
PARAMOUNT MINING CORPORATION LIMITED

ABN 73 102 426 175

**ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2015**

CHAIRMAN'S REVIEW

Dear Fellow Shareholders

After a successful 2013-14, when your Company achieved several key outcomes at the Gunung Rosa gold, silver and base metals mine, 2014-15 proved to be a very difficult year in terms of capital raising to continue project development activities.

Throughout the period, the Company operated on a very limited budget, seeking funding or an investment partnership for its flagship Gunung Rosa Project. As a consequence limited work could be undertaken during the year.

The Company has developed forward plans for Gunung Rosa so that work can start without undue delay, taking into account the current wet-season monsoon activity. These plans, in particular the resource drilling programs, are discussed in more detail in the Operational Review which follows.

I take this opportunity to thank Mr Daniel Poller, who resigned as CEO and MD in June 2015, and as director in October 2015, for his contribution to the Company during his tenure; I join my fellow Board members and the management team in wishing Daniel all the best for the future.

The financial report for your Company for the year ended 30 June 2015 is attached. I acknowledge and thank my fellow directors and staff of the Paramount group of companies for their hard work and support during the year, and I look forward to continuing our progress in 2015-16 and beyond.



Mo Munshi
Chairman

25 January 2016

REVIEW OF OPERATIONS

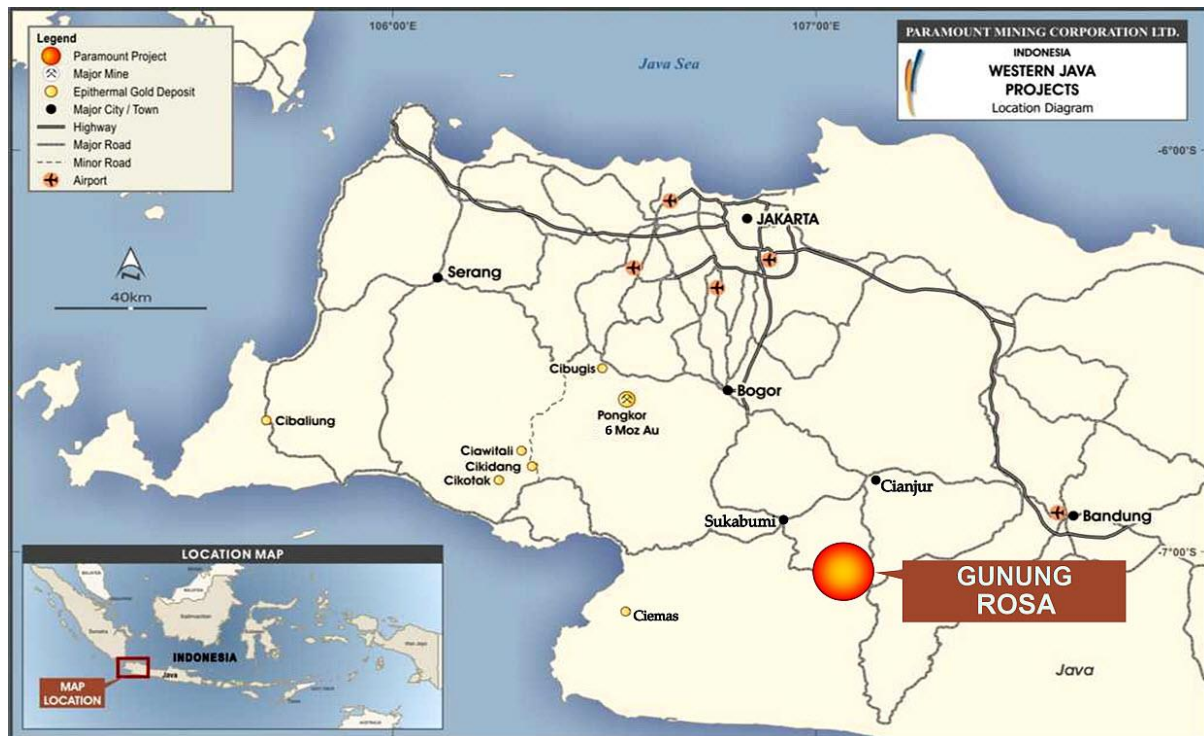


Figure 1: The Gunung Rosa IUP is located in Indonesia's West Java Province, approximately 125km south of Jakarta, and near the major regional centres of Sukabumi and Cianjur.

Gunung Rosa Project

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

Due to very tight funding conditions and a restricted budget, limited field work was undertaken during the period under review.

The Company has developed forward plans for Gunung Rosa so that work can start without undue delay taking into account the current wet-season monsoon activity.

Mining tenements held at 30 June 2015

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

FORWARD PROGRAM

The Company has sought quotations for a 3,000~6,000 metre drilling program, to upgrade the overall JORC-compliant Resource confidence level from Inferred to Indicated and to add additional new resources. This will be done by increasing the drill-hole density to reduce the spacing between existing drill-holes and to test inferred extensions of the presently recognized resource limits to depth and along strike.

Ongoing geotechnical studies, in particular those related to mine dewatering and site development preparation are scheduled to commence in parallel with the start of the drilling program.

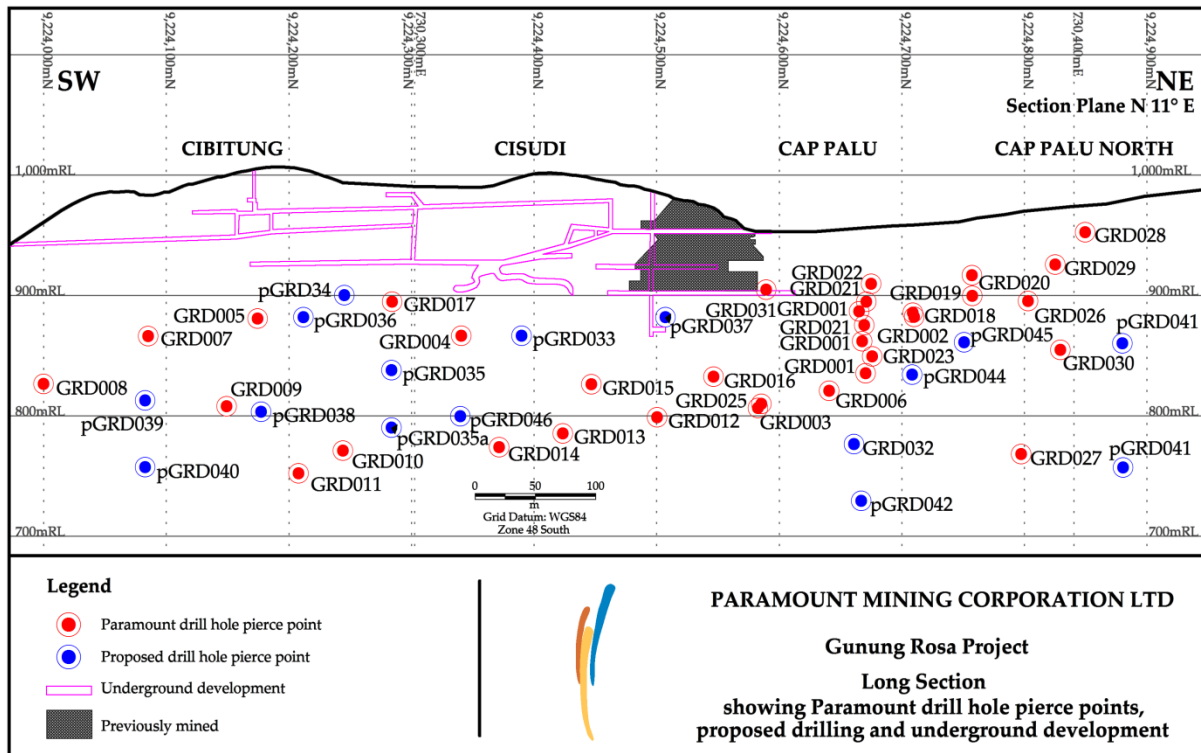


Figure 2: Long Section showing drill hole existing Paramount-drilled pierce points, the proposed drilling, and existing underground development.

CORPORATE MATTERS

Resignation of Chief Executive Office and Managing Director

Just before period end, in June 2015, the Company announced the resignation of Mr Daniel Poller as Chief Executive Officer and Managing Director, with the Company's Chairman, Mr Mo Munshi, temporarily assuming the responsibilities of Managing Director and Chief Executive Officer while a replacement is sought.

Mr Poller remained as Director until his retirement in October 2015.

Mr Munshi, on behalf of the Board and management, thanked Mr Poller for his contribution to date, in particular in relation to the Company's Gunung Rosa gold, silver and base metal project.

Loan Terms Renegotiated

Paramount repaid debt totalling USD152,680 that was converted into shares in the Company. While the conversions strengthened Paramount's balance sheet, they also demonstrate significant, ongoing confidence in the Gunung Rosa project.

Peakstar Project

Legal issues relating to the Peakstar Project, covering a farm containing diamondiferous fissures in the Free State Province, are ongoing. The South African legal firm Tabacks is handling the matter on behalf of the Company. In November 2007, the Company exercised its option on the Peakstar Diamond Project as per the terms of an Option Agreement, signed with Peakstar Diamonds (Pty) Ltd on 20th July 2007.

Meetings

The Company held its Annual General Meeting ("AGM") on 12 December 2014 with all resolutions passed by show of hands and by proxy. Details of the AGM results and other announcements referred to in this Review of Operations may be found at www.paramountmining.com.

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CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement is current as at 30 June 2015 and has been approved by the board.

The Company acknowledges the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (3rd Edition) (the "Recommendations"). This Corporate Governance Statement provides details of the Company's compliance with those Recommendations, or where appropriate, indicates a departure from the Recommendations with an explanation.

Unless disclosed below, all the Recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2015.

Recommendations (3 rd Edition)	Comply
Principle 1: Lay solid foundations for management and oversight	
Recommendation 1.1	Yes
A listed entity should disclose:	
(a) the respective roles and responsibilities of its board and management; and	
(b) those matters expressly reserved to the Board and those delegated to management.	
Commentary on Recommendation 1.1	
The Company has adopted a written Corporate Governance Charter, within which the Board Charter sets out the respective roles and responsibilities of the Board and the management, and the delegations by the Board to management. The Board is ultimately responsible for ensuring its actions are in accordance with key corporate governance principles.	
Recommendation 1.2	Yes
A listed entity should:	
(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and	
(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	
Commentary on Recommendation 1.2	
Before appointing a Director, the Board undertakes appropriate checks and provides security holders with all material information which is relevant to a decision to elect or re-elect a Director.	
The Notice of Annual General Meeting contains all material information relevant to a decision on whether or not to elect or re-elect a Director.	
Recommendation 1.3	Yes
A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	
Commentary on Recommendation 1.3	
Directors receive formal letters of engagement setting out the key terms, conditions and expectations of their engagement.	
Recommendation 1.4	Yes
The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	
Commentary on Recommendation 1.4	
The Company Secretary is responsible for supporting the effectiveness of the Board and is directly accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.	

