

Australian Mines Limited

ABN 68 073 914 191



**AUSTRALIAN MINES LIMITED
ABN 68 073 914 191**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
HALF YEAR ENDED 31 DECEMBER 2012**

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AUSTRALIAN MINES LIMITED

DIRECTORS' REPORT

The Directors present their report together with the Condensed Consolidated Interim Financial Report of Australian Mines Limited ("the Company" or "Australian Mines") and its controlled entities ("the Group" or "AUZ") for the six months ended 31 December 2012 and the review report thereon.

DIRECTORS

The Directors of the Company at any time during or since the end of the interim period are:

Benjamin Bell – Managing Director, appointed 23 January 2012.

Michael Ramsden – Chairman and Non-Executive Director, appointed 9 March 2011.

Mick Elias – Non-Executive Director, appointed 1 July 2005.

Dominic Marinelli – Non-Executive Director, appointed 9 March 2011.

Neil Warburton – Non-Executive Director, appointed 22 April 2003.

REVIEW OF EVENTS

Nigerian Exploration

Throughout the six-month period outlined in this report, Australian Mines Limited achieved a number of milestones in relation to the exploration of its extensive tenement portfolio in Nigeria and the sale of its Australian assets. Some highlights include:

- Commencement of a maiden drilling program at Yargarma and Kasele project areas, following the identification of high priority targets
- Completion of a detailed soil sampling program at Yargarma resulting in the delineation of a two-kilometre long gold-in-soil anomaly
- Identification of 30 gold and base metal targets including two high-priority targets following completion of high-resolution aeromagnetic survey over the Kasele project area
- Sale of the Blair Nickel/Golden Ridge project for a cash consideration of \$700,000 (ex-GST)

NIGERIA

Australian Mines is focusing its exploration efforts solely on its 100%-owned Nigerian assets, which consist of 2,774 square kilometres of granted exploration licences within Nigeria's northwest gold fields (Figure 1).

Nigeria has a long history of gold mining and Australian Mines believes that Nigeria has the potential to host gold deposits equivalent to those in neighbouring West African countries including Ghana and Burkina Faso.

AUSTRALIAN MINES LIMITED

DIRECTORS' REPORT

REVIEW OF EVENTS (continued)



Figure 1: Location of Australian Mines' priority project areas within Nigeria's northwest goldfields. Artisanal workings are present across the Company's three key project areas, with the gold mineralisation appearing similar in style to deposits being discovered in neighbouring West African countries.

PROJECT OVERVIEW

YARGARMA (AUZ 100%)

The Yargarma project is situated within Nigeria's northwest gold fields and covers 172 square kilometres of highly prospective ground.

In December 2012, the Company commenced its maiden drilling program at Yargarma, which was designed to test eight discrete geophysical or geochemical anomalies within the broader **S-01** and **S-03** target zones.

Eight diamond core holes were completed at Yargarma for a total of 1,224 metres.

Samples taken from these drill holes were sent to assay laboratories in Cote d'Ivoire and Ghana for analysis, and the Company anticipates receiving the assay results from the first six Yargarma drill holes in mid-March. Assay results from the final two drill holes should be available in April 2013.

AUSTRALIAN MINES LIMITED

DIRECTORS' REPORT

REVIEW OF EVENTS (continued)

KASELE (AUZ 100%)

The Kasele project is located 20 kilometres southeast of Yargarma and lies within the Anka Schist Belt, which is known within Nigeria as a highly attractive region for gold mineralisation.

The Company announced in October 2012 that an independent assessment of the high-resolution geophysical data from the aeromagnetic survey in March 2012 had identified 30 gold and base metal target zones within the Kasele tenement, including two high-priority targets **G-01** and **S-02**.

In addition to these two prospective targets, field mapping conducted by Australian Mines' geologists during the reported period also identified a further two attractive targets within the central part of Kasele, both warranting further exploration.

The Company has since completed four diamond core drill holes at Kasele for a total of 439 metres.

