-**	**-**	**-**	**-**

11. Exploration & Evaluation Expenditure

	Consolidated	
	2015 $	2014 $
Exploration and evaluation phase	781,648	332,857
Movements in carrying amounts		
Balance at the beginning of the financial year	332,857	190,000
Capitalised expenditure in year - shares issued for acquisitions	414,285	142,857
-other	34,506	-
Balance at the end of the year	**781,648**	**332,857**

Recoverability of the above carrying amount is dependent upon the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Notes to the Financial Statements *(cont)*

12. Trade & Other Payables

	Consolidated	
	2015 $	2014 $
Trade creditors	295,014	177,034
Other creditors and accruals	17,000	58,040
	312,014	**235,074**

13. Borrowings

	Consolidated	
	2015 $	2014 $
Loans – non-interest bearing – unsecured (i)	-	169,748
Loans – interest bearing – unsecured (ii)	-	118,200
	-	**287,948**

(i) Unsecured
(ii) Unsecured. Interest rate of 10%

All loans were repaid during the year.

14. Short – Term Provisions

	Consolidated	
	2015 $	2014 $
Annual leave	-	22,795
	-	**22,795**

All employee provisions were paid out during the year. The Company does not currently have any employees.

Notes to the Financial Statements *(cont)*

15. Issued Capital

a) Ordinary shares	2015 Shares	2015 $	2014 Shares	2014 $
Ordinary shares fully paid	797,174,646	20,313,295	213,050,185	14,301,821
Movements in Share Capital				
Balance at beginning of the year	213,050,185	14,301,821	665,632,597	13,727,230
Share based payments (Note 20)			396,384,000	396,384
Share consolidation – 1 for 7	-	-	(910,300,190)	-
Share based payments (Note 20)	94,515,000	1,228,695	15,500,000	108,500
Conversion of convertible notes	2,386,417	20,370	10,119,493	50,000
Exercise of options 23/02/2015	3,416,612	71,749	-	-
Shares issued to exercise option over Fraser Range tenements	28,571,428	414,285	35,714,285	142,857
Placement of shares 19/9/2014	250,000,000	500,000	-	-
Placement of shares 11/11/2014	96,835,004	849,575	-	-
Placement of shares 16/03/2015	108,400,000	2,926,800	-	-
Capital raising costs on issue of shares	-	(1,111,478)	-	(123,150)
Balance at the end of the year	**797,174,646**	**19,201,817**	**213,050,185**	**14,301,821**

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

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

(b) Capital Management

The Directors' objective when managing capital is to ensure that the Company can funds its operations and continue as a going concern, so that they may continue to provide returns to shareholders and benefits to other stake holders.

Due to the nature of the Company's activities, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet business development and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with the view to initiate appropriate capital raisings as required.

Notes to the Financial Statements *(cont)*

15. Issued Capital (cont)

b) Options	2015 Options	2015 $	2014 Options	2014 $
Options on issue	398,957,062	15,000	14,345,462	15,000
Movements in options				
Opening balance 1st July	14,345,462	15,000	12,500,000	-
Options attached to placement shares 19/9/2014	250,000,000	-	-	-
Options issued to directors and Company Secretary following shareholder approval on 8/9/2014	25,000,000	304,960	-	-
Options issued pursuant to conversion of convertible note	1,193,208	-	-	-
Options attached to placement shares 11/11/2014	48,417,502	-	-	-
Options issued as payment for a mandate fee for 11/11/2014 placement	48,417,502	387,340	-	-
Options issued to director following shareholder approval on 10/2/2015	10,000,000	133,479	-	-
Exercise of options 23/02/2015	(3,416,612)	-	-	-
Options issued as payment for a mandate fee for 16/03/2105 placement	5,000,000	65,000	-	-
24 Oct 2013 - Consolidation on a 1 for 7 basis	-	-	(10,714,285)	-
31 Oct 2013 Issue of options exercisable at 2.1c expiring at 31 December 2016	-	-	7,500,000	15,000
13 Nov 2013 Issue of options exercisable at 2.1c expiring at 31 Dec 2016	-	-	2,867,802	-
17 Dec 2013 Issue of options exercisable at 2.1 cents expiring at 31 December 2016	-	-	2,191,945	-
30 June – Closing balance	**398,957,062**	**905,779**	**14,345,462**	**15,000**

Notes to the Financial Statements *(cont)*

15. Issued Capital (cont)

b) Options (cont)

The valuations of the above options issued to the directors, company secretary and issued as payment for a mandate fee were determined using the Black Scholes methodology. The options issued to related parties were also approved by shareholders in a general meeting.

