NEVADA IRON LTD

ACN 123 423 987

ANNUAL REPORT

AND FINANCIAL STATEMENTS

30 JUNE 2012

CORPORATE DIRECTORY

Directors

Mick McMullen (Executive Chairman)
Andrew Brice (Non-Executive)
Lou Jelenich (Non-Executive)
Tom Duckworth (Non-Executive)

Chief Operating Officer

Chris Tanner

Company Secretary

Michael Higginson

**Registered Office and
Principal Place of Business**

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Website: www.nv-iron.com

Auditor

RSM Bird Cameron Partners
8 St Georges Terrace
Perth WA 6000

Share Registry

Advanced Share Registry Services Ltd
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Stock Exchange Listing

Australian Securities Exchange Ltd

ASX Code: NVI

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CHAIRMAN'S LETTER

30 October 2012

Dear Shareholder

The past year has been one of significant change for the Company, with the appointment of a new Board and management team that are committed to advancing the Buena Vista Iron Project located in Nevada USA. The new team has accumulated many years of successful mine financing, development and operational skills and the Board possesses a wealth of experience in overseeing operations with key skillsets that cover engineering, mining processing and marketing. I genuinely believe that the addition of these skills will result in an uplift in shareholder value once the Buena Vista Iron Project is fully scoped and the development schedule determined.

A review of the definitive feasibility study (DFS) completed in 2011 revealed that certain areas of the study were not sufficiently defined to fully support a funding decision. Whilst it is disappointing that additional work needed to be undertaken, the Company has used this opportunity to enhance the scope of the project by incorporating changes that are expected to increase the Project's output and significantly improve the Project's economics.

A substantial drilling program has recently been completed at the Section 5 deposit and returned some very exciting near surface high grade results that are potentially available for mining at the commencement of operations. This is expected to have a positive impact on the Project's cash flow in the early operational years. In addition, Section 5 is but one of many existing prospects known to host high grade magnetite mineralisation. A recently completed ground magnetic survey has highlighted a number of prospects, some of significant magnitude, that require further investigation and which support the Company's view that the Buena Vista Iron Project has the potential to host sufficient resources to underpin a materially larger operation to what was envisaged in the original DFS.

In June 2012, the Company commenced the relocation of its management team to the USA, with the appointment of Mr Chris Tanner as Project Manager and his subsequent promotion to Chief Operating Officer. The establishment of the development team in Nevada is seen as being crucial to the successful development of the Buena Vista Iron Project. I would like to take this opportunity to thank the Company's former Managing Director, Mr Max Nind, for his tireless work over the past four years in advancing the Company's interests in Nevada.

The Company is committed to developing the Project as an exporter of high quality iron concentrate from the west coast of the USA to the Asian market. The key attributes of the Project remain in place, namely:

- access to excellent infrastructure;
- low capital intensity;
- simple metallurgy;
- low waste to ore ratios;
- simple mining and processing methods; and
- located within one of the best mining jurisdictions globally.

Since my appointment as Chairman, the Company has been diligently putting in place the necessary building blocks for the Project's successful development. With the Board and management team changes, additional exploration success, the DFS re-scoping and Project enhancements, the Company is now well positioned to advance the Project to the next level.

Following the recent capital raisings, a new group of supportive European and North America shareholders have been introduced to the Company's share register. The Company is further investigating listing on a North American stock exchange to provide North American investors with the opportunity to trade the Company's shares in their own time zone. The broadening of the geographical composition of the Company's share register is considered to be another crucial building block in funding the development of the Buena Vista Iron Project and achieving the Company's goal of becoming an exporter of high quality iron concentrate from the west coast of the USA.

Yours sincerely

Mick McMullen
Executive Chairman

OPERATIONS REPORT

During and subsequent to the 2012 financial year, a significant level of work has been undertaken on the Company's Buena Vista Iron Project.

Buena Vista Iron Project, USA (100%)

The Buena Vista Iron Project is located in northern Nevada and approximately 600 km NE of San Francisco. It is 40 km from the transcontinental rail line and grid power with a heavy duty sealed road coming to within 10 km of the site. Spare capacity exists on the rail with a 400 km haul to port facilities in the San Francisco Bay/Delta area.

Buena Vista is a hydrothermal magnetite iron deposit that was discovered in 1898, intermittently mined in the 1950s and extensively explored by US Steel between 1961 to 1979 as a potential feed for a US based pelletising plant. At least 320 historical diamond holes have been drilled over the whole project together with extensive metallurgical test work.

Buena Vista mineralisation has proven to be significantly different to other magnetite mineralisation in that the iron readily upgrades without the need for fine grinding. The Company's metallurgical test work proving that Buena Vista mineralisation upgrades, at a significantly coarser grind than typical BIF magnetite mineralisation, to produce high quality clean concentrate grading 67.5-69% Fe.

Following the change in the Board of the Company during the year, a review of the project was undertaken to accurately assess changing the scope of the project and optimising it where possible. As a consequence of enlarging the scope of the project, discussions with debt providers were put on hold pending finalisation of the revised project scope.

The key components of the review and optimisation process are:

- increasing Phase 1 plant throughput from the feasibility study design level of 4.8 Mtpa to a minimum of 6.0 Mtpa and higher;
- schedule mining from multiple deposits, in addition to the West deposit, in the initial years to increase concentrate production to levels of up to 2.4 Mtpa;
- investigate the potential to develop a Phase 2 project to produce 4 to 5 Mtpa of concentrate within 2 to 3 years of initial start-up;
- accurately assess the capital cost estimate for the project based on the higher throughput;
- accurately assess the permitting timeline for the project in light of scope changes; and
- strengthen the Company's project execution team.

Initial findings are:

- increasing the throughput rate improves project economics, albeit with associated increased capital costs;
- scheduling higher grade mineralisation in the initial years of the project is possible, with substantial cash flow benefits;
- development of a Phase 2 project further enhances project economics and makes the project more attractive to offtake financing partners;
- permitting will take longer due to scope changes; and
- additional US based management resources are required to execute the project.

Acting on the results of the findings, the Company employed a high calibre Chief Operating Officer who is responsible for building the development team to take the Buena Vista Iron Project through scope finalisation, permitting and construction phases. The Company has also established a project office in Reno, Nevada from which the development of the project will now be managed.

Another of the key review findings is that the previous study was based on a relatively small subset of the magnetite mineralisation present within the greater project area. In order to more fully scope the project, the Company committed to an aggressive exploration programme aimed at increasing existing JORC resources and converting some of the exploration targets and prospects to JORC resources.

It is expected the exploration will lead to an expansion of the initial mine plan that was sourcing mineralisation from the West deposit only. The results could potentially prove up multiple sources of mineralisation which would enable increased production, greater operational flexibility, higher cash flow during the initial years of operations and a longer project life.

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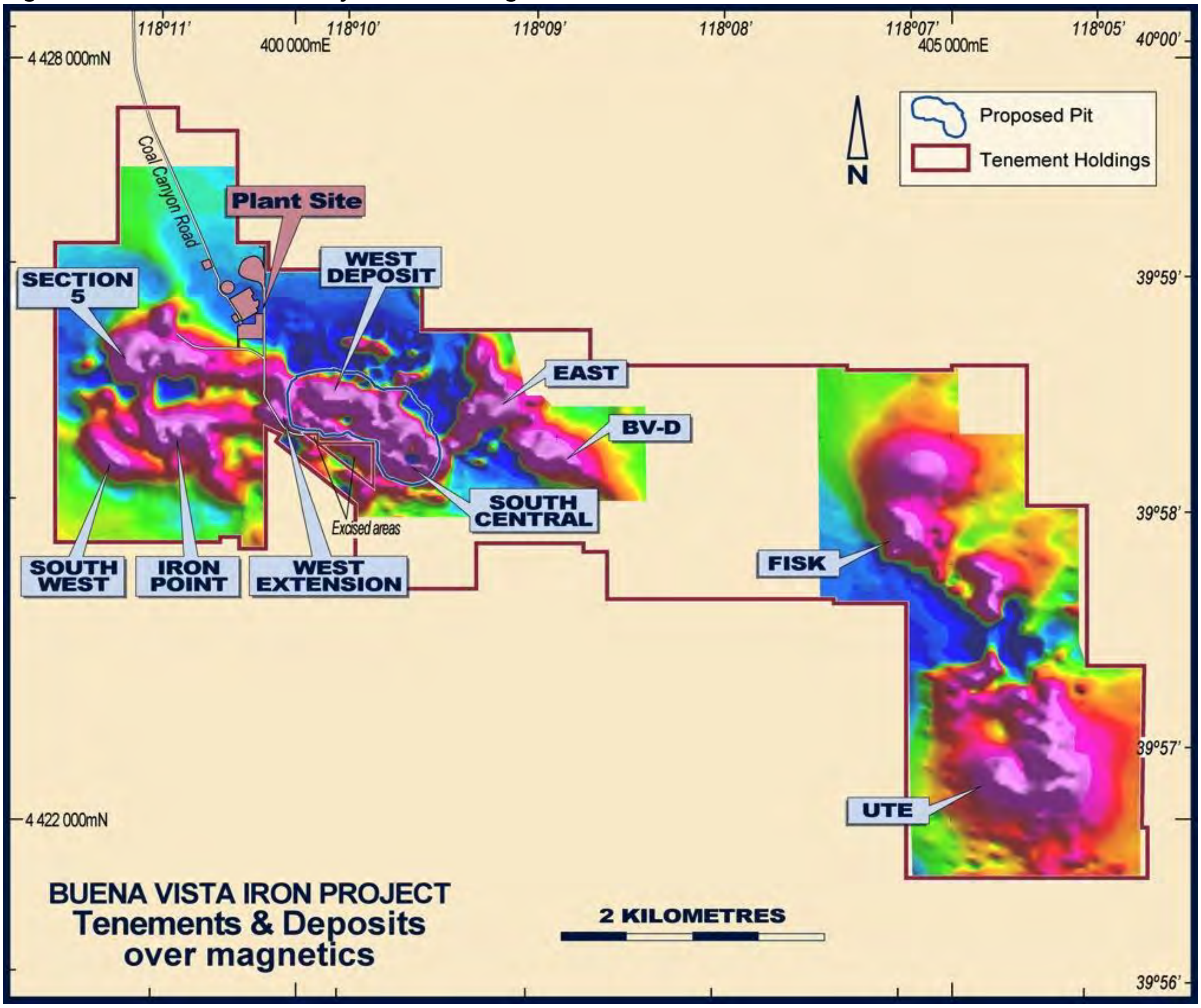
In support of the optimisation plan, the Company initially undertook ground magnetic surveying over the project area to adequately identify the magnetic signatures of the deposits, prospects and targets ahead of drilling. Ground magnetic surveying over the majority of the project area has identified substantial new geophysical targets (Figure 1). This work indicates the West deposit is but one of many magnetic anomalies in the area and is potentially not the largest deposit on the project.

Figure 1: – Buena Vista Iron Project Ground Magnetics



The ground magnetic survey also highlights the substantial geophysical targets at the Fisk and Ute prospects (Figure 1; Table 1). Considerable exploration upside exists at Buena Vista, especially when the geophysical signatures of Fisk and Ute are compared to that associated with the West deposit, which contains a mineral resource of 100.2 Mt @ 20.3% total Fe (Figure 1; Table 2).

Table 1: – Exploration Targets[1]

Prospect	Tonnes	Total Fe (%)
Section 5	12-18,000,000	18-26
Iron Point	10-15,000,000	18-23
Southwest	12-15,000,000	20-25
BV-D	10-18,000,000	19-24
Ute (A5-1) Anomaly	80-110,000,000	15-20
Fisk (A-10) Anomaly	70-90,000,000	15-20
Iron Horse	1-2,000,000	59-68
Total	**195-268,000,000**	**16-22**

1. The potential quantity and grade of the exploration targets are conceptual in nature and there has been insufficient exploration to define a JORC compliant Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

OPERATIONS REPORT

Table 2: – Mineral Resource Estimates at a 10% total Fe Cut off grade

Deposit	Category	Tonnes	Total Fe (%)	Contained Fe (Mt)
West	Indicated	100.2	20.3	20.3
South Central	Inferred	18.0	21.3	3.7
East	Inferred	19.0	21.5	4.0
Total		**137**	**20.4**	**28**

The project's currently identified JORC Exploration Targets1 provide for an additional 195 Mt to 268 Mt of exploration potential (Table 1). Significant potential, therefore, exists to expand the scale of the project through additional exploration of, in particular, higher grade magnetite mineralisation at these prospects.

As a follow up to the magnetic surveying, the Company undertook an aggressive drilling programme to test the Section 5 prospect and a number of magnetic targets (Figure 1). The drilling commenced late in the year with the goal of increasing the resource base to support the case for the future expansion of the project.

Two Schramm reverse circulation (RC) drill rigs and an Atlas Copco diamond drill rig were used to:

- re-assess the previously reported magnetite mineralisation at the Section 5 deposit;
- evaluate ground magnetic anomalies lying at West Extension to the immediate west of the West deposit;
- provide additional data on the West and South Central deposits; and
- provide geotechnical data for pit stability analysis.

The total programme was completed shortly after the end of the financial year with 80 RC holes drilled for a total of 13,905 m and 19 diamond holes for a total of 3,380 metres.

The Section 5 deposit was evaluated by 47 RC and 12 diamond holes on a nominal 50 m x 50 m spacing. Drilling encountered thick magnetite mineralisation in an oval shaped area with approximate dimensions of 600 m E-W by 50-400 m N-S and to depths of 200 m, where several holes were terminated in strong mineralisation. The mineralisation is close to the surface and lies beneath less than 20 m of cover sediments.

Geological logging of diamond core from Section 5 shows the mineralisation to be more homogenous than at the West deposit, and with some higher grade intersections extending to and beyond the limit of drilling at vertical depths of 200 m below surface
Estimates of magnetite content from geological logging and assay data confirms the historical drill data that a core containing variably thick zones of higher grade mineralisation (approximately 250 m long x av. of 100 m wide x av. of 150 m thick) grading between 25-30% total Fe exists at Section 5.

