ANNUAL FINANCIAL STATEMENTS

FOR THE PERIOD ENDED
31 December 2013
(Comparative Financial Information of Ratel Group Limited)

Contents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended

	Note	31 December 2013 (six months) US$	30 June 2013 (twelve months) US$
Continuing operations			
Revenue	**3**	24,598	10,553
Exploration and evaluation expenditure	**4(a)**	(91,333)	(558,853)
Business development	**4(b)**	(790,426)	(811,117)
Borrowing costs		-	(112,606)
Foreign exchange loss		(201,060)	(319,111)
Administrative expenses	**4(c)**	(2,038,845)	(4,748,453)
Loss from continuing operations		**(3,097,066)**	**(6,539,587)**
Income tax benefit		-	-
Loss from continuing operations for the period		**(3,097,066)**	**(6,539,587)**
Discontinued operations			
Gain/(Loss) from discontinued operations after tax	**13**	2,215,826	(1,783,165)
Net loss for the period		**(881,240)**	**(8,322,752)**
Other comprehensive income/(loss)			
Other comprehensive income/(loss) for the period		**-**	-
Total comprehensive income/(loss) for the period		**(881,240)**	**(8,322,752)**
Loss attributable to:			
Owners of the Company		**(881,240)**	**(8,322,752)**
Total comprehensive loss attributable to:			
Owners of the Company		**(881,240)**	**(8,322,752)**
Loss per share from continuing operations attributable to the ordinary equity holders of the company			
Basic loss per share (cents)	**12**	(0.95)	(5.04)
Diluted loss per share (cents)	**12**	(0.95)	(5.04)
Loss per share attributable to the ordinary equity holders of the company			
Basic loss per share (cents)	**12**	(0.27)	(5.04)
Diluted loss per share (cents)	**12**	(0.27)	(5.04)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Note	31 December 2013 US$	30 June 2013 US$
ASSETS			
Current Assets			
Cash and cash equivalents	**6**	10,987,534	14,988,172
Trade and other receivables	**7**	276,255	242,061
Prepayments		187	2,259
Total Current Assets		**11,263,976**	**15,232,492**
Non-Current Assets			
Property, plant and equipment	**8**	362,329	961,496
Available for sale financial assets	**13**	1,841,854	-
Derivative financial asset	**13**	1,330,228	-
Total Non-Current Assets		**3,534,411**	**961,496**
TOTAL ASSETS		**14,798,387**	**16,193,988**
LIABILITIES			
Current Liabilities			
Trade and other payables	**9**	208,625	722,986
Total Current Liabilities		**208,625**	**722,986**
TOTAL LIABILITIES		**208,625**	**722,986**
NET ASSETS		**14,589,762**	**15,471,002**
SHAREHOLDER’S EQUITY			
Issued capital	**10(a)**	34,162,759	34,162,759
Reserves	**10(b)**	(1,160,957)	(1,160,957)
Accumulated losses	**10(c)**	(18,412,040)	(17,530,800)
TOTAL SHAREHOLDER’S EQUITY		**14,589,762**	**15,471,002**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended

	Note	31 December 2013 (six months) US$	30 June 2013 (twelve months) US$
Cash flows from operating activities			
Exploration costs		(91,333)	(558,853)
Payments to suppliers and employees		(3,391,819)	(3,768,662)
Interest received		24,598	10,553
Net cash outflow from operating activities	**6(a)**	**(3,458,554)**	**(4,316,962)**
Cash flows from investing activities			
Payments for property, plant & equipment		(341,024)	(77,538)
Net cash (outflow) from investing activities		**(341,024)**	**(77,538)**
Cash flows from financing activities			
Proceeds from issue of shares		-	20,660,939
Capital raising costs		-	(991,534)
Loan funds received		-	2,500,000
Loan principal repaid		-	(2,500,000)
Borrowing costs		-	(112,606)
Net cash inflow from financing activities		**-**	**19,556,799**
Net increase/(decrease) in cash and cash equivalents		(3,799,578)	15,162,299
Cash and cash equivalents at beginning of the period		14,988,172	144,984
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies		(201,060)	(319,111)
Cash and cash equivalents at end of the financial period	**6**	**10,987,534**	**14,988,172**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2013

	Issued Capital US$	*Acquisition reserve US$*	*Share option reserve US$*	*Accumulated losses US$*	*Total US$*
Balance at 1 July 2013	**34,162,759**	**(4,300,157)**	**3,139,200**	**(17,530,800)**	**15,471,002**
Loss for the year	-	-	-	(881,240)	(881,240)
Total comprehensive income /(loss) for the year	**-**	**-**	**-**	**(881,240)**	**(881,240)**
At 31 December 2013	**34,162,759**	**(4,300,157)**	**3,139,200**	**(18,412,040)**	**14,589,762**

For the year ended 30 June 2013

	Issued Capital US$	*Acquisition reserve US$*	*Share option reserve US$*	*Accumulated losses US$*	*Total US$*
Balance at 1 July 2012	**14,493,355**	**(4,300,157)**	**1,224,000**	**(9,208,048)**	**2,209,150**
Loss for the year	-	-	-	(8,322,752)	(8,322,752)
Total comprehensive income /(loss) for the year	**-**	**-**	**-**	**(8,322,752)**	**(8,322,752)**
Share acquired upon merger	2	-	-	-	2
Shares issued under employee loan share plan	-	-	1,915,200	-	1,915,200
Shares issued on private placement	20,660,936	-	-	-	20,660,936
Share issue costs	(991,534)	-	-	-	(991,534)
At 30 June 2013	**34,162,759**	**(4,300,157)**	**3,139,200**	**(17,530,800)**	**15,471,002**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The financial report of RTG Mining Inc ("the Company", "RTG", "the Group" or "the Entity") as at 31 December 2013 and for the financial year ended 31 December 2013 ("the year") was recognized for issue in accordance with a resolution of directors on 28 March 2014.

RTG Mining Inc was incorporated on 27 December 2012 and is domiciled in the British Virgin Islands. Its registered address is Midocean Chambers, Road Town, Tortola, VG1110 British Virgin Islands. On 28 March 2013, Ratel Group and RTG completed the merger (the "Merger") of Ratel Group and Ratel Merger Ltd., a wholly-owned subsidiary of RTG. As a result, the surviving corporation formed by the Merger became a wholly-owned subsidiary of RTG.The principal activity of the Group during the period consisted of mineral exploration and development.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated financial statements have been prepared as a general purpose financial report. The consolidated financial statements have also been prepared on a historical cost basis and are presented in United States Dollars (US$).

RTG Mining Inc was incorporated on 27 December 2012 and is domiciled in the British Virgin Islands. On 28 March 2013, Ratel Group and RTG completed the merger (the "Merger") of Ratel Group and Ratel Merger Ltd., a wholly-owned subsidiary of RTG. As a result, the surviving corporation formed by the Merger became a wholly-owned subsidiary of RTG. On 15 April 2013 the restructuring transaction was fully completed along with the satisfaction of the escrow release conditions pursuant to the private placement (the "Private Placement") of 162,538,641 subscription receipts of RTG at C$0.13 each, raising gross proceeds in the order of C$21.1M. As a result, the previously issued ordinary shares of Ratel Group (the "Ratel Shares") were exchanged for ordinary shares of RTG (the "RTG Shares") the surviving corporation formed by the Merger became a wholly-owned subsidiary of RTG; and the 162,538,641 previously issued subscription receipts were automatically converted (for no additional consideration) into 162,538,641 RTG Shares and the gross proceeds of the Private Placement, less the commission paid to Haywood Securities Inc. as agent under the Private Placement and less the fees paid to the subscription receipt agent under the Private Placement, were released to RTG. The RTG Shares began trading on the TSX under the former symbol for the Ratel Shares, "RTG", effective as of the open of markets on April 15, 2013.