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Recommendation 1.5

No

A listed entity should:

- (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;
- (b) disclose that policy or a summary of it; and
- (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:
 - (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or
 - (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

Commentary on Recommendation 1.5

The Company is committed to providing a diverse and inclusive work environment in which everyone is treated fairly and with respect.

The Company is committed to recruiting, training and promoting individuals based on competence and to attracting the best people in their fields, regardless of gender, religion, race, ethnicity, language, cultural background, sexual orientation, disability or age.

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

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

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

Recommendation 1.6

No

A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Commentary on Recommendation 1.6

There is no formal process for evaluating the performance of the board, its committees and individual directors.

Board, committee and individual director performance is evaluated on an ongoing basis, including within this reporting period, having regard to Company objectives and each director's contribution to board deliberations.

Recommendation 1.7

No

A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of its senior executives; and
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Commentary on Recommendation 1.7

There is no formal process for evaluating the performance of senior executives.

Senior executive performance is evaluated by the board on an ongoing basis, including within this reporting period, having regard to Company objectives, and executives' roles and responsibilities.

CORPORATE GOVERNANCE STATEMENT

Principle 2: Structure the board to add value**Recommendation 2.1**

Yes

The board of a listed entity should:

(a) have a nomination committee which:

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director,

and disclose:

(3) the charter of the committee;

(4) the members of the committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

Commentary on Recommendation 2.1

The Board has established a Nominations and Remuneration Committee which operates under a charter approved by the Board. The Nominations and Remuneration Committee comprised the following members throughout the year:

Name	Position
John Arbuckle	Committee Chairman, Non-Executive Director (Independent)
Guy Anderson	Non-Executive Director (Independent)
Peter Bacchus	Non-Executive Director (Independent)

All Directors on the Nominations and Remuneration Committee are independent.

The functions of the Nominations and Remuneration Committee are set out in the Remuneration and Nomination Committee Charter.

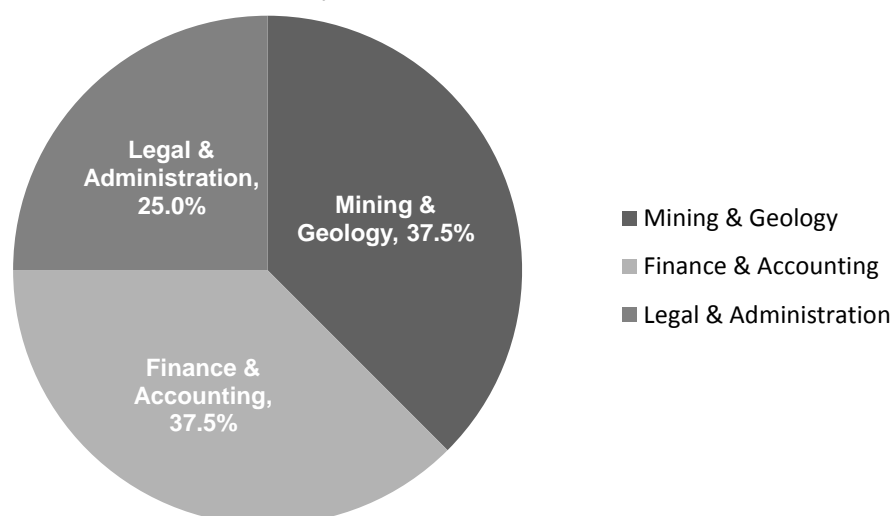
Recommendation 2.2

Yes

A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

Commentary on Recommendation 2.2

The following chart demonstrates the primary skills and experience of the current board across the range of attributes that are relevant to the Company's business.



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Recommendation 2.3 Yes

A listed entity should disclose:

- (a) the names of the directors considered by the board to be independent directors;
- (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
- (c) the length of service of each director.

Commentary on Recommendation 2.3

The Board consists of a majority of independent directors; the following Directors are considered to be independent. None of the following directors has an interest, position, association or relationship of the type described in Box 2.3.

Name	Position	Length of Service
Guy Anderson	Non-Executive Director	6.5 years
John Arbuckle	Non-Executive Director	3.5 years
Peter Bacchus	Non-Executive Director	2.5 years

Recommendation 2.4 Yes

A majority of the board of a listed entity should be independent directors.

Commentary on Recommendation 2.4

At the date of this report, the Board consists of four directors and three are considered independent.

Recommendation 2.5 No

The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

Commentary on Recommendation 2.5

The Chair of the Board, Mo Munshi is not considered to be an independent director, and has temporarily assumed the role of Chief Executive Officer since 1 July 2015, after the resignation of Mr Daniel Poller from that position.

Recommendation 2.6 Yes

A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

Commentary on Recommendation 2.6

Directors are given an induction briefing by the Chairman and an induction pack containing information about the Company, Board and Committee Charters, and Company policies.

In line with its charter, the Nominations and Remuneration Committee considers individual Directors' developmental needs as required.

Principle 3: Act ethically and responsibly

Recommendation 3.1 Yes

A listed entity should:

- (a) have a code of conduct for its directors, senior executives and employees; and
- (b) disclose that code or a summary of it.

Commentary on Recommendation 3.1

The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has established a Code of Conduct/Values, which is forms part of the Company's Corporate Governance Charter, which may be found at the Company's website.

Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1 Yes

The board of a listed entity should:

- a) have an audit committee which:

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- (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
- (2) is chaired by an independent director, who is not the chair of the board, and disclose:
- (3) the charter of the committee;
- (4) the relevant qualifications and experience of the members of the committee; and
- (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

Commentary on Recommendation 4.1

The Board has established an Audit and Risk Management Committee which operates under a charter approved by the Board. The Remuneration and Nomination Committee comprised the following members throughout the year:

Name	Position	Qualifications
Guy Anderson	Committee Chairman, Non-Executive Director (Independent)	BSc C Eng, PhD, ACA
John Arbuckle	Non-Executive Director (Independent)	BBus, CPA
Peter Bacchus	Non-Executive Director (Independent)	MA, CA

All Directors on the Audit and Risk Management Committee are independent.

The functions of the Audit and Risk Management Committee are set out in the Audit and Risk Management Committee Charter.

The Audit and Risk Management Committee did not convene during the period under review. During this period, audit and risk issues were considered by the Company's full Board.

Recommendation 4.2

Yes

The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Commentary on Recommendation 4.2

In accordance with the Corporations Act 2001 (Cth) (the "Act"), the CEO and CFO have provided written statements to the Board in respect of each half and full year financial period, that, in their opinion, the financial records of the Company have been properly maintained in accordance with the Act, the financial statements and the notes for the financial period comply with the accounting standards and give a true and fair view of the financial position and performance of the entity and their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Recommendation 4.3

Yes

A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

Commentary on Recommendation 4.3

The Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1

Yes

A listed entity should:

- (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and
- (b) disclose that policy or a summary of it.

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Commentary on Recommendation 5.1

The Board has endorsed a policy on the release of Price Sensitive Information and on Communications with Stakeholders, which sets out the processes which assist the Company to ensure that all investors have equal and timely access to material information about the Company and that Company announcements are factual and presented in a clear and balanced way.

The policy on the release of Price Sensitive Information also sets out the procedures for identifying and disclosing material and market-sensitive information in accordance with the Corporations Act 2011 (Cth) and the ASX Listing Rules.

The policies are integral parts of the Company's Corporate Governance Charter, which is published on the Company's website.

Principle 6: Respect the rights of security holders

Recommendation 6.1

Yes

A listed entity should provide information about itself and its governance to investors via its website.

Commentary on Recommendation 6.1

The Board has endorsed a policy on Communications with Stakeholders. Under the policy, the Company aims to ensure that investors and other stakeholders are kept informed of all major developments affecting the state of affairs of the Company.

Recommendation 6.2

Yes

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

Commentary on Recommendation 6.2

The Company provides telephone and online email inquiry services to assist shareholders with any queries. Information is also communicated to shareholders via email regarding Company announcements.

Recommendation 6.3

Yes

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

Commentary on Recommendation 6.3

The Company encourages security holder participation at its AGM through its use of electronic communication, including by making notices of meetings available on its website. Shareholders who are not able to attend the annual general meeting have the opportunity to put questions or comments ahead of the meeting. Where appropriate, these questions are answered at the meeting.

Recommendation 6.4

Yes

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

Commentary on Recommendation 6.4

The Company's policy on Communications with Stakeholders provides that security holders can register to receive email notifications when an announcement is made by the Company, including the release of the Annual Report, half-yearly reports and quarterly reports.

All shareholders may register their email contact details with the Company's security registry to send and receive correspondence electronically.

Principle 7: Recognise and manage risk

Recommendation 7.1

Yes

The board of a listed entity should:

(a) have a committee or committees to oversee risk, each of which:

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director,

and disclose:

(3) the charter of the committee;

(4) the members of the committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

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-
- (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.
-

Commentary on Recommendation 7.1

The functions of the Audit and Risk Management Committee are set out in the Audit and Risk Management Committee Charter. Details of Committee members and meetings, are disclosed at the section on Commentary to Recommendation 4.1, above.

Recommendation 7.2

Yes

The board or a committee of the board should:

- (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and
 - (b) disclose, in relation to each reporting period, whether such a review has taken place.
-

Commentary on Recommendation 7.2

Key Audit and Risk Management Committee's functions in respect of Risk are to review and report to the Board against the Company's Risk policy objectives as set out in the Company's Risk Management Policy. The Risk Management Charter and the Risk Management Policy are parts of the Company's Corporate Governance Charter, which may be found at the Company's website.

Recommendation 7.3

Yes

A listed entity should disclose:

- (a) if it has an internal audit function, how the function is structured and what role it performs; or
 - (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.
-

Commentary on Recommendation 7.3

The Audit and Risk Management Committee, assesses the need for an internal audit function on an ongoing basis. Management, through the CEO is responsible for the day to day design and implementation of the Company's risk management and internal control system. Management reports to the Board on the Company's key risks and the extent to which it believes these risks are being adequately managed.

Recommendation 7.4

Yes

A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

Commentary on Recommendation 7.4

The Company has adopted a Risk Management Policy, which requires consideration of whether the Company has any material exposure to economic, environmental, operational and sustainability risks, and where it does, to determine how it manages or will manage such risks. The Risk Management Policy is an integral part of the Company's Corporate Governance Charter, which may be found at the Company's website.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1

Yes

The board of a listed entity should:

- (a) have a remuneration committee which:
 - (1) has at least three members, a majority of whom are independent directors; and
 - (2) is chaired by an independent director,and disclose:
 - (3) the charter of the committee;
 - (4) the members of the committee; and
 - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
 - (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.
-

Commentary on Recommendation 8.1

The functions of the Nominations and Remuneration Committee are set out in the Nominations and Remuneration Committee Charter. Details of Committee members and meetings, are disclosed at the section on Commentary to

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Recommendation 2.1, above.