This higher grade mineralisation is best illustrated on drill line 5 (Figure 2; 3 October 2012 ASX release) in the historical Southern Pacific drill holes (134.0 m @ 33.4% total Fe: SP01; 128.0 m @ 36.7% total Fe: SP04; 124.8 m @ 23.9% total Fe & 89.8 m @ 25.6% total Fe: SP05) and confirmed by recent drill holes 5E (120.4 m @ 23.0% total Fe) and 5F (67.1 m @ 26.3% total Fe).

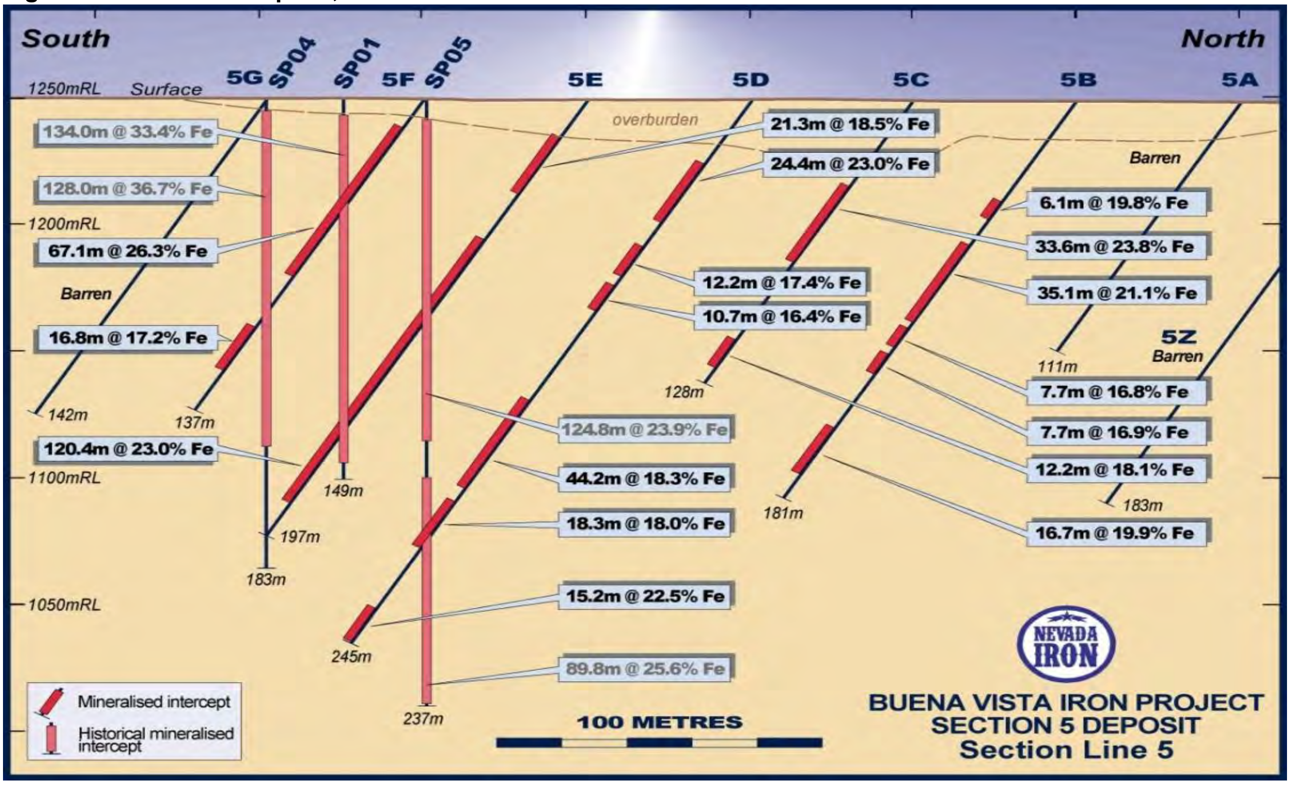
The higher grade mineralisation in the Section 5 deposit is very close to the surface and its potential to provide another source of mineralisation, that could be mined early in the project's life, is being investigated.

As can be seen in the West deposit long section (Figure 3), the highlighted magnetite mineralisation (Figure 1) is extensive within the proposed pit (resulting in a very low waste:ore ratio of 0.5:1) but currently terminates at the western limit of the historical drilling. The new magnetic survey (Figure 1) clearly shows the West deposit magnetic anomaly continuing at least 300 m further west of the historical drilling into the Western Extension.

The Company drilled a total of 27 holes to test the West Extension magnetic anomaly, which has shown this anomaly is highlighting an extensive zone of magnetite mineralisation that extends to vertical depths of over 150 m from surface.

OPERATIONS REPORT

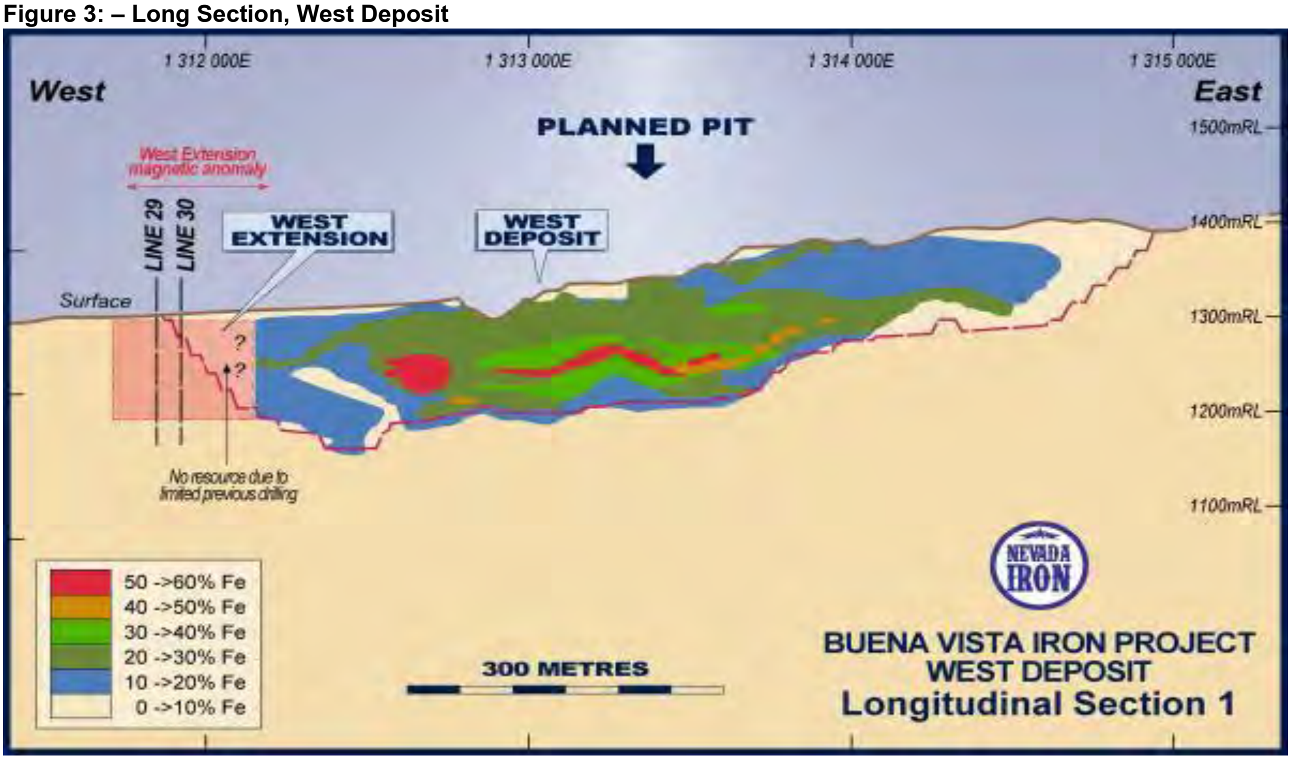
Figure 2: – Section 5 Deposit, Line 5 Cross Section



Drilling at the West and South Central deposits (Figure 1) was designed to provide further QA/QC data for the impending resource re-estimation, infill data gaps on geological cross-sections and reconfirm the mineralisation intersected in the historical diamond holes drilled by US Steel. Core logging indicates that magnetite mineralisation is variable but there appears to be a good correlation with historical results.

Hole NBV-11, drilled into the South Central deposit intersected 13.7 m @ 59.6% total Fe within a broader interval of 60.9 m @ 32.7% total Fe and confirmed that there is a zone of very high grade magnetite mineralisation on the deposits southern contact (16 October 2012 ASX release).

Figure 3: – Long Section, West Deposit



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Engineering

Mining
A plan and cost estimate of staffing has been undertaken for an expanded mining operation (owner/operator) for the production of 2.4 Mtpa of iron concentrate. The base used for the operation was mining 24 hours per day, 7 days per week with 4 crews working 4 twelve hour days and included an estimate of the overtime in the cost estimate. Senior managers and office staff were costed working 5 eight hour days. To achieve the 2.4 Mtpa production target, it is estimated the operation would need a total of 242 personnel at a total cost of approximately US$18 M per year.

Processing
A Tailings Alternative Analysis review was completed, which recommends the Company proceed with a Dry Stack Tailings Facility (DSTF) over a Tails Storage Facility (TSF). The DSTF has an estimated US$21 M saving in initial capex over the TSF and upfront bonding is also expected to be significantly lower. The biggest benefit is that a DSTF is expected to reduce water usage by approximately 60%.

Process Water
Three RC pilot holes were drilled, as part of an evaluation to assess the characteristics and potential yield of the groundwater in the shallow aquifers west of the mine site in the Carson Sink.

It was concluded that the aquifer system west and south of the mine can probably produce a sustainable yield of 600 to 800 gallons per minute (gpm) from 4 or 5 wells and provide sufficient water to run the operation. Supporting evidence comes from an original well (Corral Well) in Section 1 that produced over 700 gpm in 1957. Also, Dames & Moore who drilled the TW-1 well in the northern part of Section 13; pump tested it at 295 gpm, and conducted mathematical modelling that indicated TW-1 could pump about 300 gpm for up to 30 years.

TW-1 was purged using a submersible pump. Initial field measurements indicated the level of total dissolved solids (TDS) stabilised at about 12,000 to 13,000 mg/L and pH at 7.8 to 8.2. Field readings of the pH from the three RC pilot holes indicated a pH range of 7.8 to 8.3.

The Company continues to assess other potential sources of cleaner water to replace or dilute the existing site water. Cleaner water would reduce the potential to degrade the ground water at site and would also reduce the capex of both the processing plant and associated pipeline infrastructure.

Discussions were held with the Nevada Department of Environmental Protection (NDEP) about the use of better quality, low TDS water for concentrate processing and transportation as opposed to high TDS water. If the Company can demonstrate that the water in the pipeline is better than the ground water, then NDEP did not see a problem with constructing a pipeline that does not have a high density poly pipe liner inside the steel pipeline to act as a secondary containment device. It is estimated that the elimination of this liner, from the proposed pipeline, would save at least US$8 million.

Concentrate Pipeline
A preliminary review of the pipeline is being undertaken to investigate the potential cost savings by routing the pipeline to the west of the project along the southern side of the West Humboldt Range, rather than going over the range along Coal Canyon Road to Colado. This option has a number of potential advantages:

- the route is mostly downhill, which could potentially result in significantly lower operating pressures (to be quantified);
- potential to save on pumps and electrical costs;
- much safer to maintain, if operating at significantly lower pressure;
- cheaper to build; and
- may not need special valves, extra maintenance and a de-pressurising system (choke loops) at the end of the line (all pressure dependent).

This alternative proposal would see the pipeline follow a more horizontal route to reach the railroad in the area between the Parran and Ocala sidings alongside US Highway 95. From the project site, it is a distance of approximately 60 km to the mid-point at Huxley vs 40 km to Colado, with Huxley 300 feet lower in elevation than the project site.

In the area between the Parran and Ocala sidings, there is a main line rail track running parallel to US 95. There is also enough land between US 95 and the rail line onto which a facility (including spur tracks) could be built to handle well in excess of 2.4 Mtpa of concentrate.

A meeting was held with the Bureau of Land Management (BLM) in Winnemucca to provide an update on the project and obtain feedback on the potential to have a railroad siding crossing the Federal land in the area between the Parran and

Ocala sidings. The initial response was very encouraging, but further talks will have to be held with the Carson City BLM office as the proposed railroad siding crosses into their jurisdiction.

Power
A review was undertaken of the power demand requirements for the project, as a result of increasing the throughput of the plant to 2.4 Mtpa of concentrate. It was considered that approximately 50% more power may be required (possibly around 30 Mw).

After a meeting with the local power provider to discuss the possibility of increasing the project's power requirements, they are now investigating the implications of upgrading the proposed 60 kV transmission line to a 120 kV transmission line.

Concentrate Transport
The Company has three potential options for the provision of port and load out services, with two ports currently active as bulk terminals and a third proposing to develop a bulk terminal in the medium term. Discussions continue to be held with a view to securing the optimal service from a cost perspective and ensuring the Company has the potential to expand concentrate production under a Phase 2 scenario.

Rail haulage of the concentrate will be along the main East-West rail line between Chicago and San Francisco that passes within 40 km of the project. The Company is in the process of finalising rail rates with a major US railroad company.

Narracoota (100% Nevada Iron – Latin Gold Limited earning 90%)

Under the terms of the amended Narracoota joint venture, Latin Gold Limited has the right to earn a 90% interest in Narracoota by expending $500,000. When that expenditure is achieved, Nevada Iron's interest in the project will revert to a 10% free carried interest through to completion of a feasibility study or the cumulative expenditure of $2 million.

The Narracoota project is located approximately 80 km north of Meekatharra, Western Australia.

The project covers part of the southern section of the Palaeoproterozic Bryah Basin (a sub-basin of the Glengarry Basin) and lies some 75 km southwest of the DeGrussa Cu-Au deposit, which is hosted in rock units of the Narracoota Volcanics. The project has been previously explored for epigenetic gold and VHMS-style base and precious metals.