The fair value of the share options granted during the year is $890,779 (2014: $Nil). These options were priced using a Black Scholes pricing model. Expected volatility is based on the movement of the underlying share price around its average share price over the expected term of the option. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur.

Inputs into the model

Number of options	25,000,000	10,000,000	48,417,502	5,000,000
Note	(1)	(2)	(3)	(4)
Grant date	19/9/2015	11/2/2015	11/2/2015	17/3/2015
Grant date share price (cents)	1.3	1.9	1.9	2.3
Exercise price (cents)	1.25	2.1	2.1	7.0
Expected volatility	165%	96.92%	96.92%	126.7%
Option life	4 years 347 days	4 years 201 days	1 year 139 days	3 years 14 days
Dividend yield	0.0%	0.0%	0.0%	0.0%
Risk-free interest rate	2.45%	2.73%	2.45%	2.76%
Valuation	$304,960	$133,479	$387,340	$65,000

Note 1 – Issued to two Directors and the Company Secretary as incentive options.

Note 2 – Issued to one Director as incentive options.

Note 3 – Issued to a RM Capital Pty Ltd (or nominee) as mandate fee for capital raising.

Note 4 – Issued to DJ Carmichael Pty Ltd (or nominee) as mandate fee for capital raising.

Notes to the Financial Statements *(cont)*

15. Issued Capital (cont)

	Consolidated 2015 number	Consolidated 2014 number
At year end the following options were on issue		
Options exercisable at $0.07 with an expiry date of 30 June 2016	1,785,714	1,785,714
Options exercisable at $0.021 with an expiry date of 30 June 2016	94,469,366	-
Options exercisable at $0.015 with an expiry date of 31 December 2016	7,500,000	7,500,000
Options exercisable at $0.021 with an expiry date of 31 December 2016	5,201,982	5,059,748
Options exercisable at $0.07 with an expiry date of 31 March 2018	5,000,000	-
Options exercisable at $0.0125 with an expiry date of 31 August 2019	275,000,000	-
Options exercisable at $0.021 with an expiry date of 31 August 2019	10,000,000	-
	398,957,062	**14,345,462**

16. Reserves

a) Option Reserve	Consolidated 2015 $	Consolidated 2014 $
Share option reserve pursuant to an issue of options	905,779	15,000
Movement in reserves		
At the beginning of the reporting year	15,000	-
Issue of options to directors and company secretary	438,439	-
Issue of options as payment for broker mandate fees	452,340	-
Issue of options as part settlement of debt financing fees	-	15,000
At end of reporting year	**905,779**	**15,000**

Nature and purpose of reserve:
The option reserve is used to recognise the fair value of options granted to Key Management Personnel and third parties.

Notes to the Financial Statements *(cont)*

16. Reserves (cont)

b) Financial Assets Reserve

	Consolidated	
	2015 $	2014 $
At the beginning of the reporting year	(124,616)	(124,616)
Fair value adjustment on available for sale financial assets	124,616	-
At end of reporting year	**-**	**(124,616)**

Nature and purpose of reserve:
The Fair value adjustment on available for sale financial assets reserve is used to recognise the prevailing value of assets available for sale but not exercised at the end of the year. All available for sale assets were sold during the year.

17. Accumulated Losses

	Consolidated	
	2015 $	2014 $
Accumulated losses at beginning of year	(14,365,101)	(13,864,884)
Net loss attributable to members	(3,674,326)	(500,217)
Accumulated losses at end of year	**(18,039,427)**	**(14,365,101)**

18. Commitments and Contingent Liabilities

Exploration Expenditure Commitments

The Group must meet the annual tenement expenditure commitments to maintain them in good standing until they are joint ventured, sold, reduced, relinquished, exemptions from expenditure are applied or are otherwise disposed of. There are also office lease payments remaining on the lease term. These amounts are not provided in the accounts and are payable:

	Consolidated	
	2015 $	2014 $
Not later than one year	360,416	247,000
Longer than one year, but not longer than five years	725,562	1,235,000
Longer than 5 years	-	988,000
Total	**1,085,978**	**2,470,000**

Notes to the Financial Statements *(cont)*

18. Commitments and Contingent Liabilities (cont)

Performance Guarantees

Performance guarantees are held with the West Australian Department of Industry and Resources in respect to the Dalgaranga Gold Mine tenements. These Performance Guarantees are held in conjunction with the joint ventures partners and negotiations are continuing with regard to their release, following the surrendering of the titles – refer to Rehabilitation below.