The diamond core acquired from the Kasele drilling program are presently being cut and sampled in Nigeria by the Company's technical team, and Australian Mines will submit to the Ghanaian assay laboratory in mid-March 2013. The current turnaround time across West African assay laboratories is typically two to three months.

TEGINA (AUZ 100%)

The Company's Teginia project is located 130 kilometres northwest of Abuja and covers 660 square kilometres.

Analysis of the Teginia project undertaken by Australian Mines in collaboration with SRK Consulting indicates the project area is highly prospective for gold mineralisation, particularly in areas where the regional Kalanghai Fault intersects granite bodies.

The potential of the Teginia project to host gold mineralisation warrants the Company to undertake a first-pass stream sediment sampling program over this project area. This proposed stream sediment program is designed to identify broad anomalous zones within the Company's project area. These target zones would then require further follow-up exploration in the form of detailed surface and geochemical sampling and airborne geophysical surveys, before specific drill targets can be established.

CORPORATE OVERVIEW

In the reported six-month period, Australian Mines announced it had agreed to a binding Sale and Purchase Agreement ("the Agreement") with Pioneer Resources for the sale of the Company's Blair Nickel/Golden Ridge project in Western Australia for a cash consideration of \$700,000 (ex-GST). In addition, the sale included the replacement by Pioneer Resources of performance bonds of \$207,000.

The Agreement was the result of a strategic review by Australian Mines aimed at maximising the value of assets for shareholders. In February 2013, the Company announced it had satisfied all conditions associated with the Agreement and had received a cash payment of \$770,000 (GST inclusive). The receipt of this payment, in addition to the \$2.5 million due to the Company by HBJ Pty Ltd (a subsidiary of ASX and TSX-listed Alacer Gold Limited) on 28 June 2013, will result in the Company having sufficient cash in bank to fund its Nigerian exploration activities through to mid-2014.

AUSTRALIAN MINES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS

The Group made a loss for the six months ended 31 December 2012 of \$470,000. This compares with a loss of \$2,258,000 for the six months ended 31 December 2011, which included significant impairments of exploration assets held for sale.

A comparison of the consolidated financial performance is included in the table below.

Financials	Six months ended 31 December 2012	Six months ended 31 December 2011
	\$'000 s	\$'000 s
Revenue from operating activities	-	-
Net loss	(470)	(2,258)
Cash and cash equivalents	1,303	1,926

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration requested under Section 307C of the Corporation's Act 2001 is set out on page 6 and forms part of the director's report for the six months ended 31 December 2012.

ROUNDING OFF

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of Directors


.....
Benjamin Bell
Managing Director
Perth: 5 March, 2013



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Australian Mines Limited

I declare that, to the best of my knowledge and beliefs, in relation to the review for the half-year ended 31 December 2012 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

David Sinclair
Partner

Perth

5 March 2013

AUSTRALIAN MINES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

	Note	31 December 2012 \$'000	31 December 2011 \$'000
Other income		1	53
Profit on sale of tenements	7	-	1,703
Corporate overheads and indirect expenses		(593)	(928)
Exploration expenditure impairment	6	(4)	(3,102)
Depreciation		(37)	(13)
Results from operating activities		<u>(633)</u>	<u>(2,287)</u>
Finance income	5	163	32
Finance expense	5	-	(3)
Net finance income		<u>163</u>	<u>29</u>
Loss before income tax		(470)	(2,258)
Income tax benefit		-	-
Loss from continuing operations		(470)	(2,258)
Other comprehensive income			
Foreign currency translation differences – foreign operations		11	2
Total comprehensive loss for the period		(459)	(2,256)
Basic loss per share (cents)		(0.0705)	(0.3611)
Diluted loss per share (cents)		(0.0705)	(0.3611)

The condensed notes on pages 11 to 17 are an integral part of the condensed consolidated interim financial statements.