Recommendation 8.2

Yes

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

Commentary on Recommendation 8.2

The Company's policies and practices regarding the remuneration of Directors and senior executives is disclosed in the Remuneration Report section of this Annual Report.

Recommendation 8.3

Yes

A listed entity which has an equity-based remuneration scheme should:

- (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
 - (b) disclose that policy or a summary of it.
-

Commentary on Recommendation 8.3

The Company did not have an equity-based remuneration scheme during the period.

DIRECTORS' REPORT

Your directors present their report, together with the financial statements of the Group, being the company and its controlled entities, for the financial year ended 30 June 2015.

Principal Activities and Significant Changes in Nature of Activities

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

- Precious and base metals mining project development.

Operating Results and Review of Operations for the Year

Operating Results

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

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

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

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

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

The Board is confident that the Group will have sufficient funds to finance its operations in the 2015/2016 financial year.

The consolidated loss of the economic entity after providing for income tax amounted to \$2,246,931 (2014: loss \$3,128,150).

Review of Operations

The Review of Operations which forms part of this Directors' Report may be found on pages 2 to 3.

Financial Position

The net assets of the consolidated group have increased by \$1,344,948 to \$6,686,676 in 2015, principally due to movements in exchange rates.

Significant Changes in State of Affairs

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

On 15 December 2014 the Company issued 9,348,000 ordinary shares at \$0.045 each and 36,113,246 at \$0.040 each, 716,000 ordinary shares at \$0.056 each and 1,859,651 shares at \$0.043 (for a total issue of 48,036,897 ordinary shares) as approved by shareholders at the 12 December 2014 AGM.

Dividends Paid or Recommended

No dividends were paid or declared in the financial year.

DIRECTORS' REPORT

After Balance Date Events

i) Retirement of Directors

The following Directors retired from the Board during the year, and subsequent to year end:

- Mr Mufti Habriansyah, on 29 May 2015
- Mr Daniel Poller, on 5 October 2015
- Mr Peter Bacchus, on 31 December 2015

ii) Unsecured Three-Year Convertible Drawdown Facility

The Company's subsidiary Paramindo Singapore Pte Ltd ("Paramindo Singapore") entered into an unsecured three-year convertible Drawdown Facility agreement ("Facility") of USD3,000,000 with an Asian resource funding group ("Lender") on 14 October 2015.

The Facility will fund critical stages in the continued development of the Gunung Rosa gold, silver and base metal project in West Java, Indonesia, as well as provide for working capital.

Under the Facility, Paramindo Singapore may drawdown a committed amount of up to USD3,000,000 in USD1,000,000 tranches through to 31 March 2016. Additional drawdowns under the Facility may be approved, at the sole discretion of the Lender.

The key terms of the Facility are as follows:

- USD3,000,000 unsecured Facility
- Interest rate of 10% per annum
- Maturity date is 3 years from the date of the Facility agreement
- Repayable in cash or shares and attaching warrants in the Company at the Lender's option.
 - Conversion price is the price of shares based on a USD20,000,000 pre-money valuation of Paramindo Singapore immediately prior to conversion.
 - Warrants exercisable for nil consideration to acquire two shares each.

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

Future Developments, Prospects and Business Strategies

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

Environmental Issues

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

Information on Directors

Mo Munshi	- Chairman (Non-executive) and Acting CEO/MD
Qualifications	- BSc(Geol)(Hons), MBA
Appointed	- September 2008
Interest in Shares and Performance Rights	- Ordinary shares, fully paid: 57,899,566; Performance rights: 5,000,000

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DIRECTORS' REPORT

Directorships held in other listed entities during the three years prior to the current year	- Current director of Prosperity Resources Limited
Daniel Poller	- Chief Executive Officer / Managing Director
Qualifications	- BA
Appointed	- July 2014
Resigned as CEO/MD	- June 2015
Retired as Director	- October 2015
Interest in Shares and Performance Rights	- Ordinary shares, fully paid: 716,000; Performance rights: Nil
Dr Guy Anderson	- Non-executive director
Qualifications	- BSc C Eng (Cape Town), PhD (Cape Town), ACA
Appointed	- September 2008
Interest in Shares and Performance Rights	- Ordinary shares, fully paid: 2,718,000; Performance rights: 1,000,000
Mufti Habriansyah	- Non-executive director
Qualifications	- SH
Appointed	- December 2010
Retired	- May 2015
Interest in Shares and Performance Rights	- Ordinary shares, fully paid: 4,858,000; Performance rights: Nil
Directorships held in other listed entities during the three years prior to the current year	- Current director of Prosperity Resources Limited
John Arbuckle	- Non-executive director
Qualifications	- BBus, CPA
Appointed	- October 2011
Interest in Shares and Performance Rights	- Ordinary shares, fully paid: 1,581,000; Performance rights: 1,000,000
Directorships held in other listed entities during the three years prior to the current year	- Current director of Prosperity Resources Limited
Peter Bacchus	- Non-executive director
Qualifications	- MA, CA
Appointed	- January 2013
Retired	- December 2015
Interest in Shares and Performance Rights	- Ordinary shares, fully paid: 1,136,000; Performance rights: Nil

Company Secretaries

Garry Taylor EMBA CPA FCIS GAICD held the position of Company Secretary and Chief Financial Officer at the end of the financial year. Mr Taylor has been employed by Paramount

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DIRECTORS' REPORT

Mining Corporation Limited since September 2007. He was appointed company secretary in October 2007. Mr Taylor is also Company Secretary of ASX-listed Prosperity Resources Limited.

Lionel Liew BComm CPA held the position of Company Secretary at the end of the financial year. He was appointed as a Company Secretary on 6 April 2011. He is also the Company Secretary of ASX-listed Prosperity Resources Limited.

Meetings of directors

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

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

¹ Appointed 1 July 2014, Resigned as CEO/MD 30 June 2015, Retired as Director 5 October 2015

² Resigned 29 May 2015

³ Resigned 31 December 2015

Indemnifying Officers

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

Shares, Performance Rights and Options

At the date of this report, there are no unissued ordinary shares of Paramount Mining Corporation Limited under option of the Company, and there have been no unissued shares or interests under option of any controlled entity within the Group during or since reporting date.

During the year ended 30 June 2015, 4,613,246 fully paid ordinary shares were issued on loan conversion; and in addition to the above 43,423,651 fully paid ordinary shares and 22,500,000 performance rights have been issued.

PARAMOUNT MINING CORPORATION ANNUAL REPORT

DIRECTORS' REPORT

Performance Rights

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

Date of Expiry	Performance Hurdle	Number of Performance Rights
31 March 2016	Market Capitalisation* \$90,000,000	1,000,000
31 December 2016	Receipt of Bankable Feasibility Study**	5,000,000
30 June 2017	Commencement of Ore Production**	5,000,000
		<hr/> 11,000,000 <hr/>

*For Market Capitalisation hurdles, the Performance Rights specified vest subject to the Company's market capitalisation being at or above the Market Capitalisation hurdle for 20 consecutive trading days at any time after the issue of the Performance Rights and before the relevant expiry date.

**For Project-related hurdles, the Performance Rights specified vest subject to the specified hurdle being achieved in respect of Company's Gunung Rosa Project at any time after the issue of the Performance Rights and before the relevant expiry date.

Proceedings on behalf of the Company

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

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

No non-audit services were provided by external auditors during the year ended 30 June 2015.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2015 has been received and can be found on page 25 of this report.

PARAMOUNT MINING CORPORATION ANNUAL REPORT

REMUNERATION REPORT (Audited)

Remuneration policy

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

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

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

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

During the period under review, Mr Poller was employed as Chief Executive Officer and Managing Director on a two-year contract from 1 July 2014 with a base salary of \$240,000 per annum. The contract could be terminated by either party by the giving of three months' notice. Mr Poller resigned effective 30 June 2015, and was paid \$235,251 as a base salary for the year.

Employment Details of Members of Key Management Personnel and Other Executives

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

	Position held as at 30 June 2015 and any change during the year	Contract details (duration and termination)
Group Key Management Personnel		
M Munshi	Chairman (Non-executive)* Appointed 19 September 2008 *Chairman and Acting CEO/MD from 1 July 2015	Contract expired 31 December 2014, extended month-by-month on previous terms and conditions
D Poller	Chief Executive Officer / MD Appointed 1 July 2014 Resigned as CEO/MD 30 June 2015 Retired as Director 5 October 2015	2 years 3 months termination
G Anderson	Director (Non-executive) Appointed 19 September 2008	No fixed term
M Habriansyah	Director (Non-executive) Appointed 1 December 2010 Retired 29 May 2015	No fixed term

PARAMOUNT MINING CORPORATION ANNUAL REPORT

REMUNERATION REPORT (Audited)

J Arbuckle	Director (Non-executive) Appointed 18 October 2011	No fixed term
P Bacchus	Director (Non-executive) Appointed 2 January 2013	No fixed term
G Taylor	Chief Financial Officer and Company Secretary	No fixed term. 4 week resignation period.

Remuneration details for the year ended 30 June 2015

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

Group Key Management Personnel		Short-term Benefits (\$)		Post-employment benefits (\$)		Equity-settled share-based payments (\$)			Total (\$)
		Salary & fees	Non-monetary	Termination	Super-annuation	Shares	Options	Performance Rights ("PR")	
M Munshi	2015	35,000	-	-	-	180,000	-	69,869	284,869
	2014	35,000	-	-	-	540,000	-	26,221	601,221
D Poller ¹	2015	235,251	-	-	-	-	-	31,250	266,501
	2014	-	-	-	-	-	-	-	-
G Anderson	2015	30,000	-	-	-	-	-	16,612	46,612
	2014	30,000	-	-	-	-	-	6,054	36,054
M Habriansyah ²	2015	139,900	-	-	-	6,000	-	(6,054)	139,846
	2014	157,760	-	-	-	30,000	-	6,054	193,814
J Arbuckle	2015	30,000	-	-	-	-	-	16,612	46,612
	2014	30,000	-	-	-	-	-	6,054	36,054
P Bacchus ³	2015	30,000	-	-	-	-	-	16,612	46,612
	2014	30,000	-	-	-	-	-	6,054	36,054
G Taylor	2015	180,984	-	-	-	-	-	16,612	197,596
	2014	204,785	-	-	18,431	-	-	6,054	229,270
T Holohan ⁴	2015	-	-	-	-	-	-	-	-
	2014	391,967	-	-	-	-	-	-	391,967
Total Key Management Personnel	2015	681,135	-	-	-	186,000	-	161,513	1,028,648
	2014	879,512	-	-	18,431	570,000	-	56,491	1,524,434

¹ Appointed 1 July 2014, Resigned as CEO/MD 30 June 2015, Retired as Director 5 October 2015