Extensive widths of Narracoota Volcanics, interpreted to occur in at least three structural repetitions that provide a cumulative target zone of approximately 20 km in length, are contained in the Narracoota project. Outcrop is very poor across the project area and all targets are below varying thicknesses of alluvial sediments.

In early July 2012, Nevada Iron's JV partner undertook an air core drilling programme following up on previously intersected highly anomalous gold values (including 6 m grading 2.35 g/t Au from 17 m) in a prominent magnetic feature at Narracoota (Figure 4). A total of 24 air core holes for 1,152 m were completed in this programme and 125 drill samples were sent to SGS in Perth for analyses. The best intersection was 8 m @ 1.01 g/t Au from 30 m in hole NAC 031 (7134020mN 661574mE; -60°/180°).

The drilling intersected dolerites and possible ultramafic rocks over the gold target, which lies in the north central part of the tenement area. Drilling over potential nickel targets in the central part of the project area bottomed in volcanic fragmentals, which appear to have been largely derived from ultramafic lithologies.

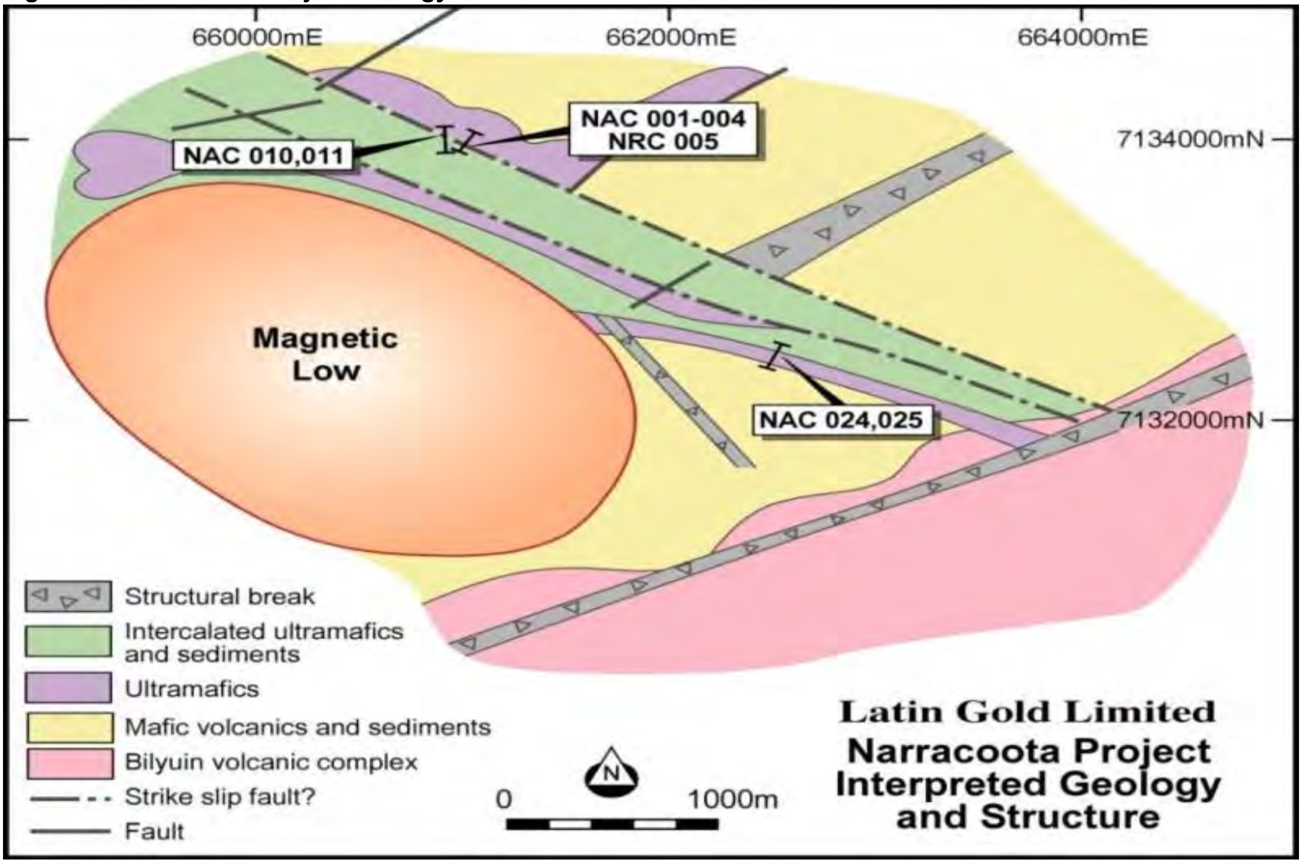
To follow up the wide zones of gold mineralisation, 5 RC holes were drilled over the anomalous zone in August 2012. This programme was designed to test the mineralisation at depth to determine if better grades were present and what controls, if any, were on the mineralisation.

Three of the holes completed intersected wide (+20 m) of well-developed breccia zones with fine and coarse grained pyrite, epidote and plentiful vug and occasional crystalline silica. These rocks looked to be the obvious source and host for the mineralisation intersected in previous holes but uniformly the intercepts returned very minor, or below detection, Au assays.

As part of the latter two programmes, a more detailed magnetic interpretation of the anomalous area was carried out and it was determined that the host dolerite has a number of kilometres of strike extent with variable magnetic response. This entire unit is under cover and it is planned to conduct a regional air core programme in the coming 12 months to test for further mineralised zones.

OPERATIONS REPORT

Figure 4: – Narracoota Project Geology



Loongana (100% Nevada Iron)

The Loongana project is located on the Nullarbor Plain within Western Australia and covers over 40 km of a buried mafic and ultramafic intrusive. The intrusive had been interpreted from geophysical surveys and the geology confirmed by two historic drill holes and six drill holes by Nevada Iron.

The Company has undertaken a review of the project's prospectivity. While the exploration model has merit, it was determined to surrender the project due to the very high exploration costs, arising from the +300 m cover over the intrusion, and the low potential to make a discovery.

Competent Persons Statements

The information in this announcement that relates to, resources and resource potential is based on information compiled by Dr Vernon Stocklmayer who is a Member of the Australian Institute of Geoscientists. Dr Stocklmayer is an independent consultant to Nevada Iron Ltd. All other discussion is based on information compiled by Mr Max Nind; who is a Member of the Australian Institute of Geoscientists; and Mr Thomas Duckworth; who is a Fellow of both the Australasian Institute of Mining and Metallurgy and Institute of Materials, Minerals and Mining, London. Mr Duckworth is a Director and Mr Nind an employee of Nevada Iron Ltd. Dr Stocklmayer, Mr Duckworth and Mr Nind have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity to which they are undertaking to qualify as Competent persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Stocklmayer, Mr Duckworth and Mr Nind consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Information in this Annual Report to which this statement is attached that relates to Exploration Results at the Narracoota project is based on information compiled by Mr Howard Dawson who is a Member of the Australian Institute of Geoscientists. Mr Dawson is not an officer of Nevada Iron Ltd, is self-employed and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Dawson consents to the inclusion in the Annual Report of the matters based on his information in the form and context in which it appears.

DIRECTORS' REPORT

The Directors present their report together with the consolidated financial report for Nevada Iron Ltd ("Nevada Iron" or the "Company") and its controlled entities (collectively the "Group"), for the year ended 30 June 2012.

Directors

(i) Names, qualifications and experience

The names and details of the Company's Directors in office at any time during the financial period and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Mick McMullen	Executive Chairman (appointed Chairman 17 February 2012 and Executive Chairman 27 June 2012)
Max Nind	Managing Director
Lou Jelenich	Non-Executive Director (appointed 25 October 2011)
Tom Duckworth	Non-Executive Director (appointed 17 February 2012)
Andrew Brice	Non-Executive Director (appointed 17 February 2012)
Howard Dawson	Non-Executive Chairman (resigned 17 February 2012)
Jim Malone	Non-Executive Director (resigned 17 February 2012)
Greg Barns	Non-Executive Director (resigned 17 February 2012)

Mick McMullen – Executive Chairman
Qualifications: B.Sc (Geology), Member AusIMM

McMullen is a geologist with a BSc (Geology) from the University of Newcastle, Australia and has in excess of 20 years' experience in exploration, financing, development and operation of mining projects. He was the Managing Director and a co-founder of Northern Iron (ASX: NFE), an ASX listed iron ore mining company with assets in Norway.

He is also the Executive Chairman of Lachlan Star Limited, an ASX and TSX listed company with an operating gold mine in Chile.

Max Nind – Managing Director
Qualifications: B.Sc & M.Sc (Geology), Grad Dip Applied Finance and Investment, M.A.I.G.

Mr Nind has over 20 years' experience in the resource sector, ranging from exploration and mining geology, mine production, corporate research, project development and capital markets.

Mr Nind was previously the Business Development and Exploration Manager for Sinosteel Australia, a subsidiary of the largest integrated raw material supplier and service provider to the Chinese steel industry. The role focused on identifying resource sector investments, particularly in the iron ore industry.

The experience and contacts he developed from this role, in tandem with the 10 years he spent with Western Mining Corporation, has given Mr Nind a very sound base from which to advance the Buena Vista Iron Project.

Lou Jelenich – Non-Executive Director
Qualifications: B.Sc (Chemistry), B.Sc (Chemical Engineering), AICD, APEA

Mr Jelenich is a qualified Chemical Engineer and Chemist with over 35 years of experience in iron making operations and technologies at BHP Steel and iron ore marketing with BHP Billiton Iron Ore. In July 2009, Mr Jelenich established his own consulting practice which delivers specialist technical and strategic services to the mining and resources sectors. In this role, Mr Jelenich implements strategies and systems to identify growth opportunities and productivity improvements across the sales, marketing, operations, distribution and service level disciplines within a corporation.

Prior to July 2009, Mr Jelenich held the position of Manager Technical Services BHP Iron Ore, Perth wherein he was responsible for promoting iron ore sales into Asia and Europe, product quality, market analysis, customer processes and quality performance requirements.

Through his roles as Technical Superintendent Ironmaking and Operations Superintendent Sinter Plant with BHP Steel in Newcastle he gained considerable hands on expertise in the safe and efficient operation of the sinter plant and in the implementation of technical developments to improve the operational performance of the blast furnace, sinter plant and coke ovens.

Over Mr Jelenich's career he has developed extensive operational leadership, technical, and marketing experience, an excellent domestic and international network of contacts within mining and associated end user industries and a deep understanding of research and development providers.

Directors (continued)

He has a unique blend of experience, enhanced by quality professional associates and strong global customer relationships that will provide additional strength to the Richmond Board as it advances the Buena Vista project to production status.

His extensive experience, knowledge and contact base will assist Nevada Iron in determining additional strategies for the optimisation of Buena Vista and the identification of growth opportunities across the operational, sales and marketing activities of the Company.

Tom Duckworth – Non-Executive Director
Qualifications: B.Sc., A.R.S.M. (Mineral Processing), F.I.M.M.M. (London), CEng., F.AusIMM

Mr Duckworth is a consulting metallurgist who holds a BSc, ARSM (Mineral Processing) from the Royal School of Mines, Imperial College, London and is a Chartered Engineer.

He has over 50 years' experience in resource development and engineering. Recent roles have been as a metallurgical consultant for iron, gold and base metal projects in Australia and Europe with previous major roles in the metallurgical development of a number of base metal projects including Hellyer, Cannington, Rapu Rapu and Tritton. He was a non-executive director of Lachlan Star Ltd and retired from the board in 2010.

Mr Duckworth has been an independent consultant for 18 years, prior to which he was employed by ELB/ Nedpac and was a founding director of Signet Engineering, and previous to that he held positions as Chief Metallurgist for BP/Seltrust in Australia and Group Metallurgist for Selection Trust in London and was heavily involved in the development of Leinster Nickel Mine and Teutonic Bore in Western Australia as well as grass route developments and bringing into operation base metal mines in Canada and gold operations in Australia, Nevada USA and Kazakhstan.

His experience covers test work, feasibility studies, equipment manufacturing, plant design and operations for the processing of a wide range of precious and base metal minerals in addition to iron ore, diamonds, various non-metallic minerals, including coal, in all five continents.

Andrew Brice – Non-Executive Director
Qualifications: B.Eng., Grad Dip. Applied Finance & Investments (FINSIA 2008)

Mr Brice holds a Bachelor of Engineering (Mechanical) degree from the University of Western Australia and a Graduate Diploma in Applied Finance and Investment from the Financial Services Institute of Australasia.

He has in excess of 20 years working experience in the resource industry, predominantly in the development and delivery of major projects. His understanding of the development processes for multi-billion dollar resources and infrastructure projects ranges from the initial conceptualisation through to project completion.

Mr Brice has accumulated considerable project development and operational experience for a range of projects for companies such as Alcoa, Iluka Resources, BHP Billiton and Rio Tinto and has a detailed understanding of alumina and iron ore operations.
His most recent assignment was completing the bankable feasibility study over the Weld Range iron ore project for Sinosteel Midwest Corporation.

(ii) Interests in the Shares and Options of the Company

As at the date of this report, the interest of the Directors in the shares and options of the Company are:

	Number of shares	Number of $0.30 31 March 2015 options	Number of $0.50 30 March 2015 options
M McMullen	4,200,000	5,975,000	1,250,000
M Nind	1,075,000	-	1,250,000
L Jelenich	-	-	750,000
T Duckworth	-	-	1,000,000
A Brice	-	-	750,000
TOTAL	**5,275,000**	**5,975,000**	**5,000,000**

Company Secretary

Michael Higginson – Company Secretary
Qualification: B.Bus Fin & Admin

Mr Higginson is the holder of a Bachelor of Business Degree with majors in both Finance and Administration. Mr Higginson was appointed as Company Secretary on 12 June 2009.

Mr Higginson was formerly an executive officer with the Australian Securities Exchange and has, over the last 25 years, held numerous company secretarial and directorship roles with a range of public listed companies, both in Australia and the UK.