AUSTRALIAN MINES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

\$'000s	Issued capital	Accumulated losses	Share option reserve	Share based payment reserve	Share capital reserve	Foreign exchange reserve	Total equity
Opening balance at 1 July 2012	33,124	(22,031)	169	1,147	30	32	12,471
Total comprehensive income	-	(470)	-	-	-	11	(459)
Employee option expense	-	-	-	44	-	-	44
Transaction costs from issue of shares	(2)	-	-	-	-	-	(2)
Closing balance at 31 Dec 2012	33,122	(22,501)	169	1,191	30	43	12,054

\$'000s	Issued capital	Accumulated losses	Share option reserve	Share based payment reserve	Share capital reserve	Foreign exchange reserve	Total equity
Opening balance at 1 July 2011	31,674	(19,234)	169	992	30	52	13,683
Total comprehensive income	-	(2,258)	-	-	-	2	(2,256)
Employee option expense	-	-	-	86	-	-	86
Issue of shares	960	-	-	-	-	-	960
Transaction costs from issue of shares	(1)	-	-	-	-	-	(1)
Closing balance at 31 Dec 2011	32,633	(21,492)	169	1,078	30	54	12,472

The condensed notes on pages 11 to 17 are an integral part of the condensed consolidated interim financial statements.

AUSTRALIAN MINES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Note	31 December 2012 \$'000	30 June 2012 \$'000
CURRENT ASSETS			
Cash and cash equivalents		1,303	3,197
Unsecured amount receivable on sale of tenements	5	2,389	2,278
Trade and other receivables		55	65
Assets classified as held for sale	7	975	975
Total Current Assets		4,722	6,515
NON CURRENT ASSETS			
Exploration and evaluation expenditure	6	7,790	6,551
Property, plant and equipment		183	122
Total Non Current Assets		7,973	6,673
Total Assets		12,695	13,188
CURRENT LIABILITIES			
Trade and other payables		343	426
Employee benefits		23	16
Liabilities classified as held for sale	7	275	275
Total Current Liabilities		641	717
Total Liabilities		641	717
NET ASSETS		12,054	12,471
EQUITY			
Issued capital	9	33,122	33,124
Reserves		1,433	1,378
Accumulated losses		(22,501)	(22,031)
TOTAL EQUITY		12,054	12,471

The condensed notes on pages 11 to 17 are an integral part of the condensed consolidated interim financial statements.

AUSTRALIAN MINES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

	Note	31 December 2012 \$'000	31 December 2011 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash payments in course of operations		(410)	(873)
Interest received		52	32
Net cash (used in) operating activities		(358)	(841)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation		(1,190)	(556)
Payments for property, plant and equipment		(94)	(45)
Payment of GST on proceeds from sale		(250)	-
Proceeds from sale of assets held for sale		-	2,500
Proceeds from sale of investment		-	53
Net cash (used in)/provided by investing activities		(1,534)	1,952
CASH FLOWS FROM FINANCING ACTIVITIES			
Cost of issue of shares		(2)	(1)
Hire purchase & finance lease liability payments		-	(2)
Net cash used in financing activities		(2)	(3)
Net (decrease)/increase in cash held		(1,894)	1,108
Cash at the beginning of the financial period		3,197	816
Effect of exchange rate fluctuations on cash		-	2
Cash at the end of the financial period		1,303	1,926

The condensed notes on pages 11 to 17 are an integral part of the condensed consolidated interim financial statements.

AUSTRALIAN MINES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

1. Reporting entity

Australian Mines Limited (the "Company", "AUZ") is a for profit company domiciled in Australia. The condensed consolidated interim financial report of the Company as at and for the six months ended 31 December 2012 comprises the Company and its subsidiaries (together referred to as the "Group").

The Group is primarily involved in the exploration for gold in Nigeria.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2012 is available upon request from the Company's registered office at: Level 1, 83 Havelock Street, West Perth WA 6005 or at www.australianmines.com.au

2. Statement of compliance

The condensed consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 30 June 2012. The condensed consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2012.

This condensed consolidated interim financial report was approved by the Board of Directors on 5 March 2013.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the condensed consolidated financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

3. Significant accounting policies

The accounting policies applied by the Group in this condensed consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2012.

4. Estimates

The preparation of the condensed consolidated interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2012.