² Resigned 29 May 2015

³ Resigned 31 December 2015

⁴ Resigned 30 May 2014

PARAMOUNT MINING CORPORATION ANNUAL REPORT

REMUNERATION REPORT (Audited)

Securities granted as part of remuneration during the year

	Remuneration type	Grant date	Percentage vested/paid during year %	Percentage lapsed during year %	Percentage remaining as unvested %
Group Key Management Personnel					
M Munshi	Performance Rights	12 Dec 14	-	-	100
D Poller	Performance Rights	12 Dec 14	-	-	100
G Anderson	Performance Rights	12 Dec 14	-	-	100
M Habriansyah	Performance Rights	12 Dec 14	-	-	100
J Arbuckle	Performance Rights	12 Dec 14	-	-	100
G Taylor	Performance Rights	12 Dec 14	-	-	100

PARAMOUNT MINING CORPORATION ANNUAL REPORT

REMUNERATION REPORT (Audited)

Terms and Conditions for Performance Rights granted to key management personnel during the year

2015	Awarded		Fair value per	Exercise	Expiry date	Market Hurdle	Last	Vested	
	No.	Award date	performance right	price		(\$)	exercise	No.	%
			at award date	(\$)			date		
			(\$)						
Key Management Person									
M Munshi	2,000,000	12 Dec 14	\$0.04	Nil	31 Dec 15	Receipt of JORC Resource Report	31 Dec 15	-	-
M Munshi	2,000,000	12 Dec 14	\$0.04	Nil	31 Dec 16	Receipt of Bankable Feasibility Study	31 Dec 16	-	-
M Munshi	2,000,000	12 Dec 14	\$0.04	Nil	30 Jun 17	Commencement of Ore Production	30 Jun 17	-	-
D Poller ¹	1,500,000	12 Dec 14	\$0.04	Nil	31 Dec 15	Receipt of JORC Resource Report	31 Dec 15	-	-
D Poller ¹	1,500,000	12 Dec 14	\$0.04	Nil	31 Dec 16	Receipt of Bankable Feasibility Study	31 Dec 16	-	-
D Poller ¹	1,500,000	12 Dec 14	\$0.04	Nil	30 Jun 17	Commencement of Ore Production	30 Jun 17	-	-
G Anderson	500,000	12 Dec 14	\$0.04	Nil	31 Dec 15	Receipt of JORC Resource Report	31 Dec 15	-	-
G Anderson	500,000	12 Dec 14	\$0.04	Nil	31 Dec 16	Receipt of Bankable Feasibility Study	31 Dec 16	-	-
G Anderson	500,000	12 Dec 14	\$0.04	Nil	30 Jun 17	Commencement of Ore Production	30 Jun 17	-	-
M Habriansyah ²	500,000	12 Dec 14	\$0.04	Nil	31 Dec 15	Receipt of JORC Resource Report	31 Dec 15	-	-
M Habriansyah ²	500,000	12 Dec 14	\$0.04	Nil	31 Dec 16	Receipt of Bankable Feasibility Study	31 Dec 16	-	-
M Habriansyah ²	500,000	12 Dec 14	\$0.04	Nil	30 Jun 17	Commencement of Ore Production	30 Jun 17	-	-
J Arbuckle	500,000	12 Dec 14	\$0.04	Nil	31 Dec 15	Receipt of JORC Resource Report	31 Dec 15	-	-
J Arbuckle	500,000	12 Dec 14	\$0.04	Nil	31 Dec 16	Receipt of Bankable Feasibility Study	31 Dec 16	-	-
J Arbuckle	500,000	12 Dec 14	\$0.04	Nil	30 Jun 17	Commencement of Ore Production	30 Jun 17	-	-
P Bacchus ³	500,000	12 Dec 14	\$0.04	Nil	31 Dec 15	Receipt of JORC Resource Report	31 Dec 15	-	-
P Bacchus ³	500,000	12 Dec 14	\$0.04	Nil	31 Dec 16	Receipt of Bankable Feasibility Study	31 Dec 16	-	-
P Bacchus ³	500,000	12 Dec 14	\$0.04	Nil	30 Jun 17	Commencement of Ore Production	30 Jun 17	-	-
G Taylor	500,000	12 Dec 14	\$0.04	Nil	31 Dec 15	Receipt of JORC Resource Report	31 Dec 15	-	-
G Taylor	500,000	12 Dec 14	\$0.04	Nil	31 Dec 16	Receipt of Bankable Feasibility Study	31 Dec 16	-	-
G Taylor	500,000	12 Dec 14	\$0.04	Nil	30 Jun 17	Commencement of Ore Production	30 Jun 17	-	-
Total	18,000,000							-	-

¹ Appointed 1 July 2014, Resigned as CEO/MD 30 June 2015, Retired as Director 5 October 2015

² Resigned 29 May 2015 and the performance rights were cancelled

³ Resigned 31 December 2015

PARAMOUNT MINING CORPORATION ANNUAL REPORT

REMUNERATION REPORT (Audited)

Terms and Conditions for Performance Rights granted to key management personnel during the year

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

¹Resigned 30 May 2014 and the performance rights were cancelled

All of the above Performance Rights lapsed during the year, except for 1,000,000 Performance Rights to Mr Mo Munshi expiring on 31 March 2016

PARAMOUNT MINING CORPORATION ANNUAL REPORT

REMUNERATION REPORT (Audited)

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

	Value of performance rights granted during the year	Value of performance rights exercised during the year	Value of performance rights lapsed / cancelled during the year
	\$	\$	\$
M Munshi	69,869	-	-
D Poller ¹	31,250	-	-
G Anderson	16,612	-	-
M Habriansyah ²	-	-	(6,054)
J Arbuckle	16,612	-	-
P Bacchus ³	16,612	-	-
G Taylor	16,612	-	-

¹ Appointed 1 July 2014, Resigned as CEO/MD 30 June 2015, Retired as Director 5 October 2015

² Resigned 29 May 2015

³ Resigned 31 December 2015

Key Management Personnel Options Holdings

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

30 June 2015	Balance at beginning of year	Granted as remunerat- ion during the year	Exercised/ lapsed during the year	Balance at end of year	Vested during the year	Vested and exercisable
M Munshi	2,000,000	-	(2,000,000)	-	-	-
D Poller ¹	-	-	-	-	-	-
G Anderson	-	-	-	-	-	-
M Habriansyah ²	-	-	-	-	-	-
J Arbuckle	-	-	-	-	-	-
P Bacchus ³	-	-	-	-	-	-
G Taylor	-	-	-	-	-	-
	2,000,000	-	(2,000,000)	-	-	-

¹ Appointed 1 July 2014, Resigned as CEO/MD 30 June 2015, Retired as Director 5 October 2015

² Resigned 29 May 2015

³ Resigned 31 December 2015

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

¹ Resigned 30 May 2014

PARAMOUNT MINING CORPORATION ANNUAL REPORT

REMUNERATION REPORT (Audited)

Key Management Personnel Performance Rights Holdings

In 2015, the Company issued Performance Rights to directors and officers of the Company. The number of Performance Rights over ordinary shares held by each KMP of the Group during the financial year is as follows:

30 June 2015	Balance at beginning of year	Granted as remuneration during the year	Exercised/ lapsed/ canceled during the year	Balance at end of year	Vested during the year	Vested and exercisable
M Munshi	6,000,000	6,000,000	(5,000,000)	7,000,000	-	-
D Poller ¹	-	4,500,000	-	4,500,000	-	-
G Anderson	1,000,000	1,500,000	(1,000,000)	1,500,000	-	-
M Habriansyah ²	1,000,000	1,500,000	(2,500,000)	-	-	-
J Arbuckle	1,000,000	1,500,000	(1,000,000)	1,500,000	-	-
P Bacchus ³	1,000,000	1,500,000	(1,000,000)	1,500,000	-	-
G Taylor	1,000,000	1,500,000	(1,000,000)	1,500,000	-	-
	11,000,000	18,000,000	(11,500,000)	17,500,000	-	-

¹ Appointed 1 July 2014, Resigned as CEO/MD 30 June 2015, Retired as Director 5 October 2015

² Resigned 29 May 2015

³ Resigned 31 December 2015

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

¹ Resigned 30 May 2014

PARAMOUNT MINING CORPORATION ANNUAL REPORT

REMUNERATION REPORT (Audited)

Key Management Personnel Shareholdings

30 June 2015	Balance at beginning of year	Granted in lieu of remuneration / fees during the year	Issued on exercise of performance rights/options during the year	Other changes during the year	Balance on resignation	Balance at end of year
M Munshi	51,138,566	3,986,000	-	2,775,000	-	57,899,566
D Poller ¹	-	-	-	716,000	-	716,000
G Anderson	2,053,000	-	-	665,000	-	2,718,000
M Habriansyah ²	3,396,000	-	-	1,462,000	(4,858,000)	-
J Arbuckle	916,000	-	-	665,000	-	1,581,000
P Bacchus ³	471,000	-	-	665,000	-	1,136,000
G Taylor	1,794,059	-	-	1,130,000	-	2,924,059
Total	59,768,625	3,986,000	-	8,078,000	(4,858,000)	66,974,625

¹ Appointed 1 July 2014, Resigned as CEO/MD 30 June 2015, Retired as Director 5 October 2015

² Resigned 29 May 2015

³ Resigned 31 December 2015

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

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

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

Options exercised

2,000,000 options lapsed during the financial year.