Directors' meetings

The number of meetings attended by each of the Directors of the Company during the financial year was:

	Board Meetings		**Audit Committee Meetings**	
	(a)	(b)	(a)	(b)
Mick McMullen	5	5	-	-
Max Nind	12	12	-	-
Lou Jelenich	9	8	-	-
Tom Duckworth	5	5	1	1
Andrew Brice	5	5	1	1
Howard Dawson	7	7	-	-
Jim Malone	7	7	-	-
Greg Barns	7	7	-	-

(a) Number of meetings held and entitled to attend
(b) Number of meetings attended

Corporate structure

Nevada Iron is a company limited by shares that is incorporated and domiciled in Australia. On 16 February 2010, the Company incorporated a wholly owned Australian subsidiary Nevada Iron Pty Ltd. On 12 March 2010, Nevada Iron Pty Ltd incorporated a 100% owned subsidiary Nevada Iron LLC, which is incorporated in the state of Nevada USA. On 1 April 2010, the Company assigned to Nevada Iron LLC 100% of its undivided interest in the Buena Vista Iron Project.

Nature of operations and principal activities

The principal activities of the Group during the year were the exploration and development of mineral assets in the USA and Australia.

Results of operations

The operating loss after income tax of the Group for the year ended 30 June 2012 was $5,012,324 (2011 $793,087).

The Group's basic loss per share for the year was 6.21 cents (2011: 1.78 cents).

Dividends

No dividend has been paid during or is recommended for the financial year ended 30 June 2012 (2011: Nil).

Employees

The Group had two employees as at 30 June 2012 (30 June 2011: one), other than the Executive Chairman, three non-executive Directors and the Company Secretary.

Review of operations

The principal activity of the Group during the financial year was the development of the Buena Vista Iron Project located in Nevada USA.

A more detailed review of the Group's operations during the financial year is set out in the Operations Report.

Significant changes in state of affairs

There were no significant changes in the state of affairs of the Group during the financial year not otherwise dealt with in this report and the financial statements.

Future developments

Likely future developments in the operations of the Group are referred to in the Chairman's Letter and Operations Report. Other than that referred to in this report, further information as to likely developments in the operations of the Group and expected results of those operations would, in the opinion of the Directors, be speculative and prejudicial to the interests of the Group and its shareholders.

Subsequent events

Subsequent to the end of the financial year the following securities have been issued, or agreement has been reached for their issue, by the Company:

- On 22 August 2012, $1,961,702 (before costs) in working capital was raised following the issue and allotment of 11,539,425 ordinary fully paid shares at an issue price of 17 cents per share;
- On 28 August 2012, 692,365 options each exercisable at 17 cents and expiring 31 August 2014 were granted to parties that assisted with the facilitation of the placement of 11,539,425 ordinary fully paid shares on 22 August 2012; and
- On 31 August 2012, the Company announced that subject to the receipt of shareholder approval; at a meeting to be held on 5 October 2012; it had reached agreement for the placement of 6,781,751 ordinary fully paid shares at an issue price of 17 cents per share to raise an additional $1,152,898 (before costs). As part of the placement, and subject to the receipt of shareholder approval, the Company further agreed to the granting of 406,905 options each exercisable at 17 cents and expiring 31 October 2014 to parties that assisted with the proposed placement of the 6,781,751 shares.

Other than as set out above, there has not been any other matter or circumstance that has arisen since 30 June 2012 which has significantly affected, or may significantly affect, the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

Financial position

The Group's working capital, being current assets less current liabilities, was negative $52,787 as at 30 June 2012 (2011: positive $1,207,354).

In the Directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Environmental issues

The operations and proposed activities of the Group are subject to State and Federal laws and regulation concerning the environment both in the USA and Australia. As with most exploration projects and mining operations, the Group's activities are expected to have an impact on the environment, particularly when advanced exploration or mine development proceeds. It is the Group's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

The Group is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Group's cost of doing business or affect its operations in any area. There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Group to incur significant expenses and undertake significant investments in this respect which could have a material adverse effect on the Group's business, financial condition, timing of operations and results of operation.

Proceedings on behalf of the group

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

Remuneration report (Audited)

Details of Remuneration for the Year Ended 30 June 2012

Details of the remuneration for each Director and the key management personnel of the Group during the year are set out in the following tables.

The remuneration policy, setting the terms and conditions, was approved by the Board after seeking professional advice.

The Board's policy for determining the nature and amount of remuneration for Directors and senior executives of the Group is as follows:

- All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation.
- The Board reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.
- All remuneration paid to Directors and executives is valued at the cost to the Group and expensed. Options are valued using the Black-Scholes methodology.
- Remunerate non-executive Directors at market rates for time, commitment and responsibilities.

The Board determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The key management personnel of the Group include the Directors. There were no other persons considered key management personnel as defined in AASB 124 Related Party Disclosures.

2012	**Short-term**	**Post-employment**	**Share-based payments**	
	Salary & fees	**Superannuation**	**Options**	**Total**
Executive Chairman				
Mick McMullen	23,797	-	3,550	27,347
Managing Director				
Max Nind	137,615	12,385	3,550	153,550
Non-Executive Directors				
Lou Jelenich	23,333	-	2,130	25,463
Tom Duckworth	73,317	-	2,840	76,157
Andrew Brice	56,749	-	2,130	58,879
Former Directors				
Howard Dawson	47,333	-	-	47,333
Jim Malone	27,500	-	-	27,500
Greg Barns	20,600	-	-	20,600
Total key management personnel compensation	**410,244**	**12,385**	**14,200**	**436,829**

2011	**Short-term**	**Post-employment**	**Share-based payments**	
	Salary & fees	**Superannuation**	**Options**	**Total**
Non-executive Directors				
Howard Dawson	110,000	-	-	110,000
Jim Malone	33,000	-	-	33,000
Greg Barns	27,270	-	-	27,270
Managing Director				
Max Nind	130,733	11,766	-	142,499
Total key management personnel compensation	**301,003**	**11,766**	**-**	**312,769**

Remuneration report (Audited) (continued)

Performance Shares as a Proportion of Total Remuneration

There were no performance shares issued during the year ended 30 June 2012 (2011: nil).

Company Performance, Shareholder Wealth and Director and Executive Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, Directors and executives. The achievement of this aim has been through the issue of options to Directors and executives to encourage the alignment of personal and shareholder interests.

Executive and non-executive Directors and other key management personnel may be granted options over ordinary shares.

The recipients of options are responsible for growing the Company and increasing shareholder value. If they achieve this goal the value of the options granted to them will also increase. Therefore, the options provide an incentive to the recipients to remain with the Company and to continue to work to enhance the Company's value.

Options Granted as Part of Remuneration for the Year Ended 30 June 2012

During the year ended 30 June 2012, 5,000,000 options each exercisable at $0.50 and expiring 30 March 2015 were granted to the following Directors (or their nominee):

Name	Number of options
Mick McMullen	1,250,000
Max Nind	1,250,000
L Jelenich	750,000
T Duckworth	1,000,000
A Brice	750,000

Performance Options as a Proportion of Total Remuneration

There were no performance options issued during the year (2011: nil).

Employment Contracts of Directors and Senior Executives

There are no formal contracts for Directors.

The Company's Executive Chairman, Mr McMullen, is currently paid $150,000 per annum.

The Company's Managing Director, Mr Nind, is currently paid $150,000 per annum (inclusive of superannuation).

Non-Executive Directors are paid under the terms detailed below:

- Mr Jelenich receives director fees of $35,000 per annum;
- Mr Duckworth receives director fees of $35,000 per annum; and
- Mr Brice receives director fees of $35,000 per annum.

Share-based compensation

The issue of options to Directors in accordance with the Company's Employee Share Option Plan is to encourage the alignment of personal and shareholder returns. The intention of this program is to align the objectives of Directors and executives with that of the business and shareholders. In addition, all Directors and executives are encouraged to hold shares in the Company.

The Group has not paid bonuses to Directors or executives to date.

End of remuneration report

DIRECTORS' REPORT

Share options

At the date of this report, the unissued ordinary shares of Nevada Iron under option are as follows:

Date of Expiry	Exercise Price	Number Under Option
31-Dec-12	$0.35	1,000,000
31-Dec-12	$0.50	350,000
30-Jun-13	$0.20	1,000,000
31-Oct-13	$0.50	1,000,000
31-Aug-14	$0.17	692,365
30-Jun-14	$0.30	500,000
30-Mar-15	$0.50	5,400,000
31-Mar-15	$0.30	12,000,000
30-Jun-15	$0.40	500,000

During the financial year ended 30 June 2012, no shares of Nevada Iron were issued on the exercise of options granted under the Nevada Iron Employee Share Option Plan.

Since the end of the financial year no shares have been issued following the exercise of options.

Since the end of the financial year 11,539,425 shares were issued on 22 August 2012, at an issue price of 17 cents per, share. No further shares have been issued since 30 June 2012.

No amounts are unpaid on any of the shares on issue.

No person entitled to exercise an option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Indemnification

During the financial year, Nevada Iron paid premiums to insure the Directors and Secretary of the Group.

The Group has a policy of entering into Indemnity Deeds to indemnify Directors and certain executives of the Group against all liabilities incurred in the course of or arising out of their employment with the Group and its controlled entities, except where the liability results wholly or in part from serious and wilful misconduct by the executive.

Non-audit services

Fees amounting to $ nil (2011: $12,863) for non-audit services were paid/payable to the Group's auditors during year.

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2012 has been received and immediately follows the Directors' Report.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Nevada Iron support and have adhered to the principles of sound corporate governance.

The Board recognises the recent recommendations of the Australian Securities Exchange Corporate Governance Council, and considers that Nevada Iron is in compliance with those guidelines which are of critical importance to the commercial operation of a junior listed resources company. During the financial year, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy for the Group. The Group's corporate governance statement and disclosures are contained in the annual report.

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

Max Nind
Managing Director

Perth, Western Australia
28 September 2012

AUDITORS' INDEPENDENCE DECLARATION

RSM Bird Cameron Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Nevada Iron Limited for the year ended 30 June 2012, 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.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

D J WALL
Partner

Perth, WA
Dated: 28 September 2012

STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

		Consolidated	
		2012	**2011**
	Note	**$**	**$**
Current assets			
Cash and cash equivalents	7	750,331	1,335,936
Trade and other receivables	8	385,506	208,371
Total current assets		1,135,837	1,544,307
Non-current assets			
Property, plant and equipment	9	2,504,455	885,418
Exploration and evaluation expenditure	10	13,781,841	9,348,647
Total non-current assets		16,286,296	10,234,065
Total assets		17,422,133	11,778,372
Current liabilities			
Trade and other payables	11	1,167,876	319,795
Provisions	12	20,748	17,158
Total Current Liabilities		1,188,624	336,953
Total liabilities		1,188,624	336,953
Net assets		16,233,509	11,441,419
Equity			
Contributed equity	13	19,677,184	12,472,903
Share based payments reserve	14	3,353,654	753,521
Accumulated losses		(6,797,329)	(1,785,005)
Total equity		16,233,509	11,441,419

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

		Consolidated	
		2012	**2011**
	Note	**$**	**$**
Continuing operations			
Other revenue	3	261,320	309,659
Employees and consultant expense		(2,784,606)	(497,200)
Exploration expenditure written off		(837,089)	-
Impairment of plant and equipment		(1,243,262)	-
Corporate and legal fees		(292,940)	(138,363)
Administrative expenses		(60,472)	(100,101)
Occupancy expenses		(55,121)	(44,674)
Finance costs		(154)	(3,887)
Foreign exchange loss		-	(318,521)
Loss before income tax	4	(5,012,324)	(793,087)
Income tax expense	6	-	-
Net loss for the year		**(5,012,324)**	**(793,087)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(5,012,324)**	**(793,087)**
Basic loss per share (cents per share)	5	(6.21)	(1.78)
Diluted loss per share (cents per share)	5	(6.21)	(1.78)

T*he above statement of comprehensive income should be read in conjunction with the accompanying notes.*

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2012

Consolidated	Note	Contributed Equity $	Accumulated Losses $	Share Based Payments Reserve $	Total $
Balance at 1 July 2010		4,207,199	(991,918)	373,126	3,588,407
Total comprehensive loss		-	(793,087)	-	(793,087)
Issue of shares	13	8,335,365	-	-	8,335,365
Share issue costs	13	(69,661)	-	-	(69,661)
Share based payments	14	-	-	380,395	380,395
Balance at 30 June 2011		12,472,903	(1,785,005)	753,521	11,441,419
Balance at 1 July 2011		12,472,903	(1,785,005)	753,521	11,441,419
Total comprehensive loss		-	(5,012,324)	-	(5,012,324)
Issue of shares	13	7,524,752	-	-	7,524,752
Share issue costs	13	(320,471)	-	-	(320,471)
Share based payments	14	-	-	2,600,133	2,600,133
Balance at 30 June 2012		19,677,184	(6,797,329)	3,353,654	16,233,509

The above statement of equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2012

		Consolidated	
		2012	**2011**
	Note	**$**	**$**
Cash Flows from Operating Activities			
Receipts from external parties		164,343	67,987
Payments to suppliers, contractors and employees		(580,594)	(399,766)
Interest received		94,446	108,728
Interest paid		(154)	-
Net cash flows from/(used in) operating activities	15	(321,959)	(223,141)
Cash Flows from Investing Activities			
Payments for exploration and evaluation		(4,762,318)	(4,762,929)
Payments for property, plant and equipment		(2,863,373)	(885,492)
Net cash flows (used in) investing activities		(7,625,691)	(5,648,421)
Cash Flows from Financing Activities			
Proceeds from issue of securities		7,524,752	5,425,333
Security issue expenses		(320,471)	-
Net cash flows from financing activities		7,204,281	5,425,333
Net (decrease) in cash and cash equivalents		(743,369)	(446,229)
Effects of exchange rate changes on cash		157,764	(318,521)
Cash and cash equivalents at the beginning of the year		1,335,936	2,100,686
Cash and cash equivalents at the end of the year	7	750,331	1,335,936

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The financial report of Nevada Iron Ltd (formerly Richmond Mining Limited) and its controlled entities (the Group) for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the Director's on 28 September 2012.