(b) Statement of compliance

The consolidated financial report complies with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

RTG changed its financial year end from 30 June to 31 December during the current period therefore the prior period comparatives are those of the 12 month year end 30 June 2013 financial statements.

The following Accounting Standards and interpretations have been issued but are not yet effective for the financial year ending 31 December 2013.

Reference	Title	Nature of Change	Application date of standard	Impact on RTG Mining Inc. financial statements	Application date for RTG Mining Inc.
IFRS 9 (issued November 2009 and amended October 2010)	Financial Instruments	Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in IAS 39 have been eliminated. IFRS 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	The IASB has not yet communicated the mandatory effective date of IFRS 9 however that date will not be earlier than annual periods beginning on or after January 1, 2017.	The Entity has not yet made an assessment of the impact of these amendments.	Not earlier than 1 January 2017
IFRS 2013-9 (issued November 2013)	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	Makes three amendments to IFRS 9: • Adding the new hedge accounting requirements into IFRS 9 • Making available for early adoption the presentation of changes in 'own credit' in other comprehensive income (OCI) for financial liabilities under the fair value option without early applying the other IFRS 9		The Entity does not currently apply hedge accounting therefore the new amendments will not have an impact on the entity's financial statements.	

		requirements.			
Amendments t IFRS10, IFRS 12 and IAS 27 (issued October 2012)	Investment Entities	The amendment defines an 'investment entity' and requires a parent that is an investment entity to measure its investments in particular subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. The amendment prescribes three criteria that must be met in order for an entity to be defined as an investment entity, as well as four 'typical characteristics' to consider in assessing the criteria. The amendment also introduces disclosure requirements for investment entities into IFRS 12 Disclosure of Interests in Other Entities and amends IAS 127 Separate Financial Statements.	Annual reporting periods beginning on or after 1 January 2014	As the Entity does not meet the definition of an investment entity, it will continue to consolidate its investments in subsidiaries in accordance with IFRS 10 Consolidated Financial Statements.	1 January 2014
AASB 2012-6 (issued September 2012)	Amendments to Australian Accounting Standards – Mandatory Effective Date of IFRS 9 and Transition Disclosures	Defers the effective date of IFRS 9 to 1 January 2015. Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required.	Annual reporting periods beginning on or after 1 January 2015	As comparatives are no longer required to be restated, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required on	1 January 2015

				transition, including the quantitative effects of reclassifying financial assets on transition.	
IFRIC 21 (issued May 2013)	Levies	Clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time.	1 January 2014	The Entity is not liable to pay any government levies. There will therefore be no impact on the financial statements when this interpretation is first adopted.	1 January 2014

The Group is in the process of determining the impact of the standards and interpretations above.

(c) Significant accounting estimates and assumptions

In the process of applying the Entity's accounting policies, judgements applied are disclosed in the appropriate policy notes.

<u>*Standards adopted during the current financial year*</u>

AASB 10 Consolidated Financial Statements
No material impact

AASB 11 Joint Arrangements
No material impact

AASB 12 Disclosure of Interests in Other Entities
No material impact

AASB 13 Fair Value Measurements
Additional disclosures are required, refer note 20.

AASB 119 Employee Benefits
No material impact

Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
No material impact

<u>*Significant accounting estimates and assumptions*</u>

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Carrying value of exploration and evaluation assets.

Refer to Note (g) for details.

Deferred tax assets and liabilities

Significant judgement is required in determining deferred tax assets and liabilities. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Impairment of plant and equipment

The Group determines whether plant and equipment is impaired at least on an annual basis. This requires an assessment on whether there have been any impairment triggers, and where there have been triggers for impairment, an estimation of the recoverable amount of cash generating units to which the plant and equipment are allocated.

Share based payment transactions

The Group measures the costs of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The Group measures the cost of cash-settled share based payments at fair value at grant date using the binomial formula taking into account the terms and conditions upon which the instruments were granted, as discussed in Note 19.

Discontinued operations

During the period the Entity sold its 100% owned subsidiary Seringa Mining Limited. The proceeds of the sale consisted of shares in the purchaser and a convertible note receivable, with the ability for the Entity to elect to receive the convertible note receivable in the form of shares in the purchaser. Given the current state of the purchasers operations, the Entity has valued the investment and the convertible note receivable based on the Entity's percentage shareholding in the purchasers net assets at the date of sale. Refer to Note 13.

(d) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

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

Office, plant and equipment – over 1 to 10 years

Processing plant and equipment – life of mine, subject to the resource base.

De-recognition and disposal

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

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

(e) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

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

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

- except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profits or taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investment in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets relate to the same taxable entity and the same taxation authority.

(f) Other taxes

Revenues, expenses and assets are recognized net of the amount of goods and services tax (“GST” or “VAT”), except where the amount of GST or VAT incurred is not recoverable from the relevant taxation authorities, in which case the GST or VAT 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, which are stated with the amount of GST or VAT included.

The net amount of GST or VAT recoverable from, or payable to, the relevant taxation authorities is included as a receivable or payable in the statement of financial position.

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

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

(g) Exploration and evaluation expenditures

Exploration and evaluation expenditures are written off as incurred, except for acquisition costs and where an area of interest is established.

Exploration assets acquired from a third party are carried forward provided that either i) the carrying value is expected to be recouped through the successful development and exploitation or sale of an area of interest or ii) exploitation and/or evaluation activities in the area have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, active and significant operations in relation to the area are continuing and the rights of the tenure are current. If capitalised exploration and evaluation costs do not meet either of these tests, they are expensed to profit or loss.

An area of interest is established where a discovery of economically recoverable resource is made. The area of interest will be established as a mineral project. All activity relating to the area of interest is then subsequently capitalised. Where development is anticipated, costs will be carried forward until the decision to develop is made.

Each area of interest is reviewed at least bi-annually to determine whether it is appropriate to continue to carry forward the capitalised costs.

Upon approval for the development of an area of interest, accumulated expenditure for the area of interest is transferred to capitalised development expenditure.

(h) Foreign currency translation

Both the functional currency and presentation currency of the Company and the subsidiaries is United States dollars (US$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the statement of profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

(i) Employee leave benefits

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

Provision is made for the Group's liability for employee entitlements arising from services rendered by employees to reporting date. Employee entitlements due to be settled within one year have been measured at their nominal amounts based on remuneration rates which are due to be paid when the liability is settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit valuation method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service.

(j) Trade and other payables

Trade payables and other payables are carried at amortised costs and 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.

(k) Cash and cash equivalents

Cash and short term deposits in the statement of financial position include cash at bank and short term deposits with an original maturity of three months or less.

For the purposes of the statement of cash flows, cash and cash equivalents include cash and cash equivalents defined above, net of outstanding bank overdrafts.

(l) Share capital

Share capital is recognised at the fair value of the consideration received by the Company. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(m) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely dependent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs.

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

After such a reversal the depreciation charge is adjusted in future periods to allocate the assets revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(n) Provisions

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

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is represented in the statement of profit or loss and other comprehensive income net of any reimbursement.
If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(o) Trade and other receivables

Trade receivables, which generally have 30 day terms are recognised and carried at fair value and subsequently measured at amortised cost less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

(p) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(q) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Entity as a lessee
Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(r) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed as incurred.

(s) Revenue recognition

Interest revenue

Revenue is recognised as the interest accrues using the effective interest method, 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.