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



Mo Munshi
Chairman

25 January 2016

25 January 2016

Board of Directors
Paramount Mining Corporation Limited
44 Kings Part Road,
WEST PERTH, WA, 6005

Dear Directors

RE: PARAMOUNT MINING CORPORATION LIMITED

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

As Audit Director for the audit of the financial statements of Paramount Mining Corporation Limited for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

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



Samir Tirodkar
Director

PARAMOUNT MINING CORPORATION ANNUAL REPORT

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015**

		Consolidated Group	
	Note	2015	2014
		\$	\$
Revenue			
Interest income	2	42	821
Other income	2	-	89,390
Total revenue		42	90,211
Operating costs			
Depreciation expense	3	(4,266)	(7,881)
Employee benefits expense		(679,812)	(973,419)
Equity-based payment expense		(191,282)	(15,231)
Exploration expense		-	(144,690)
Occupancy expense		(158,082)	(136,874)
Borrowing cost		(430,334)	(983,952)
Other operating costs		(783,197)	(956,314)
Total expenses		(2,246,973)	(3,218,361)
Loss before income tax		(2,246,931)	(3,128,150)
Income tax refund / (expense)	4	-	-
Loss for the year		(2,246,931)	(3,128,150)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		1,421,759	(231,618)
Income tax expense on items of other comprehensive income		-	-
Total other comprehensive income		1,421,759	(231,618)
Comprehensive loss for the period		(825,172)	(3,359,768)
Loss attributable to			
Paramount Mining Corporation Limited		(2,168,264)	(3,032,033)
Non-controlling interest		(78,667)	(96,117)
		(2,246,931)	(3,128,150)
Total Comprehensive loss attributable to			
Paramount Mining Corporation Limited		(597,964)	(3,282,401)
Non-controlling interest		(227,208)	(77,367)
		(825,172)	(3,359,768)
Earnings per share			
Basic loss per share (cents)	7	(0.383)	(0.628)
Diluted loss per share (cents)	7	(0.383)	(0.628)

The accompanying notes form part of these financial statements

PARAMOUNT MINING CORPORATION ANNUAL REPORT
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

		Consolidated Group	
	Note	2015	2014
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	8	58,762	13,554
Trade and other receivables	9	88,397	61,508
Other current assets	10	26,223	35,966
Total current assets		173,382	111,028
Non-current assets			
Trade and other receivables	9	17,723	17,327
Deferred exploration costs	10	10,439,245	8,712,905
Property, plant and equipment	12	7,589	11,072
Total non-current assets		10,464,557	8,741,304
Total assets		10,637,939	8,852,332
LIABILITIES			
Current liabilities			
Trade and other payables	13	1,381,404	2,161,372
Short-term provisions	14	35,140	41,185
Financial Liabilities	15	2,534,719	1,308,047
Total current liabilities		3,951,263	3,510,604
Non-current liabilities			
Total non-current liabilities		-	-
Total liabilities		3,951,263	3,510,604
Net assets		6,686,676	5,341,728
EQUITY			
Issued capital	16	31,467,348	29,488,510
Reserves	17	4,094,038	2,332,456
Accumulated losses		(27,942,184)	(25,773,920)
Total equity attributed to equity holders of the Consolidated group		7,619,202	6,047,046
Non-controlling interest		(932,526)	(705,318)
Total equity		6,686,676	5,341,728

The accompanying notes form part of these financial statements

PARAMOUNT MINING CORPORATION ANNUAL REPORT
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

CONSOLIDATED

	Issued Capital	Accumulated Losses	Share Option/ Performance Rights Reserve	Foreign Currency Translation Reserve	Total	Non- controlling interest	Total Equity
	\$	\$	\$	\$	\$	\$	\$
As at 1 July 2014	29,488,510	(25,773,920)	2,098,021	234,435	6,047,046	(705,318)	5,341,728
Loss for the year	-	(2,168,264)	-	-	(2,168,264)	(78,667)	(2,246,931)
Other comprehensive income		-	-	-	-		-
Currency translation differences	-	-	360	1,569,940	1,570,300	(148,541)	1,421,759
Total other comprehensive loss	-	-	-	-	-	-	-
Total comprehensive loss	-	(2,168,264)	360	1,569,940	(597,964)	(227,208)	(825,172)
Transactions with owner recorded directly into equity				-			
Issue of shares	1,978,838	-	-	-	1,978,838	-	1,978,838
Share based payment	-	-	191,282	-	191,282	-	191,282
Equity investment – non controlling interest	-	-	-	-	-	-	-
As at 30 June 2015	31,467,348	(27,942,184)	2,289,663	1,804,375	7,619,202	(932,526)	6,686,676

The accompanying notes form part of these financial statements

PARAMOUNT MINING CORPORATION ANNUAL REPORT

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

CONSOLIDATED

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

The accompanying notes form part of these financial statements

PARAMOUNT MINING CORPORATION ANNUAL REPORT
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

		Consolidated Group	
	Note	2015	2014
		\$	\$
Cash flows from operating activities			
Receipts from Customers		-	19,130
Payments to Suppliers and Employees		(1,127,065)	(1,277,485)
Interest Received		42	821
Net cash (used in) operating activities	21(b)	<u>(1,127,023)</u>	<u>(1,257,534)</u>
Cash flows from investing activities			
Payments for Exploration Expenditure		<u>(99,326)</u>	<u>(1,410,533)</u>
Net cash (used in) investing activities		<u>(99,326)</u>	<u>(1,410,533)</u>
Cash flows from financing activities			
Proceeds of borrowings		1,279,553	206,765
Proceeds from share issues		-	2,489,680
Costs associated with share issue		<u>(7,996)</u>	<u>(36,103)</u>
Net cash provided by financing activities		<u>1,271,557</u>	<u>2,660,342</u>
Net increase (decrease) in cash held		45,208	(7,725)
Net foreign exchange differences		-	-
Cash at the beginning of the year		13,554	21,279
Cash at the end of the year	8,21(a)	<u><u>58,762</u></u>	<u><u>13,554</u></u>

The accompanying notes form part of these financial statements

PARAMOUNT MINING CORPORATION ANNUAL REPORT

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015

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

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

Note 1. Statement of Significant Accounting Policies

Basis of Preparation

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

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

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

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

Going Concern

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

At 30 June 2015, the Group had total liabilities of \$3,951,263, and had incurred a total comprehensive loss of \$825,172 for the year then ended, with a cash and cash equivalents balance of \$58,762 and a working capital deficiency of \$3,777,881. In the absence of the future capital raising noted below, current cash resources will not be sufficient to meet forecast outgoings for a period of at least 12 months from the date of this report. The Group has incurred a net loss before tax of \$2,246,931 for the year ended 30 June 2015.

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

The current liabilities also include financial liabilities of \$2,534,719 from lenders as disclosed in note 15. Some of the loans were due for repayment as at 31 December 2014 and have been extended to 31 March 2016. The Group has received comfort letters from the lenders. The lenders have agreed to support the Group's activities in Indonesia by extending the loan repayment due dates on such terms as may be negotiated from time to time. The lenders are also prepared to conclude additional loan agreements with the Group on mutually agreeable terms.

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

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

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

PARAMOUNT MINING CORPORATION ANNUAL REPORT
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015

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

Basis of Preparation (cont'd)

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

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

(a) Principles of Consolidation

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

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

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

(b) Income Tax

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

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

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

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

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

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

Note 1. Statement of Significant Accounting Policies (cont'd)**(b) Income Tax (cont'd)**

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

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

(c) Exploration and Development Expenditure

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

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

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

(d) Restoration, Rehabilitation and Environmental Expenditure

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

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

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

(e) Cash and Cash Equivalents

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

(f) Revenue and Other Income

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

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

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

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

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

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

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

(g) Goods and Services Tax (GST)

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

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

(h) Provisions

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

(i) Payables

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

(j) Issued Capital

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

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

(k) Leases

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

(l) Property, Plant and Equipment

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

Property, Plant and Equipment

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

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

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

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

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

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

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

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

(m) Employee Benefits

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

Equity-settled compensation

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

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

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

Transaction and balances

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

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

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

Group Companies

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

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

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

(o) Financial Instruments*Initial recognition and measurement*

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

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

(i) Loan and receivables

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

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

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

(iii) Available-for-sale financial assets

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

(iv) Financial liabilities

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

Fair value

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

Impairment

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

Derecognition

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

(p) Impairment of Assets

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

(q) Critical Accounting Estimates and Judgments

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

Key estimates – impairment

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

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

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at reporting date at \$10,439,245 (2014: \$8,712,905).

(r) Comparative Figures

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

(s) New and amended standards adopted by the group

The group has applied the following standards and amendments for first time in their annual reporting period commencing 1 July 2014:

- **Investment Entities – Amendments to AASB 10, AASB 12 and AASB 127**

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under AASB 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under AASB 10.

- **AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets**

The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. This amendment has resulted in increased disclosures in the Group's financial statements.

- **Offsetting Financial Assets and Financial Liabilities - Amendments to AASB 132**

These amendments clarify the meaning of *'currently has a legally enforceable right to set-off'* and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements

- **AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting**

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group as the Group has not novated any of its derivatives during the current or prior periods.

- **Interpretation 21 Accounting for Levies**

Interpretation 21 clarifies that an entity recognises a liability for a levy when the activity that triggers the payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for AASB Interpretation 21. This interpretation has no impact on the Group as it has applied the recognition principles under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* consistent with the requirements of AASB Interpretation 21 in prior years.

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

- **AASB 2014-1 Amendments to Australian Accounting Standards**

The adoption AASB 2014-1 has required additional disclosures in our segment note. Other than that, the adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

(t) New Accounting Standards for Application in Future Periods

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

- *AASB 9 Financial Instruments* and associated Amending Standards (applicable for annual reporting period commencing 1 January 2018)

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

Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

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

- *AASB 15: Revenue from Contracts with Customers* (applicable to annual reporting periods commencing on or after 1 January 2018).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

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

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

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

▪ *Other standards not yet applicable*

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

PARAMOUNT MINING CORPORATION ANNUAL REPORT

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015

Note 2. Revenue and Other Income

	Consolidated Group	
	2015	2014
	\$	\$
Revenue		
- sale of goods /services	-	40,800
- interest received (Refer 2(a) below)	42	821
- other revenue	-	48,590
Total Revenue	<u>42</u>	<u>90,211</u>
(a) Interest revenue from:		
- other persons	<u>42</u>	<u>821</u>
Total interest revenue	<u>42</u>	<u>821</u>

Note 3. Loss from Ordinary Activities

	Consolidated Group	
	2015	2014
	\$	\$
(a) Expenses		
Depreciation of non-current assets		
- plant & equipment	341	2,179
- furniture & fittings	1,298	2,397
- office equipment	2,627	3,305
- motor vehicle	-	-
Total Depreciation	<u>4,266</u>	<u>7,881</u>
Foreign exchange loss	115,047	106,866
Rental expense on operating leases		
- minimum lease payments	158,082	136,874
Consulting expense	340,959	109,860
Accounting and audit expense	70,364	49,569
Employee benefit expenses	679,812	973,419

PARAMOUNT MINING CORPORATION ANNUAL REPORT

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015

Note 4. Income Tax Expense

Consolidated Group

2015 2014
\$ \$

Major components of income tax expense for the years ended 30 June 2015 and 30 June 2014 are:

Statement of Comprehensive Income

Current income

Current income tax charge	-	-
---------------------------	---	---

Adjustments in respect of previous income tax	-	-
---	---	---

Deferred income tax

Relating to origination and reversal of temporary differences	-	-
---	---	---

Benefit from previously unrecognised tax loss used to reduce deferred tax expense	-	-
---	---	---

Income tax expense (benefit) reported in Statement of Comprehensive Income	-	-
--	---	---

A reconciliation of income tax expense (benefit) applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate for the Years ended 30 June 2015 and 30 June 2014 is as follows:

Accounting profit (loss) before tax from continuing operations	(2,246,931)	(3,128,150)
--	-------------	-------------

Loss before tax from discontinued operations	-	-
--	---	---

Accounting profit (loss) before income tax	(2,246,931)	(3,128,150)
--	-------------	-------------

At the statutory income tax rate of 30% (2014: 30%)	(674,079)	(938,445)
---	-----------	-----------

Add:

Non-deductible expenses:	1,281,431	143,695
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NANE related expenses	-	-
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Temporary differences and tax losses not recognised	(607,352)	731,848
---	-----------	---------

Adjustment in respect of previous deferred income tax non assessable income	-	62,902
---	---	--------

At effective income tax rate of 0% (Parent: 0%) (2014: 0%, Parent 0%)	-	-
---	---	---

Income tax expense reported in Statement of Comprehensive Income	-	-
--	---	---

Income tax attributable to discontinued operation	-	-
---	---	---

PARAMOUNT MINING CORPORATION ANNUAL REPORT

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015

Note 4. Income Tax Expense (cont.)