Nevada Iron Ltd (Nevada Iron) is a company limited by shares, incorporated in Australia, and whose shares are publicly traded on the Australia Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Director's Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Separate financial statements for the Company as an individual entity are no longer presented as a consequence of changes to the Corporations Act 2001, however, required financial information for Nevada Iron as an individual entity is disclosed in note 16.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation

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

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated. Cost is based on the fair values of the consideration given in exchange for assets.

The report is presented in Australian dollars.

Going Concern
The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

For the year ended 30 June 2012, the company and consolidated entity both incurred an after tax loss of $5,012,324 (which included the following: impairment of plant and equipment $1,243,262; exploration expenditure write off $837,089; and share based payments expense $2,600,133) and the consolidated entity had net cash outflows from operating activities of $321,959 and from exploration activities of $4,762,318. As at 30 June 2012, the consolidated entity had net current liabilities of $52,787.

The Directors believe that it is reasonably foreseeable that the company and consolidated entity will continue as going concerns and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- As disclosed in Note 24, the company raised from the issue of shares, or agreement has been reached for their issue: $1,961,702 (before costs) from the issue of shares on 22 August 2012 and subject to the receipt of shareholder approval at a meeting to be held on 5 October 2012, $1,152,898 (before costs), from the issue of 6,781,751 shares;
- The ability of the consolidated entity to raise capital by the issue of additional shares under the Corporation Act 2001;
- The potential to sell interests in exploration and evaluation assets for cash or for assets readily convertible into cash; and
- The ability to curtail administration and operational cash out flows as required.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

(c) Adoption of New and Revised Accounting Standards

In the current year, the group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in a significant or material change to the consolidated entity's accounting policies.

New standards issued but not yet effective

At the date of this financial report the following standards, which may impact the entity in the period of initial application, have been issued but are not yet effective:

Reference	Title	Summary	Application date (financial years beginning)
AASB 9	Financial Instruments	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1 January 2013 (likely to be extended to 2015 by ED 215)
AASB 10	Consolidated Financial Statements	Replaces the requirements of AASB 127 and Interpretation 112 pertaining to the principles to be applied in the preparation and presentation of consolidated financial statements.	1 January 2013
AASB 12	Disclosure of Interests in Other Entities	Replaces the disclosure requirements of AASB 127 and AASB 131 pertaining to interests in other entities.	1 January 2013
AASB 127	Separate Financial Statements	Prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	1 January 2013
AASB 13	Fair Value Measurement	Provides a clear definition of fair value, a framework for measuring fair value and requires enhanced disclosures about fair value measurement.	1 January 2013
AASB 119	Employee Benefits	Prescribes the accounting and disclosure for employee benefits. This Standard prescribes the recognition criteria when in exchange for employee benefits.	1 January 2013

The entity has decided against early adoption of these standards and interpretations. Furthermore, these changes in standards and interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(d) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Nevada Iron Ltd at the end of the reporting period. A controlled entity is any entity over which Nevada Iron Ltd has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(d) Principles of Consolidation (cont.)

the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 26 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (ie parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.
The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

(e) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing performance of any operating segments.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(f) Revenue

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

Interest revenue

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

All revenue is stated net of Goods and Services Tax ("GST").

(g) Impairment

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use.

(h) Cash and cash equivalents

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above. The Group does not have any bank overdraft facilities.

(i) Trade and other receivables

Trade receivables are generally paid on 30 day settlement terms and are recognised and carried at original invoice amount less an allowance for impairment. Trade receivables are non-interest bearing.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision would be recognised when legal notice has been sent and a reply not received within 30 days.

(j) Plant and equipment

Plant and equipment is stated at historical cost less depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of these items.

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 Comprehensive Income during the financial period in which they are incurred.

Depreciation is calculated using the straight line method to allocate their cost over their estimated useful lives. The expected useful lives are.

- Plant and equipment: 3-15 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. The

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(j) Plant and equipment (continued)

(i) Impairment (continued)

Directors have determined that items of plant and equipment do not generate independent cash inflows and that the business of the Group is, in its entirety, a cash-generating unit. The recoverable amount of plant and equipment is thus determined to be its fair value less costs to sell.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. For plant and equipment, impairment losses are recognised in the Statement of Comprehensive Income as an expense.

(ii) Derecognition and disposal

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Comprehensive Income. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(k) Exploration and evaluation 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 that permits reasonable assessment of the existence of economically recoverable reserves.

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

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

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

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 dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

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

(l) Trade and other payables

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

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(m) Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

(n) Employee entitlements

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liabilities, are used.

Employee benefit expenses and revenues arising in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave and other leave benefits, and
- other types of employee benefits are recognised against profits on a net basis in their respective categories.

(o) Interest in a jointly controlled operation

The Group has no interests in joint ventures. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather than establishment of a separate entity.

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

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well 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 the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(p) Income tax (cont.)

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities 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.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax consolidation

Nevada Iron Ltd and its wholly-owned Australian subsidiaries have not formed an income tax consolidated group under tax consolidation legislation.

(q) Equity based payments

The Group provides benefits to its Directors and employees in the form of share-based payments, whereby Directors and employees render services in exchange for options to acquire shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions is measured by reference to the fair value to the Group of the equity instruments at the date at which they were granted. The fair value is determined using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

The cost of equity-settled transactions is recognised as an expense, together with a corresponding increase in equity, on a straight-line basis, over the period in which the vesting and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant Directors and employees become fully entitled to the options (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the Statement of Comprehensive Income reflects:

a. the grant date fair value of the options;
b. the current best estimate of the number of options that will ultimately vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of vesting conditions being met, based on best available information at balance date; and
c. the extent to which the vesting period has expired.

The charge to the Statement of Comprehensive Income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

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

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

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

(r) Earnings per share

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

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(r) Earnings per share (continued)

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

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

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

(s) Goods and services tax (GST)

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financial activities, which are recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

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

(t) Financial instruments

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

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

Derecognition

Financial assets are derecognised where the contractual right 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 obligation are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and their fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the profit or loss.

Classification and subsequent measurement

(i) Financial assets at fair value through profit or loss
Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documents risk management or investment strategy.

Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS

(i) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

t. Financial instruments (cont.)

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(iii) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed on determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iv) Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor determinable payments.

(v) Financial liabilities
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

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 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 expensed to the Statement of Comprehensive Income.

Impairment testing is performed annually for good will and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the assets belong.

(u) 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.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(v) Comparative information

When required by accounting standards, comparative figures have been re-stated to conform to changes in the current year.

(w) Critical accounting estimates and judgments

The Directors evaluate estimates and judgements 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.

The area that may have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period is:

Exploration and evaluation expenditure

The board of Directors determines when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. The Directors' decision is made after considering the likelihood of finding commercially viable reserves.

NOTES TO THE FINANCIAL STATEMENTS

		Consolidated 2012 $	2011 $
3.	**Other revenue**		
	Interest revenue	93,298	106,787
	Foreign exchange gain	157,764	-
	Sundry income	10,258	202,872
		261,320	309,659
4.	**Expenses**		
	Loss before income tax includes the following expenses:		
	Rent expense	50,115	39,000
	Share based payments expense	2,600,133	380,395
	Interest expense	154	124
	Depreciation expense	1,074	1,890

5. Loss per share

The following reflects the income used in the basic and diluted loss per share computations.

Loss used in calculating earnings per share

	2012	2011
For basic and diluted earnings per share:		
Net loss for the year attributable to ordinary shareholders	5,012,324	793,087

Weighted average number of shares

	2012 No. of shares	2011 No. of shares
Weighted average number of ordinary shares for basic and diluted loss per share	80,715,703	44,522,160

Loss per share		
Basic loss per share (cents)	6.21	1.78
Diluted loss per share (cents)	6.21	1.78

(i) Anti-dilutive options on issue are excluded from the dilutive EPS calculation.

(ii) Other than the issue (or proposed issue) of the following securities:

- On 22 August 2012, $1,961,702 (before costs) in working capital was raised following the issue and allotment of 11,539,425 ordinary fully paid shares at an issue price of 17 cents per share;
- On 28 August 2012, 692,365 options each exercisable at 17 cents and expiring 31 August 2014 were granted to parties that assisted with the facilitation of the placement of 11,539,425 ordinary fully paid shares on 22 August 2012;
- On 31 August 2012, the Company announced that subject to the receipt of shareholder approval it had reached agreement for the placement of 6,781,751 ordinary fully paid shares at an issue price of 17 cents per share to raise an additional $1,152,898 (before costs). As part of the placement, and subject to the receipt of shareholder approval, the Company further agreed to the granting of 406,905 options each exercisable at 17 cents and expiring 31 October 2014 to parties that assisted with the proposed placement of the 6,781,751 shares.

There has been no other transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated 2012 $	2011 $
6. Income taxes		
(a) Income tax recognised in profit or loss		
Prima facie tax benefit on operating loss before income tax at 30%	(1,503,697)	(237,926)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Other non-deductible items	780,040	114,458
Unrecognised deferred tax asset attributable to tax losses and temporary differences	723,657	123,468
Income tax attributable to operating loss	-	-

(b) Deferred tax

The consolidated entity has $3,465,950 (2011: $1,772,983) tax losses arising in Australia that are available indefinitely for offset against future profit of the companies in which the losses arose.

The potential deferred tax asset of $1,571,680 (2011: $531,895), arising from tax losses and temporary differences (as disclosed above), has not been recognised as an asset because recovery of tax losses and temporary differences is not considered probable given the development stage of the Company's projects.

The potential deferred tax asset will only be obtained if:

- the relevant Group derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised;
- the relevant Group continues to comply with the conditions for deductibility imposed by tax legislation; and
- no changes in tax legislation adversely affect the relevant Group in realising the benefit from the deduction for the losses.

In addition, the subsidiary Nevada Iron LLC has tax losses that are a potential deferred tax asset of $512,944. Nevada Iron LLC will be taxed independently in the USA.

7. Cash and cash equivalents

	2012 $	2011 $
Cash at bank	669,599	522,882
Short term deposits	80,732	813,054
	750,331	1,335,936

(i) Cash at bank is non-interest bearing
(ii) At the reporting date the Group did not have any financing facilities available.

8. Trade and other receivables

	2012 $	2011 $
Sundry receivable (i)	-	1,148
Other receivables	341,671	160,306
GST receivable	43,835	46,917
	385,506	208,371

(i) The sundry receivable is accrued interest.

Credit Risk

The maximum exposure to credit risk at balance date is the carrying amount (net of provision of doubtful debts) of those assets as disclosed in the Statement of Financial Position and notes to the financial statements. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded are spread amongst approved counterparties.

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated 2012 $	2011 $
9. Property, plant and equipment		
As at 1 July	885,418	1,816
Additions	2,863,373	885,492
Depreciation charge	(1,074)	(1,890)
Impairment of assets	(1,243,262)	-
As at 30 June	2,504,455	885,418
Cost or fair value	2,509,622	889,511
Accumulated depreciation	(5,167)	(4,093)
Net book amount	2,504,455	885,418

10. Exploration and Evaluation Expenditure

	2012 $	2011 $
As at 1 July	9,348,647	1,745,347
Exploration expenditure	5,270,283	7,603,300
Exploration expenditure written off	(837,089)	-
As at 30 June	13,781,841	9,348,647

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the discovery of commercial viable mineral or other natural resource deposits and their successful development and commercial exploitation or sale of the respective exploration and evaluation mining areas of interest.

11. Trade and other payables

	2012 $	2011 $
Current Payables		
Trade payables	1,130,959	298,295
Accrued expenses	36,917	21,500
	1,167,876	319,795

(i) Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.
(ii) Trade payables are non-interest bearing and are normally settled on 30 day terms.

12. Provisions

	2012 $	2011 $
Provision for annual leave	20,748	17,158

NOTES TO THE FINANCIAL STATEMENTS

13. Contributed Equity

		2012 Number	2012 $	2011 Number	2011 $
(a) Share capital					
Ordinary fully paid shares		91,173,228	19,677,184	65,033,378	12,472,903
(b) Movements in ordinary shares					
Ordinary shares at beginning of the year		65,033,378	12,472,903	33,378,002	4,207,199
Shares issued at $0.32 per share	(i)	14,139,850	4,524,752	-	-
Transaction costs on share issue	(i)	-	(290,236)	-	-
Shares issued at $0.25 per share	(ii)	12,000,000	3,000,000	-	-
Transaction costs on share issue	(ii)	-	(30,235)	-	-
Shares issued at $0.20 per share	(iii)	-	-	20,968,284	4,193,657
Transaction costs on share issue	(iii)	-	-	-	(10,634)
Shares issued at $0.38 per share	(iv)	-	-	3,500,000	1,330,000
Transaction costs on share issue	(iv)	-	-	-	(59,027)
Shares issued at $0.41 per share	(v)	-	-	6,187,092	2,536,708
Shares issued at $0.25 per share	(vi)	-	-	500,000	125,000
Shares issued at $0.30 per share	(vii)	-	-	500,000	150,000
		91,173,228	19,677,184	65,033,378	12,472,903

(i) On 8 August 2011 the Company raised $4,524,752 pursuant to the issue of 14,139,850 ordinary shares at an issue price of $0.32 per share. The transaction costs for the share issue totalled $290,236.

(ii) On 29 March 2012 the Company raised $3,000,000 pursuant to the issue of 12,000,000 ordinary shares at an issue price of $0.25 per share. The transaction costs for the share issue totalled $30,235.

(iii) Throughout the previous year the following options, each exercisable at $0.20 were exercised:

- 1,350,000 options expiring 30 November 2010
- 3,000,000 options expiring 30 December 2010
- 16,618,284 options expiring 31 December 2010

Transaction costs for the issue of shares issued totalled $10,634.