(t) Business combinations of entities under common control

The Group adopts the pooling of interests method to account for business combinations of entities under common control.

The pooling of interest method involves the following:

The assets and liabilities of the combining entities are reflected at their carrying amounts prior to the combination;

No adjustments are made to reflect fair values, or recognise any new assets or liabilities, that would otherwise be done under the acquisition method. The only adjustments that are made are to harmonise accounting policies;

No 'new' goodwill is recognised as a result of the combination; and

The only goodwill that is recognised is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid/transferred (including liabilities assumed) and the equity 'acquired' is reflected within equity.

The consolidated statement of profit or loss and other comprehensive income reflects the results of the combining entities from the date that the combination occurred. Financial information for periods prior to the date the combination occurred is not restated.

(u) Interest in a jointly controlled asset

The Group recognises its share of the asset, classified as plant and equipment. In addition the Group recognises its share of liabilities, expenses and income from the use and output of the jointly controlled asset.

(v) Interest in joint arrangements

The group's interest in joint arrangements is accounted for by proportionate consolidation, which involves recognising a proportionate share of the joint arrangements assets, liabilities, income and expenses with similar items in the consolidated financial statements on a line-by-line basis.

(w) Basis of consolidation

The consolidated financial statements comprise the financial statements of RTG and its subsidiaries.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intragroup transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

(x) Share based payment transactions

The Company provides benefits to directors, consultant and employees of the Group in the form of share-based payment transactions, whereby eligible recipients render services in exchange for shares or rights over shares ('equity-settled transactions'). There is currently an options scheme, which provides benefits to eligible recipients of the Company.

The costs of equity-settled transactions with directors and employees is measured by reference to fair value at the date at which they are granted. The fair value is determined using a binomial model further details of which are given in Note 19.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of RTG if applicable.

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

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except awards where vesting is conditional upon a market performance condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

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

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

(y) 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, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the parent entity and board of directors.

(z) Earnings per share

(i) Basic earnings/(loss) per share

Basic earnings per share is calculated by dividing:

- the profit/(loss) attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares.
- by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(aa) Parent entity financial information

The financial information for the parent entity, RTG Mining Inc, disclosed in Note16 has been prepared on the same basis as the consolidated financial statements, except for investments in subsidiaries which are accounted for at cost in the financial statements of RTG Mining Inc.

(ab) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets, principally equity securities, that are designated as available-for-sale or are not classified as Loans and Receivables, Held to Maturity Investments or Financial Assets at Fair Value through the Profit and Loss. After initial recognition available-for sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

(ac) Derivative financial instruments

The Group has derivative financial instruments in the form of a convertible note issued by Elephant Copper Ltd, which is convertible into shares at the discretion of the Company. Such derivative financial instruments are initially recognised at fair value at the date at which the derivatives are issued and are subsequently re-measured at fair value. These derivatives do not qualify for hedge accounting and changes in fair value are recognised immediately in profit and loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

3. REVENUE

	31 December 2013 (six months) US$	30 June 2013 (twelve months) US$
Interest income	24,598	10,553
	24,598	10,553

4. EXPENSES

	31 December 2013 (six months) US$	30 June 2013 (twelve months) US$
(a) Exploration and evaluation expenditure		
Employee benefits	56,380	255,500
Consultants fees	9,930	-
Motor vehicle expenses	4,261	17,221
Travel expenses	478	-
Exploration and drilling	-	42,256
Rental expense	-	34,873
Other general and office costs	20,284	209,003
	91,333	558,853

	31 December 2013 (six months) US$	30 June 2013 (twelve months) US$
(b) Business development		
Travel	283,304	514,816
Employee fees	266,876	238,171
Other	240,246	58,130
	790,426	811,117

	31 December 2013 (six months) US$	30 June 2013 (twelve months) US$
(c) Administrative expenses		
Accounting & audit fees	5,489	173,089
Employee and directors fees	612,645	1,066,528
Loan share plan embedded option expense	-	1,915,200
Legal fees	923,046	1,203,238
Listing and shareholder reporting costs	9,728	147,633
Consultants	27,355	46,275
Other	460,582	196,490
	2,038,845	4,748,453

5. INCOME TAX

The Company is incorporated in the British Virgin Islands and holds its registered office there, however it is an Australian resident for tax purposes due to the location of its central management and control. The major components of income tax benefit are:

(a) Recognised in the statement of profit or loss and other comprehensive income	**31 December 2013 (six months) US$**	**30 June 2013 (twelve months) US$**
Current income tax		
Current Income tax expense / (benefit)	-	(963,778)
Adjustments in respect of current income tax of previous years	-	-
Deferred Income tax		
Relating to the origination and reversal of temporary differences	-	17,191
Gain not recognised for income tax purposes	569,512	-
Deferred tax assets not brought to account	(569,512)	946,587
Income tax expense reported in the statement of profit or loss and other comprehensive income	-	-

(b) A reconciliation between tax expense and accounting loss before income tax	**31 December 2013 (six months) US$**	**30 June 2013 (twelve months) US$**
Accounting loss before income tax	(881,240)	(8,322,752)
At the domestic income tax rate of 30% (Australia)	(264,372)	(2,496,825)
Expenditure not allowable for income tax purposes	425,460	1,515,857
Gain not recognized for income tax purposes	(730,600)	-
Adjustments in respect of current income tax of previous years		34,382
Deferred tax assets not brought to account	569,512	946,587
Income tax expense reported in the statement of profit or loss and other comprehensive income	-	-

(c) Deferred income tax	**31 December 2013 (six months) US$**	**30 June 2013 (twelve months) US$**
Deferred income tax at 31 December 2013 relates to the following:		
Deferred tax assets		
Accruals	5,198	30,000
Provision for doubtful debts	64,578	-
Tax losses available to offset against future taxable income	826,037	916,587
Foreign exchange losses	62,497	
Deferred tax assets not brought to account	(958,309)	(946,587)
	-	-

The tax losses have not been recognised as their realisation is not considered probable at this stage. The recovery of any tax losses is dependent upon compliance with relevant tax authorities and regulations.

6. CASH AND CASH EQUIVALENTS

	31 December 2013 US$	30 June 2013 US$
Cash on hand	1,647	5,857
Cash at bank	10,985,887	14,982,315
	10,987,534	14,988,172

Cash at bank earns interest at floating rates based on daily bank deposit rates.

For further information on financial risk management refer to Note 18.

(a) Reconciliation to Statement of Cash Flows

	31 December 2013 (six months) US$	30 June 2013 (twelve months) US$
Reconciliation of net loss after tax to net cash flows from operations		
Net loss after related income tax	(881,240)	(8,322,752)
Adjustment for non-cash income and expense items:		
Depreciation	118,076	340,092
Share based payments	-	1,915,200
Borrowing costs	-	112,606
Gain from discontinued operations	(2,215,826)	-
Unrealised foreign exchange (gains)/losses	66,921	319,111
Changes in assets and liabilities:		
(Increase) /decrease in trade and other receivables	(34,194)	888,461
(Increase) / decrease in prepayments	2,070	15,777
Increase /(decrease) in payables	(514,361)	414,543
Net cash outflow from operating activities	(3,458,554)	(4,316,962)

b) Non Cash Financing and Investing Activities

During the year ended 30 June 2013, shares were issued by RTG Mining in relation to the reorganisation of the Company and 14,000,000 shares were issued pursuant to the Loan Funded Share Plan. These are shown in Note 10**.**

7. TRADE AND OTHER RECEIVABLES

	31 December 2013 US$	30 June 2013 US$
VAT and GST	58,168	32,132
Other	218,087	209,929
Previous joint venture partner receivable	1,396,453	1,181,194
Provision for joint venture partner receivable	(1,396,453)	(1,181,194)
	276,255	242,061

Receivables are non-interest bearing and are generally on 30-90 day terms. Other than the joint venture partner receivable, There are no receivables past due or impaired and it is expected that these receivables will be received when due.