Unrecognised deferred tax assets	2015	2014
	\$	\$
Deferred tax assets have not been recognised in respect of the following items		
Trade receivables	92,358	
Property, plant and equipment	1,296	1,295
Financial assets	-	53,944
Trade and other payables	12,000	4,800
Employee benefit	-	1,317
Business related costs	528	1,923
Foreign exchange	(672,065)	132,047
Tax Losses	4,186,579	4,086,693
	<u>3,620,696</u>	<u>4,282,019</u>

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

Note 5. Remuneration of Key Management Personnel (KMP)

Refer to the Remuneration Report contained in the Report of the Directors for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2015. The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	2015	2014
	\$	\$
Short-term employee benefits	681,135	879,512
Post-employment benefits	-	18,431
Termination benefits	-	-
Equity-based payments	347,513	626,491
	<u>1,028,648</u>	<u>1,524,434</u>

Note 6. Auditors' Remuneration

	Consolidated Group	
	2015	2014
	\$	\$
Remuneration of the auditor of the parent entity for:		
• Auditing or reviewing the financial report	46,500	30,600
• Other services	-	-
Total remuneration of the auditor of the parent entity	<u>46,500</u>	<u>30,600</u>
Remuneration of other auditors of subsidiaries for:		
• auditing or reviewing the financial report of subsidiaries	23,864	18,969
• other services	-	-
Total remuneration of the auditor of subsidiaries	<u>23,864</u>	<u>18,969</u>

PARAMOUNT MINING CORPORATION ANNUAL REPORT
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015

Note 7. Earnings per Share

	Consolidated Group	
	2015	2014
	\$	\$
(a) Reconciliation of earnings to net loss		
Net loss	(2,246,931)	(3,128,150)
Less used in the calculation of basic EPS	(2,246,931)	(3,128,150)
(b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	586,392,903	498,310,513
(c) In addition to the above ordinary shares, the company has on issue no options that could potentially dilute basic earnings per share in the future. These options have not been included in the calculation of diluted earnings per share due to being anti-dilutive for the period.	-	2,000,000
(d) The Company also has on issue 22,000,000 performance rights that could potentially dilute basic earnings per share in the future. These performance rights have not been included in the calculation of diluted earnings per share due to being anti-dilutive for the period.	22,000,000	12,500,000

Note 8. Cash and Cash Equivalents

	Consolidated Group	
	2015	2014
	\$	\$
Cash at bank and in hand	58,762	13,554
Deposits at call	-	-
Cash and cash equivalents	58,762	13,554

Note 9. Trade and Other Receivables

	Consolidated Group	
	2015	2014
	\$	\$
Current		
Other receivable	88,397	61,508
Balance at the end of the financial year	88,397	61,508
Non-Current		
Receivables	17,723	17,327
Balance at the end of the financial year	17,723	17,327

Past due but not impaired

As at 30 June 2015, trade receivables amounting to nil (2014: \$nil) were past due but not impaired.

PARAMOUNT MINING CORPORATION ANNUAL REPORT
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015

Note 10. Other Assets

	Consolidated Group	
	2015	2014
	\$	\$
Current		
Prepayments	26,223	35,966
Total Current	26,223	35,966
Non-Current		
Deferred Exploration and Evaluation		
Opening balance	8,712,905	7,614,546
Foreign exchange movement during the year	1,627,014	(205,780)
Additions during the year	99,326	1,304,139
Written off	-	-
Total deferred exploration and evaluation	10,439,245	8,712,905
Total Non-Current	10,439,245	8,712,905

Note 11. Controlled Entities

	Country of Incorporation	Percentage Owned (%)[*]	
		2015	2014
Paramount Mining Ghana Limited (dormant)	Ghana	100	100
Paramount Mining South Africa (Pty) Ltd	South Africa	100	100
Paramount Mining Indonesia Pty Ltd	Australia	100	100
Paramount Mining (Indonesia) Energy Pty Ltd	Australia	100	100
Paramindo Singapore Pte Ltd	Singapore	85	85
Paramindo Energi Singapore Pte Ltd	Singapore	85	85
PT Paramindo	Indonesia	85	85
PT Paramindo Energi	Indonesia	85	85
PT Cikondang Kancana Prima	Indonesia	72.25	72.25
PT Paramindo Cipta Persada	Indonesia	76.5	76.5
PT Paramindo Cipta Persada Energi	Indonesia	76.5	76.5

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

PARAMOUNT MINING CORPORATION ANNUAL REPORT

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015

Note 12. Property, Plant and Equipment

	Consolidated Group	
	2015	2014
	\$	\$
Plant and Equipment		
At cost	3,304	2,695
Less accumulated depreciation	(1,812)	(1,177)
Total Plant and Equipment	<u>1,492</u>	<u>1,518</u>
Office Equipment		
At cost	66,650	64,494
Less accumulated depreciation	(62,876)	(58,233)
Total Office Equipment	<u>3,774</u>	<u>6,261</u>
Furniture and Fittings		
At cost	17,654	14,615
Less accumulated depreciation	(15,331)	(11,322)
Total Furniture and Fittings	<u>2,323</u>	<u>3,293</u>
Total Property, Plant and Equipment	<u><u>7,589</u></u>	<u><u>11,072</u></u>

Movements in Carrying Amounts

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

	Plant and equipment	Office equipment	Furniture and Fittings	Motor Vehicles	Total
	\$	\$	\$	\$	\$
Consolidated Group					
Balance at 1 July 2013	12,436	9,756	5,793	-	27,985
Foreign exchange movements	(50)	(76)	(103)	-	(229)
Additions	-	-	-	-	-
Disposals	(8,689)	(114)	-	-	(8,803)
Depreciation expense	(2,179)	(3,305)	(2,397)	-	(7,881)
Balance at 30 June 2014	<u>1,518</u>	<u>6,261</u>	<u>3,293</u>	<u>-</u>	<u>11,072</u>
 Balance at 1 July 2014	 1,518	 6,261	 3,293	 -	 11,072
Foreign exchange movements	315	140	328	-	783
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation expense	(341)	(2,627)	(1,298)	-	(4,266)
Balance at 30 June 2015	<u>1,492</u>	<u>3,774</u>	<u>2,323</u>	<u>-</u>	<u>7,589</u>

PARAMOUNT MINING CORPORATION ANNUAL REPORT

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015

Note 13. Trade and Other Payables

	Consolidated Group	
	2015	2014
	\$	\$
Current		
Trade creditors and accruals	844,085	547,892
Accrued borrowing cost*	154,286	983,952
Other payables	343,527	591,406
Tax payable	39,506	37,876
PAYG withholding	-	246
Balance at the end of the financial year	<u>1,381,404</u>	<u>2,161,372</u>

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

Note 14. Provisions

	Consolidated Group	
	2015	2014
	\$	\$
Current		
Employee benefits	<u>35,140</u>	<u>41,185</u>
	<u>35,140</u>	<u>41,185</u>
Number of employees at year end	<u>6</u>	<u>8</u>

Note 15. Financial liabilities

	Consolidated Group	
	2015	2014
	\$	\$
Financial liabilities comprise the following:		
Loan payable to Zurily Resources and Trading Pte Ltd ⁱ	988,296	126,425
Loans payable to Cape Gannet Ltd ⁱⁱ	-	162,081
Loan payable to Bungarra Resources Ltd ⁱⁱⁱ	906,510	739,740
Loan payable to R & K Global Finance Ltd ^{iv}	611,690	120,488
Loan payable to Brooklyn International Limited	-	159,313
Loan payable to Mo Munshi	<u>28,223</u>	<u>-</u>
Balance at the end of the financial year	<u>2,534,719</u>	<u>1,308,047</u>

- i. The loan is interest free and matures 31 March 2016. A loan fee of 10 million shares is payable, subject to shareholder approval.
- ii. During the year 4,613,246 shares were issued at 4 cents to convert the entire remaining loan balance.
- iii. The loan is interest free and matures 31 March 2016. A loan fee of 15 million shares is payable, subject to shareholder approval.
- iv. The loan is interest free and matures 31 March 2016. A loan fee of 14 million shares is payable, subject to shareholder approval.

PARAMOUNT MINING CORPORATION ANNUAL REPORT

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015

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

Note 16. Issued Capital

	Consolidated Group	
	2015	2014
	\$	\$
607,976,605 (2014: 559,939,708)		
Fully paid ordinary shares	32,585,574	30,598,740
Less : cost of issue shares	(1,118,226)	(1,110,230)
Balance at the end of the financial year	<u>31,467,348</u>	<u>29,488,510</u>

	Consolidated Group			
	2015	2015	2014	2014
	No.	\$	No.	\$
(a) Ordinary Shares				
At the beginning of reporting period	559,939,708	29,488,510	442,351,750	25,162,061
Shares issued during the prior year			117,587,958	4,326,449
Shares issued during the current year				
• 15 December 2014	48,036,897*	1,978,838		
At reporting date	<u>607,976,605</u>	<u>31,467,348</u>	<u>559,939,708</u>	<u>29,488,510</u>

Note : * non cash, + cash,

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

On 15 December 2014 the Company issued:

- 9,348,000 ordinary shares at \$0.045 each;
- 36,113,246 at \$0.040 each;
- 716,000 ordinary shares at \$0.056 each; and
- 1,859,651 shares at \$0.043

for a total issue of 48,036,897 ordinary shares as approved by shareholders at the 12 December 2014 AGM.

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

(b) Capital management

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

PARAMOUNT MINING CORPORATION ANNUAL REPORT

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015

Note 17. Reserves

Option reserve

	Consolidated Group			
	2015	2015	2014	2014
	No.	\$	No.	\$
Options				
At the beginning of reporting period	2,000,000	1,382,245	11,000,000	1,379,960
Prior year adjustment	-	-	-	2,285
Options issued during the prior year	-	-	-	-
Options exercised or expired during the prior year	-	-	(9,000,000)	-
Options issued during the current year	-	-	-	-
Options exercised or lapsed during the current period				
• 30 Nov 2014 (lapsed)	(2,000,000)	-	-	-
At reporting date	-	1,382,245	2,000,000	1,382,245

Performance Rights reserve

The Performance Rights reserve records amounts disclosed in Note 22. Except where stated otherwise, the amounts recorded in the Performance Rights reserve have been determined using the fair value on grant date.