Native Title Claims

Legislation developments and judicial decision (in particular the uncertainty created in the area of Aboriginal land rights by the High Court decision in the "Mabo" and "Wik" cases and Native Title legislation) may have an adverse impact on the Group's ability to fund those activities. It is impossible at the time to quantify the impact (if any) that these developments may have on the Group's operations.

The Group is aware of Native Title claims in respect of ground in which the Group has an interest. It is possible that further claims could be made in the future. However, the Group cannot determine whether any current claims, if made, will succeed and, if so, what the implications would be to the Group.

Rehabilitation

Following recent Department of Mining and Petroleum ("DMP") Legislation developments, with respect to *Mining Rehabilitation Fund Act 2012 ('MRF"),* all holders of tenements, including those that have been surrendered, are required to provide the DMP with accurate information of the types and areas of ground disturbance for each tenement.

The Group is aware of the DMP requirements in respect of ground in which the Group had an interest, the Dalgaranga Mine, in joint venture with a member of the Newcrest Mining Limited group ("Newcrest").

Newcrest acted as Manager in respect to the joint venture and holds funds with respect to rehabilitation bonds on behalf of the Group for rehabilitation matters. Newcrest is currently preparing a program and budget with respect to the DMP request and possible synergies between the rehabilitation required to be undertaken and Gascoyne Resources Ltd's proposed mining operation in the same area as the surrendered tenements.

It is possible that further claims could be made in the future. However, the Group cannot determine whether any current claims, if made, will succeed and, if so, what the implications would be to the Group.

It is impossible at the time to quantify the impact (if any) that these developments may have on the Group's operations.

Notes to the Financial Statements *(cont)*

19. Notes to the Statement of Cash Flows

	Consolidated 2015 $	Consolidated 2014 $
(a) Cash	**1,369,598**	**208**

For the purposes of the Statement of Cash Flows, cash includes cash on hand and cash on investment.

b) Reconciliation of Loss from Ordinary Activities after Income Tax to Net Cash Flows from Operations

	2015	2014
Loss after income tax	**(3,674,326)**	**(500,217)**
Non-cash flows in profit from ordinary activities		
Depreciation	2,644	-
Debt forgiveness	-	(147,000)
Loss on write off of loans	122,952	-
Loss on investments	223,251	-
Share based payments/(receipt)	321,762	(34,408)
Impairment expenses	-	340,800
Share option expense	438,439	-
Write off of reserves	81,007	-
Changes in Assets and Liabilities		
Decrease/(Increase) in trade and other receivables relating to operating activities	(133,336)	(26,973)
Decrease in provisions	(22,795)	(7,505)
Increase/(decrease) in trade and other payables relating to operating activities	84,476	171,709
Cash flows (used) in operations	**(2,555,926)**	**(203,594)**

c) Non-cash investing and financing activities

In the current year the Company issued two tranches of 14,285,714 fully shares to exercise its option to acquire two key Fraser Range tenements (E63/1564 and E63/1617). In the prior year, the Company issued 35,714,285 fully paid shares to exercise its option to acquire the first key Fraser Range tenement (E63/1547).

In the current year interest payable on convertible notes of $20,370 was settled through the issue of fully paid shares. In the prior year, interest earned on convertible notes of $34,408 was settled through the acquisition of shares in Advance Energy Ltd.

During the year, the Company made a number of share based payments, as outlined at Note 20.

Notes to the Financial Statements *(cont)*

20. Share Based Payments

During the year ended 30 June 2015, the Company made the following share based payments in addition to those outlined at Note 19c:

	2015	2014
	Number	**Number**
Shares		
Issued to director D Goodwin (or nominee) as sign on fee	4,000,000	-
Issued to director G Le Page (or nominee) in lieu of directors fees owing	7,500,000	-
Issued to former director G Sklenka (or nominee) in lieu of directors fees owing	7,150,000	-
Issued to former director R Berzins (or nominee) in lieu of directors fees owing	6,072,500	-
Issued to Halston Exploration Inc. in satisfaction of a liability owing on an overseas project.	18,750,000	-
Issued to Edwards Motors Pty Ltd (or nominee) a related party of former director R Berzins, in lieu of loan payable.	13,542,500	-
Issued to RM Corporate Finance Pty Ltd, a related party of director G Le Page in satisfaction of a mandate fee.	37,500,000	-
Issued to RM Corporate Finance Pty Ltd in satisfaction of capital raising costs		15,500,000
Issued to trade creditors in satisfaction of amounts owing **	-	56,626,286
Total	**94,515,000**	**71,626,286**