The previous joint venture partner receivable due on the joint venture partner's 49% share of the development costs funded by the Company at the Mkushi Copper Project has been fully provided for the Company as at 31 December 2013. During the Current period, the Company has completed the sale of its interest in the Mkushi Copper Project. Under the sale agreement, the purchaser, Elephant Copper Ltd. agreed to repay the full receivable to RTG by 1 January 2014. RTG did not receive the payment on that date hence the amount has been fully provided for at 31 December 2013. RTG issued a demand letter on 8 January 2014 demanding payment of the outstanding debt. RTG has advised Elephant Copper that it fully reserves all of its rights and remedies under the sale agreement. Refer to Note 18 for further information on trade and other receivables.

8. PROPERTY, PLANT & EQUIPMENT

	31 December 2013 US$	30 June 2013 US$
Office equipment		
Opening balance	160,587	174,123
Additions	235,877	13,768
Disposals	(21,207)	-
Depreciation expense	(12,929)	(27,304)
At 31 December, net of accumulated depreciation	362,329	160,587
Processing plant and equipment under construction		
Opening balance	800,909	1,049,929
Additions	-	63,771
Disposals	(695,762)	-
Depreciation expense	(105,147)	(312,788)
At 31 December, net of accumulated depreciation	-	800,909

	31 December 2013 US$	30 June 2013 US$
Opening balance	961,496	1,224,049
Additions	235,877	77,539
Disposals	(716,969)	-
Depreciation expense	(118,076)	(340,092)
At 31 December, net of accumulated depreciation	362,329	961,496

9. TRADE AND OTHER PAYABLES

	31 December 2013 US$	30 June 2013 US$
Trade creditors	193,625	594,398
Accrued expenses	15,000	128,588
	208,625	722,986

Trade payables are non-interest bearing and are normally settled on 30 to 60 day terms. There are no amounts that are expected to be settled greater than 12 months. Refer to Note 18 for further information on trade and other payables.

10. ISSUED CAPITAL

	31 December 2013 Number	30 June 2013 Number	31 December 2013 US$	30 June 2013 US$
Issued and paid up capital:	326,538,643	326,538,643	34,162,759	34,162,759

Fully paid ordinary shares carry one vote per share and the right to dividends. The Company is authorised to issue an unlimited number of shares of no par value of a single class.

Movements in contributed equity during the period were as follows:

(a) Ordinary Shares	**Number**	**US$**
Opening balance at 1 July 2013	326,538,643	34,162,759
Total shares on issue at 31 December 2013	326,538,643	34,162,759

	Number	**US$**
Opening balance at 1 July 2012	150,000,000	14,493,355
Shares issued under merger	2	2
Shares issued under the employee loan share plan (Refer to Note 19)	14,000,000	-
Private placement	162,538,641	20,660,936
Capital raising costs	-	(991,534)
Total shares on issue at 30 June 2013	326,538,643	34,162,759

(b) Reserves

	Acquisition	Share based payments	Total
	$US	**$US**	**$US**
At 1 July 2013	(4,300,157)	3,139,200	(1,160,957)
At 31 December 2013	(4,300,157)	3,139,200	(1,160,957)

	Acquisition	Share based payments	Total
	$US	**$US**	**$US**
At 1 July 2012	(4,300,157)	1,224,000	(3,076,157)
Loan Share Plan	-	1,915,200	1,915,200
At 30 June 2013	(4,300,157)	3,139,200	(1,160,957)

Nature and purpose of reserves

Acquisition reserve

The acquisition reserve is used to record the difference between the consideration transferred and the equity acquired for common control business combinations.

Share based payment reserve

The share based payment reserve is used to record the value of share based payments provided to employees, including key management personnel and directors as part of remuneration. The notional value attributed to the shares issued under the Loan Share Plan is included in this reserve as accounting standards deem the non recourse loan to contain an embedded option (Refer to Note 19).

(c) Accumulated losses

	$US
At 1 July 2013	(17,530,800)
Net loss for the year (six months)	(881,240)
At 31 December 2013	(18,412,040)

	$US
At 1 July 2012	(9,208,048)
Net loss for the year (twelve months)	(8,322,752)
At 30 June 2013	(17,530,800)

(d) Dividends

No dividends were paid or proposed during or since the end of the financial year.

Refer to Note 18 for information on capital risk management.

11. AUDITORS REMUNERATION

The auditor of the Company is BDO Audit (WA) Pty Ltd.

	31 December 2013 US$	30 June 2013 US$
Amounts received or due and receivable by BDO Audit (WA) Pty Ltd for:		
• An audit or review of the financial report of the entity and any other entity in the consolidated group.	30,000	87,211
	30,000	87,211

12. LOSS PER SHARE

Basic EPS is calculated as net profit/(loss) attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element. Diluted EPS is calculated as net profit/(loss) attributable to members, 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.

The following reflects the income and share data used in the basic and diluted loss per share calculation:

(a) Loss used in calculating earnings per share	**31 December 2013 6 months US$**	**30 June 2013 12 months US$**
For basic loss per share for continuing operations		
Net loss attributable to ordinary equity holders of the parent	(3,097,066)	(8,322,752)
For diluted earnings per share for continuing operations	n/a	n/a
For basic loss per share		
Net loss attributable to ordinary equity holders of the parent	(881,240)	(8,322,752)
For diluted earnings per share	n/a	n/a

(b) Weighted average number of shares	**Number of Shares**	**Number of Shares**
Weighted average number of ordinary shares used in calculating basic earnings per share	326,538,643	165,240,681
Effect of dilutive options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	326,538,643	165,240,681

13. DISCONTINUED OPERATIONS

On 29 August 2013, RTG announced it had entered into an agreement for the sale of its 51% interest in the Mkushi Copper Project, through the sale of Seringa Mining Limited, for US$13.1m to RTG's joint venture partner, Elephant Copper Ltd ("Elephant Copper"). On 22 October 2013, the conditions precedents to the agreement were satisfied and the sale was completed. The purchase price of US$13.1m was satisfied by the issue of US$6.6m in new fully paid ordinary shares in Elephant Copper and a US$6.5m unsecured redeemable convertible Note ("Convertible Note"). As at the date of these financial statements, RTG holds 20,000,000 shares in Elephant Copper, a currently unlisted BVI incorporated entity. Under the agreement, Elephant Copper had also agreed to repay on or before 1 January 2014, the joint venture partner receivable, which is in the order of $1,396,653 as at the date of these financial statements. The Group has not yet received the joint venture partner receivable and has fully provided for this receivable in these financial statements. Additionally Elephant Copper has not yet completed an Initial Public Offering ("IPO") required to be completed by 31 December 2013 under the agreement. A demand letter was issued to Elephant Copper on 8 January 2014 demanding payment of the outstanding DHL Payment. RTG has advised Elephant Copper that it fully reserves all of its rights and remedies under the agreement. RTG has been advised by Elephant Copper that they have progressed in its discussion with investors for a new capital raising of C$1m and that Elephant Copper is currently on track to complete and lodge the IPO documents with the TSX shortly.

The Convertible Note is repayable on or before 1 January 2015, unless converted earlier, and will have an exercise price for conversion equal to the lesser of US$0.45 and 1.36 times the IPO Price. Should the IPO Price be less than US$0.33, RTG is then entitled to an additional tranche of Elephant Cooper shares so that the total consideration shares received from Elephant Cooper is equal to at least US$6.6m, based on the IPO share issuance price.