AUSTRALIAN MINES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

5. Finance income and finance expenses

	31 Dec 2012 \$000	31 Dec 2011 \$000
Finance income		
Interest income	52	32
Effective interest rate adjustment to receivables ¹	111	-
Finance expenses		
Guarantee fees	-	(3)
	163	29

¹ Consideration receivable from the disposal of mining assets in the previous year of \$2.5 million was initially recorded at fair value. The carrying amount of \$2,389,000 at 31 December 2012 has been recorded at amortised cost in accordance with AASB139 *Financial Instruments: Recognition and Measurement*.

In the six months ended 31 December 2012 the value of this receivable has increased using the effective interest method by \$111,000. This increase has been recognised as interest income.

6. Exploration and evaluation assets

Reconciliations of the carrying amounts for each class of exploration and evaluation expenditure are set out below:

	31 Dec 2012 \$000	30 June 2012 \$000
Exploration and evaluation		
Opening balance July	6,551	4,706
Acquisition of tenements	-	770
Expenditure incurred	1,243	1,089
Reclassified from assets held for sale	-	2
Exploration expenditure impairment	(4)	(16)
Exploration costs carried forward	7,790	6,551

The ultimate recoupment of costs carried forward for mineral properties in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

The impairment charge in the 6 months ended 31 December 2011 of \$3,102,000 represents a reduction in the carrying value of the Australian tenements to reflect the sales price achieved after the end of the financial year (refer to Note 7).

AUSTRALIAN MINES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

7. Assets classified as held for sale

The Australian mining tenements held by the Group were reclassified as a disposal group of assets held for sale in the prior year. On 29 July 2011, the Company signed an agreement to sell the Mt Martin goldmine and surrounding tenements for \$7.5 million cash. \$5 million has been received and the remaining \$2.5 million is due to be received on 28 June 2013. This resulted in a profit on sale of tenements of \$1,703,000 after adjusting for the fair value of the consideration received.

The Group has not decided to sell the Marriott's tenement and it has been reclassified as an exploration asset.

On 10 July 2012, the Company signed a binding Sale and Purchase Agreement for the sale of the remaining Australian tenements – the Group's Blair Nickel Mine and Golden Ridge Project – to Pioneer Resources Limited for cash consideration of \$700,000. In addition the sale includes the replacement by Pioneer of performance bonds of \$207,000 and the assumption of the liability for rehabilitation. The provision for rehabilitation is related to these tenements.

An impairment loss of \$3,102,000 has therefore been recognised in the previous year to reduce the carrying value of these remaining assets classified as held for sale to fair value.

	31 Dec 2012 \$000	30 Jun 2012 \$000
Assets classified as held for sale -		
Exploration and development expenditure		
Opening balance	975	9,207
Assets sold	-	(5,464)
Exploration expenditure incurred	-	336
Reclassified from assets held for sale	-	(2)
Impairment of tenements	-	(3,102)
Assets at end of the period	<u>975</u>	<u>975</u>
Liabilities classified as held for sale -		
Provision for rehabilitation		
	<u>(275)</u>	<u>(275)</u>

AUSTRALIAN MINES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

8. Segment reporting

The Group operates predominantly in two reportable geographical segments being exploration activities in Nigeria and Western Australia.

It has expanded its geographical operations from Western Australia into Nigeria during the previous year. Chief operating decision-maker assessments are based upon mineral results from exploration activities by region. Internal reporting to key decision makers has changed during the current year to show exploration activities in Western Australia separately from those in Nigeria.