** A total of 396,384,000 shares were issued but these were consolidated shortly after issue on a one for seven basis effectively reducing the shares to 56,626,286

Options		
Issued to director D Goodwin as incentive options	10,000,000	-
Issued to director R Downey as incentive options	10,000,000	-
Issued to director P Fromson as incentive options	10,000,000	-
Issued to the Company Secretary as incentive options	5,000,000	-
Issued to broker as part payment of a mandate fee	5,000,000	-
Issued to RM Corporate Finance Pty Ltd, a related party of director G Le Page in satisfaction of debt financing fees	48,417,502	7,500,000
Total	**88,417,502**	**7,500,000**

All payments to directors or their related entities for both shares and options were approved by shareholders.

Notes to the Financial Statements *(cont)*

21. Related Party Transactions

(a) Key Management Personnel

Disclosures relating to key management personnel are set out in the Directors' report. The aggregate remuneration paid to Key Management Personnel of the Group is as follows:

	Consolidated	
	2015	**2014**
	$	**$**
Short term employee benefits	570,512	102,000
Share-based payments	759,832	4,000
	1,330,344	**106,000**

(b) Related Party Transactions

At 30 June 2015 the following balances were owing to associated companies or companies associated with Directors as follows:

- Reliant Resources Pty Ltd, a company related to Dean Goodwin - $34,672 (2014: Nil) for consulting services.
- MBE Finance Pty Ltd, a company related to Paul Fromson - $23,760 (2014: Nil) for consulting services.
- Roland H Berzins, a company related to Roland Berzins - $Nil (2014: $24,000) for Director's fees.
- Orequest Pty Ltd, a company related to GT Le Page - $Nil (2014: $20,000) for Director's fees
- GT Le Page & Associates Pty Ltd, a company related to GT Le Page - $Nil (2014: $8,000) for director's fees.
- Gordon Sklenka consulting fees of Nil (2014: $30,000).

(c) Goods or Services Provided by Related Parties

During the year, the following services were provided by the Director's related parties:

- Reliant Resources Pty Ltd, a company related to Dean Goodwin - $288,263 (2014: Nil) for consulting services and directors fees. The Company also purchased a quadbike and heavy duty trailer from Reliant Resources for a total value of $9,500.
- Quantum Vis Pty Ltd, a company related to Robert Downey - $33,333 (2014: Nil) for directors fees.
- Thompson Downey Cooper, an entity related to Robert Downey - $5,544 (2014: Nil) for legal advice.
- MBE Finance Pty Ltd, a company related to Paul Fromson - $172,696 (2014: Nil) for consulting services.
- Onslow Resources Ltd, a company related to Roland Berzins - $Nil (2014: $2,000) for rent payment.
- RM Corporate Finance Pty Ltd, a company related to Guy Le Page - $Nil (2014: $40,000) for convertible note sign on fee.

Notes to the Financial Statements *(cont)*

21. Related Party Transactions (cont)

(c) Goods or Services Provided by Related Parties (cont)

- Orequest Pty Ltd, a company related to Guy Le Page - $25,000 (2014: $80,000) for Convertible note sign on fee and directors fees.
- RM Corporate Finance Pty Ltd, a company related to Guy Le Page – issued 48,417,502 unlisted options exercisable at 2.1 cents on or before 30 June 2016 as payment for a mandate fee for a capital raising of $849,575. See Note 15 b) for valuation.
- Greenstone Minerals Pty Ltd, a company related to Dean Goodwin and Paul Fromson - $8,105 for fixed assets and $7,495 reimbursement of rent on office premises.

In addition to the above cash payments share based payments, directors (or their related entities) received share based payments as disclosed in Note 20.

22. Parent Entity Disclosures

The parent entity of the Group is Mount Ridley Mines Limited.