Financial performance of the discontinued operations

	31 December 2013 US$	**30 June 2013 US$**
Gain on sale	2,435,335	-
Expenses	(219,508)	(1,783,165)
Gain/(Loss) for the period from discontinued operations	**2,215,826**	**(1,783,165)**

Assets and liabilities – held for sale operations

The major classes of assets and liabilities of the discontinued operations:

	31 December 2013 US$	**30 June 2013 US$**
Assets		
Cash	9,547	5,368
Receivables	10,230	7,915
Property, plant and equipment	716,969	829,053
	736,746	842,336
Liabilities		
Trade and other payables	-	17,230
	-	17,230

Consideration received on the sale of Seringa Mining Limited has been valued based on the shareholding interest in Elephant Copper Limited nets assets as at the acquisition date. The following table set out the consideration received. For further information on the valuation refer to Note 20.

Consideration received	**US$**
20,000,000 Elephant Copper Limited shares	1,841,854
Convertible note	1,330,228
	3,172,082
Less: net assets sold	736,747
Gain on sale before tax	**2,435,335**

14. RELATED PARTY DISCLOSURE

The consolidated entity consists of RTG and its subsidiaries and joint ventures listed in the following table:

Name of Entity	Country of Incorporation	Equity Interest (%)	Investment (US$)	Equity Interest (%)	Investment (US$)
		31 December 2013	31 December 2013	30 June 2013	30 June 2013
Controlled Entities					
Ratel Group Limited	British Virgin Islands	100	2	100	2
CGX Limited	British Virgin Islands	100	2	100	2
Ilesha Mining Holdings Limited	British Virgin Islands	100	22,546	100	22,546
Ilesha Mining Co-operative	The Netherlands	100	39,845	100	39,845
Ilesha Mining Limited	The Netherlands	100	40	100	40
Segilola Gold Ltd	Nigeria	100	100,555	100	100,555
Zambian Mining Limited	British Virgin Islands	100	2	100	2
Seringa Mining Ltd(sold in October 2013)	Zambia	-	-	-	-
Joint Ventures					
Segilola Joint Venture Co[1]	Nigeria[1]	38[1]	-	38[1]	-
Mkushi Copper Joint Venture Co Ltd (sold 22 October 2013)	Zambia	-	-	51	-

[1.] RTG has entered into a sale agreement for its interest in the Segilola Gold Project in Nigeria to the current joint venture partner for a total consideration of US$14M, with US$1M due on completion, US$5M due in 18 months after completion and a 3% net smelter royalty, under which up to a maximum of US$8M may be paid to RTG. The sale also resolves the existing dispute with the current joint venture partner whereby the ownership interest in the Segilola Joint Venture was in dispute as the Company believes it has earned a 51% interest and the joint venture partner was seeking to argue that the interest has not been validly earned and the options have not all been validly exercised. Completion is anticipated in the next couple of months.

(a) Other transactions with related parties

Transactions with related parties

During the period ended 31 December 2013, the Group entered into transactions with related parties in the wholly-owned group:

- loans of $237,068 were advanced on short term inter-company accounts.

These transactions were undertaken on the following terms and conditions:

- loans are repayable at call; and
- no interest is payable on the loans at present.

15. KEY MANAGEMENT PERSONNEL DISCLOSURES

Remuneration Policy

The remuneration policy is to ensure that remuneration properly reflects the relevant person's duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. Given the present nature of RTG's business, early stage production, exploration and development, the Company believes the best way to achieve this objective is to provide executives (including executive directors) with a remuneration package consisting of fixed and variable components that reflect the person's responsibilities, duties and personal performance.

Non-executive Director Remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders. Each director receives a fee for being a director of the Company as well as employer contributions to superannuation funds.

Executive Remuneration

Fixed Remuneration
Fixed remuneration consists of base remuneration (which is calculated on a total cost basis), as well as employer contributions to superannuation funds.

Arrangements put in place by the Board to monitor the performance of the Consolidated Entity's executives include:

- a review by the Board of the Group's financial performance; and

- annual performance appraisal meetings incorporating analysis of key performance indicators with each individual to ensure that the level of reward is aligned with respective responsibilities and individual contributions made to the success of the Company.

Remuneration levels are reviewed as required by the compensation committee on an individual contribution basis in the form of a performance appraisal meeting. This incorporates analysis of key performance indicators with each individual to ensure that the level of reward is aligned with respective responsibilities and individual contributions made to the success of the Company.

Variable Remuneration – Short Term Incentive ("STI")

Objective

The objective of the STI program is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. The total STI amount available is at the discretion of the board, however it is set at a level so as to provide sufficient incentive to the executive to achieve the operational targets and such that the cost to the Company is reasonable in the circumstances.

Structure

Actual STI payments granted to each executive depend on the extent to which key Group objectives are met. The objectives typically consist of financial and non-financial, corporate and individual measures of performance. Typically included are measures such as contribution to financing and capital raising objectives, risk management and relationship management with key stakeholders. These measures were chosen as they represent the key drivers for the short term success of the business and provide a framework for delivering long term value.

STI payments are made at the discretion of the Board and remuneration committee. Amounts are determined in line with the extent to which a key business objective has been met and the individuals responsibilities and contribution. The process occurs shortly after the key objective has been met and payments are delivered as a cash bonus upon approval, in order to closely align the achievement and reward.

STI Bonus for December 31, 2013 Financial Period and for 30 June 2013 Financial Year

For the 31 December 2013 financial period and 30 June 2013 financial year there were no STI payments made to Executives. No STI bonus amounts have been forfeited during the 31 December 2013 financial period and 30 June 2013 financial year. STI payments are made at the discretion of the Board and remuneration committee.

Variable Remuneration - Long Term Incentive ("LTI")

Objective

The objective of the LTI plan is to reward executives in a manner that aligns remuneration with the creation of shareholder wealth.

Structure

LTI grants to executives are delivered in the form of loan funded shares under the Loan Funded Share Plan. Shares are granted to executives based on their role and responsibilities. The shares may be granted on varying vesting terms designed to align the individuals' role and responsibilities with the vesting terms. Shares granted as remuneration are determined as part of the overall review of performance and compensation. Criteria which are measured included relative share price performance over the period leading up to their grant. Details of LTI shares granted and the value of shares granted, sold and lapsed during the year are set out in the tables following.

Service Agreements

In relation to directors and executives, in the case of serious misconduct, employment may be terminated without notice, and with no entitlement to termination payment. Details of the nature and amount of each element of the emolument of each director and key management personnel of the Company and each of the executive officers of the Company and the Consolidated Entity receiving the highest emolument for the financial year are as follows:

Details of Key Management Personnel

(i) Directors

Michael Carrick	Director and Chairman – appointed 28 March 2013
Justine Magee	Director and Chief Executive Officer – appointed 28 March 2013
David Cruse	Director (non-executive) – appointed 28 March 2013
Philip Lockyer	Director (non-executive) – appointed 28 March 2013
Robert Scott	Director (non-executive) – appointed 28 March 2013
Michael Bowen	Director – appointed 27 December 2012, resigned 28 March 2013

(ii) Executives

Hannah Hudson	Chief Financial Officer and Company Secretary – appointed 28 March 2013
Mark Turner	Chief Operating Officer– appointed 28 March 2013