	Consolidated Group			
	2015	2015	2014	2014
	No.	\$	No.	\$
Performance Rights				
At the beginning of reporting period	12,500,000	715,776	14,500,000	729,088
Performance Rights issued during the prior year	-	56,225	14,500,000	86,020
Performance Rights issued during the current year	22,500,000	156,250	-	-
Performance Rights lapsed or cancelled during the year	-	-	(16,500,000)	(99,332)
Performance Rights vested during the year	-	-	-	-
Performance Rights exercised or lapsed	-	-	-	-
• 30 Nov 2014 (lapsed)	(5,250,000)	-	-	-
• 31 March 2015 (lapsed)	(1,000,000)	-	-	-
• 29 May 2015 (cancelled)	(1,500,000)	(20,833)		
• 30 June 2015 (lapsed)	(5,250,000)	-	-	-
At reporting date	22,000,000	907,418	12,500,000	715,776

Foreign currency translation reserve

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

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

The balance as at 30 June 2015 was \$1,804,375 credit (2014 : \$234,435 credit).

PARAMOUNT MINING CORPORATION ANNUAL REPORT
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015

Note 18. Leasing commitments

	Consolidated Group	
	2015	2014
	\$	\$
Operating Lease Commitments		
Non-cancellable operating lease contracted for but not capitalised in the financial statements		
Payable – minimum lease commitments		
• Not later than 12 months	27,739	34,172
• between 12 months and 5 years	-	-
	<u>27,739</u>	<u>34,172</u>

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

Note 19. Contingent Liabilities

There are no contingent liabilities at, or subsequent to, the date of this report.

PARAMOUNT MINING CORPORATION ANNUAL REPORT

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015

Note 20. Statement of Operations by Segment

Primary Reporting – Geographic Segments

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

	Australia		Singapore		Indonesia		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
External sales	-	-	-	-	-	-	-	-
External revenue	-	29,047	-	40,800	42	20,364	42	90,211
Other segments	-	-	-	-	-	-	-	-
Total segment revenue	-	29,047	-	40,800	42	20,364	42	90,211
Total revenue from ordinary activities							42	90,211
Result								
Segment result	(1,608,083)	(1,879,373)	(364,328)	(592,758)	(274,520)	(656,019)	(2,246,931)	(3,128,150)
Net loss							(2,246,931)	(3,128,150)

PARAMOUNT MINING CORPORATION ANNUAL REPORT

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015

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

Primary Reporting – Geographic Segments (cont'd)

	Australia		Singapore		Indonesia		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$
Assets								
Segment assets	1,667,767	1,609,884	4,737	9,785	8,965,435	7,232,663	10,637,939	8,852,332
Total assets							10,637,939	8,852,332
Liabilities								
Segment liabilities	3,028,497	2,903,118	667,510	433,817	255,256	173,669	3,951,263	3,510,604
Total liabilities							3,951,263	3,510,604
Other								
Increase in / Acquisition of non-current segment assets	-	-	-	-	1,726,340	1,304,140	1,726,340	1,304,140
Depreciation of segment assets	1,097	3,195	757	716	2,412	3,970	4,266	7,881
Other non-cash segment expenses	765,880	1,413,946	100,276	(28,801)	(101,435)	35,936	764,721	1,421,081

PARAMOUNT MINING CORPORATION ANNUAL REPORT
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015

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

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

During the year ended 30 June 2015 the consolidated entity operated in the following Geographic Segments: Australia, Singapore and Indonesia (2014: Australia, Singapore and Indonesia).

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

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

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

Segment assets

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

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

Segment liabilities

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

Unallocated items

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

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

Note 21. Cash Flow Information

Consolidated Group

2015	2014
\$	\$

(a) Reconciliation of cash

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

Cash at bank	58,762	13,554
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PARAMOUNT MINING CORPORATION ANNUAL REPORT

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015

Note 21. Cash Flow Information (cont'd)

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

Loss from ordinary activities	(2,246,931)	(3,128,150)
Cash flows excluded from loss from ordinary activities attributable to operating activities		
Non-cash flows in loss from ordinary activities		
Gain on sale of assets	-	-
Depreciation	4,266	7,881
Provision for employee entitlement	14,112	5,139
Exploration expenditure written off	-	-
Share based payments	191,282	(11,027)
Borrowing cost	430,334	983,952
Foreign exchange (gain)/loss	115,047	12,263
Interest accrued on loan	-	36,641
Disposal asset	-	8,803
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(27,285)	(33,317)
Increase/(decrease) in trade and other payables	382,409	871,854
(Increase)/decrease in other assets	9,743	(11,573)
Net cash used in operating activities	<u>(1,127,023)</u>	<u>(1,257,534)</u>

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

- Cape Gannet Ltd: USD152,680 for 4,613,246 shares at 4 cents/share;

Also during the year:

- 1,000,000 shares were issued to Resource Global Finance Ltd at 4 cents/share in settlement of accrued borrowing costs;
- 2,500,000 shares were issued to Cape Gannet Ltd at 4 cents/share in settlement of accrued borrowing costs;
- 10,000,000 shares were issued to Zurily Resources and Trading Ltd at 4 cents/share in settlement of accrued borrowing costs;
- 16,000,000 shares were issued to Bungarra Resources Ltd at 4 cents/share in settlement of accrued borrowing costs;
- 2,000,000 shares were issued to R & K Global Finance Ltd at 4 cents/share in settlement of accrued borrowing costs;
- 11,923,651 shares were issued to directors and employees at 4.5 cents/share against their outstanding directors fees, salaries, and consultancy fees.

Note 22. Share based payments

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

PARAMOUNT MINING CORPORATION ANNUAL REPORT

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015

Note 22. Share based payments (cont.)

Date	Shares/Options	Quantity	Details
12 December 2014	Fully paid ordinary shares	36,113,246	Loan establishment and extension fees
12 December 2014	Performance Rights	4,500,000	Performance rights to consultants
12 December 2014	Performance Rights	1,500,000	Performance rights to employees
12 December 2014	Performance Rights	16,500,000	Performance rights to directors

(a) Performance Rights

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

Date of Expiry	Performance Hurdle	Number of Performance Rights
31 December 2015	Receipt of JORC Resource Report**	7,000,000
31 March 2016	Market Capitalisation* \$90,000,000	1,000,000
31 December 2016	Receipt of Bankable Feasibility Study**	7,000,000
30 June 2017	Commencement of Ore Production**	7,000,000
		<u>22,000,000</u>

(c) *For Market Capitalisation hurdles, the Performance Rights specified vest subject to the Company's market capitalisation being at or above the Market Capitalisation hurdle for 20 consecutive trading days at any time after the issue of the Performance Rights and before the relevant expiry date.

(d) **For Project-related hurdles, the Performance Rights specified vest subject to the specified hurdle being achieved in respect of Company's Gunung Rosa Project at any time after the issue of the Performance Rights and before the relevant expiry date.

The Performance Rights issued during the year have a weighted average remaining contractual life of 1.31 years. The price for the Performance Rights granted was calculated by using a discounted value method pricing model applying the following inputs:

Issued date	Expiry date	Underlying Share Price	Market hurdle	Value per Performance Right
15 Dec 14	31 Dec 15	\$0.04	Receipt of JORC Resource Report	\$0.04
28 Nov 13	31 Dec 16	\$0.04	Receipt of Bankable Feasibility Study	\$0.04
28 Nov 13	30 Jun 17	\$0.04	Commencement of Ore Production	\$0.04

(e) Options

	2015		2014	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Options outstanding at beginning of the year	2,000,000	20.00 cents	11,000,000	13.05 cents
Granted	-		-	
Exercised / Lapsed	<u>(2,000,000)</u>		<u>(9,000,000)</u>	
Options outstanding end of the year	<u>-</u>	-	<u>2,000,000</u>	20.00 cents
Options exercisable as at 30 June 2015	<u>-</u>		<u>-</u>	

PARAMOUNT MINING CORPORATION ANNUAL REPORT

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015

Note 23. Related party transactions

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

(i) Key management personnel, disclosed in Note 5 and:

The Company entered into a loan agreement with R & K Global Finance Ltd, under which the Company borrowed \$690,109. R & K Global Finance Ltd is related to a Director, Mr Mo Munshi. Borrowing costs of \$55,384 were accrued in respect of the loan. The Company has also borrowed \$28,223 from Director Mr Mo Munshi with no fixed repayment term.

(ii) Interests in subsidiaries are disclosed in Note 11

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

Subsidiary	Amount owed by Related Parties		Amount owed to Related Parties	
	2015	2014	2015	2014
	\$	\$	\$	\$
Paramount Mining Ghana Limited (dormant)	-	-	-	-
Paramount Mining South Africa (Pty) Ltd	752,937	735,461	-	-
Paramount Mining Indonesia Pty Ltd	-	-	1	1
Paramount Mining (Indonesia) Energy Pty Ltd	-	-	1	1
Paramindo Singapore Pte Ltd	12,673	20,086	-	-
Paramindo Energi Singapore Pte Ltd	142,495	117,044	-	-
PT Paramindo	13,748,147	10,913,852	-	-
PT Paramindo Energi	208,151	169,790	-	-
PT Cikondang Kancana Prima	-	-	-	-
PT Paramindo Cipta Persada	-	-	-	-
PT Paramindo Cipta Persada Energi	-	-	-	-

The following transactions have occurred with Prosperity Resources Ltd:

	Consolidated 2015	Consolidated 2014
	\$	\$
Consultancy income ⁽ⁱ⁾	-	40,800
Consultancy fee	-	-
Exploration expenditure	-	140,290
Rent charges	-	28,244
Other receivables ⁽ⁱⁱ⁾	272,646	258,699
Trade payables	-	-

⁽ⁱ⁾ Consultancy agreement with Paramindo Singapore Pte Ltd

⁽ⁱⁱ⁾ Receivables from Prosperity Resources Limited have been fully provided as at 30 June 2015.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015

Note 24. Commitments for expenditure

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

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

Note 25. Events subsequent to balance date

As noted in the Review of Operations, Mr Daniel Poller retired as a Director of the Company on 5 October 2015. On 29 May 2015 Mufti Habriansyah resigned as Non-Executive Director, and Mr Peter Bacchus, Non-Executive Director, resigned effective 31 December 2015.

The Company's subsidiary Paramindo Singapore Pte Ltd ("Paramindo Singapore") entered into an unsecured three-year convertible Drawdown Facility agreement ("Facility") for USD3,000,000 with an Asian resource funding group ("Lender").

The Facility will fund critical stages in the continued development of the Gunung Rosa gold, silver and base metal project in West Java, Indonesia, as well as provide for working capital.

Under the Facility, Paramindo Singapore may drawdown a committed amount of up to USD3,000,000 in USD1,000,000 tranches through to 31 March 2016. Additional drawdowns under the Facility may be approved, at the sole discretion of the Lender.