For the Six Months Ended 31 December 2012	Australian Exploration	Nigerian Exploration	Other	Total
External Revenue	1	-	163	164
Segment Profit/(Loss)	(3)	-	163	160
Reconciliation of reportable segments:				
- Corporate charges				(549)
- Depreciation				(37)
- Share-based payment expenses				(44)
Loss before Income Tax				(470)
As at 31 December 2012				
Segment assets	3,366	7,788	1,303	12,457
Unallocated assets:				
- Trade and other receivables				55
- Plant and equipment				183
Total Assets				12,695
Segment asset increases for the period:				
- Tenement expenditure	4	1,240	-	1,244
Segment liabilities	275	-	-	275
Unallocated liabilities				
- Trade and other payables				343
- Employee Benefits				23
Total Liabilities				641

AUSTRALIAN MINES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

8. Segment reporting (cont.)

	Australian Exploration	Nigerian Exploration	Other	Total
For the Six Months Ended 31 December 2011				
External Revenue	-	-	32	32
Segment Profit/(Loss)	(1,360)	-	29	(1,331)
Reconciliation of reportable segments:				
- Corporate charges				(828)
- Depreciation				(13)
- Share-based payment expenses				(86)
Loss before Income Tax				(2,258)
As at 30 June 2012				
Segment assets	3,255	6,549	3,197	13,001
Reconciliation of reportable segments:				
Unallocated assets:				
- Trade and other receivables				65
- Plant and equipment				122
Total Assets				13,188
Segment asset increases for the period:				
- Tenement expenditure	336	1,089	-	1,425
Segment liabilities	275	-	-	275
Reconciliation of reportable segments:				
Unallocated liabilities				
- Trade and other payables				426
- Employee Benefits				16
Total Liabilities				717

AUSTRALIAN MINES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

9. Share capital

Reconciliation of issued capital	31 Dec 2012 No.	30 June 2012 No.
Balance at 1 July	666,911,015	576,910,317
Shares issued for acquisition of subsidiary	-	89,999,998
Options exercised	-	700
Balance at end of period	<u>666,911,015</u>	<u>666,911,015</u>
	31 Dec 2012 No.	30 June 2012 No.
Listed Options		
Exercisable at 4 cents, expiring 30 June 2013	59,563,052	59,563,052
Unlisted Options		
Granted 29 Nov 2011, expiring 30 Nov 2014	13,600,000	13,600,000
Granted 29 Nov 2011, expiring 30 Nov 2014	27,200,000	27,200,000
Granted 14 Dec 2011, expiring 30 Nov 2014	6,800,000	6,800,000
Total Options	<u>107,163,052</u>	<u>107,163,052</u>

The unlisted options are for various exercise prices, and have been issued to the Directors and Executives of the Company.

During the half year, no options were issued, exercised, relinquished or expired.

10. Subsequent events

During the period the Group has accepted an offer for the sale of the Blair Nickel Mine and all remaining tenements in the disposal group owned by Blair Nickel Mine Pty Ltd. All relevant conditions were satisfied and the consideration of \$700,000 was received in February 2013. The purchaser has assumed responsibility for the rehabilitation of the tenements.

The carrying value at 31 December 2012 of these tenements, net of the rehabilitation provision, equates to the consideration which has since been received.

There have been no other material events subsequent to 31 December 2012.

AUSTRALIAN MINES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

11. Contingent liabilities

The Group's mining tenements are subject to native title applications. At this stage it is not possible to quantify the impact (if any) that native title may have on the operations of the Group.

12. Related parties

Key management personnel receive compensation in the form of short term employee benefits, post employment benefits and share based payments awards. Key management personnel received a total compensation of \$366,287 for the six months ended 31 December 2012. (Prior period six months ended 31 December 2011 \$445,177).

AUSTRALIAN MINES LIMITED

DIRECTORS' DECLARATION

In the opinion of the Directors of Australian Mines Limited ("the Company"):

- (a) the financial statements and notes disclosed on pages 7 to 17 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance, for the six months ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; 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.

Signed in accordance with a resolution of the Directors

On behalf of the Directors


.....
Benjamin Bell
Managing Director

Perth

Dated: 5 March, 2013



Independent auditor's review report to the members of Australian Mines Limited

Report on the financial report

We have reviewed the accompanying interim financial report of Australian Mines Limited (the company), which comprises the consolidated statement of financial position as at 31 December 2012, consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 12 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the interim period.

Directors' responsibility for the interim financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2012 and its performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Australian Mines Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Australian Mines Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

David Sinclair
Partner

Perth

5 March 2013