(a) Key management personnel compensation

6 months ended December 31, 2013	Short-term			Post-employment Benefits	Long term incentive		
	Salary & Fees	Bonus	Other allowances	Superannuation benefits	Loan funded share plan	Total	Total Performance Related
	US$	US$	US$	US$	US$	US$	%
Directors							
Mr Michael Carrick	134,914	-	39,484	16,190	-	190,588	-
Ms Justine Magee	172,751	-	10,647	11,091	-	194,489	-
Mr David Cruse	26,618	-	-	-	-	26,618	-
Mr Philip Lockyer	26,618	-	-	2,462	-	29,080	-
Mr Robert Scott	26,618	-	-	-	-	26,618	-
Executives							
Mr Mark Turner	168,237	-	10,655	11,091	-	189,983	-
Ms Hannah Hudson	100,330	-	-	9,281	-	109,611	-
Total Remuneration	**656,086**	**-**	**60,786**	**50,115**	**-**	**766,987**	**-**

12 months ended June 30, 2013	Short-term			Post-employment Benefits	Long term incentive		
	Salary & Fees	Bonus	Other allowances	Superannuation benefits	Loan funded share plan	Total	Total Performance Related
	US$	US$	US$	US$	US$	US$	%
Directors							
Mr Michael Carrick	47,532	-	-	5,704	410,400	463,636	-
Ms Justine Magee	127,132	-	6,248	9,868	410,400	553,648	-
Mr David Cruse	14,262	-	-	-	68,400	82,662	-
Mr Philip Lockyer	14,262	-	-	1,284	68,400	83,946	-
Mr Robert Scott	14,262	-	-	1,284	68,400	83,946	-
Michael Bowen	-	-	-	-	-	-	-
Executives							
Mr Mark Turner	124,380	-	-	8,951	342,000	475,331	-
Ms Hannah Hudson	80,907	-	-	7,282	205,200	293,389	-
Total Remuneration	**422,737**		**6,248**	**34,373**	**1,573,200**	**2,036,558**	**-**

*Mr Bowen resigned on 28 March 2013.

(b) Equity instrument disclosures relating to key management personnel

(i) Shares issued to employees

On 28 March 2013, shares were issued to key management personnel of the Company under the Loan Funded Share Plan that was approved by Shareholders at the 21 March 2013 special shareholders meeting of Ratel Group Limited. The shares were issued to employees under the following terms (Refer to Note 19 for further details):

- Shares were issued on 28 March 2013 at C$0.165, which was in excess of the 5 day volume weighted average market price on that day.
- 14,000,000 shares were issued which vested immediately.
- Shares issued under this plan have been paid for by employees who have been provided with an interest free non-recourse loan by the Company.
- A total of 14,000,000 shares were issued on 28 March 2013 with a face value of C$2,310,000.

The details of the allocation of shares to key management personnel are as follows:

Name	Date of issue	No. of shares issued	Share issue price ($C)	Shares vested to the end of December 31, 2013	Shares forfeited in the year	Financial year in which shares vested	Nature of shares
Mr Michael Carrick	28 March 2013	3,000,000	0.165	100%	nil	June 2013	Ordinary shares
Ms Justine Magee	28 March 2013	3,000,000	0.165	100%	nil	June 2013	Ordinary shares
Mr David Cruse	28 March 2013	500,000	0.165	100%	nil	June 2013	Ordinary shares
Mr Philip Lockyer	28 March 2013	500,000	0.165	100%	nil	June 2013	Ordinary shares
Mr Robert Scott	28 March 2013	500,000	0.165	100%	nil	June 2013	Ordinary shares
Mr Mark Turner	28 March 2013	2,500,000	0.165	100%	nil	June 2013	Ordinary shares
Ms Hannah Hudson	28 March 2013	1,500,000	0.165	100%	nil	June 2013	Ordinary shares

Details of the non-recourse loans granted to employees can be found at Note 19.

(ii) Options granted to key management personnel

31 December 2013

There were no options granted to executives of the Company during the six month period ended 31 December 2013 (June 2013: nil).

(iii) Share holdings

31 December 2013	Balance at start of period	Received during the period on exercise of options	Granted un the Loan Share Plan	Other changes during the period	Balance at the end of period
Directors					
Mr Michael Carrick	5,277,334 (1)(2)(3)	-	-	-	5,277,334
Ms Justine Magee	3,454,044	-	-	-	3,454,044
Mr David Cruse	1,365,400	-	-	-	1,365,400
Mr Philip Lockyer	653,850	-	-	-	653,850
Mr Robert Scott	807,700	-	-	-	807,700
Executives					
Mr Mark Turner	2,500,000	-	-	-	2,500,000
Ms Hannah Hudson	1,541,664	-	-	-	1,541,664

(1) 138,888 shares held beneficially by Dureg Pty Ltd
(2) 277,770 shares beneficially held by Castlesprings Pty Ltd
(3) Includes 1,860,676 shares held by Mountainside Investments Pty Ltd. Mr Carrick is a director of this company but has no beneficial interest in these shares.

30 June 2013	Balance at start of period	Received during the period on exercise of options	Granted un the Loan Share Plan	Other changes during the period	Balance at the end of period
Directors					
Mr Michael Carrick	416,658 (1) (2)	-	3,000,000	1,860,676 (3)	5,277,334
Ms Justine Magee	-	-	3,000,000	454,044	3,454,044
Mr David Cruse	-	-	500,000	865,400	1,365,400
Mr Philip Lockyer	-	-	500,000	153,850	653,850
Mr Robert Scott	-	-	500,000	307,700	807,700
Executives					
Mr Mark Turner	-	-	2,500,000	-	2,500,000
Ms Hannah Hudson	41,664	-	1,500,000	-	1,541,664

(1) 138,888 shares held beneficially by Dureg Pty Ltd
(2) 277,770 shares beneficially held by Castlesprings Pty Ltd
(3) Includes 1,860,676 shares held by Mountainside Investments Pty Ltd. Mr Carrick is a director of this company but has no beneficial interest in these shares.

16. PARENT ENTITY INFORMATION

	31 December 2013 US$	30 June 2013 US$
Information relating to RTG:		
Current assets	11,249,224	15,189,802
Total assets	11,498,126	15,200,483
Current liabilities	(200,114)	(705,753)
Total liabilities	(200,114)	(705,753)
Issued capital	34,162,760	34,162,760
Share option reserve	3,139,200	3,139,200
Asset acquisition reserve	(4,974,629)	(4,974,629)
Accumulated losses	(21,029,319)	(17,832,601)
Total shareholders equity	**11,298,012**	**14,494,730**
Loss of the parent entity	(3,196,718)	(6,904,652)
Total comprehensive income/(loss) of the parent entity	**(3,196,718)**	(6,904,652)

17. COMMITMENT AND CONTINGENCIES

		Payments due by period			
Contractual obligations	**Total**	**Less than 1 year**	**1-3 years**	**4-5 years**	**More than 5 years**
Lease obligations[1]		206,550	309,825	-	-
Total contractual obligations		206,500	309,825	-	-

[1] Corporate office lease payments due.

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, receivables, payables and borrowings. The Group currently has in place an active program of financial forecasting and budgeting both at a corporate and project level to manage both the application of funds and planning for future financial needs to ensure that any shortfall in funds is adequately covered by cash reserves or planned new sources being either debt or equity based on the then most cost effective weighted average cost of capital.

Risk management is carried out by management and the board of directors of the ultimate parent company (the "Board") under policies approved by the Board. The Board also provides regular guidance for overall risk management, including guidance on specific areas, such as mitigating foreign exchange, interest rate and credit risk.

The Group does not enter into financial instruments, including derivative financial instruments, for trade or speculative purposes.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for trading in derivatives, credit limits and future cash flow forecast projections.

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

Net fair values

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their respective net fair values, determined in accordance with the accounting policies disclosed in Note 2.

Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Group's maximum exposures to credit risk at the reporting date in relation to each class of financial asset is the carrying amounts of those assets as indicated in the statement of financial position. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. The Group monitors this credit risk through holding its cash through banks with a Standard and Poors credit rating of 'A' or greater. The credit risk associated with cash and cash equivalents is considered negligible by the Group. The Group does not hold collateral as security. As discussed in Note 7, the Company has recognised a receivable from its previous joint venture partner in the Mkushi Copper Project. The joint venture partner receivable represents 49% of the development costs funded by Seringa Mining Limited for the agreed heap leach operation since the development began in the last quarter of the 2011 financial year. The amount is currently past 90 days due and has been fully provided for. For further detail, refer to Note 7.

The Group does not have any other receivables past due or impaired.

Interest rate risk

At balance date, the Group's maximum exposure to interest rate risk is as follows:

	Note	31 December 2013 US$	30 June 2013 US$
Cash and cash equivalents			
US$ balances held	6	1,088,426	4,983,158
CAD$ balances held	6	9,647,983	9,814,440
		10,736,409	**14,797,599**

The Group constantly analyses its interest rate exposure. Consideration is given to potential renewals of existing positions, alternative financing and the mix of fixed and variable interest rates.

The Group's policy is to manage its exposure to interest rate risk by holding cash in short term fixed rate deposits and variable rate deposits. The Group's exposure to interest rate risk on post-tax profit or loss arises from higher or lower interest income from cash and cash equivalents.

Foreign currency risk

At reporting date, the Group had the following exposure to foreign currencies (NGN), (AUD), (EUR) and (CAD) on financial instruments that are not designated as cash flow hedges:

	31 December 2013 US$	30 June 2013 US$
Financial Assets		
Cash and cash equivalents	9,908,655	10,039,210
Trade and other receivables	286,486	242,061
Prepayments	190	2,259
	10,195,331	10,283,527
Financial Liabilities		
Trade and other payables	208,625	175,488
	208,625	175,488
Net exposure	9,986,706	10,108,039

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will maintain sufficient cash or credit terms with its suppliers to meet the operating requirements of the business and invest excess funds in highly liquid short term cash deposits. Maintaining surplus working capital in highly liquid short term deposits allows the Group to meet its primary objectives by being able to fund new development and acquisition opportunities at short notice.

The responsibility for liquidity risk rests with the Board of Directors. The Group's liquidity needs can likely be met through cash on hand, short and long-term borrowings subject to the current forecast operating parameters being met.

The contractual maturities of the Group's financial liabilities are as follows:

	31 December 2013 US$	30 June 2013 US$
Within one month		
Trade creditors	208,625	624,396
One Month or later and no later than one year		
Trade creditors	-	-
	208,625	624,396

The Group manages liquidity risk through maintaining sufficient cash loan facilities or credit terms with its suppliers to meet the operating requirements of the business and investing excess funds in highly liquid short term cash deposits. The Group's liquidity needs can likely be met through existing cash on hand, subject to the current forecast operating parameters being met.

Sensitivity Analysis

The following table summarises the sensitivity of the Group's financial assets and liabilities to interest rate risk and foreign exchange rate risk. Had the relevant variables, as illustrated in the tables, moved, with all other variables held constant, post tax profit and equity would have been affected as shown.

Consolidated			**Interest rate risk**				**Foreign exchange risk**			
31 December 2013			**Negative movement**		**Positive movement**		**Negative movement**		**Positive movement**	
Financial assets	**Note**	**Carrying Amount $**	**Profit**	**Equity**	**Profit**	**Equity**	**Profit**	**Equity**	**Profit**	**Equity**
Cash and cash equivalents										
USD	2	1,105,411	(11,054)	(11,054)	11,054	11,054	(110,541)	(110,541)	110,541	110,541
AUD	1,2	231,192	(2,312)	(2,312)	2,312	2,312	(23,119)	(23,119)	23,119	23,119
CAD	1,2	9,647,983	(96,480)	(96,480)	96,480	96,480	(964,798)	(964,798)	964,798	964,798
EUR	1,2	6,044	(60)	(60)	60	60	(604)	(604)	604	604
NGN	1,2	6,449	(64)	(64)	64	64	(645)	(645)	645	645

1.The sensitivities show the net effect of a 10% movement in the USD against the AUD, CAD, EUR and NGN. Sensitivity rates have been based on 12 month averages.
2.The sensitivities show the net effect of a 1% movement in AUD and USD interest rates, respectively. Sensitivity rates have been based on 12 month averages.

Consolidated			**Interest rate risk**				**Foreign exchange risk**			
30 June 2013			**Negative movement**		**Positive movement**		**Negative movement**		**Positive movement**	
Financial assets	**Note**	**Carrying Amount $**	**Profit**	**Equity**	**Profit**	**Equity**	**Profit**	**Equity**	**Profit**	**Equity**
Cash and cash equivalents										
USD	2	4,983,158	(49,832)	(49,832)	49,832	49,832	-	-	-	-
AUD	1,2	163,708	(1,637)	(1,637)	1,637	1,637	(22,919)	(22,919)	22,919	22,919
CAD	1,2	9,814,440	(98,144)	(98,144)	98,144	98,144	(687,011)	(687,011)	687,011	687,011
EUR	1,2	45,108	(451)	(451)	451	451	(5,413)	(5,413)	5,413	5,413
NGN	1,2	10,888	(10,888)	(10,888)	10,888	10,888	(871)	(871)	871	871
ZMK	1,2	5,066	(5,066)	(5,066)	5,066	5,066	(405)	(405)	405	405

1.The sensitivities show the net effect of a 10% movement in the USD against the AUD, CAD, EUR, NGN, and ZMK. Sensitivity rates have been based on 12 month averages.
2.The sensitivities show the net effect of a 1% movement in AUD and USD interest rates, respectively. Sensitivity rates have been based on 12 month averages.

Capital risk management

The Group's total capital is defined as equity attributable to equity holders of the parent and cash and cash equivalents amounted to $25,577,296 at 31 December 2013.

The Group's capital management objectives are to safeguard the business as a going concern, to maintain a capital base sufficient to maintain future exploration and development of its projects. Management may issue more shares or repay debts in order to maintain the optimal capital structure.

The Group does not have a target debt/equity ratio, but maintains a flexible financing structure so as to be able to take advantage of new investment opportunities that may arise. The Group monitors its capital risk management through annual cash flow projections and monthly reporting against budget.

19. SHARE BASED PAYMENTS

Loan funded share plan

Shares issued pursuant to the Loan Funded Share Plan are for services rendered to date by eligible employees and directors to date and, going forward, for services rendered by existing and any new eligible employees and directors who are appointed in the future. The purposes of the Plan are to motivate and retain employees, attract quality employees to the Group create commonality of purpose between the employees and the Group, create wealth for shareholders by motivating the employees, and enable the employees to share the rewards of the success of the Group. Where the Company offers to issue incentive shares to a Director employee, the Company may offer to provide the recipient with a limited recourse, interest free loan to be used for the purposes of subscribing for the shares in the Company. The Company's recourse to repayment of the loans is limited to the lesser of:

a) The original loan to the participant less any repayments made; or
b) The market value of the shares as at the date of repayment of the loan.