(iv) On 23 November 2010 the Company raised $1,330,000 pursuant to the issue of 3,500,000 ordinary shares at an issue price of $0.38 per share. The transaction costs for the share issue totalled $59,027.

(v) On 21 June 2011 the Company issued 6,187,092 ordinary shares to Kircher Mine Development LLC for a total cost of US$3,000,000 in part consideration for the acquisition of the Buena Vista Iron Project.

(vi) The Company issued 500,000 ordinary shares following the exercise of 500,000 options each exercisable at $0.25 and expiring 30 June 2011. The shares were entered onto the register on 5 July 2011.

(vii) The Company issued 500,000 ordinary shares following the exercise of 500,000 options each exercisable at $0.30 and expiring 30 June 2011. The shares were entered onto the register on 5 July 2011.

Capital risk management

When managing capital, management’s objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

In order to maintain or adjust the capital structure, the entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, enter into joint ventures or sell assets.

The entity does not have a defined share buy-back plan.

No dividends were paid in 2012 (2011: nil) and no dividends are expected to be paid in 2013.

There is no current intention to incur debt funding on behalf of the Group as on-going exploration expenditure will be funded via cash reserves, equity or joint ventures with other companies.

The Group is not subject to any externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

14. Reserves and retained profits	Consolidated 2012 $	2011 $
Reserves		
Share-based payments reserve		
As at 1 July	753,521	373,126
Share based payments – expense	2,600,133	380,395
As at 30 June	3,353,654	753,521

Nature and purpose of reserves

The share-based payments reserve records the value of share options issued by the Group as well as the value of
shares issued by the Group in raising equity.

15. Notes to the Statement of Cash Flows

(a) Reconciliation of net cash used in operating activities to operating loss after income tax

	2012	2011
Operating loss after tax	(5,012,324)	(793,087)
Add non-cash items:		
Depreciation	1,074	1,890
Share-based payments expense	2,600,133	380,395
Exploration expenditure written off	837,089	-
Exchange rate (gain)/loss	(157,764)	318,521
Impairment of Property, Plant and Equipment	1,243,262	-
Changes in net assets and liabilities:		
(Increase) in receivables	(177,135)	(179,952)
Increase in payables	340,116	40,441
Increase in provisions	3,590	8,651
Net cash flow from/(used in) operating activities	(321,959)	(223,141)

(b) Non-cash financing and investing activities

There were no non-cash financing and investing activities for the year ended 30 June 2012 (2011: US$3,000,000).

NOTES TO THE FINANCIAL STATEMENTS

16. Parent Information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with the accounting standards.

	Parent	
	2012 **$**	**2011** **$**
ASSETS		
Current assets	765,175	1,542,847
Non-current assets	16,023,019	10,235,526
TOTAL ASSETS	16,788,194	11,778,373
LIABILITIES		
Current liabilities	554,685	336,954
Non-current liabilities	-	-
TOTAL LIABILITIES	554,685	336,954
NET ASSETS	16,233,509	11,441,419
EQUITY		
Contributed equity & reserves	23,030,838	13,226,424
Accumulated losses	(6,797,329)	(1,785,005)
TOTAL EQUITY	16,233,509	11,441,419
Loss for the year	5,012,324	812,272
Total comprehensive loss	5,012,324	812,272

Contingent liabilities of the parent entity
The parent entity does not have any contingent liabilities as at 30 June 2012. As at 30 June 2011, the parent entity had a contingent liability of $103,500 with drilling contractor VM Drilling Pty Ltd. Subsequent to the end of the financial year, a Deed of Settlement and Release was executed by both parties and the matter has now been resolved.

Contractual commitments for the acquisition of property, plant or equipment
As at 30 June 2012 (2011 – Nil), the parent entity did not have any contractual commitments for the acquisition of property, plant or equipment.

17. Key Management Personnel Compensation

(a) Directors and Specified Executives
The names and positions held by key management personnel in office at any time during the year are:

Directors

M McMullen	Chairman, appointed 17 February 2012 and appointed Executive Chairman on 27 June 2012
M Nind	Appointed as Managing Director on 8 February 2011
A Brice	Non-Executive Director, appointed 17 February 2012
J Jelenich	Non-Executive Director, appointed 25 October 2011
T Duckworth	Non-Executive Director, appointed 17 February 2012
H Dawson	Non-Executive Chairman, resigned 17 February 2012
J Malone	Non-Executive Director , resigned 17 February 2012
G Barns	Non -Executive Director , resigned 17 February 2012

NOTES TO THE FINANCIAL STATEMENTS

17. Key Management Personnel Compensation (cont.)

All of the above persons were also key management persons during the year ended 30 June 2012.

(b) Key management personnel remunerations

	Consolidated 2012 $	2011 $
Short-term employee benefits	410,244	301,003
Post-employment benefits	12,385	11,766
Share based payments	14,200	-
	436,829	312,769

(c) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the remuneration report detailed in the Director's Report.

(ii) Option holdings

The numbers of options over ordinary shares in the Group held during the year by each Director of the Group and other key management personnel, including their personally related parties, are set out below:

2012 Directors	*Balance at beginning of year*	*Granted as compensation*	*Exercised*	*Expired*	*Other changes*	*Balance at end of year*
M McMullen	-	1,250,000	-	-	5,975,000	7,225,000
M Nind	-	1,250,000	-	-	-	1,250,000
A Brice	-	750,000	-	-	-	750,000
L Jelenich	-	750,000	-	-	-	750,000
T Duckworth	-	1,000,000	-	-	-	1,000,000
H Dawson	-	-	-	-	-	-
J Malone	-	-	-	-	-	-
G Barns	-	-	-	-	-	-
Total	**-**	**5,000,000**	**-**	**-**	**5,975,000**	**10,975,000**

2011 Directors	*Balance at beginning of year*	*Granted as compensation*	*Exercised*	*Expired*	*Other changes*	*Balance at end of year*
H Dawson	1,788,500	-	(300,000)	-	(1,488,500)	-
M Nind	1,500,000	-	(1,000,000)	(500,000)	-	-
J Malone	1,749,700	-	(549,700)	-	(1,200,000)	-
G Barns	525,000	-	(100,000)	-	(425,000)	-
Total	**5,563,200**	**-**	**(1,949,700)**	**(500,000)**	**(3,113,500)**	**-**

(iii) Shareholdings

Ordinary Shares

The numbers of ordinary shares in the Group held during the financial year by each Director and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the year as compensation.

NOTES TO THE FINANCIAL STATEMENTS

17. Key Management Personnel Compensation (Cont.)

Ordinary Shares

2012

Directors	*Balance at beginning of year*	Purchased during the year	Other changes	*Balance at end of year*
M McMullen	-	-	4,200,000	4,200,000
M Nind	1,075,000	-	-	1,075,000
A Brice	-	-	-	-
L Jelenich	-	-	-	-
T Duckworth	-	-	-	-
H Dawson[1]	3,004,732	-	(3,004,732)	-
J Malone[1]	3,169,701	-	(3,169,701)	-
G Barns[1]	150,000	-	(150,000)	-
Total	**7,399,433**	**-**	**(2,124,433)**	**5,275,000**

[1] Director resigned on 17 February 2012

Ordinary Shares

2011

Directors	*Balance at beginning of year*	Purchased during the year	Other changes	*Balance at end of year*
H Dawson	2,664,732	40,000	300,000	3,004,732
M Nind	75,000	-	1,000,000	1,075,000
J Malone	2,620,001	-	549,700	3,169,701
G Barns	50,000	-	100,000	150,000
Total	**5,409,733**	**40,000**	**1,949,700**	**7,399,433**

(d) Payables to key management personnel

	Consolidated	
	2012	**2011**
	$	**$**
Amounts payable to directors and director related entities at the end of the financial year, included in current liabilities	57,046	18,048

(e) Other transactions with key management personnel

There were no sale or purchase related transactions between the Group and key management personnel during the year ended 30 June 2012 (2011: nil).

NOTES TO THE FINANCIAL STATEMENTS

18. Related Party Disclosures

Lachlan Star Ltd

The Group has entered into an office sublease agreement with Lachlan Star Ltd (LSL) dated 11 June 2012. Mr M McMullen is a director of LSL. During the year ended 30 June 2102, the Group paid LSL $4,495 (2011: nil) for the provision of, inter alia, office rent, secretarial services, office amenities, telephone and administrative support services.

Discovery Capital Ltd

The Group has entered into office rental, administrative and technical support arrangements under normal commercial terms with Discovery Capital Limited ("Discovery"). Mr Howard Dawson was a director of the Group (he resigned on 17 February 2012) and is also a director of Discovery. From the commencement of the year and up to the date of Mr Dawson's resignation as a director, the Group paid Discovery on a cost recovery basis $43,037 (2011: $59,644) for the provision of, inter alia, technical support, office rent, office amenities, telephone, computing equipment and administrative support services.

19. Equity-based payments

	Consolidated 2012 $	Consolidated 2011 $
Recognised share-based payment expenses		
Expense arising from equity-settled share-based payment transactions	2,600,133	380,395

Employee share option plan
The Company has established an Employee Share Option Plan that allows for share options to be granted to eligible employees and officers of the Company. The number of share options that can be issued under the plan cannot exceed 5% of the total number of shares on issue. The terms and conditions of the share option issued under the plan are at the discretion of the Board, however, the maximum term of the share option is five years.

Consultant options
The company has issued equity based payments to Directors, Company Secretary, Project Manager and key corporate and strategic consultants to provide an incentive for their future involvement and commitment.

	2012		2011	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
At beginning of reporting year	2,350,000		20,753,035	
Granted during the year				
- Employee options	5,400,000	0.50	-	-
- Employee options	500,000	0.30		-
- Employee options	500,000	0.40		-
- Consultant Options	1,000,000	0.50	3,000,000	0.20
- Consultant Options	12,000,000	0.30	1,000,000	0.20
- Consultant Options	-	-	350,000	0.50
- Exercised	-	-	(20,968,284)	0.20
- Exercised	-	-	(500,000)	0.25
- Exercised	-	-	(500,000)	0.30
- Lapsed	-	-	(284,751)	0.20
- Lapsed	-	-	(500,000)	0.35
Balance the end of reporting year	**21,750,000**		**2,350,000**	
Exercisable at end of reporting year	**15,350,000**		**2,350,000**	

NOTES TO THE FINANCIAL STATEMENTS

19. Equity-based payments (cont.)

Issue date	Expiry date	Balance at start of year	Number issued during year	Number exercised during year	Number expired during year	Balance at end of year	Number exercisable at end of year
27 May 2010	31 Dec 2012	1,000,000	-	-	-	1,000,000	1,000,000
2 Aug 2010	30 June 2013	1,000,000	-	-	-	1,000,000	1,000,000
24 Jan 2011	31 Dec 2012	350,000	-	-	-	350,000	350,000
6 Oct 2011	31 Oct 2013	-	1,000,000	-	-	1,000,000	1,000,000
29 Mar 2012	31 Mar 2013	-	12,000,000	-	-	12,000,000	12,000,000
8 June 2012	30 Mar 2015	-	5,400,000	-	-	5,400,000	-
14 June 2012	30 June 2014	-	500,000	-	-	500,000	-
14 June 2012	30 June 2015	-	500,000	-	-	500,000	-

The following tables set out the assumptions made in determining the fair value of the options granted:

Grant date	**27 May 2010**	**2 August 2010**	**24 January 2011**
Type	Consultant	Consultant	Consultant
Dividend yield (%)	-	-	-
Expected price volatility	1.0000	1.0000	1.0000
Risk-free interest rate (%)	4.45%	4.5%	4.75%
Expected life of options (years)	2.60	2.91	1.94
Option exercise price	$0.35	$0.20	$0.50
Share price at grant date	$0.185	$0.22	$0.42
Number of options issued	1,000,000	1,000,000	350,000

Grant date	**6 October 2011**	**29 March 2012**	**8 June 2012**
Type	Consultant	Consultant	Employee
Dividend yield (%)	-	-	-
Expected price volatility	1.0000	1.0000	1.0000
Risk-free interest rate (%)	4.5%	4.25%	3.5%
Expected life of options (years)	2.07	3.01	2.81
Option exercise price	$0.50	$0.30	$0.50
Share price at grant date	$0.23	$0.32	$0.20
Number of options issued	1,000,000	12,000,000	5,400,000

Grant date	**14 June 2012**	**14 June 2012**
Type	Employee	Employee
Dividend yield (%)	-	-
Expected price volatility	1.0000	1.0000
Risk-free interest rate (%)	3.5%	3.5%
Expected life of options (years)	2.07	3.01
Option exercise price	$0.30	$0.40
Share price at grant date	$0.19	$0.19
Number of options issued	500,000	500,000

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated 2012 $	Consolidated 2011 $
20. Auditors' Remuneration		
Amounts received or due and receivable by the auditors for:		
Audit or review of financial reports	35,000	29,500
Other taxation services	-	12,863
	35,000	42,363

21. Commitments

There were no outstanding commitments, which are not disclosed in the financial statements as at 30 June 2012 other than:

	2012 $	2011 $
Tenement commitments		
Within 1 year	78,501	376,207
After 1 year but not more than 5 years	500,442	289,100
After more than 5 years	-	-
	578,943	665,307

On 21 June 2011, the Group exercised the option to acquire the Buena Vista Iron Ore Project, located in Nevada USA, for a consideration of $US6 million, 50% of which was satisfied through the issue of 6,187,092 shares in Nevada Iron Ltd.

Upon exercise of the option, the Group acquired a 100% beneficial ownership of the Project and an 80% net profits interest ("NPI").

Following exercise of the option, the Group has an additional 18 months to acquire the outstanding 20% NPI for a consideration of $US2 million in cash or alternately $US1 million in cash and a gross revenue royalty of 1.5%.