Financial position

	Parent	
	30 June 2015	30 June 2014
	$	$
Assets		
Current assets	1,506,148	5,770
Non- current assets	874,035	257,898
Total Assets	**2,380,183**	**263,668**
Liabilities		
Current liabilities	312,014	470,509
Total Liabilities	**312,014**	**470,509**
Net Assets/(Liabilities)	**2,068,169**	**(206,841)**
Equity		
Issued capital	19,201,817	14,301,820
Accumulated losses	(18,039,427)	(14,421,195)
Reserves		
Options reserve	905,779	15,000
Financial assets reserve	-	(102,466)
Total Reserves	**905,779**	**(87,466)**
Total Equity	**2,068,169**	**(206,841)**

Notes to the Financial Statements *(cont)*

22. Parent Entity Disclosures (cont)

Financial performance

	Parent	
	30 June 2015	**30 June 2014**
	$	**$**
Net Loss for the year	(3,618,232)	(848,578)
Other comprehensive income	-	-
Total comprehensive income for the financial year	**(3,618,232)**	**(848,578)**

Mount Ridley Mines Limited has not entered into any guarantees in relations to the debts of its subsidiaries and has no material contingencies or commitment, other than those referred to in other parts of this report.

23. Operating Segments

The Group has identified that it operates in only one segment 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 principle activity is mineral exploration.

Basis of accounting for purposes of reporting by operating segments

All amounts reported to the Board of Directors, being the chief decision makers 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.

24. Auditor's Remuneration

	2015	**2014**
	$	**$**
Remuneration of the auditor of the Group for		
- Audit and review services	30,200	20,000
- other services	-	-
	30,200	**20,000**

Notes to the Financial Statements *(cont)*

25. Subsequent Events

There has not been any matter or circumstance other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year that has significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years other than:

On 20 July 2015 the company raised $532,000 (before costs) through the issue of 28,000,000 shares at 1.9 cents. The Company also issued 14,000,000 options attaching to the shares on a one for two basis. The options are exercisable at 7 cents with an expiry date of 30 June 2016.

26. Loss Per Share

		2015 $	2014 $
(a)	Reconciliation of loss to net loss		
	Net Loss	**(3,674,326)**	(500,217)
(b)	Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	**597,680,410**	**156,872,195**
	Basic loss per share (cents per share)	**(0.61)**	**(0.32)**

In addition to the above ordinary shares, the Group has on issue 398,957,062 options (2014: 14,345,462) that could potentially dilute basic loss per share in the future. These options have not been included in the calculation of diluted loss per share due to being anti-dilutive for the year.

27. Controlled Entities

Mount Ridley Mines Limited held a 100% interest in AXG Queensland Pty Ltd, Greencode Pty Ltd, and Mining and Petroleum Projects Limited as at 30 June 2014. AXG Queensland Pty Ltd, a dormant subsidiary, was sold on 1 July 2014 for $1 and Mining and Petroleum Projects Limited, also a dormant subsidiary, was de-registered during the year. The Company's sole subsidiary is now Greencode Pty Ltd which is dormant and has no assets. All companies were incorporated in Australia.

Mount Ridley Mines Limited is the head entity within the tax consolidation group for all Australian incorporated companies.

Director's Declaration

The Directors of Mount Ridley Mines Limited declare that:

1. in the Directors' opinion, the financial statements and accompanying notes are in accordance with the *Corporations Act 2001* and:

    a. comply with Accounting Standards and the *Corporations Regulations 2001*; and other mandatory professional reporting requirements, and

    b. give a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and

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

Note 1 (a) confirms that the financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);

The Directors have been given the declaration by the Chief Executive Officer and the Chief Financial officer required by Section 295A of the *Corporations Act 2001*.

The remuneration disclosures included in section A to E of the Directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2015, comply with section 300A of the *Corporations Act 2001*; and

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

DEAN GOODWIN

Managing Director

DATED at PERTH this 28th day of August 2015

Perth Western Australia

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Mount Ridley Mines Limited for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia	**L Di Giallonardo**
28 August 2015	**Partner**

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Mount Ridley Mines Limited

Report on the Financial Report

We have audited the accompanying financial report of Mount Ridley Mines Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the Group. The Group comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation 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 internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

Independence

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

HLB Mann Judd

Accountants | Business and Financial Advisers

Auditor's opinion

In our opinion:

(a) the financial report of Mount Ridley Mines Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

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

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

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2(a) to the financial report which indicates that the Group will be required to raise additional funding to enable it to continue as a going concern. If the Group is unable to raise sufficient funds, there exists a material uncertainty that may cast significant doubt whether the Group will be able to continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. 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 Mount Ridley Mines Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

L Di Giallonardo
Partner

Perth, Western Australia
28 August 2015