Loan Funded Share Plan Shares issued at 31 December 2013

Name	Date of issue	No. of shares issued	Share issue price ($C)	Balance at 1 July 2013	Granted during the period	Forfeited during the period	Balance at 31 December 2013
Michael Carrick	28 March 2013	3,000,000	0.165	3,000,000	nil	nil	3,000,000
Justine Magee	28 March 2013	3,000,000	0.165	3,000,000	nil	nil	3,000,000
David Cruse	28 March 2013	500,000	0.165	500,000	nil	nil	500,000
Philip Lockyer	28 March 2013	500,000	0.165	500,000	nil	nil	500,000
Robert Scott	28 March 2013	500,000	0.165	500,000	nil	nil	500,000
Mark Turner	28 March 2013	2,500,000	0.165	2,500,000	nil	nil	2,500,000
Hannah Hudson	28 March 2013	1,500,000	0.165	1,500,000	nil	nil	1,500,000
Other employees	28 March 2013	2,500,000	0.165	2,500,000	nil	nil	2,500,000

Employee and director option plan

On 15 October 2010 the Board of Ratel Group Limited approved an option plan whereby Directors and Employees could be issued options in the Company. 12,000,000 options were granted under this plan expired on 22 February 2013. No further options have been granted.

20. FAIR VALUE MEASUREMENTS

The Group measures the following assets at fair value on a recurring basis:

- Available for sale financial assets
- Derivative financial asset

Fair value hierarchy

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:
Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Recognised fair value measurements

The following table presents the Group's assets measured at fair value at 31 December 2013. Comparative information has not been provided as per the transitional provisions of the new rules.

At 31 December 2013	**Notes**	**Level 1 US$**	**Level 2 US$**	**Level 3 US$**	**Total US$**
Available for sale financial asset		-	-	1,841,854	1,841,854
Derivative financial asset		-	-	1,330,228	1,330,228
Total financial assets		**-**	**-**	**3,172,082**	**3,172,082**

Disclosed fair values
The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short term nature.

Valuation techniques used to derive level 2 and 3 fair values

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all the specific inputs required to fair value an instrument are observable, the instrument is classified as level 2. If one or more of the significant inputs is not based on market observable data, the instrument is classified as level 3. The Entity holds an investment and convertible note receivable from Elephant Copper Limited, an unlisted entity. The investment in Elephant Copper

Limited was valued based on RTG's 18% interest in Elephant Copper Limited's net asset carrying value, which is considered to equate to Elephant Copper Limited's fair value of $10M, based on audited information and an independent valuation. The convertible note valuation was based on the investment interest RTG is entitled to receive in Elephant Copper Limited's net asset carrying value, should RTG elect to receive the convertible note receivable in the form of shares. Hence these items have been classified as Level 3 as there is no active market to be able to observe the fair market value of the shares to determine the fair values used for the financial instruments.

The following table presents the changes in level 3 items for the period ended 31 December 2013.

	Available for sale financial assets US$	**Derivative financial asset US$**	**Total US$**
Opening balance at 1 July 2013	-	-	-
Convertible note	-	-	-
Total financial assets	**-**	**-**	**-**
Acquisitions	1,841,854	1,330,228	3,172,082
At 31 December 2013	**1,841,854**	**1,330,228**	**3,172,082**

21. SEGMENT REPORTING NOTE

During the current financial period, The Company sold its interest in the Mkushi Copper Joint Venture, located in Zambia. As such, at 31 December 2013, the Company has only one reporting segment, Nigeria, hence information in these annual financial statements has been provided on a consolidated basis.

21. EVENTS AFTER REPORTING DATE

On 24 February 2014, RTG announced it had entered into a conditional Scheme Implementation Deed ("Merger Agreement") with Sierra Mining Limited ("Sierra") to combine the two companies at an agreed exchange ratio of:

- 3 RTG shares for each Sierra share held; plus
- 1 RTG option for every 3 Sierra shares held.

The RTG options will be exercisable for a period of three years at an exercise price of C$0.15.

This consideration represents:

- approximately A$0.301 (C$0.30) per Sierra share (based on the closing share price for RTG on TSX on 21 February 2014, and the Black-Scholes option pricing model based on Sierra's 12 month volatility, and the exchange rate on 21 February 2014 of CAD:AUD 1.005);
- a premium of 27.4% to the 30 day VWAP of the Sierra share price based on the 30 day VWAP of the RTG share price; and
- a premium of 15.9% to the closing price of Sierra shares of A$0.26 on 21 February 2014 (being the date prior to the announcement).

The merger will be implemented by way of Scheme of Arrangement between Sierra and its shareholders under the Australian Corporations Act 2001. RTG will also seek a listing on the Australian Securities Exchange (ASX) (in addition to its current TSX listing) as part of the transaction.

The merger is conditional upon approvals from Sierra shareholders, RTG shareholders and the Australian Court as well as necessary regulatory approvals and other customary conditions (see Merger Agreement for more details). In conjunction with the merger, RTG also intends to undertake a consolidation of its shares on a 10:1 basis.

RTG is currently expecting to send a circular to shareholders in mid April 2014, with a shareholders meeting to approve the share and option issuances under the merger, along with other matters, to be held in mid May 2014.

Indicative timing for implementation of the merger is as follows:

Event	**Target Date**
Court hearing to approve scheme booklet	early April 2014
RTG Circular sent to RTG shareholders	mid April 2014
Scheme booklet sent to Sierra shareholders and optionholders	mid April 2014
RTG shareholders meeting	mid May 2014
Sierra shareholders meeting and optionholders meeting	mid May 2014
Court hearing to approve Merger and option scheme	late May 2014
Merger and option scheme become effective	late May 2014
Sierra shareholder and optionholders receive RTG shares and options	early June 2014
RTG listed on ASX	early June 2014

Additionally, post year end RTG announced it has entered into a sale agreement for its interest in the Segilola Gold Project in Nigeria to the current joint venture partner for a total consideration of US$14M, with US$1M due on completion, US$5M due in 18 months after completion and a 3% net smelter royalty, under which up to a maximum of US$8M may be paid to RTG. The sale also resolves the existing dispute with the current joint venture partner. Completion is anticipated in the next couple of months.

DIRECTORS DECLARATION

In accordance with a resolution of the directors of the Company, I state that in the opinion of the Directors:

(a) the financial statements and notes of the consolidated entity:

(i) give a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the six month period ended 31 December 2013; and

(ii) comply with International Accounting Standards and other mandatory professional reporting standards; and

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

On behalf of the Board.

MICHAEL CARRICK
Director

Perth, 31 March, 2014

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DECLARATION OF INDEPENDENCE BY PETER TOLL TO THE DIRECTORS OF RTG MINING INC.

As lead auditor of RTG Mining Inc. for the period ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- any applicable code of professional conduct of the International professional accounting bodies in relation to the audit.

This declaration is in respect of RTG Mining Inc. and the entities it controlled during the period.

Peter Toll

Director

BDO Audit (WA) Pty Ltd

Perth, 31 March 2014

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INDEPENDENT AUDITOR'S REPORT

To the members of RTG Mining Inc.

Report on the Financial Report

We have audited the accompanying financial report of RTG Mining Inc., which comprises the consolidated statement of financial position as at 31 December 2013, consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the 6 months ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the entity and the entities it controlled at the year's end or from time to time during the 6 months.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with International Financial Reporting Standards, 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, that the financial statements comply with *International Financial Reporting Standards* as issued by the International Accounting Standards Board.

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 international generally accepted auditing standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the International Accounting Standards Board. We confirm that the independence declaration which has been given to the directors of RTG Mining Inc., 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 RTG Mining Inc. presents fairly, in all material respects, the financial position of the consolidated entity, as at 31 December 2013, and its financial performance and cash flows for the 6 months ended on that date in accordance with International Financial Reporting Standards.

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

BDO Audit (WA) Pty Ltd

BDO

Peter Toll

Director

Perth, 31 March 2014