The key terms of the Facility are as follows:

- USD3,000,000 unsecured Facility
- Interest rate of 10% per annum
- Maturity date is 3 years from the date of the Facility agreement
- Repayable in cash or shares and attaching warrants in the Company at the Lender's option.
 - Conversion price is the price of shares based on a USD20,000,000 pre-money valuation of Paramindo Singapore immediately prior to conversion.
 - Warrants exercisable for nil consideration to acquire two shares each.

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

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

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

	Consolidated Group	
	2015	2014
Current	\$	\$
Cash and cash equivalents	58,762	13,554
Trade and other receivables	88,397	61,508
Trade and other payables	1,381,404	2,161,372
Loans payable ⁽ⁱ⁾	2,534,719	1,308,047
Non-current		
Trade and other receivables	17,723	17,327
Loan receivable from third party	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015

Note 26. Financial risk management (cont.)

(i) All of the loans have been extended and mature on 31 March 2016. The Group has received comfort letters from the lenders. They have agreed to support the Group's activities in Indonesia by extending the loan repayment due dates on such terms as may be negotiated from time to time. The lenders are also prepared to conclude additional loan agreements with the Group on such mutually agreeable terms.

Interest rate risk

The main risk arises from loans advanced to a subsidiary and deposits with banks. Loans issued to subsidiaries at variable rates expose the Parent to cash flow interest rate risk. At 30 June 2015 and 2014, 100% of the loans advanced to the South African subsidiary were at a variable rate.

Deposits with banks at variable interest rate expose the parent and group to cash flow interest rate risk. At 30 June 2015 and 2014, 100% of the deposits with the banks were at variable rates.

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

Foreign currency risk

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

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

Sensitivity analysis:

The table below summarises the fx exposure the net monetary position of the parent and the group against its functional currency, expressed in group's presentation currency. If the AUD / USD rates moved by 10% the effect on the comprehensive loss would be as following:

Financial assets denominated in USD in the books of Paramount Mining Corporation Ltd	2015	2014
Financial Assets being cash and cash equivalents and Intercompany loans (in USD)	10,742,303	10,447,624
Financial Assets being cash and cash equivalents and Intercompany loans (in AUD)	13,991,458	11,085,096
Percentage shift of the AUD / USD exchange rate	10%	10%
	A\$	A\$
Total effect on comprehensive loss of favourable movements	1,554,606	1,231,677
Total effect on comprehensive loss of unfavourable movements	1,271,951	1,007,736

Financial liabilities denominated in USD in the books of Paramount Mining Corporation Ltd	2015	2014
Financial Liabilities being borrowings(USD)	1,725,051	1,054,903
Financial Liabilities being borrowings (AUD)	2,244,114	1,119,816
Percentage shift of the AUD / USD exchange rate	10%	10%
	A\$	A\$
Total effect on comprehensive loss of favourable movements	204,010	101,801
Total effect on comprehensive loss of unfavourable movements	249,346	124,424

Note 26. Financial risk management (cont.)

Liquidity risk

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

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

Credit risk

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

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

The company's trade receivables at year end were nil (2014: nil). The trade and other receivables as at 30 June 2015 and 2014 comprised principally of other receivables.

Loans receivable from subsidiaries are unsecured. Interest is charged on the Australian Dollar loan to the South African subsidiary at a floating rate, which was 2% (2014: 2.5%). There are no set repayment terms.

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

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

Net fair values

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

PARAMOUNT MINING CORPORATION ANNUAL REPORT
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015

Note 26. Financial risk management (cont'd)

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

ii) Financial liability and financial asset maturity analysis

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

	Fixed Interest Rate Maturing											
	Floating interest rate		Within 1 year		1 to 5 years		Over 5 years		Non-interest bearing		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Consolidated												
Financial Assets												
Cash and cash equivalents	58,762	13,554	-	-	-	-	-	-	-	-	58,762	13,554
Receivables	-	-	-	-	-	-	-	-	106,120	78,835	106,120	78,835
Total Financial Assets	58,762	13,554	-	-	-	-	-	-	106,120	78,835	164,882	92,389
Financial Liabilities												
Trade and other payables	-	-	-	-	-	-	-	-	1,381,404	2,161,372	1,381,404	2,161,372
Loans payable	-	-	-	-	-	-	-	-	2,534,719	1,308,047	2,534,719	1,308,047
Total Financial Liabilities	-	-	-	-	-	-	-	-	3,916,123	3,469,419	3,916,123	3,469,419

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

Note 27. Parent entity disclosures

	Parent Entity	
	2015	2014
	\$	\$
Financial position		
Assets		
Current assets	106,694	213,941
Non-current assets	10,323,365	8,677,615
Total assets	10,430,059	8,891,556
Liabilities		
Current liabilities	3,028,500	2,903,120
Non-current liabilities	-	-
Total liabilities	3,028,500	2,903,120
Net Assets	7,401,559	5,988,436
Equity		
Issued capital	31,467,348	29,488,510
Accumulated losses	(26,353,168)	(25,595,810)
Reserves		
Reserves	2,287,379	2,095,736
Total equity	7,401,559	5,988,436
Statement of profit and loss and other comprehensive income		
Loss for the year	(757,358)	(6,490,268)
Other comprehensive income / (loss)	-	-
Total comprehensive income / (loss)	(757,358)	(6,490,268)

Commitments and Contingent liabilities

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

Note 28. Non-controlling interest

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015

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

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

	PT Paramindo	
	As at 30 June 2015 \$	As at 30 June 2014 \$
<i>Summarised Financial Position</i>		
Current Assets	89,906	74,741
Non Current Assets	8,903,422	7,206,928
Current Liabilities	(13,997,133)	(11,114,811)
Non Current Liabilities	-	-
Net Liabilities	(5,003,805)	(3,833,142)
Carrying amount of non-controlling interest	722,009	569,096
	PT Paramindo	
	Year Ended 30 June 2015 \$	Year Ended 30 June 2014 \$
<i>Summarised Financial Performance</i>		
Revenue	42	20,364
Loss before income tax	(303,070)	(663,914)
Income tax	-	-
Post-tax loss from continuing operations	(303,070)	(663,914)
Post-tax loss from discontinued operations	-	-
Other Comprehensive Income	-	-
Total Comprehensive Loss	(303,070)	(663,914)
The information above is the amount before intercompany eliminations.		
Loss attributable to non-controlling interests	(23,094)	(88,397)
Distributions paid to non-controlling interest	-	-
	PT Paramindo	
	Year Ended 30 June 2015 \$	Year Ended 30 June 2014 \$
<i>Summarised Cash Flow Information</i>		
Net cash flows (used in) operation activities	17,276	(4,453)
Net cash flows from financing activities	-	-

PARAMOUNT MINING CORPORATION ANNUAL REPORT

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 26 to 62 are in accordance with the Corporations Act 2001:
 - a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - b) give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the consolidated entity.
 - c) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.
2. The Chief Executive Officer and Chief Finance Officer have each declared that:
 - a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c) the financial statements and notes for the financial year give a true and fair view.
3. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Mo Munshi
Chairman

25 January 2016

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

Report on the Financial Report

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

Directors' responsibility for the Financial Report

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report of Paramount Mining Corporation Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 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 of the Company also complies with International Financial Reporting Standards as disclosed in note 1.

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

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

As referred to in Note 1 to the financial statements, the financial statements have been prepared on the going concern basis. At 30 June 2015, the consolidated entity had a working capital deficit of \$3,777,881, cash and cash equivalents of \$58,762 and current liabilities of \$3,951,263,604 which includes borrowings of \$2,534,719. The consolidated entity has incurred a loss for the year amounting to \$2,246,931 before non-controlling interests.

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

The recoverability of the consolidated entity's carrying value of capitalised exploration costs of \$10,439,245 is dependent on the consolidated entity continuing as a going concern and the successful commercial exploitation of the exploration assets and/or sale of the exploration assets to generate amounts at least equivalent to their book values. In the event that the consolidated entity is not able to continue as a going concern or is not successful in commercial exploitation and/or sale of the exploration assets, the realisable value of the consolidated entity's assets may be significantly less than their current carrying values as disclosed in the consolidated statement of financial position at 30 June 2015.

Report on the Remuneration Report

We have audited the remuneration report included in pages 17 to 24 of 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 Paramount Mining Corporation Limited for the year ended 30 June 2015 complies with section 300 A of the *Corporations Act 2001*.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD

(Trading as Stantons International)

(An Authorised Audit Company)

Stanton International
Samir

Samir Tirodkar

Director

West Perth, Western Australia

25 January 2016

PARAMOUNT MINING CORPORATION ANNUAL REPORT
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

1. List of Interests in Mining Tenements

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

2. Shareholding

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

a. Distribution of Shareholders

Category (size of holding)	Number Ordinary
1 - 1,000	19
1,001 - 5,000	24
5,001 - 10,000	105
10,001 - 100,000	210
100,001 - and over	91
	449

b. The number of shareholders holding less than a marketable parcel is 292.

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

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

d. Voting Rights

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

PARAMOUNT MINING CORPORATION ANNUAL REPORT
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

e. 20 Largest Shareholders – Ordinary Shares

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
HSBC Custody Nominees <Australia>	324,914,447	53.44
R & K Global Finance Ltd	51,899,566	8.54
ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	44,218,161	7.27
JP Morgan Nominees Australia Limited	32,901,723	5.41
BAZ International Inc	28,943,826	4.76
Surina Investments Limited	23,000,000	3.78
Citicorp Nominees Pty Limited	16,080,334	2.64
HaNa Capital Limited <HaNa Capital A/C>	10,300,000	1.69
Mr Frederic Durr	5,000,000	0.82
Mr Julien Moulin	5,000,000	0.82
PT Murindo Global Investama	4,000,000	0.66
Nefco Nominees Pty Ltd	3,050,000	0.50
National Nominees Ltd	2,937,223	0.48
Mr Garry David Taylor	2,924,059	0.48
Mr Guy Anderson	2,718,000	0.45
Talex Investments Pty Ltd	2,645,000	0.44
Mr Terry Holohan	2,536,999	0.42
Mr Mufti Habriansyah	2,508,000	0.41
DBS Vickers Securities (Singapore) Pte Ltd <Client Account>	2,350,000	0.39
Fiske Nominees Limited	2,220,758	0.37
	570,148,096	93.77

3. The names of the Company Secretaries are Mr Garry Taylor and Mr Lionel Liew
4. The address of the principal registered office in Australia is 44 Kings Park Road, West Perth, Western Australia, Australia 6005.
Telephone +65 6884 9423.
5. The holding company's share register is handled by Computershare. Please contact Computershare for all shareholding related enquiries:

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne VIC 3001
Australia

Telephone:
Within Australia: 1300 855080
Outside Australia: +61 3 9415 4000
Facsimile: +61 2 8235 8150
Email: web.queries@computershare.com.au
Website: www.computershare.com

6. Stock Exchange Listing

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

7. Unquoted Securities

Performance Rights and Options over Unissued Shares

At 31 December 2015, there are 11,000,000 performance rights over unissued shares of Paramount Mining Corporation Limited. There are no unlisted options over unissued shares.