In order to maintain the Project in good standing, the Group is required to pay the following annual rental payments to New Nevada Lands, LLC (NNL), RGGS Land & Minerals, Ltd (RGGS) and New Nevada Resources, LLC (NNR):

NNL	
Due date	US$ amount
1 Dec 2012	30,000
1 Dec 2013	35,000
1 Dec 2014	40,000
1 Dec 2015	45,000
1 Dec 2016	50,000
Thereafter	+3% per annum
RGGS	
Due date	US$ amount
1 Oct 2010-2021	35,000
1 Oct 2022-2026	150,000
1 Oct 2027	350,000
NNR	
Due Date	US$ amount
16 Aug 2012-2016	50,000
16 Aug 2017-2021	57,500
16 Aug 2022-2026	66,125
Thereafter	+15% on each 5th anniversary

NOTES TO THE FINANCIAL STATEMENTS

21. Commitments (cont.)

	Consolidated 2012 $	Consolidated 2011 $
Office rental commitments		
Within 1 year	49,478	45,000
After 1 year but not more than 5 years	15,000	60,000
	64,478	105,000

22. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and short-term deposits.

The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the entire year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are cash flow interest rate risk and equity price risk. Other minor risks are either summarised below or disclosed at Note 8 in the case of credit risk and Note 13 in the case of capital risk management. The Board reviews and agrees policies for managing each of these risks.

Cash Flow Interest Rate Risk

The Group's exposure to the risks of changes in market interest rates relates primarily to the Group's short-term deposits with a floating interest rate. These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Group does not engage in any hedging or derivative transactions to manage interest rate risk.

The following tables set out the carrying amount by maturity of the Group's exposure to interest rate risk and the effective weighted average interest rate for each class of these financial instruments.

The Group has not entered into any hedging activities to cover interest rate risk. In regard to its interest rate risk, the Group does not have a formal policy in place to mitigate such risks.

Consolidated	Notes	Floating Interest Rate	1 year or less $	Over 1-5 years $	Non-interest bearing $	Total $
2012						
Financial assets						
Cash and cash equivalents	7	3.25%	80,732	-	669,599	750,331
Trade and other receivables	8		-	-	385,506	385,506
Total financial assets			80,732	-	1,055,105	1,135,837
Financial liabilities						
Trade and other payables	11		-	-	1,167,876	1,167,876
Total financial liabilities			-	-	1,167,876	1,167,876
Net financial assets			**80,732**	**-**	**(112,771)**	**(32,039)**

22. Financial Risk Management Objectives and Policies (cont.)

Consolidated 2011	Notes	Floating Interest Rate	1 year or less $	Over 1-5 years $	Non-interest bearing $	Total $
Financial assets						
Cash and cash equivalents	7	5.71%	813,054	-	522,882	1,335,936
Trade and other receivables	8		-	-	208,371	208,371
Total financial assets			813,054	-	731,253	1,544,307
Financial liabilities						
Trade and other payables	11		-	-	319,795	319,795
Total financial liabilities			-	-	319,795	319,795
Net financial assets			813,054	-	411,458	1,224,512

Interest rate sensitivity

At 30 June 2012, if interest rates had changed by 15% during the entire year with all other variables held constant, income for the year and equity would have been $13,995 lower/higher (30 June 2011: $16,018), as a result of lower/higher interest income from cash and cash equivalents.

A sensitivity of 15% (15%: 2011) has been selected as this is considered reasonable given the current level of both short term and long term Australian dollar interest rates. A 15% sensitivity would move short term interest rates at 30 June 2012 from around 3.5% to 3% representing a 50 basis point decrease. This would represent two to three decreases which is reasonably possible in the current environment with the bias coming from the Reserve Bank of Australia and confirmed by market expectations that interest rates in Australia are more likely to move down than up in the coming period.

Based on the sensitivity analysis only interest revenue from variable rate deposits and cash balances are impacted resulting in a decrease or increase in overall income.

Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash reserves and marketable securities, and through the continuous monitoring of budgeted and actual cash flows.

	Consolidated 2012 $	2011 $
Contracted maturities of payables at 30 June		
Payable		
- less than 6 months	1,167,876	319,795

Commodity price risk

The Group is exposed to commodity price risk. This risk arises from its activities directed at exploration and development of mineral commodities. If commodity prices fall, the market for companies exploring for these commodities is affected. The Group does not hedge its exposures.

Foreign exchange risk

The group has cash and cash equivalents denominated in USD of AUD $654,036 (2011: AUD $505,059). At 30 June 2012, if USD/AUD rates had changed by 15% with all other variables held

NOTES TO THE FINANCIAL STATEMENTS

22. Financial Risk Management Objectives and Policies (cont.)

constant, loss for the year and equity would have been $98,105 lower/higher (30 June 2011: $75,759), as a result of with change in fair value of cash and cash equivalents.

A sensitivity of 15% (15%: 2011) has been selected as this is considered reasonable given the current level of volatility in the USD/AUD rate.

	Consolidated	
	2012	**2011**
	$	**$**
Reconciliation of net financial assets to net assets		
Net financial assets	(32,039)	1,224,512
Property, plant & equipment	2,504,455	885,418
Exploration and evaluation expenditure	13,781,841	9,348,647
Provision for annual leave	(20,748)	(17,158)
Net Assets	**16,233,509**	**11,441,419**

Net fair values

For financial assets and liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form, other than listed investments. The consolidated entity has no financial assets where carrying amount exceeds net fair values at balance date.

23. Segment Information

For management purposes the group is organised into two strategic units:
- mineral exploration and corporate head office in Australia
- mineral exploration in the United States of America

Such structural organisation is determined by the nature of risks and returns associated with each business segment and define the management structure as well as the internal reporting system. It represents the basis on which the group reports its primary segment information to the Board

The operating segment analysis presented in these financial statements reflects operations analysis by business. It best describes the way the group is managed and provides a meaningful insight into the business activities of the group.

The following table presents details of revenue and operating loss by business segment as well as reconciliation between the information disclosed for reportable segments and the aggregated information in the financial statements. The information disclosed in the table below is derived directly from the internal financial reporting system used by the Board of Directors to monitor and evaluate the performance of our operating segments separately.

NOTES TO THE FINANCIAL STATEMENTS

23. Segment Information (cont.)

	Australia	United States	Total
	$	$	$
Year ended 30 June 2012			
Revenue from external customers	-	-	-
Inter-segment revenue	-	-	-
Reportable segment (loss) before tax	(3,768,160)	(1,244,164)	(5,012,324)
Year ended 30 June 2011			
Revenue from external customers	-	-	-
Inter-segment revenue	-	-	-
Reportable segment (loss) before tax	(793,087)	-	(793,087)
Reportable segments assets at 30 June 2012	1,143,160	16,278,973	17,442,133
Reportable segments assets at 30 June 2011	2,642,051	9,136,321	11,778,372

Reconciliation of reportable segment loss	**2012**	**2011**
	$	$
Total loss for reportable segments	(5,012,324)	(793,087)
Loss before tax from continuing operations	(5,012,324)	(793,087)
Reconciliation of reportable segment assets		
Reportable segment assets	17,442,133	11,778,372
Total assets	17,442,133	11,778,372

24. Subsequent Events

Subsequent to the end of the financial year the following securities have been issued, or agreement has been reached for their issue, by the Company:

- On 22 August 2012, $1,961,702 (before costs) in working capital was raised following the issue and allotment of 11,539,425 ordinary fully paid shares at an issue price of 17 cents per share;
- On 28 August 2012, 692,365 options each exercisable at 17 cents and expiring 31 August 2014 were granted to parties that assisted with the facilitation of the placement of 11,539,425 ordinary fully paid shares on 22 August 2012; and
- On 31 August 2012, the Company announced that subject to the receipt of shareholder approval; at a meeting to be held on 5 October 2012; it had reached agreement for the placement of 6,781,751 ordinary fully paid shares at an issue price of 17 cents per share to raise an additional $1,152,898 (before costs). As part of the placement, and subject to the receipt of shareholder approval, the Company further agreed to the granting of 406,905 options each exercisable at 17 cents and expiring 31 October 2014 to parties that assisted with the proposed placement of the 6,781,751 shares.

Other than as set out above, there has not been any other matter or circumstance that has arisen since 30 June 2012 which has significantly affected, or may significantly affect, the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

25. Contingent Liabilities and Contingent Assets

The Group does not have any contingent liabilities or assets.

NOTES TO THE FINANCIAL STATEMENTS

26. Investment in Controlled Entities

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding 2012 %	Equity Holding 2011 %
Nevada Iron Pty Ltd	Australia	Ordinary	100	100
Nevada Iron LLC	United States	Ordinary	100	100

27. Company Details

The registered office and principal place of business of the Company is:

Lower Ground Floor
57 Havelock Street
West Perth WA 6005

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Nevada Iron Ltd, I state that:

In the opinion of the Directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

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

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2; and

(c) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2012.

On behalf of the Board

Max Nind
Managing Director

Dated at Perth this 28th day of September 2012

INDEPENDENT AUDITOR'S REPORT

RSM Bird Cameron Partners

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
NEVADA IRON LIMITED**

Report on the Financial Report

We have audited the accompanying financial report of Nevada Iron Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and 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 and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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 about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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 have obtained is sufficient and appropriate to provide a basis for our audit opinions.

INDEPENDENT AUDITOR'S REPORT

RSM Bird Cameron Partners

Independence

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

Opinion

In our opinion:

(a) the financial report of Nevada Iron 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 2012 and of its performance for the year ended on that date; and

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

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

Report on the Remuneration Report

We have audited the Remuneration Report contained within the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Nevada Iron Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners.

RSM BIRD CAMERON PARTNERS

David Wall.

Perth, WA
Dated: 28 September 2012

D J WALL
Partner

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Nevada Iron Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board recognises the need for the Company to operate with the highest standards of behaviour and accountability. The Company has adopted the ASX Corporate Governance Principles and Recommendations, with some amendments where applicable after giving consideration to the Company's size and the resources it has available.

A summary of the Company's key policies is set out below:

BOARD OBJECTIVES

The Board is responsible for developing strategies for the Company, reviewing strategic objectives and monitoring the performance against those objectives. The overall goals of the corporate governance process are to:

- drive shareholder value;
- assure a prudential and ethical base to the Company's conduct and activities; and
- ensure compliance with the Company's legal and regulatory obligations.

Consistent with these goals, the Board assumes the following responsibilities;

- developing initiatives for profit and asset growth;
- reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- acting on behalf of and being accountable to shareholders;
- identifying business risks and implementing actions to manage and mitigate those risks; and
- developing and effecting management and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in Board discussions on a fully informed basis.

COMPOSITION OF THE BOARD

The composition of the Board is determined in accordance with the following principles and guidelines:

- the Board should comprise at least three Directors;
- the Board should comprise Directors with an appropriate range of qualifications and expertise; and
- the Board shall meet at regular intervals and follow meeting guidelines set down to ensure all Directors are made aware of and have available all necessary information to participate in an informed discussion on all agenda items.

The Board accepts the ASX Corporate Governance Council's definition of an Independent Director.

There are procedures in place, as agreed by the Board, to enable Directors to seek independent professional advice on issues arising in the course of their duties at the Company's expense.

The term in office held by each Director in office at the date of this report is as follows:

- M McMullen – 7 months
- M Nind – 20 months
- A Brice – 7 months
- L Jelenich – 11 months
- T Duckworth – 7 months

CORPORATE GOVERNANCE STATEMENT

REMUNERATION AND NOMINATION COMMITTEES

The Company does not have formal remuneration or nomination committees. The full Board attends to the matters normally attended to by a remuneration committee and a nomination committee. Given the composition of the Board and the size of the Company, it is felt that these individual committees are not yet warranted, however, it is expected that as the Company's operations expand that each of these committees will be established.

Remuneration levels are set by the Company in accordance with industry standards to attract suitable qualified and experienced Directors and senior executives.

Remuneration Arrangements

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board by remunerating Directors fairly and appropriately with reference to relevant employment market conditions. To assist in achieving the objective, the Board links the nature and amount of executive Directors' emoluments to the Company's financial and operational performance. The expected outcomes of this remuneration structure are:

- retention and motivation of Directors; and
- performance rewards to allow Directors to share the rewards of the success of the Company.

The remuneration of an executive Director will be decided by the Board as a whole. In determining competitive remuneration rates, the Board reviews local and international trends among comparative companies and the industry generally.

The maximum remuneration of non-executive Directors is the subject of a shareholder resolution in accordance with the Company's Constitution and the Corporations Act. The allocation of non-executive Director remuneration, within the amount determined by shareholders, will be made by the Board having regard to the inputs and value to the Company and the respective contribution made by each non-executive Director.

The Board may award additional remuneration to non-executive Directors if they are called upon to perform extra services or make special exertions on behalf of the Company.

There is no scheme to provide retirement benefits, other than statutory superannuation to non-executive Directors.

All remuneration paid to Directors and executives is valued at the cost to the Company and is expensed. Options that may be issued will be valued using the Black-Scholes methodology.

Nomination Arrangements

When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the service of a new Director with particular skills, the Board selects a candidate or panel of candidates with the appropriate expertise.

The Board then appoints the most suitable candidate, who must stand for election at the next general meeting of shareholders.

AUDIT COMMITTEE

The shareholders in a general meeting are responsible for the appointment of the external auditors of the Company and the Board, from time to time, will review the scope, performance and fees of those external auditors.

The Board has established an audit committee which operates under a Charter of the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. This includes both internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial and non financial information. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control of the Company to the audit committee.

The members of the audit committee at the end of the year and date of this report are:

- A Brice (Chairman)
- T Duckworth
- M Higginson

Qualifications of audit committee members

Mr Brice has a BEng from the University of Western Australia and Grad Dip in Applied Finance & Investments and has in excess 20 years operational experience in the resources sector.

Mr Duckworth has a BSc (Mineral Processing) and is a Chartered Engineer. Mr Duckworth has over 50 years operational experience in resource development and engineering and has accumulated considerable public company administration expertise throughout his career.

Mr Higginson is the holder of a Bachelor of Business degree with majors in Finance and Administration and has accumulated in excess of 20 years experience in public company administration.

The audit committee can also invite a member of its Auditor, RSM Bird Cameron Partners to attend meetings.

For details on the number of meetings of the audit committee held during the year and the attendees at those meetings, refer to the Directors' Report.

BOARD RESPONSIBILITIES

As the Board acts on behalf of and is accountable to shareholders, it seeks to identify the expectations of shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage and mitigate those risks.

The responsibility for the operation and administration of the Company is currently attended to by the Board.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. It has a number of mechanisms in place to ensure this is achieved, including the following:

- Board approval of a strategic plan, designed to meet shareholder needs and manage business risk;
- implementation of operating plans and budgets by management and Board monitoring progress against those plans and budgets; and
- procedures to allow Directors, in the furtherance of their duties, to seek independent professional advice at the Company's expense.

MONITORING OF THE BOARD'S PERFORMANCE

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Directors is to be reviewed annually by the Chairman. Directors whose performance is unsatisfactory will be asked to retire.

IDENTIFICATION AND MANAGEMENT OF RISK

The Board's collective experience will enable accurate identification of the principal risks which may affect the Company's business. Management of these risks will be discussed by the Board at periodic (at least annual) strategic planning meetings. In addition, key operational risks and their management will be recurring items for deliberation at Board meetings.

CORPORATE GOVERNANCE STATEMENT

ETHICAL STANDARDS

The Board is committed to the establishment and maintenance of appropriate ethical standards to underpin the Company's operations and corporate practices.

MANAGEMENT OF THE BOARD

The full Board will hold scheduled meetings on at least a bi monthly basis and any additional meetings at such time as may be necessary to address specific matters that may arise. In between meetings, decisions will be adopted by way of written resolution.

CHAIRMAN

The Chairman is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with its committees.

ENVIRONMENT

The Company aims to ensure that the highest standard of environmental care is achieved and that it complies with all relevant environmental legislation.

BUSINESS RISK

The Board monitors areas of operational and financial risk and considers strategies for appropriate risk management and mitigation.

Where necessary, the Board will draw on the expertise of appropriate external consultants to assist in dealing with or mitigating areas of risk which are identified.

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

Control procedures cover management accounting, financial reporting, project appraisal, environment, IT security, compliance and other risk management issues.

SHAREHOLDERS

The Board aims to ensure that shareholders are, at all times, fully informed in accordance with the spirit and letter of the Australian Securities Exchange's continuous disclosure requirements.

Publicly released documents are made available on the Company's web site at www.nv-iron.com.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions.

Shareholders are requested to vote on the appointment and aggregate remuneration of Directors, the granting of options and shares to Directors and changes to the Constitution. Copies of the Company's Constitution are available to any shareholder who requests it.

This Corporate Governance Statement sets out Nevada Iron Limited's current compliance with the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations (Best Practice Recommendations). The Best Practice Recommendations are not mandatory, however, the Company is required to provide a statement in its annual report disclosing the extent to which the Company has followed the Best Practice Recommendations and the reasons for departure (if any).

CORPORATE GOVERNANCE STATEMENT

	BEST PRACTICE RECOMMENDATION	COMMENT
1	**Lay solid foundations for management and oversight**	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	The Company's Corporate Governance Policy includes a Board Charter, which discloses the specific responsibilities of the Board. The Company has established the functions delegated to senior executives.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	The Board will monitor the performance of senior management, including measuring actual performance against planned performance. The Board has also adopted a policy to assist in evaluating Board performance.
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	An evaluation of senior executives is performed by the Board on an ongoing basis, including within the reporting period, and having regard to the Company's objectives and the roles and responsibilities of the executives. A copy of matters reserved for the Board, including the Board Charter is maintained at the Company's website. The Company will explain any departures (if any) from best practice recommendations 1.1, 1.2 and 1.3 in annual reports.
2	**Structure the board to add value**	
2.1	A majority of the board should be independent directors.	A majority of the Board are independent Directors. Messrs Jelenich, Duckworth and Brice are independent. Mr McMullen is not independent as he is an executive officer of the Company.
2.2	The chair should be an independent director.	The Chairman, Mr M McMullen, is not independent.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Mr McMullen is the Company's chief executive officer and Chairman.
2.4	The board should establish a nomination committee.	No formal nomination committee has been adopted by the Company.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	The Chairman reviews the composition of the Board, its committees and the performance of each Director to ensure that it continues to have a mix of skills and experience necessary for the conduct of the Company's activities. A new Director will receive an induction appropriate to his or her experience.
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	The Company provides details of each Director, such as their skills, experience and expertise relevant to their position, together with an explanation of any departures (if any) from best practice recommendations 2.1, 2.2, 2.3, 2.4 and 2.5 in annual reports. A description of the skills and experience of each Director and their period in office in contained within this Annual Report. Messrs Jelenich, Duckworth and Brice are considered to be independent as they are not substantial shareholders, are not employed by the Company, have not within the last 3 years been a principal of a material professional advisor or a material consultant to the Company, are not a material suppliers to the Company or associated with a material supplier and have no material contractual relationship with the Company. The Company has a procedure in place that

CORPORATE GOVERNANCE STATEMENT

3		enables Directors to take independent professional advice at the expense of the Company. No nomination committee has been established. The Board, as a whole, currently serves as the nomination committee. The Board considers that the Company is not of a size that warrants the establishment of a nomination committee. An evaluation of the Board, its committees and Directors (in accordance with the disclosed process) took place during the reporting period. A description of the procedure for the selection and appointment of new Directors and the re-election of incumbents is contained within the Board Charter which is maintained at the Company's website.
3	**Promote ethical and responsible decision-making**	
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	The Company's Corporate Governance Policy includes a code of conduct for Directors and key executives. This code of conduct provides a framework for the practices necessary to maintain confidence in the Company's integrity, to take into account the legal obligations and expectations of stakeholders and for reporting any observed breaches of laws or regulations.
3.2	Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	The Company's Corporate Governance Policy includes a share trading policy that provides comprehensive guidelines on trading in Company securities by Directors, officers and employees.
3.2	Companies should provide the information indicated in the Guide to reporting on Principle 3.	The Company will explain any departures (if any) from best practice recommendations 3.1, 3.2 and 3.3 in its annual reports in the relevant periods. The code of conduct and share trading policy are disclosed on the Company's website.
4	**Safeguard integrity in financial reporting**	
4.1	The board should establish an audit committee.	An audit committee has been established by the Company.
4.2	The audit committee should be structured so that it: • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members.	The audit committee consists only of non-executive Directors, both of which are independent, and the Company Secretary. It is chaired by Mr Brice, who is not chair of the board. The audit committee has three members.
4.3	The audit committee should have a formal charter.	The audit committee has adopted an audit committee charter.
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	The names and qualifications of those appointed to the audit committee, their attendance at meetings and the number of meetings are set out in the Directors' Report. The audited committee charter is maintained at the Company's website. The Company will explain any departures (if any)

CORPORATE GOVERNANCE STATEMENT

		from best practice recommendations 4.1, 4.2 and 4.3 in its annual report.
5	**Make timely and balanced disclosure**	
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	The Company has a continuous disclosure program in place designed to ensure the compliance with ASX Listing Rule disclosure and to ensure accountability at a Board level for compliance and factual presentation of the Company's financial position. The continuous disclosure policy is maintained at the Company's website.
5.2	Companies should provide the information indicated in Guide to Reporting on Principle 5.	The Company will provide an explanation of any departures (if any) from best practice recommendation 5.1 in its annual reports.
6	**Respect the rights of shareholders**	
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	The Company's Corporate Governance Policy includes a shareholder communications policy, which aims to promote effective communication with shareholders, to encourage shareholder participation at AGM's and to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. The shareholder communications policy is maintained at the Company's website.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	The Company will provide an explanation of any departures (if any) from best practice recommendations 6.1 or 6.2 in its annual reports.
7	**Recognise and manage risk**	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	The Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategies and policies, risk mitigation, internal compliance and internal controls. The Company's Corporate Governance Policy includes a risk management policy for the oversight and management of material business risks. The categories of risk reported on include exploration risk, operating risk, resource estimates, commodity price volatility, exchange rate risk, environmental risk, title risk, additional requirements for capital and reliance on key management. The Company's risk management policy is maintained at the Company's website.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	The Board requires management to design and implement continuous risk management and internal control system to manage the Company's material business risks. The Board requires management to report to it on whether those risks are being managed effectively and management has reported to the Board as to the effectiveness of the Company's management of its material business risks.
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and	The Board has received assurance from the relevant personnel that the s 295A declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risks.

CORPORATE GOVERNANCE STATEMENT

	that the system is operating effectively in all material respects in relation to financial reporting risks.	
7.4	Companies should provide the information indicated in Guide to Reporting on Principle 7.	The Board has received the report from management under Recommendation 7.2 and received assurance from the relevant personnel under Recommendation 7.3. The Company will provide an explanation of any departures (if any) from best practice recommendations 7.1, 7.2, 7.3 and 7.4 in its annual reports.
8	**Remunerate fairly and responsibly**	
8.1	The board should establish a remuneration committee.	No formal remuneration committee has been established by the Company as it is considered this responsibility can be adequately assumed by the full Board.
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The Board distinguishes the structure of non-executive Director's remuneration from that of executive Directors and senior executives. Relevantly, the Company's Constitution provides that the remuneration of non-executive Directors will be not be more than the aggregate fixed sum determined by a general meeting. The Board is responsible for determining the remuneration of any Director or senior executives (without the participation of the affected Director).
8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8.	The Board, acting without the affected Director participating in the decision making process, currently serves as the remuneration committee. There are no schemes for retirement benefits other than superannuation for any non-executive directors. The Company will provide an explanation of any departures (if any) from best practice recommendations 8.1, 8.2 and 8.3 in its annual reports.

ASX ADDITIONAL INFORMATION

Additional information required by Australian Securities Exchange Limited and not shown elsewhere in this Annual Report is as follows. The information is made up to 24 October 2012.

Distribution schedules of security holders

	Fully Paid Shares	35 cent Options expiring 31/12/12	50 cent Options expiring 31/12/12	20 cent Options expiring 30/6/13	50 cent Options expiring 31/10/13	30 cent Options expiring 30/6/14	17 cent Options expiring 31/8/14	17 cent Options expiring 31/10/14	50 cent Options expiring 30/3/15	30 cent Options expiring 31/3/15	40 cent Options expiring 30/6/15
1 -1,000	39	-	-	-	-	-	-	-	-	-	-
1,001 - 5,000	61	-	-	-	-	-	-	1	-	-	-
5,001 - 10,000	77	-	-	-	-	-	1	-	-	-	-
10,001 - 100,000	371	-	-	-	-	-	4	-	-	-	-
100,001 and over	144	1	1	2	1	1	2	1	6	4	1
Number of Holders	**692**	**1**	**1**	**2**	**1**	**1**	**7**	**2**	**6**	**4**	**1**

Holders of nonmarketable parcels

There are 64 fully paid ordinary shareholders who hold less than a marketable parcel of shares.

Twenty largest shareholders

The names of the twenty largest shareholders are:

		Number of shares	% Held
1	HSBC Custody Nominees (Australia) Limited	13,679,045	12.493
2	JP Morgan Nominees Australia Ltd	10,593,502	9.675
3	A Mehra	6,941,176	6.339
4	Wildville Enterprises Pty Ltd	4,000,000	3.653
5	Hoperidge Enterprises Pty Ltd	3,250,000	2.968
6	Goldfire Enterprises Pty Ltd	3,000,000	2.740
7	Kilkenny Enterprises Pty Ltd	2,930,000	2.853
8	T Mueller	2,564,706	2.342
9	National Nominees Ltd	2,386,200	2.179
10	UBS Wealth Management Australia Nominees Pty Ltd	1,967,000	1.796
11	Bank Julius Baer & Co Ltd	1,764,706	1.612
12	B Lynch	1,600,000	1.461
13	Argonaut Equity Partners Pty Ltd	1,200,000	1.096
14	PR Nind	1,000,000	0.913
15	A I McLean Investments Pty Ltd	1,000,000	0.913
16	Fitel Nominees Ltd	930,000	0.849
17	ABN Amro Clearing Sydney Nominees Pty Ltd	880,501	0.804
18	W Schroder	735,000	0.671
19	Jadekey Nominees Pty Ltd	700,000	0.639
20	Reija Pty Ltd	700,000	0.639
		61,821,836	**56.461**

Restricted securities

The Company has no Restricted Securities on issue.

ASX ADDITIONAL INFORMATION

Unquoted equity securities

	Number on issue	Number of holders
Options to acquire fully paid shares at $0.35 per share and expiring 31 December 2012	1,000,000	1
Options to acquire fully paid shares at $0.50 per share and expiring 31 December 2012	350,000	1
Options to acquire fully paid shares at $0.20 per share and expiring 30 June 2013	1,000,000	2
Options to acquire fully paid shares at $0.50 per share and expiring 31 October 2013	1,000,000	1
Options to acquire fully paid shares at $0.30 per share and expiring 30 June 2014	500,000	1
Options to acquire fully paid shares at $0.17 per share and expiring 31 August 2014	692,365	7
Options to acquire fully paid shares at $0.17 per share and expiring 31 October 2014	406,905	2
Options to acquire fully paid shares at $0.50 per share and expiring 30 March 2015	5,400,000	6
Options to acquire fully paid shares at $0.30 per share and expiring 31 March 2015	12,000,000	4
Options to acquire fully paid shares at $0.40 per share and expiring 30 June 2015	500,000	1

Substantial shareholders

	No. of Shares Held	% of Shares Held
A Mehra	9,052,747	8.268%

On-market buy-back

There is no current on-market buy-back.

Acquisition of voting shares

No issues of securities have been approved for the purposes of Item 7 of section 611 of the Corporations Act 2001.

Voting Rights

Ordinary fully paid shares – on a show of hands, every member present in person or by proxy shall have one vote and upon a poll, each member shall have one vote per share.

Tax status

The Company is treated as a public company for taxation purposes.

Franking credits

The Company has nil franking credits.

Tenement schedule

Project	Tenements	Interest
Buena Vista Iron Ore Project USA		100% interest and an 80% beneficial interest
Narracoota	E52/1496	100% (Latin Gold Limited earning 90%)